Tyler Technologies Reports 1999 Results Revenues Increase 114% for e-Government Solutions Provider

DALLAS, April 5 /PRNewswire/ -- Dallas-based Tyler Technologies, Inc. (NYSE: TYL) today announced results for the year ended December 31, 1999. Revenues for 1999 more than doubled to $108.4 million from $50.5 million in 1998. Operating income rose 38% to $6.9 million in 1999 from $5.0 million in 1998.

Income from continuing operations before income taxes was $2.3 million in 1999, compared to $3.2 million in 1998. After income taxes, the net loss from continuing operations was $64,000 ($0.00 per diluted share) for 1999, compared to income of $1.2 million in 1998. After a $2.8 million loss from discontinued operations in 1999 (compared to a loss from discontinued operations of $9.5 million in 1998), Tyler had a net loss of $2.8 million ($0.07 per diluted share) in 1999, compared to a net loss of $8.4 million ($0.24 per diluted share) in 1998.

EBITDA, or earnings from continuing operations before interest, costs of certain acquisition opportunities, income taxes, depreciation and amortization increased 46% to $20.0 million ($0.51 per diluted share) for the year ended December 31, 1999 from $13.7 million ($0.40 per diluted share) in 1998. "We believe EBITDA is a significant measure of our performance as we invest in building our e-government business," said John M. Yeaman, president. "Our EBITDA growth was robust and very much in line with our expectations for 1999."

On a proforma basis, total revenues increased 26% to $144.4 million in 1999 from $114.6 million in 1998. "We are pleased that our internal growth continued at a very strong rate during 1999," commented Mr. Yeaman. "That organic growth, coupled with strategic acquisitions, has given us a huge installed base in over 5,000 local government offices in 49 states, Canada and Puerto Rico. We intend to leverage that base in 2000 as we move into the next phase of our growth strategy in the e-government market."

Two unusual items affected the 1999 results. First, the Company changed its accounting for sales of copies of title plants in the fourth quarter of 1999. In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 entitled Revenue Recognition in Financial Statements (SAB 101) in which the SEC staff clarified certain revenue recognition matters. During each of the first three quarters of 1999, the Company sold copies of title plants together with monthly updates and recognized revenue for the value ascribed to the sale of the ownership privileges. SAB 101 requires transactions of this nature to remain bundled and the associated revenues to be recognized ratably over the service period. Accordingly, in the fourth quarter of 1999, the Company changed its accounting principles effective to the beginning of the year. The effect of the accounting change was to reduce revenues by $5.3 million and to reduce net income by $3.6 million ($0.09 per diluted share) from amounts previously reported in the first nine months of 1999. The change in accounting had no effect on the Company's cash flow. The bundled revenues will now be recognized as income ratably over the five or ten year lives of the related contracts.

Second, Tyler recorded a pretax charge of $1.9 million in the fourth quarter of 1999 in connection with the write-off of notes receivable from CPS Systems, Inc. (CPS). Tyler had provided CPS with bridge funding during 1999 in connection with a proposed acquisition of CPS or its assets. In January 2000, CPS filed for bankruptcy protection and the bankruptcy court auctioned off its assets in March 2000. At the auction, Tyler successfully bid $100,000 in cash for the California tax and appraisal software source code and related assets that CPS had spent over $4 million developing. Because Tyler expects minimal to no further recovery on its secured receivables from CPS, the balance of the notes was charged to expense in 1999 as costs of certain acquisition opportunities.

"Tyler Technologies successfully achieved a number of significant goals that we had set for 1999," noted Mr. Yeaman. "We have established a formidable nationwide base of strong client relationships with cities, counties and other local government entities. While doing so, we have built on our long-standing reputation for innovation and quality client service in the marketplace."

"With a current annual revenue run rate approaching $150 million, we are poised to become the premier provider of end-to-end Internet-based e-government solutions. We have in place the management team and skilled technical personnel to move forward rapidly with the next phase of our growth strategy. We believe that our back-end application solutions, coupled with

front-end web browser-based solutions, give Tyler one of the only true end-to-end e-government solutions for the local government marketplace and provide a real edge over our competitors," added Mr. Yeaman.

The Company has scheduled a conference call to discuss the 1999 results and the Company's outlook and new initiatives for 2000 as it enters the next phase of its growth strategy. The call will begin at 10:00 a.m. central time on Wednesday, April 5, 2000. The conference call can be accessed on the Company's website at www.tylertechnologies.com . A replay will also be available on the website.

Tyler Technologies, Inc. is a premier provider of end-to-end Internet-based e-government solutions for the local government market. In addition, Tyler is building a national portal for Internet access to proprietary real property data, information and services. Tyler has a full suite of back-end application solutions covering virtually every area of local government. Tyler's strategy is to leverage its installed base in over 5,000 local government offices in 49 states, Canada and Puerto Rico with new Internet-based products and services. Tyler's e-government offerings include web browser-based solutions that allow Internet access to information in local government offices, e-commerce solutions that allow the public and businesses to transact business with local governments over the Internet, and ASP deployable back-end information management systems. Tyler Technologies is headquartered in Dallas, Texas and has approximately 1,400 employees. More information about Tyler Technologies can be found on its website at www.tylertechnologies.com .

Tyler Technologies has included forward-looking statements concerning its business and operations in this press release. Although Tyler believes that the expectations reflected in these forward-looking statements are reasonable, these expectations and the related statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Tyler expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any change in its expectations.

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