Tyler Technologies Reports First Quarter 2000 Operating Results

DALLAS, May 15 /PRNewswire/ -- Dallas-based Tyler Technologies, Inc. (NYSE: TYL) today reported operating results for the first quarter ended March 31, 2000. Revenues from continuing operations for the first quarter of 2000 increased 73% to $32.5 million from $18.8 million in the first quarter of 1999. Loss from continuing operations was $3.3 million ($0.08 per diluted share) for the quarter ended March 31, 2000, compared to income from continuing operations of $0.6 million ($0.02 per diluted share) in the same period of the prior year.

Included in the first quarter operating loss is approximately $2.7 million in costs related to NationsData.com, the Company's subsidiary that is developing a national data repository and Internet portal for the delivery of public information. NationsData.com continued to add content and features to the development of its web-enabled database during the first quarter. NationsData.com's sales efforts also continued at a high level, although they were hampered during the quarter by litigation brought by a competitor. Operating income before costs associated with NationsData.com and the amortization of intangibles was $2.5 million in the first quarter of 2000, compared to operating income before amortization of intangibles of $3.5 million in the first quarter of 1999.

"In addition to our development efforts at NationsData.com, we have devoted significant resources to the previously-announced development of new Internet-based e-government products, and our progress is exceeding our expectations," said John M. Yeaman, president of Tyler. "Those efforts will continue in the near term as we focus on what we see as a tremendous opportunity in the e-commerce facet of our business," added Mr. Yeaman. Tyler's e-government offerings currently available or under development include web browser-based solutions that allow access to information in local government offices, e-commerce solutions that allow the public to transact business with local governments over the Internet, and ASP deployable back-end information management systems.

"Among the products we have already brought to the market are InSite, our strategic local government web portal, and web-enabled property tax systems," continued Mr. Yeaman. "We are nearing completion of a new Internet/Intranet deployable police system, which will be finished in June. We have also recently signed contracts totaling over $12 million with the State of Illinois and three counties in Hawaii for delivery of new web-enabled systems."

EBITDA, or earnings from continuing operations before interest, litigation defense costs, income taxes, depreciation and amortization, was $2.4 million ($0.06 per diluted share) for the quarter ended March 31, 2000, compared to $4.2 million ($0.12 per diluted share) in the same quarter of 1999. "Although we experienced a loss from operations, we still had positive EBITDA and cash flow from operations," noted Mr. Yeaman. "We are investing our positive EBITDA and cash flow in developing new e-government products and initiatives and in capturing market share."

Results for the quarter were impacted by several factors. First, the Company successfully defended against a lawsuit brought by a competitor against NationsData.com. The lawsuit was tried by a judge in late March and although no monetary damages were awarded to the competitor, the cost was high in terms of defense costs and opportunity costs. Tyler had pretax outside legal defense costs of $1.2 million, as well as significant internal costs. "We are pleased that the court acted quickly in our favor to resolve this litigation," stated Mr. Yeaman. "We saw the litigation as an attempt by a competitor to gain an advantage in sales competition, and we expended considerable resources to resolve it quickly. Now that this matter is behind us, NationsData.com is once again competing vigorously for sales for our national data repository."

Tyler's results for the quarter were also significantly affected by Year 2000 (Y2K) related factors. While 1999 sales were stimulated somewhat by Y2K-fueled demand, many governments instituted Y2K "lockdowns" early this year because of Y2K concerns, postponing new system installations and other information management projects. As a result, revenues were affected by those customer-imposed limits on Tyler's ability to complete new projects and by the related slowdown in new sales order activity.

"Y2K factors clearly had a significant impact on our first quarter results," commented Mr. Yeaman. "While we are happy to report that we encountered no significant Y2K problems with our products, customer reactions to potential Y2K issues kept us

from achieving the desired revenue levels. We are optimistic that revenues will return to normal levels as the year progresses."

Tyler Technologies is a leading provider of Internet-based e-government and back-end information management solutions to local government. Tyler partners with clients to make local government more accessible to the public, more responsive to needs of the citizens, and more efficient. Tyler's client base includes over 5,000 local government offices in 49 states, Canada and Puerto Rico. More information about Tyler Technologies can be found on its website at http://www.tylertechnologies.com . Although Tyler Technologies 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 Technologies 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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