

FIRST QUARTER  
FISCAL YEAR 2004  
FINANCIAL RESULTS

*for the period ended*

***JUNE 30, 2003***



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# WEBMETHOD CONTINUES SUCCESS WITH GLOBAL CUSTOMERS IN JUNE QUARTER

- 7-Eleven
- Applied Industrial Technologies
- Benetton Group
- BHP Steel
- Esprit
- Exostar
- Fleetwood Enterprises
- Fox Entertainment
- Infineon Technologies

- Medtronic
- Recruitsoft
- Robert Bosch GmbH
- Sony Pictures Entertainment
- Standard Register
- Toll Holdings
- Trane
- Washington Metropolitan Area Transit Authority



# KEY CUSTOMER MILESTONES

## CONTINUED SUCCESS IN IMPLEMENTATIONS

- 100+ CUSTOMERS COMPLETED IMPLEMENTATIONS OF THE WEBMETHODS INTEGRATION PLATFORM

## FOURTH QUARTER PRODUCTION CUSTOMERS INCLUDE:

Arrow Electronics      Fairfax County Public Schools      Dell      InFocus  
Borstlap Masters in Fasteners Group      FirstEnergy Corp.  
Electricite de France      Gates Corporation      MRO Software  
Florida Crystals      Rich Products  
ONDEO Nalco      Progress Energy      USF Corporation  
Spartan Stores      Yule Catto      Kaman Corporation



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# WEBMETHODS PARTNERS FOR SUCCESS

## CONTINUED SUCCESS WITH ISV PARTNERSHIPS

INFORMATICA

- With Informatica, webMethods introduced the first fully functional BAM PLATFORM with the release of Business Activity Platform

- Continued momentum with JD Edwards and i2 with joint deals at Estee Lauder, Exostar, Royal Numico and Infineon



JD EDWARDS

## CONTINUED SUCCESS WITH SYSTEM INTEGRATORS

accenture

- Accenture led influenced revenue with great success in EMEA market



- EDS influenced a significant transaction at 7-11

TATA CONSULTANCY SERVICES

- TCS influenced major wins at United Utilities and Inco



- BearingPoint recent implementations at Johnson & Johnson and IKEA. Influence in financial services vertical growing

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# FINANCIAL RESULTS

FOR THE FISCAL FIRST QUARTER ENDED JUNE 30, 2003

- TOTAL REVENUES OF \$43.2 MILLION; LICENSE REVENUES OF \$21.8 MILLION
- GAAP NET LOSS OF (\$6.8 MILLION) OR (\$0.13) PER SHARE
- PRO FORMA NET LOSS OF (\$6.0 MILLION) OR (\$0.12) PER SHARE
- GAAP OPERATING LOSS OF (\$7.7 MILLION)
- PRO FORMA OPERATING LOSS OF (\$7.0 MILLION)



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# P&L FIRST FISCAL QUARTER 2004

## *Quarter-over-Quarter*

\$MILLIONS	JUN 30	MAR 31
	<u>2003*</u>	<u>2003*</u>
LICENSE REVENUE	\$21.8	\$28.0
PROF SVC & MAINT REVENUE	<u>21.4</u>	<u>21.1</u>
TOTAL REVENUES	43.2	49.1
TOTAL COST OF REVENUE	<u>12.1</u>	<u>11.1</u>
GROSS PROFIT	<u>31.1</u>	<u>38.0</u>
OPERATING EXPENSES	38.1	37.8
OPERATING INCOME (loss)	(7.0)	0.2
OTHER INCOME AND INCOME TAXES	<u>1.0</u>	<u>0.5</u>
PRO FORMA NET INCOME (loss)	<u>(6.0)</u>	<u>0.7</u>
PRO FORMA EARNINGS (loss) PER SHARE	(\$0.12)	\$0.01

\* Pro forma results exclude amortization of stock and warrant charges for both the March and June 2003 quarters, but include a restructuring credit and provision for income taxes based on a 35% combined tax rate for the March 2003 quarter.



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# P&L FIRST FISCAL QUARTER 2004

## *Year-over-Year*

\$MILLIONS	JUN 30 <u>2003*</u>	JUN 30 <u>2002*</u>
LICENSE REVENUE	\$21.8	\$28.7
PROF SVC & MAINT REVENUE	<u>21.4</u>	<u>19.0</u>
TOTAL REVENUES	43.2	47.7
TOTAL COST OF REVENUE	<u>12.1</u>	<u>10.4</u>
GROSS PROFIT	<u>31.1</u>	<u>37.3</u>
OPERATING EXPENSES	38.1	40.7
OPERATING INCOME (loss)	(7.0)	(3.4)
OTHER INCOME AND INCOME TAXES	<u>1.0</u>	<u>1.4</u>
PRO FORMA NET INCOME (loss)	<u>(6.0)</u>	<u>(2.0)</u>
PRO FORMA EARNINGS (loss) PER SHARE	(\$0.12)	(\$0.04)

\* Pro forma results exclude amortization of stock and warrant charges.



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# BALANCE SHEET SUMMARY

## FIRST FISCAL QUARTER 2004

\$MILLIONS	JUN 30	MAR 31
	<u>2003</u>	<u>2003</u>
CASH & MARKETABLE SECURITIES	\$205.4	\$201.6
CURRENT RATIO	3:1	3:1
DSO-GROSS	67	80
TOTAL ASSETS	295.4	304.3
DEFERRED REVENUES	43.0	46.3
CAPITAL LEASE OBLIGATIONS	2.8	3.3
DEBT	0	0
EQUITY	\$214.1	\$218.6



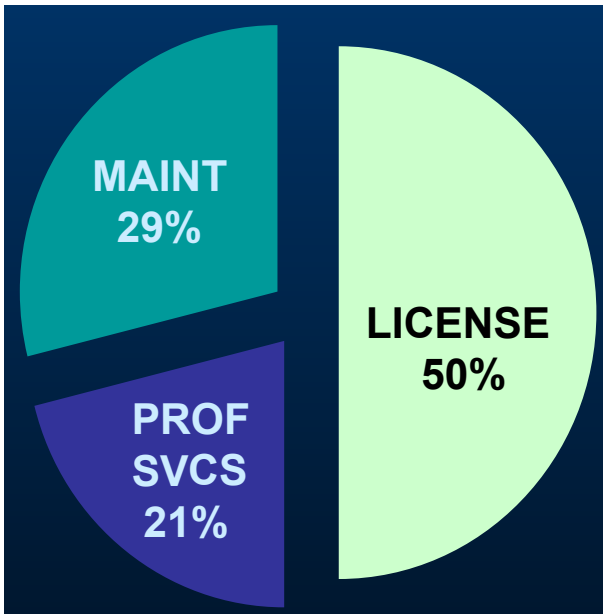
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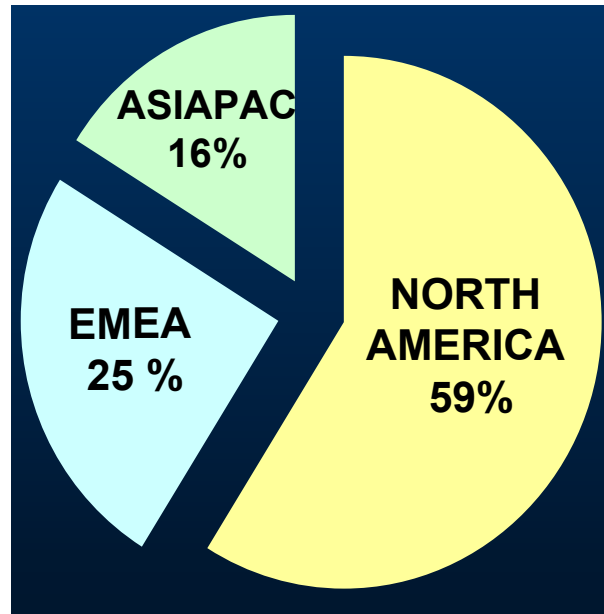
# REVENUE BREAKOUT

## FOURTH FISCAL QUARTER 2004

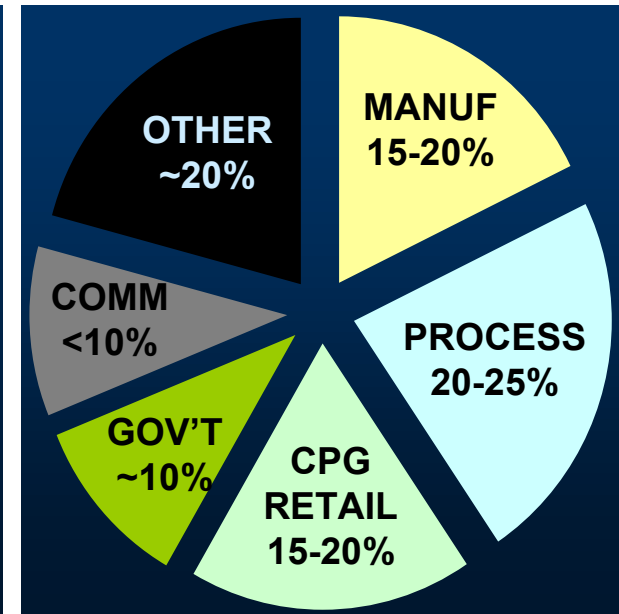
### BY TYPE



### BY GEOGRAPHY



### BY VERTICAL



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# ADDITIONAL JUNE 2003 QUARTERLY HIGHLIGHTS & SEPTEMBER 2003 FINANCIAL OUTLOOK

## FOR THE FISCAL FIRST QUARTER ENDED JUNE 30, 2003

- APPROXIMATELY 45% OF BOOKINGS FROM EXISTING CUSTOMERS
- APPROXIMATELY 55% OF BOOKINGS INFLUENCED BY PARTNERS
- INTERNATIONAL REVENUES: 41% OF TOTAL REVENUES
- NO CUSTOMER REPRESENTED 10% OR MORE OF REVENUES

## FINANCIAL OUTLOOK FOR FISCAL SECOND QUARTER

BASED ON CURRENTLY AVAILABLE INFORMATION, WEBMETHODS ANTICIPATES:

- TOTAL REVENUE OF \$42 - \$47 MILLION
- PRO FORMA NET LOSS OF \$3 - \$6 MILLION (excludes \$700-\$750k non-cash charges)
- EARNINGS PER SHARE OF A LOSS OF (\$0.06) TO (\$0.12) PER SHARE



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