

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1999-07-27** | Period of Report: **1999-06-15**
SEC Accession No. **0000891618-99-003298**

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FILER

VERITAS SOFTWARE CORP /DE/

CIK: **1084408** | IRS No.: **770507675** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-26247** | Film No.: **99670604**
SIC: **7372** Prepackaged software

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MOUNTAIN VIEW CA 94043

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MOUNTAIN VIEW CA 94043
6503358000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported) June 15, 1999

VERITAS SOFTWARE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

000-26247

(Commission
File Number)

77-0507675

(I.R.S. Employer
Identification No.)

1600 Plymouth St.
Mountain View, California 94043

(Address of principal executive offices including Zip Code)

Registrant's telephone number, including area code: (650) 335-8000

On July 15, 1999, VERITAS Software Corporation announced financial results for its second quarter ended June 30, 1999. The press release is attached to this Current Report as Exhibit 99.1 and is incorporated herein by this reference.

Item 7: Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated July 15, 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 26, 1999

VERITAS SOFTWARE CORPORATION

By: /s/ Jay A. Jones

Jay A. Jones
Senior Vice President, Chief
Administrative Officer & Secretary

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EXHIBIT INDEX

99.1 Press release of the Company dated July 15, 1999.

EXHIBIT 99.1

NEWS
[LOGO]

VERITAS Software
1600 Plymouth Street
Mountain View, CA 94043
650.335.8000

FOR IMMEDIATE RELEASE

VERITAS SOFTWARE REPORTS RECORD SECOND QUARTER RESULTS

Pro forma earnings exceed 100% growth and revenue expands 70%

MOUNTAIN VIEW, CALIF. -- JULY 15, 1999 - VERITAS(R) Software Corporation (Nasdaq: VRTS), the industry's leading enterprise-class application storage management software provider, today announced record financial results for its second quarter ended June 30, 1999. During the quarter, the Company successfully completed its mergers with Seagate Software NSMG and TeleBackup Systems. On a pro forma basis, which includes the operating results of Seagate Software NSMG and TeleBackup Systems for the full quarter in both periods, the Company achieved second quarter revenue of \$155.7 million, an increase of 70% over last year's second quarter revenue of \$91.6 million. Pro forma net earnings, excluding one-time charges and purchase accounting amortization, increased to \$29.2 million from \$14.5 million for the prior year, a 102% increase. Diluted pro forma earnings per share for the second quarter was \$0.16, reflecting the two-for-one stock split effected July 9, 1999, a 100% increase from \$0.08 for the same period last year. The Company's pro forma operating margin increased to 28% for the second quarter as compared with an operating margin of 24% for the same quarter last year. All prior share and per share amounts have been restated to reflect the two-for-one stock split.

The Company's as-reported revenue for the second quarter, including one month of operating results for Seagate Software NSMG and TeleBackup Systems, was \$114.6 million, compared with \$48.1 million for the same period last year. For the second quarter, the Company reported a net loss of \$162.3 million, or \$1.33 per share, compared with net income of \$8.5 million, or \$0.08 per share on a diluted basis, for the prior year. Included in the current period's net loss are one-time charges of \$103.1 million for the write-off of in-process research and development and \$11.0 million for merger and restructuring costs. Also included was \$76.6 million for purchase accounting amortization.

"With the successful completion of the Seagate Software NSMG and TeleBackup Systems mergers VERITAS emerges as the largest and most potent force in the storage management and

high availability software sectors," said Mark Leslie, chairman and CEO of VERITAS Software. "I am pleased with the results for the second quarter which were outstanding by any financial measure and, most importantly, the pro forma results proved accretive right out-of-the-box."

On a pro forma basis for the six-month periods ended June 30, 1999 and 1998, the Company had revenue of \$290.5 million and \$178.9 million, respectively, a 62% year-over-year increase. Pro forma net earnings increased to \$56.2 million from \$28.7 million in the prior period, a 96% increase. Pro forma diluted earnings per share was \$0.31, compared with \$0.16 for the same period last year, a 94% increase.

To better facilitate the financial reporting, the Company has added an additional financial table to this earnings release: "Pro forma Statements of Operations."

ABOUT VERITAS SOFTWARE

For enterprise customers who demand the continuous availability of business critical information, VERITAS Software Corporation (Nasdaq:VRTS), the industry's leading enterprise-class application storage management software provider, ensures information availability from business-critical applications by delivering integrated, cross-platform storage management software solutions. The Company's products enable Business Without Interruption(TM) and are designed to protect, access and manage business-critical application information. VERITAS Software products are delivered through a global end user sales force and a worldwide network of enterprise VARs, resellers and OEM partners. The Company's corporate headquarters is located at 1600 Plymouth Street, Mountain View, CA 94043. Telephone: (650) 335-8000. Fax: (650) 335-8050. Email: vx-sales@veritas.com. WWW site: <http://www.veritas.com/>.

This press release may include estimates and forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities and Exchange Act of 1934. These forward-looking statements involve a number of risks and uncertainties, including the timely development and market acceptance of products and VERITAS' ability to appropriately distribute its products, that could cause actual results the Company achieves to differ materially from such forward-looking statements. For more information regarding potential risks see the "Risk Factors" section of our most recent reports on Form 10-K and Form 10-Q on file with the SEC.

VERITAS is a registered trademark of VERITAS Software Corporation in the US and other countries. The VERITAS logo and Business Without Interruption are trademarks of VERITAS Software Corporation in the US and other countries. Other product names mentioned herein may be trademarks and/or registered trademarks of their respective companies.

VERITAS SOFTWARE CORPORATION
PRO FORMA STATEMENTS OF OPERATIONS
Unaudited
(In thousands, except per share data)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net revenue:				
User license fees	\$134,572	\$ 79,308	\$253,183	\$155,625
Services	21,166	12,312	37,284	23,303
	-----	-----	-----	-----
Total net revenue	155,738	91,620	290,467	178,928
Cost of revenue:				
User license fees	7,212	5,971	13,456	11,995
Services	6,568	5,480	13,192	10,476
	-----	-----	-----	-----
Total cost of revenue	13,780	11,451	26,648	22,471
	-----	-----	-----	-----
Gross profit	141,958	80,169	263,819	156,457
Operating expenses:				
Selling and marketing	60,539	33,899	110,036	64,939
Research and development	27,099	17,261	50,554	33,374
General and administrative	10,408	7,407	18,809	15,087
	-----	-----	-----	-----
Total operating expenses	98,046	58,567	179,399	113,400
	-----	-----	-----	-----
Income from operations	43,912	21,602	84,420	43,057
Other income, net	1,757	1,411	3,388	2,535
	-----	-----	-----	-----
Income before income taxes	45,669	23,013	87,808	45,592
Provision for income taxes	16,441	8,515	31,611	16,869
	-----	-----	-----	-----
Pro forma net income	\$ 29,228	\$ 14,498	\$ 56,197	\$ 28,723
	=====	=====	=====	=====
Pro forma net income per share \226 basic(1)	\$ 0.17	\$ 0.09	\$ 0.33	\$ 0.17
	=====	=====	=====	=====
Pro forma net income per share \226 diluted(1)	\$ 0.16	\$ 0.08	\$ 0.31	\$ 0.16
	=====	=====	=====	=====
Shares used in per share calculation \226 basic(1)	168,932	165,913	168,383	165,482
	=====	=====	=====	=====
Shares used in per share calculation \226 diluted(1)	184,113	179,937	183,606	179,305
	=====	=====	=====	=====

</TABLE>

(1) Share and per share data applicable to prior periods has been restated to give retroactive effect to a 2-for-1 stock split in the form of a

stock dividend effected in July 1999.

The pro forma statement of operations is intended to present the

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Company's operating results excluding purchase accounting adjustments but including the results of NSMG and Telebackup assuming the companies had been combined at the beginning of the three and six month period end June 30, 1999 and 1998, respectively. Such purchase accounting adjustments would include amortization of developed technology, amortization of goodwill and intangibles, restructuring and other merger costs, in-process research and development costs, and related adjustments for income tax provision.

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VERITAS SOFTWARE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited
(In thousands, except per share data)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
Net revenue:				
User license fees	\$ 93,296	\$ 38,337	\$ 149,082	\$ 69,026
Services	21,352	9,776	37,470	18,169
	-----	-----	-----	-----
Total net revenue	114,648	48,113	186,552	87,195
Cost of revenue:				
User license fees	2,827	3,130	4,782	5,096
Services	8,254	4,792	14,781	9,292
Amortization of developed technology	5,006	--	5,006	--
	-----	-----	-----	-----
Total cost of revenue	16,087	7,922	24,569	14,388
	-----	-----	-----	-----
Gross profit	98,561	40,191	161,983	72,807
Operating expenses:				
Selling and marketing	44,572	16,950	71,395	30,009
Research and development	20,550	8,948	34,366	16,497
General and administrative	7,122	2,242	10,411	4,412
Amortization of				

goodwill and other intangibles	71,557	--	71,557	--
In-process research and development	103,100	2,250	103,100	2,250
Merger and restructuring costs	11,000	--	11,000	--
	-----	-----	-----	-----
Total operating expenses	257,901	30,390	301,829	53,168
	-----	-----	-----	-----
Income (loss) from operations	(159,340)	9,801	(139,846)	19,639
Other income, net	1,739	1,438	3,337	2,703
	-----	-----	-----	-----
Income (loss) before income taxes	(157,601)	11,239	(136,509)	22,342
Provision for income taxes	4,728	2,698	12,237	4,746
	-----	-----	-----	-----
Net income (loss)	\$ (162,329)	\$ 8,541	\$ (148,746)	\$ 17,596
	=====	=====	=====	=====
Net income (loss) per share - basic(1)	\$ (1.33)	\$ 0.09	\$ (1.36)	\$ 0.19
	=====	=====	=====	=====
Net income (loss) per share - diluted(1)	\$ (1.33)	\$ 0.08	\$ (1.36)	\$ 0.17
	=====	=====	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	-----	-----	-----	-----
Shares used in per share calculation - basic(1)	122,430	93,724	109,108	93,293
	=====	=====	=====	=====
Shares used in per share calculation - diluted(1)	122,430	102,709	109,108	102,302
	=====	=====	=====	=====

</TABLE>

(1) Share and per share data applicable to prior periods has been restated to give retroactive effect to a 2-for-1 stock split in the form of a stock dividend effected in July 1999.

VERITAS SOFTWARE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

<TABLE>
<CAPTION>

	June 30, 1999	December 31, 1998
	-----	-----
	(Unaudited)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and short-term investments	\$ 236,087	\$211,126
Accounts receivable, net	59,487	52,697
Other receivable	20,975	--
Deferred income taxes	10,435	4,272
Other current assets	15,546	9,237
	-----	-----
Total current assets	342,530	277,332
Long-term investments	52,234	31,925
Property and equipment	57,750	26,518
Goodwill and other intangibles	3,601,709	--
Deferred income taxes	--	7,928
Other assets	4,185	5,414
	=====	=====
Total assets	\$4,058,408	\$349,117
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,211	\$ 4,958
Accrued compensation and benefits	20,377	11,267
Accrued acquisition and restructuring costs	32,039	478
Other accrued liabilities	23,705	10,718
Income taxes payable	21,207	13,424
Customer advances	10,917	--
Deferred revenue	62,749	37,645
	-----	-----
Total current liabilities	181,205	78,490
Non-current liabilities:		
Convertible subordinated notes	100,000	100,000
Deferred income taxes	181,280	--
Other non-current liabilities	739	773
	-----	-----
Total non-current liabilities	282,019	100,773
Stockholders' equity	3,595,184	169,854
	=====	=====

Total liabilities and stockholders'
equity

\$4,058,408

\$349,117

=====

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</TABLE>

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FOR FURTHER INFORMATION CONTACT:

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