July 26, 2012

ACI Worldwide, Inc. Reports Financial Results for the Quarter Ended June 30, 2012

(NAPLES, FL — July 26, 2012) — ACI Worldwide, Inc. (NASDAQ:ACIW), a leading international provider of payment systems, today announced financial results for the period ended June 30, 2012. We will hold a conference call on July 26, 2012, at 8:30 a.m. EDT to discuss this information. Interested persons may also access a real-time audio broadcast of the teleconference at www.aciworldwide.com/investors.

“We are very satisfied with our integration efforts of S1 during the last quarter and a half. We delivered on the initial cost synergies of $33 million and are progressing against an additional $20 million in planned synergies related to facilities consolidation and IT infrastructure rationalization. We expect that this second phase of identified margin improvements will enable us to achieve a more profitable 2013 and beyond,” said Chief Executive Officer Philip Heasley. “Importantly, the quarter also included critical customer and industry events in June in which we unveiled our combined product roadmaps. Today ACI offers the most comprehensive suite of solutions to address the complex needs of the global payments marketplace,” continued Mr Heasley.

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OPERATING HIGHLIGHTS

- Reaffirmation of full year guidance for non-GAAP Operating Income and Adjusted EBITDA
- Q2 GAAP revenue impacted by foreign exchange, deferred revenue adjustment from purchase accounting and timing of go-live events
- S1 integration ahead of schedule
- Unveiled combined product roadmaps to market and customers
- Total acquisition-related cost synergies now identified at $53 million in savings; $48 million in annualized run rate savings to be achieved by end of 2012
- Repurchased approximately 962,000 shares for $38 million in the quarter

FINANCIAL SUMMARY

2012 Guidance

We are reiterating our 2012 full year guidance for non-GAAP Operating Income and Adjusted EBITDA ranges of $99-104 million and $165-170 million respectively. We are revising our revenue range to reflect both foreign exchange movement year-to-date as well as incremental purchase accounting adjustments. Hence, guidance for the calendar year is as follows: GAAP Revenue to achieve a range of $683-693 million, non-GAAP Operating Income of $99-104 million and Adjusted EBITDA of $165-170 million. Guidance for the year excludes $31 million of acquisition related fees; inclusive of $16 million of professional fees and transaction-related expenses largely incurred in the first quarter as well as $15 million of facilities and IT infrastructure related costs identified during the second quarter.

Acquisition Synergies

Upon full implementation, ACI anticipates annualized savings of $53 million from the cost synergies effected. We expect to achieve an annualized run rate of $48 million in savings by the end of 2012 and attain an annualized run rate of $53 million in savings by the end of 2013. Year to date, ACI has spent $22.6 million on SG&A, Facilities and IT rationalization and anticipates spending a further $8.4 million on facilities and IT infrastructure exit costs during calendar year 2012.

Sales

Sales bookings in the quarter totaled $156.2 million. In the prior-year quarter sales bookings were $147.0 million. S1 contributed $39.2 million to sales in the quarter. ACI organic sales variance is related to timing of large term extensions. Sales and projects were impacted during the quarter by customers waiting to make purchasing decisions pending the release of our combined product strategy that was unveiled in June.

Backlog

Excluding negative foreign exchange translation of $23.5 million, 60-month backlog grew $12.8 million in the quarter. 60-month backlog as of June 30, 2012 was $2.306 billion. 12-month backlog decreased $12 million to $570 million as compared to $582 million at March 31, 2012. 12-month backlog was reduced by $6.2 million due to foreign exchange movements in the quarter.

Revenue

GAAP revenue increased to $149.8 million or an increase of $36.4 million, or 32%, over prior-year quarter. The acquisition of S1 Corporation contributed $43.1 million of revenue in the second quarter. Organic revenue decreased as compared to prior-year quarter primarily due to the following factors: timing of non-recurring license and services revenue of approximately $10.0 million pushed out to the second half of the year as well as $3.0 million reduction due to foreign currency movements. Non-GAAP revenue increased $46.1 million, or 41%, over prior-year quarter. Non-GAAP revenue excludes the impact of $9.6 million of deferred revenue that would have been recognized in the normal course of business by S1 but was not recognized due to GAAP purchase accounting requirements.

Operating Expenses

Excluding $7.6 million of S1 acquisition related one-time expenses related for IT-related infrastructure exit costs and severance expense, operating expenses increased $47.1 million compared to the prior year quarter due to the addition of $45.0 million of S1 expenses inclusive of $4.0 million of intangibles amortization.   Total GAAP operating expenses for the quarter were $157.7 million.

Operating Income/Loss

Consolidated GAAP operating loss was $7.9 million for the quarter.   Non-GAAP operating income decreased $1.0 million, or 10%, compared to the prior-year quarter. Non-GAAP operating income excludes the $9.6 million deferred revenue adjustment due to purchase accounting as well as the impact of $7.6 million of one-time expenses related to IT-related infrastructure exit costs and severance.

Adjusted EBITDA

Adjusted EBITDA increased to $25.7 million, an improvement of $5.8 million, or 29%, compared to the prior year quarter. Adjusted EBITDA excludes the impact of $9.6 million of deferred revenue that would have been recognized in the normal course of business by S1 but was not recognized due to GAAP purchase accounting requirements and $7.6 million of acquisition related one-time expenses.

Liquidity

We had $149.6 million in cash on hand as of June 30, 2012. The Company also paid $3.1 million in principal payments for the term credit facility during the second quarter 2012. During the second quarter, we repurchased 961,692 shares for $37.8 million. The remaining dollar value of shares authorized for purchase under the stock repurchase program was approximately $31.0 million.

Operating Free Cash Flow

Operating free cash flow ("OFCF") for the quarter was $(3.8) million, a decrease of $5.4 million as compared to the prior-year quarter.

Other Expense

Other expense for the quarter was $3.0 million, a reduction of $3.1 million as compared to other income of $0.1 million in the prior-year quarter. The variance was driven by higher interest expense of $2.5 million as well as negative foreign exchange variance of $0.6 million.

Taxes

Income tax benefit in the quarter was $6.2 million, or a 57.1% effective tax rate, compared to income tax expense of $0.7 million, or a 6.7% rate, in the prior-year quarter. The income tax benefit for the quarter ended June 30, 2012 was due to the beneficial impact of domestic losses at the U.S. tax rate offset by foreign income at lower tax rates.

Net Income (loss) and Diluted Earnings Per Share

Net loss for the quarter ended June 30, 2012 was $4.7 million, compared to net income of $9.8 million during the same period last year.

Earnings (loss) per share for the quarter ended June 30, 2012 was $(0.12) per diluted share compared to $0.29 per diluted share during the same period last year. Excluding the impact of $7.6 million of S1 acquisition related one-time expenses and the impact of $9.6 of million deferred revenue that would have been recognized in the normal course of business by S1 but was not recognized due to GAAP purchase accounting requirements, earnings per share was $0.16 per diluted share.

Weighted Average Shares Outstanding

Total diluted weighted average shares outstanding were 39.3 million for the quarter ended June 30, 2012 as compared to 34.3 million shares outstanding for the quarter ended June 30, 2011. The number of weighted average shares outstanding was increased by 5.8 million due to the issuance of shares related to the acquisition of S1 Corporation. 6.7 million options to purchase shares, restricted share awards, common stock warrants and contingently issuable shares were excluded from the diluted earnings per share computation as their effect would have been anti-dilutive.

About ACI Worldwide

ACI Worldwide powers electronic payments and banking for more than 1,650 financial institutions, retailers and processors around the world. ACI software enables $12 trillion in payments each day, processing transactions for 14 of the leading global retailers, and 24 of the world's 25 largest banks. Through our integrated suite of software products and hosted services, we deliver a broad range of solutions for payments processing, card and merchant management, online banking, mobile, branch and voice banking, fraud detection, and trade finance. To learn more about ACI and the reasons why our solutions are trusted globally, please visit www.aciworldwide.com. You can also find us on www.paymentsinsights.com or on Twitter @ACI_Worldwide.

Forward-Looking Statements

This press release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as "believes," "will," "expects," "anticipates," "intends," and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements in this press release include, but are not limited to, statements regarding: (i) our expectations related to annual cost savings or synergies expected from the S1 acquisition, (ii) our expectation that we will manage to a clean, more profitable 2013 and beyond, and (iii) expectations and assumptions regarding 2012 financial guidance related to revenue, operating income and adjusted EBITDA.

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission. Such factors include but are not limited to, risks related to the global financial crisis and the continuing decline in the global economy, restrictions and other financial covenants in our credit facility, volatility and disruption of the capital and credit markets and adverse changes in the global economy, risks related to the expected benefits to be achieved in the transaction with S1, , consolidations and failures in the financial services industry, the accuracy of management's backlog estimates, the cyclical nature of our revenue and earnings and the accuracy of forecasts due to the concentration of revenue generating activity during the final weeks of each quarter, impairment of our goodwill or intangible assets, exposure to unknown tax liabilities, volatility in our stock price, risks from operating internationally, including fluctuations in currency exchange rates, increased competition, our offshore software development activities, customer reluctance to switch to a new vendor, the performance of our strategic product, BASE24-eps, the maturity of certain products, our strategy to migrate customers to our next generation products, ratable or deferred recognition of certain revenue associated with customer migrations and the maturity of certain of our products, demand for our products, failure to obtain renewals of customer contracts or to obtain such renewals on favorable terms, delay or cancellation of customer projects or inaccurate project completion estimates, business interruptions or failure of our information technology and communication systems, our alliance with International Business Machines Corporation ("IBM"), our outsourcing agreement with IBM, the complexity of our products and services and the risk that they may contain hidden defects or be subjected to security breaches or viruses, compliance of our products with applicable legislation, governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, future acquisitions, strategic partnerships and investments and litigation, the risk that expected synergies, operational efficiencies and cost savings from the S1 acquisition may not be fully realized or realized within the expected time frame. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K, Registration Statement on Form S-4, and subsequent reports on Forms 10-Q and 8-K.

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