

SS&C TECHNOLOGIES INC

Form DEFA14A

October 20, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SS&C TECHNOLOGIES, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

This filing consists of the Company's press release dated October 20, 2005.

For Immediate Release

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SS&C Technologies Announces Q3 Numbers

WINDSOR, CT October 20, 2005 SS&C Technologies, Inc. (NASDAQ: SSNC) today announced results for the quarter ended September 30, 2005. Q3 revenues were \$46.1 million, up from \$25.2 million for Q3 2004. Net income and operating income for Q3 2005 were \$7.0 million and \$11.9 million, respectively, increases of 44% and 59% from the \$4.8 million and \$7.5 million for the third quarter of last year. Diluted earnings per share for Q3 were \$0.28, 40% higher than the \$0.20 diluted earnings per share for the same period in 2004. Merger costs related to the pending sale of SS&C were \$0.04 per diluted earnings per share in the quarter.

Bill Stone, SS&C's Chairman and CEO, said, "We are pleased with our third quarter numbers. We had solid revenues in all segments. In Q3, license revenues were \$7.6 million, up 84% over Q3 last year. Recurring revenues, which includes both maintenance and outsourcing revenues, grew to \$34.9 million, an increase of 93% over the \$18.1 million in Q3 2004.

Stone continued, "In all business lines, we are seeing positive results from both organic growth and acquisitions. In Q3 2005, several of our products recorded an increase in license revenue over Q3 2004, including CAMRA, LMS, SKYLINE, Antares, Altair, Sylvan, and FundRunner.

"This quarter, we reached a new benchmark in outsourcing revenues at \$21.6 million, a 153% increase over Q3 2004," said Stone. "Outsourcing revenues are growing organically and through acquisitions, as asset managers and hedge funds continue to recognize the benefits of outsourcing their back-offices. Growth can be attributed primarily to FMC's outsourcing business, and fund administration services we provide to hedge funds.

"In Q3 we continued to execute on integrating our acquisitions and implementing economy-of-scale initiatives," said Stone. "Our focus is on managing our expenses closely and implementing operational efficiencies. As a result, our Q3 net income increased to \$7.0 million, a 44% increase over the \$4.8 million in Q3 last year; and Q3 operating income rose by 59% over Q3 2004 to \$11.9 million."

Earnings Call

SS&C's Q3 2005 earnings call will take place at 5:00 p.m. Eastern Time today, October 20, 2005. The call will discuss Q3 results and the current status of the Carlyle transaction. Interested parties may dial 706-643-7858 (US, Canada and International) and request the SS&C Third Quarter Earnings Call, conference ID #1420935. A replay will be available after 8:00 pm on October 20, until midnight on November 20, 2005. To hear the replay, dial 706-645-9291 and enter the access code 1420935. A replay of the call will also be available after October 21, 2005 on our website at www.ssctech.com/about/investor.asp#c.

Important Additional Information Filed with the SEC

On October 19, 2005, SS&C Technologies, Inc. filed a definitive proxy statement with the SEC in connection with the proposed merger transaction. SS&C is mailing the proxy statement to its stockholders on or about October 21, 2005. The proxy statement contains important information about SS&C, the merger, and related matters. Investors and security holders are urged to read the proxy statement.

Investors and security holders may obtain free copies of the proxy statement and other documents filed with the SEC by SS&C through the web site maintained by the SEC at www.sec.gov. In addition, investors and security holders may obtain free copies of the proxy statement from SS&C by contacting Investor Relations, SS&C Technologies, Inc., 80 Lambert Road, Windsor, CT 06095, telephone (860) 298-4500.

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the transactions contemplated by the merger agreement. Information regarding the Company's directors and executive officers is contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and its proxy statement dated April 26, 2005, which are filed with the SEC. Additional information regarding the interests of the potential participants is included in the merger proxy statement and other relevant documents on file with the SEC.

SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share information)
(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-----------|-------------------|-----------|
| | September | September | September | September |
| | 30, | 30, | 30, | 30, |
| | 2005 | 2004 | 2005 | 2004 |
| Revenues: | | | | |
| Software licenses | \$ 7,567 | \$ 4,116 | \$ 17,884 | \$ 12,444 |
| Maintenance | 13,263 | 9,521 | 35,067 | 26,742 |
| Professional services | 3,633 | 2,973 | 9,565 | 7,550 |
| Outsourcing | 21,647 | 8,553 | 51,723 | 22,100 |
| Total revenues | 46,110 | 25,163 | 114,239 | 68,836 |
| Cost of revenues: | | | | |
| Software licenses | 913 | 600 | 2,267 | 1,630 |
| Maintenance | 3,199 | 2,173 | 8,224 | 6,162 |
| Professional services | 2,171 | 1,769 | 6,377 | 4,842 |
| Outsourcing | 12,958 | 4,613 | 28,808 | 11,701 |
| Total cost of revenues | 19,241 | 9,155 | 45,676 | 24,335 |
| Gross profit | 26,869 | 16,008 | 68,563 | 44,501 |
| Operating expenses: | | | | |
| Selling and marketing | 4,167 | 2,844 | 10,540 | 7,791 |
| Research and development | 5,772 | 3,703 | 15,195 | 10,211 |
| General and administrative | 3,820 | 1,947 | 9,814 | 5,785 |
| Merger costs related to the pending sale of SS&C | 1,171 | | 1,171 | |
| Total operating expenses | 14,930 | 8,494 | 36,720 | 23,787 |
| Operating income | 11,939 | 7,514 | 31,843 | 20,714 |
| Interest income (expense) | (677) | 472 | (556) | 837 |
| Other income (expense), net | 211 | (5) | 326 | (21) |
| Income before income taxes | 11,473 | 7,981 | 31,613 | 21,530 |
| Provision for income taxes | 4,478 | 3,138 | 12,060 | 8,504 |

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| | | | | |
|--|----------|----------|-----------|-----------|
| Net income | \$ 6,995 | \$ 4,843 | \$ 19,553 | \$ 13,026 |
| Basic earnings per share | \$ 0.30 | \$ 0.21 | \$ 0.84 | \$ 0.63 |
| Basic weighted average number of common shares outstanding | 23,533 | 23,019 | 23,232 | 20,525 |
| Diluted earnings per share | \$ 0.28 | \$ 0.20 | \$ 0.80 | \$ 0.60 |
| Diluted weighted average number of common and common equivalent shares outstanding | 24,729 | 24,176 | 24,408 | 21,873 |

SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

| | (unaudited) September 30, 2005 | December 31, 2004 |
|---|---|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 14,853 | \$ 28,913 |
| Investments in marketable securities | 8,700 | 101,922 |
| Accounts receivable, net | 31,967 | 13,545 |
| Prepaid expenses and other current assets | 3,499 | 1,607 |
| Total current assets | 59,019 | 145,987 |
| Property and equipment, net | 10,727 | 5,353 |
| Deferred income taxes | | 5,894 |
| Intangible and other assets, net | 238,882 | 28,429 |
| Total assets | \$ 308,628 | \$ 185,663 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Current portion of long term debt | \$ 17,018 | \$ |
| Accounts payable | 3,732 | 1,073 |
| Income taxes payable | 651 | 609 |
| Accrued employee compensation and benefits | 7,167 | 6,248 |
| Other accrued expenses | 6,240 | 3,549 |
| Deferred income taxes | 735 | 188 |
| Dividend payable | | 1,850 |
| Deferred maintenance and other revenue | 24,875 | 16,052 |
| Total current liabilities | 60,418 | 29,569 |
| Long-term debt | 50,000 | |
| Deferred income taxes | 7,761 | |
| Total liabilities | 118,179 | 29,569 |
| Total stockholders equity before treasury stock | 249,453 | 209,514 |
| Less: cost of common stock in treasury | 59,004 | 53,420 |
| Total stockholders equity | 190,449 | 156,094 |

| | | |
|--|------------|------------|
| Total liabilities and stockholders' equity | \$ 308,628 | \$ 185,663 |
|--|------------|------------|

SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | (unaudited) | |
|---|-------------------|-----------|
| | Nine months ended | |
| | September | September |
| | 30, | 30, |
| | 2005 | 2004 |
| Cash flow from operating activities: | | |
| Net income | \$ 19,553 | \$ 13,026 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 7,277 | 3,322 |
| Amortization of loan origination costs | 59 | |
| Net realized losses (gains) on equity investments | (197) | 26 |
| Loss (gain) on sale or disposal of property and equipment | 15 | (7) |
| Deferred income taxes | 650 | 970 |
| Income tax benefit related to exercise of stock options | 2,375 | 2,409 |
| Provision for doubtful accounts | 930 | (168) |
| Changes in operating assets and liabilities excluding effects from acquisitions: | | |
| Accounts receivable | (8,143) | 522 |
| Prepaid expenses and other assets | (343) | 232 |
| Accounts payable | 801 | (382) |
| Accrued expenses | (2,506) | 813 |
| Taxes payable | 578 | (58) |
| Deferred maintenance and other revenues | (9) | (1,271) |
| Total adjustments | 1,487 | 6,408 |
| Net cash provided by operating activities | 21,040 | 19,434 |
| Cash flow from investing activities: | | |
| Additions to property and equipment | (2,092) | (588) |
| Proceeds from sale of property and equipment | 3 | 7 |
| Cash paid for business acquisitions, net of cash acquired | (183,604) | (23,540) |
| Cash paid for long-term investment | (2,000) | |
| Purchases of marketable securities | (88,250) | (112,889) |
| Sales of marketable securities | 181,037 | 50,708 |
| Net cash used in investing activities | (94,906) | (86,302) |
| Cash flow from financing activities: | | |
| Repayment of debt and acquired debt | (8,013) | |

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| | | |
|--|-----------|-----------|
| Net proceeds from note payable | 75,000 | |
| Issuance of common stock | 343 | 74,627 |
| Exercise of options | 2,279 | 1,897 |
| Purchase of common stock for treasury | (5,584) | |
| Common stock dividends | (3,718) | (2,944) |
| Net cash provided by financing activities | 60,307 | 73,580 |
| Effect of exchange rate changes on cash | (501) | (57) |
| Net increase (decrease) in cash and cash equivalents | (14,060) | 6,655 |
| Cash and cash equivalents, beginning of period | 28,913 | 15,261 |
| Cash and cash equivalents, end of period | \$ 14,853 | \$ 21,916 |

Cautionary Note Regarding Forward-Looking Statements

Statements in this document regarding the proposed Merger, the expected effects, timing and completion of the proposed transaction and any other statements about SS&C's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements. Any statements that are not statements of historical fact (including statements containing the words believes, plans, anticipates, expects, estimates and similar expressions) should also be considered to be forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: the ability to consummate the proposed transaction due to the failure to obtain stockholder approval, the failure of Parent to consummate the necessary debt financing arrangements set forth in a commitment letter received by Parent or the failure to satisfy other conditions to the closing of the proposed transaction, the ability to recognize the benefits of the transaction, intense competition in SS&C's industry, changes in government regulation, failure to manage the integration of acquired companies and other risks that are contained in documents and the other factors described in SS&C's Annual Report on Form 10-K for the year ended December 31, 2004 and its most recent quarterly report filed with the SEC. In addition, any forward-looking statements represent SS&C's estimates only as of today and should not be relied upon as representing SS&C's estimates as of any subsequent date. SS&C disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this filing.