

CommVault Announces Third Quarter Fiscal 2010 Financial Results

February 3, 2010

OCEANPORT, N.J., Feb 03, 2010 (BUSINESS WIRE) -- Third Quarter Fiscal 2010 Highlights Include:

GAAP Results:

CommVault (NASDAQ: CVLT) today announced its financial results for the third quarter ended December 31, 2009.

N. Robert Hammer, CommVault's chairman, president and CEO, stated, "We delivered an excellent third quarter which was highlighted by both record revenues and EBIT. Our 18% year-over-year growth in total revenue was driven by a record number of enterprise deals during the quarter, increasing demand for our Simpana 8 suite of products and excel results from our services organization. Our third quarter performance validates our continued market leadership, technological innovation and operating discipline."

CommVault Reports Record Quarterly Revenues of \$70.7 Million

Total revenues for the third quarter of fiscal 2010 were \$70.7 million, an increase of 18% over the third quarter of fiscal 2009 and an increase of 16% over the prior quarter. Software revenue in the third quarter of fiscal 2010 was \$35.2 million, an increase of 12% year-over-year and up 5% sequentially. Services revenue in the third quarter of fiscal 2010 was \$35.2 million, up 24% year-over-year and 7% sequentially.

Income from operations (EBIT) was \$9.1 million for the third quarter, a 48% increase from \$6.1 million in the same period of the prior year. Non-GAAP income from operations (EBIT) increased 41% to \$12.8 million in the third quarter of fiscal 2010 compared to \$9.1 million in the third quarter of the prior year. On a sequential basis, Non-GAAP inco

For the third quarter of fiscal 2010, Comm/bult reported net income of \$5.4 million, or \$0.15 per diluted share, in the same period of the prior year. Non-GAAP net income for the quarter increased 33% to \$8.7 million, or \$0.19 per diluted share, from \$6.6 million, or \$0.15 per diluted share, in the same period of the prior year.

Operating cash flow totaled \$11.5 million for the third quarter of fiscal 2010 compared to \$8.4 million in the third quarter of fiscal 2009. Total cash and short-term investments were \$148.6 million as of December 31, 2009 compared to \$10.5 million as of March 31, 2009.

Comm/Vault did not repurchase any shares of common stock under its share repurchase plan during the third quarter of fiscal 2010. As of February 3, 2010, Comm/Vault has repurchased \$40.2 million of common stock (2,853,305 shares) out of the \$80.0 million in total that is authorized under its share repurchase program. On January 27, 2010, the Board of Directors authorized a one year extension to the existing \$80.0 million share repurchase program that was scheduled to expire on March 31, 2010. As a result, Comm/Vault may repurchase the remaining \$39.8 million of its common stock until March 31, 2011.

A reconciliation of GAAP to non-GAAP results has been provided in Financial Statement Table IV included in this press release. An explanation of these measures is also included below under the heading "Use of Non-GAAP Financial Measures."

Recent Business Highlights:

- On February 2, 2010, Storage Magazine/SearchStorage.com recognized Comm/ault's Simpana Software Suite with top honors by awarding it the gold medal in the 2009 "Product of the Year" awards in the backup and disaster recovery software category.

 On February 1, 2010, Comm/ault announced an integrated cloud storage connector for its Simpana(R) software, which will enable customers to move on-premises backup and archive data securely, reliably and transparently into, and out of, private and public cloud storage without complex scripting or the addition of costly, disparate cloud gateway appliances.

 On January 25, 2010, Comm/ault announced that its Simpana Software Suite was awarded the gold award, which is the top award, in the eDiscovery (EDD) Services Preservation category in the seventh annual Law Technology News Awards.
- On December 21, 2009, Comm/Vault and Group Logic, a leading provider of network software solutions, annuanced they are tearing to extend file archiving to Mac environments for improved space management and storage hardware cost savings.
 On December 14, 2009, Comm/Vault announced it has entered into a partnership with Informatica to deliver a fully integrated archiving solution that extends support to leading databases and applications, including Microsoft SQL Server, Oracle, DB2, SAP, PeopleSoft, Siebel and other custom or legacy
- On December 8, 2009, CommVault announced it has completed Windows Server 2008 R2 certification and now supports Windows 7 to ensure that CommVault(R) Simpana(R) software seamlessly operates with the latest versions of Microsoft Corp.'s flagship server and desktop operating systems.

Commivauit has provided in this press release the following non-GAAP financial measures: non-GAAP income from operations, non-GAAP income from operations margin, non-GAAP net income and non-GAAP diluted earnings per share. This selected financial information has not been prepared in accordance with GAAP. Commivauit uses these non-GAAP financial measures internally to understand, manage and evaluate its business and make operating decisions. In addition, Commivauit believes that the use of these non-GAAP operating included in the committee of the incommittee of the investment of the investment on the investment on the investment on the investment on community.

These onc-GAAP financial measures should be considered as a supplement to, and not as a substitute for or superior to, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which are provided in Table IV invitored in this review relaxes.

Non-GAAP Income from operations and non-GAAP income from operations margin. These non-GAAP financial measures exclude noncash stock-based compensation charges and additional FICA expense incurred by CommYault when employees exercise in the money stock options or vest in restricted stock awards. CommYault believes that these non-GAAP financial measures are useful metrics for management and investors because they compare CommYault's core operating results over multiple periods. When evaluating the performance of CommYault's operating results and developing short and long term plants, CommYault been not consider such expenses. Although non-marked plants and compensation and the related additional FICA expenses are recessary to attract and expenses, adjustment and additional formation plants of the expense incurred or stock operations are useful and the variety of awards that companies can issue, CommYault believes that providing non-GAAP financial measures that exclude nonceash stock-based compensation expense and the related additional FICA expense incurred on stock option exercises and vesting of restricted stock awards allow investors to make meaningful companies on between CommYault's operating restricted and compensation expenses and their related additional FICA expense incurred on stock option exercises and vesting of restricted stock awards allow investors to make meaningful companies to the exercise between CommYault's operating restricted and the variety of the exercises and vesting of restricted stock awards allow investors to make meaningful companies to between CommYault superating restricted and the variety of the exercises and vesting of restricted stock awards allow investors to make meaningful companies to a superation between CommYault superating restricted and the variety of awards that companies.

There are a number of limitations related to the use of non-GAAP income from operations and non-GAAP income from operations margin. The most significant limitation is that these non-GAAP financial measures exclude certain operating costs, primarily related to nonceash stock-based compensation, which is of a recurring nature. Nonceash stock-based compensation has been, and will confirm to be for the foreseeable future, a significant recurring expense in Commitwall conscious and confirmation of the foreseeable future, a significant impact on their performance. Lissly, the components Commitwall non-GAAP financian feasures may differ from the components that tis peer companies exclude when their performance is a new performance. Lissly, the components Commitwall non-GAAP financian feasures may differ from the components that tis peer companies exclude when their performance is a new performance. Lissly, the components Commitwall non-GAAP financian feasures may differ the components that tis peer companies exclude when their performance.

Commissing smanagement generally compensates for limitations described above related to the use of non-GAAP financial measures by providing investors with a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure. Further, Commission from the non-GAAP financial measure to the most directly comparable GAAP financial measure. Further, Commission from the non-GAAP financial measure to the most directly comparable GAAP financial measure. Further, Commission from the non-GAAP financial measure to the most directly comparable GAAP financial measure. Further, Commission from the non-GAAP financial measure to the most directly comparable GAAP financial measure.

Non-GAAP net income and non-GAAP diluted EPS. Non-GAAP net income excludes noncash stock-based compensation and the related additional FICA expense incurred by CommVault when employees exercise in the money stock options or vest in restricted stock awards, which are discussed above, as well as applies a non-GAAP effective tax rate of 32% in fiscal 2010 and 30% in fiscal 2009.

During the first and second quarter of fiscal 2010, CommYault identified and recorded certain non-cash prior period errors totaling a net expense amount of approximately \$1.2 million. The Company has concluded that these errors are not material to any prior annual period or to the expected fiscal year 2010 financial position or results of operations. Specifically, CommYault recorded non-cash tax expense of \$3.0 million in the first quarter of fiscal 2010 to write-off deferred tax assets resulting or in the second quarter of fiscal 2010. This benefit is primarily related to a concilent of its deferred tax basels resulting from the understatement of tax basels desired non-in its fixed assets in this prior fiscal periods. As on October 22.009, CommYault becomded a non-cash that were impropely recorded in fiscal 2010, in addition, CommWault recorded a non-cash tax benefit of \$3.5 million in the second compensation expenses on the prior fiscal periods. As on October 22.009, CommYault became aware of a programming error in the intribuyersy software used to calculate its non-cash tax methods. Specifically, in the second quarter of fiscal 2010, CommYault became aware of a programming error in the intribuyersy software used to calculate its non-cash tax methods. Specifically in the second quarter of fiscal 2010, CommYault became aware of a programming error in the intribuyersy software used to calculate its non-cash tax methods. Specifically in the second quarter of fiscal 2010, CommYault became aware of a programming error in the intribuyersy software used to calculate its non-cash tax methods. Specifically in the second quarter of fiscal 2010, CommYault became aware of a programming error in the intribuyersy software used to calculate its non-cash tax methods. Specifically in the second quarter of fiscal 2010, CommYault became aware of a programming error in the intribuyersy software used to calculate its non-cash tax methods. Specifically in the second quarter of fiscal 2010, CommYault became aware of a programming

Comm/sult anticipates that in any given quarter its non-GAAP effective tax rate was 44% for fiscal 2009 and was 23% for fiscal 2008. The GAAP effective tax rate for third quarter of fiscal 2010 was 41% and the GAAP effective tax rate was 44% for fiscal 2010 was 43%.

Comm/ault currently expects that its long-term terminal tax rate will be in the mid thirty percent range. As a result, Comm/ault will gradually increase its non-GAAP effective tax rate as it approaches its anticipated long-term GAAP tax rate. Comm/ault measured itself to a non-GAAP effective tax rate of 20% in face 2

Comm/Vault considers non-GAAP net income and non-GAAP diluted EPS useful metrics for Comm/Vault management and its investors for the same basic reasons that Comm/Vault uses non-GAAP income from operations and non-GAAP income from operations margin. In addition, the same limitations as well as management actions to complimitations described above also apply to Comm/Vault's use of non-GAAP net income and non-GAAP extensions.

Comm/ault will host a conference call today, February 3, 2010, at 8:30 a.m. Eastern Time (5:30 a.m. Pacific Time) to discuss its financial results. To access this call, dial 866-510-0705 (domestic) or 617-597-5363 (international), investors can also access the webcast by visiting <a href="http://cis.businesswire.com/act/Tird-smartinik/url-14/25/97-64/25/97-46/2

A singular vision - a belief in a better way to address current and future data management needs - guides CommVault in the development of Singular Information Management(R) solutions for high-performance data protection, universal availability and simplified management of data on complex storage networks. CommVault is exclusive single-plat architecture gives companies unprecedented control over data growth, costs and risk. CommVault's Simpana(R) software suite of products was designed to work together seatmlessly from the ground up, sharing a single code and common function set, to deliver superfailse Data Protection, Archive, Replication, Search and Resource Management capabilities. More companies every day join those who have discovered the unparalleled efficiency, performance, reliability, and control only CommVault is available at <a href="http://cis.businessuire.com/cit/CT/d-smartlink&uri-https://cis.businessuire.com/cit/CT/d-smartlink

This press release contains forward-booking statements, including statements regarding financial projections, which are subject to risks and uncertainties, such as competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of software products and related services, general economic conditions and others. Statements regarding Committed Selection 21E of the Securities Section 21E of the Securities Section 21E of the Securities Act of 1933, as amended. All such forward-booking statements are made pursuant to the safe harbor provisions of the Private Securities Lighton Reform Act of 1958. Actual results in some yielder materially information support and interest to update its for invaried-booking statements.

CommVault, CommVault and logo, the "CV" logo, CommVault Systems, Solving Forward, SIM, Singular Information Management, Simpane, CommVault Galaxy, Unified Data Management, Gilledic, Quick Recovery, QR, CommNet, GridSior, Vault Tracker, InnerVault, Quick, Snap, OSrap, Recovery Director, CommServe, CommCell, ROMS and Comare trademarks or registered trademarks of CommVault Systems, Inc. All other third party brands, products, service names, trademarks, or registered service marks are the property of and used to identify the products or services of their respective owners. All specifications are subject to change without notice.

(Unaudited)					
	Three Months Ended Nine Months End				
	Decemb 2009	er 31, 2008	Decembe 2009	r 31, 2008	
Revenues:	2003	2000	2005	2000	
Software	\$ 35,223	\$ 31.345	\$ 97.844	\$94.205	
Services	35,468		99.743	84,177	
Total revenues	70,691		197.587		
Cost of revenues:					
Software	724	531	2.313	1.869	
Services	8,373	7,314	24,109	21,315	
Total cost of revenues	9,097	7,845	26,422	23,184	
Gross margin	61,594	52,206	171,165	155,198	
Operating expenses:					
Sales and marketing	35,256	31,690	100,216	91,556	
Research and development	8,812	7,703	24,612	22,891	
General and administrative	7,521	5,756	21,960	19,670	
Depreciation and amortization	882	912	2,660	2,716	
Income from operations	9,123	6,145	21,717	18,365	
Interest expense	(32) (30	(78) (57	
Interest income	91	322	293	1,519	
Income before income taxes	9,182	6,437	21,932	19,827	
Income tax expense	(3,742) (2,554	(9,339) (7,738	
Net income	\$ 5,440	\$ 3,883	\$12,593	\$12,089	
Net income per common share:					
Basic	\$ 0.13	\$ 0.09	\$ 0.30	\$0.29	
Diluted	\$ 0.12	\$ 0.09	\$ 0.28	\$0.27	
Weighted average common shares outstanding:					
Basic	42,270	41,436	41,929	42,139	
Diluted	45,485	43,068	44,670	44,184	
Table II					
CommVault Systems, Inc.					
Condensed Consolidated Balance Sheets					
(In thousands)					
(Unaudited)					
Dec	ember 31	, March 31,			

		ecember 31 009	1, March 3 2009
Assets			
Current assets:			
Cash and cash equivalents	\$	144,350	\$ 105,20
Short-term investments		4,293	-
Frade accounts receivable, net		51,667	44,020
Prepaid expenses and other current assets		5,845	3,782

12,317	13,144
218,472	166,15
30,848	33,463
6,093	6,282
968	1,091
\$ 256,381	\$ 206,98
\$ 1,440	\$1,798
20,736	18,407
74,662	61,356
96,838	81,561
8,425	7,760
7,308	6,377
143,810	111,289
\$ 256,381	\$ 206,98
s	218,472 30,848 6,093 968 \$ 256,381 \$ 1,440 20,736 74,662 96,838 8,425 7,308

Consolidated Statements of Cash Flows (In thousands) (Unaudited)

,	Nine Months Ended December 31, 2009 2008			
Cash flows from operating activities Net income	\$ 12.593		12.089	
	Ψ 12,000	•	12,000	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2,745		2,796	
Noncash stock-based compensation	11,406		8,135	
Excess tax benefits from stock-based compensation	(2,669)	(589)
Deferred income taxes	2,792		2,931	
Changes in operating assets and liabilities:				
Accounts receivable	(5,062)	(679)
Prepaid expenses and other current assets	(1,981)	(1,230)
Other assets	195		(504)
Accounts payable	(445)	115	
Accrued liabilities	4,735		2,669	
Deferred revenue	10,225		10,502	
Other liabilities	542		407	
Net cash provided by operating activities	35,076		36,642	
Cash flows from investing activities				
Purchase of short term investments	(4,293)		
Purchase of property and equipment	(2,351)	(3,413)
Net cash used in investing activities	(6,644)	(3,413)
Cash flows from financing activities				
Repurchase of common stock	-		(25,229	1)
Proceeds from the exercise of stock options	6,000		2,450	
Excess tax benefits from stock-based compensation	2,669		589	
Net cash provided by (used in) financing activities	8,669		(22,190	1)
Effects of exchange rate changes in cash	2,044		(1,869)
Net increase in cash and cash equivalents	39,145		9,170	
Cash and cash equivalents at beginning of period	105,205		91,661	
Cash and cash equivalents at end of period	\$ 144,350	\$	100,831	1
Table IV				
CommVault Systems, Inc.				

Table IV					
CommVault Systems, Inc.					
Reconciliation of GAAP to Non-GAAP Financial Measures					
(In thousands, except per share data)					
(Unaudited)					
	Three Months Ended Nine Months En				
	December 31. Decem			per 31,	
	2009	2008	2009	2008	
Non-GAAP financial measures and reconciliation:					
GAAP income from operations	\$9,123	\$6,145	\$21,717	\$18,365	
Noncash stock-based compensation (1)	3,516	2,874	11,406	8,135	
FICA expense on stock option exercises and vesting on restricted stock awards (2)	116	51	293	183	
Non-GAAP income from operations	\$ 12,755	\$ 9,070	\$ 33,416	\$26,683	
GAAP net income	\$5,440	\$3,883	\$ 12,593	\$12,089	
Noncash stock-based compensation (1)	3,516	2,874	11,406	8,135	
FICA expense on stock option exercises and vesting on restricted stock awards (2)	116	51	293	183	
Non-GAAP provision for income taxes adjustment (3)	(358) (255) (1,423	(706)	
Non-GAAP net income	\$ 8,714	\$ 6,553	\$ 22,869	\$19,701	
Diluted weighted average shares outstanding	45,485	43,068	44,670	44,184	
Non-GAAP diluted net income per share	\$ 0.19	\$ 0.15	\$ 0.51	\$ 0.45	

(1) Represents noncash stock-based compensation charges associated with stock options and restricted stock units granted as follows:

	т	Three Months Ended December 31,			ı N	Nine Months Ende			
	D				D	ecembe	31,		
	2	009	2	800	2	009	2	800	
Cost of services revenue	\$	104	\$	69	\$	350	\$	195	
Sales and marketing		1,554		1,371		5,170		3,770	
Research and development		533		454		1,765		1,230	
General and administrative		1,325		980		4,121		2,940	
Stock based componentian expense	e	2 516		2 974	e	11 400	e	0 125	

(3) The provision for income taxes is adjusted to reflect Comm/built when employees exercise in the money stock options or vest in restricted stock awards.

SOURCE: CommVault