

Third Quarter 2004

Earnings Conference Call
November 3, 2004



BUSINESS OBJECTS®

Safe Harbor: Forward Looking Statements

During the course of today's call, our executives will make projections and other forward-looking statements, including statements regarding the business outlook, future financial and operating results, in particular with regard to the fourth quarter and full years 2004 and 2005, and strategic and operational plans. We wish to caution you that such statements are just predictions based on management's current expectations or beliefs, and that actual events or results may differ materially. We refer you to documents the company files with the Securities and Exchange Commission, including Form 10-Q for the quarter ended June 30, 2004, Form 10-K for the year ended December 31, 2003. These documents identify important risk factors that could cause actual results to differ materially from those contained in our forward-looking statements. We caution you that the company assumes no duty to confirm, update or revise the financial forecast for the quarter or year, or any other forward-looking information contained in this call, as a result of new developments or otherwise.

Our discussion today will also include non-GAAP financial measures described as pro forma or normalized information. A reconciliation of this pro forma and normalized information to US GAAP financial statements is available in our press release and on our investor relations web page at www.businessobjects.com.

Use of Non-GAAP Financial Measures

This presentation includes financial measures for net income and earnings per share that exclude certain non-cash charges and that have not been calculated in accordance with US GAAP. These measures differ from US GAAP in that they exclude the amortization of intangible assets and of deferred stock-based compensation, and planned restructuring charges associated with the Crystal Decisions acquisition, and the elimination of maintenance revenue due to the impact of purchase accounting entries on deferred revenue. Business Objects has provided these measurements in addition to US GAAP financial results because it believes they provide a consistent basis for comparison between quarters that is not influenced by certain non-cash expenses related to the acquisition of Crystal Decisions and therefore is helpful to understanding Business Objects' underlying operational results. Further, these non-GAAP measures are some of the primary measures Business Objects' management uses for planning and forecasting. These measures are not in accordance with, or an alternative to US GAAP, and these non-GAAP measures may not be comparable to information provided by other companies.

Financial Results

Jim Tolonen, CFO



Third Quarter 2004 Results

| | |
|----------------------|-----------------|
| Total Revenue | \$219.5M |
|----------------------|-----------------|

| | |
|------------------------|-----------------|
| License Revenue | \$105.7M |
|------------------------|-----------------|

| | |
|----------------------|---------------|
| U.S. GAAP EPS | \$0.12 |
|----------------------|---------------|

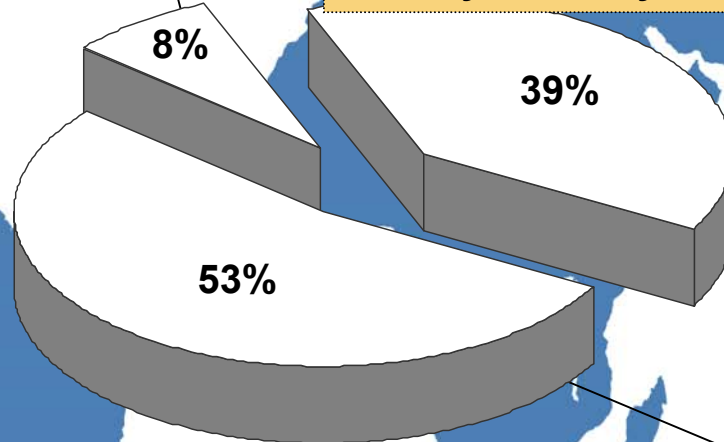
| | |
|----------------------|---------------|
| Pro forma EPS | \$0.19 |
|----------------------|---------------|

- **Revenue at upper end of Company's guidance**
- **U.S. GAAP and pro forma earnings exceeded the Company's guidance**

Americas Led Q3 Performance

Asia Pacific/Japan:
-3% sequentially
+ 20% year over year

Europe:
-12% sequentially
+ 11% year over year



**Breakdown of
revenue by region**

Americas:
+6% sequentially
+ 1% year over year

Based on normalized revenues of \$224.5M in Q3 2004, and compared to Business Objects plus Crystal Decisions revenues in Q3 2003

Product Line Review

Q3 2004

- ▶ **Software license revenues totaled \$105.7M**

- ▶ **Query, Reporting, and Analysis**
 - License revenue: \$96.4 million, 91% of license revenues

- ▶ **Enterprise Performance Management**
 - License revenue: \$3.7 million, 4% of license revenues

- ▶ **Data Integration**
 - License revenue: \$5.6 million, 5% of license revenues and a record quarter

Improved Margins

Q3 2004

| | US GAAP | | Pro Forma | |
|---------------------------|----------|------|-----------|------|
| Revenues | \$219.5M | 100% | \$219.5M | 100% |
| Cost of Revenues | \$49.6M | 23% | \$42.0M | 19% |
| Gross Margin | \$169.9M | 77% | \$177.5M | 81% |
| Operating Expenses | \$153.2M | 70% | \$151.7M | 69% |
| Operating Income | \$16.7M | 8% | \$25.8M | 12% |
| Interest and Other Income | \$1.1M | | \$1.1M | |
| Income Before Taxes | \$17.8M | | \$26.9M | |
| Net Income | \$11.0M | | \$16.7M | |

Strong Balance Sheet

Q3 2004

| | |
|-------------------------|----------------|
| Total Cash | \$260M |
| Deferred Revenue | \$169M |
| Total Assets | \$1.8B |
| DSO | 75 days |

- **Cash generated from Q3 operations was \$28M**
- **\$19M used to repurchase 1 million shares**

Guidance Fourth Quarter 2004

| | Q4 2004 Guidance |
|---------------------|---------------------|
| Revenue range | \$230M - \$240M |
| US GAAP EPS range | \$0.14 - \$0.20 |
| Pro Forma EPS range | \$0.21 - \$0.27 |

Assumptions

- Guidance excludes approximately \$1.6 million (\$0.01 per share) in lost deferred maintenance revenue
- Pro forma EPS also excludes amortization of intangible assets, stock based compensation expense, and restructuring charges totaling \$0.07 per share

Guidance Full Year 2004

| | FY 2004 Guidance |
|---------------------|---------------------|
| Revenue range | \$890M - \$900M |
| US GAAP EPS range | \$0.42 - \$0.48 |
| Pro Forma EPS range | \$0.70 - \$0.76 |

Assumptions

- Guidance excludes \$28.0 million (\$0.19 per share) in lost deferred maintenance revenue (\$918M - \$928M)
- Pro forma EPS also excludes amortization of intangible assets, stock based compensation expense and restructuring charges totaling approximately \$0.28 per share

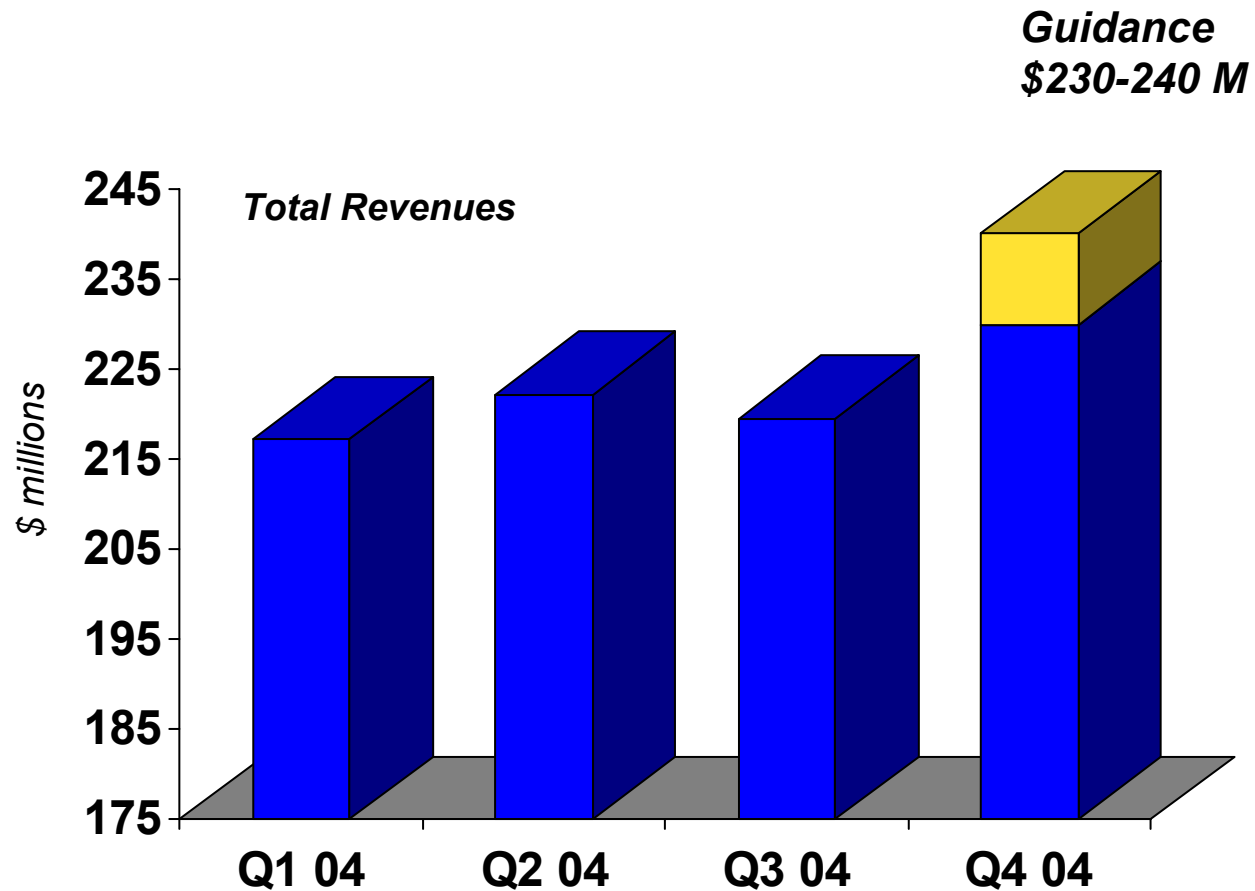


Strategic Outlook

Bernard Liautaud, CEO

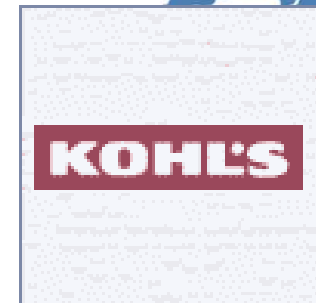
Quarterly Revenue Trend

Sequential Growth in Q4

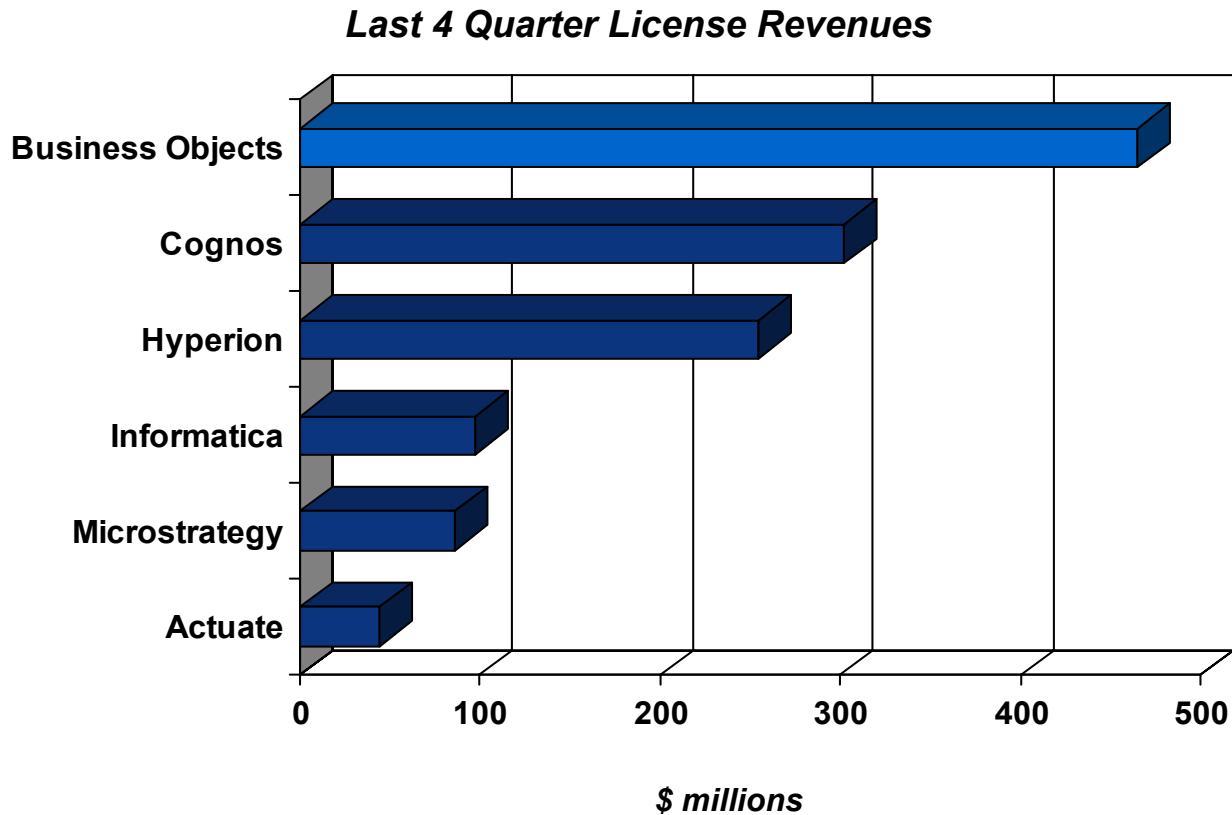


Current Business Highlights

- ▶ **Americas leads overall performance**
- ▶ **EMEA should benefit from BusinessObjects 6.5**
- ▶ **Asia Pacific continues rapid growth**



Market Leadership



Normalized license revenues presented for Business Objects

Strong Current Product Offering

- ▶ **BusinessObjects 6.5 building momentum**
- ▶ **Crystal 10 continues to lead enterprise reporting**
- ▶ **Data Integration gaining traction**



Great Anticipation from Beta Sites

Quotes from BusinessObjects 11 beta customers

- ▶ “We are amazed by some of the new features...”
- ▶ “We see exponential improvements over prior releases...”
- ▶ “ ... we are very enthusiastic about the product. Our users have high demand.”
- ▶ “... the team is looking forward to the promise of being able to consolidate various disparate deployments on the new standard.”

Questions and Answers

