



Third Quarter  
Financial Report

September 30, 2004



## **COMPANY OVERVIEW**

CIBER, Inc. and its subsidiaries provide information technology (IT) system integration consulting and other services and to a lesser extent, resell certain hardware and software products. Our clients consist primarily of Fortune 500 and middle market companies across most major industries and governmental agencies. We operate from more than 80 offices across the United States, Canada, Europe, and Asia. As of September 30, 2004, we had approximately 8,000 employees in 17 countries.

We began operations in 1974 to assist companies in need of computer programming support. In the mid-1980s, we initiated a growth strategy that included expanding our range of computer-related services, developing a professional sales force and selectively acquiring established complementary companies. We continue to expand and modify our service offerings to address changes in customer demands and rapidly changing technology. In addition, we look to form strategic alliances with select package software and hardware vendors to stay at the leading edge of technology advances, to develop new business and to generate additional revenue.

Our principal executive offices are located at 5251 DTC Parkway, Suite 1400, Greenwood Village, CO, 80111. Our Internet address is [www.ciber.com](http://www.ciber.com). CIBER is traded on the New York Stock Exchange with the market symbol: CBR.

CIBER currently has three reportable segments, Custom Solutions, Package Solutions and CIBER Europe. The Custom Solutions segment primarily includes our CIBER custom branch offices. Our Package Solutions segment is comprised of our CIBER Enterprise Solutions Division. CIBER Europe is comprised of CIBER Solution Partners, as well as our ECSoft and Ascent acquisitions.

## **CIBER Custom Solutions**

Our CIBER custom branch operations provide IT project solutions and IT staffing in custom developed software environments. Each branch office has local leadership, sales, recruiting and delivery capabilities. Our branch office network is integral to our business strategy. Through the branch office network, we can (1) offer a broad range of consulting services on a local basis, (2) respond to changing market demands for IT services through a variety of contacts in many industries and geographic areas and (3) maintain a quality professional staff because of our nationwide reputation and our training programs. Our strategy is to leverage our long-standing staffing relationships to win strategic consulting and/or project solutions and systems integration business.

The migration toward a more solutions-based business model has resulted from our efforts to (1) create significant thought leadership in leading technologies through our National Practices, (2) establish a consultative sales methodology that enhances our ability to identify, pursue and close solutions-based business, and (3) improve our solutions delivery capability by continuing to refine our project management and delivery methodology. Our National Practices, which support the local sales and delivery functions, include: Enterprise Application Integration,



Business Intelligence, Internet Solutions, Infrastructure and Security, Wireless Integration, Outsourcing, and Managed Services.

While ~63% of our operations are directed at commercial clientele, ~37% of our operations have a focus on state and federal government organizations. Our State Government Practice has a number of specialty focus areas, including: health and human services; public health; law and justice, and motor vehicles, among others. Our Federal Government Practice initiatives include: defense/aerospace; outsourcing; human resource and financial management systems; and strategy and enterprise services.

### **CIBER Package Solutions**

Our CIBER Enterprise Solutions Division (CES) provides consulting services to support software from enterprise solutions vendors including Oracle, PeopleSoft, SAP, Lawson, as well as several Supply Chain Management (SCM) products. CES's Technology Solutions Practice helps clients select, configure and design IT platform-related solutions and is an authorized reseller of selected hardware and software products from IBM, Hewlett-Packard, Sun Microsystems and Intermecc.

CES is an Oracle Certified Advantage Partner, a PeopleSoft Certified Consulting Partner as well as an SAP Services Partner. CES has vertical expertise in healthcare, higher education, public sector, telecommunications and manufacturing, among others.

### **CIBER Europe**

CIBER Europe, a combination of Novasoft, Ecosoft, Ascent and CIBER Solution Partners provides a broad range of business and technical consulting services including, application development, package implementation, systems integration and support services. CIBER Europe has operations in the United Kingdom, Scandinavia, the Netherlands, Germany, Spain, and smaller operations in the Czech Republic and Austria. With the addition of Novasoft, CIBER Europe also has start-up operations in China and Singapore. CIBER Europe helps customers exploit advances in information technology to gain increased competitive advantage and create new business opportunities.

IBER, Inc.												
Operating Results Analysis												
Quarter Ended September 30, 2004												
<i>In thousands, except for Billing Rate &amp; Employees</i>												
	Sequential Quarters				Quarter over Quarter				Year over Year			
	Q2 '04		Q3 '04		Q3 '03		Q3 '04		9 mos. 9/30/03		9 mos. 9/30/04	
Company Total	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Consulting Services	\$ 199,933	95.99	\$ 209,897	95.65	\$ 168,495	94.72	\$ 209,897	95.65	\$ 502,309	95.75	\$ 583,119	95.94
Other Revenue	8,345	4.01	9,554	4.35	9,396	5.28	9,554	4.35	22,280	4.25	24,665	4.06
Total Revenue	208,278	100.00	219,451	100.00	177,891	100.00	219,451	100.00	524,589	100.00	607,784	100.00
Gross Profit-Services	55,577	27.80	57,773	27.52	47,330	28.09	57,773	27.52	143,341	28.54	161,025	27.61
Gross Profit-Other	2,169	25.99	4,464	46.73	2,377	25.30	4,464	46.73	6,070	27.24	8,382	33.98
Total Gross Profit	57,746	27.73	62,237	28.36	49,707	27.94	62,237	28.36	149,412	28.48	169,406	27.87
Selling, General & Administrative Expenses	42,808	20.55	46,696	21.28	41,452	23.30	46,696	21.28	120,613	22.99	128,603	21.16
Other Charges	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
Operating Income before amortization expense	14,937	7.17	15,541	7.08	8,255	4.64	15,541	7.08	28,798	5.49	40,803	6.71
Amortization Expense	1,007	0.48	1,223	0.56	710	0.40	1,223	0.56	2,023	0.39	2,839	0.47
Other Income (Expense)	(932)	(0.45)	(1,109)	(0.51)	(347)	(0.20)	(1,109)	(0.51)	(866)	(0.17)	(1,978)	(0.33)
Income Before Taxes	12,998	6.24	13,209	6.02	7,198	4.05	13,209	6.02	25,909	4.94	35,986	5.92
Provision for Income Taxes	5,068	2.43	4,854	2.21	2,806	1.58	4,854	2.21	10,103	1.93	13,736	2.26
Net Income	7,930	3.81	8,355	3.81	4,392	2.47	8,355	3.81	15,806	3.01	22,250	3.66
<b>Performance Metrics</b>												
Avg. Billable Headcount	6,450		6,700		5,200		6,700		5,100		6,200	
Overhead Employees	920		950		750		950		750		950	
Average Billing Rate	\$68.42		\$70.73		\$71.57		\$70.73		\$72.91		\$70.40	
Utilization	92.0%		89.0%		88.0%		89.0%		89.6%		90.5%	
<b>Corporate/Intersegment Eliminations</b>												
Total Revenue	\$ (694)	(0.33)	\$ (506)	(0.23)	\$ (569)	(0.32)	\$ (506)	(0.23)	\$ (1,618)	(0.31)	\$ (2,129)	(0.35)
Total Gross Profit	(223)	(0.11)	(255)	(0.12)	(66)	(0.04)	(255)	(0.12)	333	0.06	15	0.00
Selling, General & Administrative Expenses	4,948	2.38	5,217	2.38	7,093	3.99	5,217	2.38	17,372	3.31	14,830	2.44
Other Charges	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
Operating Income before amortization expense	(5,171)	(2.48)	(5,472)	(2.49)	(7,159)	(4.02)	(5,472)	(2.49)	(17,039)	(3.25)	(14,815)	(2.44)
<b>Custom Solutions Segment</b>												
Consulting Services	\$ 156,224	97.26	\$ 157,238	97.96	\$ 128,993	95.20	\$ 157,238	97.96	\$ 385,350	96.44	\$ 445,250	97.45
Other Revenue	4,405	2.74	3,279	2.04	6,500	4.80	3,279	2.04	14,224	3.56	11,667	2.55
Total Revenue	160,629	100.00	160,517	100.00	135,493	100.00	160,517	100.00	399,574	100.00	456,917	100.00
Gross Profit-Services	41,715	26.70	42,035	26.73	34,239	26.54	42,035	26.73	103,348	26.82	118,569	26.63
Gross Profit-Other	487	11.05	478	14.58	729	11.22	478	14.58	1,514	10.64	1,464	12.55
Total Gross Profit	42,201	26.27	42,513	26.49	34,969	25.81	42,513	26.49	104,862	26.24	120,034	26.27
Selling, General & Administrative Expenses	26,319	16.39	25,969	16.18	22,983	16.96	25,969	16.18	67,685	16.94	75,634	16.55
Operating Income	15,883	9.89	16,544	10.31	11,986	8.85	16,544	10.31	37,177	9.30	44,400	9.72
<b>Performance Metrics</b>												
Avg. Billable Headcount	5,500		5,550		4,260		5,512		4,180		5,200	
Overhead Employees	600		630		580		630		580		630	
Average Billing Rate	\$58.67		\$58.87		\$63.53		\$58.87		\$64.80		\$59.60	
Utilization	95.4%		93.4%		92.3%		93.4%		93.6%		94.3%	
<b>Package Solutions Segment</b>												
Consulting Services	\$ 20,214	90.07	\$ 20,109	89.94	\$ 22,034	88.95	\$ 20,109	89.94	\$ 65,331	89.82	\$ 59,721	90.36
Other Revenue	2,228	9.93	2,249	10.06	2,738	11.05	2,249	10.06	7,404	10.18	6,372	9.64
Total Revenue	22,442	100.00	22,359	100.00	24,772	100.00	22,359	100.00	72,734	100.00	66,093	100.00
Gross Profit-Services	6,028	29.82	6,350	31.58	7,691	34.90	6,350	31.58	23,089	35.34	17,713	29.66
Gross Profit-Other	1,235	55.44	1,033	45.93	1,603	58.54	1,033	45.93	4,241	57.28	3,331	52.27
Total Gross Profit	7,263	32.36	7,383	33.02	9,293	37.52	7,383	33.02	27,329	37.57	21,043	31.84
Selling, General & Administrative Expenses	5,252	23.40	5,360	23.97	6,329	25.55	5,360	23.97	19,536	26.86	16,000	24.21
Operating Income	2,011	8.96	2,023	9.05	2,965	11.97	2,023	9.05	7,793	10.71	5,044	7.63
<b>Performance Metrics</b>												
Avg. Billable Headcount	375		375		420		375		430		380	
Overhead Employees	70		70		80		70		80		70	
Average Billing Rate	\$145.26		\$143.55		\$147.48		\$143.55		\$148.29		\$144.68	
Utilization	74.8%		75.1%		75.6%		75.1%		76.0%		73.1%	
<b>Europe Segment</b>												
Consulting Services	\$ 24,190	93.39	\$ 33,055	89.14	\$ 18,040	99.15	\$ 33,055	89.14	\$ 53,244	98.79	\$ 80,277	92.38
Other Revenue	1,712	6.61	4,026	10.86	155	0.85	4,026	10.86	654	1.21	6,625	7.62
Total Revenue	25,901	100.00	37,081	100.00	18,195	100.00	37,081	100.00	53,899	100.00	86,903	100.00
Gross Profit-Services	8,062	33.33	9,643	29.17	5,472	30.33	9,643	29.17	16,573	31.13	24,725	30.80
Gross Profit-Other	445	25.97	2,953	73.35	40	25.56	2,953	73.35	315	48.18	3,587	54.15
Total Gross Profit	8,507	32.84	12,596	33.97	5,512	30.29	12,596	33.97	16,888	31.33	28,313	32.58
Selling, General & Administrative Expenses	6,292	24.29	10,150	27.37	5,049	27.75	10,150	27.37	16,021	29.72	22,139	25.48
Operating Income	2,215	8.55	2,446	6.60	463	2.54	2,446	6.60	867	1.61	6,174	7.10
<b>Performance Metrics</b>												
Avg. Billable Headcount	575		775		520		775		490		620	
Overhead Employees	250		250		90		250		90		250	
Average Billing Rate	\$117.25		\$122.24		\$104.28		\$122.24		\$106.48		\$119.44	
Utilization	69.8%		64.4%		62.2%		64.4%		66.0%		68.0%	



## **FORWARD LOOKING STATEMENT**

Except for the historical information and discussions contained herein, statements contained in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed in the company's filings with the Securities and Exchange Commission. CIBER and the CIBER logo are trademarks or registered trademarks of CIBER, Inc.