

NICE SYSTEMS LTD
Form 6-K
March 03, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2006 (report no. 1)

Commission File Number: 0-27466

NICE-SYSTEMS LTD.

(Translation of Registrant's Name into English)

8 Hapnina Street, P.O. Box 690, Ra'anana, Israel

(Address of Principal Executive Offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F Form 40-F

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form 6-K, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82-
N/A

THE FINANCIAL STATEMENTS ATTACHED TO THE PRESS RELEASE IN EXHIBIT 99.1 OF THIS REPORT ON FORM 6-K ARE HEREBY INCORPORATED BY REFERENCE INTO NICE-SYSTEMS LTD.'S ("NICE") REGISTRATION STATEMENTS ON FORM F-3 (REGISTRATION STATEMENTS NOS. 333-127883, 333-11250, 333-12996, AND 333-109766) AND NICE'S REGISTRATION STATEMENTS ON FORM S-8 (REGISTRATION STATEMENT NOS. 333-11842, 333-9352, 333-11154, 333-13686, 333-111112 AND 333-111113), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

CONTENTS

This Report on Form 6-K of NICE consists of the following document, which is attached hereto and incorporated by reference herein:

99.1 Press Release: NICE Systems Fourth Quarter and 2005 Results Set New Records. Dated February 8, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NICE-SYSTEMS LTD.

By: /s/ Yechiam Cohen

Name: Yechiam Cohen

Title: General Counsel

Dated: March 3, 2005

EXHIBIT INDEX

99.1 Press Release: NICE Systems Fourth Quarter and 2005 Results Set New Records. Dated February 8, 2006.

NICE Systems Fourth Quarter and 2005 Results Set New Records

2005 revenue growth of 23% translates into pro-forma operating income growth of 67%

Ra'anana, Israel, February 08, 2006 - NICE Systems (NASDAQ: NICE), the global provider of advanced solutions that enable organizations to extract Insight from Interactions(TM) to drive performance, today announced results for the fourth quarter and full year ending December 31, 2005.

Highlights of year 2005 include:

Record revenue of \$311.1 million representing 23.1% growth over 2004

Pro-forma gross margin increased to 56.7% from 55.0% in 2004

Pro-forma operating margin increased to 11.2% from 8.3% in 2004

Pro-forma EPS of \$1.67 compared to \$1.19 in 2004

Fourth quarter 2005 revenue was \$90.0 million, representing a 29.5% increase from \$69.5 million in the fourth quarter of 2004. Revenues for fiscal year 2005 reached a record high of \$311.1 million, a 23.1% increase from \$252.6 million in 2004.

Pro-forma gross margin, which excludes amortization of acquired intangible assets in the fourth quarter, reached a record 57.7%, up from 56.2% in the fourth quarter 2004. Pro-forma gross margin for the year reached 56.7% compared with 55.0% for the year 2004.

The company also reported record fourth quarter 2005 pro-forma operating profit of \$12.7 million and operating margin of 14.1%, compared with \$9.2 million and 13.2%, respectively, in the fourth quarter of 2004. For the year, pro-forma operating profit increased to \$34.9 million from \$20.9 million in 2004 and operating margins switched to double digit for the first time at 11.2% from 8.3% in 2004.

Fourth quarter 2005 pro-forma net income was \$12.3 million or \$0.57 per fully diluted share, up from \$9.2 million or \$0.48 per fully diluted share in the same quarter of 2004. Pro-forma net income for the year was \$34.6 million or \$1.67 per fully diluted share, compared with net income of \$22.2 million or \$1.19 per fully diluted share for 2004.

On a GAAP basis: fourth quarter gross margin was 57.1%, compared with 56.0% in the fourth quarter of 2004; operating profit was \$11.7 million and operating margin was 13.0%, compared with \$9.0 million and 12.9%, respectively, in the fourth quarter of 2004; and fourth quarter net income was \$16.1 million, or \$0.74 per fully diluted share, compared with net income of \$9.0 million, or \$0.47 per share, on a fully diluted basis, for the fourth quarter of 2004.

Total cash and equivalents at December 31, 2005 rose to \$411.6 million compared with \$184.9 million at September 30, 2005 and with \$165.9 million at the end of 2004.

Commenting on the results, Haim Shani, Chief Executive Officer of NICE said, "2005 was an outstanding year. We posted record results throughout the year, having more than doubled our revenues over the last three years and having achieved the highest profitability since our inception."

"Our strong performance is primarily the result of our unique strategy for leading the Insight from Interactions(TM) revolution in each of our sectors. In the enterprise interactions solutions sector we accelerated the momentum of NICE Perform, with a strong trend of repeat orders. We also doubled the number of our VoIP customers and have seen the dollar value per deal grow significantly. In the public and security sector, NICE won several strategic bids with our next generation of digital video security solutions, which have become the de-facto choice for public authorities seeking to ensure citizen security. We also further consolidated our leadership in the emergency communications market."

"We remain confident that the strong momentum of our Insight from Interactions solutions, as supported by our vision and powerful growth strategy, will continue to generate growth in 2006."

Ran Oz, NICE's Corporate Vice President and Chief Financial Officer, stated, "We had a very strong booking momentum over the last seven quarters with a book-to-bill ratio consistently greater than one. Our strong backlog coming into 2006 gives us excellent visibility. Accordingly, we provide the following guidance for the first quarter of 2006, which is higher than our initial plan: Revenue is expected to be between \$84 and \$87 million, and pro-forma EPS, on a fully diluted basis, in the range of \$0.37 - \$0.41."

Mr. Oz continued, "Our strong forward visibility gives us confidence for substantial growth in fiscal year 2006, and enables us to raise our previously announced full year 2006 revenue guidance to be between \$367 - \$375 million; and adjust the EPS guidance, on a fully diluted basis, to \$1.90-\$2.00, to account for the raised revenue guidance and the additional 4.6 million shares from our December 2005 public offering.

Conference Call

NICE will host a conference call to discuss the results and its business outlook today at 8:30 a.m. EST (15:30 Israel). Participants may access the conference call by dialing US toll-free 1-866-860-9642; international: +972-3-918-0600; Israel: 03-918-0600. The call will also be broadcast live on the internet via NICE's website at www.nice.com. A telephone replay will be available for up to 72 hours after the call. The replay information: US Toll-free: 1-866-276-1485; international: + 972-3-925-5930; Israel: 03-925-5930.

Pro-forma results exclude the amortization of acquired intangible assets of \$1.0 million and a deferred tax benefit of \$4.8 million for Q4 2005. In Q4 2004 the pro forma results exclude the amortization of acquired intangible assets of \$0.2 million. A reconciliation between results on a GAAP and pro-forma basis is provided in a table immediately following the Consolidated Statement of Operations (Pro-Forma Basis).

About NICE

NICE Systems (NASDAQ: NICE) is the leading provider of Insight from Interactions(TM), based on advanced content analytics - of traditional telephony and IP, web, radio and video communications. NICE's solutions improve business and operational performance, as well as security. NICE has over 23,000 customers in 100 countries, including the world's top 10 banks and over 75 of the Fortune 100. More information is available at www.nice.com.

Media

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**in Australia only*

This press release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on the current expectations of the management of NICE Systems Ltd. (the Company) only, and are subject to a number of risk factors and uncertainties, including but not limited to changes in technology and market requirements, decline in demand for the Company's products, inability to timely develop and introduce new technologies, products and applications, difficulties or delays in absorbing and integrating acquired operations, products, technologies and personnel, loss of market share, pressure on pricing resulting from competition, and inability to maintain certain marketing and distribution arrangements, which could cause the actual results or performance of the Company to differ materially from those described therein. We undertake no obligation to update these forward-looking statements. For a more detailed description of the risk factors and uncertainties affecting the company, refer to the Company's reports filed from time to time with the Securities and Exchange Commission.

NICE SYSTEMS LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

U.S. dollars in thousands (except per share amounts)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2004	2005	2004	2005
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue				
Product	\$ 51,395	\$57,327	\$182,616	\$206,355
Services	18,124	32,714	70,027	104,755
Total revenue	69,519	90,041	252,643	311,110
Cost of revenue				
Product	17,704	18,563	64,432	67,543
Services	12,870	20,035	49,876	68,683
Total cost of revenue	30,574	38,598	114,308	136,226
Gross Profit	38,945	51,443	138,335	174,884
Operating Expenses:				
Research and development, net	6,349	9,369	24,866	30,896
Selling and marketing	15,807	19,603	62,172	72,829
General and administrative	7,761	10,256	30,951	37,742
Amortization of acquired intangible assets	55	542	318	1,331
Total operating expenses	29,972	39,770	118,307	142,798
Operating income	8,973	11,673	20,028	32,086
Financial income, net	790	1,836	3,556	5,398
Other income (expense), net	49	(5)	54	(13)
Income before taxes on income	9,812	13,504	23,638	37,471
Income tax expense (benefit)	794	(2,619)	2,319	902
Net income from continuing operations	9,018	16,123	21,319	36,569
Net income from discontinued operation	-	-		