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- Consistent Focus on Services: 76 Percent Increase
- Gross Margin Climbs to 27.2 Percent
- EBIT up by 9 Percent

## **S&T First Quarter Results 2004**



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### **Clear Signs of a Successful Turnaround**

**The IT service provider specialising in Central and Eastern Europe is heading for another record year**

**April 27, 2004, Vienna, Austria - S&T System Integration & Technology Distribution AG (ISIN AT0000905351)** got off to a successful start to the new financial year with outstanding first quarter results. The results are a clear confirmation of the positive trend in the fourth quarter of 2003.

#### **Sales Rise by 18 Percent**

First quarter sales rose to EUR 53.4 million from EUR 45.1 million in the same period in 2003.

#### **Consistent Focus on Services: 76 Percent Increase**

In the service segments sales rose by 76% from EUR 10.6 million to EUR 18.6 million. The Business Solutions unit in particular posted an extraordinary 138% increase of EUR 4.5 million in the previous year to EUR 10.7 million in the first quarter of 2004.

#### **Gross Margin Climbs to 27.2 Percent**

The higher than average growth in the services business led to an improvement in the gross margin from 25.5% in 2003 to 27.2%.

#### **EBIT up by 9 Percent**

EBIT improved by some 9 percent from EUR 0.88 million to EUR 0.96 million in the first quarter of 2003.

#### **Positive Outlook**

The latest market studies indicate continuing higher than average growth in the markets in which S&T is active. Management is therefore confident that a long-term positive turnaround is taking place. This year's result is expected to be a significant improvement on last year's.

## Consolidated income statement

(all amount in EUR '000)

Period from 01.01., ended	31.03.2004	31.03.2003	31.12.2003
Sales			
Business Solutions (BS)	10.660	4.472	38.823
Enterprise Systems (ES)	30.919	32.363	126.759
Customer Support (CS)	7.160	5.537	25.082
Managed Services (MS)	805	578	3.806
Medical (MED)	3.844	2.124	9.921
Information Technology Distributions (ITD)	--	--	79
Total Sales	53.388	45.074	204.470
Other operating income	471	448	4.812
Total revenues	53.859	45.522	209.282
Merchandise, spare parts and purchased services	(38.876)	(33.569)	(151.316)
Staff costs	(8.546)	(5.994)	(31.442)
Other operating expenses	(4.134)	(3.764)	(18.318)
Total operating expenses	(51.556)	(43.327)	(201.076)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	<i>2.303</i>	<i>2.195</i>	<i>8.206</i>
Depreciation and amortization	(797)	(653)	(3.506)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	<i>1.506</i>	<i>1.542</i>	<i>4.700</i>
Amortization and impairment of goodwill	(548)	(662)	(4.468)
<i>Profit from operations (EBIT)</i>	<i>958</i>	<i>880</i>	<i>232</i>
Finance costs (net)	67	(300)	(2.020)
<b>Profit/(loss) before tax</b>	<b>1.025</b>	<b>580</b>	<b>(1.788)</b>
Income tax expense	(454)	(540)	(818)
<b>Profit/(loss) after tax</b>	<b>571</b>	<b>40</b>	<b>(2.606)</b>
Minority interest	--	--	--
<b>Net profit/(loss) for the period</b>	<b>571</b>	<b>40</b>	<b>(2.606)</b>
Basic earnings per share in EUR	0,17	0,01	(0,76)
Diluted earnings per share in EUR	0,16	0,01	(0,75)
Weighted number of ordinary shares in issue (thousands)	3.436	3.475	3.448

**Consolidated balance sheet**

(all amounts in EUR '000)

<b>Assets</b>	31.03.2004	31.03.2003	31.12.2003
<i>Non-current assets</i>			
Property, plant and equipment	10.733	10.364	11.055
Intangible assets	9.665	14.295	10.170
Investments in affiliated companies	36	185	31
Other investments	232	4.041	229
Non-current receivables	458	429	433
Deferred tax assets	5.210	2.930	4.923
	<u>26.334</u>	<u>32.244</u>	<u>26.841</u>
<i>Current assets</i>			
Inventories	10.091	7.910	9.440
Trade accounts receivable	47.300	25.908	43.745
Other receivables and prepayments	9.804	8.664	13.581
Cash and cash equivalents	12.098	8.709	19.827
	<u>79.293</u>	<u>51.191</u>	<u>86.593</u>
<b>Total assets</b>	<b>105.627</b>	<b>83.435</b>	<b>113.434</b>
<b>Equity and Liabilities</b>			
	31.03.2004	31.03.2003	31.12.2003
<i>Shareholders' equity</i>			
Issued capital	7.091	7.091	7.091
Share premium	8.074	18.320	8.074
Treasury shares	(778)	(751)	(778)
Accumulated translation adjustments	(1.281)	(969)	(1.360)
Retained earnings and other reserves	14.764	6.593	14.193
	<u>27.870</u>	<u>30.284</u>	<u>27.220</u>
Minority interest in subsidiaries	--	--	--
<i>Non-current liabilities</i>			
Loans and other liabilities	14.486	15.651	15.195
Deferred tax liability	3.065	1.892	2.782
	<u>17.551</u>	<u>17.543</u>	<u>17.977</u>
<i>Current liabilities</i>			
Trade accounts payable	24.106	11.498	32.387
Current tax liabilities	414	2.256	515
Other payables	9.255	5.316	14.658
Short-term borrowings	11.659	10.779	9.755
Provisions and deferred income	14.772	5.759	10.922
	<u>60.206</u>	<u>35.608</u>	<u>68.237</u>
<b>Total equity and liabilities</b>	<b>105.627</b>	<b>83.435</b>	<b>113.434</b>

### Consolidated cash flow statement

(all amounts in EUR '000)

Period from 01.01., ended	31.03.2004	31.03.2003	31.12.2003
<b>Operating activities</b>			
Profit from operations	958	880	232
Adjustments for items not affecting cash:			
Depreciation and amortization	1.345	1.315	8.032
Gain on disposal of subsidiary	--	--	--
Other (net)	143	(62)	(3.058)
	<u>2.446</u>	<u>2.133</u>	<u>5.206</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	(175)	21.848	7.574
(Increase) / decrease in inventory	(652)	2.423	1.622
Increase / (decrease) in current liabilities	(9.833)	(27.356)	(1.091)
	<u>(10.660)</u>	<u>(3.085)</u>	<u>8.105</u>
Interest received	66	103	355
Interest paid	(369)	(279)	(1.608)
Taxes paid	(559)	(130)	(1.618)
Net cash from operating activities	<b>(9.076)</b>	<b>(1.258)</b>	<b>10.440</b>
<b>Investing activities</b>			
Capital expenditure	(370)	(328)	(1.930)
Purchase of investments	(5)	(3.870)	(6)
Proceeds from sale of fixed assets	54	116	1.798
Proceeds from sale of investments	4	1	34
Disposal of subsidiary, net of cash	--	--	--
Acquisition of subsidiaries, net of cash	397	--	(1.174)
Decrease in time deposit for a period longer than three months	882	882	1.765
Long-term loans and receivables from other parties	(25)	4	12
Net cash used in investing activities	<b>937</b>	<b>(3.195)</b>	<b>499</b>
<b>Financing activities</b>			
Treasury shares	--	(578)	(605)
Increase in long-term loans and borrowings	(645)	(162)	(1.730)
Repayment of finance lease	(88)	(69)	(438)
Increase/(decrease) in short-term borrowings	1.929	(1.078)	(2.168)
Net cash used in financing activities	<b>1.196</b>	<b>(1.887)</b>	<b>(4.941)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6.943)</b>	<b>(6.340)</b>	<b>5.998</b>
<b>Movement in cash and cash equivalents</b>			
At start of year	18.010	12.594	12.594
Increase/(decrease)	(6.943)	(6.340)	5.998
Effect of exchange rate changes	96	(245)	(582)
At end of year	<b>11.163</b>	<b>6.009</b>	<b>18.010</b>
Time deposits for a period longer than three months	935	2.700	1.817
<b>Cash and cash equivalents (in Balance Sheet)</b>	<b>12.098</b>	<b>8.709</b>	<b>19.827</b>

<b>Shareholders' Equity</b>	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Retained earnings and other reserves	Total
<b>Period ended March 31, 2004</b>						
Opening amount	7.091	8.074	(778)	(1.360)	14.193	27.220
Increase from initial consolidation	--	--	--	--	--	--
Currency translation differences <sup>1)</sup>	--	--	--	79	--	79
Transactions with treasury shares	--	--	--	--	--	--
Capital increase	--	--	--	--	--	--
Net profit for the period	--	--	--	--	571	571
<b>Closing amount</b>	<b>7.091</b>	<b>8.074</b>	<b>(778)</b>	<b>(1.281)</b>	<b>14.764</b>	<b>27.870</b>

<sup>1)</sup> incl. adjustment to equity (IAS 29)

<b>Shareholders' Equity</b>	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Retained earnings and other reserves	Total
<b>Period ended March 31, 2003</b>						
Opening amount	7.091	18.320	(173)	(570)	6.553	31.221
Increase from initial consolidation	--	--	--	--	--	--
Currency translation differences	--	--	--	(399)	--	(399)
Transactions with treasury shares	--	--	(578)	--	--	(578)
Capital increase	--	--	--	--	--	--
Net profit for the period	--	--	--	--	40	40
<b>Closing amount</b>	<b>7.091</b>	<b>18.320</b>	<b>(751)</b>	<b>(969)</b>	<b>6.593</b>	<b>30.284</b>

<b>Shareholders' Equity</b>	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Retained earnings and other reserves	Total
<b>Period ended December 31, 2003</b>						
Opening amount	7.091	18.320	(173)	(570)	6.553	31.221
Increase from initial consolidation	--	--	--	--	--	--
Currency translation differences	--	--	--	(790)	--	(790)
Transactions with treasury shares	--	--	(605)	--	--	(605)
Reclassification	--	(10.246)	--	--	10.246	--
Capital increase	--	--	--	--	--	--
Net profit for the period	--	--	--	--	(2.606)	(2.606)
<b>Closing amount</b>	<b>7.091</b>	<b>8.074</b>	<b>(778)</b>	<b>(1.360)</b>	<b>14.193</b>	<b>27.220</b>