

# Investor Relations | Half Year Reports

## Half Year Report 2001

The main impact on the Q2 results came from the provision for receivables from Bank Ukraine (in liquidation), as reported earlier.

Despite this incident, the results reflect positively many of S&T's strategic goals such as strengthening of the core Information Technology Solutions business (revenue up by 65% during first half of 2001) and Customer Support Organisation (revenue up by 82% in the first half) and keeping gross margins up through a shift in the product and service portfolio.

Even after the disposal of two business units as the end of 2000, overall growth in sales in the first half of 2001 was 30%.

### 1. Results from operations for April-June 30, 2001 and 2000

(both consolidated, unaudited, IAS), in EUR 1,000

Sales	2001	2000	+ / -%
<b>Information Technology Solutions (ITS)</b>	21,261	15,104	+ 41%
<b>Customer Support Organisation (CSO)</b>	5,752	3,039	+ 89%
<b>Medical Systems (MED)</b>	2,051	2,759	- 26%
<b>Information Technology Distribution (ITD)</b>	4,566	4,794	- 5%
<b>Electronic Test and Measurement Systems (TMO) and Chemical Analysis Systems (CA)</b>		3,073	
<b>Total sales</b>	<b>33,630</b>	<b>28,769</b>	<b>+ 17%</b>

ITS' revenue was EUR 21.261 million in Q2 of 2001 compared to EUR 15.104 million in Q2 of 2000 - and increase of 41%, mostly from acquisitions.

CSO's revenue was EUR 5.752 million in the second quarter of 2001 compared to EUR 3.039 million in the second quarter of 2000. This growth of 89% resulted from S&T's efforts to strengthen its portfolio of value added services.

MED's revenue showed a decrease in Q2 2001. Revenue was EUR 2.051 million compared to EUR 2.759 million in the same period of 2000 after a significant increase in Q1. This decrease of 26% was mainly caused by the "project type" of S&T's Medical business which may result in significant variation of quarterly sales. However the first half year 2001 and 2000 show exactly the same revenues from MED sales.

ITD's revenue in Q2 2001 was EUR 4.566 million compared to EUR 4.794 million in Q2 2000. This decrease is a consequence of S&T's strategy of avoiding low margin box moving.

As announced earlier the business units Electronic Test and Measurement Systems (TMO) and Chemical Analysis Systems (CA) have been disposed of per end of 2000 and will not contribute to 2001 results.

CONSOLIDATED INCOME STATEMENT for the three months periods ending June 30  
(both consolidated, unaudited, IAS), in EUR 1,000,

	2001	2000	+/-%
<b>Total sales revenue</b>	33,630	28,769	+ 17%
<b>Other income</b>	189	413	- 54%
<b>Total revenue</b>	<b>33,819</b>	<b>29,182</b>	<b>+ 16%</b>
<b>Merchandise, spare parts and purchased services</b>	(24,741)	(21,082)	+ 17%
<b>Staff</b>	(4,650)	(3,473)	+ 34%
<b>Provision for Bank Ukraine receivables</b>	(1,063)		
<b>Other operating expenses</b>	(3,221)	(3,201)	+ 1%
<b>EBITDA</b>	<b>144</b>	<b>1,426</b>	<b>- 90%</b>
<b>Depreciation and amortisation expenses</b>	(501)	(499)	0%
<b>Amortisation of goodwill</b>	(460)	(305)	+ 51%
<b>EBIT</b>	<b>(817)</b>	<b>622</b>	

The other income consists mainly of forwarded expenses, release of unused provisions and gains from disposal of assets.

Cost of merchandise, spare parts and purchased services were EUR 24.741 million (resulting in a gross margin of 26.4% of sales) compared to EUR 21.082 million (a margin of 26.7% of sales). The average gross margin in the first half of 2001 is 26.3% compared to 26.1% in 1-6/2000.

Staff costs totalled EUR 4.65 million in Q2 of 2001 compared to EUR 3.473 million in Q2 of 2000. The increase of 34% resulted from an increased number of employees and from increased wages. The total number of employees rose from 581 on June 30, 2000 to 745 on June 30, 2001 as a result of acquisitions (InNet, Neos).

Q2 was significantly impacted by the provision for a receivable from Bank Ukraine as was announced earlier.

Other operating expenses were EUR 3.221 million in Q2 of 2001 compared to EUR 3.201 million in Q2 of 2000. Considering the enlarged base, this minor increase reflects on S&T's efforts to contain costs.

Despite the large one-time provision to be offset against a three-month reporting period, EBITDA was still positive.

Depreciation and amortisation costs increased marginally to EUR 501,000 for Q2 2001 despite a larger operating base.

The amortisation of goodwill arising from acquisitions increased from EUR 305,000 in Q2 2000 to EUR 460,000. This increase of 51% reflected the acquisitions of NEOS and InNET.

Earnings before interest and tax (EBIT) were down by EUR 817,000 in the second quarter 2001, compared to a profit of EUR 622,000 in the second quarter of 2000.

## 2. Results of the S&T group for the first half year of 2001

S&T shows growth in revenue of 29% of the first half of 2001 compared to the first half year 2000.

INCOME STATEMENT in EUR 1,000 for the six months period ending June 30 (both consolidated, unaudited, IAS), in EUR 1,000

	2001	2000	+/-%
<b>Information Technology Solutions (ITS)</b>	41,204	24,979	+ 65%
<b>Customer Support Organisation (CSO)</b>	10,302	5,675	+ 82%
<b>Medical Systems (MED)</b>	4,498	4,498	0%
<b>Information Technology Distribution (ITD)</b>	9,732	10,687	- 9%
<b>Electronic Test and Measurement Systems (TMO) and Chemical Analysis Systems (CA)</b>		4,899	
<b>Total sales revenue</b>	65,736	50,738	+ 30%
<b>Other income</b>	915	962	- 5%
<b>Total revenue</b>	<b>66,651</b>	<b>51,700</b>	<b>+ 29%</b>
<b>Merchandise, spare parts and purchased services</b>	(48,472)	(37,458)	+ 29%
<b>Staff</b>	(8,982)	(6,456)	+ 39%
<b>Provision for Bank Ukraine receivables</b>	(1,063)		
<b>Other operating expenses</b>	(5,955)	(5,516)	+ 8%
<b>EBITDA</b>	<b>2,179</b>	<b>2,270</b>	<b>- 4%</b>
<b>Depreciation and amortisation expenses</b>	(997)	(938)	+ 6%
<b>Amortisation of goodwill</b>	(958)	(397)	+141%
<b>EBIT</b>	<b>224</b>	<b>935</b>	<b>- 76%</b>

### 3. Outlook

Management expects results for Q3 and Q4 of 2001 to lead to the forecast annual revenue of EUR 150 million. However, we lower our guidance on EBIT for the full year to EUR 5.5 million due to the provision for Bank Ukraine and a possible impact from the prolonged cautiousness of investors, which might limit foreign direct investments into Central- and Eastern Europe (CEE).

On the other hand, we see significant opportunities ahead and will continue with our expansion policy, which potentially includes selective acquisitions in the stronger markets of CEE.

The ongoing integration of acquired companies is leading to productivity gains, such that operating expenses, including staff expenses will decrease as a percentage of revenues, resulting in improved profitability.

**S&T's management is available for a conference call today  
July 23, 2001 at 4.00 p.m. Central European time,  
UK: 3.00 p.m., US: 10.00 a.m. East time  
Dial: +44 (0)20 8288 4700; Password: "S&T"; chairman: Mr. Karl Tantscher**

With total annual revenue expected to surpass EUR 150 million in 2001 and 745 employees as of June 30, 2001, S&T operates subsidiaries in Poland, Russia, Hungary, Czech Republic, Slovakia, Slovenia, Croatia, Romania, Bulgaria, Ukraine, Macedonia, Moldova, Bosnia-Herzegovina and Yugoslavia.

S&T System Integration & Technology Distribution AG is listed on NASDAQ Europe (Reuters: SNTS.ED, Bloomberg: SNTS ES) and on NEWEX (SYA).

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