



S&T Reports Second Quarter and First Half 2002 Earnings Results

- **Total sales increase 16% in second quarter**
- **Core businesses grow 28% in second quarter**
- **EBITDA increases by 51% during first six-months**

July 24, 2002, Vienna, Austria – S&T System Integration & Technology Distribution AG (NASDAQ Europe: SNTS, XETRA: SYS, OTC: STSQY), a leading IT System Integrator in Central and Eastern Europe, today announced its results for the second quarter and six-months ended June 30, 2002.

During the second quarter, S&T continued to execute its strategy of focusing on high end, mission critical IT infrastructure by divesting the remaining parts of the hardware distribution business (ITD). At the same time, S&T strengthened its solution portfolio by acquiring the SAP consultants Plaut Romania srl within the frame of the announced region-wide cooperation. In Belgrade, S&T acquired a small software development team.

In Turkey, S&T acquired Protek, a strong system integrator company with outsourcing capabilities and a prominent customer base.

Results from these acquisitions will be consolidated starting in the third quarter of 2002.

Strong growth of Core Business in Q2

S&T's System Integration Business (SI) grew organically by 40%. Major projects contributing to these sales came from Slovakia (energy), Kazakhstan (government), Ukraine (energy) and Croatia (telecom).

Sales from the newly defined Solution Design (SD) business unit decreased in the second quarter by 17% due to the project dependant mix of products (software licenses) and services. However, in the six-months period sales in the SD segment grew by 35%.

Both, Customer Support (CS) and Medical (MED) business units grew 21% each and helped to offset the planned reduction of the distribution business.

As of June 30, 2002 headcount for the S&T group was 786 employees. Accounting for the above mentioned acquisitions and divested distribution business (ITD), S&T has 885 employees as of July 1, 2002. The number of employees in the Vienna headquarters remains at 16.

CONSOLIDATED INCOME STATEMENT (unaudited) in EUR 1,000, three months period ending June 30, 2002 and 2001

Sales	2002	2001	-%+
Solution Design (SD)	2,987	3,609	-17%
System Integration (SI)	24,715	17,652	40%
Customer Support (CS)	6,961	5,752	21%
Medical Diagnosis and Monitoring Systems (MED)	2,487	2,051	21%
Information Technology Distribution (ITD)	1,750	4,566	-62%
Total sales	38,900	33,630	16%
Other Income	673	189	256%
Total Revenues	39,573	33,819	17%
Merchandise, spare parts and purchased services	-28,588	-24,741	16%
Staff	-5,255	-4,650	13%
Other Operating Expenses	-4,145	-4,284	-3%
EBITDA	1,585	144	1001%
Depreciation and amortisation	-621	-501	24%
Amortisation of goodwill	-529	-460	15%
Result OF Operation / EBIT	435	-817	

CONSOLIDATED INCOME STATEMENT (unaudited) in EUR 1,000 for the six months period ending June 30, 2002 and 2001

Sales	2002	2001	-%+
Solution Design (SD)	7,264	5,399	35%
System Integration (SI)	43,795	35,805	22%
Customer Support (CS)	12,443	10,302	21%
Medical Diagnosis and Monitoring Systems (MED)	5,549	4,498	23%
Information Technology Distribution (ITD)	3,401	9,732	-65%
Total sales	72,452	65,736	10%
Other Income	1,169	915	28%
Total Revenues	73,621	66,651	10%
Merchandise, spare parts and purchased services	-52,111	-48,472	8%
Staff	-10,402	-8,982	16%
Other Operating Expenses	-7,820	-7,018	11%
EBITDA	3,288	2,179	51%
Depreciation and amortisation	-1,189	-997	19%
Amortisation of goodwill	-1,050	-958	10%
Result of Operation / EBIT	1,049	224	368%

Total sales per region in EUR 1,000 for the six months period ending June 30, 2002 and 2001

	2002	2001	+/- %
Adriatic ¹	30,918	26,923	15%
Central ²	21,184	23,532	-10%
Cyrillic ³	13,503	9,183	47%
South ⁴	6,847	6,098	12%
	72,452	65,736	10%

Outlook

The economic growth in Central and Eastern Europe, which is in general higher than in Western Europe, has been slightly impacted by the developments in the western economies. Also S&T's business had to cope with delays in investment decisions of major customers. In the previous two years, however, the fourth quarter did substantially contribute to S&T's full year revenues. Based on this experience, management expects that the fourth quarter of 2002 could contribute close to 40% of S&T's full year's revenues. Due to S&T's cost structure, this would lead to an over proportionally higher EBIT contribution in Q4. Q3 is expected to be in line with Q1 and Q2.

Based on this and the current economic and political environment, S&T's management sees no reason to revise its guidance on 2002 full year results at this point in time. S&T's management believes that revenues will reach between EUR 170 and 200 million in 2002. Continued utilization of synergies from acquisitions and the expected strong Q4 should result in an EBIT in the range of EUR 5 to 7 million for the year 2002.

S&T continues to evaluate opportunities for further expansion of its activities by means of acquiring profitable, local IT-solution providers and system integrators.

Conference Call

S&T's management is available for a conference call on July 24 at 4.00 p.m. Central European time, UK: 3.00 p.m., US: 10.00 a.m. Eastern time. To take part in the conference call, please dial toll free 00800 369 369 60 or 0049 69 50 957 7554; USA and Canada toll free: 011 800 369 369 60 a few minutes prior to the start time. For your convenience, an instant replay will be available from July 24 at 6.00 p.m. Central European time until July 26 at 6.00 p.m. Central European time. The replay telephone number is: 0049 69 50 957 9999 and the conference reference number is 199184. If you have any questions please call 0049 69 50500600 for assistance.

¹ Slovenia, Croatia, Bosnia-Herzegovina, Yugoslavia, Macedonia

² Czech Republic, Hungary, Poland, Slovakia

³ Russia, Ukraine, Moldova, CIS

⁴ Bulgaria, Romania, Turkey (will be consolidated as of Q3)

Disclaimer

This Information reflects the situation of S&T as per June 30, 2002.

The Information contains certain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of S&T, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- competition from other companies,
- changes in operating expenses,
- attraction and retention of qualified employees,
- uncertainties arising out of S&T's operation outside Austria,
- adverse changes in applicable tax laws,
- adverse changes in governmental rules and fiscal policies,
- civil unrest,
- acts of God,
- acts of war, and
- other factors referenced in this Information.

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About S&T

S&T is a leading provider of IT solutions to clients in 14 countries of Central and Eastern Europe and Turkey. S&T offers IT consulting services, develops and implements customized solutions and provides customer support 24 hours a day, 7 days a week. S&T has developed specific know-how in highly critical applications that need reliable back up and disaster recovery functions. It focuses on serving medium-sized and large enterprises, including telcos, banks, utilities, public authorities and health care providers.

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Consolidated income statement
(all amount in EUR '000)

Period from 01.01., ended	6/30/2002	6/30/2001	12/31/2001
Sales			
Solution Design (SD)	7,264	5,399	14,215
System Integration (SI)	43,795	35,805	89,836
Customer Support (CS)	12,443	10,302	18,853
Medical (MED)	5,549	4,498	20,951
Information Technology Distributions (ITD)	3,401	9,732	16,019
Total Sales	72,452	65,736	159,874
Other operating income	1,169	915	3,169
Total revenues	73,621	66,651	163,043
Merchandise, spare parts and purchased services	(52,111)	(48,472)	(121,557)
Staff costs	(10,402)	(8,982)	(18,922)
Other operating expenses	(7,820)	(7,018)	(14,455)
Total operating expenses	(70,333)	(64,472)	(154,934)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	<i>3,288</i>	<i>2,179</i>	<i>8,109</i>
Depreciation and amortization	(1,189)	(997)	(2,151)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	<i>2,099</i>	<i>1,182</i>	<i>5,958</i>
Amortization of goodwill	(1,050)	(958)	(1,956)
<i>Profit from operations (EBIT)</i>	<i>1,049</i>	<i>224</i>	<i>4,002</i>
Finance costs	(385)	126	(1,164)
Profit before tax	664	350	2,838
Income tax expense	(424)	(368)	(1,451)
Profit after tax	240	(18)	1,387
Minority interest	(1)	0	0
Net profit for the period	239	(18)	1,387
Basic and diluted earnings per share in EUR	0.07	(0.01)	0.42

Consolidated balance sheet
(all amounts in EUR '000)

Assets	6/30/2002	6/30/2001	12/31/2001
<i>Non-current assets</i>			
Property, plant and equipment	10,520	9,867	10,474
Intangible assets	13,613	16,312	14,744
Investments in affiliated companies	3,499	1,239	898
Other investments	108	109	167
Non-current receivables	709	1,157	842
Deferred tax assets	1,839	1,803	1,572
	30,288	30,487	28,697
<i>Current assets</i>			
Inventories	10,377	9,238	11,288
Trade accounts receivable	33,931	21,452	31,608
Other receivables and prepayments	10,673	6,246	7,341
Cash and cash equivalents	10,463	10,860	30,364
	65,444	47,796	80,601
Total assets	95,732	78,283	109,298
Equity and Liabilities			
<i>Shareholders' equity</i>			
Issued capital	3,629	3,629	3,629
Share premium	21,282	21,281	21,282
Treasury shares	(563)	(1,157)	(781)
Accumulated translation adjustments	(365)	(437)	(496)
Retained earnings and other reserves	6,667	5,248	6,616
	30,650	28,564	30,250
Minority interest in subsidiaries	1	1	0
<i>Non-current liabilities</i>			
Loans and other liabilities	14,842	12,686	13,410
Deferred tax liability	1,210	1,139	1,392
	16,052	13,825	14,802
<i>Current liabilities</i>			
Trade accounts payable	16,458	13,551	39,895
Current tax liabilities	1,265	279	753
Other payables	14,496	10,730	8,473
Short-term borrowings	9,918	6,508	8,068
Provisions and deferred income	6,892	4,825	7,057
	49,029	35,893	64,246
Total equity and liabilities	95,732	78,283	109,298

Consolidated cash flow statement
(all amounts in EUR '000)

Period from 01.01., ended	6/30/2002	6/30/2001	12/31/2001
Operating activities			
Profit from operations	1,049	223	4,002
Adjustments for items not affecting cash:			
Depreciation and amortization	2,239	1,942	4,107
Gain on disposal of subsidiary	(1)	0	(277)
Other (net)	742	(238)	(262)
	<u>4,029</u>	<u>1,927</u>	<u>7,570</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	(7,881)	5,483	(7,109)
(Increase) / decrease in inventory	64	653	(1,364)
Increase / (decrease) in current liabilities	(11,392)	(6,043)	22,889
	<u>(19,209)</u>	<u>93</u>	<u>14,416</u>
Interest received	273	474	756
Interest paid	(693)	(759)	(1,705)
Taxes paid	(364)	(419)	(220)
Net cash from operating activities	<u>(15,964)</u>	<u>1,316</u>	<u>20,817</u>
Investing activities			
Capital expenditure	(1,392)	(1,362)	(2,073)
Purchase of intangible assets	(49)	(155)	(335)
Purchase of investments	(3,061)	(78)	(252)
Proceeds from sale of fixed assets	336	285	414
Proceeds from sale of investments	59	312	173
Disposal of subsidiary, net of cash	(107)	0	298
Acquisition of subsidiaries, net of cash	(2,544)	(2,002)	(3,531)
Decrease in time deposit for a period longer than three months	882	882	1,765
Long-term loans and receivables from other parties	109	(91)	309
Net cash used in investing activities	<u>(5,767)</u>	<u>(2,209)</u>	<u>(3,232)</u>
Financing activities			
Treasury shares	218	(143)	233
Increase in long-term loans and borrowings	1,351	(605)	(63)
Repayment of finance lease	(24)	0	(28)
Increase/(decrease) in short-term borrowings	1,481	670	1,733
Net cash used in financing activities	<u>3,026</u>	<u>(78)</u>	<u>1,875</u>
Net (decrease) / increase in cash and cash equivalents	<u>(18,705)</u>	<u>(971)</u>	<u>19,460</u>
Movement in cash and cash equivalents			
At start of year	25,017	5,481	5,481
Increase/(decrease)	(18,705)	(971)	19,460
Effect of exchange rate changes	(314)	121	76
At end of year	<u>5,998</u>	<u>4,631</u>	<u>25,017</u>
Time deposits for a period longer than three months	<u>4,465</u>	<u>6,229</u>	<u>5,347</u>
Cash and cash equivalents (in Balance Sheet)	<u>10,463</u>	<u>10,860</u>	<u>30,364</u>