



- Significant Increase in Earnings in the First Half Year 2004
- Sales EUR 100 million – EBIT EUR 1.2 million

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





## **S&T: Significant Increase in Earnings in the First Half Year 2004**

### **Sales EUR 100 million – EBIT EUR 1.2 million**

**28 July 2004, Vienna, Austria – S&T System Integration & Technology Distribution AG (ISIN AT0000905351) continued its successful start to the new year in the second quarter. The stronger focus on services had a positive effect on earnings.**

#### **Higher Sales in the First Half Year**

After a good first half year 2004, total sales at S&T rose from EUR 86.4 million in 2003 to EUR 100 million. Second quarter sales rose from EUR 41.3 million to EUR 46.6, an increase of 12.8 percent.

#### **Consistent Focus on Services**

In the high-margin service segments sales rose by 45% from EUR 26.3 million to EUR 37.9 million. The Business Solutions unit recorded a 61.1% increase in the first half year from EUR 13 million to EUR 21 million.

#### **EBIT Improvement**

EBIT improved from EUR – 0.7 million to EUR 1.2 million. EBITDA rose 23.4% from EUR 3.2 million in the first half of 2003 to EUR 3.9 million. As a result, the EBITDA margin rose from 3.6% to 3.9% in 2004.

#### **Margin Improvement**

Due to continuing growth in Services the gross margin rose to 29% in the first half of 2004 up from 27.4% the previous year.

#### **Outlook**

As a result of EU enlargement on 1 May this year more direct investment is flowing into the markets served by S&T, a trend from which S&T will continue to profit strongly. The main emphasis in 2004 will be upon increasing S&T's share of existing markets, a consistent focus on services and the promising specialisation in industry-specific solutions. The medium term goal is to increase profitability and achieve an EBIT margin of 6% within three years.

## Consolidated income statement

(all amount in EUR '000)

Period from 01.01., ended	30.06.2004	30.06.2003	31.12.2003
Sales			
Business Solutions (BS)	20.974	13.017	38.823
Enterprise Systems (ES)	55.978	55.750	126.759
Customer Support (CS)	15.415	11.988	25.082
Managed Services (MS)	1.552	1.249	3.806
Medical (MED)	6.113	4.404	9.921
Information Technology Distributions (ITD)	--	--	79
Total Sales	100.032	86.408	204.470
Other operating income	805	1.305	4.812
Total revenues	100.837	87.713	209.282
Merchandise, spare parts and purchased services	(71.039)	(62.770)	(151.316)
Staff costs	(17.314)	(13.936)	(31.442)
Other operating expenses	(8.588)	(7.849)	(18.318)
Total operating expenses	(96.941)	(84.555)	(201.076)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	<i>3.896</i>	<i>3.158</i>	<i>8.206</i>
Depreciation and amortization	(1.564)	(1.461)	(3.506)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	<i>2.332</i>	<i>1.697</i>	<i>4.700</i>
Amortization and impairment of goodwill	(1.096)	(2.424)	(4.468)
<i>Profit from operations (EBIT)</i>	<i>1.236</i>	<i>(727)</i>	<i>232</i>
Finance costs (net)	(481)	(1.031)	(2.020)
<b>Profit/(loss) before tax</b>	<b>755</b>	<b>(1.758)</b>	<b>(1.788)</b>
Income tax expense	(1.027)	(388)	(818)
<b>Profit/(loss) after tax</b>	<b>(272)</b>	<b>(2.146)</b>	<b>(2.606)</b>
Minority interest	(1)	--	--
<b>Net profit/(loss) for the period</b>	<b>(273)</b>	<b>(2.146)</b>	<b>(2.606)</b>
Basic earnings per share in EUR	(0,08)	(0,62)	(0,76)
Diluted earnings per share in EUR	(0,08)	(0,62)	(0,75)
Weighted number of ordinary shares in issue (thousands)	3.436	3.458	3.448

## Consolidated income statement

(all amount in EUR '000)

Period from 01.04., ended	30.06.2004	30.06.2003
Sales		
Business Solutions (BS)	10.314	8.545
Enterprise Systems (ES)	25.059	23.387
Customer Support (CS)	8.255	6.451
Managed Services (MS)	747	671
Medical (MED)	2.269	2.280
Information Technology Distributions (ITD)	--	--
Total Sales	46.644	41.334
Other operating income	334	857
Total revenues	46.978	42.191
Merchandise, spare parts and purchased services	(32.163)	(29.201)
Staff costs	(8.768)	(7.942)
Other operating expenses	(4.454)	(4.085)
Total operating expenses	(45.385)	(41.228)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	1.593	963
Depreciation and amortization	(767)	(808)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	826	155
Amortization and impairment of goodwill	(548)	(1.762)
<i>Profit from operations (EBIT)</i>	278	(1.607)
Finance costs (net)	(548)	(731)
<b>Profit/(loss) before tax</b>	<b>(270)</b>	<b>(2.338)</b>
Income tax expense	(573)	152
<b>Profit/(loss) after tax</b>	<b>(843)</b>	<b>(2.186)</b>
Minority interest	(1)	--
<b>Net profit/(loss) for the period</b>	<b>(844)</b>	<b>(2.186)</b>

## Consolidated balance sheet

(all amounts in EUR '000)

<b>Assets</b>	30.06.2004	30.06.2003	31.12.2003
<i>Non-current assets</i>			
Property, plant and equipment	10.630	11.444	11.055
Intangible assets	9.189	11.699	10.170
Investments in affiliated companies	31	186	31
Other investments	235	99	229
Non-current receivables	646	559	433
Deferred tax assets	4.962	4.199	4.923
	<u>25.693</u>	<u>28.186</u>	<u>26.841</u>
<i>Current assets</i>			
Inventories	9.030	11.418	9.440
Trade accounts receivable	39.674	33.700	43.745
Other receivables and prepayments	9.643	12.026	13.581
Cash and cash equivalents	10.250	11.728	19.827
	<u>68.597</u>	<u>68.872</u>	<u>86.593</u>
<b>Total assets</b>	<b>94.290</b>	<b>97.058</b>	<b>113.434</b>
<b>Equity and Liabilities</b>			
	30.06.2004	30.06.2003	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	(977)	(1.051)	(1.360)
Retained earnings and other reserves	13.920	4.407	14.193
	<u>27.330</u>	<u>28.016</u>	<u>27.220</u>
Minority interest in subsidiaries	--	--	--
<i>Non-current liabilities</i>			
Loans and other liabilities	13.082	14.694	15.195
Deferred tax liability	2.870	2.239	2.782
	<u>15.952</u>	<u>16.933</u>	<u>17.977</u>
<i>Current liabilities</i>			
Trade accounts payable	19.779	18.556	32.387
Current tax liabilities	599	2.769	515
Other payables	7.794	6.261	14.658
Short-term borrowings	12.433	11.119	9.755
Provisions and deferred income	10.403	13.404	10.922
	<u>51.008</u>	<u>52.109</u>	<u>68.237</u>
<b>Total equity and liabilities</b>	<b>94.290</b>	<b>97.058</b>	<b>113.434</b>

### Consolidated cash flow statement

(all amounts in EUR '000)

Period from 01.01., ended	30.06.2004	30.06.2003	31.12.2003
<b>Operating activities</b>			
Profit from operations	1.236	(727)	232
Adjustments for items not affecting cash:			
Depreciation and amortization	2.660	3.885	8.032
Gain on disposal of subsidiary			
	--	--	--
Other (net)	(254)	(936)	(3.058)
	<u>3.642</u>	<u>2.222</u>	<u>5.206</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	7.404	18.646	7.574
(Increase) / decrease in inventory	410	(587)	1.622
Increase / (decrease) in current liabilities	(19.747)	(20.041)	(1.091)
	<u>(11.933)</u>	<u>(1.982)</u>	<u>8.105</u>
Interest received	126	178	355
Interest paid	(744)	(738)	(1.608)
Taxes paid	(896)	(58)	(1.618)
Net cash from operating activities	<b>(9.805)</b>	<b>(378)</b>	<b>10.440</b>
<b>Investing activities</b>			
Capital expenditure	(1.086)	(825)	(1.930)
Purchase of investments	(4)	(5)	(6)
Proceeds from sale of fixed assets	372	278	1.798
Proceeds from sale of investments	6	1	34
Disposal of subsidiary, net of cash	--	--	--
Acquisition of subsidiaries, net of cash	361	(299)	(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	(212)	(125)	12
Net cash used in investing activities	<b>319</b>	<b>(93)</b>	<b>499</b>
<b>Financing activities</b>			
Treasury shares	--	(578)	(605)
Increase/(decrease) in long-term loans and borrowings	(2.050)	(1.448)	(1.730)
Repayment of finance lease	(185)	(110)	(438)
Increase/(decrease) in short-term borrowings	2.681	(726)	(2.168)
Net cash used in financing activities	<b>446</b>	<b>(2.862)</b>	<b>(4.941)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(9.040)</b>	<b>(3.333)</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)	(9.040)	(3.333)	5.998
Effect of exchange rate changes	345	(233)	(582)
At end of year	<b>9.315</b>	<b>9.028</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>10.250</b>	<b>11.728</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 June 30, 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>	--	--	--	383	--	383
Transactions with treasury shares	--	--	--	--	--	--
Capital increase	--	--	--	--	--	--
Net profit for the period	--	--	--	--	(273)	(273)
Closing amount	7.091	8.074	(778)	(977)	13.920	27.330

<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 June 30, 2003</b>						
Opening amount	7.091	18.320	(173)	(570)	6.553	31.221
Increase from initial consolidation	--	--	--	--	--	--
Currency translation differences	--	--	--	(481)	--	(481)
Transactions with treasury shares	--	--	(578)	--	--	(578)
Capital increase	--	--	--	--	--	--
Net profit for the period	--	--	--	--	(2.146)	(2.146)
Closing amount	7.091	18.320	(751)	(1.051)	4.407	28.016

<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)
Closing amount	7.091	8.074	(778)	(1.360)	14.193	27.220