



S&T Reports Third Quarter and Nine Months 2002 Results

- Total sales increased 27% to 42.8 million in Q3 2002
- Core businesses grew 51% during the quarter
- Revenues were up 15% for the first nine months

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

Strong sales growth in Q3

S&T's sales increased 27% in the third quarter of 2002 compared to the third quarter of 2001. Sales were up 16% for the first nine months of 2002 compared to the same period last year. This increase can be attributed to the new acquisitions and the proper execution of the core business model.

The EBITDA number decreased 70% and 4% for the quarter and the nine months, respectively. The main drivers of this decrease in EBITDA were the weakness in the Central Region (Slovakia, Czech Republic, Poland and Hungary) operations and the consolidation of the negative results of the newly acquired companies, Protek, in Turkey, and Plaut, in Romania.

Sales of the System Integration (SI) division increased 45% organically as a result of the execution of new projects in Ukraine (Energy) and Croatia (Telco, Banking). The Solution Design (SD) unit grew 52% during the quarter and 40% during the first nine months of 2002 because S&T continued to shift its focus and resources to this business area. Medical (MED) sales were down 33% for the quarter and increased only 5% for the nine months due to the seasonal nature of this unit. Customer Support (CS) grew approximately a robust 22% for both periods, which was in line with management expectations.

S&T continued to expand geographically by opening offices in Latvia and Montenegro during the third quarter. The Riga (Latvia) office was established to provide IT services to the fast growing Baltic States while the Podgorica (Montenegro) office was set up with the aim of catering business critical IT applications to a wide range of industries, such as telecom, banking and energy, in this market.

S&T also continued its efforts to pull out of the low-margin hardware distribution business. However, the growing revenue share of the System Integration (SI) division resulted in an increase of the related hardware sales, applying pressure on the margins. The negative economic environment contributed to the low margins as well by increasing competition.

The positive EBITDA of EUR 3.8 million for the nine month period ending September 30, 2002 strengthens S&T's own resources to finance growth and transition.

As of September 30, 2002, S&T employed 886 people, an 18% increase over the end of the third quarter of 2001. This rise was inline with the 22% increase for staff expenses during the same period.

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

Sales	2002	2001	-%±
Solution Design (SD)	4,336	2,860	51.61%
System Integration (SI)	30,884	19,522	58.20%
Customer Support (CS)	6,034	4,907	22.97%
Medical (MED)	1,491	2,219	-32.81%
Information Technology Distributions (ITD)	7	4,056	-99.83%
Total Sales	42,752	33,564	27.37%
Other operating income	391	955	-59.06%
Total revenues	43,143	34,519	24.98%
Merchandise, spare parts and purchased services	(32,915)	(25,400)	29.59%
Staff costs	(5,850)	(4,336)	34.92%
Other operating expenses	(3,843)	(2,982)	28.87%
Total operating expenses	(42,608)	(32,718)	30.23%
Profit from operations before depreciation and amortization (EBITDA)	535	1,801	-70.29%
Depreciation and amortization	(648)	(512)	26.56%
Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)	(113)	1,289	-108.77%
Amortization of goodwill	(665)	(490)	35.71%
Profit from operations (EBIT)	(778)	799	-197.37%

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

Sales	2002	2001	-%+
Solution Design (SD)	11,600	8,259	40.45%
System Integration (SI)	74,679	55,327	34.98%
Customer Support (CS)	18,477	15,209	21.49%
Medical (MED)	7,040	6,717	4.81%
Information Technology Distributions (ITD)	3,408	13,788	-75.28%
Total Sales	115,204	99,300	16.02%
Other operating income	1,560	1,870	-16.58%
Total revenues	116,764	101,170	15.41%
Merchandise, spare parts and purchased services	(85,026)	(73,872)	15.10%
Staff costs	(16,252)	(13,318)	22.03%
Other operating expenses	(11,663)	(10,000)	16.63%
Total operating expenses	(112,941)	(97,190)	16.21%
Profit from operations before depreciation and amortization (EBITDA)	3,823	3,980	-3.94%
Depreciation and amortization	(1,837)	(1,509)	21.74%
Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)	1,986	2,471	-19.63%
Amortization of goodwill	(1,715)	(1,448)	18.44%
Profit from operations (EBIT)	271	1,023	-73.51%

Total sales per region in EUR 1,000 for the nine months period ending on September 30, 2002 and 2001

	2002	2001	+/- %
Adriatic ¹	45,001	38,539	17%
Central ²	30,188	36,881	-18%
Cyrillic ³	26,914	13,421	101%
South ⁴	13,101	10,459	25%
	115,204	99,300	16%

Outlook

The global economic conditions combined with the worldwide weakness of the IT sector have impacted sales in Central and Eastern Europe (CEE) as well. It is S&T's experience that project delays in this part of the world usually result in decreased margins as competition increases in order to be mandated for the available deals.

S&T is uniquely positioned to serve foreign direct investments in CEE. However, foreign investors have been very cautious and selective in their actions during the last quarter, which resulted in postponement and delays of investments.

Moving forward, we expect a strong fourth quarter rally, as it was the case in previous years. As a result, we anticipate a total revenue of EUR 165 to 190 million for FY2002. However, due to the weaker third quarter, we are more cautious in our outlook for the EBIT and therefore we expect it to be between EUR 2 million and EUR 4.5 million.

The Irish vote of October 19, 2002 has reconfirmed the timetable for the EU-expansion eastwards. This is a strong signal which will result in increased investments in the Central- and Eastern European region. Already today S&T derives 42% of its business from countries which will be part of the EU in 2004.

Conference Call

S&T's management is available for a conference call on October 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 a few minutes prior to the start time.

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

² Czech Republic, Hungary, Poland, Slovakia

³ Russia, Ukraine, Moldova, CIS

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

For your convenience, an instant replay will be available from October 24 at 6.00 p.m. Central European time until October 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 208070. If you have any questions please call 0049 69 50500600 for assistance.

Disclaimer

This information reflects the situation of S&T as per September 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.

Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. No representation or warranty can be given, expressly or implied, regarding the correctness, completeness or fairness of information and opinion regarding such forward-looking statements contained in this information. S&T disclaims any obligation to update any such forward-looking statements to reflect future events or developments.

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About S&T-www.snt.at

S&T is a leading provider of IT solutions to clients in 16 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.

Consolidated income statement

(all amount in EUR '000)

Period from 01.01., ended	30.09.2002	30.09.2001	31.12.2001
Sales			
Solution Design (SD)	11.600	8.259	14.215
System Integration (SI)	74.679	55.327	89.836
Customer Support (CS)	18.477	15.209	18.853
Medical (MED)	7.040	6.717	20.951
Information Technology Distributions (ITD)	3.408	13.788	16.019
Total Sales	115.204	99.300	159.874
Other operating income	1.560	1.870	3.169
Total revenues	116.764	101.170	163.043
Merchandise, spare parts and purchased services	(85.026)	(73.872)	(121.557)
Staff costs	(16.252)	(13.318)	(18.922)
Other operating expenses	(11.663)	(10.000)	(14.455)
Total operating expenses	(112.941)	(97.190)	(154.934)
<i>Profit from operations before depreciation and amortization (EBIT)</i>	<i>3.823</i>	<i>3.980</i>	<i>8.109</i>
Depreciation and amortization	(1.837)	(1.509)	(2.151)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	<i>1.986</i>	<i>2.471</i>	<i>5.958</i>
Amortization of goodwill	(1.715)	(1.448)	(1.956)
<i>Profit from operations (EBIT)</i>	<i>271</i>	<i>1.023</i>	<i>4.002</i>
Finance costs	(1.123)	(724)	(1.164)
Profit before tax	(852)	299	2.838
Income tax expense	(406)	(739)	(1.451)
Profit after tax	(1.258)	(440)	1.387
Minority interest	(1)	(1)	0
Net profit for the period	(1.259)	(441)	1.387
Basic and diluted earnings per share in EUR	(0,36)	(0,13)	0,42
Weighted number of ordinary shares in issue (thousands)	3.462	3.272	3.317

Consolidated balance sheet
(all amounts in EUR '000)

Assets	30.09.2002	30.09.2001	31.12.2001
<i>Non-current assets</i>			
Property, plant and equipment	10.527	8.933	10.474
Intangible assets	15.691	15.727	14.744
Investments in affiliated companies	667	1.292	898
Other investments	105	109	167
Non-current receivables	555	1.183	842
Deferred tax assets	1.806	1.644	1.572
	<u>29.351</u>	<u>28.888</u>	<u>28.697</u>
<i>Current assets</i>			
Inventories	8.367	9.029	11.288
Trade accounts receivable	31.234	21.852	31.608
Other receivables and prepayments	7.319	6.636	7.341
Cash and cash equivalents	9.007	9.652	30.364
	<u>55.927</u>	<u>47.169</u>	<u>80.601</u>
Total assets	85.278	76.057	109.298
Equity and Liabilities			
<i>Shareholders' equity</i>			
Issued capital	6.991	3.629	3.629
Share premium	17.920	21.282	21.282
Treasury shares	(699)	(741)	(781)
Accumulated translation adjustments	(458)	(856)	(496)
Retained earnings and other reserves	5.171	4.788	6.616
	<u>28.925</u>	<u>28.102</u>	<u>30.250</u>
Minority interest in subsidiaries	1	1	0
<i>Non-current liabilities</i>			
Loans and other liabilities	14.111	12.151	13.410
Deferred tax liability	1.036	1.050	1.392
	<u>15.147</u>	<u>13.201</u>	<u>14.802</u>
<i>Current liabilities</i>			
Trade accounts payable	14.971	14.183	39.895
Current tax liabilities	1.244	598	753
Other payables	6.116	7.618	8.473
Short-term borrowings	12.622	7.999	8.068
Provisions and deferred income	6.252	4.355	7.057
	<u>41.205</u>	<u>34.753</u>	<u>64.246</u>
Total equity and liabilities	85.278	76.057	109.298

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

Period from 01.01., ended	30.09.2002	30.09.2001	31.12.2001
Operating activities			
Profit from operations	271	1.023	4.002
Adjustments for items not affecting cash:			
Depreciation and amortization	3.552	2.902	4.107
Gain on disposal of subsidiary	0	0	(277)
Other (net)	613	(642)	(262)
	<u>4.436</u>	<u>3.283</u>	<u>7.570</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivable:	(1.045)	1.770	(7.109)
(Increase) / decrease in inventory	2.139	328	(1.364)
Increase / (decrease) in current liabilities	(24.897)	(5.343)	22.889
	<u>(23.803)</u>	<u>(3.245)</u>	<u>14.416</u>
Interest received	331	610	756
Interest paid	(1.081)	(1.229)	(1.705)
Taxes paid	(522)	(53)	(220)
Net cash from operating activities	(20.639)	(634)	20.817
Investing activities			
Capital expenditure	(1.722)	(1.648)	(2.073)
Purchase of intangible assets	(132)	(216)	(335)
Purchase of investments	(229)	(171)	(252)
Proceeds from sale of fixed assets	398	362	414
Proceeds from sale of investments	62	116	173
Disposal of subsidiary, net of cash	(15)	0	298
Acquisition of subsidiaries, net of cash	(3.682)	(2.460)	(3.531)
Decrease in time deposit for a period longer than three months	1.765	1.765	1.765
Long-term loans and receivables from other parties	264	(137)	309
Net cash used in investing activities	(3.291)	(2.389)	(3.232)
Financing activities			
Treasury shares	82	274	233
Increase in long-term loans and borrowings	646	(549)	(63)
Repayment of finance lease	(71)		(28)
Increase/(decrease) in short-term borrowings	4.199	2.167	1.733
Net cash used in financing activities	4.856	1.892	1.875
Net (decrease) / increase in cash and cash equivalents	(19.074)	(1.131)	19.460
Movement in cash and cash equivalents			
At start of year	25.017	5.481	5.481
Increase/(decrease)	(19.074)	(1.131)	19.460
Effect of exchange rate changes	(518)	(45)	76
At end of year	5.425	4.305	25.017
Time deposits for a period longer than three months	3.582	5.347	5.347
Cash and cash equivalents (in Balance Sheet)	9.007	9.652	30.364

Significant Transactions 2002:

Find this and further information on www.snt.at/data/english/newsroom/news_archiv/index.shtml

S&T moves to Turkey by acquiring Protek

June 18, 2002,

S&T System Integration & Technology Distribution AG, today announced that it has acquired 100 percent of Protek Bilgisayar Sistemleri A.S., a well established Turkish IT company, against 50,000 S&T shares and an undisclosed sum in cash. The shares are subject to lockup periods.

S&T Chief Executive Karl Tantscher described the takeover as friendly. He said such acquisitions are how S&T typically expands into other countries.

“Protek employs 96 people and has US\$10 million in annual revenues,” Mr. Tantscher said. “We are confident that this acquisition will allow us to become a leading IT-System Integrator in Turkey while carrying forward our growth strategy in the region. We entered Turkey because it is a large country with all characteristics of emerging markets with a sizable upside potential. Turkish companies play a major role in the reconstruction of Russia and the CIS.”

The CEO and founder of Protek, Selim Zafer Ellialti who will continue to lead the company commented: “By becoming part of the large S&T group, we are much better positioned to capture the market opportunities ahead. With our expertise in disaster recovery solutions, we also fit right into the mainstream of S&T’s unique selling proposition.”

One of Protek’s assets is a business continuity center that provides a complete office and IT-infrastructure in case customer facilities break down in a disaster. Protek serves such global players like Coca-Cola, Mercedes, Chrysler or General Electric.

Protek’s results will be first time consolidated Q3 2002.

S&T and Plaut in new Romanian line-up

Plaut Romania S.R.L and S&T Romania to merge

July 3, 2002,

S&T System Integration & Technology Distribution AG today announced that it will merge its Romanian subsidiary with that of Plaut Aktiengesellschaft.

This new strategic alliance will enable S&T and Plaut to provide joint SAP consultancy services to customers who will have access to larger resources and a wide range of IT expertise. Plaut Romania S.R.L. will become part of S&T Romania S.R.L., creating a company with around 70 employees.

Alfred Raderer, member of the Plaut management board, said: "We are aware of the need to reach a certain critical mass in any given country and we are confident that this partnership with S&T will allow Plaut Romania S.R.L. to achieve this objective, opening up many more business opportunities in Romania." The merger is in line with the assignment of roles in the alliance, under which S&T is to take charge of Southeast European operations.

S&T chief executive Karl Tantscher commented: "The transaction represents a major step towards our aim of becoming the leading IT solution provider in the emerging markets of Central, Eastern and Southeastern Europe. The combination of S&T and Plaut will make sure that we provide the highest level of service in the region while providing a role model for further expansion."

Plaut AG has a presence in Central & Eastern Europe through its operations in Austria, the Czech Republic, Hungary, Poland and Slovakia. Plaut is one of the leading IT consultancies in these markets. The company expects to record further growth and stable profits in the region. EU enlargement is expected to result in a sharp increase in demand for new IT solutions in candidate countries. S&T and Plaut had combined sales of some EUR 85 million in the Czech Republic, Hungary, Poland, Slovakia and Slovenia in 2001.

S&T Group focusing on IT solutions and divesting hardware distribution business

July 8, 2002,

S&T System Integration & Technology Distribution AG has further expanded its core business in Yugoslavia, and has divested its low-margin hardware distribution operation in Croatia.

S&T Yugoslavia acquiring development department of software house EKI SOFT

S&T Yugoslavia's shift towards focusing on comprehensive IT solutions for large companies has led to its taking over part of Yugoslav software house EKI SOFT — a move which will strengthen S&T's e-business know-how. The deal will expand S&T Yugoslavia's workforce to 22 including 13 consultancy and software implementation staff.

Sale of Croatian hardware distribution subsidiary HPC

S&T is pulling out of the low margin hardware distribution business. At the end of June 2002 S&T subsidiary HPC Croatia was sold to Croatian hardware distributor Megatrend for an undisclosed amount. The disposal cut S&T's sales accounted for hardware distribution from 18% in 1999 to nil as from now. In spite of the pull-out from hardware S&T's sales tripled from EUR 55 million in 1999 to EUR 160 million in 2001, thanks to the rapid expansion of its IT solutions business. The increased importance of these solutions have been recognised by the establishment of a new Solution Design Business Unit.

S&T CEO Karl Tantscher commented: "These actions represent further steps towards our aim of becoming the leading IT solution provider in the emerging markets of Central, Eastern and Southeastern Europe."

For further information please contact:

S&T System Integration &
Technology Distribution AG
Gunoldstrasse 16
1190 Vienna
Phone: 0043-1-367 80 88

Karl Tantscher
Chief Executive Officer
karl.tantscher@snt.at

Martin Bergler
Chief Financial Officer
martin.bergler@snt.at

In the US:

The Anne McBride Company
(+1-212)-983-1702 x212

Can Önen
Senior Account Executive- Investor Relations
conen@annemcbride.com