

transtec AG quarterly report 1/2000

transtec increases turnover in the first quarter by 11 %

Volume of orders doubles from 6 million EUR to 12 million EUR

Strong expansion of transtec's brand products in the high-end segment

Business trend

In the first quarter of 2000 the transtec group made a turnover of 44.1 million Euro. Thus, compared to 39.8 million Euro in the first quarter of 1999, turnover of the business-to-business (B2B) system manufacturer with direct sales rose by 10.8%. Consumer resistance, caused by the special "Year 2000" situation, partially effected turnover in the first two months of this year. In addition to this, the delivery dates of certain projects, acquired at the end of last year and at the beginning of this, have been postponed until a later date in accordance with customer wishes. The roll out of these contracts will be carried out in the following months.

This situation has resulted in a large volume of orders amounting to 11.7 million Euro, which, compared to the previous year (6,0 million Euro), has doubled. Stocks have also risen accordingly.

Future investments have dominated the first three months of this year. The e-business model Virtual Warehouse has been consistently improved and promoted by a project team. The datacomp AG, acquired in September 1999, has been integrated into the transtec group and its EDP and software have been completely converted to the transtec standard.

The amount of employees has risen from 255.5 to 375.3. This increase in employees is partially due to the acquisition of datacomp AG (57.5) but can also be attributed to the expansion of resources in the individual subsidiaries. Especially in European countries apart from Germany, for example in Belgium, Great Britain and the Netherlands, the increase in personnel sets the course for a successful future.

As announced at the financial press conference on March 28, 2000, the turnover situation and investments have a direct effect on transtec AG's figures. According to IAS the net profit amounts to - 0.6 million Euro (in the same period last year: 1.0 million Euro). The DVFA earnings of - 0.5 million Euro are also below the figures from the previous year (0.9 million Euro). According to DVFA/SG, the cash flow for the first quarter of 2000 represents 0.01 million Euro (1.4 million Euro in the same period in 1999).

With 45.8 % the equity ratio is again considerably higher than the industry average.

	Q1 / 2000 EUR	Q1 / 1999 EUR
Sales	44,128,903.00	39,833,256.22
Abroad	24,750,322.06	16,787,477.46
Share	56.09 %	42.14 %
Operating result	- 201,008.33	1,689,738.72
Earnings from ordinary operations	- 399,895.68	1,566,572.74
Net profit according to IAS per share	- 564,909.22 - 0.16	965,537.52 0.28
Earnings according to DVFA/SG per share	- 525,987.38 - 0.15	759,511.57 0.22
Cash flow according to DVFA/SG per share	11,311.04 0.00	1,366,373.04 0.40
Capital stock	10,379,091.00	8,691,961.98
Number of shares	3,459.697	3,400,000
Total equity	29,262,155.15	27,833,648.61
Equity ratio	45.76 %	50.66 %
Balance sheet total	63,949,973.11	54,946,882.08
Employees	375.3	255.5

transtec brand products in focus

As system manufacturer, transtec places a great deal of emphasis on the main business field of transtec brand products in the high-end sector. Therefore, in the first quarter of this year transtec introduced different innovations on the market.

In the field of fail-safe storage solutions, the "transtec 5400" Fibre Channel RAID offers up to five TeraByte storage capacity for ensuring optimum data security at a high performance. With the Mammoth2 60 GigaByte disk drive from Exabyte, the "transtec 7200" backup system offers the largest disk drive available at the moment in a 5 ¼" desktop housing. The "transtec 5300" RAID family has also had a new powerful addition: The new Fibre Channel SCSI RAID.

The "transtec 8000" 8-way Server has reached a performance class of its own. This Intel based server is available with both Windows NT and Red Hat Linux.

The "transtec 1300" Business Workstation with the new AMD 1-GHz processor is particularly worth mentioning. transtec will be one of the first manufacturers in Germany to supply this system.

transtec is up-to-date when it comes to operating systems. Windows 2000 Professional was introduced in February and Linux systems with SuSe 6.4 are the latest editions to the product portfolio.

Forecast

transtec's prospects are looking positive for the following months as a growth in the transtec brand product business field is expected. The developments on the IT market coincide with transtec strategies as the company has an optimum position in areas with the most rapid growth - Linux systems, high-end servers and fail-safe RAID storage solutions.

Considerable amount of effort is being placed in developing and expanding the Virtual Warehouse. Seven business partners have been certified as suppliers for the online offer, and transtec customers can order over 30,000 IT products under www.transtec.de.

The second transtec general meeting will take place in Stuttgart on May 25, 2000. Among other things to be decided, the shareholders will take a vote on authorizing the repurchasing of shares. A dividend of 0.60 Euro will be offered by the Management Board (0.56 Euro in the previous year).

transtec group balance sheet as of 31.03. according to IAS (not reviewed)

<u>Assets</u>	<u>Q1 / 2000</u>	<u>Q1 / 1999</u>
	<u>EUR</u>	<u>EUR</u>
A. Fixed assets	12,957,584.01	13,050,361.27
I. Intangible assets	1,739,731.02	2,288,524.14
II. Tangible assets	11,217,852.99	10,761,837.13
B. Current assets	48,838,676.46	40,073,255.69
I. Inventories	20,657,814.02	11,508,439.38
II. Accounts receivable and other assets	23,146,795.41	16,523,048.70
III. Securities	0.00	0.00
IV. Cash and cash equivalents	5,034,067.03	12,041,767.61
C. Accruals	862,571.84	342,132.31
D. Deferred taxes	1,291,140.80	1,481,132.81
Total assets	63,949,973.11	54,946,882.08

<u>Equity and Liabilities</u>	<u>Q1 / 2000</u>	<u>Q1 / 1999</u>
	<u>EUR</u>	<u>EUR</u>
A. Total equity	29,262,155.15	27,833,648.61
I. Capital stock	10,379,091.00	8,691,961.98
II. Retained capital	14,188,882.53	14,366,974.96
III. Retained earnings	2,768,244.64	312,128.94
Equity differences due to currency translation	107,228.15	108,863.56
IV. Profit/loss carried forward	2,383,618.05	3,388,181.65
V. Annual net profit	- 564,909.22	965,537.52
B. Special item with proportion of reserves	4,170.26	11,281.53
C. Provisions	6,739,024.82	5,997,103.98
D. Liabilities	27,652,081.00	20,794,709.18
E. Deferred items	292,541.88	310,138.78
Total equity and liabilities	63,949,973.11	54,946,882.08

transtec group income statement according to IAS (not reviewed) Jan 01 - Mar 31

	Q1 / 2000	Q1 / 1999
	EUR	EUR
1. Sales	44,128,903.00	39,833,256.22
2. Other operating earnings	443,646.42	289,376.65
3. Total operating performance	44,572,549.42	40,122,632.87
4. Material costs	35,746,317.36	31,882,608.85
5. Personnel costs	4,946,838.83	3,398,783.87
6. Depreciation	547,836.94	439,621.57
7. Other operating expenses	3,532,564.62	2,711,879.86
8. Operating results	- 201,008.33	1,689,738.72
9. Financial results	- 198,887.35	- 123,165.98
10. Earnings from ordinary operations	- 399,895.68	1,566,572.74
11. Earnings from extraordinary operations	0.00	0.00
12. Earnings before taxes	- 399,895.68	1,566,572.74
13. Taxes on income and earnings	154,696.31	595,521.07
14. Other taxes	10,317.23	5,514.15
15. Annual net profit	- 564,909.22	965,537.52

transtec group cash flow statement according to IAS (not reviewed)

Jan 01 to Mar 31

	2000	1999
	EUR	EUR
1. Annual net profit	- 564,909.22	965,537.52
2. Depreciation	547,836.95	439,621.57
3. Decrease (+) / increase (-) of inventories	- 2,724,572.13	1,875,317.97
4. Decrease (+) / increase (-) of accounts receivable, other assets	5,352,307.42	1,388,678.39
5. Decrease (+) / increase (-) of other assets	- 234,965.10	247,753.11
6. Decrease (-) / increase (+) of provisions	- 169,321.09	752,011.69
7. Decrease (-) / increase (+) of liabilities (not including bank liabilities)	- 2,736,570.46	- 5,754,655.07
8. Decrease (-) / increase (+) of other equity and liabilities	- 353,156.11	- 77,651.28
Cash flow from operating activities	- 883,349.74	- 163,386.10
9. Cash flow from investment activities (+)	0.00	0.00
10. Cash flow for investment activities (-)	- 335,609.13	- 459,267.99
11. Exchange rate differences (+/-)	70,339.34	108,863.56
Cash flow from investment activities	- 265,269.79	- 350,404.43
12. Receipts (+) from capital measures	0.00	0.00
13. Payments (-) to partners	0.00	0.00
14. Receipts (+) / payments (-) for changes in bank liabilities	1,881,385.14	- 1,010.47
Cash flow from financing activities	1,881,385.14	- 1,010.47
Total changes in cash and cash equivalents	732,765.61	- 514,801.00
Cash and cash equivalents beginning of period	4,301,301.42	12,556,568.61
Cash and cash equivalents end of period	5,034,067.03	12,041,767.61
Total changes in cash and cash equivalents	732,765.61	- 514,801.00

Cash flow calculation according to DVFA/SG

1. Annual net profit according to IAS	- 564,909.22	965,537.52
2. + Depreciation		
Goodwill	120,747.23	116,954.38
Other assets	427,089.72	322,667.18
3. +/- Changes in long-term provisions		
Pension provisions	3,067.75	8,254.83
4. + Other substantial cash irrelevant expenses		
Release of deferred taxes	38,921.83	38,921.83
5. - Other substantial cash irrelevant income		
Capitalisation of deferred taxes	- 13,606.27	- 85,962.70
6. + Extraordinary cash relevant expenses	0.00	0.00
Cash flow according to DVFA/SG	11,311.04	1,366,373.04