

PRESS RELEASE

Frankfurt, May 23rd 2001 - The first quarter of the fiscal year saw sales at itelligence AG, Frankfurt, develop favourably, while EBIT were weighed down by several factors. First-quarter sales were up 30% on the previous year to € 41 million.

First-quarter earnings developed negatively for two reasons, however, resulting in a loss of € 1.9 million, including € 1.4 million in the USA.

On the one hand, itelligence - the SAP systems house with the strongest US presence - was affected by the weakness of the US IT sector. While capacity utilization in the US consulting segment was good overall, US SMEs were reluctant to sign new licenses, putting a noticeable damper on the previous year's successful business performance in the licensing segment. As the salesforce has grown noticeably in the meantime, itelligence incurred a loss of € 1.4 million in the USA. While itelligence will continue to expand its strategic US activities in the long term, the company intends to adjust its structures to local market conditions. Closer to home, the after-effects of the merger could still be felt. In particular, the overly strong concentration on R&D and product development weighed down the company's performance. Counter-measures have been initiated, such as the stronger concentration of the many IT and SAP development centres on core business segments and the involvement of the consultants in the project business. In close coordination with SAP, itelligence is currently restructuring its domestic distribution activities with a view to stronger sector orientation.

With the US licensing business recovering and measures on the cost and earnings side initiated, itelligence intends to report positive EBIT in the third quarter at the latest and to report a positive - yet below-plan - result also for the full year. The company maintains its full-year sales target.

Neuer Markt-listed itelligence AG was formed through the merger of the SAP service provider SVC AG and the Hamburg-based software specialist APCON AG in 2000. The company which employs 1,450 people at 44 branches in a total of 19 countries has established itself as a full-service integrator of complex IT- and E-Business systems with over 700 customers worldwide.

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