

2,240	7,51bC	22,00G	37,40
1,70	45,90b	7,55bC	26,35
9	3,95G	44,60b	21,73
1,1	171,00bC	3,91G	46,53
0,6	114,10G	167,00bB	5,01
0	40,60b	114,10G	255,65
1,3	28,25b	41,50bB	120,00
1,6	63,00G	28,25G	91,01
1,7	121,00bC	63,00G	44,99
0	6,70b	121,00bC	72,35
1,3	28,80G	6,90b	125,27
1,6	18,25b	28,80G	23,42
1,7	42,00B	18,30b	31,90
0	10,90b	39,50G	94,59
1,3	693,00b	10,95b	20,04
1,6	46,30b	693,50b	81,81
1,7		47,10b	14,83
			699,00

## Report on the first half-year of 2000

CENIT AG Systemhaus



## **CENIT AG Systemhaus**

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**The first half-year 2000 at a glance**

	1 <sup>st</sup> half-year 2000	1 <sup>st</sup> half-year 1999
Sales revenue	44.729 mill. EUR	34.217 mill. EUR
Gross profit	25.785 mill. EUR	17,313 mill. EUR
Operating earnings (EBIT)	-0.370 mill. EUR	1.227 mill. EUR
After-tax earnings	-0.663 mill. EUR	0.615 mill. EUR
Number of employees at the end of first half-year 2000	808	391

Figures which are negative are shown with a minus sign. Otherwise no sign is shown.

– The financial statements for the first half-year to June 30, 2000 were drawn up in accordance with the standards of the International Accounting Standards Committee (IASC) –

Dear Shareholders,

CENIT AG devoted the first six months of the fiscal year entirely to globalisation. We announced and paved the way for this already in the first quarter. In the second quarter we successfully concluded three acquisitions. In Europe, CENIT AG is now represented in Germany, the UK, Switzerland and France, and in North America in Canada, the USA and Mexico. We have thus created the conditions for our future success on the market. CENIT AG, as the world market leader in the system integration of CAD/CAM technologies, is now in the position to take better advantage than ever of the opportunities offered on markets which are becoming increasingly globalised. On this basis, it will vigorously develop the rapidly growing business segment e-business.

The figures for the new subsidiaries are included in the present report as required by IAS regulations: Desktop Engineering Ltd. is included from April 1<sup>st</sup> 2000, L&H Consultants Inc. in Canada and Spring Technologies S.A. in France from May 1<sup>st</sup> 2000. CENIT now employs over 800 people altogether around the world, and by the end of the year the figure will rise to about 900. The tasks of the coming months will be the integration of subsidiaries and the creation of potential synergies.

Besides making acquisitions, in the second quarter CENIT AG worked on clearly improving the development of business. A glance at sales revenue shows a precise turn compared to first quarter of 2000.



Sales for the whole of the first half-year – adjusted for acquisitions – shows appreciable growth and thus indicates more than a mere recovery compared with the first three months.

The price of the CENIT share, unlike the general downtrend on the Neuer Markt, has proved to be stable and it still has further upside potential. This is confirmed by recent buy recommendations from analysts at HypoVereinsbank and the trade journal "Going Public".

Sincerely,

Falk Engelmann

Spokesman for the Board of Management

## Development of Business

After a first quarter which failed to fully satisfy our expectations, the second quarter brought positive stimulation to CENIT AG. Sales and profitability improved markedly and have largely compensated for the weaknesses of the first three months. Our new subsidiaries are developing according to plan. The course of business in the UK remains unsatisfactory, however. This is mainly a consequence of the problems experienced by the automobile industry in Great Britain and the particular situation at Rover.

Incoming orders remained at a very high level in the second quarter. Sales of computer hardware are rising.

## New orders

In Germany, at the very end of the first half of the fiscal year, CENIT AG received an order from Volkswagen AG for integration and services worth over EUR 1m, in Switzerland, the first major order in Internet-based content management, worth about SFr 1m, came from the Coop group for its subsidiary there.

The French company Spring Technologies S.A. received new orders in May and June from the PSA corporation and the Airbus consortium. The subsidiary L&H in Canada won the sporting goods manufacturer ITECH Sports Products as a new customer, with an order for design work on the basis of CATIA.

## Development of earnings

Traditionally, CENIT AG makes the substance of its earning essentially in the second half of the fiscal year. The earnings position in the first six months of 2000 is therefore quite typical for our business. Nor do the new subsidiaries exercise an influence this cycle. Operating earnings – before depreciation on goodwill – in the period under review are thus EUR 0.06m (first half-year 1999: EUR 1.23m). Depreciation on goodwill up to EUR 0.43m ultimately resolve in a negative EBIT. Essentially responsible are allegations and results of the first quarter.

## Employees

With 461 employees in Germany, 45 in the UK, 12 in Switzerland, 150 in France and 140 in North America, the workforce in the group as a whole, as at cut-off date, had risen to 808 altogether (June 30<sup>th</sup> 1999: 391). Far below trade is the personnel turnover of less than 7%.

For the further training of our staff and to maintain our competitive edge on the market with our know-how, we have introduced what are known as "flat careers" in Germany. This opens new prospects for our staff and strengthens loyalty to the company. In addition, the annual general meeting of shareholders on May 31<sup>st</sup> 2000 resolved on an employee profit participation program particularly for executives.

### **Further globalisation**

In the first half of fiscal 2000, CENIT AG Systemhaus took some quite decisive steps towards becoming a global player. After the take-over of Desktop Engineering Ltd. Oxford UK and Spring Technologies S.A., there followed the acquisition of L&H Canada.

The Spring Technologies group with headquarters in Paris and branches in the most important French industrial centres such as Lyon, Toulouse, Nantes and Sochaux, is very well positioned in France. With over 150 IT and Web specialists, Spring made sales of over EUR 15m in 1999. For the current year, the Spring group is set to make an appreciable contribution to the CENIT group earnings.

L&H Consultants has its headquarters in Montreal, Canada, and employs 140 people. This year it will make sales of EUR 16m. Its regular customers include international companies like Boeing, Bombardier, DaimlerChrysler, Honda, Ferrari and Hyundai. With L&H branches in Canada, the USA and Mexico, CENIT AG now has an extensive presence in the world's most important IT market.

**Consolidated statement of income**

	1 <sup>st</sup> half-year 2000 mill. EUR	1 <sup>st</sup> half-year 1999 mill. EUR	Change in absolute terms	Change %
1. Sales revenue	44.729	34.217	10.512	31
2. Other income / Changes in inventories	2.063	-0.225	2.288	
3. Gross earnings	46.792	33.992	12.800	38
4. Costs of material	21.007	16.679	4.328	26
5. Gross profit	25.785	17.313	8.472	49
6. Personnel expenses	17.306	11.070	6.236	56
7. Other operating expenses	7.328	4.238	3.090	73
<b>8. EBITDA</b>	<b>1.150</b>	<b>2.005</b>	<b>-0.855</b>	<b>-43</b>
9. Depreciation on intangible and tangible assets	1.090	0.778	0.312	40
<b>10. EBITA</b>	<b>0.060</b>	<b>1.227</b>	<b>-1.167</b>	<b>-95</b>
11. Goodwill	0.430	0.000	0.430	
<b>11. Operating earnings (EBIT)</b>	<b>-0.370</b>	<b>1.227</b>	<b>-1.597</b>	
13. Net financial income	0.086	0.043	0.043	100
<b>14. Earnings from ordinary business</b>	<b>-0.284</b>	<b>1.270</b>	<b>-1.553</b>	
15. Extraordinary expenses/income	0.033	0.000	0.033	
<b>16. Pre-tax earnings (EBT)</b>	<b>-0.251</b>	<b>1.270</b>	<b>-1.521</b>	
17. Taxes	0.412	0.655	-0.243	-34
<b>18. After-tax earnings</b>	<b>-0.663</b>	<b>0.615</b>	<b>-1.277</b>	

## Consolidated balance sheet

	1 <sup>st</sup> half-year 2000	1 <sup>st</sup> half-year 1999
<b>Assets</b>		
<b>Short-term assets</b>		
Cash	2.710 mill. EUR	9.849 mill. EUR
Securities and own shares	0.520 mill. EUR	0.399 mill. EUR
Accounts receivable	30.793 mill. EUR	14.959 mill. EUR
Inventories	5.146 mill. EUR	3.289 mill. EUR
	<b>39.169 mill. EUR</b>	<b>28.496 mill. EUR</b>
<b>Long-term assets</b>		
Tangible assets	5.229 mill. EUR	2.791 mill. EUR
Intangible assets	25.175 mill. EUR	0.128 mill. EUR
Deferred tax assets	0.912 mill. EUR	0.000 mill. EUR
Financial assets	0.177 mill. EUR	0.000 mill. EUR
	<b>31.493 mill. EUR</b>	<b>2.919 mill. EUR</b>
	<b>70.662 mill. EUR</b>	<b>31.415 mill. EUR</b>
<b>Liabilities</b>		
<b>Short-term borrowings</b>		
Reserves	4.510 mill. EUR	3.223 mill. EUR
Special items with reserve portion	0.000 mill. EUR	0.005 mill. EUR
Convertible bonds	0.091 mill. EUR	0.000 mill. EUR
Liabilities from accounts payable and other liabilities	15.113 mill. EUR	1.301 mill. EUR
Liabilities to banks	7.999 mill. EUR	3.060 mill. EUR
	<b>27.713 mill. EUR</b>	<b>7.589 mill. EUR</b>
<b>Long-term borrowings</b>	<b>0.671 mill. EUR</b>	<b>0.767 mill. EUR</b>
<b>Shareholders' equity</b>		
Subscribed capital	4.184 mill. EUR	2.556 mill. EUR
Capital reserve	35.836 mill. EUR	19.859 mill. EUR
Currency reserve	0.106 mill. EUR	0.029 mill. EUR
Revenue reserve	2.802 mill. EUR	0.000 mill. EUR
Half-year earnings	-0.663 mill. EUR	0.615 mill. EUR
Convertible bonds	0.013 mill. EUR	0.000 mill. EUR
	<b>42.278 mill. EUR</b>	<b>23.059 mill. EUR</b>
	<b>70.662 mill. EUR</b>	<b>31.415 mill. EUR</b>



**Cash flow statement from January 1. 2000 – June 30. 2000**

Net income of first half-year 2000	-0.663 mill. EUR
Depreciation on assets	1.090 mill. EUR
Goodwill	0.430 mill. EUR
Changes in accruals	-0.905 mill. EUR
Disposals of fixed assets	0.035 mill. EUR
Changes in inventories	-3.572 mill. EUR
Change in accounts receivable for goods and services and other assets	-10.404 mill. EUR
Change in advance payments received, Bills payable and liabilities for goods and services and other liabilities	9.169 mill. EUR
<b>Inflow of funds from current business activities</b>	<b>-4.820 mill. EUR</b>
Payments for investments in fixed assets	-0.895 mill. EUR
Payments for acquisitions	-7.033 mill. EUR
<b>Outflow of funds for investments</b>	<b>-7.928 mill. EUR</b>
Securities and own shares	-0.520 mill. EUR
Changes in financial investments	-0.177 mill. EUR
Contributions for capital increase	0.184 mill. EUR
Change in liabilities to banks	1.553 mill. EUR
Transfers to currency reserve	-0.099 mill. EUR
Payments to shareholders	-1.000 mill. EUR
<b>Inflow of funds from financing activities</b>	<b>-0.059 mill. EUR</b>
<b>Changes in cash and cash equivalents effected by payments</b>	<b>-12.807 mill. EUR</b>
Funds available at the beginning of the period	15.517 mill. EUR
<b>Funds available at the end of the period</b>	<b>2.710 mill. EUR</b>

To promote the integration of the new companies in the CENIT group, we have established PMI (post merger integration) teams to ensure smooth co-operation and advances in productivity through the exploitation of synergies. Furthermore, we shall take advantage of our strengthened international presence to expand our business.

Besides its now world-wide leading position as a CAD/CAM systems integrator, CENIT wants to take advantage of opportunities to step up the development of the business segment e-business utilising the additional know-how and its newly gained additional customer base. With a new project for Internet portals on the basis of SAP's mysap.com technology, we are just beginning to develop new Internet solutions for our customers on this basis as well as on the basis of Inter-shop. Here we want to make a special point of targeting small and medium-sized enterprises.

Our further plans regarding the acquisitions just concluded, especially for the development of international business, and our growth strategy in the Internet business will be announced at a joint analysts' conference together with two other companies quoted on the Neuer Markt in autumn this year.

As regards the development of business, we expect the upswing to continue in the second half of 2000. Positive signals for the economy as a whole came from the recently passed tax reform bill. For our areas of business in particular rising demand for computer hardware and the continuing trend towards trading through the Internet will have a positive effect.