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CENIT AT A GLANCE

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CENIT AG

The first quarter 1998

	Q1/1998	Q1/1997
Sales revenue	20,562 TDM	13,369 TDM
Gross earnings	9,935 TDM	5,494 TDM
Pre-tax earnings	898 TDM	-1,989 TDM
Net profit	369 TDM	-817 TDM
Number of employees at the end of the period	235	186

All figures in the present quarterly report were determined in accordance with HGB (German Commercial Code) guidelines.

[2]

FIRST QUARTER 1998

The development of business

Business was very successful from the company's point of view in the first quarter of 1998. In the quarter under review, CENIT successfully continued to expand its position as a capable systems provider in information technology to well-known enterprises in the automobile industry, financial services providers and commercial enterprises. Compared with the first quarter of last year, sales revenue rose by 54% to TDM 20,562.

This strong rise in sales was attributable in particular to the dynamic development of the

CAE-Solutions divisions, sales of UNIX and NT systems and the Professional Service sector. Sales virtually doubled in the workflow and document management division.

Overall costs also developed very satisfactorily for CENIT and are now 5% lower than target figures.

Thus results were either in line with expectations for the first quarter of 1998 in all essential points, and, in some cases, even better.

The development of earnings

After-tax earnings amount to TDM 369. This is an improvement of TDM 1,186 compared with the first quarter of 1997. The costs of going public, at TDM 236, put pressure on first quarter earnings. If allowance is made for this, DVFA earnings are TDM 466 with preliminary earnings per share at DM 0.47 – a figure well

above expectations. Since CENIT AG's business is subject to strong seasonal fluctuations, it is not possible to draw conclusions for the year as a whole from this result. Despite this positive development, it is still too early to raise expectations with regard to the end of the year.

Statement of income

	Q1/1998 Jan. 01. 1998 – Mar. 31. 1998 TDM	Q1/1997 Jan. 01. 1997 – Mar. 31. 1997 TDM	Change in absolute terms TDM	Change %
Sales revenues	20,562	13,369	7,193	54
Changes in inventories	847	1,028	-181	
Gross earnings	21,409	14,398	7,012	49
Materials purchased	11,475	8,904	2,571	29
Gross margin	9,935	5,494	4,441	81
Personnel costs	6,280	5,165	1,115	22
Personnel-related costs	1,280	961	319	33
Overheads	907	962	-55	-6
Flotation costs	236	0	236	
EBDIT	1,232	-1,594		
Depreciation	394	460	-66	
EBIT (operating earnings)	838	-2,054	2,892	
Financial earnings	110	183	-73	-40
Other operating revenue	13	103	-90	-87
Other no-recurring expenses/income	156	145	11	8
EBT (pre-tax earnings)	898	-1,989	2,886	
Trade, corporate taxes + sol. surtax	529	-1,172	1,701	
Interim earnings/After-tax earnings	369	-817	1,186	
Earnings according to DVFA	466			
Earnings per share according to DVFA	0.47*			

* DM per share

[3]

Notes to the balance sheet

At the end of the first quarter of 1998, the Company's balance sheet total was TDM 19,611. It declined appreciably as expected, due to seasonal factors. Year-end business for 1997 has been largely concluded which substantially contributes to reducing

Assets/TDM	as at Mar.31.1998	as at Dec.31.1997
Fixed assets	1,886	2,151
Current assets	1,735	888
Accounts receivable	14,958	20,862
Liquid assets	893	609
Deferred charges and prepaid expenses	139	150
	19,611	24,660

accounts receivable and payable. Subscribed capital was increased to TDM 3,500 through the carryover of earnings retained in 1997, through revenue reserves and through cash payments amounting to TDM 150.

Liabilities/TDM	as at Mar.31.1998	as at Dec.31.1997
Subscribed capital	3,500	1,000
Retained earnings	369	1,196
Revenue reserves	0	1,304
Accruals	2,874	2,493
Liabilities	12,869	18,667
	19,611	24,660

Statement of cash flow from Jan.01.1998 – Mar.31.1998/TDM

Profit for the quarter	369
Depreciation of fixed assets	394
Changes in accruals	381
Disposals of fixed assets	0
Changes in inventories	-847
Changes in accounts receivable for goods and services	5,369
Changes in other assets and deferred charges and prepaid expenses	546
Changes in payments received, in liabilities due to bills of exchange and in liabilities from accounts payable	-2,201
Changes in other liabilities and in prepaid and deferred items	-1,410
Cash flows from operating activities	2,600
Proceeds from the disposal of fixed assets	0
Payments for investments in fixed assets	-129
Outflows from investment activities	-129
Payments by shareholders	150
Payments to shareholders	0
Changes in liabilities to banks	-2,187
Proceeds from financial activities	-2,037
Changes in cash and cash equivalents effected by payments	434
Cash and cash equivalents at the beginning of the period	609
Cash and cash equivalents at the end of the period	1,043

[4]

Employees

At the end of the first quarter of 1998, CENIT employed 235 people (previous year first quarter: 186). Twenty-three new people have been taken on since the beginning of the year.

Despite the difficulties in obtaining qualified personnel in the IT industry, CENIT has already virtually managed to acquire the number envisaged for 1998. Thanks also to the support provided by the imminent flotation of the company, CENIT also succeeded in remaining a good employer to work for.

Absence through illness was very low. The introduction of a payment model orientated to the employee's performance and company earnings at the beginning of this year has been almost completed. CENIT's advanced personnel management concepts promote self-reliance, entrepreneurial thinking and commitment to work. This is supported by specific measures to develop human resources such as internal training courses and external seminars.

Stock market flotation

Apart from the development of business, the first quarter of 1998 was dominated by the planned flotation of the company on the stock market and its conversion into an AG (joint-stock corporation). All steps of the project were completed to schedule and brought to a successful conclusion.

Financial statements according to HGB

The results presented in this quarterly report were obtained in accordance with HGB (German Commercial Code) guidelines.

Companies quoted on the Neuer Markt are required to present a standard and transparent balance sheet in accordance with IAS. CENIT will comply with this in the course of the year. However, we do not expect compliance with this standard to result in any substantial changes in our figures.

[5]

OUTLOOK FOR 98

OUTLOOK FOR 98

In the tempestuously expanding market for information technology, CENIT will continue to extend its range of proven IT solutions and services as well as areas like Digital Mock-up (DMU) and Virtual Product Modelling (VPM) in the CAD/CAM/CAE segment. It will also provide newly designed products and services in systems and network management, as well as in the document management, workflow, and workgroup sectors. To this is added an appreciable increase in demand for consulting and support services in information technology and in pioneering high-end solutions which will exercise a positive influence on the expected course of business in the Professional Service sector. This trend will receive substantial support from on-going structural changes in industry and commerce which also will prompt enterprises to reduce their own IT resources.

After a promising start, the current fiscal year seems set to bring another marked increase in sales and – provided no unexpected setbacks occur – also a good development of earnings.

The development of sales in 1998 will be positively influenced, amongst other things, by rising demand for innovative IT consulting and

support services and by CENIT's investments in the training of its staff.

The preproduction expenses incurred in 1997 in the Product Data Management segment for the training of staff, and for innovative, pioneering projects in the Digital Mock-up (DMU) and Virtual Product Modelling (VPM) segments should pay for themselves in 1998.

In 1998, CENIT will anticipate the rapid development of the market with a further optimisation of internal administrative procedures and continue with the expansion of its position as an independent software and services provider.

Growth is therefore expected to be stronger in operating earnings than in sales in 1998.

With its innovative and pioneering concepts, CENIT is in a good position to face the challenges of the information technology market. The recent successful flotation of the company on the Neuer Markt of the Frankfurt stock exchange essentially serves to provide the sound basis for further growth in the coming years and to strengthen the equity base.