

2,240.00	235.15G	437.40
7.51bC	22.00G	26.35
45.90b	7.55bC	21.73
3.95G	44.60b	46.53
171.00bC	3.91G	5.01
114.10G	167.00bB	255.65
40.60b	114.10G	120.00
28.25b	41.50bB	91.01
63.00G	28.25G	44.99
121.00bC	63.00G	72.35
6.70b	121.00bC	125.27
28.80G	6.90b	23.42
--	28.80G	31.90
--	--	94.59
18.25b	18.30b	20.04
42.00B	39.50G	81.81
10.90b	10.95b	14.83
693.00b	693.50b	699.00
45.30b	47.10b	

Report on the first quarter of 2000

CENIT AG Systemhaus



The first quarter 2000 at a glance

	1 st Quarter of 2000	1 st Quarter of 1999
Sales revenue	14.41 mill. EUR	15.72 mill. EUR
Gross profit	10.10 mill. EUR	7.57 mill. EUR
Operating earnings (EBIT)	-0.79 mill. EUR	0.00 mill. EUR
After-tax earnings	-0.47 mill. EUR	0.06 mill. EUR
Earnings according to DVFA/SG	-0.47 mill. EUR	0.06 mill. EUR
Number of employees at the end of the period	470	342

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

CENIT AG Systemhaus

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– The financial statements for the first quarter to March 31, 2000
 were drawn up in accordance with the standards of the
 International Accounting Standards Committee (IASC) –

Dear Shareholders,

An enterprise must have vision: long-term success comes only to those who have an aim and pursue it single-mindedly. On the threshold to the next millennium, we have therefore formulated a new vision for CENIT AG Systemhaus: Worldwide, we want to be the motor driving the implementation of business processes with web-assisted technologies. In other words, we want to combine our comprehensive know-how in all our three business divisions with the enormous possibilities offered by the Internet. We shall then give our customers the competitive edge they need to keep them in the lead in the time to come. This is reflected in our new slogan, "Get the web advantage".

However its technological pioneering role is not the only factor contributing to the success of CENIT AG Systemhaus. With a clearly formulated globalisation strategy we shall be in the position to face the approaching internationalisation of markets. Our most recent acquisitions were quite decisive steps on our way to becoming a global player. After Germany, the UK and Switzerland, we now have a foothold in France too. Through the planned takeover in Canada and the USA, we shall be represented in north America as well. This will permit us to offer cross-border support to our customers with international operations. And the synergies which will be generated with our new subsidiaries will lastingly improve our market position.



The CENIT share price remained stable throughout the first quarter up to completion of the present report. While it did not follow the vigorous upswing of the first two months, it held its own very well when share prices plummeted recently. With a price/earnings ratio of 28 (basis 2000, deadline March 31, 2000) the CENIT share is quite favourably priced. This is also confirmed by analysts. Independent Research, for example, recommended "overweight", and HypoVereinsbank also rated CENIT as "above-average". BW Bank sees the CENIT as an attractive investment opportunity and forecasts a price target of EUR 50. We too are convinced that after the recent turbulence on the Neuer Markt the share price will rise again to a reasonable level.

Sincerely,

Falk Engelmann
Spokesman for the Board of Management

The development of business

In the first quarter of 2000, the business of CENIT AG Systemhaus developed in line with our expectations. Gross profit (sales less purchased goods and services) experienced a particularly steep increase. Thanks to a full utilisation of capacities in the service sector, it rose to EUR 10.1m (Q1 1999: EUR 7.6m). This significant parameter for the growth of the CENIT group thus rose by 33 per cent. Due to bottlenecks at the delivery end in the hardware sector, sales, at EUR 14.4m, are eight per cent lower than in the previous year (Q1 1999: EUR 15.7m). An enormous increase occurred in orders received by CENIT with twice the figure for the same period last year.

Development of earnings

As is typical for the development of CENIT AG Systemhaus' business, earnings in the first three months of the year developed at a muted pace. Operating earnings in the period under review amount to minus EUR 0.8m (Q1 1999: 0.0m). The decline compared with last year is attributable primarily to investments in our newly founded subsidiary in Switzerland, the setting up of our new branch in Berlin and non-recurring expenses for acquisitions.

Employees

With 439 employees in Germany, 20 in the UK and 11 in Switzerland, the size of our workforce rose to 470 for the group as a whole by reporting date (March 31 1999: 342). Through the acquisitions in the UK and France made after completion of the present report, CENIT will than employ over 650 people altogether.

Globalisation

In the first months of 2000, CENIT AG Systemhaus has taken some quite decisive steps towards becoming a global player. For example, we took over the IT and service enterprise Desktop Engineering Ltd. Oxford 100 per cent. Desktop, which has been operating on the UK market for over ten years now, ideally complements CENIT's activities in the UK. The company is concerned, amongst other things, with the application of web-based software tools for knowledge management. By the end of the year, about 60 employees will be working in the UK for CENIT, generating sales of about EUR 7m.

With the takeover of the French e-business company Spring Technologies S.A. CENIT plans to extend its competitive edge appreciably on the market for Internet infrastructure services. The Spring Technologies group, with head offices in Paris and branches in the most important French industrial centres - Lyon, Toulouse, Nantes and Sochaux - is extremely well positioned. With over 150 IT and web specialists, Spring generated sales of over EUR 15m in 1999. The Spring group is to make a marked positive contribution to the earnings of the CENIT group already in the current fiscal year.

CENIT's segments

The first integration of Intershop and FileNET Panagon worldwide

CENIT presented the integration of INTERSHOP and FileNET Panagon for the first time at the CeBIT 2000. This product, developed by our company, links the e-commerce software from INTERSHOP with the workflow and document management functionalities of FileNET Panagon - to date the only solution in the world to do so. This results in an effective combination connecting the electronic trading system directly with company-internal business processes to create an uninterrupted process chain. This is another facility which sets CENIT apart from its competitors in the e-business sector.

LBS consortium favours CENIT

A consortium consisting of the Landesbausparkassen (regional building societies) Saarbrücken, Hanover and Kiel (lead manager) has awarded an e-business contract to CENIT AG. In the course of this eight-month project, we shall introduce the mail-basket solution IDT developed by the Irish software company Phoenix Technology Group Ltd. In the first stage, 180 workplaces will be integrated. In a next step, the system will be made available to altogether 620 workplaces. Additionally, the call centres of the respective enterprises can be connected to the mail-basket solution.

Consolidated statement of income

	1 st quarter 2000 mill. EUR	1 st quarter 1999 mill. EUR	Change in absolute terms	Change %
1. Sales revenue	14.408	15.722	-1.314	-8.36
2. Other income / change in inventories	1.554	1.326	0.228	17.21
3. Gross earnings	15.962	17.047	-1.086	-6.37
4. Cost of materials	5.862	9.479	-3.616	-38.15
5. Gross profit	10.099	7.569	2.531	33.44
6. Personnel expenses	7.447	5.145	2.302	44.74
7. Depreciation on intangible and tangible assets	0.488	0.320	0.169	52.78
8. Other operating expenses	2.956	2.100	0.855	40.73
9. Operating earnings (EBIT)	-0.792	0.004	-0.796	
10. Net financial income	0.106	0.044	0.062	140.08
11. Earnings from ordinary business	-0.686	0.048	-0.734	
12. Extraordinary expenses	0.000	0.000	0.000	
13. Pre-tax earnings (EBT)	-0.686	0.048	-0.734	
14. Taxes	-0.213	-0.012	-0.201	
15. Net income for the quarter	-0.474	0.060	-0.533	

Consolidated balance sheet

	March 31, 2000	March 31, 1999
Assets		
Short-term assets		
Liquid assets	13.074 mill. EUR	9.684 mill. EUR
Securities and own shares	0.520 mill. EUR	0.409 mill. EUR
Accounts receivable	15.735 mill. EUR	15.076 mill. EUR
Inventories	2.826 mill. EUR	4.806 mill. EUR
	32.155 mill. EUR	29.976 mill. EUR
Long-term assets		
Fixed assets	3.442 mill. EUR	2.622 mill. EUR
Intangible assets	0.199 mill. EUR	0.134 mill. EUR
Deferred tax assets	0.920 mill. EUR	0.000 mill. EUR
Financial assets	0.000 mill. EUR	0.000 mill. EUR
	4.561 mill. EUR	2.756 mill. EUR
	36.716 mill. EUR	32.731 mill. EUR
Liabilities		
Short-term borrowings		
Provisions	3.439 mill. EUR	1.884 mill. EUR
Special item with reserve portion	0.000 mill. EUR	0.007 mill. EUR
Convertible bonds	0.094 mill. EUR	0.000 mill. EUR
Accounts payable for goods and services and other liabilities	5.332 mill. EUR	3.054 mill. EUR
Liabilities to banks	1.853 mill. EUR	4.530 mill. EUR
	10.719 mill. EUR	9.475 mill. EUR
Long-term liabilities	0.671 mill. EUR	0.767 mill. EUR
Stockholders' equity		
Subscribed capital	4.000 mill. EUR	2.556 mill. EUR
Capital reserve	16.963 mill. EUR	19.859 mill. EUR
Currency reserve	0.021 mill. EUR	0.014 mill. EUR
Revenue reserve	4.780 mill. EUR	0.000 mill. EUR
Net income for the year	-0.451 mill. EUR	0.060 mill. EUR
Convertible bonds	0.014 mill. EUR	0.000 mill. EUR
	25.327 mill. EUR	22.490 mill. EUR
	36.716 mill. EUR	32.731 mill. EUR

Cash flow statement from January 1, 2000 to March 31 2000

Net profit for the period, after taxes	-0.451 mill. EUR
Depreciation on assets	-0.488 mill. EUR
Changes in provisions	-0.169 mill. EUR
Disposal of fixed assets	0.000 mill. EUR
Changes in inventories	-1.252 mill. EUR
Changes in accounts receivable for goods and services and other assets	4.844 mill. EUR
Changes in payments received, Bills payable and liabilities on accounts payable for goods and services and other liabilities	-0.766 mill. EUR
Inflow of funds from current business activities	2.693 mill. EUR
Disbursements for investments in fixed assets	-0.705 mill. EUR
Outflow of funds for investments	-0.705 mill. EUR
Securities and own shares	-0.520 mill. EUR
Changes in liabilities to banks	-3.923 mill. EUR
Transfers to currency reserves	0.013 mill. EUR
Dividends to shareholders	0.000 mill. EUR
Inflow of funds from financing activities	-4.430 mill. EUR
Changes in financial resources effecting payments	-2.442 mill. EUR
Financial resources at the beginning of the period	15.517 mill. EUR
Financial resources at the end of the period	13.074 mill. EUR

The contracts relating to the hundred per cent takeover of L&H Consultants Inc., Montreal (Canada) are to be signed probably at the end of May. L&H, a company that has been active on the market for over ten years, is considered one of the leading providers of engineering solutions in North America. With a workforce of about 160 people, the company generated sales of EUR 11m in 1999. Besides its main offices in Montreal, there are branches in Toronto, Charlotte, Detroit and Mexico City. Its international clientele includes well-known companies like Boeing, Bombardier, DaimlerChrysler, Honda, Ferrari and Hyundai.

This acquisition is the essential component in our globalisation strategy and gives CENIT access to the most important IT market in the world. Moreover, our portfolio will be expanded through the addition of L&H products such as web-based software tools for optimising development processes. CENIT's European companies will soon benefit from the know-how lead of this American company.

We also expect business in Switzerland to get off to a speedy start. CENIT has already received its first major e-business order there. By the end of the year we are to implement a web-based content management project with FileNet products for the Coop Schweiz group with about 6000 users.

A revised plan for the year 2000 taking our acquisitions into account will be ready by mid-year.