

itelligence AG

Fiscal year 2004: Turnaround complete

Positive outlook for sales and earnings growth in 2005

Bielefeld, March 23, 2005 – The final results for 2004 published by itelligence AG, the leading international IT full-service provider in the SAP environment, confirm the success of restructuring measures implemented by the company in the past fiscal year. A net profit for the period of EUR +3.4 million after a loss of EUR -9.8 million in 2003 shows that a turnaround has clearly been effected. Earnings per share improved by EUR 0.75 from EUR -0.59 to EUR 0.16. The operating result (EBIT) improved from EUR -3.7 million to EUR +5.9 million in the 2004 fiscal year. The EBIT margin was 4.5 percent (previous year: -2.5 percent).

Herbert Vogel, Chairman of the Management Board of itelligence AG said: “The long-term nature of this positive development is illustrated by the fact we have achieved a positive result in five consecutive quarters. The fast-growing Outsourcing & Services division contributed 27 percent of total sales in 2004, and in the next few years we expect to see significant growth rates continuing in this profitable segment.”

As a result of this measures package and the deliberate concentration on the earnings side, itelligence generated sales of EUR 131.0 million in 2004 compared to EUR 145.6 million the previous year. German business contributed around 49.5 percent of these sales (previous year: 49.4 percent), the Rest of Europe approximately 24.5 percent (previous year: 25.8 percent) and America 26.0 percent (previous year: 24.8 percent). By division, Outsourcing & Services generated a share of 27.0 percent (previous year: 21.5 percent). The Licenses segment generated 12.8 percent (previous year: 11.0 percent), and consultancy sales, with 59.6 percent, once again contributed the largest share (previous year: 67.1 percent).

The clearly improved financial base is another significant factor behind itelligence's positive business performance. In particular, a capital increase and the issue of a convertible bond gave the Company significantly greater room to maneuver. As of December 31, 2004, the equity ratio was 33 percent, compared to 18 percent at the previous reporting date. Jörg Vandreier, CFO of itelligence said: “Our free cash flow development, which was EUR 3 million in 2004, was especially pleasing.

Cash and cash equivalents of EUR 15.5 million at the end of the past fiscal year provide us with a solid base on which to systematically expand business operations.”

Fiscal year 2005

In the current fiscal year, itelligence will continue to concentrate on the classical and upper mid-market customer segment. This will allow itelligence to constantly improve its market position through its traditional close cooperation with SAP, while retaining the ability to create industry- and customer-specific solutions.

Under these general conditions, the Management Board confirms the expectations for the fiscal year 2005 issued in November 2003. We are assuming organic growth in sales of between 5 and 8 percent compared to fiscal year 2004, which will result in the acquisition of additional market share. Sales are therefore expected to be between EUR 138 and 142 million. We are also planning to increase the EBIT margin by a further 1.5 to 2.5 percentage points compared to 2004, with the result that the EBIT margin is expected to be between +6.0 percent and +7.0 percent for fiscal year 2005.

Short profile of itelligence AG:

itelligence AG is a leading international full-service provider for solutions in the SAP environment employing some 950 highly qualified employees in 15 countries in 4 regions (America, Western Europe, Germany/Austria, Eastern Europe). As an SAP Business, Service and Support Alliance as well as Global Partner Hosting and Global Services Partner, itelligence realizes complex projects in the SAP environment for over 1,200 customers worldwide. The company's services range from SAP consulting and licensing to outsourcing & services to proprietary industry-specific SAP solutions. In 2004, itelligence AG generated total sales of EUR 131.0 million (ISIN DE 000 730 040 2).

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