

- **Result for H1 2003 marked by moderate business development**
- **Consistent implementation of the restructuring project**

Frankfurt, August 7, 2003 – In the second quarter of 2003, the results of itelligence AG, a leading full service provider for SAP, continued to reflect the current spending restraint in Europe. itelligence has identified the first signs of a pick-up in market activity in the USA. Nevertheless, the company was unable to isolate itself from the general weakness of the economy. At EUR 37.7 million, total Q2 sales were down approx. 2 percent on the previous quarter (EUR 38.6 million). First-half sales totalled EUR 76.3 million (2002: EUR 86.6 million). Adjusted for exchange rate differences, sales declined by 7.7 percent.

Licence sales developed positively in the first six months of the year, rising 6.6 percent to EUR 8.1 million (H1 2002: EUR 7.6 million). At EUR 14.4 million, sales in the Outsourcing & Services segment almost reached the previous year's EUR 14.6 million. Adjusted for exchange rate differences, sales increased by 1.4 percent. The weak economy primarily affected the company's consulting activities in Germany as well as Western and Southern Europe. At EUR 53.2 million, total consulting revenues were down approx. 16 percent on the previous year (EUR 63.2 million) in the first half of 2003. The 21 percent sales increase reported in the USA confirms that itelligence clearly turned around in the first half of the year thanks to the pick-up in market activity and its more efficient structures.

The interim targets of the announced restructuring program were reached in the course of the first six months. The entire organization and structure was reviewed for its efficiency, with adjustments implemented at short notice. The staff reductions already initiated will result in annual cost savings of approx. EUR 14.8 million and will take full effect in 2004. Most staff reductions will be implemented at the foreign locations. At the same time, operating expenses were reduced further.

Thanks to optimized debtor management, the DSO figure (Day Sales Outstanding) was reduced by roughly 10 days to 72 days as compared to the same period of the previous year. Further measures aiming at a significant improvement of the equity and cash situation have been pushed ahead intensely.

First-half earnings were impacted by the restructuring expenses and reduced capacity utilization in the Consulting segment resulting from weak economy. The Group reported earnings before interest and taxes (EBIT) of minus EUR 5.3 million (H1 2002: EUR 0.5 million). This figure includes EUR 2.7 million in restructuring expenses. Earnings to US-GAAP stood at a negative EUR 6.8 million, compared to a negative EUR 1.2 million in the same period of the previous year. Cash flow improved moderately in the first six months from a negative EUR 2.6 million (June 30, 2002) to a negative EUR 2.5 million (June 30, 2003). The negative operating cash flow of EUR 2.8 million includes the restructuring expenses; adjusted for these expenses, itelligence reported an almost balanced operating cash flow.

itelligence AG assumes that the IT-related markets will stabilize in the second half of 2003. The Managing Board expects to see a sustainable improvement in economic activity in the first six months of 2004.

In view of the profitability-enhancing and structural optimization measures initiated since the beginning of the year, the Managing Board feels that itelligence AG will be much better positioned for 2004. The Managing Board expects sales between EUR 140 and 145 million and an EBITA margin of between minus 4 percent and minus 6 percent for the full year 2003.

**itelligence AG is a leading international full-service provider for SAP employing some 1,300 highly qualified employees at 42 branches in 19 countries. As a mySAP.com Channel, Service and Support Alliance as well as Hosting Partner 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 and services to proprietary industry-specific SAP solutions and individual software solutions. In 2002, itelligence AG generated total sales of EUR 168.5 million (ISIN DE 000 730 040 2).**

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