

First half of 2002

- **Clearly improved results: EBITDA of EUR 2.7 million**
- **Positive cash flow from operating activities of EUR 2.6 million**
- **At EUR 86.6 million, sales remained below expectations**
- **Outlook for 2002: earnings forecast confirmed; sales to reach previous year's level**

Frankfurt, August 21, 2002 - In the first half of 2002, itelligence AG, a leading international full-service provider for SAP, continued the positive trend of the first quarter and reached its target by clearly improving its profitability.

As a result of the positive business development and successfully implemented cost-cutting measures, earnings improved significantly on the same period of the previous year. After a negative EUR 0.8 million in the first half of 2001, the Group reported earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 2.7 million for the first half of 2002. The operating result (EBIT) climbed to a positive EUR 0.5 million in the first six months of 2002, compared to a negative EUR 4.6 million in the same period of the previous year. In the previous half year, earnings before interest and taxes were affected by linear goodwill amortization of EUR 1.6 million. Goodwill amortization for 2002 will be taken into account in the third quarter, if necessary ("impairment test"). The liquidity situation also improved noticeably compared to the first half of 2002. The company's cash flow from operating activities surged to a positive EUR 2.6 million (first half of 2001: EUR -8.3 million). Total cash flow climbed from a negative EUR 12.7 million as per June 30, 2001 to a positive EUR 0.6 million as per June 30, 2002.

Sales declined slightly in the first six months of the year. At EUR 86.6 million, first half sales were down 1 percent on the previous year (first half of 2001: EUR 87.4 million). In addition to unexpectedly high monetary influences (increase in the Euro exchange rate against the US Dollar, Brazilian Real and Polish Zloty), this decline was due to lower sales in the Individual IT Consulting unit and the continued weak economic development in Europe and the USA. After a very weak first quarter, US business recovered only slightly in the second quarter. In the first half of the year, US sales accounted for 17 percent of total sales.

European foreign sales contributed 28 percent to total sales and were up 10 percent on the first half of the previous year. Overall, foreign sales accounted for 45 percent of total sales.

Licence business developed favourably in the second quarter of 2002. Especially in Germany, itelligence won numerous new licence contracts. At EUR 7.6 million, licence sales exceeded the previous year's level and climbed back to the level reported in the first half of 2000 (first half of 2000: EUR 7.7 million; first half of 2001: EUR 6.5 million). The Outsourcing & Services unit continued to generate above-average growth rates, with sales increasing by 54 percent to EUR 14.6 million in the first six months of 2002. With sales of EUR 63.2 million in the period, the Consulting unit again made the main contribution to itelligence's sales (first half of 2001: EUR 70.6 million). The decline in sales was primarily attributable to a considerable reduction of the headcount in the Individual IT Consulting unit and to the weak US business.

All in all, itelligence consolidated its position as a leading full-service provider for SAP solutions and one of SAP AG's most successful international partners serving mid-size companies in the first half of 2002. In this period, itelligence recorded an above-average number of new customers and follow-up orders. In Germany alone, the company won 17 new customers in the first six months of 2002. "This made us stand out from the negative development of the IT market and, in my opinion, confirms the success of the structural changes we made within our Group," said Board Chairman, Herbert Vogel. "While sales growth remained below our original expectations, we achieved the targeted positive result. By focusing on our core business segments, cost-cutting measures and higher utilization in the Consulting unit, we expect to realize a clearly more positive result going forward." In view of the continued difficult IT market environment, the Managing Board of itelligence reduced its sales forecast for the full year and now expects 2002 sales to reach the previous year's level. The earnings forecasts for 2002 - positive EBIT and an EBITDA margin of approx. 5 percent - published at the beginning of the year were confirmed by the Managing Board.

itelligence AG is a leading international full-service provider for SAP employing some 1,450 highly qualified employees at 45 branches in 18 countries. As a mySAP.com Channel, Alliance and Hosting Partner, itelligence realizes complex projects in the SAP environment for over 750 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 technologies. In 2001, itelligence AG generated total sales of EUR 182.9 million (ISIN DE 000 730 040 2).

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