



Overland Data Posts Record Revenues for Fiscal 1998 Fourth Quarter

August 6, 1998

SAN DIEGO, California - August 6, 1998 - Overland Data, Inc. (NASDAQ/NMS:OVRL) today reported that revenues for its fourth fiscal quarter ended June 30, 1998 grew 48% to a record level and that net income grew by 42%. Revenues for the quarter totaled \$24.4 million compared to \$16.5 million in the same period of the prior year. Net income was \$1,325,000, or \$.12 per share, compared to \$935,000, or \$.08 per share, in the prior year.

For the fiscal year ended June 30, 1998, revenues of \$75.2 million were up 27% from \$59.1 million in fiscal 1997. Net income for the year was \$2.8 million, or \$.25 per share, compared to \$3.1 million, or \$.33 per share, in fiscal 1997.

The Company attributed the revenue growth primarily to strong demand from its OEM customers. Sales of its DLT-based LibraryXpress family of products grew by 87% compared to the prior year quarter and sales of its 36-track products almost doubled. The gains were partially offset by declines in sales of the Company's more mature 18-track and 9-track product lines, which together comprised only 6% of revenues for the quarter. The Company also noted that backlog at the end of the quarter was very strong heading into a historically low seasonal first quarter.

Although the Company's gross margin for the quarter was down compared to the prior year because of the strong OEM sales mix, operating expenses fell from 26.1% of sales to 21.8%. The resulting operating income for the quarter was double that of the prior year. Interest income was down because of lower cash balances, and a small foreign currency loss was reported in the current quarter compared to a gain in the prior year quarter.

Commenting on the results, Scott McClendon, Overland's President & CEO, stated: "We are pleased with the strength of our recent performance and are optimistic about our prospects for a strong first quarter in fiscal 1999. Our past investments to engineer quality products which meet the high expectations of OEM customers, and our sales efforts to foster strong OEM relationships appear to be paying off. Our major OEM customers continue to show confidence in our products and their order rates are very strong. We are working hard now to capitalize on this strength by expanding our presence in the commercial distribution channel and generating increasing demand through storage VARs and resellers. This is important to balance the effects of lower gross margins which result from our strong OEM business. Although we are spending some incremental sales and marketing dollars to achieve increased channel presence, I am generally pleased with our expense control. General and administrative expenses declined compared to the immediately preceding quarter, and we continue to closely manage spending. Our R&D efforts are focused on new products, including our joint development with Tandberg Data to implement Overland's VR² technology on Tandberg's line of SLR and MLR tape drives. This project is on track for a delivery to the market by Tandberg in the first calendar quarter of 1999."

Overland is a global supplier of storage automation solutions and related technologies designed to meet and surpass the critical requirements of high-availability network computing environments, from entry level to the enterprise. The Company is a recognized leader in technology innovation and product reliability. Its award-winning products meet the critical needs of end users, distributors and OEMs in industries worldwide.

-- Table Follows --

Click here to view the [results table](#)

Except for the factual statements made herein, the information contained in this press release consists of forward looking statements that involve risks, uncertainties and assumptions that are difficult to predict. Words and expressions reflecting optimism and satisfaction with current prospects, as well as words such as "believe," "intends," "expects," "plans," "anticipates," and variations thereof, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Such forward-looking statements are not guarantees of performance, and the Company's actual results could differ materially from those contained in such statements. Factors that could cause or contribute to such differences include unexpected shortages of critical components, rescheduling or

cancellation of customer orders, the timing and market acceptance of new product introductions by the Company and its competitors, general competition and price pressures in the marketplace, and the Company's ability to control costs and expenses. Reference is also made to other factors set forth in the Company's filings with the Securities and Exchange Commission including the "Risk Factors", "Management's Discussion and Analysis" and other sections of the Company's Form 10-K for the most recently completed fiscal year. These forward-looking statements speak only as of the date of this release, and the Company undertakes no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this release.

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