



Overland Data Reports Fiscal 1998 Third Quarter Results

April 16, 1998

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SAN DIEGO, California — Overland Data, Inc. (NASDAQ/NMS: OVRL) today reported results for its third fiscal quarter ended March 31, 1998. Revenues for the quarter increased 21% to a record level of \$18.7 million compared to \$15.4 million in the same period of the prior year. Net income was \$501,000, or \$.05 per share, compared to \$797,000, or \$.09 per share (mainly on pre-IPO shares), in the prior year.

For the nine months ended March 31, 1998, revenues of \$50.7 million were up 19% from \$42.6 million in the same period of the prior year. Net income for the nine months amounted to \$1.5 million, or \$.13 per share, compared to \$2.2 million, or \$.25 per share, in the prior year.

The Company reported strong sales to its OEM customers of both its award-winning DLT-based LibraryXpress products and its 36-track products. Continuing the trend of last quarter, sales of LibraryXpress were up significantly over both the same quarter of the prior year and the immediately preceding quarter. Demand for units incorporating Quantum's newest DLT7000 drive was very strong. These gains were somewhat offset by declines in the Company's more mature 18-track and 9-track product lines, which now comprise less than 10% of revenues.

The reduced profitability compared to the prior year was caused by a decline in gross margins due to a higher level of sales to OEM's and distributors, as well as increased expense levels. The Company noted that expenses over the last year have risen as a result of investments in people, systems and infrastructure, and that the largest percentage increase has been in the area of marketing, where expenditures have almost doubled year-over-year. Additionally, administrative expenses in the current quarter were higher due to legal fees related to patent and licensing issues for the Company's new VR²™ technology. These investments are beginning to produce results such as the recently announced customer relationship with Bell Microproducts and the cross-licensing agreement with Tandberg Data. Given the shift in the Company's customer profile and the competitiveness of the marketplace, lower than historical gross margins are expected to continue and the Company is presently working to curtail expense dollar growth.

Commenting on the results, Scott McClendon, Overland's President & CEO, stated: "We are extremely pleased with the strong growth in sales of our LibraryXpress product line, and have now passed the shipment of our 5,000th unit. The LoaderXpress, which we introduced last quarter, is being well received in the marketplace and we hope it will prove to be a significant contributor to revenues in coming quarters. Future quarters are expected to benefit from our new relationship with Bell Microproducts, and we are working to sign other commercial distributors for Overland's products. The announcement at the end of the quarter of our cross-licensing agreement with Tandberg Data validates our VR²™ technology. Tandberg is one of only two companies who have successfully implemented track-following servo technology on linear tape and was our first choice for a VR²™ implementation. The agreement will bring a new line of products to Overland in the form of Tandberg's SLR* and MLR* tape drives, and will position us well in the automation market for the SLR and MLR technologies. Our focus in coming quarters will be to deliver on these new opportunities while controlling our expense levels to maximize our operating profits."

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.

OVERLAND DATA, INC. CONSOLIDATED STATEMENTS OF OPERATION (Unaudited)

(In thousands, except per share data)

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>March 31</i>		<i>March 31</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
Net sales	\$ 18,659	\$ 15,404	\$ 50,728	\$ 42,637
Cost of goods sold	13,190	10,167	34,895	27,588
Gross profit	5,469	5,237	15,833	15,049
Operating expenses:				
Sales and marketing	2,241	1,738	6,544	5,296

Research and development	1,060	993	2,963	3,088
General and administrative	1,653	1,189	4,721	2,938
Total expenses	4,954	3,920	14,228	11,322
Operating income	515	1,317	1,605	3,727
Other income (expense), net	293	12	761	(117)
Income before income taxes	808	1,329	2,366	3,610
Income taxes	307	532	899	1,445
Net income	\$ 501	\$ 797	\$ 1,467	\$ 2,165
Earnings per share				
Basic	\$ 0.05	\$ 0.11	\$ 0.14	\$ 0.37
Diluted	\$ 0.05	\$ 0.09	\$ 0.13	\$ 0.25
Shares used in computing earnings per share:				
Basic	10,542	7,457	10,512	5,927
Diluted	10,990	9,359	10,987	8,615

Except for the factual statements made herein, the information contained in this press release consists of forward looking statements that involve risks and uncertainties. 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, and general competition and price pressures in the marketplace. 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.

* DLT is a claimed trademark of Quantum Corp. worldwide. Tandberg SLR and Tandberg MLR are trademarks of Tandberg Data. All other products are trademarks or registered trademarks of their respective companies.

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