



Overland Data Reports 19% Increase in Revenues and 40% Increase in Earnings Per Share for Fiscal 1999 Third Quarter

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Business Editors

SAN DIEGO--(BUSINESS WIRE)--April 15, 1999--Overland Data Inc. (NASDAQ/NMS:OVRL) Thursday reported that revenues for its third fiscal quarter ended March 31, 1999, grew 19% to \$22.3 million, compared with \$18.7 million in the same period of the prior year.

Net income for the quarter amounted to \$736,000, compared with \$501,000 in the prior year, and on a per share basis amounted to \$0.07, a 40% increase from \$0.05 in the prior year.

For the nine months ended March 31, 1999, revenues of \$70.9 million were up 40% from \$50.7 million in the same period of the prior year. Net income for the nine months amounted to \$3.4 million, or \$0.32 per share, compared with \$1.5 million, or \$0.13 per share, in the prior year, a 146% increase in earnings per share.

The company's sales growth during the quarter was the result of continued strength of its flagship DLT-based LibraryXpress family of products, which posted a 40% gain over the prior year's quarter. Results included initial shipments of the newest member of the product family, the MinilibraryXpress.

The company also noted that a second successive quarter of record sales was posted by its European operations, where revenues grew by 34% over the prior year. As expected, sales of the company's more mature products declined in comparison to the prior year, due principally to a 45% decline in sales of its 9-track reel-to-reel products. For the first time the company recognized royalty revenues related to the licensing of its VR2 tape-encoding technology.

Excluding royalties, the company's gross margin for the quarter of 28.6% was relatively flat, compared with 29.3% in the same quarter of the prior year. Although operating expenses rose 12.1%, compared with the prior-year quarter, due to the company's increased sales and marketing efforts, total expenses fell from 26.6% of sales in the prior year to 25.2% in the current quarter.

Scott McClendon, Overland's president and chief executive officer, commented: "We are pleased with our third-quarter results, given that all of our OEM customers have calendar fiscal years and we anticipated that sales this quarter would be down from last quarter on a sequential basis.

"Sales of our LibraryXpress products reached another new quarterly sales record, driven by strong sales to our OEM customers both domestically and in Europe. We expect that our strong OEM relationships will yield even more opportunities for Overland in the future.

"Although we are seeing progress in our efforts to expand sales of our branded product in the commercial distribution channel, the victories are hard won. However, we are optimistic and are pleased with the initial market acceptance of our new MinilibraryXpress, which we announced on Feb. 1 and are now shipping in volume.

"We also are pleased," added McClendon, "that for the first time this quarter, we recognized a small amount of revenue related to our VR2 tape-encoding technology. We now have two licensees consisting of Tandberg Data ASA (OSLO:TAD) and Imation Corp. (NYSE:IMN), together with its authorized manufacturers, who will be coming out later this year with tape-drive products incorporating VR2.

"We hope that these products will be successful and that Overland's income from royalties and chip sales will be a nice contributor to our bottom line. We have stepped up our research and development efforts and are investigating new technology opportunities to enable us to capitalize on and complement our strong competencies in robotics and DLTape.

"We also hope to announce shortly a new product based on the Web-TLC(tm) software technology that we introduced on Jan. 6, which enables platform-independent remote operation and management of our automated tape libraries from anywhere in the world over the Internet via a standard Web browser."

Finally, McClendon stated: "Overall, we are excited about the many opportunities that lie before us. Based on our progress and results for the nine months to date, we expect to report a record year in terms of both revenue and net income.

"However, because we had such a strong fourth quarter last year, and this year must overcome declines in our more mature products, it may be difficult to exceed those results in the fourth quarter this year."

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.

Except for the factual statements made herein, the information contained in this news 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, loss of a major customer, 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.

OVERLAND DATA INC.
CONSOLIDATED STATEMENTS OF OPERATION
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	1999	1998	1999	1998
Net sales:				
Product sales	\$ 22,048	\$ 18,659	\$ 70,660	\$ 50,728
Royalties	215	--	215	--
Total net sales	22,263	18,659	70,875	50,728
Cost of goods sold	15,741	13,190	49,624	34,895
Gross profit	6,522	5,469	21,251	15,833
Operating expenses:				
Sales and marketing	2,966	2,241	8,769	6,544
Research and development	1,305	1,060	3,892	2,963
General and administrative	1,282	1,653	3,811	4,721
Total expenses	5,553	4,954	16,472	14,228
Operating income	969	515	4,779	1,605
Interest income, net	188	247	645	710
Other income, net	56	46	168	51
Income before income taxes	1,213	808	5,592	2,366
Income taxes	477	307	2,193	899
Net income	\$ 736	\$ 501	\$ 3,399	\$ 1,467
Earnings per share:				
Basic	\$ 0.07	\$ 0.05	\$ 0.33	\$ 0.14
Fully diluted	\$ 0.07	\$ 0.05	\$ 0.32	\$ 0.13
Shares used in computing earnings per share:				
Basic	10,100	10,542	10,291	10,512
Fully diluted	10,711	10,990	10,547	10,987

OVERLAND DATA INC.
SELECTED BALANCE SHEET INFORMATION
(In thousands)

	March 31, 1999	June 30, 1998
	(unaudited)	
ASSETS		
Cash and equivalents	\$ 16,465	\$ 15,550
Accounts receivable, net	15,384	15,683
Inventories, net	14,475	16,077
Other current assets	2,762	2,431
Total current assets	49,086	49,741
Property, plant and equipment, net	4,051	4,207
Other assets	43	48
Total assets	\$ 53,180	\$ 53,996
LIABILITIES & EQUITY		

Current liabilities	\$ 7,896	\$ 10,243
Long-term debt	--	--
Other liabilities	761	385
Shareholders' equity	44,523	43,368
Total liabilities and equity	\$ 53,180	\$ 53,996

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KEYWORD: CALIFORNIA

INDUSTRY KEYWORD: COMPUTERS/ELECTRONICS COMED EARNINGS