



Overland Data Reports Record Revenue for Fourth Quarter and Fiscal Year 2000; Net Income Impacted by Acquired Tecmar Products

August 8, 2000

SAN DIEGO--(BUSINESS WIRE)--Aug. 8, 2000--Overland Data Inc. (NASDAQ/NMS:OVRL) today reported record revenue for the fourth quarter and fiscal year ended June 30, 2000, up 79% and 33%, respectively, over last year, due largely to continued strong OEM demand for the company's core DLT-based LibraryXpress(TM) product line.

Net income for the fourth quarter and fiscal year 2000, were significantly impacted, however, by losses at Overland's Tecmar subsidiary, and by charges related to the company's decision to discontinue the Tecmar line of Ditto(TM) products for the desktop tape backup market.

For the fourth quarter of fiscal year 2000, Overland reported revenue of \$38.3 million, compared with \$21.4 million in the fourth quarter of the prior fiscal year.

After a \$1.0 million, or \$0.10 per share after-tax charge for discontinued Ditto inventory, net income for the fourth quarter of fiscal year 2000 totaled \$258,000, or \$0.02 per share, compared with \$583,000, or \$0.05 per share, in the fourth quarter of fiscal year 1999.

Without the write down of Ditto inventory, Overland would have reported net income of \$0.12 per share for the fourth quarter of 2000. Also included in net income for the fourth quarter of fiscal year 2000 net income was an operating loss, excluding the Ditto write down, of approximately \$900,000, or \$0.08 per share, attributable to the Tecmar subsidiary.

Revenue for fiscal year 2000 increased to \$123.0 million, up from revenue of \$92.2 million in fiscal year 1999. Net income for fiscal year 2000 totaled \$2.1 million, or \$0.19 per share, compared with \$4.0 million, or \$0.37 per share, in fiscal year 1999.

In addition to the \$0.10 per share after tax Ditto inventory charge recorded in the fourth quarter, fiscal year 2000 net income was adversely affected by an operating loss from Tecmar of \$0.10 per share.

Overland attributed the revenue growth in the fourth quarter and fiscal year 2000 primarily to strong sales of its DLT-based LibraryXpress family of products, particularly to OEM customers.

Sales of DLT-based products to Compaq during the fourth quarter of fiscal year 2000 grew by 410% over the fourth quarter of the prior fiscal year, and Compaq sales for all of fiscal year 2000 grew by 223% over the prior fiscal year.

Losses at Overland's Tecmar subsidiary resulted from lower-than-expected revenues and margins, coupled with planned R&D investments in next-generation storage products for the small business market.

Overland elected to discontinue the Ditto line because of reduced sales and profitability, as well as the company's strategy to focus on the entry-level server market rather than the desktop backup market.

Overland will continue to honor existing Ditto product warranties through a swap-out program, and will offer online Ditto technical support through the Tecmar Web site. Ditto media will continue to be available from a number of alternative sources.

In a related action, to stem further losses at Tecmar, Overland is downsizing the Colorado-based subsidiary by consolidating certain functions into its San Diego facility. The remaining Colorado operation will consist primarily of an engineering team which will continue development of small business products and serve as an integral part of the San Diego R&D group.

While the consolidation is expected to generate approximately \$1.1 million in annualized cost savings, it will result in additional charges for salaries, severance and relocation costs of approximately \$300,000 in the first quarter of fiscal year 2001.

The combination of the Ditto inventory charge included in cost of goods sold, and a break-even gross margin at the Tecmar subsidiary, resulted in an erosion of the company's consolidated fourth quarter gross margin to 22% compared with 31% in the same quarter of the prior fiscal year, and 25% for the full fiscal year 2000 vs. 30% in fiscal year 1999.

Without the inventory charge, the gross margin would have been 27% in the fourth quarter of fiscal year 2000 and 26% for the full fiscal year. Total operating expenses were reduced to 21% of sales for the fourth quarter of fiscal year 2000 as compared with 27% for the same quarter of the prior fiscal year, and to 23% of sales for the full fiscal year 2000, compared with 24% for the prior fiscal year.

"We are pleased with our record sales performance in fiscal year 2000, and with the continued success of our DLT-based LibraryXpress products," stated Scott McClendon, president and CEO of Overland.

"And, despite the loss at Tecmar, we also are pleased with the progress we made over the year in executing our strategy for value creation by entering new markets and by expanding our product offerings to include other storage technology platforms such as AIT, DLT1, SLR, and shortly SDLT and LTO.

"While we are disappointed with and have taken steps to address the performance of our Tecmar subsidiary," added McClendon, "we remain committed to our strategy of developing and introducing new products aimed at the small business market.

"We plan to continue to pursue that strategy by marketing Travan and VR2(TM)-enhanced Travan products through OEM customers, by marketing Overland branded WangDAT(R) and Travan products through our distributor and VAR channels, and by introducing and marketing new products such as our DLT1 tape solutions and our new AIT-based LibraryPro(TM).

"We are in talks presently with multiple OEMs on potential Travan-based products. In that regard, we are pleased to report that Fujitsu has completed qualification testing of Overland's new, enhanced reliability, Travan-based EDT20 tape drive, and anticipate initial shipments of the drives to Fujitsu this quarter.

"In addition to our core DLT-based products and our Travan-based initiative addressing the small business market," stated McClendon, "Overland also took steps in fiscal year 2000 to address the higher-end enterprise market with new products such as the scalable EnterpriseXpress family and our SANPiper(TM) SCSI-to-fibre channel bridge for storage area networks.

"During the year, we also launched our new B2B e-commerce strategy to deliver end-to-end supply, service and sales functions via the Web to our resellers and customers worldwide."

Concluded McClendon: "Based on the current strength of orders from Compaq and other OEM customers, as well as the extension of our product and technology offerings to address additional new market opportunities, we are optimistic about the outlook for fiscal year 2001 and anticipate the achievement of another record year."

About Overland

Overland Data is a global supplier of innovative data storage and storage automation solutions for computer networks. The company's award-winning DLT LibraryXpress(TM) SmartScale Storage(R) architecture has set new standards for intelligent automated storage and scalability and established Overland as a leader in the midrange tape storage market.

Today, Overland is broadening its product line and technology offerings to address additional segments of the storage market, including the entry-level small-business market as well as the higher-end enterprise environment.

Overland's patented Variable Rate Randomizer (VR2) data encoding technology, capable of substantially increasing the capacity and throughput of linear tape formats, is being applied by the company to Travan tape drives, and has been licensed to Storage Technology, Seagate Technology, Tandberg Data and Imation Corp. for inclusion in next-generation tape drives.

Overland products, acclaimed for their quality and reliability, are sold worldwide through leading OEMs, including Compaq, IBM, Fujitsu Siemens Computers and Groupe Bull, and commercial distributors such as Ingram Micro, Tech Data Corp. and Bell Microproducts, as well as storage integrators and value-added resellers.

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, the company's ability to control costs and expenses, as well as its ability to execute successfully its B2B Internet initiative and to successfully develop and market its next-generation Travan-based products. 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. 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. -0-

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OVERLAND DATA, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2000	1999	2000	1999
	(Unaudited)			
Net sales	\$ 38,311	\$ 21,352	\$122,979	\$ 92,227
Cost of goods sold	29,835	14,712	92,460	64,336
Gross profit	8,476	6,640	30,519	27,891
Operating expenses:				
Sales and marketing	4,309	3,056	14,272	11,825
Research and development	1,981	1,481	7,253	5,373
General and administrative	1,719	1,268	6,183	5,079
Total expenses	8,009	5,805	27,708	22,277
Operating income	467	835	2,811	5,614
Interest income, net	169	165	714	810

Other income (expense), net	(210)	(11)	(109)	157
Income before income taxes	426	989	3,416	6,581
Income taxes	168	406	1,349	2,599
Net income	\$ 258	\$ 583	\$ 2,067	\$ 3,982
Earnings per share:				
Basic	\$ 0.03	\$ 0.06	\$ 0.20	\$ 0.39
Diluted	\$ 0.02	\$ 0.05	\$ 0.19	\$ 0.37

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

	June 30, 2000	June 30, 1999
ASSETS		
Cash and equivalents	\$ 15,774	\$ 16,199
Accounts receivable, net	22,798	13,885
Inventories	22,108	17,704
Other current assets	3,551	3,511
Total current assets	64,231	51,299
Property, plant and equipment, net	5,033	4,657
Other assets	595	274
Total assets	\$ 69,859	\$ 56,230
LIABILITIES & EQUITY		
Current liabilities	\$ 21,472	\$ 10,318
Long-term debt	-	-
Other long-term liabilities	1,363	1,105
Shareholders' equity	47,024	44,807
Total liabilities and equity	\$ 69,859	\$ 56,230

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