



Overland Data Reports 65 Percent Revenue Growth and 12 Cents Per Share Net Income for First Quarter of Fiscal Year 2001

October 19, 2000

SAN DIEGO--(BUSINESS WIRE)--Oct. 19, 2000--Overland Data Inc. (Nasdaq:OVRL) today reported revenues of \$37,727,000, for its first fiscal quarter ended Sept. 30, 2000, a 65 percent increase over revenues of \$22,845,000, in the first quarter of the prior fiscal year.

Net income for the quarter amounted to \$1,305,000, or 12 cents per share, compared with net income of \$39,000, or break-even per share, for the comparable quarter of fiscal year 2000.

Overland attributed the improved year-over-year performance primarily to increased sales of its DLT-based LibraryXpress(TM) products, including strong shipments to its major OEM customer, Compaq. Sales to Compaq in the current quarter were \$23.3 million, up 159 percent over the prior year and comprising 60 percent of Overland's first-quarter fiscal 2001 total revenues.

The year-ago quarter was the first full quarter of shipments of Overland product to Compaq under their current OEM relationship. The current-year quarter included initial sales to Compaq of the newly-introduced AIT-based library product, as well as \$500,000 in revenues recorded under the company's previously announced VR2 licensing agreement with StorageTek.

The company's gross margin of 28.0 percent for the first quarter of fiscal year 2001 was improved slightly from 27.3 percent in the same quarter of the prior year because of greater royalty revenues.

Operating expenses, including approximately \$300,000 in previously announced consolidation and severance expenses incurred relative to the company's acquired Tecmar subsidiary, totaled \$8,370,000 in the first quarter of fiscal year 2001, compared with \$6,349,000 in the same quarter of the prior year.

While operating expenses were up in absolute dollar terms, expenses were up less than half as much as revenues and represented

- 22.2 percent of total sales, an improvement over 27.8 percent in the first quarter of fiscal year 2000.

Research and development spending was higher because of the inclusion of the company's Longmont, Colo. engineering team and additional new product development programs. Sales and marketing expenditures were up in support of the company's revenue growth and general and administrative expenses included the Tecmar consolidation expenses noted above.

"We are pleased with our performance during the first quarter of this fiscal year," stated Scott McClendon, president and chief executive officer of Overland Data. "We achieved a near-record level of sales despite general softness in the worldwide storage market. Our sales of DLT-based product to Compaq remained strong and we commenced shipment to Compaq of our new AIT-based products at the end of the quarter.

"We are also pleased with the growth in sales through our distribution channel with customers such as Ingram, Bell Micro and Tech Data, which grew 36 percent over the first quarter of last year."

Commenting on the outlook for the company, McClendon added: "We expect continued strong sales of DLT-based product to Compaq during the second quarter of fiscal year 2001, as well as growing shipments of AIT-based product to Compaq and commencement of entry-level product sales to Fujitsu. As a result, we expect the second quarter to show sequential growth in both revenue and net income compared to the first quarter.

"Later in the fiscal year we intend to introduce a variety of new products and hope to sign additional VR2 licensing agreements. These factors should translate into a record year in terms of both revenues and earnings," concluded McClendon.

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.

Webcast: A live audio Webcast of Overland Data's quarterly management conference call on first-quarter fiscal year 2001 results and outlook will be held beginning at 2 p.m. PT today, Oct. 19, 2000, and will be posted at www.overlanddata.com. Provide adequate time to log on. Following the broadcast, the conference call will be archived for future access at Overland's Web site.

Note to editors: In the product name "VR2" noted in this news release, the "2" is a superscript. This may not appear properly in some systems.

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

	Three Months Ended	
	Sept. 30	
	2000	1999
	(Unaudited)	
Net sales	\$ 37,727	\$ 22,845
Cost of goods sold	27,177	16,603
Gross profit	10,550	6,242
Operating expenses:		
Sales and marketing	4,144	3,132
Research and development	2,315	1,599
General and administrative	1,911	1,618
Total expenses	8,370	6,349
Operating income (loss)	2,180	(107)
Interest income, net	102	175
Other expense, net	(125)	(4)
Income before income taxes	2,157	64
Income taxes	852	25
Net income	\$ 1,305	\$ 39
Earnings per share:		
Basic	\$ 0.13	\$ 0.00
Diluted	\$ 0.12	\$ 0.00
Shares used in computing earnings per share:		
Basic	10,300	10,088
Diluted	10,990	10,589

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

	Sept. 30, 2000 (unaudited)	June 30, 2000
ASSETS		
Cash and equivalents	\$ 6,911	\$ 15,774
Accounts receivable, net	24,083	22,798
Inventories	24,119	22,108
Other current assets	5,645	5,075
Total current assets	60,758	65,755
Property, plant and equipment, net	4,804	5,033
Other assets	617	595
Total assets	\$ 66,179	\$ 71,383

LIABILITIES & EQUITY

Current liabilities	\$ 15,690	\$ 22,498
Long-term debt	--	--
Other long-term liabilities	1,320	1,388
Shareholders' equity	49,169	47,497
Total liabilities and equity	\$ 66,179	\$ 71,383

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