



Overland Data Triples Earnings on 59 Percent Revenue Growth in Second Quarter of Fiscal Year 2001

January 18, 2001

SAN DIEGO--(BUSINESS WIRE)--Jan. 18, 2001--Overland Data Inc. (Nasdaq:OVRL) today reported that its net income for the second fiscal quarter ended Dec. 31, 2000, increased to \$1,847,000, or 17 cents per diluted share, a three-fold increase over \$609,000, or 6 cents per share, in the second quarter of the prior fiscal year.

Revenues for the second quarter were a record \$43,586,000, a 59 percent increase over revenues of \$27,469,000 in the second quarter of the prior fiscal year.

Net income for the six-month period ended Dec. 31, 2000, amounted to \$3,152,000, or 29 cents per diluted share, a 386 percent increase over income of \$648,000, or 6 cents per share, for the first six months of the prior fiscal year.

Revenues for the six-month period of the current fiscal year were \$81,313,000, a 62 percent increase over revenues of \$50,314,000 during the same period of the prior fiscal year.

Scott McClendon, president and chief executive officer of Overland Data, said, "Our second-quarter results reflect continued strong OEM sales of DLT-based products as well as growing shipments of AIT-based products."

McClendon added that the company's growth continues to be driven in large part by its strong relationship with Compaq, the world's largest storage distributor. In December, Overland began supplying Compaq with its tape libraries incorporating DLT8000 drives and is working with Compaq on future product designs.

"In addition, we reported strong sales in certain international channels and in our domestic branded business," McClendon said.

McClendon noted that the company's improved earnings performance is partly attributable to an increase in its gross margin, which, although down slightly from the immediately preceding quarter, was up from 25.4 percent in the second quarter of the prior year to 26.5 percent in the current quarter.

For the six-month period, the gross margin improved from 26.3 percent in the prior year to 27.2 percent in the first half of this fiscal year.

Additionally, total operating expenses for the current quarter declined to 19.7 percent of sales, a 3-percentage-point improvement over the 22.7 percent of sales reported in the same quarter of the prior year, as expenses grew at a slower rate than revenues.

Sales and marketing expense declined as a percentage of sales, while research and development spending and general and administrative expenses remained constant.

R&D spending grew in dollar terms because of the inclusion of the company's new Longmont, Colo., engineering team and additional new product development programs. G&A spending grew in support of the company's Internet initiatives, costs of moving into a new engineering facility in Longmont and a new finished goods warehouse in San Diego, as well as increased recruiting expenses.

Commenting on the outlook for the third quarter and the remainder of the year, McClendon said: "Our third fiscal quarter coincides with the first quarter of most of our customers, which is a seasonally slower period for shipments. As a result and consistent with our guidance last quarter, we estimate that sales and earnings will decline slightly in the third quarter compared to this year's second quarter, although higher than the same quarter last year.

"We expect the sequential growth in shipments of existing products to resume in the fourth quarter, and shipments of soon-to-be-released products to further contribute to make the fourth quarter the strongest of the year.

"Both sales and earnings in the fourth quarter of this year should be improved over the fourth quarter of last fiscal year. The gain in earnings is anticipated even after excluding the losses and a writeoff in that quarter aggregating about 18 cents per share related to our Tecmar operation acquired in February 2000.

"The biggest unknowns in the short-term outlook are the speed at which customers will make the transition to new technologies and products and the current uncertainty surrounding spending levels in the overall information technology market," said McClendon.

"However, we continue to perceive that the market for storage products is largely non-discretionary, and that spending in the storage area will represent an increasing portion of overall IT budgets. Accordingly, we still expect a record year for Overland in fiscal year 2001, both in terms of revenues and earnings."

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.

Webcast: A live audio Webcast of Overland Data's quarterly management conference call on second-quarter fiscal year 2001 results and outlook will be held beginning at 2 p.m. PST today, Jan. 18, 2001, 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.

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 STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	Dec. 31,		Dec. 31,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Net sales	\$43,586	\$27,469	\$81,313	\$50,314
Cost of goods sold	32,029	20,493	59,206	37,096
Gross profit	11,557	6,976	22,107	13,218
Operating expenses:				
Sales and marketing	3,886	3,244	8,030	6,376
Research and development	2,563	1,646	4,878	3,245
General and administrative	2,133	1,346	4,044	2,964
Total expenses	8,582	6,236	16,952	12,585
Operating income	2,975	740	5,155	633
Interest income, net	90	199	192	374
Other (expense) income, net	(12)	68	(137)	64
Income before income taxes	3,053	1,007	5,210	1,071
Income taxes	1,206	398	2,058	423
Net income	\$ 1,847	\$ 609	\$ 3,152	\$ 648
Earnings per share:				
Basic	\$ 0.18	\$ 0.06	\$ 0.30	\$ 0.06
Diluted	\$ 0.17	\$ 0.06	\$ 0.29	\$ 0.06
Shares used in computing earnings per share:				
Basic	10,347	10,064	10,337	10,069
Diluted	10,870	10,493	10,958	10,410

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

	Dec. 31,	June 30,
	2000	2000
	(unaudited)	
ASSETS		
Cash and equivalents	\$ 16,823	\$ 15,774
Accounts receivable, net	26,548	22,798
Inventories	28,519	22,108
Other current assets	5,361	5,075

Total current assets	77,251	65,755
Property, plant and equipment, net	5,197	5,033
Other assets	508	595
Total assets	\$ 82,956	\$ 71,383
LIABILITIES & EQUITY		
Current liabilities	\$ 30,363	\$ 22,498
Long-term debt	--	--
Other long-term liabilities	1,349	1,388
Shareholders' equity	51,244	47,497
Total liabilities and equity	\$ 82,956	\$ 71,383

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