

## **Valor Increases First Quarter Revenues; Strong Investments Secure Future Growth**

**YAVNE, Israel - May 04th, 2004** - Valor Computerized Systems [Prime Standard, VCR, WKN 928 731], the leader in productivity increasing software solutions to the electronics industry, reports an improvement in its revenue for the first quarter of 2004.

Business in the global electronics industry is picking up, which is positively impacting the company's overall business. Revenues increased in the first quarter of 2004 by 16.4% and reached US\$ 7.15 million compared to US\$ 6.14 achieved in the first quarter of 2003. Q1-04 revenues increased by 5% compared to Q4-03 revenues of US\$ 6.8 million.

### **Summary Financial Data:**

	Q1 2004	Q1 2003	% Change
<b>Product Sales</b>	4,612	3,852	19.73
<b>Maintenance</b>	2,541	2,291	10.91
<b>Total Revenues</b>	7,153	6,143	16.44
<b>Gross Profit</b>	6,674	5,700	17.09
<b>EBIT</b>	112	553	
<b>EBITDA</b>	349	910	
<b>Net Profit</b>	295	623	-52.65
<b>EpS in US\$ (basic)</b>	0.02	0.03	
<b>Shareholder's Equity</b>	33,230	39,334	-15.52
<b>Total Assets</b>	41,419	45,363	-8.69
<b>Capital Investments</b>	218	173	
<b>Research &amp; Development</b>	2,658	1,665	59.64
<b>Employees (Period End)</b>	199	171	16.37

(all figures are in US\$ 1000, unless otherwise noted)

During Q1-04 Valor experienced a steep increase in R&D investments, due to the purchase of 50% of Danish company *TraceXpert* and the development of new products. Q1-04 shows a raise of 60% in R&D expenses to US\$ 2.66 million in comparison to US\$ 1.67 for Q1-03. Headcount increased to 199, a raise of 16% compared to 171 employees in Q1-03, which is mainly attributed to the increase in the R&D force. These aggressive investments will enable to grow the company over the next five years and will start to bear fruits in 2005.

Selling and marketing expenses increased slightly to US\$ 3.34 million, up 9.6% compared to Q1 in 2003, but remained unchanged compared to previous quarter. This indicates the ability to increase sales without further expanding selling and marketing expenses,

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Product sales generated US\$ 4.6 million in Q1-04, a swell of 20% compared to US\$ 3.85 million for the same quarter of last year. Revenues resulting from maintenance and subscriptions increased by 11% to reach US\$ 2.54 million compared to US\$ 2.29 million in Q1-03.

Due to the investments in new products, the net profit for Q1-04 was US\$ 295 thousand, down from US\$ 623 thousand in Q1-03. However, positive cash flow from operating activities was significantly higher and reached US\$ 1.25 million.

Ofer Shofman, President and CEO at Valor commented: "I am very pleased with these results. We succeeded to break the US\$ 7 million mark for the first time in three years. We expect to continue and increase revenues quarter after quarter by double-digit figures compared to 2003 and remain profitable."

Dan Hoz, Valor's CFO added: "Our emphasis in 2004 is to increase revenues and heavily invest in R&D for significant growth over the next 5 years. With about US\$ 30 million in cash, we are well positioned to strengthen our presence through M&A activities, as well as through organic growth."

## **About Valor**

*Valor Computerized Systems, [Prime Standard: VCR, WKN 928 731] is the leader in vertically integrated, productivity increasing engineering software solutions to the electronics industry. Valor is publicly listed on the Frankfurt Stock Exchange. The company's powerful software tools, based on ODB++, the Valor-funded data format that has quickly become the format of choice for high-level data exchange, ensure the rapid transfer of optimized data from the design through manufacturing stages. Enterprise 3000 DFM system for physical design verification, Trilogy 5000 for assembly and test engineering, and the unique Valor Parts Library 24/7 on-line data service are utilized by designers and engineers world wide to deliver enhanced productivity, higher yields, shorter cycle times and increased product quality. All Valor products are sold and supported by a worldwide network that includes global subsidiary offices, VARs and OEM channels. More information about the company can be found at <http://www.valor.com>.*

The complete quarterly report can be downloaded at:

[ftp://ftp.valor.com/pub/private/mgmnt\\_reports/VCRQ104E.pdf](ftp://ftp.valor.com/pub/private/mgmnt_reports/VCRQ104E.pdf)

## **Inquiries:**

**Valor Corporate:** Alon Levitan, Valor Computerized Systems Ltd. , Tel.: +972 (0)8-943 2430, <mailto:alonl@valor.com>, <http://www.valor.com>

**IR Contact Germany:** Sönke Knop und Axel Mühlhaus, edicto GmbH, Tel.: +49 (0)6084-94859-1, [sknop@edicto.de](mailto:sknop@edicto.de), <http://www.edicto.de/>