



FOR IMMEDIATE RELEASE

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SYSTEMAX REPORTS SECOND QUARTER RESULTS

PORT WASHINGTON, NY, August 10, 2004 - Systemax Inc. (NYSE:SYX), a leading manufacturer and distributor of PC hardware, related computer products and industrial products in North America and Europe, today announced results for the second quarter ended June 30, 2004.

Net sales for the second quarter were \$431.0 million compared to \$388.8 million in the year ago quarter, an increase of 10.9%. Sales in North America increased 14.4% compared to the year ago quarter, fueled by strong internet sales at the Company's Tiger Direct subsidiary. European sales increased 5.1% in US dollars (however they were generally lower than year ago levels in local currencies). Net income was \$671,000 (\$.02 per fully diluted share) compared to a loss of \$1.9 million (\$.05 per fully diluted share) in the same period last year. Results include \$973,000 in 2004 and \$2.6 million in 2003 of pretax restructuring and other charges. Excluding the effects of restructuring and other charges, net income would have been \$1.2 million, or \$.04 per diluted share, compared to \$700,000, or \$.02 per diluted share, last year.

For the six months ended June 30, 2004, net sales increased 12.4% to \$916.7 million compared to \$815.3 million in the year-ago period. Net income for the six months was \$3.1 million or \$.09 per diluted share compared to \$3.2 million or \$.09 per diluted share last year. Results for 2004 include \$5.0 million of pretax restructuring and other charges and 2003 results include a \$2.6 million pretax charge for goodwill impairment. Excluding the effects of the restructuring and other charges, net income would have been \$6.5 million, or \$.18 per diluted share, compared to \$5.8 million, or \$.17 per diluted share, last year.

A reconciliation between income from operations, as reported for the three and six months ended June 30, 2004 and 2003 in accordance with GAAP, and *pro forma* net income, excluding the adjustments discussed above, has been provided.

Richard Leeds, Chairman and Chief Executive Officer, stated, "We continue to achieve sales growth in our North American computer business through our expanded e-commerce activities, especially in the consumer market. I am particularly encouraged by the overall growth of our consolidated e-commerce sales which amount to 25% of consolidated net sales this year compared to 21% last year. Our previously announced computer business reorganization is nearly complete, with approximately \$2.5 million realized in the second quarter from workforce reduction." Mr. Leeds added that increased sales and improved margins in the Company's Industrial Division had a positive impact on second quarter results.

Gross profit for the second quarter was \$67.8 million, or 15.7% of net sales, compared to \$63.5 million, or 16.3% of net sales, in the year-ago period, an increase of \$4.3 million. The increase in gross profit includes an increase of \$2.7 million in the amount of vendor allowances reclassified from selling, general and administrative expenses as a result of the adoption of Emerging Issues Task Force Issue 02-16, "Accounting for Consideration Received From a Vendor by a Customer (Including a Reseller of the Vendor's Products)" in 2003. The overall decline in gross profit percentage was due to continued pricing pressure and a change in the mix of products sold.

Selling, general and administrative expenses for the second quarter increased by \$2.4 million or 3.3% to \$64.1 million compared to \$61.7 million for the same period last year. This resulted from increases of \$2.7 million in the amount of vendor consideration reclassified to cost of sales in 2004 and \$5.8 million representing the adverse effect of movements in foreign exchange rates on our European costs. These increases were offset by savings of \$2.5 million from workforce reductions in the U. S. associated with our first quarter 2004 computer business streamlining plan and reductions in catalog spending. As a percentage of sales, these expenses decreased to 14.9% compared to 15.9% in the year-ago period.

The Company also announced today that it is cooperating in an investigation by the United States Attorney's Office for the Southern District of Florida of one or more government employees and certain former employees of the Company of possible misuse of certain previously terminated incentive programs offered by a subsidiary of the Company. The Government has informed the Company that it is not a subject of the investigation at this time.

"We believe that Systemax, as a result of the streamlining of our computer business and cost reduction programs implemented throughout the Company, is well positioned to serve the needs of our customers and take advantage of the improving economies in the markets we serve," Mr. Leeds added.

Steve Goldschein, Chief Financial Officer, commented that the Company reduced its inventory by \$28.4 million during the second quarter. This contributed to the generation of \$17.7 million of cash since the beginning of the fiscal year. At June 30, 2004 the Company had \$56.4 of cash and cash equivalents.

Systemax Inc. (www.systemax.com) has developed an integrated system of branded e-commerce web sites, direct mail catalogs, infomercials and relationship marketers to sell PC hardware, related computer products and industrial products in North America and Europe. Systemax is a Fortune 1000 company.

SYSTEMAX INC.**Condensed Consolidated Statements of Operations**

(In thousands, except per share and share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Net Sales	\$430,990	\$388,798	\$916,726	\$815,259
Cost of Sales	<u>363,172</u>	<u>325,273</u>	<u>774,088</u>	<u>679,256</u>
Gross Profit	67,818	63,525	142,638	136,003
Selling, General and Administrative Expenses	64,101	61,682	129,676	125,483
Restructuring and Other Charges	973		5,015	112
Goodwill Impairment		<u>2,560</u>		<u>2,560</u>
Income (Loss) From Operations	2,744	(717)	7,947	7,848
Interest And Other Expense, Net	<u>426</u>	<u>319</u>	<u>1,073</u>	<u>533</u>
Income (Loss) Before Income Taxes	2,318	(1,036)	6,874	7,315
Provision For Income Taxes	<u>1,647</u>	<u>828</u>	<u>3,791</u>	<u>4,144</u>
Net Income (Loss)	<u>\$671</u>	<u>\$(1,864)</u>	<u>\$3,083</u>	<u>\$3,171</u>
Net Income (Loss) Per Common Share:				
Basic	<u>\$.02</u>	<u>\$(.05)</u>	<u>\$.09</u>	<u>\$.09</u>
Diluted	<u>\$.02</u>	<u>\$(.05)</u>	<u>\$.09</u>	<u>\$.09</u>
Weighted Average Common And Common Equivalent Shares:				
Basic	<u>34,371</u>	<u>34,108</u>	<u>34,338</u>	<u>34,106</u>
Diluted	<u>35,224</u>	<u>34,108</u>	<u>35,227</u>	<u>34,312</u>

SYSTEMAX INC.**Condensed Consolidated Balance Sheets**

(In thousands)

	As of June 30, <u>2004</u>	As of December 31, <u>2003</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$56,358	\$38,702
Accounts receivable, net	156,560	152,435
Inventories	126,230	133,905
Prepaid expenses and other current assets	<u>35,968</u>	<u>36,981</u>
Total Current Assets	375,116	362,023
Property, plant and equipment, net	65,209	68,647
Other assets	<u>11,791</u>	<u>14,982</u>
TOTAL	<u><u>\$452,116</u></u>	<u><u>\$445,652</u></u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and notes payable to banks	\$23,709	\$20,814
Accounts payable, accrued expenses and other current liabilities	<u>192,963</u>	<u>192,143</u>
Total Current Liabilities	216,672	212,957
Long-term debt	17,590	18,353
Other liabilities	1,732	1,768
Shareholders' equity	<u>216,122</u>	<u>212,574</u>
TOTAL	<u><u>\$452,116</u></u>	<u><u>\$445,652</u></u>

Systemax Inc.

Reconciliation of GAAP income to earnings excluding certain charges

(In thousands, except per share data)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Income (loss) from operations	\$2,744	\$(717)	\$7,947	\$7,848
Adjustments:				
Restructuring and other charges (1)	<u>973</u>	<u>2,560</u>	<u>5,015</u>	<u>2,672</u>
Earnings excluding certain charges before interest and income taxes	3,717	1,843	12,962	10,520
Interest and other expense, net	<u>426</u>	<u>319</u>	<u>1,073</u>	<u>533</u>
Earnings excluding certain charges before income taxes	3,291	1,524	11,889	9,987
Provision for income taxes	<u>2,054</u>	<u>828</u>	<u>5,419</u>	<u>4,178</u>
Earnings excluding certain charges	<u>\$1,237</u>	<u>\$696</u>	<u>\$6,470</u>	<u>\$5,809</u>
Earnings excluding certain charges per diluted share	<u>\$.04</u>	<u>\$.02</u>	<u>\$.18</u>	<u>\$.17</u>
Diluted weighted average shares outstanding	<u>35,224</u>	<u>34,108</u>	<u>35,227</u>	<u>34,312</u>

(1) Restructuring and other charges in 2004 includes \$4 million of severance and related costs for personnel terminated in the first quarter in connection with the Company's US computer streamlining plan and \$1 million of costs in the second quarter associated with restructuring actions taken in Europe. In 2003, this line includes \$2.6 million of goodwill written off in connection with the Company's purchase of the minority interest in its Netherlands subsidiary.

NOTE - The above reconciliation is intended to present Systemax's operating results, excluding certain charges and providing income taxes (benefits) at local effective tax rates. This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States, and may be different from similar measures presented by other companies. The presentation of this financial measure facilitates meaningful comparison with prior periods.

Forward-Looking Statements

This press release contains forward-looking statements about the Company's performance. These statements are based on management's estimates, assumptions and projections and are not guarantees of future performance. The Company assumes no obligation to update these statements. Actual results may differ materially from results expressed or implied in these statements as the result of risks, uncertainties and other factors including, but not limited to: (a) unanticipated variations in sales volume, (b) economic conditions and exchange rates, (c) actions by competitors, (d) the continuation of key vendor relationships, (e) the ability to maintain satisfactory loan agreements with lenders, (f) risks associated with the delivery of merchandise to customers utilizing common carriers, (g) the operation of the Company's management information systems, and (h) unanticipated legal and administrative proceedings. Please refer to the Forward Looking Statements section contained in Item 7 of the Company's Form 10-K for a more detailed explanation of the inherent limitations in such forward-looking statements.

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