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## **Press Information**

**For immediate release**

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# **Telelogic takes measures to meet declining market demand**

**MALMÖ, July 5, 2001** – Telelogic (Stockholm Stock Exchange:TLOG), the world-leading provider of solutions for advanced software development, today announced that the company expects to report revenues for the quarter ending June 30 of between \$36 - \$37 million (395 – 405 MSEK). That corresponds to a growth of 181 – 188% compared to the same period last year. The quarterly earnings will be negative, as communicated in the previous interim report. Telelogic expects operating income, goodwill amortization excluded, of (\$6.4) – (\$8.2) million ((70) – (90) MSEK).

### **Market conditions and action program**

Business factors have continued to deteriorate, above all in the US, but also in Europe and Asia. Telelogic has decided to take measures to meet the declining market demand and the increased uncertainty.

Telelogic has previously restructured the business as an effect of the two major acquisitions made during the second half of 2000. The process is now accelerating. With the ambition to create an integrated product suite, one global product division will be created with focus on Telelogic's core products. Support will be organized globally with support centres on fewer locations in the US and Europe.

The revenue from the US during the first half-year has been lower than planned. To meet the declining demand, the US organization will be decreased with 20%. Also in the European sales organization adjustments will be made to concentrate the business towards markets generating the highest contribution. Asia has still a positive growth trend with only Australia as an exception. In Australia, reductions will be far-reaching.

In all, Telelogic will reduce its employees with approximately 280 persons.



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### **Forecast for 2001 and beyond**

The negative market conditions have resulted in a decision to expand Telelogic's business with more caution during the rest of the year compared with the first half year 2001. The ambition for the full year 2001 is to grow the revenue with 80% - 100% compared to the full year 2000, instead of more than 100% as previously forecasted. The EBITA earnings are predicted to be zero profit excluding restructure cost. The profit for the third quarters is predicted to be negative as the year before, while the fourth quarter is expected to be positive.

A lower growth rate combined with a higher cost during the first half year has affected Telelogic cash flow in a negative way. Telelogic has decided to investigate the prospect for a share issue during the third quarter. More information about a prospective share issue will be published in the interim report, July 17 2001.

With the actions planned, Telelogic is estimated to move into 2002 with a positive cash flow and a cost level that make positive earnings possible even with a low growth rate. With an integrated product division and a strong market organization, Telelogic is well positioned for continued growth and generation of profit.

### **About Telelogic (Stockholm Stock Exchange/TLOG)**

Telelogic is a leading global supplier of solutions for advanced software development. By providing integrated best-of-breed products and professional services for the end-to-end software development lifecycle, Telelogic enables organizations to improve quality and predictability, while reducing time-to-market and overall costs. Built on an open architecture that ensures interoperability with other leading third-party solutions, Telelogic's products are based on international standardized languages and notations. Telelogic participates in 3GPP, Bluetooth SIG and OMG to monitor and help create future communication technologies and visual software development languages.

Named by Forbes Magazine as one of the 300 Best Small Companies in the world, Telelogic is a public and rapidly growing company headquartered in Malmö, Sweden. According to the Venture Development Corporation 2000 report Telelogic is the leading solution supplier in the embedded market, and Telelogic DOORS has been named the market leader for requirements management in the Standish Group's 2000 report.

Customers include Airbus, Alcatel, BMW, Boeing, British Telecom, Cisco, DaimlerChrysler, Deutsche Bank, Ericsson, Lockheed Martin, Lucent Technologies, Motorola, NEC, Nokia, Philips and Siemens.

Telelogic's worldwide presence includes offices in Asia, Australia, Europe and North America. For more information about Telelogic and how it can benefit your development efforts, visit the website at [www.telelogic.com](http://www.telelogic.com).



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