

## **Cell Network and Mandator to Form the World's Third Largest Internet Consulting Practice**

**The Boards of Cell Network AB and Mandator AB have resolved to recommend to their respective shareholders that the two companies merge on equal terms. This marks the creation of Europe's biggest—and one of the world's leading—consulting practices primarily focused on the Internet and other interactive media.**

**The company's new name will be Cell Network AB, which will have 1,800 employees and aggregate revenues of SEK 1.3 bn based on 1999 financial results. Cell Network's world-leading position offers yet more evidence of Sweden's competitive strengths in “The New Network Economy”.**

\* As one of the world's pre-eminent players within the Internet and other interactive media, the new Cell Network consolidates its position and creates a platform for international expansion and value-creation.

\* Increasing customer demands for value added services and the ability to provide customer service on a global basis are the drivers behind the merger.

\* The two companies are mutually complementary in strategic and technological terms, which offers substantial growth related synergies. Both companies also enjoy recognized strengths within business development, content and technology.

\* In practical terms, the merger will be effected by a share exchange in which 17 new Mandator shares are received for every 10 Cell Network shares held. Mandator will be renamed Cell Network.

\* After completion of the merger, 51.5 per cent of the new Cell Network will be owned by Mandator shareholders, and 48.5 per cent by shareholders of the old Cell Network.

### **Motivation for the deal in summary:**

\* The merger creates one of the world's pre-eminent players in the areas of business and organizational development through the use of new interactive media. Rapid technology-driven progress means that interactive media is becoming an increasingly vital competitive medium. Client initiatives are increasingly extensive, multinational and complex, which in turn, necessitates consultants possessing increasingly sophisticated business strategies and technology competencies. The merger creates a full-range provider of integrated services—strategy, communication, technology, design and content—on an international scale.

\* The merger enhances the new company's platform for international growth. The new organization will gain an integrated competence base, which will enable it to undertake very extensive multinational client assignments. Alongside increased financial strength and broader-based market coverage, extensive acquisition strategies can be maintained. The company also becomes a far more attractive recruiter of the world's most talented sector professionals.

\* A merger offers considerable growth related synergies; for some time, Cell Network's strengths have been in the strategies surrounding interactive business processes. Mandator's competitive advantages are associated with its in-depth expertise within new technology, systems integration and its extensive market coverage. The two

companies complement each other well, particularly since strategic advice and technology services will be subject to increasing demand, and provide substantial value-added for clients in the future.

#### **Board and management:**

Jan Carlzon will be proposed as Chairman of Cell Network AB's Board, with Lars O. Pettersson as Deputy Chairman.

A further four Board members will be proposed, including Maria Lilja and Rune Rinnan.

Niklas Flyborg will be President and CEO; he will report directly to the Board.

Marcus Bäcklund becomes Group President and Group CEO, also heading up strategic business development, positioning and international expansion. Mr. Bäcklund will also report directly to the Board.

#### **Comments:**

From the Chairman, Jan Carlzon:

"With Marcus Bäcklund's guiding vision and knowledge of strategies for the new network economy, we will gain an excellent management team. Marcus will act as our spearhead for the development of concepts and international expansion. Niklas Flyborg has substantial leadership experience in high-growth know-how companies and leading expertise at all levels of the integration of IT and business processes. He has the strategic understanding and decisiveness to make the merger a success."

From President and CEO, Niklas Flyborg:

"Both companies have experienced extremely robust demand for competencies and technology from both existing and new clients. The two companies also enjoy very sizeable synergies in the development of integrated complete solutions for major clients, new technology services and more efficient project implementation. Indeed, we also have the traditional cost synergies to exploit in the start-up of new branches, and in administrative functions. The value of our structural capital can now increase far more rapidly. We will achieve the critical mass to take on major, complex, multinational projects for the world's leading corporates and organisations."

From Group President and Group CEO, Marcus Bäcklund:

"We will become Europe's biggest consulting practice focused on the Internet and all interactive media, as well as one of the world's biggest players. Size matters—it confers credibility and visibility. This sector is in a burgeoning developmental phase: tomorrow's leading players are being created today. Those players able to satisfy clients' accentuating demands for business strategy and technology expertise in progressively more globalised network organizations will be the winners. Together, we create a secure platform for complete solutions for clients and a sustained vigorous rate of expansion."

#### **The new Cell Network:**

The new Cell Network will become a leading player on what is perhaps the world's highest-growth consulting market. The group will prioritize sustained international growth. Its objective is to secure complete European market coverage within two years, and simultaneously pursue aggressive start-ups through Asia, while also seeking a secure and competitive link to the US market.

In Europe, the new company already has very well extended presences in the Nordic region, Estonia, the UK, France, Spain, and Germany. After today's acquisition of WEB Internet Marketing Solutions Srl. of Milan (see separate press release), the company has built a bridgehead into the dynamic northern Italian arena. A US start-up is also planned. Kuala Lumpur, Malaysia will serve as the base of the Asian expansion.

The combination of Cell Network and Mandator provides a broad selection of competencies and services in the following spheres, which will form the foundation for the organization of business areas and competence development:

- \* e-commerce and content management
- \* Wireless communication and telecom
- \* Interactive training and e-learning
- \* Embedded systems
- \* New digital platforms adjacent to the Internet, such as WAP, digital TV and satellite comms.
- \* Business development for enterprises in the New Economy

### **The Offer and Conditions:**

Mandator and Cell Network have signed a merger agreement, according to which 17 new Mandator shares will be offered for every 10 shares in Cell. The offer prospectus is expected to be distributed towards the end of March. A more detailed time table will be made public in due course.

As the transaction is a merger which will be accounted for using the pooling method, no goodwill will arise and all merger expenses will be posted to accounts as they arise.

The merger is subject to the following conditions:

- that the offer is accepted by shareholders in Cell Network representing more than 90 per cent of the total number of shares. However, Mandator reserves the right to complete the offer without this condition being satisfied.
- that the shareholders' meeting of Mandator approves a new issue in accordance with the terms of the merger
- that the offer, prior to its completion, is not rendered totally or partially impossible or significantly impeded as a result of legislation, legal measures, decision by a public authority or a comparable development in Sweden or abroad, or of any other circumstances that are beyond the control of the two parties.

After completion of the merger, 51.5 per cent of the new Cell Network will be owned by Mandator shareholders, and 48.5 per cent by shareholders of the old Cell Network. In practical terms, the merger will be effected by a share exchange in which 17 new Mandator shares are received for every 10 Cell Network shares held. Mandator will change its name to Cell Network. On the basis of closing prices as of February 4, 2000, the total market value of the two companies was SEK 11,604 m.

The proforma full-year 1999 net sales of the two companies were SEK 1,279.4 m and earnings (EBITA) were SEK 114.0 m. Pro forma earnings net of financial items were SEK 78.5 m. See also appendix 1.

Mandator AB has no shareholding in Cell Network AB.

### **Acceptance**

Cell Network AB's two main owners, Telenor Ventures AS and Karl Stockman AB, have undertaken to accept the offer for their total holdings of 1,535,469 shares in Cell Network, corresponding to approximately 8 per cent of the votes and capital.

The Board members of Cell Network intends to accept the offer with regard to their own shareholdings.

This information does not constitute an offer to sell shares in the USA. Shares may pursuant to the U.S. Securities Act of 1933 as amended not be sold in the USA without registration or an exemption from registration. There is no intention to register any part of any offer in the USA or to make a public offering of shares in the USA.

### **Financial advisors:**

- For Mandator, Deutsche Bank
- For Cell Network, BancBoston Robertson Stephens, together with H&Q Technology

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**About Mandator:**

Mandator, with approximately 1,200 employees and 38 branches in Sweden, Norway, Denmark and Estonia, is one of Europe's major IT and Internet companies. Mandator's expertise covers a wide range of IT applications from product development support through process control and business support. Together with its subsidiary, Journalistgruppen, Mandator delivers complete concepts: infrastructure, applications and content. Mandator's customers are large companies and organizations. Mandator is an independent supplier of expert IT solutions. The Mandator share is quoted on the Stockholm Stock Exchange's O-list. In 1994, Lars O. Pettersson became the single biggest shareholder in Mandator. Together with Niklas Flyborg, he has been responsible for the company's successful evolution into its current form.

**About Cell Network:**

Internet company Cell Network AB (publ) is quoted on the OM Stockholm Stock Exchange's O-list and has international operations in Sweden, Norway, Denmark, France, Spain, Germany, Switzerland and the UK. Cell Consulting Group was founded by Ledstiernan, Jan Carlzon and Christer Sturmark in 1997. In 1999, Cell Consulting Group merged with Linné Group AB (publ) and New Media Science AS to become Cell Network. The group is a leading Internet consulting company for business development based on new digital media and aims to be the European market leader. Customers include General Electric, Telia, Nokia, ABB, Volvo, Telenor, Renault, Saab, Banque Nationale de Paris, Ericsson, Braathens Malmö Aviation, Astra-Zeneca, Procordia, De norske Bokklubbene, Nationalencyklopedin, Svenskt Flyg, Bonnier, Torget (Swedish Post) and Electrolux Home. To subscribe to press releases online, visit [www.huginonline.com](http://www.huginonline.com)

## Appendix 1—Pro Forma 1999

SEK m

	<b>Mandator</b>	<b>Cell Network</b>	<b>Total</b>
Net sales	940.5	339.1	1,279.6
EBITA (1)	77.4	36.6	114.0
Earnings net of financial items	54.4	24.1	78.5

(1) EBITA = Earnings before interest, taxes and amortization

Note:

No adjustments have been made to ensure the accounting policies of the two companies are uniform.