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# OM streamlines and focuses on financial markets

OM is implementing a cost reduction program which is estimated to lower the company's costs by SEK 578 m and result in lower revenues of SEK 105 m on a yearly basis. These measures aim to achieve sound profitability and create a stronger company in preparation for the merger with HEX. OM's markets remain weak and no turnaround is expected in the short term. As a result, OM has decided to streamline and focus its business on the financial markets.

- Effective July 1, 2003, OM will be organized in two divisions, Stockholmsbörsen and OM Technology. OM Technology, in turn, will consist of three business areas: Banks & Brokers, Financial Markets and Global Services.
- The Energy Market business area and the OM Technology product portfolio will be restructured at the same time as changes are being made within the parent company and Stockholmsbörsen. In addition, OM's operations will be concentrated in fewer offices.
- The total costs of implementing these measures is estimated at SEK 623 m before tax (SEK 544 m after tax) which will be expensed in the results for the second quarter 2003. The total negative effect on cash flow is estimated at SEK 193 m.
- Of OM's more than 1 600 positions, further redundancies of approximately 140 positions will be made. This is in addition to the just over 100 redundancies communicated earlier (see press release from March 5, 2003).

"Implementing these measures will enable OM to reach an acceptable level of profitability within all business areas from the first quarter 2004. When these steps have been completed, OM will be a strong and profitable company that is better positioned to capitalize on all the interesting opportunities on our markets," says Magnus Böcker, acting CEO OM.

## **OM's energy market business is being restructured and consolidated**

The UKPX and NGX energy exchanges will be divested and OM is currently in discussions with a number of industry players. At the same time, a review of the product portfolio targeted at energy market end customers will be carried out. In order to increase cost-efficiency within OM, the marketplace and clearing systems for energy exchanges as well as other energy market competence will be moved to the Financial Markets business area. Consequently, the Energy Markets business area will no longer exist as an independent business area.

## **OM's technology portfolio to be restructured**

In addition to the above stated changes, OM will also restructure its technology operations product portfolio, partly through the consolidation of a number of products, including the solutions for Cor-

porate Actions, Front Office and Settlement, and partly through an increased investment in services for existing customers.

### **OM's operations to be concentrated in fewer offices**

OM's operations in Edinburgh are being closed down and parts are being divested as per July 1, 2003. OM's operations in Copenhagen are also being divested. At the same time, OM will focus its North American operations in New York and its German operations in Hamburg.

### **Changes within the parent company and Stockholmsbörsen**

Several changes are being made within the parent company OM AB and Stockholmsbörsen. These changes include work to increase efficiency, adjustment of the group's existing premises and a coordination of common group functions.

### **Financial effects**

These measures aim to secure sound profitability within all business areas from the first quarter, 2004. Altogether the measures are expected to reduce the company's costs by SEK 578 m before tax and will result in lower revenues of SEK 105 m on a yearly basis, calculated according to levels of operations from the second quarter 2003. These cost reduction measures are expected to give full effect from the first quarter, 2004. The earlier cost reduction program from March 2003, which included cost cutting of SEK 60 m, is included in the above.

The total cost of implementing these measures is estimated at SEK 623 m before tax (SEK 544 m after tax) which will be expensed in the second quarter, 2003. These costs consist of write-downs of SEK 234 m and other costs of SEK 389 m. The write-downs include termination of products, office closures and changes in the operations that result in a subsequent change in asset value. The other costs include redundancy costs, unutilized office space and termination of contracts with sub-contractors. The total costs are gross and do not include possible net contingent positive effects of planned divestment of operations or tax claims.

It is estimated that implemented measures will lower OM shareholders' equity by SEK 544 m as per the second quarter, 2003. The total negative effect of the measures on cash flow is estimated at SEK 193 m, excluding positive effects from planned divestment of operations and costs for unutilized office space.

### **Personnel redundancies**

Redundancy measures are expected to lead to approximately 240 job losses, of which 220 are from OM's technology operations and of which just over 100 have previously been announced in a press release on March 5, 2003. Approximately 200 of the 240 affected positions are in Sweden. In total, 360 jobs are expected to be eliminated, including positions within divested companies (approximately 70) and consultants (approximately 50).

### **For further information, please contact:**

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