

Press release 2000.10.25

Sustained strong demand; sharper focus on telecom and e-Business

INTERIM REPORT for the period 1 January - 30 September 2000

The Period in Summary

@ Sales increase 94% compared to the corresponding period of the previous year, from SEK 132.2 m to SEK 256.3 m

@ Operating earnings before goodwill amortization amounted to SEK 21.3 m, with an operating margin of 8.3% (previous year: SEK 8.5 m and 6.4% respectively)

@ Average employee headcount in the period was 309 (previous year: 174), a 78% increase

@ Earnings per share were SEK 1.67 (previous year: SEK 0.94)

@ Master agreements signed with several companies and organizations

@ Focus on core e-Business and Telecom areas; acquisition of Intra-X

@ Divestment of e-learning and ERP systems enterprises, wind-down of Market Communication activities begins

Sales and Earnings

January - September 2000

Cyber Com posted sales of SEK 256.3 m for January-September, an increase of 94% on the corresponding period of the previous year (SEK 132.2 m). In the same period, operating earnings before goodwill amortization expanded to SEK 21.3 m, equating to an operating margin of 8.3%. In the comparative period of 1999, the corresponding earnings and margin figures were SEK 8.5 m and 6.4% respectively.

Operating earnings were charged with goodwill amortization of SEK 5.1 (0.3) m, and accordingly, operating earnings amounted to SEK 16.2 (8.1) m, corresponding to an operating margin of 6.3% (6.1%).

Earnings net of financial items amounted to SEK 18.3 (7.7) m, equal to a net margin of 7.1% (5.8%).

Earnings before goodwill amortization for 2000 include SEK 9.9 m of losses generated by the Market Communication business unit. Operating earnings before goodwill amortization for Cyber Com's operations excluding Market Communication amount to SEK 31.2 m in the year so far, on sales of SEK 246.5 m, equivalent to a margin of 12.6%.

July-September 2000

Third-quarter sales were SEK 80.2 (42.5) m, up 89% on the corresponding quarter of the previous year. During the period, operating earnings before goodwill amortization were SEK 3.1 m, against SEK 2.2 m in the previous year.

Operating earnings amounted to SEK 1.4 m, against SEK 1.9 m in the previous year.

Third-quarter 2000 earnings before goodwill amortization include an SEK 3.2 m loss for the Market Communication business unit. Accordingly, operating earnings before goodwill amortization for Cyber Com's operations excluding Market Communication amount to SEK 6.4 m for the period, on sales of SEK 77.7 m, equivalent to an operating margin of 8.2%.

Operations

Cyber Com is focusing its activities exclusively on the two core areas of Telecom and e-Business.

Telecom and Services

The Telecom and Services business area offers consulting services and bundled solutions to the telecom market, services corporations and organizations such as telecom operators and insurance corporations and is primarily active in the following spheres:

- ERP systems (billing and customer support) for operators, service and content providers
- Advisory services and development relating to new mobile and broadband services
- The development of telecom products
- The development of complex CRM systems

In many cases, Cyber Com is at the leading edge of progress in spheres including payment solutions for mobile services.

The sharpening focus on business that utilizes broadband and mobile services has conferred sustained very healthy demand for competencies in the sphere. Apart from its employee headcount, this business unit occupies over 40 subcontracting consultants.

For some time, Cyber Com's customer base has included several of the dominant telecom market players such as Telia Mobile, Netcom and Ericsson. In the third quarter, new customers were secured mainly within ERP systems, including SOS Alarm and TeleEurope. Additionally, the insurance customer base has been extended to players including Länsförsäkringar.

As a result of master agreements and several successful development projects Cyber Com has been assigned to new extensive assignments with Telia Mobile as well as Ericsson. The assignments are within the area of systems for billing and payments.

In the January-September 2000 period, the Telecom and Services business area generated operating earnings of SEK 20.6 (5.6) m from sales of SEK 137.9 (39.6) m, with operating earnings charged with goodwill amortization of SEK 3.9 m. At the end of the period, this business area had a headcount of 117 (56).

E-Business

Cyber Com has a secure position in its core e-Business activity, where it sells bundled offerings and sophisticated consulting services in the trading, medium-sized manufacturing and banking/finance segments. The center of gravity of these activities is on B2B, where Cyber Com develops client business processes focusing on customer support systems, trading sites, portals and broker solutions.

Cyber Com offers:

- Total-concept undertakings-from strategy to implementation
- The integration between new technology and existing investments
- Knowledge on how to utilize e-business in a business development process
- Collaborations with leading product providers
- Experienced business consultants, systems architects, systems developers and project managers.

Customers include Ericsson, DFDS Torline, ASSA and Nordiska Fondkommission.

Cyber Com e-Business and Assa AB, a company within the ASSA Abloy group, are developing software to support entirely new solutions for enhanced security and cost-efficiency through a strategic collaboration agreement. The solutions encompass support for all phases of the creation of lock systems. The primary focus is to create direct communication between locksmiths and Assa, where the Internet is utilized as a communication channel subject to very high security levels. Additionally, this system will be adapted to international markets.

In the period January-September 2000, the e-Business unit generated operating earnings of SEK 9.4 (14.4) m from sales of SEK 119.4 (84.9) m. At the end of the period, this business area had a headcount of 146 (105).

Wind-down of Market Communication activities begins

Cyber Com has initiated efforts to wind-down the Market Communication unit. For more information, see "Events after the end of the period".

In the period January to September 2000, the Market Communication business unit achieved sales of SEK 9.8 (2.0) m, generating an operating loss of SEK -11.1 (-1.0) m. At the end of the period, this unit had an employee headcount of 26 (25) people.

Master Agreements

During the year, Cyber Com reached several master agreements with counterparts including Telia Mobile, FMV (the Swedish defense procurement agency), SAS, RFV (the Swedish National Social Insurance Board), PPM (the Premium Pension Authority), Swedish Rail, the National Swedish Police Board and Tele2.

Acquisition of Intra-X

Cyber Com completed the acquisition of consulting practice Intra-X with its 26 experienced consultants, the majority of which are project managers, at the beginning of the year. The purchase price comprised a fixed element and a supplementary payment, with the former amounting to SEK 55 m, and the supplement a maximum of SEK 82 m. The consolidated goodwill of some SEK 52 m that arose upon acquisition will be amortized over ten years.

Divestment of Operations

As an element of the concentration of its activities, Cyber Com divested its ERP systems enterprise Cyber Com Consulting Enterprise Solutions AB and its e-learning enterprise Cyber Com Education Group AB during the first quarter. The former enterprise mainly provides development services associated with the SAP system. The effects of these divestments have been posted as a revenue item affecting comparability, amounting to a total of SEK 3.3 m.

Extraordinary General Meeting

As a consequence of the general prevailing market climate, an Extraordinary General Meeting on 24 July resolved to revise the decision reached at the 28 April Annual General Meeting, replacing the proposed warrants program with a new alternative. This new program implies the company raising a new subordinated debenture of a nominal maximum of SEK 10,000, through the issue of a subordinated debenture with a maximum of 400,000 detachable warrants to subscribe for newly issued shares. Wholly owned subsidiary Cyber Com Consulting in Uppsala AB holds preferential rights to subscribe for the debenture, for onward sale of the detachable warrants to professionals active within the Cyber Com group.

Human Resources

The average number of full-time contracted staff is 309, a 78% increase on the corresponding period of the previous year. As of 30 September, the employee headcount was 319.

Investments

Investments in computers and equipment amounted to SEK 6.4 (5.6) m, while investments in corporate acquisitions in the period were SEK 55.0 m.

Liquidity

Group liquid funds including short-term investments stood at SEK 88.5 (6.4) m as of 30 September.

Financial Position

As of 30 September 2000, shareholders' equity was SEK 184.2 (38.0) m, corresponding to an equity ratio of 75.2% (50.0%), and shareholders equity' per share of SEK 19.56 upon full dilution.

Parent Company

Apart from a modest element of consulting activities, parent company operations comprise group-wide functions such as accounting, administration, communications, internal systems etc. The parent company had an employee headcount of 30 (19) at the end of the period.

Sales for the period January-September were SEK 25.9 (14.2) m; operating earnings amounted to SEK -1.2 (-6.7) m. Earnings net of financial items were SEK 0.4 (-7.5) m.

As of 30 September 2000, the parent company's liquidity was SEK 58.6 m. In the previous year, liquid funds including unutilized credit facilities were SEK 6.5 m.

SEK 0.7 (0.8) m of investments were made in computers and other equipment.

Events after the End of the Period

Wind-down of Market Communication Activities

Cyber Com has signed a letter of intent with external parties and a number of executives of Cyber Com Pir.

This agreement implies that parts of the operations of Pir will be transferred to a newly established enterprise with links to the design sector. Cyber Com will receive an ownership holding of 15% in exchange for the transferred resources.

The residual activities within Pir will be wound down during the autumn. Measures taken so far imply calculated expenses of some SEK 8 m, which will be charged to fourth-quarter earnings in 2000.

Outlook

Within the core areas e-Business and Telecom, the demand for Cyber Com's services and highly qualified and experienced consultants remains strong.

Cyber Com's objective is to outgrow the market as a whole, while retaining the focus on profitability. Organic growth is to be complemented by strategic acquisitions, within or outside Sweden.

Forthcoming financial information

Financial Statement for 2000 21 February

Stockholm, 25 October 2000

Mats Alders

President and Chief Executive Officer

This report has not been examined by the company's auditor.

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