



Press release

Stockholm, 1 November 2000

## Mind implements action program

**Mind achieves profitability and stands well prepared for long-term growth. How? With a very vigorous action program; increased focus on the finance, insurance, and TIME segments; and effective offerings for customers. The company plans to:**

- **Downsize from six to three business areas: *Finance and Insurance*, *TIME* and *Mind Insight***
- **Liquidate or sell Group operations in Gothenburg and Uppsala, Sweden and substantially cut central costs. The company will initiate negotiations regarding notice of termination of 156 employees.**
- **Cut costs by SEK 175 million annually – with full effect from November 2000.**
- **Show positive income figures before goodwill amortisation during H1 2001.**

Today, Mind is a successful, profitable operation within the finance; insurance; and telecom, information, media and entertainment (TIME) industries. The company also serves several prioritized customers in selected market segments that will now be gathered into a newly formed business area, Mind Insight.

Since 1999, Mind has also enjoyed huge successes with newly launched, Internet-based companies (many with venture capital backing). In the changed capital market situation for these types of clients, Mind has been hit by heavily deteriorated utilization during 2000. So hardened competition and pricing pressure will characterize the Internet consulting market. Customers will also put tougher demands on consultants' industry expertise, effectiveness, and abilities to deliver.

To create a good platform for long-term success, industry focus and profitability are needed. So Mind decided to implement a rigorous program to increase focus, increase the Group's utilization, and decrease the Group's cost base.

"Since its start, Mind has operated under the assumption that the market for the Group's services will constantly change," says Jörgen Larsson, Mind's president. "We're now making a real effort to meet new purchasing patterns and new customers by further building on our successful, well-established operations within finance, insurance, TIME, and other segments; so we have every opportunity to enable profitable growth. It's really unfortunate that these necessary changes affect many of our colleagues. We've gathered an enormous amount of expertise within Mind; those who are forced to leave the Group are highly capable. It's regrettable that the market situation puts us in a position where we cannot provide work for them. In every possible way, we'll support those who are affected and help them find new jobs."

**SEK 175 million in lowered costs**

Against a background of insufficient demand, Mind intends to liquidate or sell its Gothenburg and Uppsala operations, which currently employ 90 people. Now, Mind is discussing sales possibilities with several potential buyers. If sales don't occur within the next few weeks, the operations will be liquidated. The Stockholm and Karlstad sites will be downsized. So today, Mind is notifying 156 people in Mind AB about termination; this includes the Gothenburg and Uppsala operations. At the same time, negotiations are being started with the unions that are affected. Mind also decided to substantially cut the Group's central costs.

This action program doesn't affect Group operations in Oslo and Paris.

The program is expected to lower Group costs by at least SEK 175 million annually. The program will enable cost reductions starting with full effect during November 2000. Mind's objective is to achieve positive operating income before goodwill amortisation during H1 2001.

Cost for the action program implementation is expected to reach about SEK 80 million; it will be booked during 4Q 2000, and consists mainly of costs relating to staff leaving the Group.

**Increased focus – from six to three effective business areas**

Mind has successively increased its focus on finance, insurance, and TIME, which are previously prioritized segments. Now, Mind is going all the way and establishing three business areas that enable extensive customer offerings, a strong customer base, and increased orders.

Besides finance, insurance, and TIME, Mind is creating the Mind Insight business area for prioritized customers and industry segments that have not had a critical mass to constitute their own business area, for example, travel and transport and energy and construction. The Mind Insight business area will also cover specialist competence in Oracle and in design and communication.

Today, in the finance and insurance segments, Mind has high utilization and good orders. The operation covers business and system development for several of the Nordic countries' leading players (customers such as SEB, OM, Postgirot, Fora, FöreningsSparbanken, MeritaNordbanken, Kreditkassen, Unibank, and SIX). Mind is seeing large business opportunities: investments in new technology that the banking sector is now making are quickly showing results. Many of Europe's financial institutions haven't started to make investments that the Nordic players have been making in full force.

Mind has a good base for continued growth within the TIME segment. Key drivers are the powerful changing market conditions within the Internet, broadband, mobility, and telephony. Mind's customers within these segments include Telia, Glocalnet, Ericsson and Nokia.

Within Mind Insight, Mind has ongoing assignments from customers such as Birka Energi, AstraZeneca, Nacka Strand, Sälensstjärnan and Scandinavian Leisure Group.

When the action plan is fully implemented, Mind will employ about 300.

**Higher utilization and continued growth**

Since this summer, Mind has had uneven utilization between the Group's different units, which is why the action program will provide considerably higher utilization. In the future, Mind will grow at the pace that the market and profitability allow. The company judges that market growth will be 50-70 percent annually in the prioritized segments.

**The fourth quarter**

As mentioned earlier, continued effects from the adjustment to the new prioritized segments will affect 4Q income. Costs amounting to SEK 80 million also burden this quarter because of the implemented action program that gives Mind a lower cost level from November 2000.

At the end of 3Q, Mind showed liquidity amounting to SEK 136 million. Following the action program, the board determined that Mind won't have financing needs up to the time that the company achieve a positive cash flow

**Information**

Personnel in all Mind offices will receive personal information when this press release is distributed.

**For more information, please contact:**

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Mind is an Internet consulting company that develops and strengthens its customers business operations. Mind operates within the finance; insurance; telecom, IT, media, and entertainment (TIME); and Mind Insight segments. Mind's customers include Ericsson, Kreditkassen, MeritaNordbanken, Nokia, OM, Scandinavian Leisure Group, Telia and Unibank. The company is represented in Sweden, Norway, and France and is quoted on the OM Stockholm Stock Exchange's O-list.