



Press release

November 21, 2000

Big push for profit

The Management of Cell Network has decided to carry out a number of measures in order to rapidly improve the profitability of the group. The package of measures will mean an increased utilization rate on expanding market segments, and at the same time Cell Network will leave behind segments that are unprofitable. As a result of this package of measures, seventy or so members of staff in Sweden have been given their notice.

- Cell Network's overall operation in Sweden includes just over 500 members of staff divided into five companies. The operations within Cell Telecom AB, Public Service within Cell Network Sverige AB and Journalistgruppen AB are showing good results, and still have a high level of demand and growth. Over a period of time, the operation within Cell Network Stockholm AB has had a utilization rate that is too low, resulting from an erroneous mix of skills. This operation will be re-organized and consolidated, and a clearer focus will be put on the sales process. As a result of this, some forty members of staff have been given their notice. As a result of the changed focus Pernilla Röjdmarm has requested to be in charge of developing and leading the e-business operation. A new managing director will be appointed within short.
- During the spring, Cell ITS has been affected by a number of postponed orders, which have been reported previously. Measures are now being taken to improve profitability. Former Chairman of the Board, Claes-Erik Frölund, has taken over as the new MD, just under thirty staff members are being laid off, and overheads are being reviewed. The effect of this programme will successively improve profitability, and it is anticipated that the break-even point will be achieved in around six months. Work in broadening the ownership is under way. The market position is good and the remaining workforce will have good utilization rate.
- Demand for Cell Telecom's services on the international telecommunications market are on the increase, and the company will therefore shortly be opening offices on one of the most important markets, the British one. During the coming year, it is estimated that around 20 members of staff will be taken on in Brighton, England.
- Cell Network's operation in Finland has grown strongly, and the group will shortly be establishing an office in Helsinki. The company will be led by Johan Weckström, and will employ an estimated 20 members of staff in the summer of 2001. Tieto and the forwarding and transportation company, Fritz, are customers from the beginning.
- Cell Consulting AG was recently started up, with Klaus Baumann in charge of building up the strategic consultancy operation in Germany. Klaus Baumann is also Chief Strategic Officer for the group, with responsibility for co-ordination and further skills development of the entire group. Some 20 senior management consultants have been recruited in Germany.
- Cell Network's niche companies, Telecom, Interactive TV, Propello, and Journalistgruppen all have a strong position in their respective business segments and their skills are all the more in demand in the company's core projects. We are therefore considering the possibilities to involve these skills more strongly in an integrated offer.



- A private placement of 5,000,000 shares to Swedish and international institutional investors was recently carried out. The purpose of this issue was to increase the flexibility in implementing Cell Network's strategy. This offer was heavily oversubscribed.

"These measures are necessary, and a natural step in the process of turning the currently loss-making parts of the operations into profit," says Niklas Flyborg President and CEO of Cell Network.

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Cell Network AB is one of the world's leading consulting companies focused on the Internet and interactive media. The company delivers business-critical solutions taking full responsibility for strategy, technology, design and content. Clients include Ericsson, Volvo, General Electrics, Telia, AstraZeneca, Telenor and Statoil. Cell Network is listed on the Stockholm stock exchange's Attract 40/ O-list and has about 2100 employees in 13 countries. Read more about Cell Network AB at www.cellnetwork.com