

## **ICON MEDIALAB INTERNATIONAL AB REPORTS FIRST QUARTER 2001 FINANCIAL RESULTS**

**Net Sales of SEK 427.8 million are up 54 percent  
Restructuring and refocus progressing according to plan**

**STOCKHOLM, Sweden and BRUSSELS, Belgium – April 26, 2001** – Icon Medialab International (Stockholm:ICON), today reported the financial results for its first quarter ended March 31, 2001.

The company reported net sales of SEK 427.8 million, an increase of 54% percent over the SEK 278.5 million reported in the first quarter of 2000. The company reported an operating loss, before goodwill amortization and provision for social security fees related to employee stock options and one-time items, of SEK 81.6 million. In addition, a one-time reserve for restructuring cost of SEK 96.8 million associated with the headcount reduction of 325 staff previously announced and a reserve for a potential bad debt loss was recorded in the quarter.

The organic growth from the same quarter last year was approximately 20%, driven entirely by business growth outside of Sweden, in particular in the rest of Europe, where net sales doubled, including a growth of 56% organically from the year ago quarter. Utilization of billable staff was flat with the fourth quarter at 57%, while annualized revenue per consultant was SEK 1.2 million.

Operating cashflow improved significantly during the quarter compared to the fourth quarter of 2000, primarily due to cost reductions achieved in the quarter and a reduction in Accounts Receivable. Cashflow excluding financing activities improved by SEK 83.0 million, to a negative cash flow of SEK 77.5 million.

"During the first quarter much of our attention has been on the restructuring and refocus of the business," said Rens Buchwaldt, Interim CEO and President. "We have taken the actions to reduce our headcount level to below 1600, while at the same time improving the competency level and skills mix in relation to the current demand levels in the verticals we have focused ourselves on. We have secured SEK 150 million in equity financing led by a new investor with a long term perspective, and secured new partnerships with IBM in the wireless area and FutureBrand with regard to branding activities. Our second quarter cost base will be down to about SEK 400 million. Overall, we have accomplished what we set out to do over the past three months, and I feel we are very much on track to reach all the goals we have set for ourselves."

---

Contacts:

Katarina Bergegård, Corporate Communications, [katarina.bergegard@iconmedialab.se](mailto:katarina.bergegard@iconmedialab.se),  
+46 8 58 89 89 19 or +46 703 758 919

Investor Relations, [investor.relations@iconmedialab.com](mailto:investor.relations@iconmedialab.com), +46 70 375 90 20

*Please note disclaimer on last page*

## Net sales and earnings

The company reported net sales of SEK 427.8 million, an increase of 54% percent over the SEK 278.5 million reported in the first quarter of 2000. The company reported an operating loss, before goodwill amortization and provision for social security fees related to employee stock options and one-time items, of SEK 81.6 million, or 19.1% of revenue. In addition, a one-time reserve for restructuring cost of SEK 96.8 million associated with the headcount reduction of 325 staff previously announced and a reserve for a potential bad debt loss, was recorded in the quarter. Total reported operating earnings including one-time items amounted to a loss of SEK 178.4 million.

Goodwill amortization for the first quarter amounted to SEK 55.4 million, compared with SEK 113.1 million in the first quarter of 2000. The company amortizes goodwill for each individual acquisition over a period between three to five years.

SEK m	Jan-Mar 2001	Jan-Mar 2000	Jan-Dec 2000
Net sales	427,8	278,5	1700,2
Cost of sales <sup>α</sup> *	-404,9	-200,1	-1344,3
Gross profit*	22,9	78,4	355,9
% of net sales	5.4%	28,2%	20,9%
Sales costs*	-69,6	-23,8	-179,0
Administrative expenses*	-138,9	-69,3	-406,7
Other income/expenses	7,2	0,1	30,3
Operating earnings*	-178,4	-14,6	-199,5
Goodwill amortization and write-downs	-55,4	-113,1	-2288,7
Change in social security fees on stock options	0	32,0	60,8
Operating earnings	-233,8	-95,7	-2427,4

<sup>α</sup> Cost of sales includes personnel costs, consultants and other direct costs, as well as a portion of overhead in the form of office space and equipment expenses and depreciation.

\* Excluding goodwill amortization and provision for social security fees on stock options.

## Quarterly Trends

The Group's net sales for the period of SEK 427.8 million represent an increase of 54% over the prior year, and a 16% sequential quarter decline from the fourth quarter of 2000.

SEK m	2001	2000				1999			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	427,8	508,2	481,6	431,9	278,5	161,8	103,2	90,7	61,0
Growth % from same Q prior year	54%	214%	367%	376%	357%	194%	238%	298%	162%
Growth % sequential Q	-16%	6%	12%	55%	72%	57%	14%	49%	11%
Operating earnings*	-178,4	-144,3	-43,4	2,8	-14,6	-57,2	-28,7	-13,6	-14,8
Operating margin*	-41,7%	-28,4%	-9,0%	0,6%	-5,2%	-35,4%	-27,8%	-15,0%	-24,3%
One time items/restructuring	96,8	85,2							
Operating margin excluding one time items/restructuring	-81,6	-59,1							

\* Prior to goodwill amortization and provision for social security fees on employee stock options.

## Distribution of net sales

The following table displays the geographical distribution of net sales for the first quarter 2001 compared with the same periods prior year. Net sales outside of Sweden were 72 percent of total net sales in the quarter, in comparison to 57 percent in the same period in 2000. Net sales in Sweden were at the same level as in the first quarter of 2000, while net sales in the rest of Europe and North America increased by 100% and 79% respectively.

SEK m	Jan-Mar	Oct - Dec	% seq.	Jan-Mar	% Q1	Jan - Dec
	2001	2000	growth	2000	01 vs 00	2000
Sweden excluding Parent	119.7	174.9	-32%	119.3	0%	613.3
Rest of Europe	251.7	296.1	-15%	125.9	100%	853.4
North America	84.3	92.2	-9%	47.1	79%	377.8
Parent and elimination	-27.9	-55.0		-13.8		-144.3
Total	427.8	508.2	-16%	278.5	54%	1,700.2

## Financial position

Trade receivables as of March 31, 2001 totaled SEK 399.6 million representing approximately 77 days sales outstanding, essentially the same level as at year-end 2000, and an improvement of 3 days from the position at March 31, 2000.

Liquid assets on March 31, 2001 totaled SEK 172.9 million, compared to SEK 267.1 million as of December 31, 2000. Cashflow excluding financing activities in the quarter was a negative SEK 77.5 million.

## Share data

Earnings per share after tax on a non-diluted basis were a loss of SEK 4.56 year to date 2001 compared to a loss of SEK 2.19 for the first three months 2000, reflecting primarily the increase in cost of one time items. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 13.44, compared to SEK 43.43 March 31, 2000.

The parent company had 57,984,187 outstanding shares as of March 31. On a fully diluted basis, including all outstanding options, the maximum number of shares was 71,869,262 as of that date.

Operating Earnings for the first quarter before goodwill amortization and assuming an effective tax rate of 35 percent, is a loss of SEK 1.63 per fully diluted share.

## Restructuring and refocus measures during the quarter

The company has during the quarter made staff reductions of the majority of the previously announced 325 employees. The reductions are aimed at bringing resource levels in line with current demand, both in terms of overall demand, and with focus on the competency mix, seniority and specific skill sets. The remaining reductions in this program will be completed early in the second quarter.

As part of the competency mix adjustment, the company also divested its BrandLab assets in London, Stockholm and Berlin to FutureBrand, a subsidiary of the Interpublic Group of Companies for the purchase sum of US\$ 3.7 million, US\$ 1.0 million of which is subject to an earn-out and dependent on the performance of the sold business activities over the remainder of 2001. This transaction was concluded during April and will be included in the reported financial results of the second quarter. The operating results for BrandLab were included for all of the first quarter.

## Parent company

The parent company recorded net sales, including management fees, of SEK 28.1 million for the first quarter, and a loss, net of financial items, of SEK 5.3 million. Investments totaled SEK 265 thousand. As of March 31, 2001, the parent company recorded liquid assets of SEK 19.4 million.

## Forthcoming reports

The report for the second quarter for 2001 will be published on July 25, 2001 and for the third quarter on October 24.

## Income, Balance Sheet, Cash Flow and Key Ratio Statements

### Summary Consolidated Income Statement

SEK in thousands	Jan-Mar 2001	Jan-Mar 2000	Jan - Dec 2000
Net sales	427 820	278 495	1 700 183
Cost of sales*	- 448 430	- 273 224	-3 208 409
Gross margin	- 20 610	5 271	-1 508 226
Sales costs	- 73 990	- 29 171	- 279 463
Administrative expenses	- 146 379	- 71 889	- 670 043
Other income/expenses	7 220	68	30 318
Operating result	- 233 759	- 95 721	-2 427 414
Equity in loss/earnings of assoc. co's.	- 20 682	- 472	- 126 693
Net financial items	- 8 953	1 295	- 34 905
Loss after financial items	- 263 394	- 94 898	-2 589 012
Income taxes	- 817	- 1 364	- 20 893
Minority interest	-	- 79	-
Net loss for the period	- 264 211	- 96 341	-2 609 905

\* Cost of sales includes personnel costs, consultants, other direct costs and a portion of overhead in the form of office space and equipment expenses and depreciation.

## Summary Consolidated Balance Sheet

SEK in thousands	Mar 31, 2001	Mar 31, 2000	Dec 31, 2000
<b>Assets</b>			
Intangible fixed assets	6 919	1 385	4 960
Goodwill	430 926	1 638 336	461 517
Tangible fixed assets	212 647	94 976	195 840
Financial fixed assets	134 448	51 855	155 588
<b>Total fixed assets</b>	<b>784 940</b>	<b>1 786 552</b>	<b>817 905</b>
Work in progress	-	20 698	-
Accounts receivable, trade	399 572	276 899	471 539
Other current assets	175 603	56 968	173 331
<b>Cash and bank, sh.-term inv's</b>	<b>172 874</b>	<b>413 944</b>	<b>267 068</b>
<b>Total current assets</b>	<b>748 049</b>	<b>768 509</b>	<b>911 938</b>
<b>Total assets</b>	<b>1 532 989</b>	<b>2 555 061</b>	<b>1 729 843</b>
<b>Liabilities &amp; shareholders' equity</b>			
Restricted equity	4 062 958	2 448 477	3 918 869
Loss carried forward	-3 019 352	- 376 235	- 324 648
<b>Net result</b>	<b>- 264 211</b>	<b>- 96 341</b>	<b>-2 609 905</b>
<b>Total shareholders' equity</b>	<b>779 395</b>	<b>1 975 901</b>	<b>984 316</b>
Total provision	184 129	192 481	145 059
Minority interest	-	262	-
Long-term liabilities	11 186	8 777	53 162
Convertible debentures	110 000	131 974	110 000
Customer advances	4 710	22 025	9 141
<b>Other current liabilities</b>	<b>443 569</b>	<b>223 641</b>	<b>428 165</b>
<b>Total liabilities</b>	<b>569 465</b>	<b>386 679</b>	<b>600 468</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>1 532 989</b>	<b>2 555 061</b>	<b>1 729 843</b>

## Consolidated Cash Flow Statement\*

SEK in thousands	Jan - Mar 2001	Jan - Mar 2000	Jan - Dec 2000
<b>Current operations</b>			
Operating loss	-264 211	-95 721	-2609 905
Adjustments for items not included in cash flow	161 595	121 200	2487 570
Change in social security fees employee stock options	0	-32 000	-60 838
Financial items	9 494	2 081	59 466
Income taxes	1 639	-1 363	-1 230
Cash flow from current operations before adjustments in working capital	-91 483	-5 803	-124 937
Adjustments in working capital	32 965	-41 972	-162 631
Cash flow from current operations	-58 518	-47 775	-287 568
<b>Investment activities</b>			
	-19 010	-39 693	-172 040
<b>Financing activities</b>			
Issuance of common stock for cash	126	177 982	373 804
Net borrowing/repayment of debt	-25 483	70 003	94 617
Cash flow from financing activities	-25 357	247 985	468 421
Change in cash and cash equivalent	-102 885	160 517	8 813
Cash and cash equivalent, opening balance	267 068	253 694	253 694
Translation rate differences on cash and cash equivalent	8 691	- 267	4 561
Cash and cash equivalent end of period	172 874	413 944	267 068

\* Investing and financing transactions that do not require the use of cash are excluded from the cashflow statement.

## Shareholders' equity

SEK	Jan – March 2001
Opening balance shareholders' equity	984,316
Shareholders contribution	126
Net currency translation	59,164
Net result for the period	- 264,211
Closing balance shareholders' equity	779,395

## Key ratios

	Jan - Mar 2001	Jan - Mar 2000	Jan - Dec 2000
Solvency ratio	50,8%	77,3%	56,9%
Debt/solvency ratio	0,19	0,1	0,2
Number of employees at end of period	1 691	1 357	1 990
Average number of employees	1 847	799	1 588
Sales per employee, SEK thousand	1 038	794	1071
Sales per consultant, SEK thousand	1 185	na	1252
Outstanding shares (incl. paid but unregistered)	57 984 187	45 495 570	57 984 187
Average number of shares	57 984 187	44 021 565	50 654 837
Earnings per share (SEK)	-4,56	-2,19	-51,52
Shareholders' equity per share (SEK)	13,44	43,43	16,98
Shareholders' equity per share (SEK) after dilution	13,03	77,76	17,19
EBITDA , SEK million	-163,00	25,50	-86,97
EBITDA per share (SEK)	-2,81	0,68	-1,72

**Solvency ratio** - is calculated by dividing shareholders' equity including minority holdings by total assets.

**Debt/solvency ratio** - calculated by dividing financial liabilities by shareholders' equity including minority shares.

**Net sales per employee** - net sales during the latest 12-month period divided by average number of employees during the same period.

**Net sales per consultant** - net sales during the latest quarter divided by average number of consultants during the same period times four (annualized).

**Average number of shares** - calculated in consideration of when the issue payment or the capital contributed has been accessible. Average number of shares after dilution includes shares added when issued convertible debts are converted and shares added when issued options are exercised.

**Earnings per share** relate to earnings after full taxation divided by average number of shares. Options and convertible debt are treated as dilutive only when their conversion to ordinary shares would decrease net profit/loss per share.

**Shareholders' equity per share** - calculated by dividing shareholders' equity by registered number of shares at end of period. In consideration of dilution, shareholders' equity has been increased by received issue payments.

**EBITDA** - earnings before interest, tax, depreciation and amortization.

**EBITDA per share** - EBITDA in relation to average number of share.

April 26, 2001  
Stockholm, Sweden

For the Board:

Rens Buchwaldt  
Interim President and CEO

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

April 26, 2000  
Stockholm, Sweden

**Disclaimer**

*This document is a non-official translation of a Swedish original that has been approved by the Board of Directors of Icon Medialab International AB. In the event of discrepancies between this translation and the Swedish original, the Swedish document shall take precedence. The Swedish version should be consulted when evaluating the Icon Medialab share.*

**IconMedialab**

IconMedialab is a world-leading e-business consultancy providing the best user-driven solutions through innovative technology. We help clients achieve competitive advantage and generate long-term value by utilizing the power of digital technology to build stronger and more profitable relationships with customers, business partners, employees, suppliers and shareholders. The IconMedialab stock is traded on the Stockholm Stock Exchange Attract40 (ICON).