

# Press release



For immediate release

27 June 2011

Cybercom streamlines cost structure to improve profitability and takes a goodwill write-down of SEK 125 million

**During the last year, Cybercom focused on reorganising its Nordic consulting business in response to market changes, mainly in the telecom field. As a step in this process, cutbacks will be made to Cybercom's Finnish operation, including its associated offices in China and Romania. In addition, administration of Cybercom's Finnish and Swedish operations will be further streamlined. These measures will lead to non-recurring charges of SEK 27 million in the second quarter, but will create conditions for a gradual increase in earnings from the third quarter. The changes to Cybercom's Finnish operations will further result in a goodwill write-down of SEK 125 million. A new management team has also been appointed with a stronger focus on the Nordics.**

Cybercom has refined its operations in Sweden and Finland, focusing on the company's offerings in Connected Devices, Internet Services, Security, and Telecom Management, and has organised both countries into national divisions that create synergies. Cybercom's operation in Finland will terminate its service offerings in hardware design and close its office in Hyvinkää. A maximum of 50 consultants from Finnish operations will be affected by these changes, and co-determination negotiations have started. Also, staff is reduced by 30 consultants in China and 40 consultants in Romania. This results in a non-recurring charge of SEK 9 million in the second quarter. Cybercom has also introduced Group-wide solutions and systems for becoming more cost effective. With this in place, the company is now making further adjustments to Group overhead structure and reducing administration in Finland and Sweden, including the parent company, by 25 people. As a result, a charge of SEK 18 million for overhead adjustments will impact the second quarter.

Since Cybercom in 2008 acquired Plenware Oy with operations in Finland, Estonia, Romania, and China, the market situation has changed significantly, partly due to the 2009 recession and partly due to major changes currently underway to Finland's telecom industry. These adjusted market conditions motivated impairment testing of goodwill from the acquisition of Plenware Oy and resulted in a write-down of SEK 125 million to goodwill and SEK 10 million to brand value. SEK 97 million in intangible assets remains from the Plenware Oy acquisition. The value of the brand will have depreciated in its entirety at the end of 2011.

In conclusion, EBITDA for the second quarter is expected to stand at just over SEK -20 million. However, streamlining is expected to result in an annual cost reduction of SEK 20 million and create a foundation for a gradual increase in earnings beginning in Q3 2011.

"The market in Sweden is favourable. However, in Finland we still see major challenges in the telecom industry, while the markets for industry, media, public sector, and banking and finance have made a clear recovery," says Patrik Boman, president and CEO of the Cybercom Group. "By implementing these measures, we handle the situation in Finland, and we create a more focused operation with overhead suited to our corporate structure and designed for improved long-term earnings."

Concentrating on a strong presence in the Nordic home markets, and with an international delivery capacity that over time will focus on fewer and larger international units, Patrik Boman is forming a new management team consisting of:

- Peter Keller-Andreasen, head of Swedish operations, including sourcing from India
- Petteri Puhakka, head of the Finnish operation, including sourcing from Romania
- Karsten Ademark, head of the Danish operation
- Conny Karlsson, head of Cybercom's international operations
- Odd Bolin, CFO
- Kristina Cato, communications and IR manager.

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The management team is presented in detail on Cybercom's website at [www.cybercom.com](http://www.cybercom.com). Cybercom will publish its interim report for the first half of 2011 on Friday, 15 July.

*Note: Cybercom is required to make this information public as per the Swedish Securities Market Act. The information was submitted for publication on 27 June at 8.00 AM.*

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