

ICON MEDIALAB INTERNATIONAL AB REPORTS THIRD QUARTER 2000 FINANCIAL RESULTS

**Net Sales of SEK 481.6 million are up 367 percent
Global clients and projects continue to expand rapidly**

STOCKHOLM, Sweden and BRUSSELS, Belgium – October 25, 2000 – Icon Medialab International (Stockholm:ICON), the e-business and Internet consultancy with the most expansive global reach, today reported the financial results for its third quarter ended September 30, 2000.

The company reported net sales of SEK 481.6 million, an increase of 367 percent over the SEK 103.2 million reported in the third quarter of 1999, and an increase of 12 percent sequentially over the SEK 431.9 million reported in the second quarter of 2000. Continued strong organic growth in the US and Central Europe was off-set by summer seasonality effects in the Nordic countries and southern Europe, which were in line with the company's expectations.

The seasonality effects, and allowances and write-offs of SEK 16 million made for doubtful receivables, negatively impacted the operating earnings, which came in at a loss of SEK 43.4 million, before goodwill amortization and provision for social security fees related to employee stock options. The quarterly loss represents 9.0 percent of net sales compared to a loss of 27.8 percent in the same quarter a year ago.

The gross profit percentage of 19.4 is an improvement of 4.4 percent points over the same quarter last year. Annualized revenue productivity per consultant in the quarter, impacted by the seasonality effects, was SEK 1,448 thousand, 3 percent below the annualized revenue productivity in the first six months of the year.

"During the quarter we have seen an increasing shift to larger clients and projects: our top ten customers in the quarter represent 43 percent of our net sales, and include such global clients as Siemens, Motorola and Sony," said Ulf Dahlsten, President and Chief Executive Officer of Icon Medialab International. "We serve these multinational clients from 34 offices in 19 countries, a key aspect to our business that we see fueling our ongoing growth. "From the continued expansion and improvement of our client base we expect to generate positive operating earnings in the fourth quarter of this year and for 2001."

"We continued to improve the infrastructure leverage in our existing business in the quarter, as we increased the number of consultants by some 10 percent, while holding expense growth to just 2 percent from the second to the third quarter," said Rens Buchwaldt, Chief Financial Officer of Icon Medialab International. "During the quarter we have consciously avoided new projects from fragile dot-com customers and applied our most stringent credit terms and conditions for these clients."

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Net sales and earnings

Operating profit before goodwill amortization and provision for social security fees related to employee stock options for the quarter was minus SEK 43.4 million on net sales of SEK 481.6 million.

Net sales for the first nine months of 2000 were SEK 1,192 million, which is a 368 percent growth over the same period last year. The year to date operating earnings before goodwill amortization and provision for social security fees improved by SEK 2.0 million to a loss of SEK 55.2 million.

During the quarter an SEK 16 million in allowances and write-offs was recorded in relation to doubtful receivables. Goodwill amortization for the third quarter amounted to SEK 193.7 million, compared with SEK 4.5 million in the third quarter of 1999. The company amortizes goodwill for each individual acquisition over a period between three to five years.

In the fourth quarter of 1999, a provision was made of SEK 60.8 million for social security fees related to the employee stock option program. As of each subsequent reporting date, this provision is revalued based on the then-current share price. As of September 30, this provision was revalued again and this revaluation negatively impacted earnings for this third quarter by SEK 5.2 million. Year to date a release of SEK 51.1 million has been recorded.

The following table shows the Group's net sales, costs and expenses, operating earnings, goodwill amortization and the provision for social security fees related to employee stock options.

SEK m	Jul - Sep 2000	Jul - Sep 1999	Jan - Sep 2000	Jan - Sep 1999
Net sales	481.6	103.2	1192.0	254.8
<u>Cost of sales^α*</u>	<u>-388.2</u>	<u>-87.7</u>	<u>-896.3</u>	<u>-206.3</u>
Gross profit*	93.4	15.5	295.7	48.5
% of net sales	19.4%	15.0%	24.8%	19.0%
Sales costs*	-41.1	-12.7	-104.6	-30.8
Administrative expenses*	-107.1	-31.3	-264.8	-75.1
Other income/expenses	11.4	-0.2	18.5	0.2
Operating earnings*	-43.4	-28.7	-55.2	-57.2
Goodwill amortization	-193.7	-4.5	-466.9	-9.3
Change in social security fees on stock options	-5.2	0.0	51.1	0.0
Operating earnings	-242.3	-33.3	-471.0	-66.5

^α 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 totaled SEK 481.6 million, an increase of 367 percent from the same period the previous year, and an increase of 12 percent over the second quarter of this year. The operating margin during the quarter is negative 9.0 percent, an improvement of 18.8 percentage points from the same period the previous year.

On an annualized basis, net sales per consultant were SEK 1,448 thousand in the third quarter of 2000. This is 3 percent below the annualized productivity for the first half of the year.

The following table illustrates trends in quarterly performance from first quarter 1998 and onwards.

SEK m	2000			1999				1998			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	481.6	431.9	278.5	161.8	103.2	90.7	61.0	55.0	30.5	22.8	23.3
<i>Growth % from same Q prior year</i>	367%	376%	357%	194%	238%	298%	162%				
<i>Growth % sequential Q</i>	12%	55%	72%	57%	14%	49%	11%	80%	34%	-2%	
Operating earnings*	-43.4	2.8	-14.6	-57.2	-28.7	-13.6	-14.8	-12.7	-14.4	-9.7	-5.6
<i>Operating margin*</i>	-9.0%	0.6%	-5.2%	-35.4%	-27.8%	-15.0%	-24.3%	-23.1%	-47.2%	-42.5%	-24.0%

* 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 third quarter 2000 and the first nine months compared with the same periods prior year. Net sales outside of Sweden comprise 72 percent of total net sales in the quarter, in comparison to 61 percent in the same period in 1999. For the quarter, net sales in North America are 29 percent of total net sales.

SEK m	Jul - Sep 2000	Apr-Jun 2000	% seq. growth	Jul - Sep 1999	% Q3 00 vs 99	Jan - Sep 2000	Jan - Sep 1999
Sweden excluding Parent	155.2	200.6	-23%	41.2	276%	488.8	112.5
Rest of Europe	239.2	201.7	19%	58.1	312%	575.4	133.6
North America	162.0	83.1	95%	6.4	2431%	292.7	15.8
Parent and elimination	-74.8	-53.5		-2.6		-164.9	-7.1
Total	481.6	431.9	12%	103.1	367%	1,192.0	254.8

Financial position

As of September 30, 2000, shareholders' equity totaled SEK 2,936.5 million, compared to SEK 418.0 million on September 30, 1999, yielding solvency ratios of 79.3 and 70.6 percent, respectively.

Trade receivables as of September 30, 2000 totaled SEK 484.6 million representing approximately 76 days sales outstanding, an improvement of six days from the same date in 1999.

Liquid assets on September 30, 2000 totaled SEK 265.6 million, compared to SEK 184.3 million as of September 30, 1999.

Share data

Earnings per share after tax on a non-diluted basis were a loss of SEK 10.50 year to date 2000 compared to a loss of SEK 2.55 for the first nine months 1999, reflecting primarily the increase in goodwill amortization. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 53.24, compared to SEK 13.19 September 30, 1999.

The parent company had 55,152,212 outstanding shares as of September 30. On a fully diluted basis, including all outstanding options, the maximum number of shares was 75,908,022 as of that date.

Operating Earnings for the third quarter, before goodwill amortization and provision for social security fees on employee stock options, and assuming an effective tax rate of 35 percent, are a loss of SEK 0.39 per fully diluted share.

Acquisitions, divestments, start-ups and new stock option program

At the start of the third quarter, Icon Medialab acquired Insight Technology Group, a high-level Internet systems analyst and consulting firm located in Washington, D.C. and St. Louis, MO. The acquisition enhances Icon Medialab's technical capabilities in the U.S. The acquisition was paid for with a new issue of 2,046,807 shares of Icon Medialab International, with the potential to earn an additional 300,000 shares based on specific performance targets within the next 12 months.

In conjunction with the acquisition of Insight Technology Group, Icon Medialab also acquired SiteX3, a U.S. based development company. The acquisition is paid for with 254,010 shares in Icon Medialab International.

In August, LUVIT completed its acquisition of WebCat's operations. WebCat is 49.5 percent owned by Icon Medialab. At the same time, Icon Medialab and LUVIT signed an agreement regarding strategic collaboration on an international basis. Icon Medialab has interests in LUVIT via its 6.25 percent ownership holding.

In August, Icon Medialab announced the expansion of its global capabilities by opening offices in Vienna, Austria and Lisbon, Portugal. Both offices were opened based on local customer demand, as well as to ensure that Icon Medialab can serve its global clients in all relevant geographies.

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In September, Icon Medialab acquired Corebit, a high-level Internet systems consultancy with superior knowledge in integrating web commerce systems with corporate enterprise and business systems. The firm has 220 employees with offices in Denmark, Switzerland and Germany. The acquisition further expands Icon Medialab's already strong technical Internet expertise and integration capabilities. This acquisition was paid for with a new issue of 1,833,030 shares of Icon Medialab, with the potential to earn an additional number of shares of Icon Medialab up to the equivalent value of DKK 72 million based on specific performance targets within the next 6 months and ending February 22, 2001.

Acquisition	No. of shares	Date consolidated
Insight Technology Group	2,046,807	July 1, 2000
Site3X	254,010	July 1, 2000
COREBIT	1,833,030	September 1, 2000

On the extraordinary shareholders meeting on the September 1, 2000 it was decided to issue a new stock option program of 2 775 000 stock options for the employees.

Parent company

The parent company recorded net sales, including management fees, of SEK 29.9 million for the third quarter, and an income, net of financial items, of SEK 1,6 million. Investments totaled SEK 631 thousand. As of September 30, 2000, the parent company recorded liquid assets of SEK 80.5 million.

Board of Directors

At an extraordinary shareholders' meeting, held on September 1, 2000, Barry R. Linsky, Senior Vice President Planning and Business Developments IPG Interactive Investment Corp., was elected new Board member, substituting Gil Fuchsberg.

Forthcoming reports

The report for the fourth quarter and full year 2000 will be published on February 28, 2001.

Income, Balance Sheet, Cash Flow and Key Ratio Statements

Summary Consolidated Income Statement

SEK in thousands	Jan - Sep 2000	Jan - Sep 1999**	Jan - Dec 1999
Net sales	1 192 046	254 836	416 607
Cost of sales*	-1 248 996	- 213 120	- 479 167
Gross profit (loss)	- 56 950	41 716	- 62 560
Sales costs	- 130 068	- 32 481	- 67 619
Administrative expenses	- 302 442	- 75 973	- 172 182
Other income/expenses	18 475	235	9 233
Operating earnings	- 470 985	- 66 503	- 293 128
Equity in loss/earnings of assoc. co's.	- 31 176	- 1 986	- 2 843
Net financial items	7 462	202	271
Earnings net of financial items	- 494 699	- 68 287	- 295 700
Income taxes	- 17 078	- 1 737	- 2 240
Minority interest		- 678	- 805
Net earnings	- 511 777	- 70 702	- 298 745

* 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.

**All comparative figures have been recalculated to meet the new accounting principles applied from the last quarter of 1999.

Summary Consolidated Balance Sheet

SEK in thousands	Sep 30, 2000	Sep 30, 1999**	Dec 31, 1999
Assets			
Intangible fixed assets	4 169	1 716	932
Goodwill	2 352 435	211 753	1 159 496
Tangible fixed assets	181 188	42 507	70 607
Financial fixed assets	287 089	5 355	10 647
Total fixed assets	2 824 881	261 331	1 241 682
Work in progress	54 142	4 417	10 875
Accounts receivable, trade	484 578	102 196	189 673
Other receivables	88 018	40 691	48 640
Cash and bank, sh.-term inv's	265 617	184 328	253 694
Total current assets	892 355	331 632	502 882
Total assets	3 717 236	592 963	1 744 564
Liabilities & shareholders' equity			
Restricted equity	3 707 572	561 148	1 741 670
Loss carried forward	- 259 336	- 72 433	- 75 874
Net earnings	- 511 777	- 70 702	- 298 745
Total shareholders' equity	2 936 459	418 013	1 367 051
Total provision	228 272		108 323
Minority interest	-	735	-
Long-term liabilities	41 000	20 138	15 249
Convertible debentures	79 139	55 569	54 242
Customer advances	15 632	2 891	20 024
Other current liabilities	416 734	95 617	179 675
Total liabilities	552 505	174 950	269 190
Total liabilities & shareholders' equity	3 717 236	592 963	1 744 564

***All comparative figures have been recalculated to meet the new accounting principles applied from the last quarter of 1999.*

Consolidated Cash Flow Statement*

SEK in thousands	Jan - Sep 2000	Jan - Sep 1999**	Jan - Dec 1999
Current operations			
Operating loss	-470 985	-66 503	-293 128
Adjustments for items not included in cash flow	499 896	25 990	134 434
Change in social security fees employee stock options	-51 096	-	60 838
Financial items	12 871	202	1 323
Income taxes	-17 078	-1 737	-2 178
Cash flow from current operations before adjustments in working capital	-26 392	-42 048	-98 711
Adjustments in working capital	-150 864	-50 517	-14 251
Cash flow from current operations	-177 256	-92 565	-112 962
Investment activities			
	-121 741	-33 688	-56 304
Financing activities			
Issuance of common stock for cash	219 623	205 706	318 347
Net borrowing/repayment of debt	87 922	53 403	53 266
Cash flow from financing activities	307 545	259 109	371 613
Change in cash and cash equivalent	8 548	132 856	202 347
Translation rate differences on cash and cash equivalent	3 375	- 284	- 409
Cash and cash equivalent end of period	265 617	184 328	253 694

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

**All comparative figures have been recalculated to meet the new accounting principles applied from the last quarter of 1999.

Key ratios

	Jan - Sep 2000	Jan - Sep 1999**	Jan - Dec 1999
Solvency ratio	79.0%	70.6%	78.4%
Debt/solvency ratio	0.06	0.2	0.1
Number of employees at end of period	2,013	711	1,056
Average number of employees	1,284	434	585
Sales per employee, SEK thousand	1,054	713	712
Sales per consultant, SEK thousand	1,448	na	na
Outstanding shares	55,152,212	31,701,465	36,490,510
Average number of shares	48,739,229	27,759,843	29,216,794
Earnings per share (SEK)	-10.50	-2.55	-10.23
Shareholders' equity per share (SEK)	53.24	13.19	37.46
Shareholders' equity per share (SEK) after dilution	70.55	18.62	83.43
EBITDA , SEK million	29.40	-45.90	-158.70
EBITDA per share (SEK)	0.60	-1.65	-5.43

***All comparative figures have been recalculated to meet the new accounting principles applied from the last quarter of 1999.*

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.

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October 25, 2000
Stockholm, Sweden

For the Board:

Ulf Dahlsten
President and CEO

I have reviewed this quarterly report in accordance with the recommendation of Föreningen Auktoriserade Revisorer [Swedish Institute of Authorised Public Accountants]. A review is significantly limited in relation to an audit. Nothing has emerged in the quarterly report to indicate that it does not fulfil the requirements stipulated in the stock exchange agreement and the annual accounts act of Sweden.

October 25, 2000
Stockholm, Sweden

Hans Jönsson
Authorised Public Accountant (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.

Icon Medialab (www.iconmedialab.com), the e-business and Internet professional services firm with the most expansive global reach, provides innovative strategic, creative and technology solutions to clients all over the world. With more than 2,000 employees in 15 countries in the U.S. and Europe and more than 200 employees through Icon Medialab Asia, in three countries in Asia and in Australia, Icon Medialab provides competitive advantage to clients through rapid local deployment and customization of best-in-class strategies and applications. Founded in 1996, Icon Medialab offers expertise across all platforms and devices, including wireless and mobile applications. The firm has developed and executed award-winning programs for numerous clients, including Stora Enso, Telenor, Föreningssparbanken, Sonera Zed, Volkswagen, and Alitalia. Icon Medialab stock is traded on the OM Stockholm Exchange Attract40 (ICON).

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