

## Q3-report 2001

- Sales rose 13.8% to SEK 829.1 million (728.8 m)
- The operating profit before goodwill (EBITA) reached SEK 32.5 million (34.1 m\*)
- The cash flow was better than last year
- Measures have been introduced to achieve annual savings of at least SEK 50 million

### Comments by CEO Hans Johansson

“Customer demand varied considerably during the period. It remained strong within the Vehicle and Medical/Life Science sectors. Demand within the Telecom sector continued to falter, however, during Q3. Hardest hit were the northern Stockholm, and orders suffered as a result. Within Medical/Lifescience, we received a prestigious SEK 40 million order from Novo Nordisk in Denmark after the end of the period.

“We are adapting our business to new market conditions. We have begun implementing measures aimed at making savings of at least SEK 50 million per year. This will entail reducing the number of employees and cutting administration costs. Around 80 employees will be affected. Statutory negotiations have begun with the trade unions.

“The long-term driving forces within product development remain unchanged. Greater IT and technology content in products and demands for better design mean that our customers still want to develop more products and varieties. Despite the current economic climate and market uncertainty, I believe that Semcon’s extensive competence and our long relationships with customers mean that the company will continue to develop positively over the long term.”

\*Excluding SEK 19.6 million repayment from Alecta

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*Semcon is one of the Nordic region's leading consultancy businesses within design and development of products and industrial IT, with around 1,600 employees and sales of SEK 1,000 million in 2000. Semcon's consultants develop products, processes and people for the leading businesses in Sweden. The combination of profitable growth for 20 years and long-term relationships with leading businesses forms the basis for continued success. Semcon focuses on the medical/life science, vehicle and telecom sectors, where there is major investment in R&D and growth. Semcon AB (publ) is listed on the O list of the OM Stockholm Stock Exchange*

### Important events during the period

- Development assignment received from Pharmadule/Emtunga for a biotechnology factory in the US
- Partnership with MSX International extended to providing Ford's *Premium Automotive Group* global service
- Partnership started with Delphi. The focus will be on integrated IT solutions for product and production development.
- Semcon became a member of the Telematics Valley network.

### Important events after the end of the period

- Order worth SEK 40 million received from Novo Nordisk within *Medical* sector
- Order worth around SEK 12 million for development of base containers received from Sweden's Defence Matériel Administration.
- Semcon starts a cost-cutting programme with the aim of making savings worth at least SEK 50 million
- Framework agreement signed with Husqvarna
- Certified supplier to Pharmacia

### Examples of assignments performed during the period

- *Pyrosequencing – development of software platforms for field instruments*
- *Bombardier transportation – complete responsibility for training for Tragraph, graphical tools for programming of train steering system*
- *Saab Gripen – durability dimensioning for aircraft system*
- *Scania CV AB – complete project responsibility for production technology and engine development project*
- *GN Netcom DK – Pre-study for cost reductions and design of cordless telephone*
- *Kalmar Industries – project management and implementation of CATIA V5*
- *Akzo Nobel Surface Chemistry – project management and upgrading of global IT infrastructure*
- *Sapa Profiler – supplier of complete PDM solutions*

### **Business activities**

Semcon's sales during the first nine months of the year rose by 13.8 % to SEK 829.1 million (728.8 m). Sales in Q3 contributed to the overall increase by rising 8% to SEK 224.6 million (208.3 m). The operating profit before goodwill (EBITA) reached SEK 32.5 million (34.1 m), which produced an operating margin before goodwill of 3.9% (4.6%). The operating profit was SEK 27.7 million (31.1 m), which meant an operating margin of 3.3 % (4.2%). The result for 2000 excludes an SEK 19.6 million repayment from Alecta. Historically, the third quarter has always been weak for Semcon. The operating loss in Q3 was SEK 17.8 million (-8.1 m). The reason for the loss is the swift fall in demand for IT and telecom services.

### **Semcon Industrial Design**

*Industrial Design focuses on the development and design of products and production systems. Our strong connection to industrial design unites people and technology in a unique way.*

Sales climbed 23.7% to SEK 418.8 million (338.5 m). The operating profit rose to SEK 16.5 million (15.6 m). The business area progressed well due to continued strong demand from Vehicle, Medical/LifeScience and other engineering sectors, including large projects performed for Volvo Car, Saab Automobile, Scania, Novo Nordisk, Pharmadule/Emtunga, ADtranz and Tetra Pak.

Semcon received an order to develop and supply base containers to the Swedish Defence Matériel Administration. The initial order is worth SEK 12.1 million and is employing around ten consultants at Semcon's Karlskrona office. The containers will be used for fieldwork by Swedint, the Swedish international emergency unit.

### **Semcon e-Design**

*e-Design develops embedded IT systems for products and production systems, interactive web solutions and web design, system solutions and also supplies IT products.*

Sales increased by 10.9% to SEK 338.6 million (305.3). The operating profit was SEK 16.1 million (35.9 m). The Stockholm region was hit hard by a drop in demand for IT services from Ericsson and other telecom businesses. The business area is refining its focus on embedded design and technical IT for product development within Semcon's three core sectors – Medical/Life Science, Vehicle and Telecom. Measures are being implemented to improve presentation of the range of services and should be completed by the end of the year. The business area will be able to take complete responsibility for projects and achieve benefits of scale and boosted competitive strength for our customers.

Semcon has become a member of the newly formed Telematics Valley network in Göteborg for businesses active in the telematic sector. This organisation includes Ericsson, Volvo Cars, Volvo Global Trucks, Saab Automobile, Mecel and WirelessCar. The latter started the organisation to promote development within the industry.

### **Informatic**

Semcon continued to develop its partnership model for outsourcing of technical information services. A development project is being performed to create a generic platform. This involves the production of powerful IT support that reuses existing text and makes the entire flow of information production, from method development to distribution, more efficient.

### Semcon Technology Management

*Technology Management's activities include strategy advice, project management and change processes. The business area has a unique understanding of IT, the technology and processes used by customers. By using the competence network that exists throughout the Semcon Group, Technology Management leads development projects that include strategies, organisations, processes, manpower and technology.*

Sales increased by 120% to SEK 71.7 million (32.6 m). The operating loss was SEK 4.9 million (+ 2.8 m). Zipper by Semcon was the main reason for the business area's strong sales growth, thanks to concentrated demand for a concept that reduces customers' IT costs. The reason for the loss is less demand for general management consultancy services. We are taking new measures aimed at turning around the negative trend within the management consultancy sector that has been affected. New customers for the business area include Tetra Pak VTV, Autoliv Mekan AB, Besam, Optillion, Telia IT, Siemens Elema, Volvo Powertrain and Berifors.

#### Zipper by Semcon

Zipper works with strategies for IT infrastructures. The business concept is to use efficient concepts to take responsibility for projects and reduce our customers' IT costs. Our approach is to create smart, cost-effective solutions based on their IT infrastructure. Zipper has developed five concepts for this, namely FastTrack, Ontrack, Insight, AppLine and BaseLine. During the period customers have included Volvo, Akzo Nobel and Mölnlycke.

Business areas	Sales (SEKm)		Operating profit (SEKm)		Operating margin (%)	
	2001-09-30	2000-09-30	2001-09-30	2000-09-30	2001-09-30	2000-09-30
Industrial Design	418.8	338.5	16.5	15.6	3.9	4.6
e-Design	338.6	305.3	16.1	35.9	4.7	11.8
Technology Management	71.7	32.6	-4.9	2.8	-6.8	8.5
Competence Development*	-	52.4	-	-23.2	-	-44.3
<b>TOTAL</b>	<b>829.1</b>	<b>728.8</b>	<b>27.7</b>	<b>31.1**</b>	<b>3.3</b>	<b>4.3</b>

\*Competence Development phased out during 2000.

\*\*Excluding SEK 19.6 million refund from Alecta.

### Parent company

Semcon AB is the parent company in the Group and responsible for company-wide issues such as strategy, information and marketing. Sales totalled SEK 13.5 million (20.8 m). The loss after depreciation was SEK 0.4 million (+0.4 m). The parent company's liquidity was SEK 50 million (-47.4 m). The company's investments in stock totalled SEK 0 million (0.8 m).

### Personnel and organisation

The average number of personnel was 1,594 (1,470), an increase of 8.4% from last year. The total number of personnel at the period's end was 1,660 (1,622).

### Financial items and investments

The Group's total investments, mainly in computer hardware and software, totalled SEK 16.3 million (21.6 m). At the end of Q3 the equity/assets ratio stood at 36.6% (36). Liquid funds at the period's end amounted to SEK -18.2 million (-27.6 m). Of a total of SEK 75 million in bank overdraft facilities, SEK 56 million remains unutilised.

## Outlook

The IT and telecom market continued to falter during Q3. Semcon has begun implementing a strong programme of cost-cutting measures aimed at producing annual savings of at least SEK 50 million.

The deteriorating IT and telecom markets combined with the cost of implementing savings will affect the result for the full year. Decommissioning costs are estimated at SEK 30 million and will be charged to this year's result. The Board's assessment of sales growth remains firm, however. Semcon will make a profit in 2001.

## Further information

All figures are based on the same accounting principles and calculation periods used in the previous year. The report has been produced in accordance with the recommendations and statements of the Swedish Financial Accounting Standards Council.

Semcon will present the Q3 report at a financial hearing to be held on Operaterrassen in Stockholm on Wednesday 24 October at 12 midday. For more information, please visit our website [www.semcon.se/investor relations](http://www.semcon.se/investor%20relations).

The 2001 financial statement will be published on 30 January 2002.

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<b>Financial information in 2002</b>	<b>Date</b>
2001 financial statement	30 January
Q1 report	24 April
Q2 report	21 August
Q3 report	23 October
2001 Annual Report	early March
AGM	19 March

*Göteborg, 24 October 2001*

## SEMCON AB (publ)

The Board

## Semcon AB, Consolidated financial summary

<b>Income statements (SEK 000s)</b>	<b>2001 July-Sept</b>	<b>2000 July-Sept</b>	<b>2001 Jan-Sept</b>	<b>2000 Jan-Sept</b>	<b>2000 Full year</b>
Operating income	224 608	208 308	829 073	728 839	1 007 233
Operating expenses	-234 779	-207 473	-777 120	-673 625	-944 851
Refund from Alecta	-	-	-	19 648	19 648
Operating profit before depreciation	-10 171	835	51 953	74 862	82 030
Depreciation of machinery and equipment	-6 004	-7 504	-19 413	-21 160	-27 445
Operating profit before goodwill	-16 175	-6 669	32 540	53 702	54 585
Depreciation of goodwill	-1 627	-1 444	-4 880	-2 975	-4 524
Operating profit after depreciation	-17 802	-8 113	27 660	50 727	50 061
Net financial items	213	-354	-1 313	-384	-515
Profit after net financial items	-17 589	-8 467	26 347	50 343	49 546
Tax	5 419	2 552	-7 672	-15 091	-15 879
Minority interest	-448	-	-369	-	911
Profit for the period	-12 618	-5 915	18 306	35 252	34 578
Earnings per share*, SEK	-0,73	-0,34	1,05	2,03	1,99
EPS incl. 163 900 options*, SEK	-0,72	-0,34	1,04	2,01	1,97

\* Including Alecta refund on SEK 19.6 m, 2000.

Number of shares before dilution: 17 338 521 and number of shares after dilution: 17 391 021

<b>Balance sheets (SEK 000s)</b>	<b>30 Sept 2001</b>	<b>30 Sept 2000</b>	<b>31 dec 2000</b>
<b>Assets</b>			
Intangible fixed assets	58 560	57 363	62 258
Tangible fixed assets	51 329	52 750	54 840
Financial assets	11 346	11 016	12 050
Current assets	321 659	285 781	306 798
<b>Total assets</b>	<b>442 894</b>	<b>406 910</b>	<b>435 946</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	162 295	146 705	148 637
Provisions	44 307	36 812	44 280
Minority shares	315	297	297
Long-term liabilities	38 662	5 228	66 370
Current liabilities	197 315	217 868	176 362
<b>Total shareholders' equity and liabilities</b>	<b>442 894</b>	<b>406 910</b>	<b>435 946</b>

<b>Cash flow statement (SEK 000s)</b>	<b>2001 Jan-Sept</b>	<b>2000 Jan-Sept</b>	<b>2000 Full year</b>
Current activities	38 127	20 002	44 739
Investment activities	-18 359	-56 014	-76 602
Financing activities	-9 159	-30 061	-21 668
<b>Changes in liquid funds</b>	<b>10 609</b>	<b>-66 073</b>	<b>-53 531</b>

<b>Changes in Shareholders' equity (SEK 000)</b>	<b>2001 Jan-Sept</b>	<b>2000 Jan-Sept</b>	<b>2000 Full year</b>
<b>Shareholders' equity at period's start</b>	<b>148 637</b>	<b>135 727</b>	<b>135 727</b>
Dividend paid	-8 669	-24 274	-24 274
Revaluation reserve	-	-	2 606
New issue in connection with redemption of options	3 938	-	-
Exchange rate difference	83	-	-
Profit for the period	18 306	35 252	34 578
<b>Shareholders' equity at period's end</b>	<b>162 295</b>	<b>146 705</b>	<b>148 637</b>

<b>KEY FIGURES</b>	<b>Note</b>	<b>30 Sept 2001</b>	<b>30 Sept 2000</b>	<b>2000 Full year</b>
Growth in sales, (%)		13.8	16.8	16.6
Operating margin excl Alecta refund, (%)	1	3.3	4.3	3.0
Operating margin, (%)*	1	3.3	7.0	5.0
Return on average shareholders' equity, (%)*	2	11.9	26.5	24.3
Return on average capital employed (%)*	3	18.8	37.2	27.5
Equity/assets ratio, (%)*	4	36.6	36.0	34.1
Debt/equity ratio, (multiple)*	5	0.24	0.17	0.45
Share of risk-bearing capital, (%)*	6	45.6	45.1	43.2
Interest cover ratio, (%)*	7	21	119	40.2
Earnings per share after tax, (SEK)*	8	1.05	2.03	1.99
EPS after tax incl 163 900 options, (SEK)*	9	1.04	2.01	1.97
Shareholders' equity per share, (SEK) *	10	9.33	8.44	8.55
Shareholders' equity per share incl. 163 900 options, (SEK)*	11	9.25	8.36	8.47
Average number of employees	12	1594	1470	1504
Value added per employee, (SEK 000)*	13	369	356	479
Profit after net financial items per employee, (SEK 000)*	14	16.5	34.2	33.6
Investments in machinery and equipment, (SEK 000)		16 291	21 610	26 886
Investments in subsidiaries' shares and associated companies (SEK 000)		2 386	36 878	41 120

\*Including Alecta refund on SEK 19.6 million, 2000.

Number of shares before dilution: 17 338 521. Number of shares after dilution: 17 391 021

#### Notes:

1. Profit after depreciation as a percentage of operating income.
2. Net profit for the year as a percentage of average shareholders' equity.
3. Profit after net financial items plus financial expenses as a percentage of average capital employed.
4. Shareholders' equity as a percentage of the balance sheet total.
5. Interest bearing liabilities divided by shareholders' equity.
6. Shareholders' equity plus provisions, divided by the balance sheet total.
7. Profit after net financial items plus financial expenses divided by financial expenses.
8. Profit for the year divided by the number of shares issued.
9. Profit for the year divided by the number of shares issued plus options.
10. Shareholders' equity divided by the number of shares issued.
11. Shareholders' equity divided by the number of shares issued plus options.
12. Average number of full-time employees.
13. Profit after depreciation plus payroll expenses and social security contributions divided by average number of full-time employees.
14. Profit after net financial items divided by the average number of full-time employees.

#### Other explanations:

*Net profit for the year*  
*Capital employed.*

Profit for the year after tax.  
Shareholders' equity plus interest bearing liabilities.