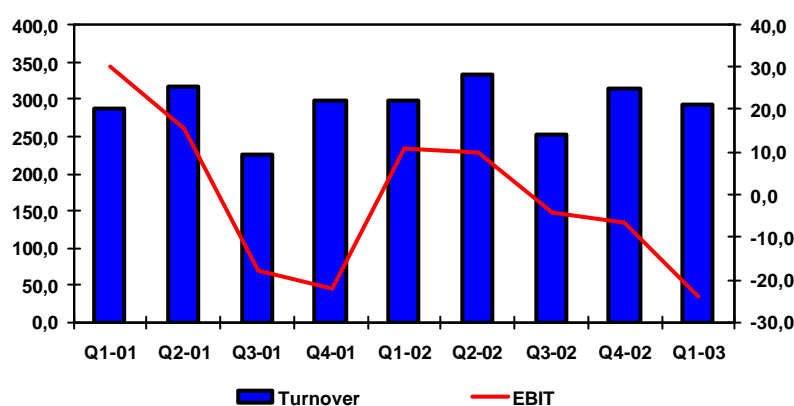


## STABLE SALES DESPITE CONTINUING WEAK MARKET

- Sales amounted to SEK 293.2 million (298.2)
- Operating loss (EBIT) was SEK 23.8 million (+10.8)
- The loss after tax was SEK 17.6 million (+7.1)
- Partnership agreement signed with Ericsson in technical information segment

Quarterly development



### Comments by the CEO, Hans Johansson

The start to 2003 has been weaker than we expected with the market continuing to be lacklustre. Despite this start sales stood firm at SEK 293.3 million, which is very close to last year's sales of SEK 298.2 million. The operating loss was SEK 23.8 million (+10.8). Earnings were affected by decommissioning costs of SEK 9.8 million as well as a reserve of SEK 8.6 million for a project with a high credit risk. Activities in Denmark, Norway and western Sweden suffered most during the period.

A rationalisation scheme called "Fast2Profit" started in February this year with the objective of increasing our income and continuing to adapt our cost levels to the prevailing market conditions. The scheme will both strengthen our sales organisation to boost our income and introduce savings and streamlining that will reduce our costs by SEK 50 million in 2003.

During Q1 Semcon reinforced its position as the leading supplier in the technical information sector by signing a partnership agreement with Ericsson regarding Customer Product Information. This means that we have taken over responsibility for developing information and multimedia production for radio base stations within Site Solutions. The agreement runs for 3 years.

Our market share and market position have been further bolstered and a number of strategically important projects and assignments started in Q1.

Semcon's subsidiary, Zsystems by Semcon, was chosen as IBM's partner of the year in Europe. This is the first time ever that a Swedish company has received the "Top Performing Partner Award" in the Software Investment Initiative category. This shows that our concept of streamlining the implementation of a working integration platform in a business is very attractive.

Our objective is to show a profit by the year's end, providing the market doesn't further weaken.

## Business activities

Sales amounted to SEK 293.2 million (298.2) and the operating loss before goodwill depreciation was SEK 21.2 million (13.7) corresponding to a margin of -7.2% (+4.6). The operating loss after depreciation was SEK 23.8 million (+10.8), corresponding to a margin of -8.1% (+3.6). The weak market is the main reason for the dip in results. A number of measures have been taken to turn the negative profit trend around. The rationalisation scheme "Fast2Profit" means that we will both strengthen our sales organisation to boost our income and introduce savings and streamlining that will reduce our costs by SEK 50 million in 2003.

Business areas	Sales (SEK m)		Growth (%)	Operating profit/loss (SEK m)		Operating margin (%)	
	31/3/03	31/3/02		31/3/03	31/3/02	31/3/03	31/3/02
Industrial Design	149.1	151.8	-1.8	-14.7	7.8	-9.9	5.1
e-Design	103.9	112.2	-7.4	-10.1	2.2	-9.7	2.0
Technology Management	40.2	34.2	17.5	1.0	0.8	2.5	2.3
<b>TOTAL</b>	<b>293.2</b>	<b>298.2</b>	<b>-1.7</b>	<b>-23.8</b>	<b>10.8</b>	<b>-8.1</b>	<b>3.6</b>

### 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 amounted to SEK 149.1 million (151.8) and the operating loss was SEK 14.7 Million (+7.8). The business area accounted for 51% (51) of the company's activities. The tough market conditions, particularly in January and February, had a negative impact on the business area's results. The main problem was customers putting a number of projects on hold as well the company reserving SEK 7.6 million for high credit risk projects. Cutbacks affected earnings by SEK 3.8 million. New projects have been started with GVA, Scania, Tetra Pak and Volvo Cars, amongst others.

### E-DESIGN

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

Sales amounted to SEK 103.9 million (112.2) and the operating loss was SEK 10.1 Million (+2.2). The business area accounted for 35% (38) of the company's activities. The negative trend was mainly due to lower demand within the telecom sector as several major projects were completed or cancelled at the beginning of 2003. A decision has been taken to wind up telecom business in Denmark and to downsize the business in Norway. Results were affected by cutbacks amounting to SEK 6 million and reservations for projects totalling SEK 1 million. During Q1 new assignments started with Bombardier AstraZeneca, MKV, Sony Ericsson, and Volvo Cars.

### Informatic

The company signed a partnership agreement with Ericsson in Q1, whereby Semcon will take over around 30 staff from Ericsson's CPI activities. The agreement runs for 3 years and started on 1 March. This agreement underpins Semcon's leading position in Northern Europe within Informatic – the production of advanced technical information for the after-market.

### TECHNOLOGY MANAGEMENT

*Technology Management improves customer's results by developing strategies for processes, technology and IT. The business area's work with strategic issues and transforming projects at senior management level, creates opportunities for comprehensive undertakings where the complete range of Semcon's skills can be exploited.*

Sales climbed by 17.5% to SEK 40.2 million (34.2) and the operating profit rose to SEK 1.0 million (0.8).

The business area accounted for 14% (11) of the company's business. Demand for the business area's services continued to rise. This fortified our position as one of the leading management consultants in the Nordic Region focussing on industry.

#### **Industrial management/Project management**

Our concept of streamlining and reducing costs as well as our range of project management services was well-received by the market and has led to a number of new projects. We started new projects with, among others, AstraZeneca, Mölnlycke Health Care, Volvo Trucks and Volvo Cars.

#### **Zipper/Systems**

Zipper continued its positive growth in Q1 despite the lacklustre market conditions. Demand for the company's developed concepts remains strong. The business was divided up in Q1 and Zipper Systems was positioned as an individual unit directly under Semcon, Systems by Semcon. The new company is the first in Sweden to have been chosen as IBM's partner of the year in Europe.

New assignments started with, among others, Sony Ericsson, Pharmadule-Emtunga, Securitas, Alfa Laval, Sveriges Television and Eka Chemicals.

### **The parent company**

Semcon AB is the Group's parent company and is responsible for Group-wide issues such as strategy, information and marketing. Sales totalled SEK 4.2 million (3.2). The profit after depreciation was SEK 0.2 million (0.4). The parent company's liquidity was SEK 43.0 million (44.5). The company's investments in stock totalled SEK 0 million (0).

### **Personnel and organisation**

The average number of employees was 1578 (1614). The total headcount at the end of the period was 1563 (1596).

### **Financial items and investments**

The Group's total investments, mainly in computer hardware and software, totalled SEK 6.7 million (2.8). At the period's end the equity/assets ratio was 25.0% (29.7). Liquid funds at the period's end amounted to SEK 10.3 million (5.8). Of a total SEK 100 million in bank overdraft facilities, SEK 49.2 million (39.9) was utilised.

Investments in subsidiaries' shares amounted to SEK 0.0 million (91 thousand).

#### *Options scheme*

The number of outstanding options held by Semcon's employees was 381 800. Due to the current share price it is estimated that these options will not have any dilution effects.

### **Outlook**

Our assessment is that the market will continue to be weak for the rest of the year. Our strong position in the Vehicle sector especially, coupled with our wide customer base in Industry and Medical & LifeScience points to a good performance in the long-term.

Our target is to show a profit by the year's end, providing the market doesn't further weaken.

### **Other information**

This quarterly report has been prepared according to the Swedish Financial Accounting Standards Council's recommendation RR 20 Delårsrapportering (Quarterly reporting). The same accounting principles and calculation methods have been used in this quarterly report as in the last Annual Report. This quarterly report has not been reviewed by our Auditors

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Göteborg, 25 April 2003

**Hans Johansson, CEO**

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**Semcon AB – Consolidated financial summary**

<b>Income statements (SEK 000s)</b>	<b>2003 Jan - March</b>	<b>2002 Jan - March</b>	<b>2002 Full year</b>
Operating income	293 189	298 222	1 200 201
Staff costs	-222 236	-213 621	-862 644
Other operating expenses	-86 453	- 65 048	-292 903
Operating profit/loss before depreciation	-15 500	19 553	44 654
Depreciation of tangible assets	-5 684	-5 898	-23 054
Depreciation of intangible assets	-2 611	-2 832	-11 489
Operating profit/loss after depreciation	-23 795	10 823	10 111
Net financial items	-384	- 444	-2 993
Profit/loss after net financial items	-24 179	10 379	7 118
Tax	-230	-3 233	-14 787
Deferred tax	6 770	-	8 616
Minority interest in profit/loss	-	-3	0
Profit/loss for the period	-17 639	7 143	947
Average number of shares	17 391 021	17 391 021	17 391 021
Earnings per share, SEK <sup>12</sup>	-1,01	0,41	0,05

<b>Balance sheets (SEK 000s)</b>	<b>31/3/03</b>	<b>31/3/02</b>	<b>31/12/02</b>
<b>Assets</b>			
Intangible fixed assets*	78 374	85 296	88 129
Tangible fixed assets	44 575	49 225	52 414
Financial fixed assets	11 659	11 694	11 547
Other long-term receivables	15 820	8 113	8 113
Current assets	362 156	370 279	355 698
<b>Total assets</b>	<b>512 584</b>	<b>524 607</b>	<b>515 901</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	128 375	155 934	148 921
Provisions	61 524	68 373	68 370
Minority shares	163	439	426
Long-term liabilities	9 262	15 735	62 924
Current liabilities	313 260	284 126	235 260
<b>Total shareholders' equity and liabilities</b>	<b>512 584</b>	<b>524 607</b>	<b>515 901</b>
Note *Of which goodwill	75 362	81 202	83 743

<b>Cash flow statement (SEK 000s)</b>	<b>2003 Jan-March</b>	<b>2002 Jan-March</b>	<b>2002 Full year</b>
Current activities	-8 150	16 881	28 809
Change in working capital	-3 080	-15 649	12 025
Investment activities	-6 708	-2 621	-16 835
Financing activities	-4 786	-3 135	2 024
<b>Change in liquid funds</b>	<b>-22 724</b>	<b>-4 524</b>	<b>26 023</b>

<b>Changes in shareholders' equity (SEK 000s)</b>	<b>2003 Jan- March</b>	<b>2002 Jan- March</b>	<b>2002 Full year</b>
<b>Shareholders' equity at period's start</b>	<b>147 594</b>	<b>148 921</b>	<b>148 921</b>
Option premium	-	-	1 668
Exchange rate difference	-135	-130	-102
Risk of loss in initial SWAP agreement	-1 463	-	-3 840
Profit/loss for the period	-17 621	7 143	947
<b>Shareholders' equity at period's end</b>	<b>128 375</b>	<b>155 934</b>	<b>147 594</b>

<b>Key figures</b>	<b>Note</b>	<b>2003 Jan- March</b>	<b>2002 Jan- March</b>	<b>2002 Full year</b>
Growth/Decline in sales, (%)		-1.7	4.0	11.9
Operating marginal, (%)	1	-8.1	3.6	0.8
Return on shareholders' equity, (%)	2	-12.4	4.5	0.6
Return on average capital employed, (%)	3	-15.4	4.9	5.6
Equity/assets ratio, (%)	4	25.0	29.7	26.5
Debt/equity ratio, (multiple)	5	0.07	0.36	0.43
Interest cover ratio, (multiple)	6	-62.0	24.4	2.5
Earnings per share, (SEK) <sup>12</sup>	7	-1.01	0.41	0.05
Shareholders' equity per share, (SEK)	8	7.38	8.97	8.49
Average number of employees	9	1 563	1 614	1 581
Value added per employee, (SEK 000s) <sup>2</sup>	10	127	137	535
Profit/loss after financial items per employee, (SEK 000s)	11	-15.5	6.4	4.5
Investments in machinery and equipment, (SEK 000s)		6 744	2 844	14 755
Investments in subsidiaries' and associated companies' shares (SEK 000s)		0	91	3 766
Number of shares at period's end at a nom. SEK 1		17 391 021	17 391 021	17 391 021
Average number of shares		17 391 021	17 391 021	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. Profit/loss after net financial items plus financial expenses divided by financial expenses.
7. Profit/loss for the year divided by the average number of shares.
8. Shareholders' equity divided by the number of shares at period's end.
9. Average number of full-time employees.
10. Profit/loss after depreciation plus payroll expenses and social security contributions divided by average number of full-time employees.
11. Profit/loss after net financial items divided by the average number of full-time employees.
12. A certain dilution effect is not judged to exist for outstanding options because the exercise price exceeds the prevailing share price.

## Other explanations:

Net profit for the year                      Profit for the year after tax.  
Capital employed.                              Shareholders' equity plus interest bearing liabilities.

### **Significant events**

- Rationalisation scheme “Fast2Profit” launched
- Partnership agreement signed with Ericsson in technical information segment
- Systems by Semcon, first Swedish company chosen as IBM’s partner of the year in Europe

### **Examples of assignments in progress during Q1**

- **Bombardier RCS**      Restructuring of information flow
- **Scania**              Development of interactive training CD
- **Volvo Cars**            Subproject developing new Versatile Volvo concept car
  
- **Volvo Cars**            Testing and support in launching Volvo Cars’ new website on different markets
  
- **Akzo Nobel**            responsible for discipline in expanding factories at Stenungsund
  
- **IMI**                      Development of an indoor climate system for personal climate control in office environments