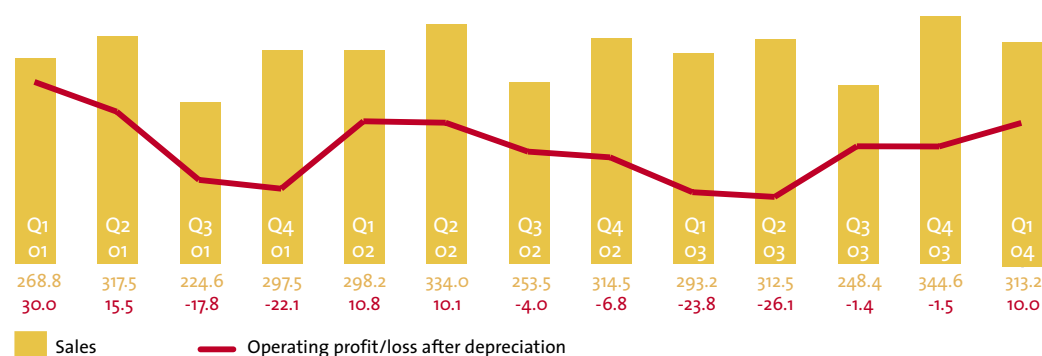


## INTERIM REPORT JAN–MARCH 2004

### Semcon improves profitability on lacklustre market

- Sales rose by 7% to SEK 313.2 m (293.2)
- Profits after tax rose to SEK 5.2 m (-17.6)
- Earnings per share of SEK 0.30 (-1.01)
- The operating profit (EBIT) reached to SEK m 10.0 (-23.8)

#### Quarterly development (SEK m)



#### COMMENTS BY CEO HANS JOHANSSON

Our profits, profit margin and cash flow in Q1 exceeded last year's figures, and our business areas are enjoying positive earnings again.

I am pleased that customers' confidence in us has improved still further. Our sales rose by 7% compared to 2003, while we succeeded in cutting our costs by 4%. This shows that our Fast2Profit scheme has produced the desired results. The restructuring scheme will continue in 2004 in areas that are still generating losses. The aim of Fast2Profit in 2004 is to cut costs by a further SEK 20 m.

Our improved sales are primarily due to the strategic contracts we signed with Ericsson and General Motors Europe last year in the Informatic business area.

**"I am pleased that customers' confidence in us has improved still further."**

As regards our focus branches, Vehicle is performing well and Telecom has improved somewhat. Medical & LifeScience remains stable, while Industry is performing weakly. However, there are big regional differences in the market trends for our activities.

We will continue with our strategy of international expansion. Most of our customers are part of global groups, and many

decisions are made outside our traditional domestic market. All Semcon's overseas business activities are under development and are still generating weak profits.



## MARKETS & TRENDS

Businesses in our sector continue to perform weakly, although some improvement was noted in autumn 2003. However, because of the structural changes on the market, this positive trend will not necessarily continue for the rest of the year.

### TRENDS AFFECTING THE MARKET

Today's markets are saturated with new products in all sectors. This creates a greater need to develop attractive products with an increasingly varied and advanced technological content in a shorter time.

- The trend shows increased investment in several industries. Customers rely on quickly releasing new products on their markets, and strong investment in product development is required to increase sales.
- Equivalent products must be distinguished from each through other factors than just pricing and performance. Product design is an increasingly vital competitive factor.
- The trend also shows a tendency to shift from common platforms to individually tailored ones, and to develop products for smaller, well-defined target groups.
- Another trend favours the integration of added functions that are unrelated to the basic function. For instance, mobile phones are now equipped with clocks, alarms, cameras, games etc.

### TRENDS IN SEMCON'S FOCUS SEGMENTS

- The car industry is expected to invest heavily in developing new models and versions over the next few years. This will benefit our business in the Vehicle segment.
- Medical & LifeScience continues to perform well.
- Companies in the Industry segment are still performing weakly.
- Telecom has stabilised, leading to renewed demand for services in this sector.

### AIMS

Semcon's aims in 2004 are to improve profitability, improve our equity/assets ratio and continue gaining market shares. We achieved these targets in Q1. Fast2Profit will help us increase our focus on various sales activities and continue adapting our costs to market conditions.

## OUTLOOK

Our Fast2Profit restructuring scheme led to stabilised our business in Q1 2004. However, several months into 2004, there has been no improvement in the market situation. We expect Semcon's growth to be fastest in the Vehicle segment, followed by Medical & LifeScience, Telecom and, finally, Industry. We still expect to report profits and improve our equity/assets ratio in 2004.

## FORCES DRIVING GROWTH

Semcon expects the design and development market to carry on growing strongly. The illustration below summarizes the key growth factors.

### Global trends

- Greater global competition
- Rapid IT and technical development
- Growing environmental focus

### Effect on the market

- Focus on design and product development
- Huge pressure on prices
- Global platforms and production capacity
- Stringent laws and consumer demand

### Consequences for product development

- Partnerships and long-term relationships much more important
- More total solutions and greater responsibility
- Division into primary and secondary suppliers
- More focus on Time-to-Market
- Increased demand for specialist skills

**Greater demand and opportunities for international development consultants**

## BUSINESS ACTIVITIES

### SALE ANALYSIS

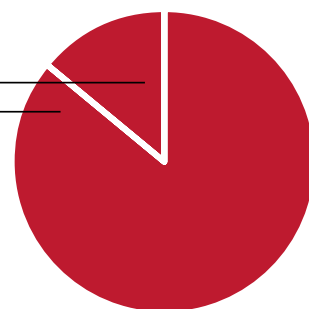
Group sales reached SEK 313.2 m (293.2) in Q1 2004, an increase of 6.8%. Sales in the Design & Development business area were SEK 192.6 m (203.7), 5.5% less than in 2003. This decline was primarily due to the cutbacks implemented in the business area in 2003. The Informatic business area had sales of SEK 81.4 m (50.3), an increase of 61.8%. This increase is primarily ascribable to the partnership contracts we signed with Ericsson and General Motors Europe (Saab Automobile) in 2003. The Innovation business area had sales of SEK 39.2 m (39.2). Sales per employee reached SEK 214,000 (202,000) in Q1. 14% (12%) of Semcon's sales derived from outside Sweden. The biggest share of Semcon's total sales derives from the vehicle industry.

### EARNINGS ANALYSES

The operating profit after depreciation (EBIT) was SEK 10.0 m (-23.2), generating a margin of 3.2%. The improved earnings were partly due to the cost-cutting schemes implemented in 2003, which are now producing results in the form of lower costs, and partly due to an increase in orders, primarily in the Informatic business area. Operating profit after depreciation for our business areas is as follows: Design & Development SEK 3.0 m (-21.0), Informatic SEK 5.5 m (-1.5) and Innovation SEK 1.6 m (-3.0). Net financial items totalled SEK -1.2 m (-0.4), generating SEK 8.8 m (-24.2) in profits after net financial items. The Group's profit after tax was SEK 5.2 m (-17.6), while earnings per share amounted to SEK 0.30 (-1.01).

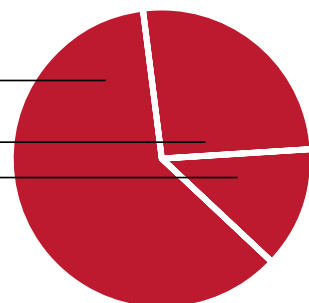
### Share of earnings

International	14%	(12%)
Sweden	86%	(88%)

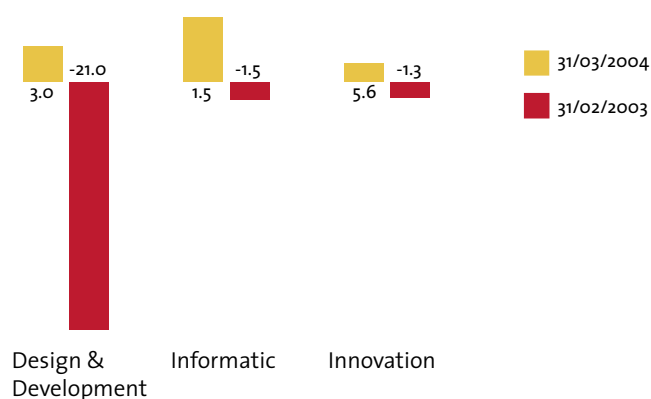


### Sales per industry

Design & Development	61%	(70%)
Informatic	26%	(17%)
Innovation	13%	(13%)



### Operating profit per industry, SEK m



BUSINESS AREAS	Sales (SEK m)		Growth (%)	Share of sales (%)	Operating profit/loss (SEK m)		Operating margin (%)	
	31/3/2004	31/3/2003			31/3/2004	31/3/2003	31/3/2004	31/3/2003
Design & Development	192.6	203.7	-5.5	61.5	3.0	-21.0	1.6	-10.3
Informatic	81.4	50.3	61.8	26.0	5.5	-1.5	6.7	-3.1
Innovation	39.2	39.2	0.1	12.5	1.6	-1.3	4.0	-3.2
<b>Total</b>	<b>313.2</b>	<b>293.2</b>	<b>6.8</b>	<b>100.0</b>	<b>10.0</b>	<b>-23.8</b>	<b>3.2</b>	<b>-8.1</b>

## SEMCON AB-CONSOLIDATED FINANCIAL SUMMARY

### INCOME STATEMENTS

(SEK 000s)	2004 Jan-March	2003 Jan-March	Rullande 12 mån.	2003 Full year
Operating income	313 223	293 189	1 218 752	1 198 719
Staff costs	-208 333	-222 236	-825 157	-839 060
Other operating expenses	-88 512	-86 453	-369 925	-367 866
<b>Operating profit/loss before depreciation</b>	<b>16 378</b>	<b>-15 500</b>	<b>23 670</b>	<b>-8 207</b>
Depreciation of tangible assets	-4 263	-5 684	-19 916	-21 337
Depreciation of intangible assets	-2 077	-2 611	-22 720	-23 254
<b>Operating profit/loss after depreciation</b>	<b>10 038</b>	<b>-23 795</b>	<b>-18 965</b>	<b>-52 798</b>
Net financial items	-1 244	-384	-3 232	-2 372
<b>Profit/loss after net financial items</b>	<b>8 794</b>	<b>-24 179</b>	<b>-22 197</b>	<b>-55 170</b>
Tax	-3 618	-230	-4 168	-780
Deferred tax	0	6 770	-8 388	-1 618
Minority interest in profit/loss	-7	0	-7	1
<b>Profit/loss for the period</b>	<b>5 168</b>	<b>-17 639</b>	<b>-34 761</b>	<b>-57 568</b>
Average number of shares	17 391 021	17 391 021	17 391 021	17 391 021
Number of options	217 900	217 900	217 900	217 900
EPS after tax, SEK	0.30	-1.01	-2,00	-3.31
EPS including options, SEK	0.29	-1.01	-2,00	-3.31

### BALANCE SHEETS

(SEK 000s)	2004 Jan-March	2003 Jan-March	2003 Full year
<b>Assets</b>			
Intangible fixed assets*	50 538	78 375	53 089
Tangible fixed assets	35 271	44 575	38 749
Financial fixed assets	7 191	11 659	7 055
Other long-term receivables	9 435	15 820	9 435
Current assets	379 304	362 155	364 794
<b>Total assets</b>	<b>481 739</b>	<b>512 584</b>	<b>473 122</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	98 101	128 375	90 406
Provisions	38 751	61 524	41 228
Minority shares	25	163	17
Long-term liabilities	2 934	9 262	4 497
Current liabilities	341 928	313 260	336 973
<b>Total shareholders' equity and liabilities</b>	<b>481 739</b>	<b>512 584</b>	<b>473 122</b>
Note * Of which goodwill	47 060	75 362	49 139

### CASH FLOW STATEMENT

(SEK 000s)	31/03/2004	31/03/2003	2003 Full year
Current activities	10 119	-8 150	-12 052
Change in working capital	19 055	-3 080	54 755
Investment activities	-1 726	-6 708	-28 693
Financing activities	-1 563	-4 786	-6 334
<b>Change in liquid funds</b>	<b>25 885</b>	<b>-22 724</b>	<b>7 676</b>

## CHANGE IN SHAREHOLDERS' EQUITY

(SEK 000s)	31/03/2004	31/03/2003	2003 Full year
<b>Shareholders' equity at period's start</b>	<b>90 406</b>	<b>147 594</b>	<b>147 594</b>
Exchange rate difference	49	-135	-211
Risk of loss in initial SWAP agreement	2 478	-1 463	590
Profit/loss for the period	5 168	-17 621	-57 568
<b>Shareholders' equity at period's end</b>	<b>98 101</b>	<b>128 375</b>	<b>90 406</b>

## KEY FIGURES

	Note	31/03/2004	31/03/2003	2003 Full year
Growth/Decline in sales, (%)		6.8	-17.0	-0.1
Operating margin, (%)	1	3.2	-8.1	-4.4
Return on average shareholders' equity, (%)	2	5.0	-12.4	-48.4
Return on average capital employed, (%)	3	7.0	-15.4	-34.3
Equity assets ratio, (%)	4	20.4	25.0	19.1
Debt/equity ratio, (multiple)	5	0.03	0.46	0.05
Interest coverage ratio, (multiple)	6	7.9	-62.0	-12.4
Earnings per share, (SEK)	7	0.30	-1.01	-3.31
Earnings per share including options, (SEK)	8	0.29	-1.01	-3.31
Shareholders' equity per share, (SEK)	9	5.64	7.38	5.20
Average number of employees	10	1 467	1 563	1 504
Value added per employee, (SEK 000s)	11	149	127	523
Profit/loss after financial items per employee, (SEK 000s)	12	6.0	-15.5	-36.7
Investments in machinery, equipment and licenses, (SEK 000s)		1 746	6 744	22 370
Investments in subsidiaries' and associate companies' shares, (SEK 000s)		0	0	169
Number of shares at period's end at a nom. 1 SEK		17 391 021	17 391 021	17 391 021
Average number of shares		17 391 021	17 391 021	17 391 021
Number of options		217 900	217 900	217 900

## REFERENCE

- Earnings after depreciation as % of operating earnings.
- Profit/loss for the period as % of average shareholders' equity.
- Profit/loss after financial items plus financial expenses as % of average capital employed.
- Shareholders' equity as % of balance sheet total.
- Interest-bearing debt divided by shareholders' equity.
- Profit/loss after financial items plus financial expenses, divided by financial expenses.
- Profit/loss for the period divided by the average number of shares.
- Shareholders' equity divided by the total number of shares at the end of the period.
- Shareholders' equity divided by the total number of shares including options.
- Average number of employees.
- Profit/loss after depreciation plus salary expenses and social fees divided by the average number of salaried employees.
- Profit/loss after financial items divided by the average number of salaried employees.

## OTHER EXPLANATIONS

Net profit for the year	Profit for the year after tax.
Capital employed	Shareholders' equity plus interest bearing liabilities
P/E ratio.	Pris per aktie dividerat med vinst per aktie.
P/S ratio.	Pris per aktie dividerat med omsättning per aktie.
Price per share/equity.	Price per share divided by shareholders' equity per share.

## QUARTERLY CHANGES PER BUSINESS AREA

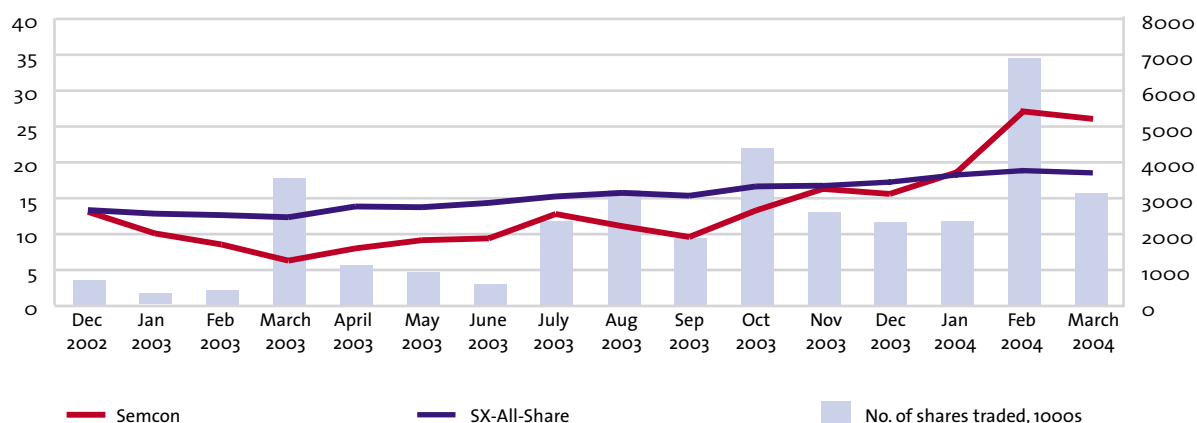
Sales	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1
Design & Development	203.7	200.0	159.3	212.7	192.6
Informatic	50.3	61.5	55.1	77.1	81.4
Innovation	39.2	51.1	34.0	54.8	39.2
<b>Total</b>	<b>293.2</b>	<b>312.5</b>	<b>248.4</b>	<b>344.6</b>	<b>313.2</b>

Operating profit (EBIT)	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1
Design & Development	-21.0	-27.3	-7.6	-5.2	2.0
Informatic	-1.5	2.9	7.1	5.3	6.5
Innovation	-1.3	-1.7	-0.9	-1.6	1.6
<b>Total</b>	<b>-23.8</b>	<b>-26.1</b>	<b>-1.4</b>	<b>-1.5</b>	<b>10.0</b>

## KEY FIGURES PER SHARE 31 MARCH 2004

	31/03/2004	2003	2002	2001	2000
Earnings per share after tax (SEK)	0.30	-3.31	0.05	0.08	1.99
Earnings per share including options (SEK)	0.29	-3.31	0.05	0.08	1.89
Equity per share before dividend (SEK)	5.67	5.20	8.49	8.56	8.57
Equity per share including options (SEK)	5.60	5.13	8.30	8.48	8.14
Price per share/equity per share (multiple)	4.60	3.0	1.5	4.6	14.6
Dividend	-	0.0	0.0	0.0	0.5
P/E ratio	87.5	neg	238.7	504.4	62.8
P/S ratio	1.44	0.23	0.19	0.61	2.15
Share price 31/3, other year 31/12 (SEK)	26.0	15.5	13.0	39.5	125.0
Market value 31/3, other year 31/12 (SEK m)	452	270	226	687	2167
Number of shares at period's end (thousands)	17 391	17 391	17 391	17 391	17 339
Average number of shares (thousands)	17 391	17 391	17 391	17 356	17 339
Number of options (thousands)	218	218	382	164	928

## PRICE TREND



## SHARE PERFORMANCE

The diagram "price trend" shows Semcon's share price performance since December 31, 2002 compared to the SX-All-Share index and the amount of shares traded. The share price rose over the quarter from SEK 15.50 on December 31 to SEK 26.0 on 31 March, an increase of 68%. The SX-All-Share climbed 8% during the same period.

## PARENT COMPANY

As the Group's parent company, Semcon AB is responsible for corporate issues such as strategy, information and marketing. Sales amounted to SEK 6.3 m (4.2), and the profit after depreciation was SEK 0 m (0.2). The parent company's liquidity was SEK 44.8 m (43.0). The company's investment in stock totalled SEK 0 m (0).

## PERSONNEL & ORGANISATION

The average number of employees was 1,467 (1,563). The total number of employees at the end of the period was 1,457 (1,578). The headcount in each business area at the end of the period was as follows: Design & Development 1,034 (1,221) Informatic 282 (200) and Innovation 141 (142).

## FINANCIAL ITEMS & INVESTMENTS

The Group's investment in hardware, licenses and office equipment totalled SEK 1.7 m (6.7). The equity/assets ratio at the end of the period was 20.4% (25), cash flow was 25.9 SEK m (-22.7), liquid assets were SEK 66.6 m (10.3) and bank overdraft facilities were SEK 36 m (100), of which SEK 0.0 m (49.2) had been utilised.

## KEY EVENTS DURING THE QUARTER

- Semcon LifeScience signed an agreement with Alphantra comprising project management, planning and the whole product line at Alphantra's new factory in Copenhagen.
- Semcon Engineering UK signed a support agreement with Vauxhall Engineering Ltd.

### FINANCIAL REPORTS 2004

Interim report January - June	26 August
Interim report January - September	21 October

All financial information can be found on Semcon's web site at: [www.semcon.com](http://www.semcon.com)



## ACCOUNTING PRINCIPLES

This quarterly report has been produced in accordance with the Swedish Financial Accounting Standards Council's recommendation on Interim Reporting (RR 20). The Swedish Financial Accounting Standards Council's recommendation on Remuneration to Employees (RR 29) is applied from January 1, 2004. The application of this principle has had no significant effect on the company's profit/loss and financial position, as defined benefit pension schemes financed through Alecta have been posted as defined contribution pension schemes due to lack of relevant data. Otherwise, the accounting principles are unchanged from the previous financial year.

## OTHER INFORMATION

This report has not been examined by our auditors. The Q2 report will be published on August 26. For further information, please contact CEO Hans Johansson tel. +46 31-721 03 05, mobile +46 70 591 43 34, or CFO Bengt Nilsson, tel. +46 31-721 03 11, mobile +46 70 447 28 68.

Göteborg, Sweden  
27 April 2004

Hans Johansson

**SEMCON AB (PUBL)**  
corporate identity code 556539-9549

**Semcon** is one of the leading design and development companies in the Nordic region, with around 1,500 employees and sales in 2003 of SEK 1.2 billion. Semcon's consultants develop products, processes and people at the leading industrial businesses in the Nordic region.

The combination of good growth over 20 years and well-established relationships with leading industrial groups provides a strong base for continued success. Semcon AB (publ) is listed on the O-list of Stockholmsbörsen and is currently active in Sweden, Norway, Denmark, the UK and Malaysia, and, via partners, in Spain and China