

# 02

SEMCON'S ANNUAL REPORT

semcon



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“As a close business partner to industry we  
provide human and technical competence  
that boosts our customers’ earnings.”







Semcon focuses on the Vehicle, Telecom, Medical & LifeScience and Industry sectors. Semcon handles complete processes in the following areas:

- Product development
- Production development
- Design
- Management
- Technical information
- Systems and website development
- IT support

## EXPERIENCE. SEMCON'S OFFER IS UNIQUE

Semcon strives for long-term relationships with customers that include the leading industrial companies in the Nordic region. Semcon has a broad customer base, with the focus on the Vehicle, Telecom, Medical & LifeScience and Industry sectors.

Semcon's range of services is based on extensive know-how and experience in product development and related areas. Semcon takes responsibility for entire product development projects, from concept to finished product.

Semcon continually develops customer-adapted and internationally competitive offers. In addition, the company further develops sector crossover concepts, where the customer benefits from experience and solutions from other industries other than their own.

This is the experience nobody can copy.

## YEAR IN REVIEW. 2002 IN BRIEF

### PROFITABLE GROWTH ON A TOUGH MARKET

Semcon reported growth of 6.5 per cent and an operating profit of SEK 10.1 million in 2002, despite a tough market. This shows that Semcon's range is attractive and that the consultants' competence is in demand. The market situation and the economic downturn since the middle of 2001 has affected Swedish industry, which in turn has affected the entire Swedish consultancy market.

Changes have meant difficulties, but also opportunities for conducting new business. In 2002 Semcon carried out a number of projects where customers' product development was made more effective to increase profitability. In addition, a number of new partnership agreements were signed, where Semcon's range, experience and competence were the deciding factors. A partnership agreement was signed with Ericsson in Sweden concerning project management (PROPS). Similar agreements were signed with Ericsson in Denmark and Norway concerning wireless communication.

Agreements were also signed in 2002 with Volvo Bus Corporation for rig testing including durability and fatigue testing. Semcon's international operations have doubled and now account for 15 per cent of total revenues. The increase is in line with the company's long-term plan.

It is pleasing to note that Semcon Informatic's partnership with Volvo Car Corporation was extended by a further three years. Our partnership concept within Informatic has given us a leading

position in northern Europe. The concept has attracted major interest, and resulted at the end of the year in a number of concrete enquiries leading to negotiations that are currently underway.

**COLLECTIVE COMPETENCE** Semcon's managers have excellent knowledge of the market and continually introduce improvements. In 2002 this resulted in competence being located at fewer offices and departments. Ongoing restructuring affected profits by SEK 41.5 million, of which SEK 15 million affected Q4.

Demand in 2002 was lacklustre and diminished further at the end of the year and the beginning of 2003. Semcon is prepared for yet another tough year where the aim is to continue to be profitable.

### IMPORTANT EVENTS IN 2002

#### Partnerships

- Partnership agreement with Ericsson Project Management Institute concerning PROPS
- Partnership agreement with LM Ericsson A/S in Denmark
- Partnership agreement with Ericsson AS in Norway
- Partnership agreement with Volvo Bus Corporation
- Partnership agreement with Volvo Car Corporation extended for a further three years

#### Orders

- Order of around SEK 12 million from FMV
- Order for Semcon's ER/ES logger from AstraZeneca

- Extensive framework agreements signed with AstraZeneca, Scania, Pharmadule/Emtunga, Saab Avionics and Nokia DK

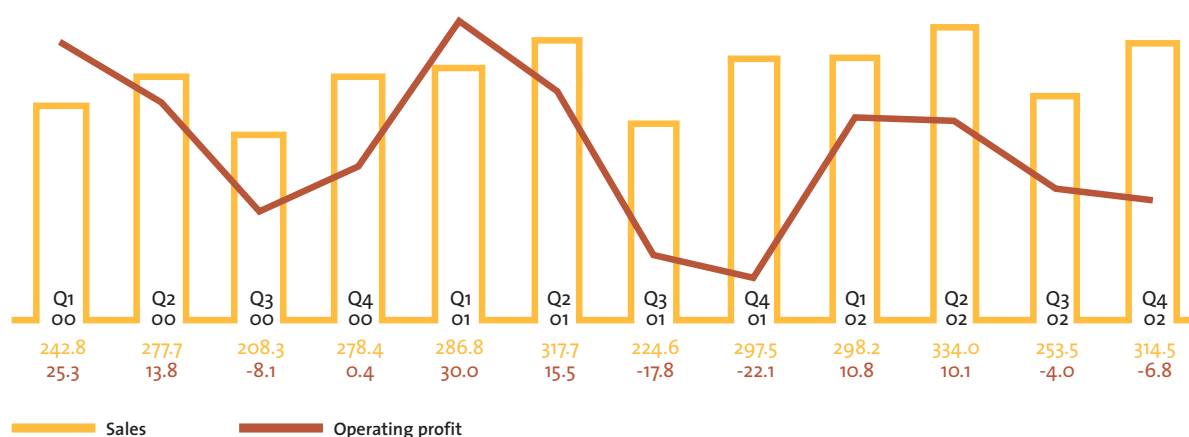
#### Other

- Semcon chosen as Long Term Preferred Supplier to the Volvo Car Corporation
- Operational responsibility for Boverket's IT environment for three years
- Agreement with ABB in Olofström
- Development of production equipment for Valmet Automotive Inc. Finland
- Zkill.net, a network of sub-consultants started as a complement to the rest of Semcon

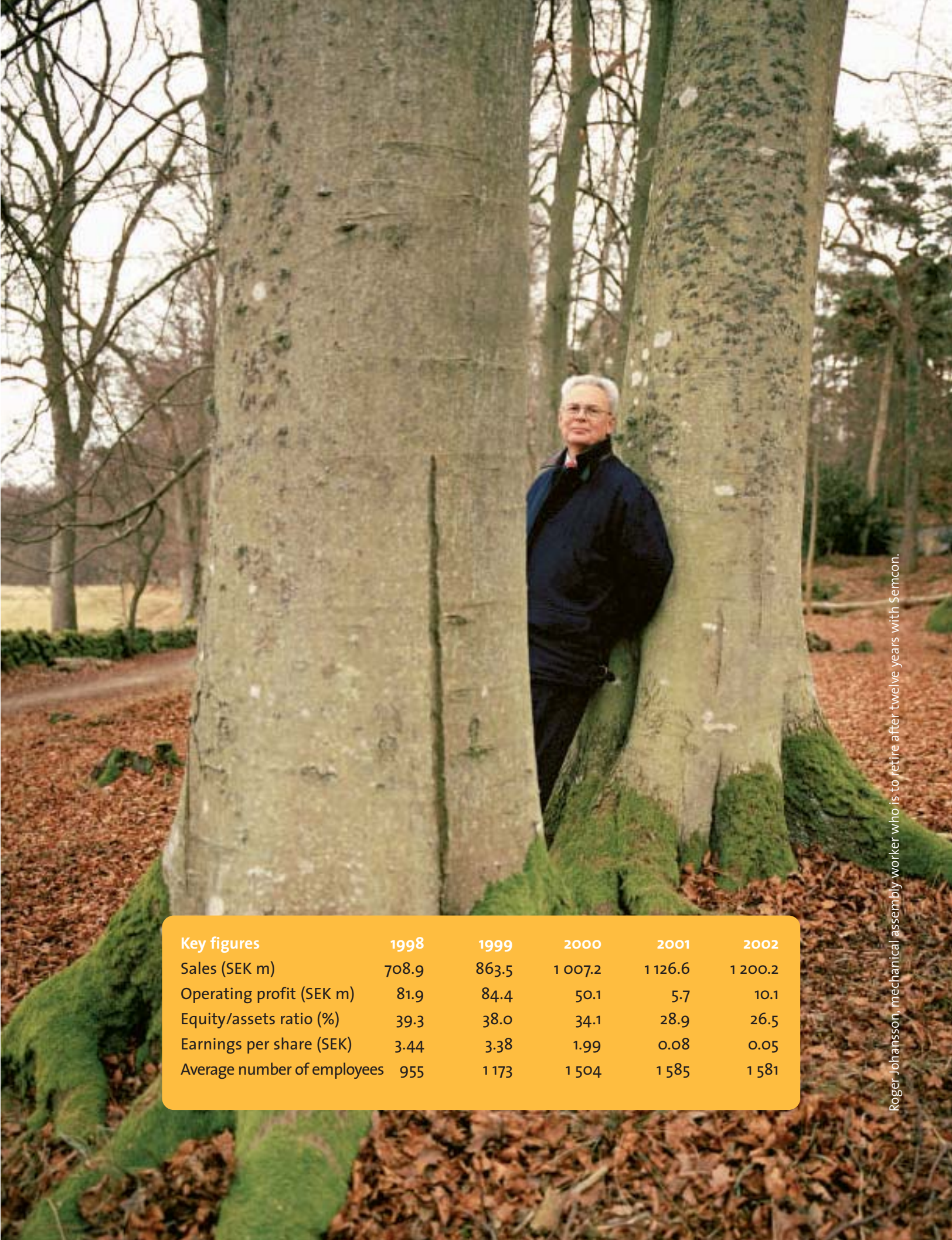
### IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- Recruitment company Zpearpoint started
- Framework agreement with ABB, Apoteksbolaget, Bombardier, Ericsson Microwave Systems, FMV, Gambro, Husqvarna, ITT Flygt, Kockums, Nokia, OKG, Pharmacia, Siemens-Elcoma, Sapa, Scania, Telia, Tetra Pak, Tågja, Volvo Cars, Westinghouse Atom, etc.
- Framework agreements signed and applicable for 2003: AstraZeneca, Akzo Nobel, Gryaab, Kvaerner Pulping, Perstorp Oxo, Pharmadule/Emtunga, Pågens AB and Scanraff
- Semcon creates one of Scandinavia's leading design and development centres where every resource is gathered together in Göteborg in a joint office on Norra Älvstranden.

Quarterly development (SEK m)







Key figures	1998	1999	2000	2001	2002
Sales (SEK m)	708.9	863.5	1 007.2	1 126.6	1 200.2
Operating profit (SEK m)	81.9	84.4	50.1	5.7	10.1
Equity/assets ratio (%)	39.3	38.0	34.1	28.9	26.5
Earnings per share (SEK)	3.44	3.38	1.99	0.08	0.05
Average number of employees	955	1 173	1 504	1 585	1 581





HANS JOHANSSON, CEO

## THE CEO. A JOURNEY WITH GLOBAL OBJECTIVES

2002 was a tough year characterised by a turbulent market and a business cycle that got worse rather than better. We saw a wave of significant changes, which affect businesses and people on a global scale.

Semcon can look back on the past year with pride, however. We performed well considering the difficult situation.

Conditions are still tough and many companies are feeling the effects of rapid market changes and stiffer competition. I believe that in this situation it is important to raise one's sights and look to the future, past the uncertainty of the near future, and take advantage of the opportunities available. To do this you have to be sure of where you are heading. Semcon knows where it is going. We will grow internationally along with our customers and we will be a company where people grow and develop.

A successful company must be able to choose between brakes and accelerator at the right time. In a world characterised by uncertainty, Semcon managed relatively

well in 2002 with both. We started the year by implementing a rationalisation scheme and have since then continually adapted to market changes. When market conditions improve we will be well prepared to take advantage of the opportunities available.

However, a company cannot simply survive by balancing the books. The people behind the figures must also be in balance. It is vital for Semcon that our staff develop and feel good about themselves. Our lives are becoming more hectic in line with the rapid developments around us. It is important that we make it possible for all employees to find a balance in life on their own terms.

2002 was a difficult year, but it was also exciting and challenging. Semcon has always moved forward when markets have been most shaky. It is possible to compare the current situation with the one we faced between 1991 and 1993. Then, as now, it's a matter of not being afraid of change. By developing Semcon and our services we also help our customers develop new products and concepts more quickly.

Markets will always fluctuate and this is something we need to take account of in our development.

Demand in the Stockholm region remained weak during the year and we were forced to adapt to the market position.







## “There is a wave of change throughout the world.”

The cost for these continual adjustments have impacted results negatively. Meanwhile we further underpinned our position in Denmark by gaining the trust of Ericsson, among others. This fits well into Semcon's strategic decision to expand, both internationally and within telecom. This trend was further strengthened when we signed a partnership agreement with Ericsson Project Management Institute. With their world-leading project management model, PROPS, we have the opportunity to follow our customers out into the world. We also have an excellent opportunity to implement a joint, international working method ourselves.

The topic of discussion at Semcon in the spring was the Volvo Ocean Race, where we were IT consultant and technical

partner to ASSA ABLOY Racing Team. When our yacht crossed the finish line first in Göteborg, our company shared in the success, and this was also noticed among clients.

After the summer Semcon was equipped for a continued flat market. The motor industry was really worried and big clients like Volvo Cars and Saab Automobile introduced stringent rationalisation schemes, with a cut in consultancy services as a result. In other areas we were able to witness certain signs of stability. We boosted sales abroad, for example, and within Medical & LifeScience.

**NORMAL BUSINESS CYCLES** The year has seen unusually large fluctuations, mainly in the telecom and auto industries. But business cycles are normal and the industries we

work in are all more or less cyclical. Vehicle is one of the industries where I believe we have major possibilities in the future. Rail and sea travel are environmental alternatives that will be in demand, and the auto industry will invest a great deal of resources in R&D in the future. The car industry is under pressure to produce more products more quickly, and we are a resource in their development. Medical & LifeScience is also an area where we see great potential. The demand for the production of new pharmaceuticals will increase due to an ageing population. This also means that it becomes more important to be able to verify the different stages of the manufacturing process of the new pharmaceuticals. This is where Semcon has experience and documented competence.



“Many companies choose to merge to share development costs. This is where we see opportunities of following our customers to their new partners.”

Within pharmaceutical production and medi-tech there is also a trend of increased IT use. This gives us significant potential in one of our most important industries.

**GLOBAL ARENA** There is a wave of change throughout the world, and it also applies to the consultancy industry. Many companies are grouping together, and we are seeing that many are choosing to move away from being a specialist in one area and spreading their range. Despite a much tougher market situation we have been one of the few companies in the consultancy industry that has continued to expand and take market shares. I don't currently see it as beneficial for Semcon to join forces with any other company. Neither do I consider that we would gain anything by diversifying from our industry focus. On the other hand it is necessary to see the entire world as our market place. In the 1999 Annual report I said that the following three years would be characterised by increased organic growth, but also by growth through acquisitions, both in Sweden and internationally. This is exactly what we have achieved, by establishing ourselves at new locations and by implementing new partnership deals.

**TOMORROW'S TRENDS** We have noted that customers are choosing fewer but larger

suppliers, making it more important to be the preferred supplier. Meanwhile projects are becoming bigger and more complex. This suits us extremely well because we want to enter the chain of development at an early stage. We are also seeing that more of our customers are merging their companies to become large European units. They want to locate development work where they can find the right competence at the right price. This gives development companies in the Nordic region great opportunities. We have a strong competitive position. Sweden has reasonable price levels and we have a well-trained workforce who are used to teamwork.

Our close contact with customers provides us with excellent insight into our focus areas. Our customers operate in an increasingly cyclical world where the pace of change increases all the time. With this in mind we need to be flexible. This year we started Zkill.net, a network of sub-consultants, which maximises our possibilities for adapting to customer requirements. Another strong trend affecting our customers are consumer demands for more intelligent products with good design. To get more functions on the same area, such as in a car engine or on a mobile phone, new technical solutions are required. A result of this

trend is that many companies are choosing to merge to share development costs. This is where we see the opportunities to follow our customers to their new partners.

**SEMCON UNITES RESOURCES** Semcon has a clear vision of the future: we intend to be a design and development company with staff throughout Europe. Our new offices at Norra Älvstranden in Göteborg are a step in this direction.

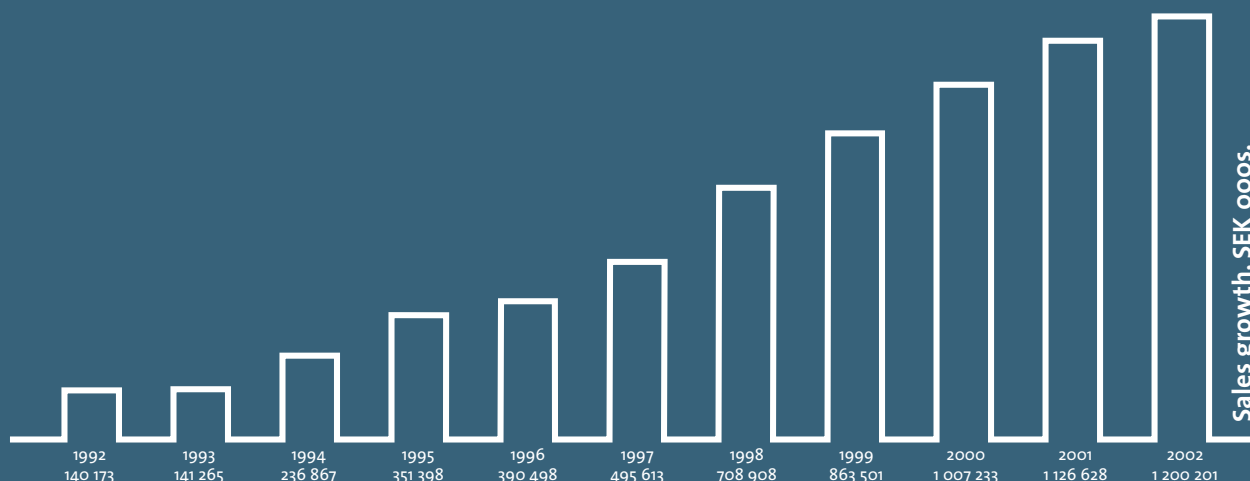
**SEMCON 2003** The end of 2002 and the beginning of 2003 were characterised by a weak market. I expect another tough year ahead where the goal will be to continue to be profitable. We must therefore continue to adapt our range. Our customers will be forced to review activities and implement rationalisation schemes. This will provide Semcon with the opportunity of new partnership deals, which is the best way for us to create growth in 2003.

Semcon was founded 22 years ago as a technical consultancy firm. At the beginning of the 1990s we became a technical partner. We are now ready for the next re-alignment: to become a business partner helping customers to increase profits.

This is a challenge that we gladly accept.



## AIMS AND STRATEGIES. SEMCON'S LONG-TERM DEVELOPMENT



**VISION** Semcon aims to be one of the global leaders in design and development.

All of Semcon's major customers are global. It is therefore logical for Semcon to continue growing internationally along with its customers.

For Semcon, being a leader means being one of the principal players in its focus areas of Vehicle, Telecom, Medical & LifeScience and Industry. The vision will be realised by developing through close cooperation with customers internationally competitive products and services in design and product development.

**BUSINESS CONCEPT** As a close partner to industry we provide human and technical competence that boosts our customers' earnings.

The combination of high-tech competence, extensive know-how about the customers and their development processes plus enthusiastic and creative consultants means that Semcon will be chosen as the customers' development partner. Semcon's task is to increase customers' competitive strength and thereby their profits. Increased added value for the customer provides increased added value for Semcon.

### LONG-TERM BUSINESS OBJECTIVES

- A minimum top-five ranking among potential employees.
- A minimum top-three ranking among prioritised customers.
- Internationally established.
- Increased focus on value, giving increased value for customers.

### FINANCIAL OBJECTIVES

- Semcon aims to maintain an operating margin of above 10 per cent over a business cycle.
- Semcon aims to keep its debt/equity ratio low and its equity/assets ratio above 35 per cent.
- Over the long-term, Semcon aims to pay out 30-50 per cent of the profits after tax to Semcon Shareholders.

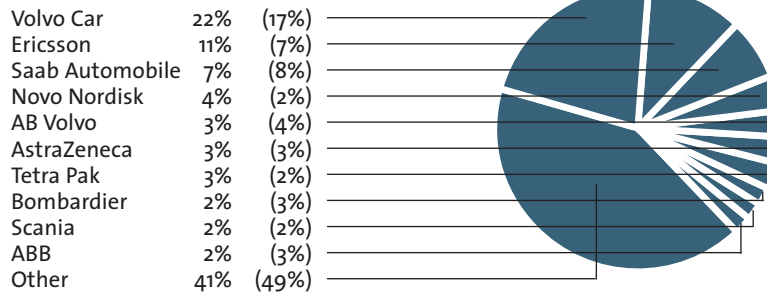
**STRATEGIES** Semcon's long-term objective remains the same despite a turbulent market. To implement its vision and achieve objectives Semcon continually develops its strategies.

**EMPLOYEES** Semcon's employees are the most important reason behind the company's success. By developing current employees both professionally and personally, and by recruiting new, highly skilled employees Semcon can continue to develop organically. This means that Semcon aims to continually employ and develop ambitious employees within the Group. The company aims to offer various bonus schemes and part ownership in the company to enhance commitment to Semcon's long-term development. The Competence Management system tool supports the development of Semcon's employees.

	1998	1999	2000	2001	2002
Operating margin, %	11.6	9.8	5.0	0.5	0.8
Equity/assets ratio, %	39.3	38.0	34.1	28.9	26.5
Share dividend (% of profit after tax)	40.6	41.4	25.1	0.0	0.0



### Largest customers, 2002



**CUSTOMERS AND ACTIVITIES** Semcon seeks long-term relationships with the Nordic region's leading industrial companies.

The customer base will remain broad, but with a focus on the Vehicle, Telecom, Medical & LifeScience and Industry sectors. The reason for this is that customers in these sectors invest more in research and product development. In addition, Semcon has most competence and experience in these fields.

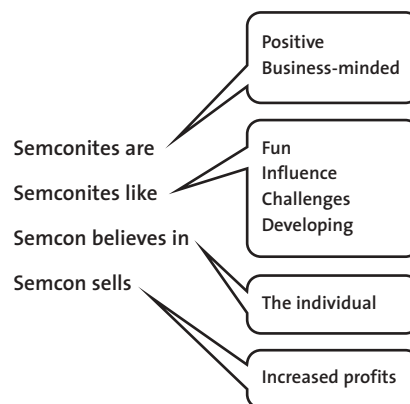
Semcon's range of services is based on extensive know-how of product development and related areas. Semcon can take responsibility for complete product development projects, from concept to finished product.

To achieve the goal of being the customer's most important development partner, Semcon has an organisation based on Key Accounts Managers who constantly develop a customer-oriented and internationally competitive range of services. In addition, industry crossover concepts are developed, where the customer benefits from experience and solutions from other industries other than their own.

**GROWTH** Growth will primarily be organic, and via outsourcing in priority areas.

Additional growth will be achieved through acquisitions of specialist businesses that can open up new markets or supply necessary competence. Finally Semcon will expand its network of partners with additional competence and resources.

International growth will occur by following the Nordic customers abroad through business such as outsourcing or through providing our value-creating concepts.



**VALUES** Semcon will look after its strong business culture built up since its start in 1980. The company culture is built on a

strong belief in the individual but also on shared values concerning personal responsibility, commitment, sensitivity, creativity and co-operation.

**OBJECTIVES FOR 2003** Demand in 2002 was weak and weakened further at the end of the year and the beginning of 2003. We are prepared for yet another tough year where the aim is to continue to be profitable. This will be achieved through providing intelligent solutions that allow customers to launch products in time and with the right quality.

Semcon's objective is to develop more strategic partnerships, i.e. outsourcing with customers where we take on responsibility for an entire function including personnel and tools. This makes customers' activities more effective and gives them the opportunity to focus on core areas.

Semcon will also increase its network with sub-consultants and partnerships in additional areas such as manufacturing. This creates an opportunity to give customers a complete range of services, while giving Semcon flexibility.

Semcon will refine and strengthen its range in each of its key sectors.

## SEMCON'S ACTIVITIES. FASTER, IMPROVED DEVELOPMENT

An increasing amount of specialist competence. That's been the main feature of Semcon's development over its 20-year history.

The services offered to customers are based upon product development skills and the following related areas: Management, Design, Embedded design, Production development, Technical Information and IT solutions.

Over the years it has not just been Semcon's range of competence that has increased. The way business is conducted

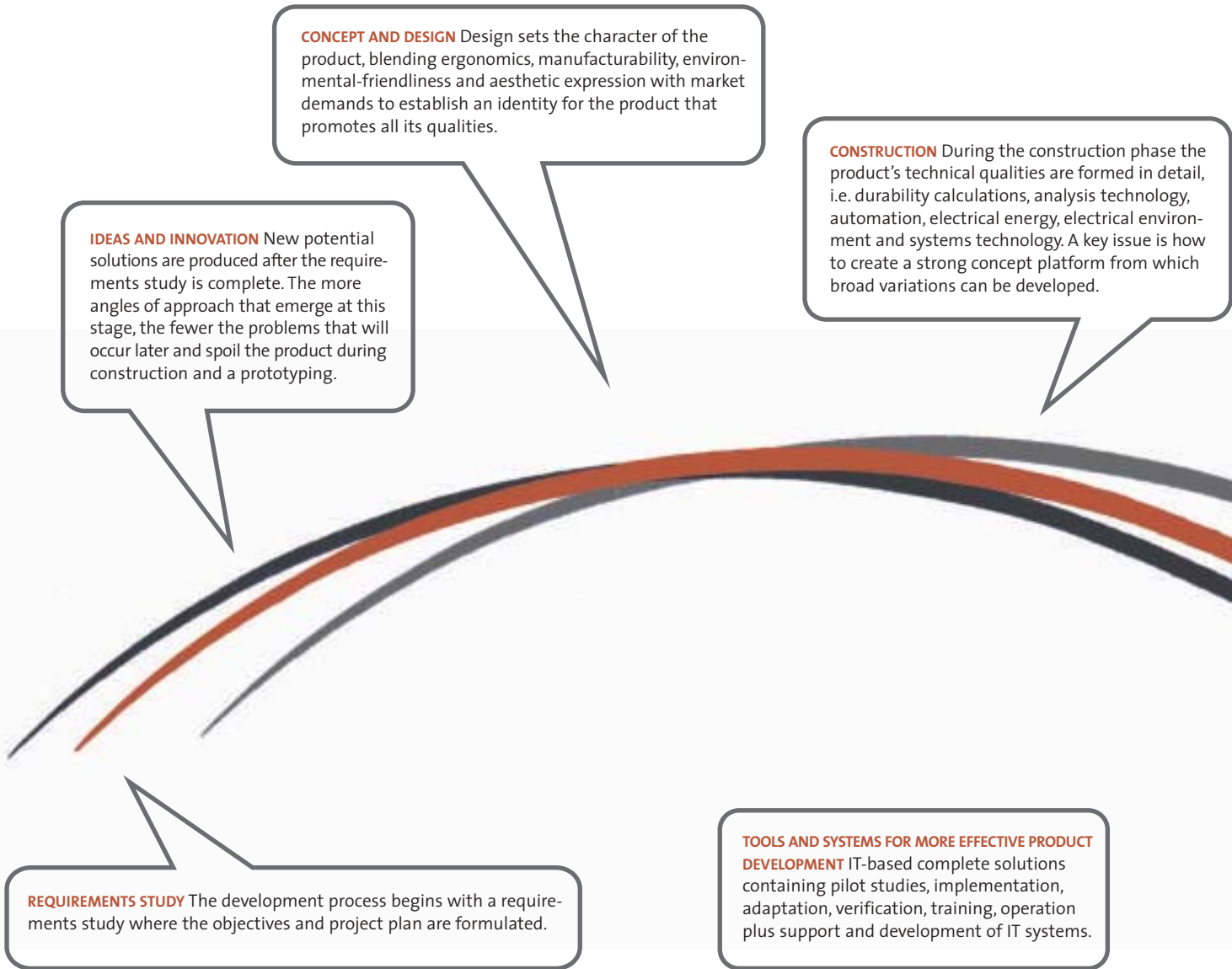
has also changed radically. Semcon currently offers customers complete or part solutions where the main aim is to increase customers' profitability. The amount of projects, partnerships and comprehensive commitments has increased year by year. This move up the chain of value is completely in line with Semcon's vision of becoming a leading design and development company.

**THE IMPORTANCE OF GOOD DESIGN** As the differences between the performance

and quality of competing products are increasingly being eroded, design is growing in importance.

Semcon has developed a concept, Design2win, to develop products more quickly, with better design and the latest technology. When projects are based on the Design2win concept, products are manufactured according to a secure financial basis and with a minimum of defects.

Design2win makes it possible for the customer to develop products faster and



**IDEAS AND INNOVATION** New potential solutions are produced after the requirements study is complete. The more angles of approach that emerge at this stage, the fewer the problems that will occur later and spoil the product during construction and a prototyping.

**CONCEPT AND DESIGN** Design sets the character of the product, blending ergonomics, manufacturability, environmental-friendliness and aesthetic expression with market demands to establish an identity for the product that promotes all its qualities.

**CONSTRUCTION** During the construction phase the product's technical qualities are formed in detail, i.e. durability calculations, analysis technology, automation, electrical energy, electrical environment and systems technology. A key issue is how to create a strong concept platform from which broad variations can be developed.

**REQUIREMENTS STUDY** The development process begins with a requirements study where the objectives and project plan are formulated.

**TOOLS AND SYSTEMS FOR MORE EFFECTIVE PRODUCT DEVELOPMENT** IT-based complete solutions containing pilot studies, implementation, adaptation, verification, training, operation plus support and development of IT systems.





with better results. They can reach the consumer first by launching and selling the product right at the design stage.

The design stage is the start of successful product development, but to produce successful and competitive products quickly it is vital to involve the other key development skills right at the start.

Semcon aims to be the best development partner for growth companies facing the toughest competition in Sweden and abroad.

The picture below shows the different

stages of successful product development, from the requirements specification to the time the product reaches the customer.

Semcon provides services at all the different stages of product development. The customer chooses if Semcon will be responsible for all or part of the project, or simply be present for a specific stage.

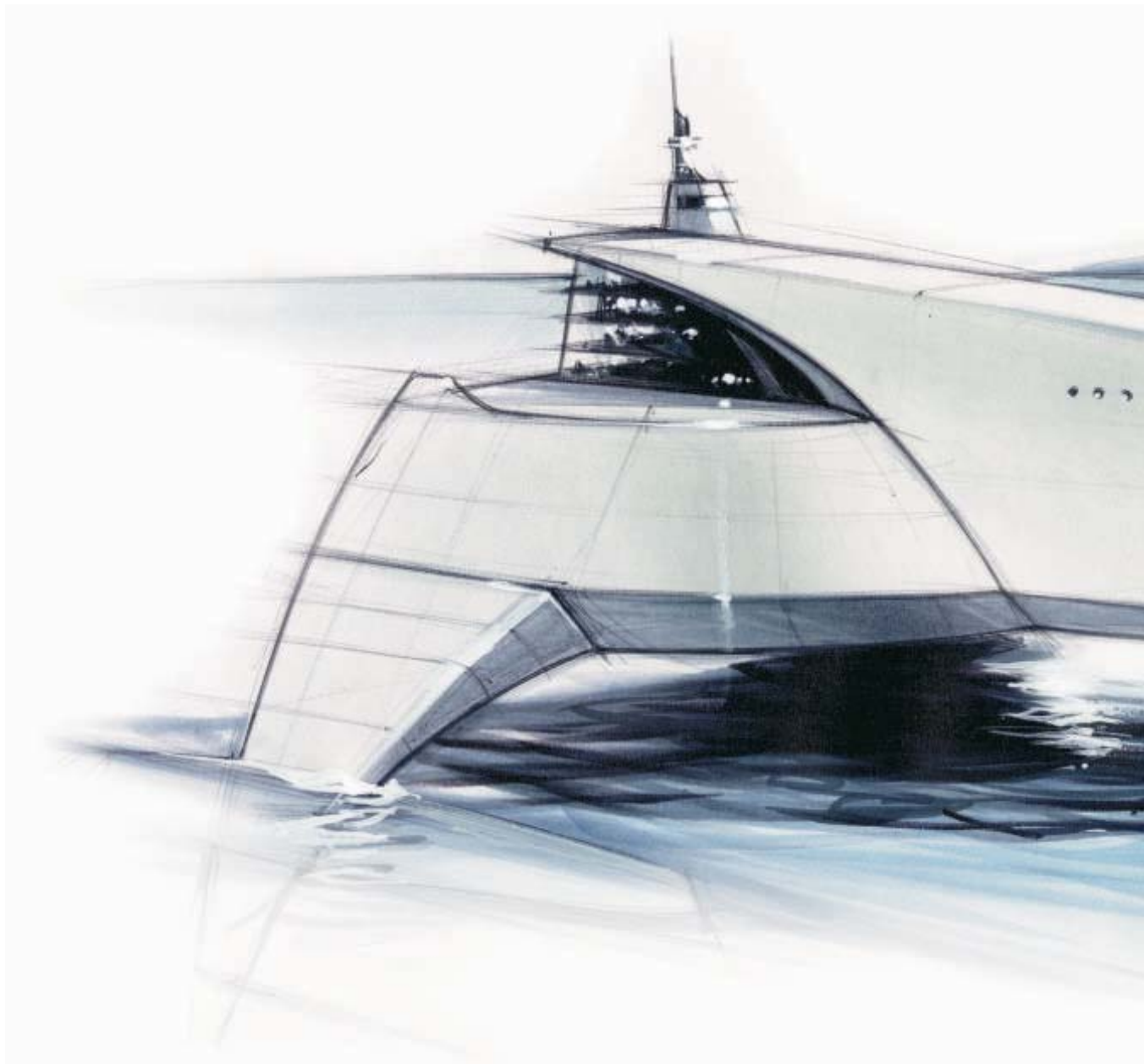
An important factor in successful product development is to possess the correct tools and an optimised IT infrastructure. Semcon also provides services within this sector.

**TEST AND PROTOTYPE** Computer simulations (virtual testing) are carried out at different stages of the development project to see how different areas of use affect durability and lifespan. In this way many months can be cut from the total development time.

**PRODUCTION DEVELOPMENT** There is a trend for product development and production development to become more integrated. The key areas are automation, robotics and process optimisation.

**MORE EFFECTIVE INFORMATION SOLUTIONS** (technical documentation) Correctly developed information provides the customer with better service, increased benefit and greater overall quality. The sooner documentation is considered in development stages the better the quality of the final documentation.

**OPTIMISATION OF IT INFRASTRUCTURE** Increased efficiency of the customer's technical infrastructure through intelligent and effective concepts that save money.



## COMPLETE SOLUTIONS. SATISFIED CUSTOMERS

Semcon aims to increase its customers' competitive strength. Traditionally industrial companies have relied upon product qualities and invested heavily in marketing and branding to sell. But consumer patterns and purchasing patterns change quickly. Companies can no longer be alone on a market with a unique product, and it has never been so difficult to build a loyal clientele.

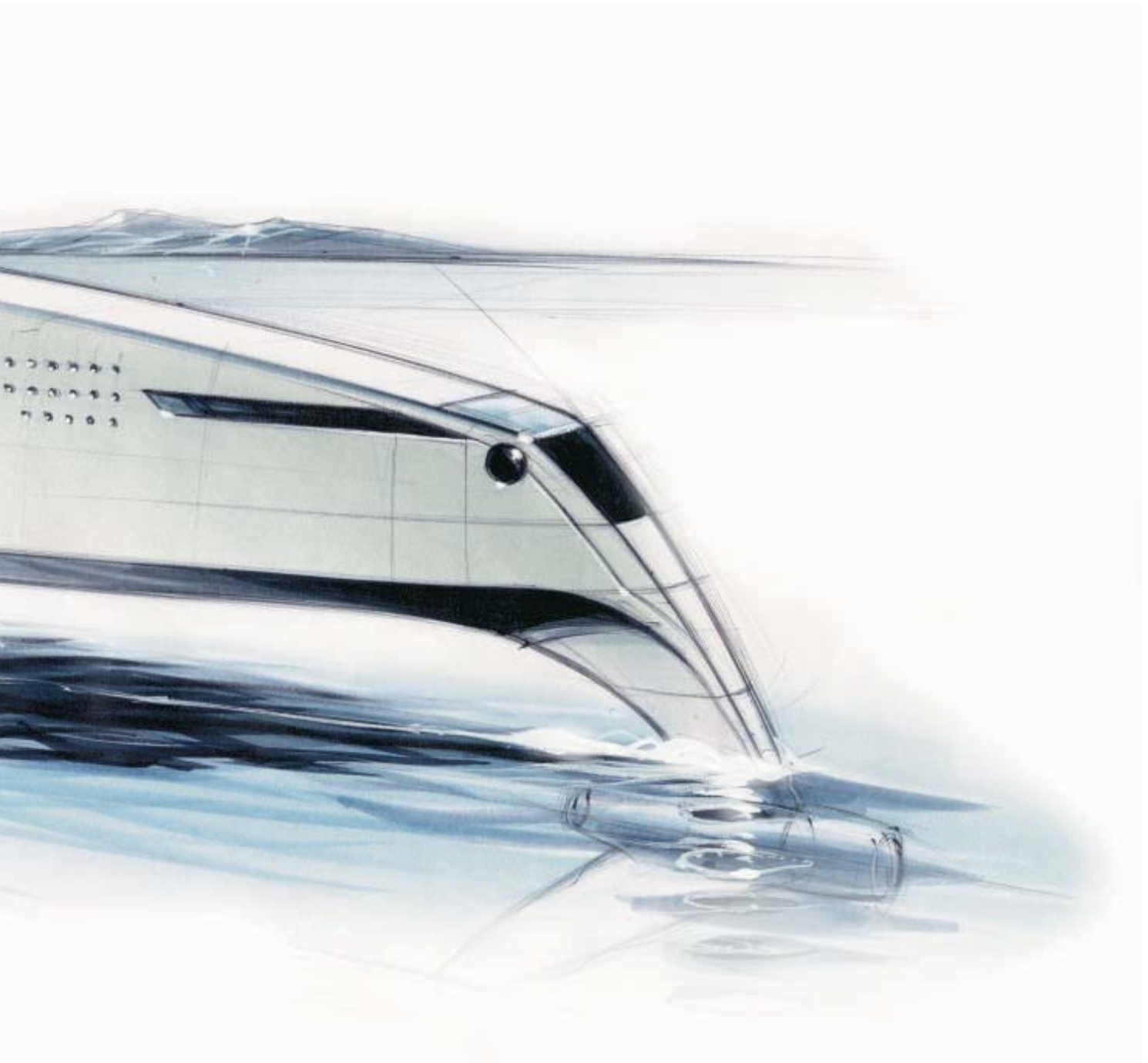
Semcon focuses on creating satisfied customers at the end of the chain of value, i.e. increased satisfaction for customers' customers.

### THE PHYSICAL AND EMOTIONAL ASPECTS OF A PRODUCT

How do you get satisfied customers and how do you increase loyalty on an extremely competitive market? First and foremost you need to analyse the customer's actual needs and determine what is required to fulfil them. Two crucial components are the physical and emotional aspects of the product and the company behind it. The physical and emotional aspects interact to create satisfied customers. Semcon has the competence and methods required to develop both of these areas.

The physical aspect of a product begins with its design. Semcon has extensive experience of design projects in different industries and seeks greater responsibility for the products to ensure greater customer satisfaction. This also means that Semcon's business has changed from a concentration on consultancy to taking over part of the responsibility for customers' success and becoming a business partner. The greater the responsibility Semcon takes for user-friendliness, the product's built-in qualities and production efficiency, the greater the possibility of






allowing customer experiences to govern development.

The customer's emotional experience of a product depends to a great extent on how they are met by the sales and support personnel. Meeting the customer in the best way is dependent on correct information at the correct time. This is another area where Semcon has developed a comprehensive system that enables total responsibility to be taken for information. The system ensures that product information is put to best use when meeting the customer.



The starting point is to make complicated products easy to use and understand, both for the user and service technicians. Semcon's solutions are based on structuring information about the products and systems in such a way as to make it easily reused on different occasions. By using a joint information base Semcon can create large benefits, both financial and qualitative for its customers.

A woman with shoulder-length brown hair, wearing a grey double-breasted coat over a red turtleneck, stands in a forest. She is leaning her right arm against the thick, textured trunk of a large tree. The foreground is filled with out-of-focus green pine needles. In the background, there are more trees and a glimpse of a body of water under a pale sky.

**When Annika Melander** grew up she dreamt about becoming a mountaineer. And now she does climb mountains – in her spare time.

“Climbing is exciting and I get to meet interesting people who enjoy adventure. And it’s great to get out into the countryside away from working and living in a city.”

During the week she is a consultant at Semcon Industrial Management. She recently worked with the Nevis project. During her time at Semcon she has seen that you must set a limit for how much of your time that work should take up. In the beginning it was difficult, and she didn’t quite know what was expected of her. Annika now thinks that it is important to find fulfilment in daily life and not just wait for the weekend. That the weekend is then high adventure is just a bonus.



## PROJECT. INTELLIGENT SOLUTIONS THAT SIMPLIFY INFORMATION

For products and systems to succeed fully they need different kinds of information. This is becoming more important because products and systems are becoming increasingly complex, whether they are for professional or private use. A company wishing to make complicated products simple to use must organise its information production in a structured and flexible way.

Semcon has produced a database solution that handles enormous amounts of information. The project is called Nevis (New Editor Vehicle Information System). It makes no difference what format the information is delivered in. It's just as simple to manage text files, excel files, images, film, animation or complete printed material. Nevis can help all authorised users to edit in the documents, and be sure that the information is always up to date. Nevis makes it possible to utilise Semcon's one-source-of-information (OSI) concept, and thereby achieve effi-

ciency gains and financial savings.

Benefits arise because information only needs to be created once, but can be re-used whenever necessary. This means that duplication work is dramatically reduced or disappears completely. All concepts and formulas are reused in the same way for each context, which can reduce confusion of ideas and increase quality and intelligibility. Language management is another area where Nevis provides gains. Sentences, phrases and terms can be re-used consistently, minimising translation costs dramatically.

Using information handled by Nevis, websites, pdf documents, online information and catalogues can be created instantly to give the user personally adapted information. Always correct, always clear and always in the appropriate form.

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**Customer/** Volvo Car Customer Service  
**Assignment/** To produce a database solution for handling large volumes of information.

## MARKET AND TRENDS. A WORLD FACING MAJOR CHANGES

The global market situation has been difficult to predict over the last 18 months. Speculation that the market would improve during autumn 2002 came to nought. The autumn was as equally weak as the spring.

It is mainly the IT and telecom industries that have seen difficult times, but other industries also feel the pressure of a recession. The pharmaceutical industry is, however, going against the grain and performing very well. Companies in the traditional engineering and forestry industries have also performed better than the market average. For Sweden's part, the economic decline has meant that GNP growth was below 2 per cent for the second year in a row and is estimated to remain at 1.6 per cent for 2002 (Source: Institute of Economic Research).

The consultancy sector as a whole has experienced marked weakening since the middle of 2001. Despite this, industrial consultancy showed growth in 2001 and 2002 (see diagram below). Volumes have been retained but with flagging profitability.

**THE SURROUNDING WORLD 2003** A number of analysts believe that the market situation will improve towards the end of 2003, despite the tough start to the year (Source: AMS and STD). As usual the forecasts are uncertain. This time the main uncertainty is regarding business trends in the US. Sweden and Europe need a boost from the US and if this is not forthcoming then developments will be slow throughout Europe. Other factors include the threat of war in Iraq and the uncertainty in consumer behaviour in the choice between consumption and saving.

### DEVELOPMENT INTENSIVE INDUSTRIES

Despite market uncertainty, development intensive companies within Semcon's focus industries are continuing to invest heavily in research and development (R&D). According to the OECD, Sweden has kept its top ranking in terms of the percentage of GNP invested in R&D. In 2002, 3.3 per cent of GDP was invested in R&D.

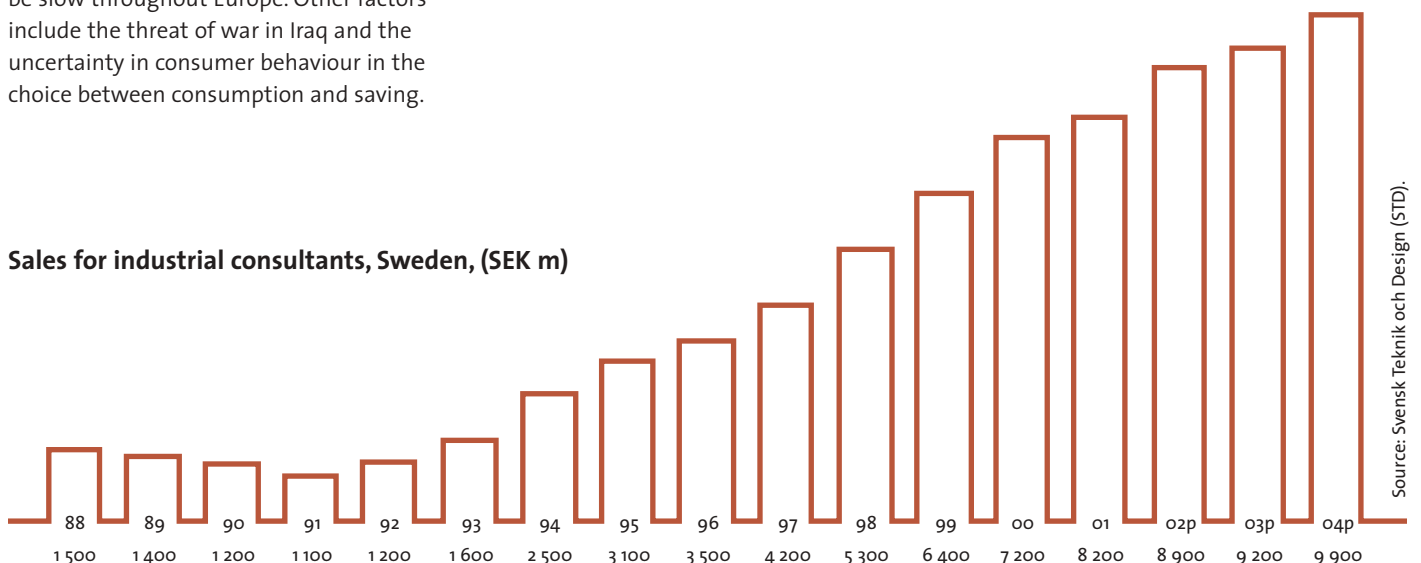
**GLOBAL COMPETITIVE ADVANTAGES** Even if Semcon increases international sales, the total costs for engineering in Sweden are lower than in many of the most important markets around Europe. This creates competitive advantages when global customers choose where to develop their future products. The competence and experience of Semcon's consultants is also of competitive importance. Semcon uses these advantages in its international activities by providing the production of services where they are most cost-effective – whether on the customer's home market or in Sweden.

**SEMCON'S FUTURE** One of Semcon's objectives is to be the customer's most important development partner. Customers are either members of international groups or companies acting on the global market.

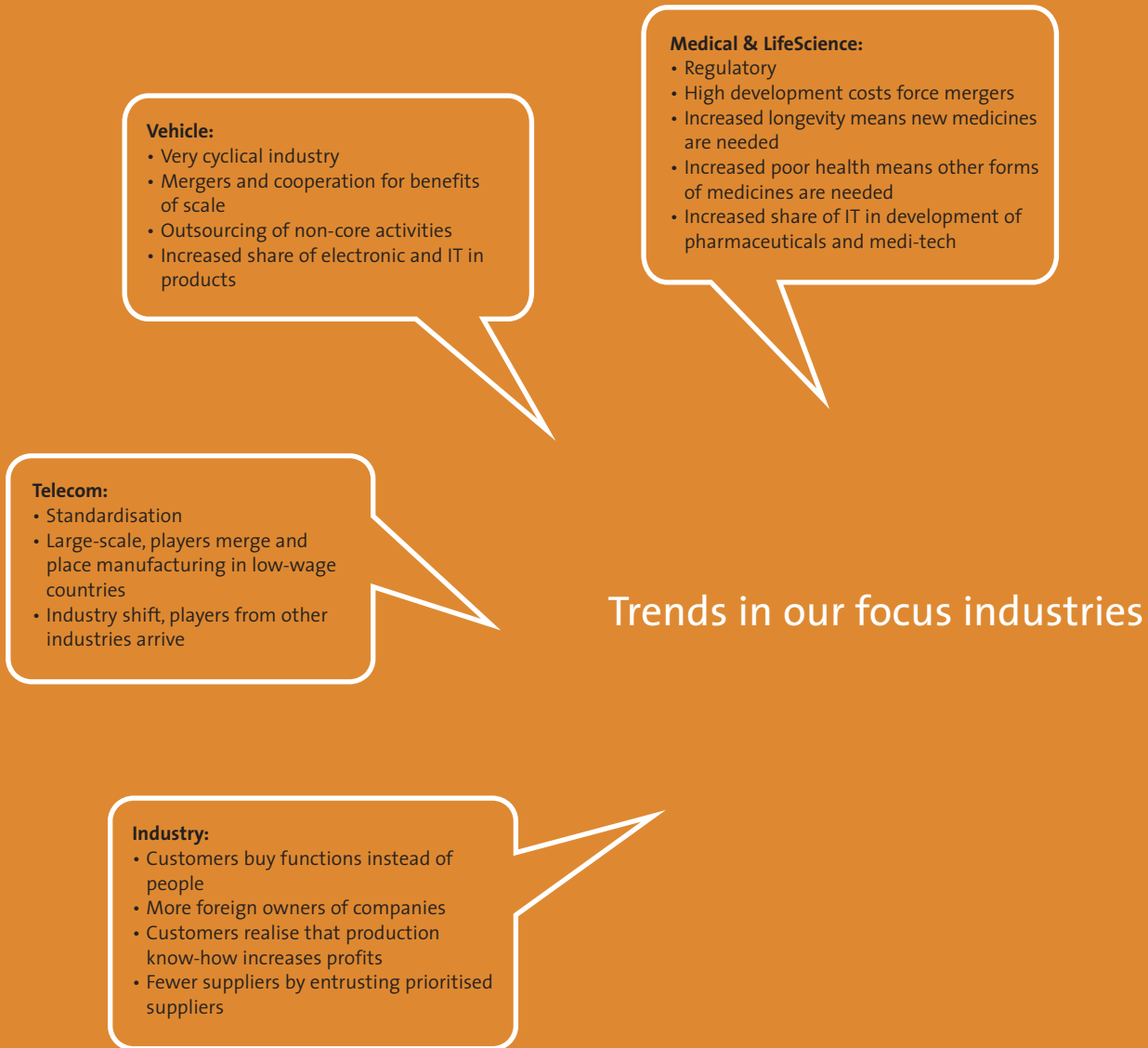
The development of these companies depends on global executives as well as local managers. This means that we must act more internationally to succeed in future. The trend is for development intensive companies to seek complete solutions from a single supplier. This is mainly due to the increased tempo and complexity of production development. In addition, customers' increased focus on core competencies will increase opportunities for strategic partnerships where non-core services and products are delegated to partners.

**COMPETITION** The entire Swedish consultancy industry is feeling the effects of the downturn in the economy and the majority of consultancy firms active in Semcon's areas of activity are showing losses for 2002. All or parts of the companies listed below have activities in Sweden and compete with Semcon. There are of course other competitors on the local market. ÅF has a total of around 2,300 employees, WM-data around 6,600, Teleca around 2,400, Epsilon around 930 and HIQ around 400.

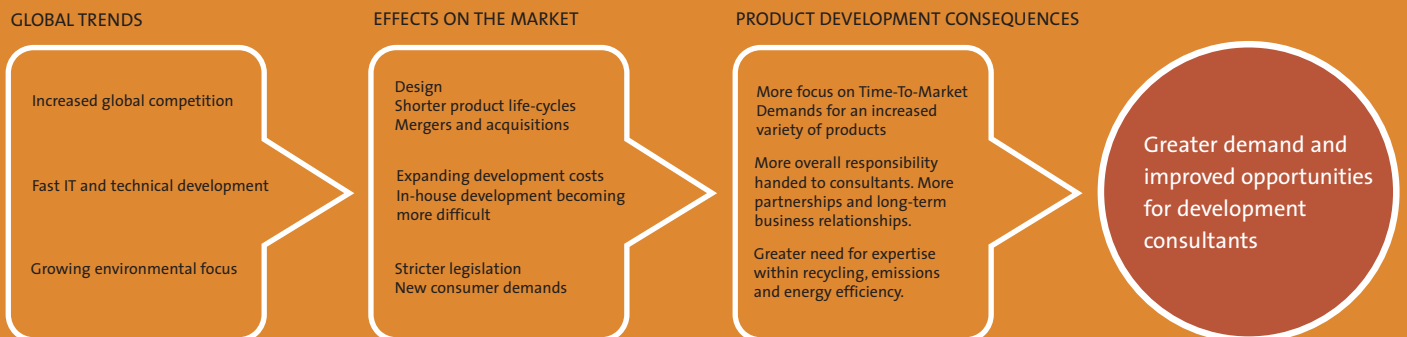
Sales for industrial consultants, Sweden, (SEK m)







**Forces for growth** Semcon believes that the design and development markets will continue to show increased growth. The main growth factors are summarised in the diagram below:



## INTERNATIONAL PRESENCE.

### WE FOLLOW OUR CUSTOMERS TO NEW MARKETS

The leading companies in the Nordic region are becoming more global, and the trend is that they are choosing fewer, larger suppliers. Successful suppliers must therefore be able to act on all markets. Semcon's long-term objective for activities is to become one of three suppliers to these companies. Operating internationally also provides opportunities for employees to develop and this strengthens Semcon's position as an attractive employer.

The factors forcing global development are:

- Increased competition
- Industries want to work with fewer but larger suppliers
- Fast development times and launch times for different products
- Price pressure
- Technical development
- Tougher market situation

Semcon's strategy for becoming international is to follow customers abroad. To compete on the global market Semcon

must be able to provide something unique. The basis for this is extensive know-how of customers' activities. The offer to the customer includes outsourcing or value-creating concepts.

In accordance with its strategy Semcon is now establishing internationally. Semcon is active in Denmark through Semcon DK A/S and the marine design company Knud E. Hansen. In 2002 Semcon AB signed a number of outsourcing agreements with different parts of Ericsson. As a result Semcon established itself in Copenhagen and Aalborg, Denmark, and in Asker, Norway. A further agreement was signed at the end of December for PROPS activities and since 1 January 2003, Semcon has established itself in Kuala Lumpur, Malaysia. The offices in Denmark and Norway run substantial amounts of their activities at other locations around Europe, including Germany, Italy, France and Croatia.

Semcon also works internationally from Sweden. A number of projects are

operated globally on behalf of customers. The total share of Semcon's sales outside Sweden has risen by 97 per cent since last year and now amounts to 15 per cent of sales.

**COMPETITION** The following companies are Semcon's biggest European competitors:

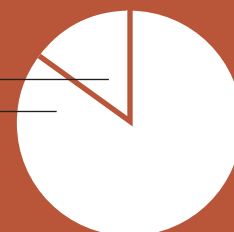
**The UK:** Ricardo, Mayflower Corp. and WR Group. **France:** Altran, Alten and Transiel.

**Germany:** EDAG, Bertrandt and Rücker.

**Denmark:** CarlBro, Nivas, Cellon.


Division of sales  
2002

International 15%  
Sweden 85%







A full-page photograph of a woman with long brown hair, wearing a maroon zip-up coat over a white turtleneck. She is standing on a rocky, snow-dusted shore next to a calm body of water. In the background, there is a rocky hill with some sparse vegetation under a pale sky. Bare, thin branches with small red berries are in the foreground, partially obscuring the view. The overall mood is quiet and contemplative.

**Annika Berger's** most recent investment was a yacht. She deregistered her old VW van after the summer, but it will be back on the road again as soon as the windsurfing season starts again. "I really do miss the sea during the winter, but at the same time I really love the city and the cultural variety available here." Friends are important to Annika as a counterbalance to her intense work at Semcon's mechanical departments. "Work must be interesting and varied, but it shouldn't be everything." Annika enjoys working with different projects and trying different assignments.

A project at Novo Nordic's new factory in Denmark suited her down to the ground, even if it did involve working away from home for lengthy periods. Despite the hard work needed to deliver on time, everyone was careful not to work too long into the evening so they could eat dinner together.

"It wouldn't have been possible to work so hard if we hadn't enjoyed ourselves so much."



## PROJECT. KEY DELIVERY TO BIO-TECHNOLOGY FACTORY

People with haemophilia receive intravenous injections to supply the ingredient that enables their blood to coagulate. However, some people develop counteracting antibodies. Novo Nordisk, a world-leading company in the field of diabetes and haemophilia has developed a solution to this, a new drug called NovoSeven.

They also discovered that the substance could be used in medical emergencies, because it assists in the prevention of haemorrhaging. This additional usage area was the reason for the decision to drastically speed up the schedule to begin production in the new highly automated bio-technology plant in Denmark. Semcon was chosen as one of the primary suppliers for this project, led by Novo Nordisk Engineering.

The delivery was for nine sub-systems in the plant's production process, and covered all phases of engineering: from basic design to the finished plant. Semcon worked with processing, mechanical design, automation/IT and validation.

The plant was designed from specifications, standards and legislative requirements. With these frameworks as the starting point Semcon produced component and function specifications. Then production started, which meant auditing, support and quality control of components and systems suppliers, and delivery of all software from Emerson in the UK. A large amount of quality documents was produced during production, which were later to be the basis of validation, such as testing of all software. Finally, tests were carried out for the validation of the facilities on site at Hillerød followed by the monitoring of the start of production. This was the most intensive

phase and coordination between Semcon and the other suppliers was put to the test.

Semcon LifeScience led deliveries from Semcon with the help of a number of different departments within the company.

In November, after 18 months of hard work, the objective was reached. The plant at Hillerød was finished and up and running.

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**Customer/** Novo Nordisk A/S

**Assignment/** Design, operation and validation of highly-automated bio-technology plant

## **PROJECT.** ENVIRONMENTALLY-FRIENDLY ENERGY USING PELLETS

Bio-energy is the energy of the future. That's the belief of Denmark's leading energy company ENERGIE E2, which has decided to change from natural gas to pellets. Bio-energy is environmentally-sound and renewable, and only forms water vapour during burning. To cover its huge need for pellets ENERGIE E2 is building Scandinavia's largest pellets factory in Køge, Denmark.

The factory will produce 300,000 tonnes of pellets each year, of which 120,000 tonne will be made of straw. The remaining 180,000 will be made of wood, mainly the surplus from a parquet floor manufacturer. The wood chips are cleared of any metal and ground down to smaller than 3 mm. The chips are then dried with the help of superheated steam. The moisture content goes from 45% to just 10% in a matter of 10-15 seconds. GEA Evaporation chose Exergy Dryer to supply the pellet factory's drying system. The company uses a high-tech, enclosed drying system based on energy reclamation. 85% of the energy used in the process is recycled by the water vapour used in drying being returned to the thermal power station to become new energy. The system precludes emissions of wood dust and odours. GEA Evaporation has also supplied equipment for transport, grinding and sieving the wood chips.

Semcon has taken the responsibility for installing the electricity and automation. This means that the design and supply of the complete package includes PLC and PC hardware, plus a SCADA software system. Installation is based on Siemens S7 technology, and Semcon is also responsible for risk analysis.

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**Customer/** GEA Evaporation Technologies

**Assignment/** Responsible for electrical installation and automation of the pellet drying system.



### **PROJECT. DESIGN OF HIGH-SPEED FERRIES**

Gotlandsbolaget's new high-speed ferries shorten crossings by 20-25 minutes between Stockholm and Visby. This means that the company can provide more crossings per day than before. Thanks to its long relationship with Gotlandsbolaget, Knud E. Hansen, the marine design company, was chosen as a partner when the new vessels were to be developed. The ferry project is the first ever carried out in China for a European order. In addition to design and estimates, Knud E. Hansen has also contributed with know-how and experience of construction of high-speed ferries to the shipyard in China. The first two ferries will be delivered in 2003.

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**Customer/** Guangzhou Shipyard International Co. Ltd. (GSI) of Guangzhou, China

**Assignment/** Design of high-speed ferries for Gotlandsbolaget







## HANS GUSTAVSSON. THE ART OF DEVELOPING PRODUCTS IN AN INTERNATIONAL GROUP



Customers like cars that stand out from the crowd, but manufacturers want to use the same components in different brands and models. Does it sound like an impossible equation? Hans Gustavsson, Product Development Director for the Ford Group's exclusive cars, has been given the task of solving this conundrum.

When you buy an exclusive car there is always the risk of the motor enthusiast neighbour popping up in your driveway.

"Do you know that your really expensive car has the same gearbox and ground plate as my inexpensive car?" he might say.

The neighbour can of course be dismissed as being jealous. But at the same time he's absolutely right. Development in the auto industry usually takes part in large groups containing numerous brands. Saab is part of the GM Group and Volvo is part of the Ford Group. That these large companies save costs by using the same components in their cars is hardly a sur-

prise. To survive the tough competition it's necessary to be able to balance expensive development costs against large volume production.

Conditions are similar in many industries. Someone who's taken two different computers or vacuum cleaners apart will be aware that they are surprisingly similar. But does this automatically mean that the products are becoming more like each other? Or is it possible to retain the brand's unique qualities?

This is the challenge facing Hans Gustavsson. Following a long career at Volvo his professional life took a twist

when the car manufacturer was sold to Ford. He currently works for the Premier Automotive Group, the part of the Ford Group that includes Aston Martin, Jaguar, Land Rover, Lincoln and Volvo.

Apart from leading operational product development for Jaguar and Land Rover he is also responsible at Premier Automotive Group for coordinating all development projects involving the Group's brands.

In other words: it's his job to convince the know-it-all neighbour that there is a difference between a Volvo and a Jaguar – even if the cars will contain a great deal



“The strategy sounds simple in theory: coordinate all the components that the customer won’t see, but let everything that is seen be unique for the respective car. It is of course a lot more difficult in practice.”

of the same components in the future.

The strategy sounds simple in theory: coordinate all the components that the customer won’t see, but let everything that is seen be unique for the respective car. It is of course a lot more difficult in practice.

• **How do you find synergy effects without jeopardising the brand name?**

“If a customer presses a button and the electric windows work then the customer is pleased. But if we can do this by having a volume base much greater than the premium brands can achieve on their own, then we’ve suddenly created ourselves a competitive advantage.

“The auto industry is such that if you double volumes you can usually find rationalisation potential of around 3–5 per cent. If volumes are tripled you can achieve between 10 and 15 per cent. If part of the money is invested in developing the unique quality of the brand and you reap the remainder as cost rationalisation you have a strong starting point.”

• **But isn’t it easy to go too far in the chase for cost-cutting when the Group applies the pressure?**

“Yes, the balance is very difficult. If you take small steps and think, can we coordinate a little here, and that aspect could also be used jointly, then it’s quite easy to go astray. It is important that there is someone who has an overall view of things and says that we could be treading on thin ice.”

• **Do you understand the limits for each brand?**

“There isn’t a book to tell you, ‘here’s the limit’. It’s a matter of competence. If you look at the companies we’re talking about there are many extremely loyal employees. They have been with the

company for many years and have lived with the company in good times as well as bad times. They have a strong feeling for what the brand stands for. Personally, I’ve been with the company for 33 years. It’s almost as though it’s in my genes – knowing what is Volvo and what isn’t.”

• **A kind of intuitive feeling?**

“Yes, you start the engine, hear the sound and grasp the steering wheel. I can’t describe it more concretely than that. There is a chief test engineer at Jaguar that is considered to be a bit of a Mr Jaguar. When everyone has completed their jobs he takes over and throws his magic powder over the cars and they become Jaguars. If that feeling was to disappear, God forbid, then we’d be in a bad way.”

• **How far have you come so far with coordinating product development at Ford?**

“It varies of course, but over the past couple of years there have been Ford Group brands on the market in which the joint components represent 55–60 per cent of the total cost of a car. This creates considerable synergy gains.”

• **Will the number of shared components be even greater over time?**

“To secure the integrity of the brand the limit should be around 60–65 per cent. I have no scientific proof for this of course, but I believe that’s about right. However, cars within one brand, like Volvo, could probably improve on this and be around 70–75 per cent.”

• **A precondition of synergy benefits is that all the Groups’ models must conform to the strategy. How do you get everyone to work towards the same goal?**

“We have to find a mutual way of building our products from modules. If each brand sticks with a unique solution it would be a bit like making Lego pieces that did not match. This systematic approach is crucial. If you have 1,000 Lego blocks you can build lots of different shapes and patterns. But this depends on the blocks fitting together.”

• **It sounds like a difficult task?**

“Yes it is. In my years in the industry I have noticed that it’s very conservative. Manufacturers want to do things themselves. There is pride and egocentricity in saying ‘I made that’. The huge process of change that’s approaching is when a designer goes from being in charge of development to being in charge of specifying what he or she wants. Suppliers will receive even greater responsibility to create the different systems and modules that make up the cars.”

• **Finally the inevitable question: What kind of car do you drive?**

“I have a Volvo XC go, it would be a little strange otherwise, considering my background. But I also drive a Jaguar XJ that I really like.”



**Name:** Hans Gustavsson

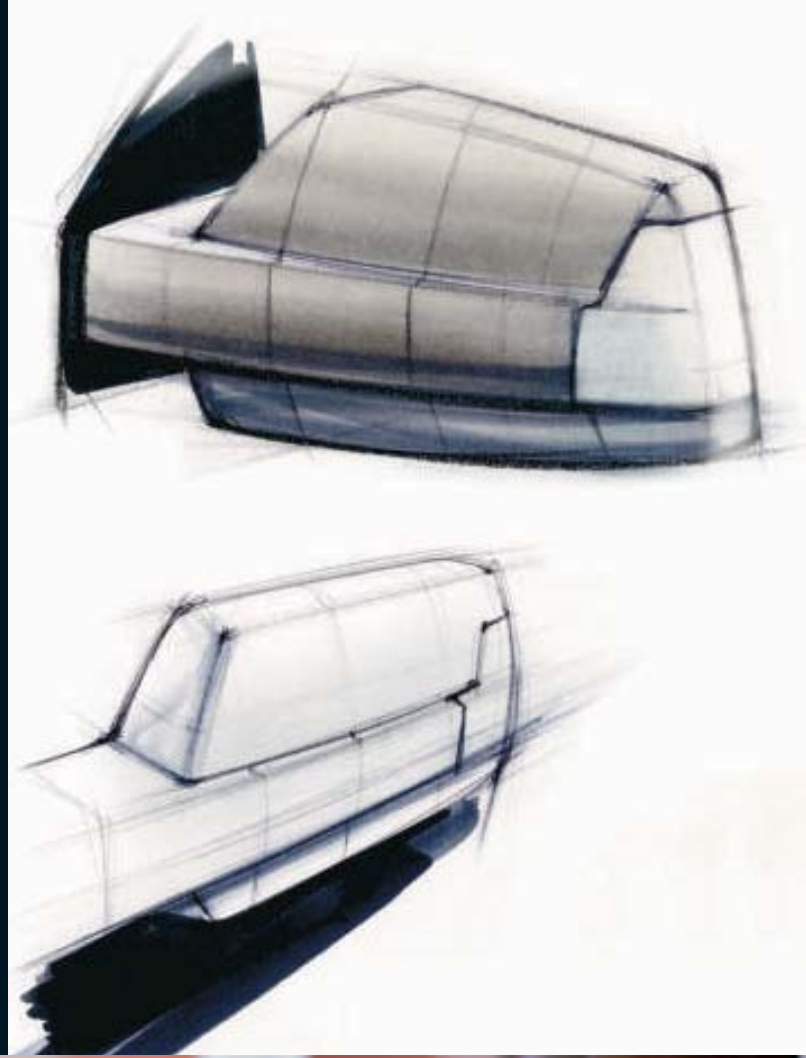
**Age:** 57

**Profession:** Product Development  
Director, Jaguar and Land Rover

**Family:** Wife Marianne and two adult  
children

**Lives in:** Leamington Spa (south of  
Birmingham), England

**Currently:** Organises product develop-  
ment in the Ford Group's organisa-  
tion for exclusive cars, Premier  
Automotive Group.





## HUMAN CAPITAL. SEMCON'S HEART AND MIND

Behind all the figures for growth and profits reported by Semcon now and in the future, there are always people who have excelled themselves. Semcon's employees – Semconites – are the company's most important success factor. One of the greatest challenges is to maintain enthusiasm and a spirit of enterprise in a large organisation.

All employees at Semcon are important and there is great scope for individualism. That's why Semcon has chosen a relatively flat organisation without removing career potential. Semcon believes in freedom with responsibility, and because decisions are delegated as much as possible each employee is given the chance to grow as individuals. When recruiting new employees, social competence is valued as highly as professional competence.

**SEMCON CULTURE – OUR PRIDE** When Semcon began almost 20 years ago the aim was to build a vibrant consultancy firm with a strong belief in the individual's ability to take responsibility. This basic philosophy allowed the founders to create strong involvement by having an open information climate, combined with interesting and challenging assignments. This is where the foundation for the company's values was set – what we call the Semcon culture. These basic values – trust, fun

and development – still characterise employee relationships after 20 years.

**CHARACTER AND INTIMACY** The bigger Semcon becomes then the more important it is to retain the small company personality. Semcon has always valued small scale and intimacy. Delegating decisions and giving employees freedom with responsibility creates the opportunity for all to develop as individuals. This approach has been crucial for Semcon's success. Semcon has a developed systems that make it easier for internal networks to find the correct competence. It should be easy to get in touch with colleagues – even if they work in another town or country.

**EMPLOYER IMAGE** Semcon has a sound reputation as an employer. Universum Communications annually carries out the Young Professionals Survey. Graduates with some years of experience rank potential employers. In 2002 Semcon climbed 68

points to number 25.

Semcon constantly conducts surveys with its former employees and an attitude survey of all of its employees. The reason is to find out which areas work well and where improvements are required. A constantly recurring result in the studies is that Semcon's employees consider that the company has a strong corporate culture. When asked about what they thought of Semcon as an employer, 88 per cent said that they were pleased or very pleased. In this year's attitude study the employees highlighted the need for greater investment in company healthcare. The aim is to be able to provide this in 2003.

**DIVERSITY** Semcon has been invited by Volvo Car Corporation as the only consultancy firm, along with five other subcontractors, to increase diversity among its employees.

The aim is to create conditions for an equal and developing cooperation between different individuals. Diversity creates



**The ferry border** Mikael Gustavsson puts his working overalls on every Saturday. He then takes his three-year old daughter by the hand and goes to the florists on Hönö. There he buys flowers for his wife and talks to other islanders. It's a tradition, and it allows him to totally forget about work.

As a manager at Semcon, Mikael keeps to a rigorous tempo. But when he drives onboard the ferry to Hönö he leaves work on the mainland. It's his family that charges his batteries. It's important to do daily things together: go to the sea or play in the garden. With two children Mikael doesn't need to think about what he's going to do on his time off.

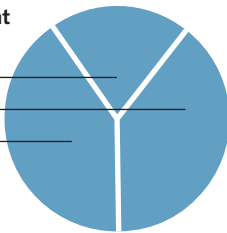




“In 2002 Semcon climbed 68 places to number 25”.

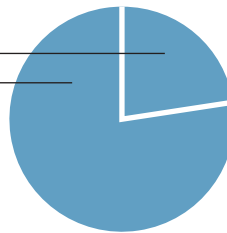
#### Average employment duration

<1 year 20%  
1–3 year 41%  
>3 years 39%



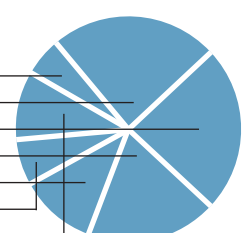
#### Gender

Women 23%  
Men 77%



#### Age of personal

<25 6%  
26–30 24%  
31–35 23%  
36–40 19%  
41–45 11%  
46–50 7%  
>51 10%



competitive work groups that manage to take account of different experience and perspectives. Cooperation will occur in the auto industry in Germany, France, Spain and Italy.

23 (21) per cent of Semcon’s employees are women. Semcon has several women in top management positions. The Semcon Board has five members, of whom two are women.

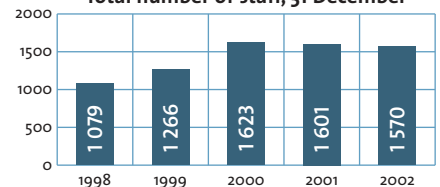
#### SALARIES AND INCENTIVE SCHEMES

Individual salary levels are set within Semcon. Salaries are based on the individual employee’s training, competence and experience. The company uses different forms of incentive and bonus schemes to motivate employees. Bonuses are given if an employee wins a new consultancy assignment.

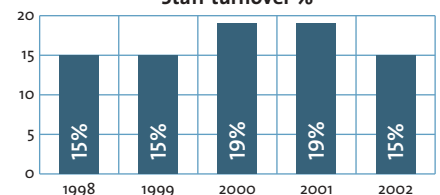
**CONTINUOUS DEVELOPMENT – THE KEY TO SUCCESS** Without development Semcon will stagnate as a company and if the employees don’t get the opportunity to develop new competence then they

cease to develop. Semcon aims for all employees to be provided with constant competence development, and the company is actively working to map out the company’s competency requirements. This is carried out in consultation with customers, Semcon’s management and employees, universities, colleges and other networks. The better Semcon becomes at connecting the company’s business plan and aims with the individual employee’s development, the more competitive strength increases. A clear process is needed. Semcon’s Competence Management process has been produced according to the Swedish SS 62 40 70 Management System standard for the provision of competence, which Semcon also helped to develop.

#### Total number of staff, 31 December



#### Staff turnover %



#### Key figures

	1998	1999	2000	2001	2002
Average number of staff	955	1 173	1 504	1 585	1 581
Sales per staff member (SEK 000)	742	736	670	711	759
Value-added per staff member (SEK 000)	505	505	479	507	535
Profit after net financial items per staff member (SEK 000)	88.8	72	33.3	1.5	3.8



## STRUCTURAL CAPITAL. CREATES VALUE

Over the years Semcon's goal has been to have long-term customer relationships. This close cooperation with customers is the most important part of structural capital. The repurchase frequency of our customers is very high and constantly exceeds 90 per cent, as it did in 2002. The majority of customers are among the leading Nordic industrial companies, but a large number of smaller companies are also significant customers.

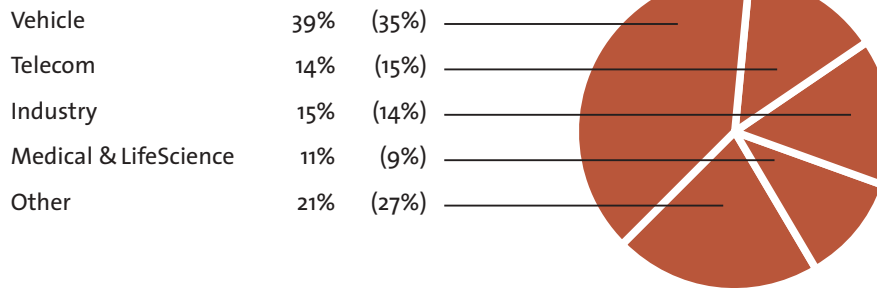
**PARTNERSHIP MODEL** Because industrial companies are increasingly focusing on their core activities, there are greater opportunities for strategic partnerships. Over the past few years Semcon has carried out a number of partnership deals where Semcon takes on parts or all of the development processes of the customer, in areas where we have extensive experience and specialist competence. Partnership means that we take on personnel and development resources. In our partnership with the customer we manage strategic development and take responsibility

for the efficiency of activities, giving the customer long-term financial gains.

**PREFERRED SUPPLIER** The trend on the market is for customers to choose fewer but larger suppliers. This favours companies of Semcon's size. It is however important to belong to the customer's inner circle of suppliers, preferred suppliers, who always receive the opportunity to place a tender when new assignments or projects are negotiated. One of Semcon's strategic goals is to be at least one of three suppliers of prioritised customers. Semcon has secured this goal with most of Sweden's leading industrial companies where they chose Semcon as the preferred supplier.

**FROM TECHNICAL CONSULTANT TO BUSINESS PARTNER** Customers look for innovative preferred suppliers who take the initiative and propose solutions for large development projects. The customer wants the preferred supplier to take on parts of, or the entire innovation work. The successful supplier is the one that has the ability to

## Sales per industry, 2002



increase customer profits. It is obvious that it's not only reduced costs that the customer is looking for, but also to make increased sales possible. This occurs partly through faster and improved product development and through produced concepts and work methods. Semcon's organisation has therefore been adapted to work much more in cross-functional development teams. Semcon has made the transition from being a technical consultancy firm to becoming a business partner.

**PROJECT METHODS** The partnership with Ericsson Project Management Institute (EPMI) concerning the PROPS project management model will include Semcon supplying and developing training and consultancy services. A number of Semcon's management and project leaders underwent method training during the year as a natural part of this partnership. In 2003 other personnel will undergo the training. This secures quality in the projects that Semcon is active in.

**CONCEPTS** Semcon's aim of working with concept sales is to create added value for the customer and increased sales. We package our most competitive offers to create more sales and repeat sales. The advantage is that the concepts can simply be adapted and that they can be used across many industries.

Examples of Semcon's concepts: Design2win, PROPS, Fasttrack, Baseline, Supplier Support Center and One Source of Information (OSI).

### NEW DESIGN AND DEVELOPMENT PREMISES

In Göteborg Semcon has gathered all its resources in one design and development building on Norra Älvstranden. The offices have been designed to create an effective and creative environment for employees.

It is easy to meet colleagues, and it is easier for all employees to share experience and know-how. Our customers will benefit greatly from the amount of experience gathered together under one roof. In addition we will have more of our customers within view. Norra Älvstrand is the hottest technical area of Sweden – and we're in the middle of it.

**A STRONG BRAND** The strong Semcon brand is seen as one of the company's biggest assets. For a business-to-business company, Semcon's brand is also unusually well-known with the general public. This is partly due to various successful marketing and sponsoring investments, and partly because employees work professionally with customers. The company's brand facilitates recruiting and makes it easier to be the first choice for customers. In addition, employees are proud to work for the company.

A consistent graphic profile has also contributed to creating a clear and strong identity. Semcon aims to be seen as attractive, modern and dynamic by customers, partners, current and future employees, shareholders, etc. This naturally places great demands on integrated communication.

**AMONG THE BIGGEST** In 2001 there were five Swedish companies among the world's hundred biggest consultancy firms. The ranking according to employee numbers places Semcon number 72 (68). (Source: Svensk Teknik och Design).

**IT SUPPORT** All Semcon's offices are linked in a network to allow effective communication. Employees can also always keep themselves updated via Semcon's intranet. TIMEIT™, a time-reporting internet-based system, which is also linked to databases and business systems, has been developed

by Semcon. The integrated systems facilitate resource planning and the work to broaden long-term customer relationships.

During the year Semcon has begun the roll-out of a new staff computer system developed in-house that can also contain support for our Competence Management process. It can be used to follow the development of employees and the organisation, we can search among our different competencies and we can get an up-to-date picture set against our development goals. The system will be fully launched in 2003.

Semcon actively works with IT security, which is constantly evaluated by auditors and customers. The company has complete virus protection installed on all computers in the network.

**SEMCON'S QUALITY WORK** The quality organisation consists of an overall quality manager complemented by regional quality managers who work close to activities. Our quality certificate has been expanded and now covers all industries where we are active. Studies have been carried out that show Semcon is one of three suppliers for more than half the prioritised customers. A great deal of work has been carried out on project management tools and systems and adaptation of these to the PROPS method has begun. This work will continue in 2003.

**SEMCON'S ENVIRONMENTAL WORK** The updating of our environmental management system began in autumn 2002 and re-certification is planned for Q3 2003.

The work towards a better environment continued at all Semcon offices. The company's objective is partly to minimise the environmental impact during assignments, and partly to reduce our own consumption of materials, energy and fuel.



A man with short blonde hair, wearing a dark green jacket and dark trousers, is walking across large, dark, wet rocks. He is looking towards the camera with a slight smile. The background shows a calm sea and a hazy coastline under a warm, golden light, suggesting sunset or sunrise.

## QUALITY MANAGER. IT MUST BE EASY TO DO THE RIGHT THING

“We built two very advanced competition yachts in the record time of seven months. Top quality was a must because complete failure in the Volvo Ocean Race would have been devastating.”

“Quality is extremely important to me. It’s something solid and genuine, authentic and reliable. But quality can also be equated with efficiency, with Semcon working safely and effectively, thereby generating more money for our customers. It is not exactly true that extreme quality equals extreme costs,” says Lars Idmyr, Quality Control manager at Semcon since September 2002. Lars is 32 and has worked for Semcon for two years.

The basis for his current work as quality control manager was Semcon’s involvement in the Volvo Ocean Race in 2001. Lars was the project leader for building the two ASSA ABLOY yachts, one training yacht and a competition yacht, that competed with

great success in the Volvo Ocean Race.

Now he has started to look to the future as new quality control manager at Semcon. What does Lars want to achieve with his new responsibility?

“Well, the long-term goal is to increase the status and view of quality work.” As he says, “it must be made easy to do the right thing”. Lars’ part of the process is to provide the right conditions for the employees. In more concrete terms for Semcon’s customers it means building trust.

“We must be able to simply and efficiently report our procedures and work methods and how we quality assure our projects. It makes it simpler for our customers to judge us as a supplier.”

# SEMCON IN THE VOLVO OCEAN RACE. CUSTOMER AND MEDIA RESULTS

4,000 visitors to Semcon during Stop Over Göteborg!


- 30 VOR lectures
- VOR breakfast meetings
- 280 customers sailed with our Semcon R&D yacht
- 100 customers were onboard Semcon boats and saw the start
- More than 1,000 visitors to the Semcon R&D yacht display
- A total of 500,000 visitors to Race Village
- Almost 200,000 people watched the start

## Media Semcon

- 16 Volvo Ocean Race programmes with Johan Thorén on Swedish television – Semcon's expert commentary plus reports
- 500 articles/contributions in printed media
- 22 million readers
- 4,000 pictures with Semcon's logo in clear view
- Semcon VOR web site had 40,000 individual visitors







More new, sound  
business ideas

## Z-COMPANIES. FROM ZERO TO ZUCCESS

Semcon's strategy is clear and provides a uniform and strong brand. We focus our energies on product development and design in Vehicle, Telecom, Medical & LifeScience and Industry. But many new, sound business ideas lie beyond these core activities.

To take account of even more creative business opportunities Semcon has started Zipper, Zooma by Semcon, Zkill.net and Zpearpoint as subsidiaries, which work with value-based offers based on technology. By supporting this spirit of enterprise Semcon reaches new markets and industries, and can provide customers with more services.

The companies operate under their own names, making them more dynamic. It also becomes easier for them to set their profile. Meanwhile the companies can take advantage of Semcon's infrastructure, and benefit from Semcon's good reputation and broad contact network to gain customer confidence.

**Zipper** A number of intelligent concepts allow Zipper to quickly supply profitable solutions to customers. Zipper helps companies and organisations to increase efficiency and save money in technical infrastructure.

One of the concepts is called FastTrack, which simply administers PC clients, users and applications in large companies. It

creates the opportunity for companies to have a joint client platform, saving money in the form of administration, helpdesk, support and physical PC handling, such as installation and upgrades. Other concepts include BaseLine, which quickly implements a working integration platform in activities, Insight, an analysis method for mapping out infrastructure, Appline, which supplies ready-wrapped applications to customers at a fixed price and OnTrack that is a concept for rolling out new client environments.

**Zooma by Semcon** Zooma's digital productions are the bridge between technical information and market communication. They create synergies between market, user and product information, with the help of digital communication concepts that work in the customers' business processes over time. Better use of information saves time and money for customers, while increasing their competitive strength. Zooma's employees have skills in project management, marketing, sales, training, business webs, film, technical control, multi-media and application development.

**Zkill.net** Zkill.net is available to companies that primarily wish to employ the services of a consultant that works on-site with the customer and under customer management. The company has gathered together a number of subcontractors and together they form a network of technical consultants, IT consultants and project managers in these areas. This is a competitive alternative when expected or unexpected staff shortages occur, because the concept allows for costs to be cut. The customer also saves time by having one contact with Zkill.net instead of many contacts with different contractors.

**Zpearpoint** The latest company in the family is Zpearpoint, which recruits engineers to top positions plus specialists and generalists for companies running their business from a technical perspective. In order for the recruiters to quickly understand customer requirements and candidates' capacity, they work to the "engineers recruit engineers" principle. They conduct in-depth interviews and personality tests, and have a comprehensive customer guarantee.



**Contrasts provide strength** “It’s the extremes in life that give sense and balance,” says Peter Ishii at Zooma by Semcon. This is why he looks for activities that are as far removed as possible from constantly long working days. He wants freedom, and he finds it in long-distance skating, sea canoeing and fell walking. Being subjected to the forces of nature instead of the computer. But it shouldn’t be too simple. When out walking, the basic principle is to be where there are no other people, to walk from one place to the next without using footpaths. Or as Peter says: “To be so far from civilisation that mobile phones and radios don’t work – that’s my recreation concept.”

## PROJECT. RIG TESTING FOR BUSES

Semcon's leading position for durability and fatigue testing was strengthened during 2002 when Semcon Test & Verification signed an agreement concerning rig testing with Volvo Bus Corporation. The agreement means that Semcon takes over and performs durability and fatigue rig testing. The aim of the cooperation is for Volvo Bus Corp., by maintaining high technical standards and high accessibility of testing services will develop a more competitive product.

The agreement will be reviewed each year and came into force in October 2002.

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**Customer/** Volvo Bus Corporation

**Assignment/** Partnership rig testing





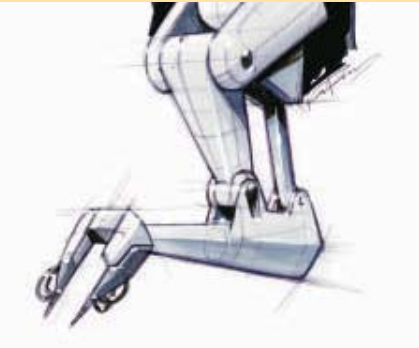
## BUSINESS AREAS.

INCREASED VALUE FOR CUSTOMERS MEANS  
INCREASED VALUE FOR SEMCON

Semcon's services comprise the business areas of Industrial Design, e-Design and Technology Management. These focus on giving the customers a complete range of service. Semcon constantly develops these ranges to be more value-based. This means that they give increased value to the customer by providing creative solutions where we establish teams across business area boundaries.

Semcon's three business areas have the same target group – development-intensive businesses

SEMCON INDUSTRIAL DESIGN.  
PRODUCT AND PRODUCTION DEVELOPMENT



**Competitors** Alten, Altran, Edag, Epsilon, Rucker, Teleca, WM-data/ Caran and ÅF.

**Customers** ABB, AstraZeneca, Bombardier, Gambro, Novo Nordisk, Pharmadule/Emtunga, Saab Automobile, Scania, Volvo Car and AB Volvo.

Industrial Design focuses on the development and design of products and production systems. Semcon's approach to industrial design uniquely links man and technology. The business area's services include conception, design & design approval, pre-studies, project management, analysis, calculations, testing & verification, choosing materials, construction, electrical systems & automation, prototypes and development of production systems. Semcon can take complete responsibility for developing the whole product.

**RESULTS IN 2002** Sales rose to SEK 578.8 million (570.4 m), an increase of 1.5 per cent and the operating profit was SEK 14.0 million (14.5 m). The business area is responsible for 48 per cent (50) of total Group sales. In the current market situation, with cut-backs and rationalisation schemes, the business area grew thanks to stable demand from the vehicle, pharmaceutical and base industries. The strategy is to increase the number of total commitments and value-based services. During the year Semcon has secured its position as one of the leading suppliers to the Swedish auto industry.

**FUTURE** There is great uncertainty about if and when the market will improve. Customers are carrying out rationalisation schemes, which in the short term can impede our growth.

On the other hand, this cost-cutting provides us with opportunities. Semcon believes that total commitment services to customers, efficiency projects and outsourcing of non-core activities will grow. This will be due to our broad understanding of industrial products,

work methods and production systems, all of which increase customers' competitive strength. This is where Semcon has a unique competitive advantage because the company's consultants have extensive knowledge of production, the environment and IT. This, combined with long-term customer relationships, allows Semcon to continue to be a lead player in the area of product development. A stable development is predicted for the business area during the year despite insecurity on the market. New business is expected to come mainly in the Medical & LifeScience and Vehicle sectors.

**Market** The 60 largest technical consultancy firms had sales of SEK 12.8 billion (12.8) during 2001. (Source: Affärsvärldens Konsultguide).

Key figures:	1998	1999	2000	2001	2002
Sales (SEK m)	335.1	360.2	485.4	570.4	578.8
Operating profit (SEK m)	38	34.8	22.0	14.5	14.0
Operating margin (%)	11.3	9.7	4.5	2.5	2.4
Share of total sales (%)	47	42	48	51	48

## SEMCON E-DESIGN.

### IT, ELECTRONICS AND SYSTEMS DEVELOPMENT IN AND AROUND PRODUCTS

The e-Design business area develops embedded IT systems for products, production systems, technical information, interactive web solutions, web design, and systems solutions, and supplies IT-based solutions that improve the development process. Some examples of competence in e-Design are Product Lifecycle Management (PLM)<sup>1</sup>, Lab View, Bluetooth, PDM, XML and telematics. The technical areas are: Technical Management, System Design, Embedded Design, Hardware Design, PLM, Collaboration<sup>2</sup>, and Informatic Design.

**RESULTS IN 2002** Sales rose by 3.5 per cent to SEK 465.4 million (449.5 m), and the operating loss was SEK 6.6 million (-1.0 m). The business area is responsible for 39 per cent (40) of total sales. Growth came from partnership deals with the auto industry and Ericsson. Profits were greatly affected by the weak market, mainly in IT and telecom sectors. The losses forced Semcon to make cut-backs in activities making weak profits. This has affected profits during the entire year by SEK 31 million. In addition there was a negative price trend due to the surplus of consultants on the Stockholm market.

**INFORMATIC** With around 200 employees working with technical information, Informatic progressed well during the year. This included Semcon's extension of an agreement with Volvo Cars of a further three years. Other customers include Metso, Besam and ABB Flexible Automation.

Informatics' unique partnership concept allows us to take an active role in ongoing talks for partnerships in Sweden and abroad.

**IT SOLUTIONS** Semcon IT Solutions supplies effective product development tools and methods in the fields of Product Lifecycle Management (PLM)<sup>1</sup> and Collaboration<sup>2</sup>. Business progressed relatively well during the year and around 60 employees work in the area. Cooperation with Saab Automobile continued to develop during the year resulting in a number of substantial orders. A number of new customers have also been added, which should provide significant profits when business conditions improve. Our Supplier Support Center, constructed during the year, cements our strong position in operation and support for product development companies.

**FUTURE** The objective is to be profitable, because despite the tough market situation there are new business opportunities. Because Semcon works in both the Telecom and Vehicle sectors, we act as a bridge between customers and can transfer the required skills. The changes occurring in customers' activities – such as globalisation, increased pace of development and outsourcing of development responsibility to subcontractors – increases the need for IT-based support for integrated development projects. Partnerships with the large customers are expected to increase in 2003.



**Customers** ABB, Astra Zeneca, Besam, Ericsson, Metso, Saab Automobile, Sony Ericsson, Volvo Car and AB Volvo.

**Competitors** Enea, Frontec, HiQ, Teleca and Tieto Enator.

**Market** The 60 largest technical consultancy firms had sales of SEK 62.6 billion (97) during 2001. (Source: Affärsvärldens Konsultguide).

**Note 1** Product Lifecycle Management (PLM) – digital methods and services that support the product's entire lifecycle

**Note 2** Collaboration – digital methods and services for effective cooperation for design and development. A part of PLM.

Key figures:	1998	1999	2000	2001	2002
Sales (SEK m)	248.6	323.7	416.9	449.5	465.4
Operating profit/loss (SEK m)	29.9	39.9	51.7	-1.0	-6.6
Operating margin (%)	12.0	12.3	12.4	-0.2	-1.4
Share of total sales (%)	35	37	41	40	39



## TECHNOLOGY MANAGEMENT. STRATEGIES FOR DEVELOPMENT



**Customers** Akzo Nobel, Eka Chemicals, Ericsson, Länsförsäkringar, Mölnlycke HealthCare, SAAB Automobile, Skandia Liv, Sony Ericsson, Vin&Sprit and Volvo Car.

**Competitors** Accando, Accenture, Arthur D.Little, EDS, IBM and WM-data.

**Market** The 60 largest technical consultancy firms had sales of SEK 8.5 billion (8.2) during 2001. (Source: Affärsvärldens Konsultguide).

**TECHNOLOGY MANAGEMENT** boosts customers' results by developing strategies for product development, IT, human resources and technology. The business area's work with strategy issues and major projects at management level creates opportunities where the entire range of Semcon's competence can be used. The business area trains project managers and leads IT and development projects that cover strategy, organisation, processes, infrastructure, human resources and technology.

**RESULTS IN 2002** Sales rose by 46.2 per cent to SEK 156.0 (106.7 m), and the operating profit was SEK 2.7 million (-7.8 m). The business area is responsible for 13 per cent (10) of total Group sales. Demand remained good for services where Semcon can improve customers' profits. A strategic partnership agreement was signed with Ericsson concerning PROPS activities.

**INDUSTRIAL MANAGEMENT** Industrial Management trains people in industry and develops processes, organisations and strategies to achieve better results. Semcon Industrial Management contributes by supplying the right competence to increase productivity, mainly in key manufacturing processes. The work includes developing product development organisations and product flow. Industrial Management works nationally and internationally, always with the aim of carrying out measurable improvements. Despite the current market situation, activities have progressed well. It is pleasing to see that the Stockholm activities has broken its negative trend.

**PROJECT MANAGEMENT** Project Management provides services and products in the area of project management. A partnership agreement was signed at the start of the year with Ericsson, whereby Semcon will provide and develop training and consultancy services based on the PROPS project management model. This agreement was extended in December, and from 1 January 2003 we have taken over the activities for PROPS in Malaysia.

**ZIPPER** Zipper works with IT infrastructure strategies. The business concept is to reduce customers' total IT costs via effective concepts and taking total project responsibility. Services consist of creating cost-effective solutions in IT infrastructure and system integration. Zipper's FastTrack and BaseLine concepts were received very positively by the market in 2002. The Stockholm activities also developed well in 2002 and continue to show great growth potential for 2003. Zipper is one of Microsoft's Golden Partners and Zipper was also chosen as partner to IBM Software in 2002.

**FUTURE** Many customers are delaying investments. In addition, the sales process is taking longer. Despite this, demand is expected to increase for efficiency measures for customers' activities within production and IT infrastructure. Zipper's investment in Stockholm will expand. Other units in the business area are expecting to see an increase in projects that result in the production of strategies and methods to reduce customers lead times and costs.

Key figures:	1998	1999	2000	2001	2002
Sales (SEK m)	13.6	24.2	44.5	106.7	156.0
Operating profit/loss (SEK m)	1.1	3.1	2.7	-7.8	2.7
Operating margin (%)	8.1	12.8	6.1	-7.3	1.7
Share of total sales (%)	2	3	4	9	13



## SEMCON PROJECT MANAGEMENT. MAKING PROJECTS PROFITABLE

Semcon Project Management provides a number of services and products in the area of project management. The range includes analysing the organisation's ability to manage projects and performing project audits and risk analyses in individual projects. Semcon Project Management also has a wall-to-wall range in competence development aimed at people working in and with the project. There is also a method for supporting companies wishing to provide career opportunities for project managers.

Semcon Project Management offers training courses in project management and leadership. The most popular is PROPS for project managers, a model general enough to work for all companies and organisations working with projects. The concept has been developed over many years by Ericsson and is intended for use by companies globally. Through a partnership agreement with Ericsson, Semcon has sole rights to provide and develop all training and consultancy services based on the PROPS model.

Participants receive advanced training that teaches a joint approach to projects. The combinations of theory/practice and seriousness/humour are well-proven tools for effective learning. Projects and project management are described from four perspectives:

- **BUSINESSLIKE:** Deals with ensuring profitability for the project, effective management of the company's project portfolio and a clear customer focus.
- **PROJECT FLOW:** Describes where and when things should be carried out.
- **PROJECT ORGANISATION:** Establishes who is responsible for what in the project.
- **HUMAN PERSPECTIVE:** Focuses on benefiting from all competence and ability of individuals and teams.





"You shouldn't be afraid of doing things together just because the family is now bigger," says Nina Llado-Ristorp at Semcon. "You just need to plan activities properly."

"It's good that we live in the 21st century with all the technology and new products around today. Everything is that much easier." So with proper planning and hot water in the vacuum flask, the entire family heads off on an outing.

Nina is on maternity leave for the second time. Managing an exciting and demanding job while being a mother of young children requires the ability to delegate.

"More people should think about it, even if they don't have children. It's easier then to feel good about both work and life."





# SEMCON'S SHARES

Semcon's shares were launched on Stockholmbörsen's O-List on 26 May 1997. The introduction price was SEK 31.5.

**SHARE CAPITAL** Semcon's share capital is SEK 17 391 021, divided between 17 391 021 shares, each with a nominal value of SEK 1. All shares confer an equal right to a share of the company's assets and profits. Each share gives the entitlement to one vote.

**OPTIONS SCHEME** The option scheme from 2000, which gave the right to subscribe for shares from 1 October to 31 December 2003 inclusive, is not expected to take place because the subscription rate of SEK 196 greatly exceeds the current share price. As a consequence, no significant dilution effect is likely to arise from the 163 900 options subscribed for.

**2002** In total, 217,900 options were subscribed for in Semcon's option scheme that was offered to all employees in Q1. The option price was SEK 7. Each option gives the holder the right to subscribe for one new share during the period 1 June to 31 August 2005, at a price of SEK 63 per share. The dilution effect will be 1.2 per cent and the number of shares will amount to 17 608 921 after full conversion.

**PRICE TREND AND TURNOVER** During 2002 the share price fell by 67 per cent from SEK 39.5 to SEK 13.0. The SX General index

fell over the same period by 37 per cent. At the beginning of 2002, Semcon's market value was SEK 226 million, based on the latest market price.

**DIVIDEND POLICY** The Board of Directors has established a dividend policy whereby Semcon AB's dividends shall correspond to 30–50 per cent of profits after tax over the long-term. The number of shares stood at 17 391 021, on 30 December 2002.

Taking into account the Semcon Group's results, the Board has decided to propose to the AGM that no dividend will be paid for 2002. No dividend was paid for 2001.

**OWNERSHIP STRUCTURE** On 30 December 2002, Semcon had 4 883 shareholders. Institutional investors held around 72.9 per cent of the share capital and voting rights. Private individuals held the remaining 27.1 per cent. Foreign holdings fell by 34 per cent and totalled 34.4 per cent of the shares on 30 December 2002, of which 18.5 per cent is held in the UK, 6.0 per cent in Luxembourg and 4.7 per cent in Finland. The 25 largest holders have 63.6 per cent of Semcon's share capital.

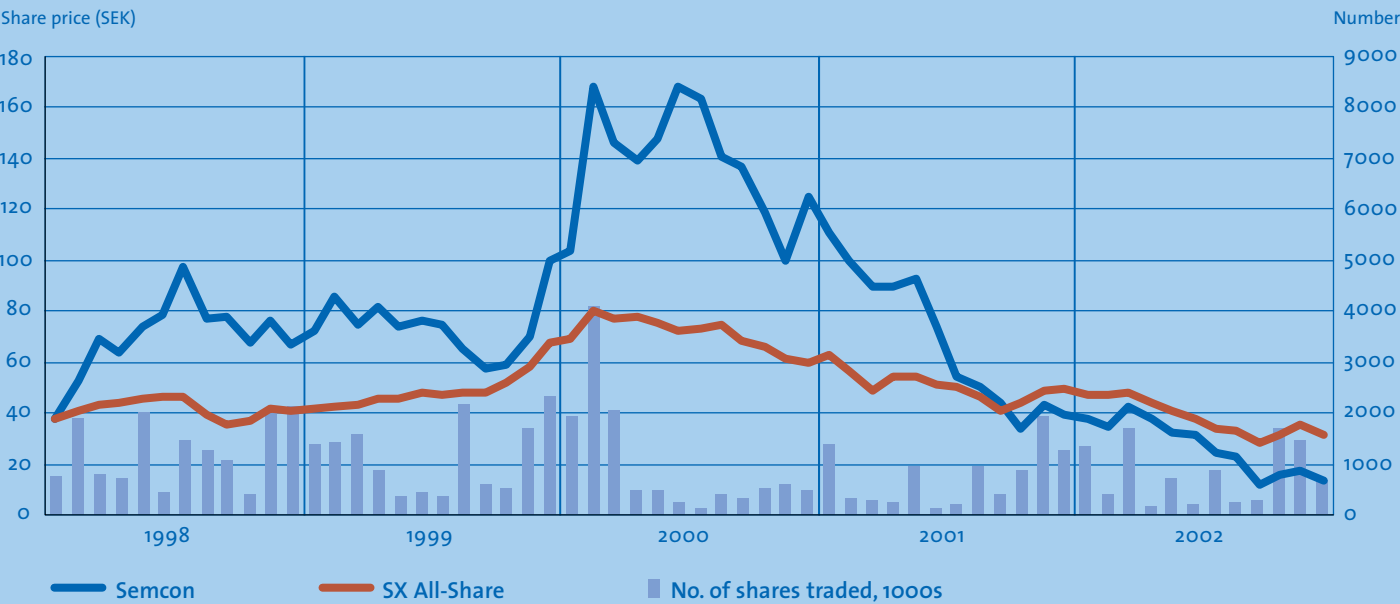
**CONTACTS WITH THE EQUITY MARKET** Semcon has carried out a number of

investor and analyst meetings in Sweden and abroad. During the year financial analysts have monitored Semcon, including:

COMPANY	NAME
Alfred Berg	Patrik Clase
Enskilda Securities	Andreas Joelsson
Handelsbanken	Peter Trigarszky
Nordea Securities	Bo Fredriksson
Nordiska Fondkommission	Daniel Djurberg
Redeye	Stefan Nelson
Swedbank	IT-teamet

The annual report and interim reports are published in Swedish and English. The reports are distributed to shareholders who have expressed an interest. Printed reports can be ordered from Semcon's head office in Göteborg, see address list. The reports are published on Semcon's website [www.semcon.se](http://www.semcon.se), and can also be ordered in printed form via the website.

The diagram below shows Semcon's share performance since 1998 based on the closing price at the end of each month. The SX All-Share rate is indexed so that both curves start at the same value.



# SHARE CAPITAL

Date	Typ of issue	Number of shares issued	Total number of shares after issue	Share capital after issue
7 March 1997	Company formed	500 000	500 000	500 000
14 April 1997	Cash issue	4 003 700	4 503 700	4 503 700
14 April 1997	Issue in kind	496 300	5 000 000	5 000 000
25 April 1997	Cash issue	12 338 521	17 338 521	17 338 521
31 August 2001	Cash issue	52 500	17 391 021	17 391 021

# KEY FIGURES PER SHARE

	2002	2001	2000	1999	1998
Shareholders' equity per share before dividend (SEK)	8.49	8.56	8.57	7.83	5.85
Shareholders' equity per share including options (SEK)	8.30 *	8.48 *	8.14	7.43	5.60
EPS after tax (SEK)	0.05	0.08	1.99	3.38	3.44
EPS including options (SEK)	0.05 *	0.08 *	1.89	3.21	3.27
Cash flow per share (SEK)	1.5	-0.3	-3.1	2.4	0.8
Proposed dividend per share (SEK)	0.0	0.0	0.50	1.40	1.40
P/E ratio	238.7	504.4	62.8	29.6	19.5
Share price 30/12 (SEK)	13.0	39.5	125	100	67
Market value 30/12 (SEK million)	226	687	2 167	1 734	1 162
Number of shares (000s)	17 391	17 391	17 338	17 338	17 338
Number of options (000s)	382	164	928	764	764

\* No dilution effect is expected from the options as the exercise price exceeds the current share price.

# LARGEST HOLDINGS ON 30 DEC. 2002

Shareholder	Number of shares	Percentage
Henderson Investors	2 657 716	15.3
SEB funds	1 043 124	6.0
Svolder	1 000 000	5.8
Nordea funds	939 500	5.4
SHB/SPP funds	869 506	5.0
Lannebo funds	868 700	5.0
Nordea Bank Finland Abp	814 929	4.7
Skandia Carlson funds	652 500	3.8
Clearstream Banking S.A. W8lmy	539 100	3.1
Andra AP fund	483 002	2.8
<b>Total</b>	<b>9 868 077</b>	<b>56.9</b>
Other ownership	7 522 944	43.1
<b>Grand total</b>	<b>17 391 021</b>	<b>100</b>

Source: VPC AB's Shareholder Register on 30 December 2002.

# OWNERSHIP STATISTICS

Size	Number of shares	Percentage	Number of shareholders
1-500	725 002	4.2	3 367
501-1 000	705 103	4.1	825
1 001-10 000	1 640 411	9.4	597
10 001-100 000	2 402 551	13.8	67
100 001-	11 917 954	68.5	27
<b>Total</b>	<b>17 391 021</b>	<b>100</b>	<b>4 883</b>

Source: VPC AB's Shareholder Register on 30 December 2002.



## DEFINITIONS

**Operating margin.** Profit after depreciation as a percentage of operating income.

**Net profit for the year.** Profit for the year after tax.

**Interest cover ratio.** Profit after net financial items plus financial expenses divided by financial expenses.

**Return on average shareholders' equity.** Net profit for the year as a percentage of average shareholders' equity.

**Return on average capital employed.** Profit after net financial items plus financial expenses as a percentage of average capital employed.

**Capital employed.** Shareholders' equity plus interest bearing liabilities.

**Equity/assets ratio.** Shareholders' equity as a percentage of the balance sheet total.

**Share of risk bearing capital.** Shareholders' equity plus provisions divided by the balance sheet total.

**Debt/equity ratio.** Interest bearing liabilities divided by shareholders' equity.

**EPS after tax.** Profit for the year divided by the number of shares issued.

**EPS including options.** Profit for the year divided by the number of shares issued plus options.

**Shareholders' equity per share before dividend.** Shareholders' equity divided by the number of shares issued.

**Shareholders' equity per share including options.** Shareholders' equity divided by the number of shares issued plus options.

**Price per share/equity.** Price per share divided by shareholders' equity per share.

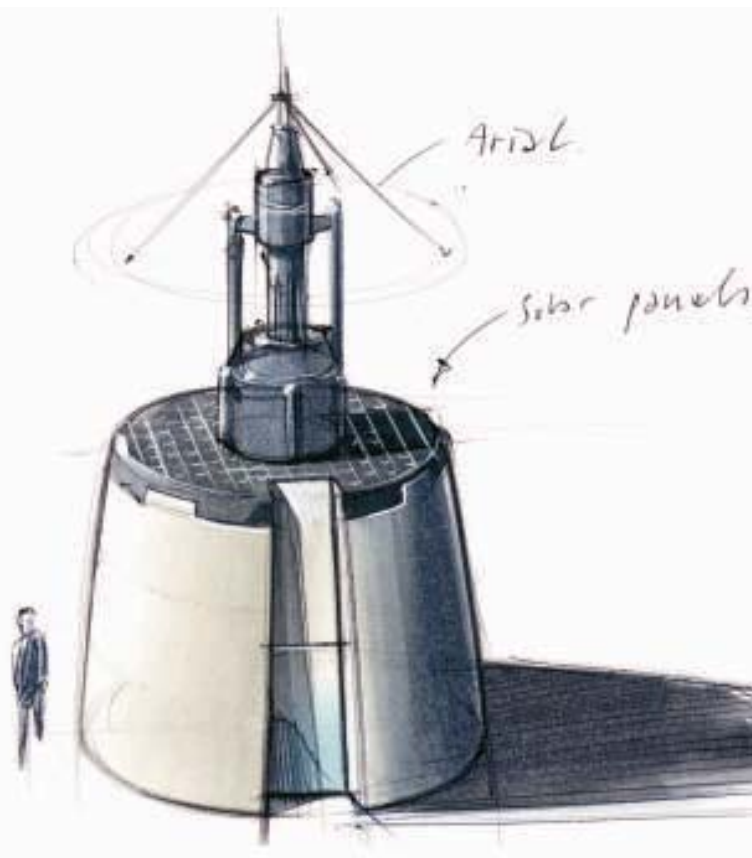
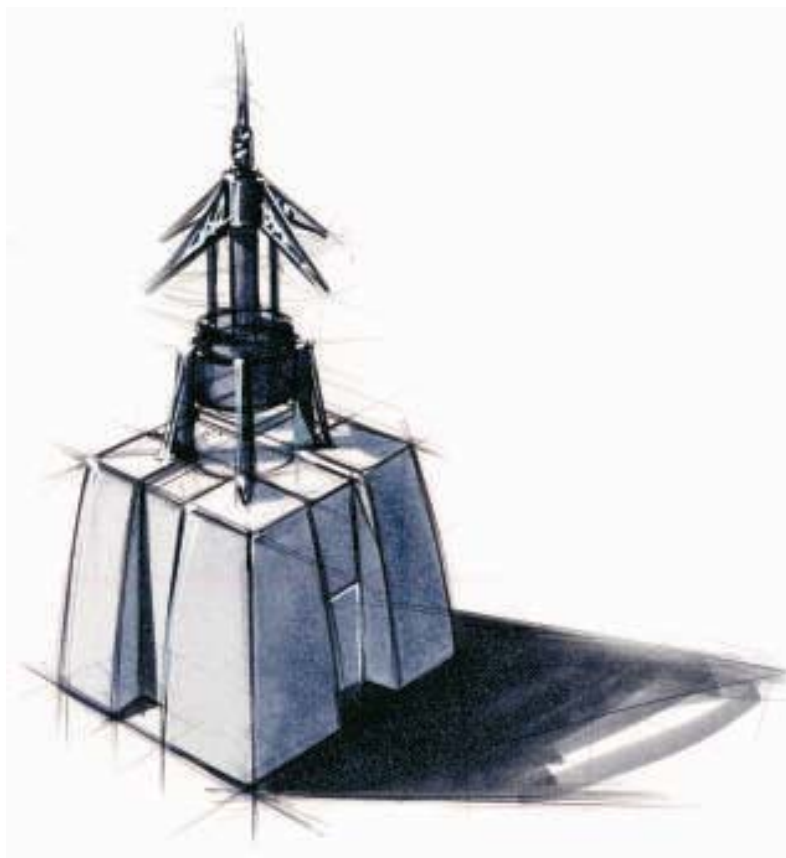
**P/E ratio.** Price per share divided by earnings per share.

**Average number of employees.** Average number of yearly employees.

**Sales per employee.** Sales divided by the average number of employees.

**Value added per employee.** Profit after depreciation plus payroll expenses and social security contributions divided by the average number of employees.

**Profit after net financial items per employee.** Profit after net financial items divided by the average number of full-time employees.



## FIVE-YEAR SUMMARY

### Income statement

(SEK 000)	2002	2001	2000	1999	1998
Net sales	1 200 201	1 126 628	1 007 233	863 501	708 908
Operating expenses	-1 190 090	-1 120 978	-957 172	-779 080	-627 016
Operating profit after depreciation	10 111	5 650	50 061	84 421	81 892
Financial income**	1 785	2 009**	1 682**	735	4 640
Financial expenses	-4 778	-4 888	-1 286	-719	-1 692
Profit after financial items**	7 118	2 771**	50 457**	84 437	84 840
Tax	-6 171	-1 409	-15 879	-25 795	-25 111
<b>Net profit for the year</b>	<b>947</b>	<b>1 362</b>	<b>34 578</b>	<b>58 642</b>	<b>59 729</b>

### Balance sheet

Capitalized development expenditure	3 300	4 386	4 329	2 808	—
Goodwill	77 973	83 743	57 929	19 652	—
Machinery/equipment/property	43 316	52 414	54 840	53 083	39 340
Financial fixed assets	21 041	19 660	12 050	—	—
Stock in trade	125	315	1 264	1 673	510
Work-in-progress	87 138	89 211	72 263	71 044	53 983
Accounts receivable	254 494	222 595	171 658	128 750	122 585
Other current assets	35 626	36 528	49 071	14 177	17 173
Cash and bank balances	33 072	7 049	12 542	66 073	24 023
<b>Total assets</b>	<b>556 085</b>	<b>515 901</b>	<b>435 946</b>	<b>357 260</b>	<b>257 614</b>
Shareholders' equity	147 594	148 921	148 637	135 727	101 358
Minority shares	180	426	297	297	—
Long-term liabilities and provisions	117 089	131 294	110 650	36 812	25 510
Current liabilities	291 222	235 260	176 362	184 424	130 746
<b>Total shareholders' equity and liabilities</b>	<b>556 085</b>	<b>515 901</b>	<b>435 946</b>	<b>357 260</b>	<b>257 614</b>

### Cash flow statement

Cash flow from current activities	40 834	36 757	44 739	126 361	59 837
Cash flow from investments activities	-16 835	-31 389	-76 602	-60 037	-35 487
Cash flow from financing activities	2 024	-10 861	-21 668	-24 274	-10 403
<b>Change in liquid assets</b>	<b>26 023</b>	<b>-5 493</b>	<b>-53 531</b>	<b>42 050</b>	<b>13 947</b>

### Key figures

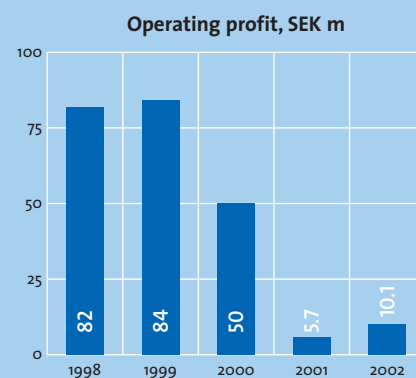
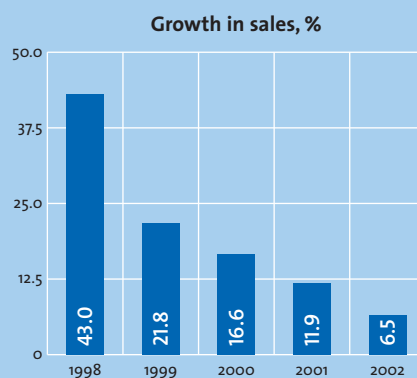
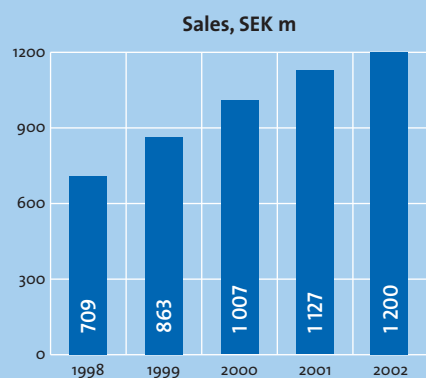
Increase in sales (%)	6.5	11.9	16.6	21.8	43.0
Operating margin (%)	0.8	0.5	5.0*	9.8	11.6
Interest cover ratio (times)	2.5	1.5	40.2*	118.4	51.1
Return on average shareholders' equity (%)	0.6	0.9	24.3*	49.5	75.5
Return on average capital employed (%)	5.6	3.3	27.5*	68.3	102.4
Equity/assets ratio (%)	26.5	28.9	34.1	38.0	39.3
Debt/equity ratio (times)	0.43	0.42	0.45	0.18	0.05
Number of shares at year end(ooo)	17 391	17 391	17 338	17 338	17 338
Number of options (ooo)	382	164	928	764	764
EPS after tax (SEK)	0.05	0.08	1.99*	3.38	3.44
EPS including options (SEK) ****	0.05****	0.08****	1.89*	3.26	3.27
Shareholders' equity per share before dividend (SEK)	8.49	8.56	8.57	7.83	5.85
Price per share/equity (times)	1.5	4.6	14.6	12.8	11.5
P/E ratio.	238.7	504.4	62.8	29.6	19.5
Average number of employees.	1 581	1 585	1 504	1 173	955
Sales per employee (SEK 000)	759	711	670*	736	742
Value added per employee (SEK 000)	535	507	479*	505	505
Profit after net financial items per employee (SEK 000)	4.5	1.5	33.6*	72.0	88.8
Investments in machinery and equipment (SEK 000)	14 755	24 991	26 886	26 825	35 891
Investments in subsidiaries' shares (SEK 000)	3 766	31 762***	41 120	30 722	1 007

\* Including refund from SPP of SEK 19.6 million in 2000.

\*\* Including minority interest of SEK 411 000 in 2001 and SEK 911 000 in 2000.

\*\*\* Of which SEK 25,000,000 provision for estimated additional purchase price.

\*\*\*\* No significant dilution effect is expected from the outstanding options as the subscription rate exceeds the share price.



## DIRECTORS' REPORT

**The Board and CEO of Semcon AB (publ) co. reg.no. 5565 39-9549 herewith present the annual report and consolidated accounts for the 2002 financial year.**

**BUSINESS ACTIVITIES** Semcon AB (publ.) is the parent company in a Group consisting of 28 companies in accordance with note 7.

As a close partner to industry Semcon provides human and technical competence that improves customers' results. Semcon provides industrial design and development competence in the Technology Management, e-Design and Industrial Design business areas.

Semcon has operations in the following locations: Göteborg (HK), Asker, Helsingborg, Karlstad, Karlskrona, Kista, Copenhagen, Linköping, Ludvika, Lund, Oskarshamn, Oxelösund, Stenungsund, Stockholm, Södertälje, Trollhättan, Västerås, Växjö and Aalborg.

### THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors has five members, three employee representatives and one deputy employee representative.

During the year the Board held five ordinary meetings and nine extraordinary meetings. The Board follows the procedures set out for the division of work between the Board and the CEO. At the ordinary meetings the Board has dealt with the company's and Group's financial situation. In addition to this, strategic issues such

as acquisitions, starting new activities, closing unprofitable segments and the organisation, have been dealt with.

The company's accountants are present at Board meetings and state their views on the internal control and financial reporting of the Group.

Annemarie Gardshol, Pia Gideon, Carl-Åke Jansson and Hans Johansson were re-elected at the AGM. Christian W Jansson was re-elected as Chairman of the Board.

**OPTIONS SCHEME** Semcon AB's AGM on 18 March 2002, decided upon a debenture loan of no more than SEK 1,000 through the issue of a promissory note, with 700,000 detachable warrants for the subscription of new shares in Semcon AB. Each warrant gives the owner the right during the period 1 June -31 August 2005 to subscribe for one new share in Semcon AB at a price of SEK 63. Interest was shown by 259 people in subscribing for 217,900 options. A sum of SEK 7 was paid for each option, corresponding to the market value. Following full conversion, Semcon's share capital will amount to 17 608 921 (17 391 021).

On 3 July 2002, the Board of Semcon AB decided to award call options to 13 leading executives of the company. The intention is to further strengthen the commitment of employees in Semcon's future growth. Semcon AB's Board of Directors prepared the options scheme. The CEO, Hans Johansson, has not participated in the preparation

and decisions made concerning the options scheme. The options scheme consists of 236,000 call options. The options run until 3 July 2006 and each one gives the owner the right to buy one share in Semcon AB at a price of SEK 42. A sum of SEK 4.8 was paid for each option, corresponding to the market value. Semcon has signed a share-swap agreement to secure the commitment relating to the options scheme. The annual cost is estimated at around SEK 450,000. On 31 December the loss risk in connection to the share-swap agreement was SEK 3.8 million, shown in the annual accounts as a reduction of the company's shareholders' capital.

**COMPANY ACQUISITIONS** Semcon Sweden AB acquired 91 per cent of Integritech AB on 15 March and the remaining 70 per cent of shares in Pharma Life Science Scandinavia AB on 8 October.

In addition, Semcon Informatic Production AB acquired the remaining 60 per cent of Zooma by Semcon AB on 10 September.

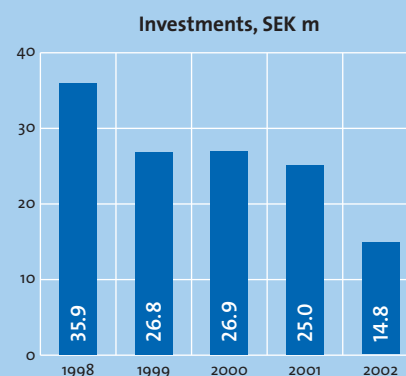
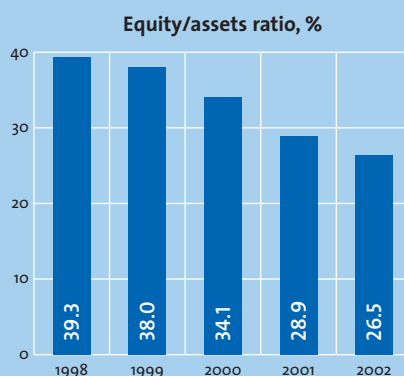
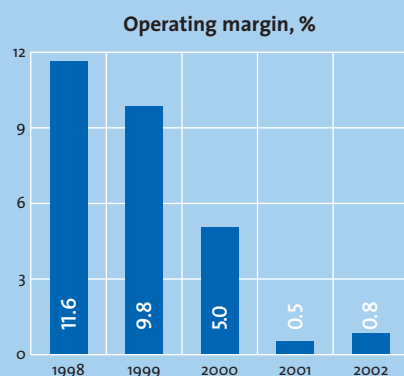
On 23 December Semcon Innovation AB acquired 91 per cent of Zpearpoint AB. Zipper AB acquired the remaining shares in Zipper Tech AB and Zipper System AB.

### FINANCIAL OVERVIEW

#### Sales and results

The Group's sales rose to SEK 1,200.2 million (1,126.6 m), an increase of 6.5 per cent. The operating profit was SEK 10.1 million (5.7 m)





an increase of 79 per cent. The profit after financial items was SEK 7.1 million (2.4 m). The improved sales figure compared with last year was mainly due to greater outsourcing assignments, further total solutions and growth in Denmark and Norway. The operating margin was 0.8 per cent (0.5). Results were affected by the continuing tough market and impact of the recession for Semcon's Swedish customers. Semcon has constantly adapted itself to market conditions and carried out the necessary measures. The cost of these measures was SEK 41.5 million.

The EPS after tax was SEK 0.05 (0.08). The return on average shareholders' equity amounted to 0.6 per cent (0.9). The equity/assets ratio was 26.5 per cent (28.9) and shareholders' equity was SEK 147.6 million (148.9 m), corresponding to SEK 8.49 per share before the dividend (8.56). The Group's liquid assets totalled SEK 33.1 million (7.0 m). SEK 52.4 million has been utilised of bank overdraft facilities set at SEK 100 million.

**Investments** Semcon invested SEK 14.8 million (25.0 m) in 2002, mainly in computer equipment and networks. Investments in programming development was SEK 0 million (1.1 m). In addition, the company invested SEK 4 million (32.9 m) in subsidiaries' shares.

**Employees** At the end of the year there were 1,570 (1,601) employees, which is a

net reduction of 1.9 per cent compared with last year. The average number of employees during 2002 was 1,581 (1,585), of which 23 (21) per cent are female. The average age of employees is 36 (35).

**DIVIDEND POLICY** The Board considers that the size of future dividends should be based on Semcon's long-term growth, profits and capital requirements for continued expansion with regard to its financial targets. The long-term aim is to pay out between 30 and 50 per cent of the profit after tax to Semcon's shareholders.

The Board considers that the company's equity/assets ratio shall be a minimum of 35 per cent. One of Semcon's aims for the future is to expand to create long-term growth in value for shareholders. If conditions are right, with consideration to financial targets and investment alternatives for continued expansion, the Board intends to pay out higher dividends. Because of the results of the Semcon Group, the Board will propose to the AGM that no dividend be paid for the 2002 financial year. No dividend was paid in 2001.

#### GOALS FOR 2003

- Profit before growth
- Refine and strengthen the ranges in the respective focus industries
- Focus on increasing the share of total solutions and value-based business
- More strategic partnerships with

customers through outsourcing their non-core activities

- Increase the network of consultants and business partners in complementary areas

**VIEWS FOR 2003** Demand in 2002 was weak and slipped further at the end of the year and the beginning of 2003. We are prepared for yet another tough year where the aim is to continue to be profitable.

#### PROPOSED ALLOCATION OF PROFITS, (SEK 000)

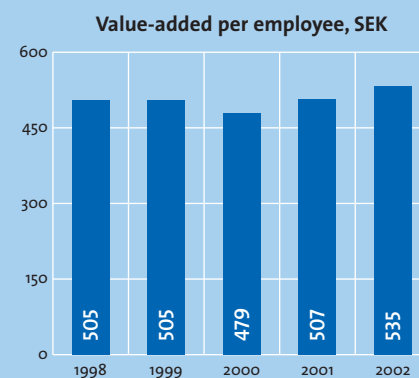
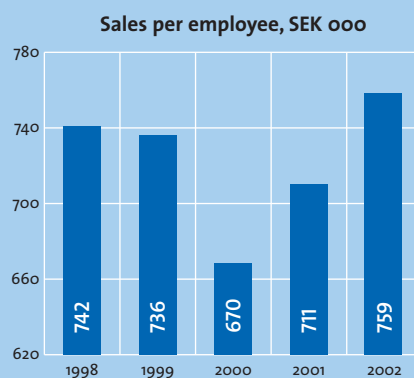
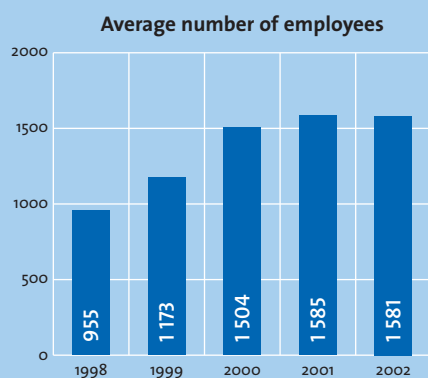
The AGM has the following profit at its disposal:

Profit brought forward	54 441
Loss for the year	151
Total	54 290

The Board proposes that the profits be distributed as follows:

Carried forward	54 290
Total	54 290

According to the consolidated balance sheet, nonrestricted equity amounts to 69,790,000. Of this SEK 20,000 will be allocated to restricted reserves.



## RISK AND SENSITIVITY ANALYSIS

Calculating the value of a consultancy firm like Semcon is governed by a number of different factors. By analysing them it is possible to create a sound insight into the risk exposure of the company.

### FACTORS AFFECTING SEMCON'S VALUE

**Employees and customers** The greatest risk in a know-how intensive company is that the employees quit, or the right employees are not recruited. Unsuccessfully completed assignments can also affect results. The risk is limited however because in most cases the consultant participates in the customer's project and continual checks are carried out during a project.

In addition, consultant liability insurance agreements are signed in accordance with industry practice. This corresponds to the liability for the project and amounts to a maximum 120 basic payments (using the Swedish Social Security base payment scale). Customer relations are the most important factor in a consultancy company's success. Thanks to skilled consultants who carry out assignments in a way that exceeds customer expectations, the customers return. A good relationship is created by initiative, openness, competence, involvement and reliability.

**Global factors and changing markets** There are also a number of external factors that affect the customers' use of consultants.

- Stiffening global competition and shorter product life cycles make the industry apply itself more towards design and product development.
- Sweden's relatively good position in many of Semcon's areas of operation gives a good starting point for international expansion.
- Greater technology and IT usage in products increases complexity. This in turn requires more specialist competence. Customers cannot afford time and resources to develop all the competency themselves.
- Continued environmental awareness and new environmental requirements mean that product and product development must be constantly monitored to secure the greatest possible environmental regard for materials and method choice as well as to increase re-cycling possibilities.

**Fewer suppliers** The consultancy companies chosen as primary suppliers by the leading Nordic industrial firms have significant advantages.

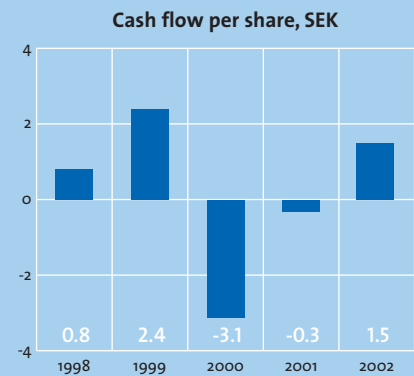
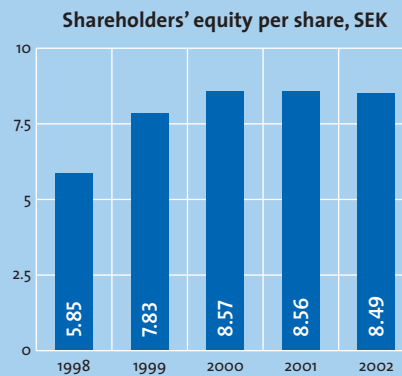
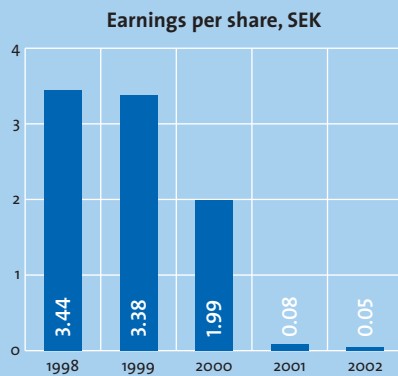
The industrial firms want to work with fewer suppliers giving better control of the quality of the consultants. Semcon has been chosen as primary supplier via long-term cooperation built on mutual trust with the largest industrial firms.

This means that Semcon always receives requests for assignments and that they are bigger, and in certain cases entails comprehensive measures.

**Outsourcing** Customers are focussing more and more on their core activities and offer other activities out to tender.

These create opportunities for a long-term partnership aimed at improving operations that so often have come as a second priority to the customer. Outsourcing is carried out in areas that include IT support, technology information, testing, construction and training.

**Business cycle** Semcon's customer base consists mainly of Swedish industrial companies. Semcon believes that the breadth of this customer base reduces dependence on individual sectors and economic cycles, and that Semcon is therefore mainly affected by the general economic cycle for Swedish exports.



**Sector influence** The greatest influence on Semcon's growth is seen from Vehicle, followed by the Industry and Telecom sectors.

**Seasonal variations** As most of Semcon's assignments are ongoing assignments invoiced by the hour, results are strongly influenced by the number of hours available. The summer period, when most employees take holidays, is a weak period for consultancy firms, and even the length of the Christmas holiday can have a decisive effect on profits during Q4.

The earnings trend for Semcon is dependent on the number of fixed price projects, available hours, the utilisation level and prices. The number of available hours depends on the number of employed consultants, speed of recruitment and access to suitable engineers.

Available hours are also affected by factors such as holidays and opportunities for overtime. Changes in the number of available hours influence both consultancy income and operating costs (salaries).

During 2002, Semcon actively changed towards value based sales, which in turn increased. During the latter part of the year a breakthrough occurred in sales of the in-house developed products.

This development has been carried out to expand Semcon's earnings capacity. However, investments also mean that risk levels increase. The utilisation ratio is also a key factor for Semcon's profitability. Changes in utilisation ratios only marginally affect operating expenses. The price level is controlled by factors such as the combined expertise of the company, the individual competence of the consultant, market demand and general inflationary pressures. A change of +/- 1% in the following variables would have affected operating profit for 2002 as follows:

**Variable, SEK m**

Utilisation level 12.5

Average fee 10.1

**FINANCIAL RISKS** Semcon has a marginal exposure to currency risks, because the majority of customers are Swedish. This means that exchange rate differences effect on the operating profit and financial items are small. Even the company's net assets in foreign subsidiaries are extremely limited. No hedging of exchange rates is carried out.

Interest bearing liabilities stood at SEK 63.3 million (62.9 m). Semcon believes

there is a low risk for outstanding accounts receivable because a majority of receivables consist of receivables from well-established listed companies of sound financial strength.



## INCOME STATEMENT

(SEK 000)	NOTE	THE GROUP		PARENT COMPANY	
		2002	2001	2002	2001
<b>OPERATING INCOME</b>					
<b>Net sales</b>	1	<b>1 200 201</b>	<b>1 126 628</b>	<b>17 549</b>	<b>19 992</b>
<i>Operating expenses</i>					
Purchase of goods and services		-168 616	-150 336	—	—
Other external expenses	2	-125 315	-127 401	-4 816	-9 996
Staff costs	3,4	-862 644	-809 611	-9 600	-7 333
Amortisation of intangible assets	5	-11 490	-7 629	-607	-645
Depreciation of tangible assets	5	-23 053	-25 556	-300	-1 642
Share in associated company's profit		1 028	-445	—	—
<b>Operating profit</b>		<b>10 111</b>	<b>5 650</b>	<b>2 226</b>	<b>376</b>
<i>Financial items</i>					
Interest income and similar items	6	1 785	1 598	309	416
Group contribution received		—	—	20 235	21 750
Interest expense and similar items	7	-4 778	-4 888	-2 649	-2 361
<b>Profit after financial items</b>		<b>7 118</b>	<b>2 360</b>	<b>20 121</b>	<b>20 181</b>
<i>Appropriations</i>					
Provision for tax allocation reserve		—	—	-192	-3 909
Excess depreciation		—	—	628	1 636
<b>Profit before tax</b>		<b>7 118</b>	<b>2 360</b>	<b>20 557</b>	<b>17 908</b>
Tax on profit for the year	8	-6 171	-1 409	-5 913	-5 223
Minority interest for the year			411	—	—
<b>PROFIT FOR THE YEAR</b>		<b>947</b>	<b>1 362</b>	<b>14 644</b>	<b>12 685</b>
EPS, SEK*		0.05	0.08	—	—

\* No significant dilution effect from the outstanding options as the subscription rate exceeds the share price.

# BALANCE SHEET

(SEK 000)	NOTE	THE GROUP		PARENT COMPANY	
		31 Dec 02	31 Dec 01	31 Dec 02	31 Dec 01
ASSETS					
Fixed assets					
Intangible assets	5				
Goodwill		77 973	83 743	—	—
Capitalized development expenditure for computer programs		3 300	4 386	1 222	1 829
Tangible assets	5				
Plant and machinery		2 390	1 636	—	—
Equipment		14 412	19 571	358	598
Computers		18 508	22 957	38	120
Property		8 006	8 250	—	—
Financial assets					
Shares in subsidiaries	9	—	—	45 045	45 045
Shares in associate company	9	11 961	11 401	—	—
Other long-term investments held as fixed assets		—	146	—	—
Deferred tax recoverable	8	9 080	8 113	—	—
Total fixed assets		145 630	160 203	46 663	47 592
Current assets					
Receivables from subsidiaries		—	—	41 363	47 162
Stock and commodities		125	315	—	—
Accrued non-invoiced income	10	87 138	89 211	—	—
Accounts receivable		254 494	222 595	—	—
Other receivables	11	8 151	14 806	14 910	11 636
Prepaid expenses and accrued income	12	27 475	21 722	256	990
Cash and bank balances		33 072	7 049	49 529	50 048
Total current assets		410 455	355 698	106 058	109 836
TOTAL ASSETS		556 085	515 901	152 721	157 428

## BALANCE SHEET CONTINUED

(SEK 000)	NOTE	THE GROUP		PARENT COMPANY	
		31 Dec 02	31 Dec 01	31 Dec 02	31 Dec 01
SHAREHOLDERS´ EQUITY AND LIABILITIES					
Shareholders´ equity	13				
Restricted equity					
Share capital (17,391,021shares at a nom. SEK 1)		17 391	17 391	17 391	17 391
Restricted reserves		60 413	72 881	25 140	23 472
Non-restricted equity					
Profit brought forward		68 843	57 287	39 646	41 756
Profit for the year		947	1 362	14 644	12 685
Total shareholders´ equity		147 594	148 921	96 821	95 304
Minority shares					
Minority shares in subsidiaries		180	426	—	—
Total minority shares		180	426	—	—
Untaxed reserves					
Accumulated excess depreciation		—	—	396	1 025
Tax allocation reserve	14	—	—	39 722	39 530
Total untaxed reserves		—	—	40 118	40 555
Provisions					
Deferred tax	8	31 221	38 870	—	—
Other provisions	15	28 840	29 500	—	—
Total provisions		60 061	68 370	—	—
Long-term liabilities					
Bank overdraft facilities	17	52 448	44 054	—	—
Liabilities to credit institutions		4 580	10 867	4 497	10 747
Total long-term liabilities		57 028	54 921	4 497	10 747
Current liabilities					
Liabilities to credit institutions		6 250	8 003	6 250	8 003
Accounts payable		38 602	40 071	2 294	325
Other liabilities		66 864	46 941	1 177	1 286
Accrued expenses and deferred income	18	179 506	148 248	1 564	1 208
Total current liabilities		291 222	243 263	11 285	2 819
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		556 085	515 901	152 721	157 428
Memorandum items					
Pledged assets					
Guarantee for subsidiary		—	—	52 448	54 278
Guarantees pledged		1 104	1 473		



# CASH FLOW STATEMENT

(SEK 000)	NOTE	THE GROUP		PARENT COMPANY	
		1 Jan 02– 31 Dec 02	1 Jan 01– 31 Dec 01	1 Jan 02– 31 Dec 02	1 Jan 01– 31 Dec 01
<i>Current activities</i>					
Operating profit after depreciation		10 111	5 650	2 226	376
Depreciation		34 543	33 185	907	2 287
Share in associated companies' results		-1 028	445	—	—
Profit from machinery & equipment sold		268	248	50	22
Cash flow from current activities		43 894	39 528	3 183	2 685
Interest received		1 532	1 597	309	416
Interest paid and similar items		-4 778	-4 784	-2 649	-2 361
Income tax paid		-7 339	-8 318	-2 121	-8 326
Cancelled provision		-4 500	—	—	—
Cash flow from current activities before changes in working capital		28 809	28 023	-1 278	-7 586
<i>Change in working capital</i>					
Increase/decrease in current receivables		-31 862	-36 149	5 221	75 247
Increase/decrease to work in progress and stock		2 263	-15 999	—	—
Increase/decrease in current liabilities		41 624	60 882	2 216	-37 591
Total change in working capital		12 025	8 734	7 437	37 656
Cash flow from current activities		40 834	36 757	6 159	30 070
<i>Investment activities</i>					
Investments in shares in subsidiaries	19	-3 766	-6 762	—	-1 945
Group contributions made	13	—	—	-20 548	-6 740
Investments in intangible fixed assets		-96	-1 119	—	—
Investments in tangible fixed assets		-13 905	-24 991	-30	-33
Payments from sales of financial fixed assets		401	—	—	—
Payments from sales of machines and inventory		531	1 483	—	6 582
Payments from sales of financial fixed assets		—	—	—	11 316
Cash flow from investment activities		-16 835	-31 389	-20 578	9 180
<i>Financing activities</i>					
Group contributions received		—	—	20 235	21 750
New share issue		—	3 938	—	3 938
Change in overdraft facilities		8 396	—	—	—
Amortization of loans		-8 040	-6 130	-8 003	-6 250
Income from option scheme		1 668	—	1 668	—
Dividends paid		—	-8 669	—	-8 669
Cash flow from financing activities		2 024	-10 861	13 900	10 769
CASH FLOW FOR THE YEAR		26 023	-5 493	-519	50 019
Liquid assets at the start of the year		7 049	12 542	50 048	29
Liquid assets at year-end		33 072	7 049	49 529	50 048

## ACCOUNTING AND VALUATION PRINCIPLES

The Annual Report has been prepared in accordance with Swedish GAAP. The consolidated accounts have been drawn up in line with the Swedish Annual Accounts Act (1995:1554) and the recommendations of the Swedish Financial Accounting Standards Council). The recommendations that came into force in 2002 have not meant any significant changes to the company's accounting principles.

### CONSOLIDATED ACCOUNTING PRINCIPLES

These consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations. In addition to the Parent company the Group consists of all subsidiaries where the Group owns shares and directly or indirectly has the majority of voting rights, or through agreements has a controlling influence.

These consolidated accounts have been prepared in accordance with the purchase method, which means that consolidated equity includes the parent company's own equity and the proportion of the subsidiaries' own capital earned after the time of acquisition. The difference between the acquisition value and the equity of the acquired company according to the acquisition analysis is allocated as consolidated goodwill. Amortisation of goodwill is carried out after individual assessments of an item's economic life. Goodwill is reviewed annually and adjusted if the conditions for evaluating it have changed. Untaxed reserves are divided partly into a deferred tax liability (28 per cent) and a remaining part, which is accounted for under restricted reserves.

As a result, the consolidated income statement excludes all appropriations that affect the value of untaxed reserves. The tax proportion of these items is included with this year's tax in the income statement, and the equity portion is included in the net profit for the year.

Foreign subsidiaries have been classified as independent units. When calculating the income statements and balance sheets of foreign subsidiaries, the current method has been applied. This means that the balance sheets are converted at the closing day's rate and the income statements are converted at the average rate for the year. Translation differences are carried directly to shareholders' equity.

Associate companies are included where the Group has a minimum holding

of 20 per cent of the voting rights or in any other way has a significant influence but where there is no parent/subsidiary relationship. The equity method has been applied in the consolidated accounts for accounting associate companies. This means that the value of the shares in the associate companies is raised or lowered by the share of the associate companies' profit or loss for the year and reduced by the amount of dividend received. The shares of the associate company's profits in the income statement are reported in the Group's share of profits before tax and the share of the tax cost is reported in the tax costs for the year. The Group's shareholders' equity is SEK 791 000 higher than it would be if the acquisition method was used.

**REVENUE RECOGNITION** The Group applies the percentage of completion method. Work in progress is taken up as revenue in line with work being carried out. Fixed rate work is taken up as revenue in proportion to the respective assignment's degree of completion on the closing date after reservation for loss risks. The degree of completion is assessed without accrued assignment expenses for work carried out in relation to the assignment's estimated total cost. On account invoices received appears as a net liability in the balance sheet while processed income appears under current assets as accrued non-invoiced income.

Revenues from sales of hardware appear upon delivery.

### RECEIVABLES AND LIABILITIES IN FOREIGN

**CURRENCIES** Receivables and liabilities in foreign currencies are valued at the closing day rates. Exchange rate differences on current receivables and liabilities are included in the operating profit/loss while the differences on financial receivables and liabilities are included under financial items.

**STOCK** Stock has been valued according to the principle of the lowest value.

**RESEARCH & DEVELOPMENT COSTS** The majority of Semcon's development costs concern developments in the framework of customer projects. These mainly occur on an ongoing basis. Exceptions to this are costs incurred for the development of specific programmes or technical platforms, which are capitalized when the product is considered commercially viable.

**FIXED ASSETS** Machinery and equipment as well as investment in leased premises, have been valued at the purchase price with deductions for accumulated depreciation according to plan. Reporting of development expenditure for computer programs has been done at accrued expense. Accrued expenses have been capitalized from the time that it was decided that software was commercially viable.

### DEPRECIATION PRINCIPLES FOR FIXED ASSETS

Depreciation according to plan has been based on the item's estimated life as follows: Number of years

- Machines and plant depreciated over 5
- Computers depreciated over 3
- Equipment depreciated over 5
- Property depreciated over 30
- Goodwill amortised over 10
- In-house developed software depreciated over 5

**ALLOCATIONS** Allocations have occurred in accordance with the Swedish Financial Accounting Standards Council's recommendation, "Allocations, contingent liabilities and contingent assets" (RR16), which means that uncertain liabilities concerning payment amount and payment times are shown as allocations.

### GROUP CONTRIBUTION/SHAREHOLDERS'

**CONTRIBUTION** Group contributions are shown in accordance with the Swedish Financial Accounting Standards Council's recommendations, meaning that Group contributions and shareholders' contributions are accounted for directly against shareholders' equity at a fictive corporate tax rate of 28 per cent.

**TAX** The Group applies the Swedish Financial Accounting Standards Council's recommendation about income tax (RR 9). The Group's tax consists of current tax – that tax which is calculated on the taxable profit for the period – and deferred tax – that tax which is calculated on the respective tax-deductible amounts or temporary differences.

**LEASING** Semcon does not have any financial leasing contracts. Leasing charges regarding operational leasing are written off in conjunction with utilisation. This coincides with actual leasing charges during the current year.

## NOTES

### NOTE 1 DISTRIBUTION OF OPERATING INCOME

Sales and operating profit are distributed per business area as follows:

THE GROUP (SEK MILLION)	OPERATING INCOME		OPERATING PROFIT	
	2002	2001	2002	2001
Industrial Design	578.8	570.4	14.0	14.5
e-Design	465.4	449.5	-6.6	-1.0
Technology Management	156.0	106.7	2.7	-7.8
<b>Group total</b>	<b>1 200.2</b>	<b>1 126.6</b>	<b>10.1*</b>	<b>5.7</b>

Purchase/sales between Group companies amounts to SEK 130 444 000 (92,971,000 ).

\* The minority interest share of the operating profit totals SEK 0 (411,000).

### NOTE 2 INFORMATION REGARDING REMUNERATION TO THE AUDITORS

THE GROUP (SEK 000)	2002	2001
<i>For auditing and advice, plus other contributions resulting from observations made during auditing work:</i>		
Ernst&Young	1 363	1 108
<i>For independent advice given by:</i>		
Ernst&Young	2 295	1 838
<b>Total</b>	<b>3 658</b>	<b>2 946</b>

### NOTE 3 AVERAGE NUMBER OF EMPLOYEES

THE GROUP	2002		2001	
	AVERAGE NUMBER OF EMPLOYEES	OF WHICH MALE, %	AVERAGE NUMBER OF EMPLOYEES	OF WHICH MALE, %
Sweden	1 461	77	1 529	79
Denmark	91	83	56	78
Norway	29	86	—	—
<b>Group total</b>	<b>1 581</b>	<b>77</b>	<b>1 585</b>	<b>79</b>
PARENT COMPANY				
Sweden	7	44	5	40
<b>Parent company total</b>	<b>7</b>	<b>44</b>	<b>5</b>	<b>40</b>

### NOTE 4 SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

(SEK 000)	2002		2001	
	SALARIES AND OTHER REMUNERATION	SOCIAL SECURITY EXPENSES (OF WHICH PENSIONS)	SALARIES AND OTHER REMUNERATION	SOCIAL SECURITY EXPENSES (OF WHICH PENSIONS)
Parent company	5 380	3 653 (1 521) *	4 070	3 247 (1 612) *
Subsidiaries	590 985	235 809 (47 947)	527 200	215 975 (43 633)
<b>Group total</b>	<b>596 365</b>	<b>239 462 (49 468) **</b>	<b>531 270</b>	<b>219 222 (45 245) **</b>

\* Parent company pension costs include SEK 880 000 (886 000) relating to the Board of Directors and CEO. The company has no external pension obligations, except as described above.

\*\* Group pension costs include SEK 3 088 000 (3 036 000) relating to the Board of Directors and CEO. The Group has no external pension obligations, except as described above.

In 2002 the Board of Directors received SEK 550,000. The Chairman received SEK 220,000 and the other external members received SEK 330,000 . One member received SEK 70 997 in consultancy fees (163 100). Salary and benefits to the CEO amounted to SEK 1 520 00 (1 380 000 ) in 2002. The CEO's bonus scheme consists of a bonus to be paid if Semcon's profits exceed a certain level. The CEO is entitled to a retirement benefit in the form of a pension scheme. The premium for such a scheme is 35% of annual salary and bonus up to 20 basic amounts (the basic amount for Swedish

social security purposes) and 25% of such salary in the range of 20 to 50 basic amounts. Semcon is required to give the CEO 12 months notice of termination of employment and the CEO is required to give Semcon 6 months notice. If Semcon wishes to terminate his employment agreement, the CEO will receive final compensation amounting to 18 months salary. His employment agreement also includes a non-competition clause, according to which the CEO may not engage in any competitive business activities within 18 months from the time of termination of

his employment. The CEO has the right to retire at 60 with continued compensation equivalent to 70 per cent of annual salary and potential bonus up to 65.

Remuneration to the CEO is decided by the Board and remuneration to other senior executives is decided by the CEO. The total remuneration paid to other senior executives was SEK 9 941 793 of which SEK 1 370 346 was in bonuses. Other senior executives have no agreements regarding termination of employment but do have the normal pension schemes via Alecta.



# NOTE 5 ASSETS

THE GROUP (SEK 000)	2002	2001
<b>GOODWILL</b>		
Opening acquisition value	95 348	62 966
Purchases	4 537	32 382
<i>Closing accumulated acquisition value</i>	<i>99 885</i>	<i>95 348</i>
Opening amortisation	11 605	5 037
Amortisation for the year	10 307	6 568
<i>Closing accumulated amortisation</i>	<i>21 912</i>	<i>11 605</i>
<b>Closing residual value according to plan</b>	<b>77 973</b>	<b>83 743</b>
<i>Capitalised computer program development costs</i>		
Opening acquisition value	6 010	4 891
Purchases	97	1 119
<i>Closing accumulated acquisition value</i>	<i>6 107</i>	<i>6 010</i>
Opening amortisation	1 624	562
Amortisation for the year	1 183	1 062
<i>Closing accumulated amortisation</i>	<i>2 807</i>	<i>1 624</i>
<b>Closing residual value according to plan</b>	<b>3 300</b>	<b>4 386</b>
<i>Plant and machinery</i>		
Opening acquisition value	13 590	13 281
Purchases	1 436	687
Sales/disposals	—	-378
<i>Closing accumulated acquisition values</i>	<i>15 026</i>	<i>13 590</i>
Opening depreciation	11 954	9 348
Sales/disposals	—	-346
Depreciation for the year	682	2 952
<i>Closing accumulated depreciation</i>	<i>12 636</i>	<i>11 954</i>
<b>Closing residual value according to plan</b>	<b>2 390</b>	<b>1 636</b>
<i>Equipment</i>		
Opening acquisition value	41 983	33 276
Purchases	1 872	9 864
Sales/disposals	-1 970	-1 157
<i>Closing accumulated acquisition value</i>	<i>41 885</i>	<i>41 983</i>
Opening depreciation	18 899	13 785
Sales/disposals	-1 634	-684
Closing accumulated depreciation	6 695	5 798
<i>Opening write-down</i>	<i>23 960</i>	<i>18 899</i>
<i>Closing accumulated write-down</i>	<i>3 513</i>	<i>3 513</i>
<b>Closing residual value according to plan</b>	<b>14 412</b>	<b>19 571</b>
<i>Computers</i>		
Opening acquisition value	101 036	90 265
Purchases	11 447	14 473
Sales/disposals	-17 237	-3 702
<i>Closing accumulated acquisition value</i>	<i>95 246</i>	<i>101 036</i>
Opening depreciation	78 079	63 830
Sales/disposals	-16 773	-2 312
Depreciation for the year	15 432	16 561
<i>Closing accumulated depreciation</i>	<i>76 738</i>	<i>78 079</i>
<b>Closing residual value according to plan</b>	<b>18 508</b>	<b>22 957</b>

THE GROUP (SEK 000)	2002	2001
<i>Property</i>		
<i>Buildings</i>		
Opening accumulated acquisition value	5 400	5 400
Purchases	—	—
<i>Closing accumulated acquisition value</i>	<i>5 400</i>	<i>5 400</i>
Opening depreciation	550	306
Depreciation for the year	244	244
<i>Closing accumulated depreciation</i>	<i>794</i>	<i>550</i>
<b>Closing residual value according to plan</b>	<b>4 606</b>	<b>4 850</b>
<i>Land</i>		
Opening acquisition value	3 400	3 400
Purchases	—	—
<i>Closing accumulated acquisition value</i>	<i>3 400</i>	<i>3 400</i>
<b>Closing residual value according to plan</b>	<b>3 400</b>	<b>3 400</b>
Assessed value for buildings	7 336	6 160
Assessed value for land	943	792
<b>Assessed value total</b>	<b>8 279</b>	<b>6 952</b>

#### *Leases and tenancy agreements*

The Group has a number of leasing agreements, mainly relating to private cars. The cost of these for the year was SEK 6 438 000 (6.195 m). Existing leasing agreements are based on market conditions with remaining leasing agreements due to mature within 1 to 3 years. Furthermore the Group rents office space at around 30 locations in Sweden. All of these tenancy agreements were signed under market conditions and for normal periods of time.

PARENT COMPANY (SEK 000)	2002	2001
<i>Opening computer program development costs</i>		
Opening acquisition value	3 036	3 036
Purchases	—	—
<i>Closing accumulated acquisition value</i>	<i>3 036</i>	<i>3 036</i>
Opening amortisation	1 207	562
Amortisation for the year	607	645
<i>Closing accumulated amortisation</i>	<i>1 814</i>	<i>1 207</i>
<b>Closing residual value according to plan</b>	<b>1 222</b>	<b>1 829</b>
<i>Equipment</i>		
Opening acquisition value	969	10 590
Purchases	—	11
Sales/disposals	-149	-9 632
<i>Closing accumulated acquisition value</i>	<i>820</i>	<i>969</i>
Opening depreciation	371	1 917
Sales/disposals	-97	-3 052
Depreciation for the year	188	1 506
<i>Closing accumulated depreciation</i>	<i>462</i>	<i>371</i>
<b>Closing residual value according to plan</b>	<b>358</b>	<b>598</b>
<i>Computers</i>		
Opening acquisition value	396	420
Purchases	30	23
Sales/disposals	—	-47
<i>Closing accumulated acquisition value</i>	<i>426</i>	<i>396</i>
Opening depreciation	276	163
Sales/disposals	—	-23
Depreciation for the year	112	136
<i>Closing accumulated depreciation</i>	<i>388</i>	<i>276</i>
<b>Closing residual value according to plan</b>	<b>38</b>	<b>120</b>

**NOTE 6 INTEREST INCOME AND SIMILAR ITEMS**

THE GROUP (SEK 000)	2002	2001
Interest income	1 532	936
Exchange gains	—	662
Profit from sales of shares	253	—
<b>Total</b>	<b>1 785</b>	<b>1 598</b>
PARENT COMPANY SEK (000)		
Interest income	309	416

**NOTE 7 INTEREST EXPANSES AND SIMILAR ITEMS**

THE GROUP (SEK 000)	2002	2001
Interest expenses	-3 800	-4 784
Result from disposal of subsidiaries	—	-104
Exchange rate difference	-978	—
<b>Total</b>	<b>-4 778</b>	<b>-4 888</b>
PARENT COMPANY SEK (000)		
Interest expenses	-2 649	-2 361

**NOTE 8 TAX ON PROFIT FOR THE YEAR**

THE GROUP (SEK 000)	2002	2001
Current tax	13 720	6 589
Previously assessed tax	1 067	—
Deferred tax cost for temporary differences	467	434
Deferred tax recoverable for temporary differences	-9 083	-5 614
<b>Total</b>	<b>6 171</b>	<b>1 409</b>
PARENT COMPANY (SEK 000)		
Current tax	160	3 336
Tax on Group contribution paid	5 753	1 887
<b>Total</b>	<b>5 913</b>	<b>5 223</b>

The difference between the Group's current tax rate and the effective tax rate consists of the following components:

	2002	2001
Current tax rate	28%	28%
Tax effect from non-deductible expenses	29%	106%
Tax effect from non-taxable income	-23%	-10%
Tax effect from previously assessed tax	15%	-59%
Tax effect from tax assessed abroad	-5%	—
Tax effect on disposal of subsidiaries	—	-83%
Tax effect on amortisation of goodwill	43%	78%
<b>Average effective tax rate</b>	<b>87%</b>	<b>60%</b>

Temporary differences apply in cases where assets or liabilities reported and taxable values are different. The Group's temporary differences have resulted in deferred tax liabilities and deferred income tax receivables for the following:

	2002	2001
<b>DEFERRED TAX LIABILITIES</b>		
Untaxed reserves	18 186	19 227
Accrued income shown in the Group	12 184	18 792
Consolidated surplus value in buildings	851	851
<b>Total</b>	<b>31 221</b>	<b>38 870</b>
<b>DEFERRED INCOME TAXES RECOVERABLE</b>		
Assessed shortfall	6 029	5 015
Reversal of depreciation	2 631	3 098
Pension commitment in Norway	420	—
<b>Total</b>	<b>9 080</b>	<b>8 113</b>



## NOTE 9 FINANCIAL FIXED ASSETS

PARENT COMPANY	SUBSIDIARY	SHARE OWNERSHIP	VOTING RIGHTS	BOOK VALUE SEK	CO.REG.NO.	REGISTERED OFFICE
Semcon AB	Semcon Förvaltnings AB	100%	100%	26 080 630	556530-6403	Göteborg
	Semcon International AB	100%	100%	300 000	556534-4651	Göteborg
	Semcon Innovation AB	100%	100%	300 000	556581-8613	Göteborg
	IT Matters AB	100%	100%	18 364 545	556436-0831	Göteborg
<b>Total</b>				<b>45 045 175</b>		
Semcon Förvaltnings AB	Semcon Engineering AB	100%	100%		556213-1762	Göteborg
	Semcon Competence Development AB	100%	100%		556241-0638	Göteborg
Semcon Engineering AB	Semcon Sweden AB	100%	100%		556555-8193	Göteborg
	Limited partnership share in Zkill.net KB	1 share			969680-6786	Göteborg
Semcon Sweden AB	Semcon Extern Engineering AB	99%	99%		556369-6755	Göteborg
	Integritech AB	91%	91%		556572-6170	Göteborg
	Pharma Life Science Scandinavia AB	100%	100%		556606-0363	Göteborg
Semcon Extern Engineering AB	Semcon IT- Solutions AB	100%	100%		556271-9129	Göteborg
Semcon IT Solutions AB	Semcon Project Management AB	100%	100%		556568-6408	Göteborg
Semcon Project Management AB	Semcon Informatic Production AB	100%	100%		556563-6692	Göteborg
Semcon Informatic Production AB	Zooma by Semcon AB	100%	100%		556609-7845	Göteborg
Semcon International AB	Semcon Engineering UK Ltd	100%	100%		2 993 766	Grantham, GB
	Semcon Danmark A/S	100%	100%		25826906	Köpenhamn, DK
	Knud E Hansen A/S	100%	100%		110 338	Köpenhamn, DK
	Semcon Norge AS	100%	100%		984 602 456	Asker, Norway
Semcon Innovation AB	Semcon TimeIT AB	100%	100%		556581-8639	Göteborg
	Semcon Sweden Network AB	100%	100%		556590-3118	Göteborg
	Zipper AB	100%	100%		556583-0170	Göteborg
	Zpearpoint AB	91%	91%		556633-6045	Göteborg
	Semcon Sports Technology AB	100%	100%		556542-5419	Göteborg
Zipper AB	Zipper Tech AB	100%	100%		556587-6579	Göteborg
	Zipper Systems AB	100%	100%		556566-0460	Göteborg
Semcon Sweden Network AB	Complementary share in Zkill.net KB	1 share			969680-6786	Göteborg
IT Matters AB	Pelmatic AB	100%	100%		556410-9832	Göteborg
THE GROUP						
SHARES IN ASSOCIATED COMPANY						
Semcon Innovation AB	Euromation AB	20%		11 961 109	556232-0134	Skövde

### Group companies' activities

A short description follows of the operating companies. Other companies in the Group have no current activities.

Semcon AB is responsible for Group-wide issues such as strategy, information, marketing, accounting, finance and human resources. Semcon Sweden AB's activities provide consultancy services in industrial technology, analyses & testing, consultancy activities for IT and computers as well as selling hardware and software plus management consulting. The company has three subsidiaries.

Semcon Extern Engineering AB works mainly with consultancy activities in

industrial technology. Pharma Life Science Scandinavia AB works in the medi-tech and Integritech AB works in the IT sector. Semcon Informatic Production AB works with technical information. The company has a subsidiary, Zooma by Semcon AB, which works with commercial film and commercial websites. Semcon Project Management AB works within the field of project management.

Semcon International AB is parent company to the Group's foreign subsidiaries. Semcon Denmark A/S works with consultancy activities in industrial technology. Knud E Hansen A/S is active in marine design. The recently started

company in Norway, Semcon Norge AS, works with consultancy in industrial technology. Semcon Engineering UK Ltd is active when Semcon works with projects in the UK.

Semcon Innovation AB is the parent company for the Group's development subsidiaries.

Zipper AB and its subsidiaries Zipper Tech AB and Zipper Systems AB are active in IT infrastructure and IT strategies.

The company Zpearpoint AB works with recruiting engineers. Semcon Innovation AB owns 20 per cent of Euromation AB that works in the industrial maintenance and automation segments.

**NOTE 10 ACCRUED NON-INVOICED INCOME**

Accrued non-invoiced income is shown in the annual accounts at an invoice value in 2002 of SEK 43 513 000

(63.292 m) in line with the work in progress. No value is shown in the subsidiaries for work in progress, but rather is accounted for at the time of invoicing.

**NOTE 11 OTHER RECEIVABLES**

(SEK 000)	THE GROUP	PARENT COMPANY
Tax receivable of	4 135	13 483

**NOTE 12 PREPAID EXPENSES AND ACCRUED INCOME**

THE GROUP (SEK 000)	2002	2001
Accrued income	7 441	1 686
Other items	20 034	20 036
<b>Total</b>	<b>27 475</b>	<b>21 722</b>

**NOTE 13 CHANGES IN SHAREHOLDERS' EQUITY**

THE GROUP (SEK 000)	SHARE CAPITAL	RESTRICTED RESERVES	UNRESTRICTED RESERVES
Opening balance	17 391	72 881	58 649
Options scheme*	—	1 668	—
Loss risk in connection with SWAP agreement*	—	—	-3 840
Allocation to statutory reserve	—	961	-961
Transfers between restricted and unrestricted reserves	—	-15 097	15 097
Exchange rate difference	—	—	-102
Profit for the year	—	—	947
<b>Closing balance</b>	<b>17 391</b>	<b>60 413</b>	<b>69 790</b>

Accumulated exchange rate differences amounted to SEK 334 000

PARENT COMPANY			
Opening balance	17 391	23 472	54 441
Options scheme*	—	1 668	—
Group contribution	—	—	-20 548
Tax on Group contribution	—	—	5 753
Profit for the year	—	—	14 644
<b>Closing balance</b>	<b>17 391</b>	<b>25 140</b>	<b>54 290</b>

\* Two option schemes were started during the year. In the first, 217 900 options were subscribed for at a premium of SEK 7 per share. The total amount paid in after deducting the company's costs was SEK 990 000. The second scheme, aimed at senior executives in the company, had 236 000 options allocated at a premium of SEK 4.80 per share. The total amount paid in after deducting the company's costs for this scheme was SEK 678 000. In the second scheme Semcon signed a share swap agreement. The loss risk involved with this agreement of SEK 3 840 000, was accounted for directly against shareholders' equity. Further information about these schemes can be found in the Directors' Report.

**NOTE 14 TAX ALLOCATION RESERVE**

PARENT COMPANY (SEK 000)	2002	2001
Tax allocation reserve tax – 99	13 605	13 605
Tax allocation reserve tax – 00	13 832	13 832
Tax allocation reserve tax – 01	8 184	8 184
Tax allocation reserve tax – 02	3 909	3 909
Tax allocation reserve tax – 03	192	—
	<b>39 722</b>	<b>39 530</b>

**NOTE 15 OTHER ALLOCATIONS**

THE GROUP (SEK 000)	2002	2001
Dispute*	—	4 500
Additional purchase price**	25 000	25 000
Loss risk in connection with SWAP agreement	3 840	—
<b>Total</b>	<b>28 840</b>	<b>29 500</b>

\* Allocation for dispute in the US regarding subsidiary Knud E Hansen A/S. The allocation was cancelled during the year because the judgement is that it is unlikely that any payment will have to be made. The cancellation has added SEK 4 500 000 to the operating profit.

\*\* Allocation for additional purchase price of the subsidiary Zipper Aktiebolag. The additional purchase price will be calculated on 2001-2004's results. The allocations for the year are based on assumed earning trends. Future additional purchase prices can amount to a considerable sum.

**NOTE 16 LONG-TERM LIABILITIES**

THE GROUP (SEK 000)	2002	2001
<i>Due date 1–5 years from closing day</i>		
Long-term liabilities to credit institutions	4 497	10 747
Other long-term liabilities	83	120
	<b>4 580</b>	<b>10 867</b>
<b>PARENT COMPANY (SEK 000)</b>		
<i>Due date 1–5 years from closing day</i>		
Long-term liabilities to credit institutions	4 497	10 747

**NOTE 17 BANK OVERDRAFT FACILITY**

The approved bank overdraft facility amounts to SEK 100 000 000 (100 000 000), of which SEK 52 448 000 (44 054 000) has been utilised.

**NOTE 18 ACCRUED EXPENSES AND DEFERRED INCOME**

THE GROUP (SEK 000)	2002	2001
Staff-related costs	115 882	98 562
Prepaid income	48 280	26 903
Other items	15 344	22 783
<b>Total accrued expenses and prepaid income</b>	<b>179 506</b>	<b>148 248</b>
<b>PARENT COMPANY (SEK 000)</b>		
Staff-related costs	1 241	964
Other items	323	244
<b>Total accrued expenses and prepaid income</b>	<b>1 564</b>	<b>1 208</b>

**NOTE 19 INVESTMENTS IN SHARES IN SUBSIDIARIES**

During the year, the company acquired the remainder of Zipper Tech AB, Zipper Systems AB, Pharma Life Science Scandinavia AB and Zooma by Semcon AB. Furthermore 91 per cent of Zpearpoint AB and Integritech AB was acquired.

The value of assets and liabilities according to the acquisition balance:

THE GROUP (SEK 000)	
Intangible fixed assets	4 668
Machinery and equipment	850
Current receivables	5 047
Liquid assets	200
Work in progress	1 055
Current liabilities	-7 971
Minority interest	117
<b>Purchase price paid</b>	<b>3 966</b>
Liquid assets in acquired companies	-200
<b>Effect on the Group's liquid funds</b>	<b>3 766</b>

Göteborg, February 2003.

Christian W Jansson  
*Chairman of the Board*

Pia Gideon

Annemarie Gardshol

Carl-Åke Jansson

Hans Johansson  
*CEO*

Our audit was issued on 14 February 2003.

Göran Ekström  
*Authorized Public Accountant*  
*Ernst & Young AB*

Björn Grundvall  
*Authorized Public Accountant*  
*Ernst & Young AB*

# AUDITORS' REPORT

**TO THE ANNUAL GENERAL MEETING OF  
SEMCON AB (PUBL)**  
**COMPANY REG. NO. 556539-9549**

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Semcon AB for the 2002 financial year. These accounts and the administration of the Company are the responsibility of the Board of Directors and the CEO. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts, and the administration, based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance

that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO as well as evaluating the overall presentation of information in the annual accounts and consolidated accounts. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company by any Board Member or the CEO, or whether they have in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations, in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Göteborg, 19 February 2003

Göran Ekström  
*Authorized Public Accountant*

Björn Grundvall  
*Authorized Public Accountant*



## **PROJECT:** FLOORBALL STICK DESIGNED IN A COMPUTER

A floorball stick should be able to withstand slapshots of 180 km per hour. When Salming Sports wanted to develop the blade for its next floorball stick for 2003/2004, it turned to Semcon. A former top-level player was photographed and filmed in different shooting positions. To find the optimal shape of the blade this information was converted to different loads which were used on a 3D model of last year's stick. A new design was modelled in a CAD environment and then a normal-sized prototype was produced. A new generation of floorball blades had seen the light of day – the Salming® Semcon blade.

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**Customer/** Salming Sports – Libro Gruppen AB

**Assignment/** Development of a floorball blade



## THE BOARD AND SENIOR MANAGEMENT


**Mikael Isberg** Born 1953.  
Consultant at Semcon  
Industrial Design  
Employed since 1989.  
**Shareholding**, own and  
affiliated: 50 shares.

**Anita Veines** Born 1969.  
Consultant at Semcon Informatic  
Design. Employed since 2000.  
**Shareholding**, 200 warrants.

**Christian W Jansson** Born 1949.  
Chairman of the Board since 2000.  
Managing Director and CEO of  
KappAhl AB. Board assignments:  
Chairman of the Boards of Förenings-  
sparbanken Sjuhärad AB and Carmel  
Pharma AB. Board member of Biblioteks-  
tjänst AB.  
**Shareholding**, own and affiliated:  
13 000 shares and 10 000 warrants.

**Hans Johansson** Born 1955. Board  
member and CEO. Board member  
of Viamare. Employed since 1983.  
**Shareholding**, own and affiliated:  
453 600 shares, 14 000 warrants  
and 75 000 call options.

**Annemarie Gardshol** Born 1967.  
Board member since 2001.  
Responsible for global strategic  
development at Gambro.  
**Shareholding**, 300 shares.



**Pia Gideon** Born 1954. Board member since 2000. Corporate Communications manager at the Ericsson Group. **Shareholding**, own and affiliated: 200 shares.

**Carl-Åke Jansson** Born 1943. Board member since 1987. Managing Director of Lindås Invest AB. Chairman of companies including, Precision Products Ltd. and P.E.S Ltd., both in Chesterfield, UK. **Shareholding**, own and affiliated: 50 000 shares and 10 000 warrants.



**Hans Johansson**

Born 1955. Board member and CEO. Board member of Viamare. Employed since 1983. Shareholding, own and affiliated: 453 600 shares, 14 000 warrants and 75 000 call options.



**Bengt Nilsson**

Born 1957. CFO of Semcon AB. Employed since 1992. Shareholding, own and affiliated: 134 000 shares, 600 warrants and 25 000 call options.



**Caroline Krensler**

Born 1967. Strategic development Semcon AB. Employed since 1995. Shareholding, own and affiliated: 6 500 shares, 12 000 warrants and 20 000 call options.



**Lars-Inge Sjöquist**

Born 1958. Dep. MD Semcon Sweden AB and MD of Semcon Informatic Production AB. Employed since 1995. Shareholding, own and affiliated: 10 000 shares and 20 000 call options.



**Stefan Andersson**

Born 1964. International & Management, Semcon AB. Shareholding, 25 000 call options.



**Mikael Gustavsson**

Born 1963. Regional manager West, Dep. MD Semcon Sweden AB. Employed since 1996. Shareholding, own and affiliated: 1 500 shares, 11 000 warrants and 20 000 call options.



**Pontus Ödqvist**

Born 1964. Regional manager East, Dep. MD Semcon Sweden AB. Employed since 1993. Shareholding, own and affiliated: 27 000 shares and 10 000 call options.



**Peter Hedberg**

Born 1965. Acting regional manager South, Semcon Sweden AB. Employed since 1996. Shareholding, own and affiliated: 800 shares.



**Mats Franzén**

Born 1959. IT Solutions, Dep. MD Semcon Sweden AB. Employed since 1997. Shareholding, own and affiliated: 7 100 shares, 14 700 warrants and 20 000 call options.



**Lennard Lat**

Born 1962. MD Semcon DK A/S. Employed since 2001.



**Johan de Verdier**

Born 1961. MD Zipper AB. Employed since 2001. Shareholding, own and affiliated: 10 000 warrants



**Elisabeth Henriksson**

Born 1970. Leadership and competence development Semcon AB. Shareholding, own and affiliated: 3 000 call options.



**Pierre Dicksson**

Born 1963. Company lawyer, Semcon AB. Employed since 2002



## THE ANNUAL GENERAL MEETING

Shareholders in Semcon AB are hereby invited to the Annual General Meeting on Thursday 13 March 2003 at 6 p.m. in Semcon's HQ at Theres Svenssons gata 15 in Göteborg. Registration starts at 5 p.m. Registration must have been carried out before 6 p.m. for shareholders to be included on the voting list.

**PARTICIPATION** Shareholders wishing to take part in the AGM should:

- be registered in the Shareholders' Register held by VPC AB (the Swedish Central Securities Depository) by Monday 3 March 2003, at the latest.
- have notified the company of their intention to attend by 4 p.m. Thursday 6 March 2003 at the latest.

**NOTIFICATION OF ATTENDANCE** Notification of attending the meeting can be made by post to: Semcon AB, 417 80 Göteborg, by telephone to: +46 31 721 03 08, by fax to: +46 31 721 03 33, or by e-mail to: [karin.sjoberg@semcon.se](mailto:karin.sjoberg@semcon.se) no later than 4 p.m. Thursday 6 March 2003. Notification should include name, address and telephone

number, as well as civic identity number or corporate registration number and any assistant if relevant.

**NOMINEE SHAREHOLDERS** Shareholders who have their shares registered with a nominee must temporarily re-register their shares in their own name with VPC to have the right to apply to attend the meeting. Shareholders wishing to re-register their shareholding should inform their nominee in good time before Monday 3 March 2003.

**DIVIDENDS** In view of the Semcon Group's result, the Board of Semcon AB will propose to shareholders that no dividends be issued. No dividend was paid for 2001

### FINANCIAL AGENDA

Annual General Meeting	13 March 2003
Q1 report	28 April 2003
Q2 (half-year) report	21 August 2003
Q3 report	23 October 2003







Semcon's new design and development centre in Göteborg

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