

Semcon's Board recommends shareholders not to accept JCE's offer

Background

The Board of Directors of Semcon AB (publ) ("Semcon") makes the following statement in accordance with point II.14 of the regulations of the Stockholm Stock Exchange concerning public offers of acquisition on the market ("Takeover rules").

On 2 October 2006, JCE Group AB ("JCE"), owned by J Christer Ericsson and family, publicly submitted a cash offer to the shareholders of Semcon to sell all shares in Semcon to JCE (the "Offer").

JCE's press release dated 2 October 2006 and the offer document published on 26 October 2006 state that Semcon's shareholders are invited to sell their Semcon shares to JCE for SEK 65 per share ("the Price"). According to the offer document, the application period starts on 30 October 2006 and runs to 21 November 2006. The Offer is conditional on, among other things, the Offer being accepted to such an extent that JCE will own more than 90 per cent of the total number of Semcon shares and that all the conditions regarding the public offer made by JCE on 2 October 2006 to the shareholders of Cybercom Group Europe AB ("Cybercom") are met or that JCE otherwise decides to carry out its offer concerning Cybercom. JCE retains the right to withdraw these and other terms in the Offer.

On 2 October 2006 the Semcon Board published a press release containing the following:

"The Board of Directors of Semcon has noted the press release issued by JCE Group AB, including the details of the unsolicited offer for the shares in the company.

The Offer of SEK 65 per share corresponds to a premium of less than 13 per cent compared to the last trade prior to the announcement of the Offer. Furthermore, the Board of directors believes that the recent changes in the management team of Semcon might have put a temporary pressure on the price of its shares. However, the Board of Directors has engaged Lenner & Partner as financial advisers in connection with the offer and will await the prospectus before expressing its final recommendation to the shareholders of Semcon in relation to the offer."

On 30 October 2006 the Semcon Board published a press release with the following main content:

Semcon's Board has noted that an offer document describing the offer to Semcon's shareholders was published on 26 October 2006.

Semcon's Board will express its recommendation to Semcon's shareholders concerning the offer on around 14 November 2006, i.e. within a reasonable time before the acceptance period expires.

Semcon is 1,700 people with a passion for creating smart and effective IT solutions, user-friendly technical information and converting product ideas into sales successes. Today Semcon is active in Sweden, Australia, China, Denmark, Hungary, Malaysia, Norway and the UK and via partners in Belgium, France, Portugal and Spain. Semcon had sales of SEK 1.5 billion in 2005 and is listed on the Small Cap list of the Stockholm Stock Exchange.

The Board's recommendation will include its opinion about the offer and its reasons. The Board acts on behalf of all shareholders. The Board's recommendation will therefore be preceded by an evaluation of the offer. The work with the evaluation is underway.

Following JCE's offer being made public Semcon's Board has been contacted by further interested parties. If current discussions provide reasonable grounds to suppose that a counter bid will be submitted then Semcon will inform the stock exchange in accordance with the applicable regulations.

In the past weeks the Board has received a written, non-binding offer for all the shares in Semcon from a private equity firm that was higher than SEK 65 per share, and has informed the stock market. The Board considers that it is in shareholders' interests to continue discussions with the interested party. The party has signed a confidentiality agreement and has requested and been offered the opportunity to perform due diligence review. As of 13 November 2006 discussions with this interested party have been terminated.

On 12 November 2006 JCE submitted a request to perform a due diligence review. On 13 November JCE stated that they wished to perform this review without prior announcement of an increase in the offer. The Board notes that the Takeover rules, among other things, state that due diligence which begins after publication of an offer should only take place if it is necessary to assess whether a completion condition contained in the offer is fulfilled or not. The Board notes that JCE does not include any conditions concerning due diligence in its Offer. The Board has also considered the risk that business secrets could get into the hands of a potential rival. Against this background, the Board has decided that, under present circumstances, JCE shall not be given the opportunity to perform a due diligence review.

On 9 November 2006 Aktiespararna (the Swedish Shareholders' Association) published its assessment that JCE's offer of SEK 65 per share was too low and recommended its members not to accept the JCE's Offer of SEK 65 per share.

The Board's opinion concerning the Offer

The Board notes its obligation to make a recommendation to shareholders and that the only concrete offer available is JCE's Offer to acquire Semcon shares at SEK 65 per share.

In recent years Semcon has reported good growth and improved profitability. The Board considers that Semcon has large underlying value and that there are good opportunities for growth within Semcon's priority growth areas, primarily together with key customers on international markets. Growth will be organic, but Semcon is engaged in concrete and ongoing discussions concerning acquisitions in selected segments both in Sweden and abroad.

Increased focus on long-term partnership agreements and projects together with key customers will give Semcon better stability, greater knowledge and closer contacts. In the longer term this will give Semcon greater opportunities to win larger projects within development and aftermarket information.

Henrik Sund was appointed CEO of Semcon on 1 October 2006. His assignment is to increase growth, improve profitability through lower costs and sign more long-term partnership agreements. The Board is of the opinion that the recent changes in Semcon's management may have had a temporary withholding effect on the value of Semcon's shares.

Semcon is 1,700 people with a passion for creating smart and effective IT solutions, user-friendly technical information and converting product ideas into sales successes. Today Semcon is active in Sweden, Australia, China, Denmark, Hungary, Malaysia, Norway and the UK and via partners in Belgium, France, Portugal and Spain. Semcon had sales of SEK 1.5 billion in 2005 and is listed on the Small Cap list of the Stockholm Stock Exchange.

The Board believes that Semcon has an exciting future ahead, for shareholders, employees and customers. The Board considers that the company's finances are good, that the prospects are good for strong development in earnings, that the current project portfolio contains several promising assignments, and that, especially within the Informatic business area, there are good possibilities for signing or extending long-term outsourcing contracts with key customers.

In the opinion of Semcon's Board, the Price of SEK 65 per share represents (i) a discount of 11.0% compared with the highest share price of SEK 73.00 paid in the most recent six months, (ii) a premium of 12.6% compared with SEK 57.75, the final share price paid before publication of the Offer, and (iii) a premium of 10.0% compared with the average final pay price of SEK 59.11 during the most recent six months prior to the Offer.

The Board's opinion regarding the effect of the Offer on Semcon

In accordance with the Takeover rules, Semcon's Board shall, based on statements made by JCE in its offer document, express its opinion on the effect of implementation of the Offer for Semcon, particularly with regard to employment, and on JCE's strategic plans for Semcon and the effect on Semcon.

In the offer details published by JCE on 26 October 2006, the following is stated:

"As an owner, JCE has extensive experience from international operations and has the financial resources required to invest in further growth through acquisitions, which is considered a strength for the merged group and an advantage for the employees. One of the main purposes of the acquisition strategy is to lower the business risk, which is considered a positive aspect for the employees. JCE's financial strength and long-term ownership strategy is a security for the Company and its employees during general or industry-specific market downturns and profit fluctuations. Cost reductions are expected to be reached without any significant staff reductions. Further, the ambition is that all current members of management, without essential changes in the terms of employment, shall continue in equivalent positions in the new merged group."

Semcon's Board notes that JCE has stated that cost savings could be implemented at Semcon without significant staff reductions, and that there are as yet no concrete plans to close individual offices. Semcon's Board considers that merging Semcon with Cybercom would however include a risk of job reductions within Semcon. The Board also makes the judgement that a merger with Cybercom will not immediately promote the development of specialist business offers within Semcon's business areas.

Furthermore, the information in the offer document does not give the Semcon Board the possibility to form an additional opinion on the effects of the realisation of the Offer for Semcon.

The recommendation of the Board

The Board has noted that JCE has set as a condition to Semcon shareholders that the terms for the offer to Cybercom are accepted, and that Cybercom's Board on 13 November 2006 recommended Cybercom shareholders to not accept JCE's offer to Cybercom shareholders. The Board has also noted that the final pay price for Semcon shares on 13 November 2006 was above SEK 65.

Against this background and the other factors stated above, Semcon's Board unanimously recommends shareholders **not to accept the Offer of SEK 65**. This recommendation is supported by a fairness opinion from Lenner & Partners that indicates that the Price of SEK 65 is not reasonable from a financial perspective for shareholders. The full fairness opinion is included as a supplement to this press release.

Semcon is 1,700 people with a passion for creating smart and effective IT solutions, user-friendly technical information and converting product ideas into sales successes. Today Semcon is active in Sweden, Australia, China, Denmark, Hungary, Malaysia, Norway and the UK and via partners in Belgium, France, Portugal and Spain. Semcon had sales of SEK 1.5 billion in 2005 and is listed on the Small Cap list of the Stockholm Stock Exchange.

"Semcon is a fantastic company filled with very clever and gifted people. Semcon has an attractive customer base and makes competitive business offers to the market. The offer made by JCE of SEK 65 per share does not reflect Semcon's true value and opportunities," says Christian W. Jansson, chairman of the Semcon Board of Directors.

Lenner & Partners and Setterwalls are advising the Semcon Board in the assessment of the Offer.

Göteborg, 14 November 2006

Semcon AB (publ)

The Board of Directors

For more information, please contact:

Christian W. Jansson, Chairman of the Board, Semcon AB, Tel: +46 (0)70 995 02 01

Semcon is 1,700 people with a passion for creating smart and effective IT solutions, user-friendly technical information and converting product ideas into sales successes. Today Semcon is active in Sweden, Australia, China, Denmark, Hungary, Malaysia, Norway and the UK and via partners in Belgium, France, Portugal and Spain. Semcon had sales of SEK 1.5 billion in 2005 and is listed on the Small Cap list of the Stockholm Stock Exchange.