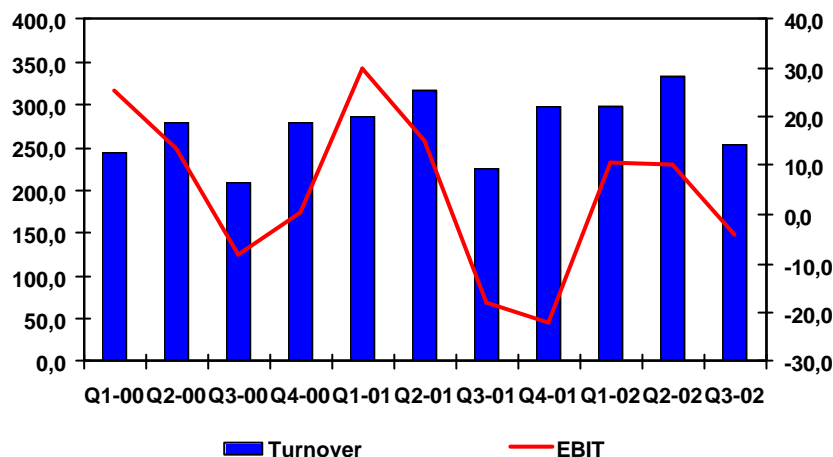


**POSITIVE CONTINUED ORGANIC GROWTH**

- Sales rose by 7% to SEK 885.7 million (829.1 m)
- The operating profit (EBIT) reached SEK 17.0 million (27.7 m)
- The completed rationalisation programme boosted earnings by SEK 13.9 million in Q3.

**Quarterly performance SEKm****Comments by CEO Hans Johansson**

- It is pleasing to note that sales rose by 7% during the first nine months. Growth has mainly been achieved through the expansion of existing partnership agreements, which means that customers are showing increased confidence in our long-term complete solutions. The situation is however difficult in all areas of operations, mainly in the Stockholm region where we have yet to see any improvements.
- During Q3 Volvo Car Corporation and Saab Automobile began implementing large savings programme, which resulted in their buying fewer consulting services. Of total sales to these companies, more than half involve partnership agreements, which are only marginally affected by the cutbacks. Outside the partnership agreements we have, despite a fall in overall demand, signed agreements for a number of new assignments with companies over the past few months. As the Preferred Supplier for product development with Volvo Car Corporation and Saab Automobile we are guaranteed to be notified about all requests within this area.
- Our increased sales internationally and within the area of Medical & LifeScience are extra pleasing and are in line with our long-term aim of "being a global leader in design and development".
- We believe that the lacklustre market will remain throughout the winter. This will mean that we will continually adapt our organisation to meet lower levels of demand. Despite the lacklustre market we see a number of new business opportunities in the form of rationalisation schemes, efficiency projects, and outsourcing of activities outside our clients' core activities and within the area of product development.

## Business activities

Sales rose by 7% to SEK 885.7 million (829.1 m). The operating profit before goodwill depreciation was SEK 23.8 million (32.5 m), representing a profit margin of 2.7% (3.9%). The operating profit after goodwill depreciation was SEK 17.0 million (27.7 m), representing a profit margin of 1.9% (3.3%). Sales in Q3 amounted to SEK 253.5 million (224.6 m), an increase of 12.9%, and the operating loss was SEK 3.9 million (-17.8 m). Sales increased thanks to the significant expansion of existing partnership agreements and a strong increase in international sales. The main reason for this earnings trend is the weak market situation. A number of measures have been taken to alter the negative earnings trend.

Business areas	Sales (SEKm)		Growth (%)	Operating profit (SEKm)		Operating margin (%)	
	30/9/02	30/9/01		30/9/02	30/9/01	30/9/02	30/9/01
Industrial Design	426.1	418.8	+1.7	11.2	16.5	2.6	3.9
e-Design	348.6	338.6	+3.0	3.1	16.1	0.9	4.7
Technology Management	111.0	71.7	+54.9	2.7	-4.9	2.4	-6.8
<b>TOTAL</b>	<b>885.7</b>	<b>829.1</b>	<b>+6.8</b>	<b>17.0</b>	<b>27.7</b>	<b>1.9</b>	<b>3.3</b>

## INDUSTRIAL DESIGN

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

Sales increased by 1.7% to SEK 426.1 million (418.8 m) and the operating profit was SEK 11.2 million (16.5 m). The business area continues to show stable development within Medical & LifeScience and Industry. Within Industry, progress was especially favourable for process and production development. Developments within Vehicle have been positive despite the negative signals.

Cooperation with Volvo Bus Corporation began during the period. Semcon will take over and perform all of Volvo Bus Corporation's durability testing. New assignments began at ABB, Bombardier, Saab Bofors Dynamics, Scania, Tetra Pak and Volvo Cars.

## E-DESIGN

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

Sales increased by 3.0% to SEK 348.6 million (338.6 m), and the operating profit was SEK 3.1 million (16.1 m). The increase in sales is mainly due to the increased undertakings of partnership agreements with the auto industry and Ericsson. International activities progressed well, but the weak demand in Sweden within the Telecom and IT sector, mainly in the Stockholm region, negatively affected profits. The partnership with Saab Automobile within IT Solutions has developed favourably, and since the beginning of 2001 we have increased our undertakings by 85%. New assignments started during the period with AstraZeneca, Boverket, Saab Automobile, Sony Ericsson, Tetra Pak and Volvo Car Corporation.

## Informatic

All partnership agreements have developed well and contributed to an increased sales volume and continued good results. Our lead position in northern Europe at Informatic, the production of advanced technical after-market information, has strengthened during the period, and negotiations are underway regarding further partnership agreements. Our focus in this area enables us to offer a complete range of services for creating the information and know-how required to provide service and support for complex products. This in turn creates increased customer satisfaction.

## TECHNOLOGY MANAGEMENT

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

Sales climbed by 54.9% to SEK 111.0 million (71.7m), and the operating profit increased to 2.7 million (-4.9 m). The partnership agreement carried out during the year with Ericsson for PROPS and Zipper has so far meant increased sales. We are one of the leading Nordic management consultancy firms concentrating on industry.

### **Industrial management**

Our range of effective concepts for improving efficiency and reducing costs are well received by the market. New assignments were received during the period from AstraZeneca, BREAS, Ericsson, Saab Avionics, Telia and Volvo Truck Corporation.

### **Zipper by Semcon**

Zipper reported continued positive growth in Göteborg and Stockholm during the quarter despite a turbulent market for IT consultants. Demand for concepts focussing on customer rationalisation schemes is expected to continue to be substantial. During the period Zipper was chosen by IBM Software as Partner of the Year. New assignments include Apoteksbolaget, Arbetsmiljöverket, Dahls, Länsförsäkringar, Malaco, Vin&Sprit, Volvohandelns Utvecklings AB and Wedins.

## Parent company

Semcon AB is the parent company in the Group and responsible for company-wide issues such as strategy, information and marketing. Sales totalled SEK 11.9 million (13.5 m). The profit after depreciation was SEK 0.0 million (-0.4 m). The parent company's liquidity was SEK 41.0 million (50.0 m). The company's investments in stock totalled SEK 0 million (0 m).

## Personnel and organisation

The average number of employees was 1,606 (1,594) and the total headcount was 1,569 (1,660). Semcon has significantly moved up the list of Universum's ranking of the most attractive employers for academics, jumping from 93<sup>rd</sup> to 25<sup>th</sup> place.

## Financial items and investments

The Group's total investments, mainly in computer hardware and software, totalled SEK 10.3 million (16.3 m). At the end of the period the equity/assets ratio stood at 30,9% (36.6%). Liquid funds at the period's end amounted to SEK 5.8 million (0 m). Of a total SEK 100 million (75 m) in bank overdraft facilities, SEK 41.3 million (18 m) was utilised. Investments in subsidiaries' shares amounted to SEK 1.7 million (2.4 m).

## Outlook

The market is expected to remain weak during the remainder of the year. Semcon has a strong position in the Vehicle sector. Combined with the solid customer base in Industry and Medical & LifeScience, this provides a platform for continued stable development. Semcon's outlook for the full year remains unchanged, i.e. that success with new business, combined with a continual overview and adaptation of the organisation to current market conditions, will lead to improved profitability compared to last year.

## Other information

All figures are based on the same accounting principles and calculation periods used in the previous financial year. This report has been produced in accordance with recommendations and statements by the Swedish Financial Accounting Standards Council. The recommendations that came into effect in 2002 have not resulted in any changes to the company's accounting principles. This report has not been reviewed by the company's auditors.

The financial statement for 2002 will be published on 30 January 2003. For further information please contact CEO Hans Johansson on Tel: +46 (0)31 721 03 05, or mobile: +46 (0)70 591 43 34 or CFO Bengt Nilsson Tel: +46 (0)31-721 03 11, or mobile: +46 (0)70 447 28 68.

Göteborg, Sweden, 23 October, 2002

SEMCON AB (publ)

[www.semcon.se](http://www.semcon.se)

**Semcon AB, Consolidated financial summary**

<b>Income statements (SEK 000s)</b>	<b>2002 Juli-sept</b>	<b>2001 Juli-sept</b>	<b>2002 Jan-sept</b>	<b>2001 Jan-sept</b>	<b>2001 Full-year</b>
Operating income	253 467	224 608	885 729	829 073	1 126 628
Staff costs	- 185 690	- 175 776	- 628 594	-568 087	- 809 611
Other operating expenses	- 63 180	- 59 003	- 214 182	-209 033	- 278 182
Operating profit before depreciation	4 596	- 10 171	42 952	51 953	38 835
Depreciation of tangible assets	- 6 564	- 5 725	- 17 427	- 18 650	- 25 556
Depreciation of intangible assets	- 297	- 279	- 885	-763	- 1 062
Operating profit before goodwill depreciation	-1 379	- 16 175	24 640	32 540	12 217
Depreciation goodwill	- 2 554	-1 627	- 7 653	- 4 880	- 6 567
Operating profit after depreciation	- 3 933	- 17 802	16 987	27 660	5 650
Net financial items	- 921	213	- 2 137	- 1 313	- 3 290
Profit after net financial items	- 4 854	- 17 589	14 850	26 347	2 360
Tax	755	5 419	- 4 313	- 7 672	- 1 409
Minority interest	21	- 448	20	- 369	411
Profit for the period	- 4 078	- 12 618	10 557	18 306	1 362
Number of shares	17 391 021	17 391 021	17 391 021	17 391 021	17 391 021
Earnings per share, SEK <sup>13</sup>	- 0.24	- 0.73	0.61	1.05	0.08

<b>Balance sheets (SEK 000s)</b>	<b>30 Sept 2002</b>	<b>30 Sept 2001</b>	<b>31 Dec. 2001</b>
<b>Assets</b>			
Intangible fixed assets*	81 356	58 560	88 129
Tangible fixed assets	44 854	51 329	52 414
Financial assets	11 894	11 346	11 547
Other long-term receivables	8 113	-	8 113
Current assets	359 600	321 659	355 698
<b>Total assets</b>	<b>505 817</b>	<b>442 894</b>	<b>515 901</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	156 304	162 295	148 921
Provisions	71 493	44 307	68 370
Minority shares	282	315	426
Long-term liabilities	53 794	38 662	62 924
Current liabilities	223 944	197 315	235 260
<b>Total shareholders' equity and liabilities</b>	<b>505 817</b>	<b>442 894</b>	<b>515 901</b>

Note \* Of which goodwill

77 756

54 994

83 743

<b>Cash flow statements (SEK 000s)</b>	<b>2002 Jan-Sept</b>	<b>2001 Jan-Sept</b>	<b>2001 Full-year</b>
Current activities	38 038	46 866	28 023
Change in working capital	- 22 448	- 8 739	8 734
Investment activities	- 11 230	-18 359	-31 389
Financing activities	- 5 611	- 9 159	-10 861
<b>Change in liquid funds</b>	<b>- 1 251</b>	<b>10 609</b>	<b>-5 493</b>

<b>Changes in shareholders' equity (SEK 000s)</b>	<b>2002 Jan-Sept</b>	<b>2001 Jan-Sept</b>	<b>2001 Full-year</b>
<b>Shareholders' equity at period's start</b>	<b>148 921</b>	<b>148 637</b>	<b>148 637</b>
Dividend paid	-	- 8 669	- 8 669
Premium fund	990	3 885	3 885
Effect of change to according principles	-	-	3 875
New issue in connection with redemption of options	-	53	53
Exchange rate differences	29	83	- 222
Risk of loss in SWAP agreement regarding own shares	- 4 194	-	-
Profit for the period	10 558	18 306	1 362
<b>Shareholders' equity at period's end</b>	<b>156 304</b>	<b>162 295</b>	<b>148 921</b>

<b>Key figures</b>	<b>Note</b>	<b>2002 Jan-Sept</b>	<b>2001 Jan-Sept</b>	<b>2001 Full-year</b>
Growth in sales, (%)		6.8	13.8	11.9
Operating margin, (%)	1	1.9	3.3	0.5
Return on average shareholders' equity, (%)	2	6.5	11.9	0.9
Return on average capital employed, (%)	3	8.3	18.8	3.3
Equity/assets ratio, (%)	4	30.9	36.6	28.9
Debt/equity ratio, (multiple)	5	0.34	0.24	0.42
Share of risk-bearing capital, (%)	6	38.4	45.6	36.4
Interest cover ratio, (multiple)	7	7.9	21.0	1.5
Earnings per share, (SEK)	8	0.61	1.05	0.08
Shareholders' equity per share, (SEK) <sup>13</sup>	9	8.99	9.33	8.56
Average number of employees	10	1 606	1 594	1 585
Value added per employee, (SEK 000s)	11	395	369	507
Profit after net financial items per employee, (SEK 000s)	12	9.2	16.5	1.5
Investments in machinery and equipment, (SEK 000s)		10 253	16 291	24 991
Investments in subsidiaries' and associated companies' shares, (SEK 000s)		1 658	2 386	31 762
Number of shares		17 391 021	17 391 021	17 391 021

**Notes:**

1. Profit after depreciation as a percentage of operating income.
2. Net profit for the year as a percentage of average shareholders' equity.
3. Profit after net financial items plus financial expenses as a percentage of average capital employed.
4. Shareholders' equity as a percentage of the balance sheet total.
5. Interest bearing liabilities divided by the balance sheet total.
6. Shareholders' equity plus provisions, divided by the balance sheet total.
7. Profit after net financial items plus financial expenses divided by financial expenses.
8. Profit for the year divided by the number of shares issued.
9. Shareholders' equity divided by the number of shares issued.
10. Average number of full-time employees.
11. Profit after depreciation plus payroll expenses and social security contributions divided by average number of full-time employees.
12. Profit after net financial items divided by the average number of full-time employees.
13. It is our assessment that no dilution of the share capital will occur regarding outstanding warrants because the redemption price is above the current share price.

**Other explanations:**

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

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

### **Important events during the period**

- Partnership agreement with Volvo Bus Corporation
- Development and maintenance of computerised systems for automatic analysis of inhalers for AstraZeneca
- A number of assignments with Volvo Car Corporation following their announcement regarding cutbacks
- Framework agreement signed with Saab Bofors Dynamics AB and Pågens AB

### **Examples of assignments performed during the period**

- **Bombardier**                      Development work for the manufacture of aluminium train cabs
- **Pharmacia**                      Updating and validating of control systems
- **AstraZeneca**                    Reconstructed process unit for the production of Alvedon
- **Scania**                            Development of assembly tools
- **DFDS**                             Design assignments for two new ferries
- **SonyEricsson**                  Verification and documentation of optical electronics
- **Hirsch Performance**          Web solutions for product line
- **Ceramatic Dental**            Development of machines for ceramic dental fillings
- **Saab Automobile**              Responsibility for operation of GM's super computer network in Sweden