

SEMCON CONTINUES TO EXPAND -CONSULTANCY BUSINESS GROWS WITH 34 %

- ❑ **Strong sales growth by 17% to SEK 728.8 million (623.9 m). Core business rose by 34 %.**
- ❑ **The operating profit was SEK 50.7 million (59.1 m).**
- ❑ **Semcon concentrates on the sectors; telecom, vehicle and medical technology.**
- ❑ **Profits are expected to be lower than last year due to winding up of unprofitable activities. Business area *Competence development* to be reorganised.**

Quotation by C.E.O. Hans Johansson:

-Semcon has seen strong and stable growth coupled with sound profitability for over twenty years. A development that is unique in the consultancy sector.

-The profitability during this year has been unsatisfactory within certain areas. We therefore review the business. We will refine our activities and expand where we can make profits and where the greatest potential lies.

-Semcon's new strategy means an increased focus on competence and sectors.

-Our vision is that Semcon will be one of the world's leading design and development businesses. This means that Semcon develops products, processes and people.

-The focus will be on product development and associated processes and on the people who will design and develop new generations of products. We work in growth sectors where there is most investment in R&D and product development, i.e. telecom, vehicle and medical technology.

-Our customers are leading global businesses in these sectors. They carry out parts of their product development outside Sweden and this is why we will follow our largest customers abroad. Semcon is already a leading supplier to companies such as Ford, Ericsson, Saab Automobile, Adtranz, Gambro. This will also give our staff the opportunity to develop both as individuals and as professionals.

IMPORTANT EVENTS DURING THE PERIOD

- Semcon introduces a new strategy which concentrates on the sectors; tele-com, vehicle and medical technology.
- Semcon winds up unprofitable parts. Business area Competence Development to be reorganised.
- Semcon chosen as main supplier to Gambro and Adtranz.
- Semcon signs *Letter of Intent* with Besam about technical information.

New assignments during the period include:

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|-------------------------------------|--|
| • <i>Ericsson Mobile</i> | -3G assignment, hardware programming |
| • <i>Siemens</i> | -project management, relay and control equipment |
| • <i>Emerson Energy systems</i> | -production testing system |
| • <i>Pharmacia&Upjohn</i> | -joint project leader developing instruments |
| • <i>Biacore</i> | -project leader developing new technology |
| • <i>Electrolux</i> | -simulation and optimisation assignment |
| • <i>Saab Ericsson space</i> | -developing electronic boxes for satellites |
| • <i>Ericsson Microwave systems</i> | -Unix assignment |
| • <i>Volvo Car Corporation</i> | -interactive driver information for the S60 |
| • <i>Gambro</i> | -real-time programming for embedded system |
| • <i>Scania</i> | -holistic assignment developing gas motor |

IMPORTANT EVENTS AFTER THE PERIOD'S END

- Semcon has been chosen as the official IT consultancy and technical partner in ASSA ABLOY's entry in the Volvo Ocean Race 2001/2002. The goal is victory again.
- Semcon has signed *Letter of Intent* with Tetra Pak. The fourth ongoing outsourcing project regarding technical information.

BUSINESS ACTIVITIES

Sales stood at SEK 728.8 million (623.9 m), a 17% climb. The consultancy business increased sales by 34 % to SEK 676,4 million (506 m). The operating profit was SEK 50.7 million (59.1 m), a 14% decline. Operating profit within the consultancy business rose by 10 %. The main reason is that the market for publicly financed training courses has almost disappeared, which is why Semcon now has decided to vacate the sector.

The market for consultancy services is continuously strong and customers are investing in new product development projects. The driving force is increasing global competition and an increased IT and technology content in products, which requires greater competence. Customers chooses to work with fewer suppliers of consultancy services, and they want them to take on greater responsibility. Semcon has been chosen as a first-choice supplier by several leading businesses, which represents a strong platform for continued growth.

Business area	Sales (SEK m)			Operating profit (SEK m)			Operating margin (%)	
	30 Sep 2000	30 Sep 1999	Change in %	30 Sep 2000	30 Sep 1999	Change in %	30 Sep 2000	30 Sep 1999
Technology Management	32.6	14.6	124	2.8	1.8	53	8.4	12.3
e-Design	305.3	217.7	40	35.9	28.2	27	11.8	13.0
Industrial Design	338.5	273.7	24	15.6	19.4	-20	4.6	7.1
Competence Development	52.4	117.9	-56	-23.2	9.7	-339	-44.3	8.2
Repayment from SPP				19.6	-			
TOTAL	728.8	623.9	17	50.7	59.1	-14	7.0	9.5

TECHNOLOGY MANAGEMENT

Semcon Technology Management supports companies by developing strategies, processes, information, manpower and technology. The business area's work with strategic issues and projects for change at management level creates opportunities for comprehensive measures where the whole of Semcon's competence comes into use.

The operating profit rose by 53% to SEK 2.8 million (1.8 m). Sales climbed by 124% to SEK 32.6 million (14.6 m). The business area accounted for 4.5% (2.3%) of total sales.

Two new businesses started during Q3, namely Zipper by Semcon and Semcon Project Management which in total have around 25 consultants. These affected results negatively over the period but is estimated to generate profits next year.

Autoliv and Samhall AB have purchased the pilot version of FastTrack*, which is Zipper's product for developing and managing large Windows 2000 environments with support for several client types. Zipper is working at Ericsson Microwave on a project focusing on Internet security. It is also driving development of infrastructure, security and mobility for a mobile project room. Semcon Project Management is mainly involved in proactive project management, where for example Semcon can take complete responsibility for a product development project.

New customers during the period include: Swedish Match, Ericsson Cables AB, Cewe Instrument AB, Volvo Construction Equipment Cabs AB and Foss Techator.

e-DESIGN

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

The operating profit climbed by 27% to SEK 35.9 million (28.2 m). Sales were up 40% to SEK 305.3 million (217.7 m). The business area accounted for 42% (35%) of total sales. The market is experiencing strong demand and new assignments have been received within mobile internet applications, such as 3G for Ericsson and Bluetooth for Adtranz.

Semcon Informatic is continuing its strong expansion in technical information and has signed *Letters of Intent* with Besam in Landskrona, and Tetra Top Packaging Systems in Lund. The aim is for Semcon to take over all technical information work at these companies. The partnerships mean that around 10 people will be offered employment at Semcon and that Semcon will be in charge of producing all the companies' technical documentation for customers. During the period, Semcon Informatic continued to develop the platform for the products to Volvo Car Corporation. Development costs to tailor products for other customers will be charged to the period's results. Semcon IT Consulting (ITC) works with IT management plus systems and web development. The company progressed positively in Q3. ITC is concentrating on RUP – Rational Unified Process, both externally and internally, to design and drive projects via the web in an optimal way. ITC sees significant potential in this field. Semcon IT Solutions' success in supplying tools and methods for effective product development continued over the period.

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.

The operating profit was SEK 15.6 million (19.4 m), a 20% fall. Sales rose by 24% to SEK 338.5 million (273.7 m). The business area accounted for 46% (44%) of total sales.

Business activities aimed at the vehicle and telecom sectors performed well. The reason for the drop in profits was the lower demand from the forestry and processing industries, coupled with too high cost levels. A programme of measures has started. Restructuring the acquired company Pelmatic has affected the results.

New customers within *medical technology* is Novo Nordisk, Biacore, Pharmacia Diagnostics, Åmic and Pyrosequencing.

COMPETENCE DEVELOPMENT

Competence Development trains and develops competence among people to meet the business needs of the future.

Sales amounted to SEK 52.4 million (117.9 m). The business area accounted for 7% (19%) of total sales. The operating loss was SEK –23.2 million (+9.7 m). The fall in profits was SEK 32.9 million. A majority of the business will be wound up this year. This is a consequence of a very lacklustre market for publicly financed training courses. Negotiations have started with trade union representatives. Winding up costs will be reported during the current year. Remaining work will be run in Semcon's other business areas and the focus will be on corporate training.

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 20.8 million (14.9 m). The profit after depreciation was SEK 0.4 million (0.6 m). The parent company's negative liquidity was SEK -47.4 million (5.2 m). The company's investments in stock totalled SEK 0.8 million (4.7 m).

PERSONNEL AND ORGANISATION

The organic growth in the number of employees was 21%. The headcount (including acquisitions) was 1,622 (1,222), a rise of 33%. Semcon launched a new website to expand and improve its communication with its customers, shareholders and staff. Semcon's offer to its employees to acquire options in Semcon AB (publ.) was subscribed to by 327 people, who subscribed for a total 165,100 warrants. Each warrant gives the holder the right to subscribe for one new share in Semcon AB, between 1 October – 31 December 2003, at a rate of SEK 196.

FINANCIAL ITEMS AND INVESTMENTS

The Group's total investments, mainly in computer hardware and software, totalled SEK 21.6 million (23.9 m). At the end of Q3 the equity/assets ratio stood at 35% (35.6). Liquid funds at the period's end amounted to SEK –27.6 million (+28.1 m). Total bank overdraft facilities stood at SEK 45 million. Investments in goodwill amounted to SEK 37.9 million (17.1m). Investments in other shares amounted to SEK 11.0 million (0). Investments in premises amounted to SEK 0 million (8.3m). The repayment from SPP is SEK 19.6 million and will be reported as income in the income statement and key figures.

OUTLOOK

Semcon continues to grow within core business with focus on *telecom, medical technology and vehicle* and winding up unprofitable activities. Business area Competence development to be reorganised. It is calculated that winding up of unprofitable parts of Competence Development will mean a SEK 42 million charge to the full-year's results. Profits will therefore be down on last year.

The Board's forecast for the full year is a further strong market trend with no sign of a fall demand.

It is the Board's belief that the restructuring measures create the conditions for a return to profitability, which means an operating margin of over 10 % during a business cycle.

FURTHER INFORMATION

The company's auditors have not examined this report. The financial statement for the financial year 2000, will be published on 31 January 2001. For further information please contact the C.E.O., Hans Johansson on Tel. +46 (0)31 721 03 05, or mobile +46 (0)70 591 43 34 or the C.F.O., Bengt Nilsson on Tel. +46 (0)31-721 03 11, or mobile +46 (0)70-582 82 96.

Göteborg, Sweden, 24 October 2000

The Board

SEMCON AB (publ)**SEMCON AB- CONSOLIDATED FINANCIAL YEAR, IN SUMMARY**

INCOME STATEMENTS (SEK 000)	2000 Jan-sept	1999 Jan-sept	1999 Full-year
Operating income	728 839	623 927	863 501
Operating expenses	- 673 625	-548 490	-755 851
Refund from SPP	19 648	-	-
Operating profit before depreciation	74 862	75 437	107 650
Depreciation of machinery and equipment	-21 160	-16 320	-22 716
Depreciation of goodwill	- 2 975	-	-513
Operating profit after depreciation	50 727	59 117	84 421
Net financial items	-384	78	16
Profit after net financial items	50 343	59 195	84 437
Tax	- 15 091	- 16 575	-25 795
Profit for the period	35 252	42 620	58 642

BALANCE SHEETS (SEK 000)	00-09-30	99-09-30	99-12-31
Assets			
Intangible fixed assets	57 363	-	22 460
Tangible fixed assets	52 750	70 323	53 083
Financial assets	11 016	-	-
Current assets	285 781	266 387	281 717
Total assets	406 910	336 710	357 260
Shareholders' equity and liabilities			
Shareholders' equity	146 705	119 705	135 727
Provisions	36 812	25 510	36 812
Minority shares	297	-	297
Long-term liabilities	5 228	-	-
Current liabilities	217 868	191 495	184 424
Total shareholders' equity and liabilities	406 910	336 710	357 260

CASH FLOW STATEMENT (SEK 000)	2000 Jan-sept	1999 Jan-sept	1999 Full year
Current activities	20 002	40 606	126 361
Investment activities	- 56 014	- 22 624	-60 037
Financing activities	- 30 061	- 24 274	-24 274
Changes in liquid funds	-66 073	- 6 292	42 050

KEY FIGURES	Note	2000- 09-30	1999- 09-30	1999 Full year
Growth in sales, (%)		16.8	23.2	21.8
Operating margin, (%) *	1	7.0	9.5	9.8
Return on average shareholders' equity, (%) *	2	26.5	42.6	49.5
Return on average capital employed, (%) *	3	37.2	56.4	68.3
Equity/assets ratio, (%) *	4	35.0	35.6	38.0
Debt/equity ratio, (multiple) *	5	0.17	0.05	0.18
Share of risk-bearing capital, (%) *	6	45.1	43.1	48.3
Interest cover ratio *	7	119	190	118
Earnings per share after tax, (SEK) *	8	2.03	2.46	3.38
EPS incl. 764 300 options, (SEK) *	9	1.95	2.35	3.24
Shareholders' equity per share, (SEK) *	10	8.46	6.90	7.83
Shareholders' equity per share incl. 764 300 options, (SEK) *	11	8.10	6.61	7.50
Average number of employees	12	1470	1141	1173
Value added per employee, (SEK 000) *	13	340	343	505
Profit after net financial items per employee, (SEK 000) *	14	34.2	51.9	72.0
Investments in machinery and equipment, (SEK 000)		21 610	23 900	29 633
Investments in subsidiaries, (SEK 000)		36 878	17 085	41 467
Number of shares, (thousands)		17 338	17 338	17 338

*including SPP-funds

FINANCIAL OVERVIEW	2000- 09-30	1999- 09-30	1998- 09-30	1997- 09-30
Turnover (SEK 000)	728 839	623 927	491 061	324 534
Operating profit after depreciation (SEK 000)	50 727	59 117	52 027	34 207
Operating margin (%)	7.0	9.5	10.6	10.5
Earnings per share (SEK)	2.03	2.46	2.23	1.42
Return on average shareholders' equity, (%)	26.5	42.6	63.5	-
Equity/assets ratio, (%)	35.0	35.6	39.8	31.0
Average number of employees	1470	1141	898	635

Notes:

1. Profit after depreciation as a percentage of operating income.
2. Net profit for the year as a percentage of average shareholders' equity.
3. Profit after net financial items plus financial expenses as a percentage of average capital employed.
4. Shareholders' equity as a percentage of the balance sheet total.
5. Interest bearing liabilities divided by shareholders' equity.
6. 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. Profit for the year divided by the number of shares issued plus options
10. Shareholders' equity divided by the number of shares issued.
11. Shareholders' equity divided by the number of shares issued plus options.
12. Average number of full-time employees.
13. Profit after depreciation plus payroll expenses and social security contributions divided by the average number of full-time employees.
14. Profit after net financial items divided by the average number of full-time employees.

Other explanations:

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

FINANCIAL AGENDA

During the year 2001, Semcon intends to publish the following financial information:

-Statement of Accounts 2000	31 January
-Annual report 2000	Mid-march
-Part-year report Jan-March (Q1)	10 May
-Part-year report Jan-June (Q2)	22 August
-Part-year report Jan-Sept (Q3)	24 October

The Annual General Meeting will be held on 21 March in Göteborg.