

Continued growth with restored profitability

- Sales increased by 18 % to SEK 286.8 million (242.8 m)
- Strong growth in Industrial Design of 42 % (24)
- The operating margin after goodwill (EBITA) amounted to 11 % (10,6)
- Earnings per share at SEK 1.19 (1.02)
- Unchanged forecast for the full year: Good sales growth with considerably improved operating margins.

Comments by CEO Hans Johansson

- The year has started well. The operating profit for the first three months of 2001, SEK 30 million, is at the same level as the operating profit for the whole of 2000, which we are very pleased about. The quick recovery in profitability is due to us taking necessary measures including cost reductions, last autumn and this spring in combination with continuing strong demand. The results confirm our ability to grow with profitability something that has become natural for Semcon for over 20 years.
- Industry's focus on product and process development remains considerable. As competition intensifies, it becomes ever more important for our customers to launch new and attractive products. Design and quality are the most important means of competition for our customers. Semcon is engaged already at the R&D stage of customer projects meaning that demand for our services is relatively stable despite the business cycle. An increasing part of our customers' investments are being made in these projects, which are long and complex as well as heading towards more complete measures.
- In weaker business cycles our customers take a critical look at their activities, which creates new opportunities towards strategic partnerships and outsourcing. Semcon has conducted several successful outsourcing activities, where we take on employees and production and we have a strong position in outsourcing of technical information, the area we call Informatic. The latest business was carried out with Besam.
- The state of the market also means that customers overhaul their suppliers and consultants. Semcon's strategy is to be a primary supplier to the leading industry companies, but not to be too dependent on any one client. As a step in this direction, we have broadened our customer base within Telecom by signing a framework agreement with Nokia and continues as active preferred supplier to Ericsson in the western parts of Sweden.

Semcon is one of the Nordic region's leading consultancy companies in design and industrial IT solutions with sales of SEK 1,000 million in 2000 and around 1,600 employees. Semcon's consultants develop products, processes and people for the leading businesses in Sweden. The combination of profitable growth for 20 years and long-term relationships with leading businesses forms the basis for continued success. Semcon focuses on the telecom, medical and vehicle sectors, where development is intensive and there are large investments in R&D, product development and growth. Semcon AB (publ) is listed on the O-list of the Stockholm Stock Exchange.

Important events during the period

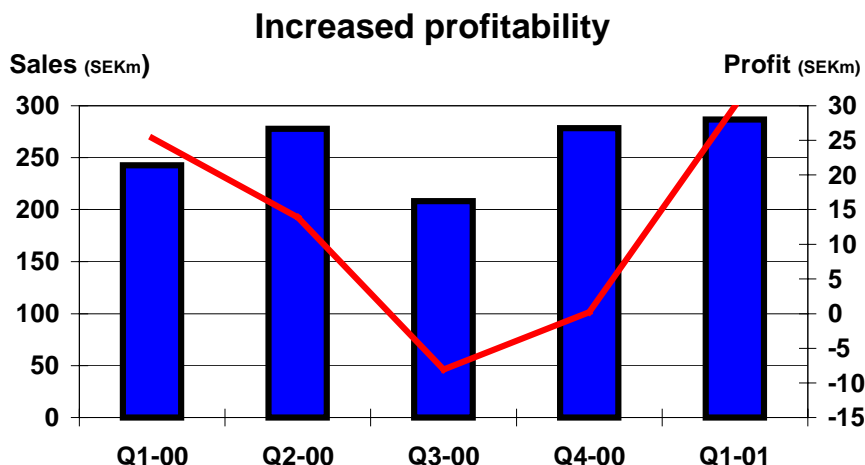
- Ford selects Semcon as its development partner for the Th!nk electric car.
- Outsourcing agreement for technical information signed with Besam.
- An agreement with APV strengthens competence within the *Medical* sector via new staff members.
- Fast growth for *Zipper* by Semcon, with two new departments in Stockholm and Göteborg.
- Continued growth within e-Design, four new departments started:
 - in Malmö and Linköping focusing on embedded design
 - in Södertälje and Skövde focusing on informatic design.

Important events after the end of the period

- Semcon is chosen *Active Preferred Supplier* to Ericsson in the western part of Sweden
- Framework agreement is signed with Nokia.
- Strategic co-operation started with global electronics group, Sanmina.
- An agreement signed with Icomera AB concerning new technology for mobile internet.
- Semcon receives an order for interactive instructions for Nike hydraulics and Jaguar.
- Annmarie Gardshol, Senior Vice President of Gambro, was elected as new member of the Board.

Business activities

Sales reached SEK 286.8 million (242.8 m), a 18 % increase. Operating profit before goodwill (EBITA) was up by 22 % to SEK 31.5 million (25.8 m), which means an operating margin before goodwill of 11 % (10.6%). Operating profit rose by 18 % to SEK 30 million (25.3 m), which means an operating margin on 10,4 % (10.4). Demand in Q1 was good, from both new and existing customers. The improvement in profitability is a direct result of the cost reduction measures and programme for better price differentiation introduced last autumn.



Semcon 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 climbed strongly by 42% to SEK 154.4 million (108.4 m). The operating profit climbed 32% to SEK 17.5 million (13.2 m). The rationalisation programme introduced at the end of 2000 has had a positive effect, and the integration of Pelmatic has been completed, which also gave a boost to the business area's performance. During the period there was increased interest from customers regarding increased responsibility taken by Semcon based on value debiting.

Ford selected Semcon as a development partner for its Th!nk electric car. This assignment is in line with our focus on the Vehicle sector, which is one of the most development-intensive industries facing future growth. Our focus in the Medical sector is on medi-technical and biotechnology. Through an agreement with APV Systems, Semcon has further strengthened its position in the sector, and Semcon's offer of comprehensive project responsibility regarding specialist process technology within the Medical sector has been reinforced. Fifteen key personnel from APV Steridose joined Semcon and the newly started Life Science department. New assignments were received from, among others, Glaxo SmithKline, NovoNordisk and Baxter.

Design activities continued to grow and a design centre was opened in Göteborg.

Semcon e-Design.

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

Sales climbed by 8% to SEK 110.7 million (102.0 m). The operating profit fell by 15% to SEK 13.3 million (15.7 m). The reason for the fall in profits is the ongoing concentration on new infrastructure, including the opening of four new departments and investment in the OSI development tool. The market is characterised by continued strong demand. New assignments have been received within mobile internet, interactive design and embedded design, including several Labview projects.

Semcon aims to be a dominant supplier within telematics and is forming a *Competence village*, an internal competence network. It will be headed by a new recruit, Mats Överfjord from General Motors, who will also

lead work aimed at boosting competence within standards such as OSGi (Open Service Gateway Initiative). New customers within this segment include Green Cargo Road & Logistics and Wilson.

Our Informatic activities are based on our being a partner and system supplier within technical information and new media. An outsourcing agreement with Besam was signed during Q1. New assignments were carried out for Ford, and Semcon will deliver interactive workshop instructions to Jaguar on behalf of Nike Hydraulics.

Semcon Technology Management

Technology Management's activities include strategy advice, project management and change processes. The business area has a unique understanding of the technology and processes used by customers. By using the competence network that exists throughout the Semcon Group, Technology Management leads development projects that include strategies, organisations, processes, manpower and technology.

Sales increase by 67% to SEK 21.7 million (13.0 m). The operating loss was 0.8 million (2.8 m). Results were hit by development costs for new offers and concepts, and by the start of new activities in Stockholm (Zipper) and Copenhagen (Industrial Management).

During the period a partnership began with Lean Enterprise Institute, which works with cost reduction for Swedish businesses. New customers in the period included Swedia Networks, Telia IT Service, Teracom, Optillion, Ascom Tateco and Ericsson Radio Access.

Zipper

Zipper by Semcon expanded during the period. A new office was opened in Stockholm and a new operation was established for system integration, Zipper Systems AB in Göteborg. Mats Nygård, previously sales manager at Framfab, took over as head of Zipper System. Johan de Verdier will take over as overall head of Zipper at the start of July. Johan was previously the Managing Director of Guide and head of Swedish operations at Framfab. Zipper provides businesses with well planned and uniform infrastructure for managing information.

Business areas	Sales (SEKm)		Operating profit (SEKm)		Operating margin (%)	
	31. 03 2001	31.03 2000	31. 03 2001	31.03 2000	31. 03 2001	31.03 2000
Industrial Design	154.4	108.4	17.5	13.2	11.3	12.2
e-Design	110.7	102.0	13.3	15.7	12.0	15.3
Technology Management	21.7	13.0	-0.8	2.8	-3.9	21.6
Competence Development*	-	19.4	-	-6.4	-	-
TOTAL	286.8	242.8	30.0	25.3	10.4	10.4

* Competence development was closed down in 2000.

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 3.1 million (6.5 m). The loss after depreciation was SEK 0.9 million (0.2 m). The parent company's negative liquidity was SEK 47.2 million (-32.9 m). The company's investments in stock totalled SEK 0 million (0.1 m).

Personnel and organisation

The average number of employees was 1,583 (1,347), 18% up on the previous year. The total number of employees at the end of the period was 1,575 (1,369). At the end of 2000 the total number of employees was 1,623. The decrease is due to the closing down of the unprofitable parts of Semcon Competence Development. The need for personnel within areas such as embedded design, design and mobile internet is expected to remain strong and a recruitment campaign was therefore initiated during Q1.

Board members

At Semcon's AGM held on 21 March, Christian W Jansson was re-elected as Chairman of the Board. Board members Pia Gideon, Carl-Åke Jansson and Hans Johansson were re-elected, while Göran Lundberg did not stand for re-election. Annemarie Gardshol, Senior Vice President at Gambro, was elected to the Board. Her responsibility will be global strategic development. Semcon's Board now has extensive expertise in all its areas of focus – *Vehicle, Medical* and *Telecom*.

Financial items and investment

The Group's total investments, mainly in computer hardware and software, totalled SEK 3.4 million (4.3 m). At the end of Q1 the equity/assets ratio stood at 36.4% (37.4). Liquid funds at the period's end amounted to SEK –42.8 million (+32.7 m).

Outlook

The Board's forecast of good sales growth and a considerably improved operating margin compared with 2000 remains firm. Semcon's long-term strategy involves focusing on three growth sectors – *Telecom, Vehicle* and *Medical* – and on specialist niches such as embedded design, mobile internet, industrial design and interactive information. Growth will be achieved organically, through outsourcing in priority sectors and through the acquisition of specialist businesses.

Further information

All figures are based on the same accounting principles and calculation periods used in the previous year. The report has been produced in accordance with the recommendations and statements of the Swedish Financial Accounting Standards Council. The company's auditors have not examined this report.

Semcon will present its Q1 report at a Financial Hearing to be held at 8 a.m. on Friday 11 May at Operaterassen in Stockholm. To see the presentation on the internet, visit www.financialhearings.com.

The Q2 report will be published on 22 August 2001.

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Göteborg, Sweden, 9 May 2001

SEMCON AB (publ)

The Board of Directors

Semcon AB-Group, summary

INCOME STATEMENTS (SEK 000)	2001 Jan-March	2000 Jan-March	2000 Full year
Operating income	286,754	242,768	1,007,233
Operating expenses	- 248,176	- 210,165	-925,203
Operating profit before depreciation	38,578	32,603	82,030
Depreciation of machinery and equipment	- 7,025	- 6,751	- 27,445
Depreciation of goodwill	-1,578	- 504	-4,524
Operating profit after depreciation	29,975	25,348	50,061
Net financial items	- 488	- 93	-515
Profit after net financial items	29,487	25,255	49,546
Tax	- 8,846	-7,550	-15,879
Minority interest	-18	-	911
Profit for the period	20,623	17,705	34,578

BALANCE SHEETS (SEK 000)	31 March 01	31 March 00	31 Dec 00
Assets			
Intangible fixed assets	60,438	21,957	62,258
Tangible fixed assets	51,029	51,423	54,840
Financial assets	11,904	-	11,904
Current assets	317,361	272,435	306,944
Total assets	440,732	345,815	435,946
Shareholders' equity and liabilities			
Shareholders' equity	160,591	129,158	148,637
Provisions	39,780	36,812	39,780
Minority shares	315	297	297
Long-term liabilities	68,161	-	66,370
Current liabilities	171,885	179,548	180,862
Total shareholders' equity and liabilities	440,732	345,815	435,946

Cash flow statement (SEK 000)	2001 Jan-March	2000 Jan-March	2000 Full year
Current activities	3,963	-3,647	44,739
Investment activities	-3,375	-4,317	-76,602
Financing activities	-11,361	-25,374	-21,668
Changes in liquid funds	-10,773	-33,338	-53,531

Changes in Shareholders' equity (SEK 000)	2001 Jan-March	2000 Jan-March	2000 Full year
Shareholders' equity at period's start	148,637	135,727	135,727
Dividend paid	-8,669	-24,274	-24,274
Revaluation reserve	-	-	2,606
Profit for the period	20,623	17,705	34,578
Shareholders' equity at period's end	160,591	129,158	148,637

KEY FIGURES	Note	31 March 01	31 March 00	2000 Full year
Growth in sales, (%)		18.1	19.3	16.6
Operating margin, (%)	1	10.4	10.4	5.0
Return on average shareholders' equity, (%)	2	14.2	16.1	24.3
Return on average capital employed (%)	3	21.0	22.6	27.5
Equity/assets ratio, (%)	4	36.4	37.4	34.1
Debt/equity ratio, (multiple)	5	0.42	0.19	0.45
Share of risk-bearing capital, (%)	6	45.5	48.0	43.2
Interest cover ratio, (%)	7	61	106	40.2
Earnings per share after tax, (SEK)	8	1.19	1.02	1.99
EPS incl. 928 200 options, (SEK)	9	1.13	0.97	1.89
Shareholders' equity per share, (SEK)	10	9.26	7.45	8.57
Shareholders' equity per share incl. 928 200 options,(SEK)	11	8.79	7.07	8.14
Average number of employees	12	1583	1347	1504
Value added per employee, (SEK 000)	13	139	136	479
Profit after net financial items per employee, (SEK 000)	14	18.6	18.7	33.6
Investments in machinery and equipment, (SEK 000)		3,375	4,317	26,886
Investments in subsidiaries' shares, (SEK 000)		-	-	41,120
Number of shares, (thousands)		17,338	17,338	17,338

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

Other explanations:

Net profit for the year
Capital employed.

Profit for the year after tax.
Shareholders' equity plus interest bearing liabilities.