

EDB Business Partner ASA FIRST QUARTER 2002 INTERIM REPORT

Summary

- **Operating margins for Computer Operating Services in line with budget**
- **Good international performance for Telecommunications**
- **Challenging conditions in the Norwegian market for Consultancy Services and Telecommunications**
- **Group operating profit burdened by non-recurring costs for Bank & Finance**

Key figures for the group (NOK million)	Q1'02	Q1'01	Change	Q4'01	Q3'01	Q2'01
Operating revenue	1,125	1,155	-30	1,529	1,182	1,205
EBITA	9	104	-95	208	-86	135
Margin	0.8%	9.0%	-8.2%	13.6%	-7.3%	11.2%
Margin exc. capital gains & employer's tax on options	1.3%	8.8%	-7.5%	7.4%	-8.3%	9.0%
<i>- non-recurring costs inc. in EBITA</i>	28	-	28	20	150	-
No. of employees	3,038	3,020	18	3,222	3,270	2,773

Turnover

The group reports turnover for the first quarter broadly in line with the same period last year despite more difficult market conditions in some areas. Computer Operating Services reported strong growth with a hefty increase of 25% in turnover, part of which reflects acquisitions. The Telecommunications business area achieved strong growth in international turnover in the first quarter, but this did not fully make up for lower turnover in the domestic market. Bank & Finance reported a decline in product sales as a result of some customers deferring their purchasing decisions, as well as slower sales of services to the Swedish banking and finance market. The Norwegian market for general consultancy services saw a fall in demand in the first quarter, causing a drop in operating revenue for Consultancy Services.

Operating profit before goodwill depreciation (EBITA)

Computer Operating Services reported margins in line with the expectations and budgets the company established at the close of last year, and the restructuring initiated in the third quarter of last year is producing the desired results. As previously communicated, the drop in profit from the comparable quarter last year is related to falling unit prices for most operating platforms and a migration of volume from OS/390 to Unix platforms. The DnB assignment has, as expected, had a negative effect of 1-2 percentage points on the margin reported by the Computer Operating Services business area.

Earnings for Telecommunications and Consultancy Services were held back by turnover-related factors described above, but the overall negative effect on earnings was offset to some extent by major cost savings.

The first quarter's results for Bank & Finance were burdened by a non-recurring provision of NOK 25 million in connection with the restructuring of this business area. The underlying margin for Bank & Finance was 5.4%, which is around two percentage points lower than the company had expected at the end of last year.

EDB Business Partner recorded a loss on sale of real estate of NOK 1 million in the first quarter as compared to a capital gain of NOK 8 million on real estate disposals in the same quarter last year.

Employer's social security contributions on employee share options

The provision for employer's social security contributions in respect of employee share options was increased by NOK 5 million in Q1 2002, in line with the same quarter last year.

Goodwill

Goodwill depreciation of NOK 41 million for the quarter was NOK 10 million lower than in the first quarter last year despite the acquisition of a number of companies in the intervening period. The reduction in goodwill depreciation is principally the result of the write-down in goodwill implemented in the third quarter of 2001.

Goodwill of NOK 3 million was written down in the first quarter in respect of a minor company in the Swedish operations of Bank & Finance.

Interest in associated companies

The group's share of the results in associated companies represented a charge of NOK 45 million as compared to a charge of NOK 2 million in the same quarter last year. The decline was largely caused by a charge of NOK 35 million as a result of the decision by the 45% owned company Itworks AS to petition for winding up. In addition this company's activities in the first quarter represented a negative share in its results of NOK 10 million.

Net financial expense

Net financial expense of NOK 12 million was NOK 3 million less than in the first quarter of 2001 as a result of a reduction in net interest-bearing liabilities.

Earnings per share

The first quarter produced a loss after tax but before goodwill depreciation of NOK 25 million, equivalent to a loss of NOK 0.28 per share as compared to a profit of NOK 0.76 per share in the same quarter last year.

Cash flow

The group reports cash flow from operations of NOK -225 million in Q1 2002 as compared to NOK -12 million for the same quarter last year. The group normally experiences lower cash from operations in the early part of the year, with a gradual build up over the course of the year. This is principally because the computer operating business makes major advance payments to software suppliers at the start of the year. The deterioration in cash flow as compared to the first quarter last year can principally be attributed to the following factors: Advance payments to suppliers were NOK 74 million higher in the first quarter of this year than last year (principally related to the DnB assignment); unusual factors caused a NOK 120 million drop in cash flow this quarter which was balanced by an equivalent positive effect on cash flow for last quarter of 2001; and NOK 50 million relates to the effect on liquidity of restructuring measures underway at Telecommunications, Computer Operating Services and Bank & Finance.

Cash flow for 2002 as a whole is expected to be broadly in line with 2001 after adjusting for the NOK 120 million timing effect mentioned above.

Net interest bearing liabilities and liquidity

Net interest bearing liabilities of NOK 568 million at the close of the first quarter represented a reduction of NOK 55 million from the same quarter last year, but an increase of NOK 166 million since the start of the year. Liquidity, including undrawn credit facilities, amounted to NOK 820 million, representing an increase of NOK 166 million from the same quarter last year but a decline of NOK 194 million since the start of the year.

The group's business areas

Telecommunications

This business area comprises the sale of software, systems and consultancy services to the telecommunications sector. These activities focus in particular on the CCB (Customer Care and Billing) and Mediation product areas. The Telecommunications business area is made up of the legal entities EDB 4tel AS and the American subsidiary Telesciences Inc. as well as the Washington based consulting firm Logan Orviss Inc. The group has a 44% holding in Logan Orviss Inc., and this business is accordingly treated as an associated company in the group's accounts. In addition Telecommunications has sales offices in Switzerland, Spain and the United Kingdom.

(NOK million)	Q1'02	Q1'01	Change	Q4'01	Q3'01	Q2'01
Operating revenue	190	249	-59	265	232	247
EBITA	20	30	-9	47	35	45
Margin	10.8%	11.8%	-1.1%	17.9%	15.0%	18.1%
<i>- non-recurring costs inc. in EBITA</i>	3	-	3	20	-	-
No. of employees	659	732	-73	718	726	728

Turnover was down by 24% from the first quarter of 2001 as a result of a sizeable drop in sales to the domestic market. International sales were higher, but this did not fully compensate for the decline in the Norwegian market.

Significant cost savings achieved by the business area helped to maintain its margin at almost the same level as in the first quarter of last year. These savings relate to general operating costs and the use of temporary consultants, and the closure of the Irish subsidiary also made a major contribution to lower costs. A restructuring provision of NOK 3 million for the closure of the Irish operation was recognised in the first quarter, and the business area shows a somewhat better underlying margin if this charge is excluded. The total cost of closing the Irish operation was NOK 23 million, of which NOK 20 million was recognised in Q4 2001.

Telesciences completed software deliveries with particularly high margins in the first quarter, and this supported the overall margin for the business area. Sales to the domestic Norwegian market are not expected to show any significant improvement over the next few quarters, and this has created an imbalance between the cost base of the Norwegian activities and the level of turnover expected. The business area has identified the need to restructure its Norwegian market activities and reduce staffing by 80 - 120 full-time equivalent positions in order to maintain its overall margin at an acceptable level. These measures will incur a non-recurring cost of NOK 14 million in Q2 2002.

Bank & Finance

This business area comprises the sale of software, systems and consultancy services to the banking and finance market. The business area is made up of the legal entities EDB Fellesdata AS and the subsidiaries SysCon AS and AcceptData AS (from 1 August 2001) in addition to the Benelux-based company Maxware BV and the Swedish companies Infovention AB (from 1 September 2001) and eConnect AB.

(NOK million)	Q1'02	Q1'01	Change	Q4'01	Q3'01	Q2'01
Operating revenue	225	247	-22	306	230	229
EBITA	-13	25	-38	25	18	27
Margin	-5.7%	10.1%	-15.8%	8.0%	7.6%	11.6%
<i>- non-recurring costs inc. in EBITA</i>	25	-	25	-	-	-
No. of employees	868	729	139	953	951	774

Turnover in the first quarter was 9% lower than in the same period last year. This reflects a drop in product sales caused by some customers deferring their purchase decisions.

The quarter's results are burdened by a provision for restructuring costs of NOK 25 million, and the underlying margin after correcting for non-recurring costs was 5.4%. This is somewhat lower than the company had expected at the start of the year. Weaker conditions in the Swedish market reduced the quarter's results by NOK 10 million, but earnings from the Norwegian market were in line with budget.

The market situation makes it necessary to implement some reduction in the purely consulting capacity available for the Swedish market. This will cause a non-recurring charge of NOK 10 million in Q2 of this year. The restructuring of the Norwegian activities already underway is proceeding in line with plan.

Consultancy Services

This business area comprises services related to project management, consultancy advice, systems development and systems administration. The activities of this business area cover all industries and sectors, and it comprises EDB Business Consulting and EDB Dolphin. Ephorma is included up until it was sold on 1 December 2001.

(NOK million)	Q1'02	Q1'01	Change	Q4'01	Q3'01	Q2'01
Operating revenue	85	173	-88	256	153	176
EBITA	-6	6	-12	104	11	8
Margin	-7.1%	3.5%	-10.5%	40.5%	7.2%	4.4%
Margin exc. capital gains	-7.1%	3.5%	-10.5%	1.9%	4.9%	4.4%
No. of employees	388	492	-104	404	439	446

Turnover in the first quarter of 2002 showed a fall of 26% from comparable figures for the same period last year. This comparison excludes Ephorma and Maxware International, which have been sold, and also adjusts the earlier figures for the gross treatment of operating services on-charged to clients. The latter change in treatment represents an effect of NOK 30 million annually, but has no effect on consolidated turnover. The consulting market has weakened further since the fourth quarter

of last year, and this is reflected in a decline in the percentage of consultants' time billed to clients leading to a loss for the quarter.

No significant improvement in turnover or margin is expected until the second half of this year at the earliest, and it will therefore be necessary to implement restructuring measures in Q2 2002 to reduce the cost and staffing level by the equivalent of 50 full-time positions. This will principally be achieved through lay-offs.

Employee numbers have fallen since the start of this year as a result of a freeze on the recruitment introduced to reflect the current market situation.

Computer Operating Services

This business area comprises both the centralised and remote operation of computer systems, data communications and services related to backup and publishing. The activities of this business area cover all industries and sectors. The legal entities that make up this business area are EDB Teamco, the subsidiary PDS AS (with effect from 1 April 2001) and the Swedish company Unigrig AB (from 1 August 2001).

(NOK million)	Q1'02	Q1'01	Change	Q4'01	Q3'01	Q2'01
Operating revenue	657	525	132	760	620	576
EBITA	20	48	-28	39	-152	35
Margin	3.0%	9.1%	-6.1%	5.1%	-24.5%	6.0%
<i>- non-recurring costs inc. in EBITA</i>	-	-	-	-	150	-
No. of employees	1,117	829	288	1,141	1,148	820

The increase in turnover of 25% from the same period last year principally reflects the impact of businesses acquired (Unigrig, DnB and PDS). The increase is in line with expectations, and also reflects the loss of certain contracts as previously communicated (equivalent in total to NOK 27 million in the first quarter) combined with contractual price reductions effective from 1 January 2002.

The lower operating margin reported by the business area is in line with expectations and budgets established at the end of last year. The fall in margin from the equivalent quarter last year is caused by lower unit prices for most operating platforms and slower volume growth. In addition the quarter saw a further shift of volume from OS/390 to UNIX platforms, which also reduces operating margin. As previously communicated, the first 12-18 months of the DnB outsourcing assignment caused a reduction in operating margin of some 1-2 percentage points.

The Swedish company Unigrig AB is performing very strongly in terms of earnings, organisation and marketing.

The restructuring of the business area's Norwegian activities, which was launched in the third quarter last year, is proceeding according to plan. The measures implemented principally involve staff reductions, reorganisation and changes in the infrastructure of EDB Teamco, and will be completed over the course of the first six months of 2002.

Other matters

The costs incurred by the holding company EDB Business Partner ASA are reported as a separate business area titled 'Administration'. Operating expenses for the year to date amount to NOK 8 million, including a loss of NOK 1 million realised on a sale of real estate. The group's property at

Sandsli, Bergen, was sold on 1 March 2002 for consideration of NOK 101 million and leased back for 10 years.

The group had 3,038 employees in its wholly-owned subsidiaries at the end of the first quarter, representing an increase of 18 from Q1 2001 but a reduction of 184 from the start of the year.

The group operates a share option scheme for all of its employees. Options over a total of 10.2 million shares were outstanding at the end of the first quarter, of which options over 4.0 million shares were granted in November 1999 at a market share price of NOK 40.00, over 4.8 million shares in June 2000 at NOK 123.60, over 0.4 million shares in December 2000 at NOK 96.90, over 0.7 million shares in August 2001 at NOK 79.80 and over 0.3 million shares in February 2002 at NOK 52.35. The exercise price for all these options is the original market share price increased by 1% for each new calendar month to the date of exercise.

Future prospects

Market conditions in the first quarter proved to be less favourable than the company had anticipated, and additional restructuring measures are needed to adapt the group's cost base to better match the current situation and protect future margins. The company does not expect to see any improvement in market conditions for the areas of its business which have suffered from falling demand over recent quarters until the second half of 2002 at the earliest.

Telecommunications continues to generate a good flow of business prospects that provides the basis for continuing international growth, and the internationalisation of this business area continues to be a major focus for the group. The progress made to date serves to demonstrate that EDB 4tel is well on the way to establishing a position as one of the world's leading Mediation suppliers. The domestic Norwegian market has seen a sharp fall in sales over the last quarter, affected to some considerable extent by Telenor's decision to postpone all new projects from the start of this year. EDB Business Partner now plans to reduce capacity and costs in the Norwegian telecommunications area by the equivalent of 80 - 120 full-time positions. The planned reduction in capacity is based on the assumption that sales will stabilise at the current level over the next few quarters, after making allowance for normal seasonal variations. These measures, combined with the effect of the closure of the Irish subsidiary, will serve to secure the business area's margins in the next few quarters.

Bank & Finance has seen relatively strong activity in the Norwegian market, but turnover for the year to date has been affected by some customers deferring purchasing decisions and by weaker conditions in the Swedish market. The business area expects a margin of 7-9% for 2002 as a whole. The measures implemented in the Norwegian activities will help to protect margins, but the current market situation makes it necessary to reduce capacity in the Swedish market. The group has a strong order book and a good level of prospective future sales, and this provides the basis for some degree of growth in future months. Banking customers have demonstrated their confidence in the company by renewing and expanding a number of contracts since the start of the year. The process of internationalisation for this business area continues to attract considerable emphasis, and a number of products are now ready for international sales. We have every confidence that the acquisition of Infovention in Sweden will give access to a broader international market segment.

Computer Operating Services has attracted a number of major new outsourcing assignments over the last year, and this together with contract renewals and additional business from existing customers has ensured that the business area has the critical mass necessary to maintain its economies of scale in the long run. This is essential both to maintain satisfactory margins and in order to offer competitive prices to the market. Computer Operating Services is strongly focused on implementing its restructuring, and this is proceeding as planned. This process includes restructuring the DnB IT operating function, which will have a negative effect of 1-2 percentage points on the business area's margin over the first 12-18 months. Computer Operating Services expects to report some improvement in EBITA margin from the first to second quarter of this year, with further improvement to an estimated 7-9% for the second half of the year. The acquisition of Unigrind has created the opportunity for a stronger presence in the Swedish operating services market, and marketing activities are fully underway. A satisfactory base of new business prospects has already been established.

Consulting Services produced somewhat weaker margins this quarter, and the market has deteriorated further. This business area shows poor capacity utilisation, and it has become necessary to adjust costs and staffing to the current market situation in order to permit positive margins. A reduction in costs equivalent to 50 full-time positions is required in order to achieve this. No significant change in turnover and margin is expected for this business area until the second half of this year at the earliest.

The company's long-term strategic targets continue without change. The focus of attention is on profitable growth, restructuring and continuing operational reliability as well as international sales of applications and systems by Bank & Finance and Telecommunications.

Oslo, 24 April 2002

The Board of Directors of EDB Business Partner ASA

EDB Business Partner
 Analysis by business area
 (NOK million)

Operating revenue:	Q1'02	Q1'01	Change	31.12.01
TELECOMMUNICATIONS	190	249	-59	992
BANK & FINANCE	225	247	-22	1,003
CONSULTANCY SERVICES	85	173	-88	757
COMPUTER OP. SERVICES	657	525	132	2,481
ADMINISTRATION	-	8	-8	34
NETTING	-32	-47	15	-207
EDB-GROUP	1,125	1,155	-29	5,061

Operating profit before goodwill depreciation:	Q1'02	Q1'01	Change	31.12.01
TELECOMMUNICATIONS	20	30	-9	156
BANK & FINANCE	-13	25	-38	94
CONSULTANCY SERVICES	-6	6	-12	128
COMPUTER OP. SERVICES	20	48	-28	-31
ADMINISTRATION	-8	-0	-8	5
NETTING	0	0	-0	-
EBITA before employer's tax etc. on options	13	108	-95	352
Employer's tax etc. on options	-5	-5	0	8
EBITA	9	104	-95	361

Operating margin	Q1'02	Q1'01	Change	31.12.01
TELECOMMUNICATIONS	10.8%	11.8%	-1.1%	15.7%
BANK & FINANCE	-5.7%	10.1%	-15.8%	9.3%
CONSULTANCY SERVICES	-7.1%	3.5%	-10.5%	17.0%
COMPUTER OP. SERVICES	3.0%	9.1%	-6.1%	-1.2%
EDB GROUP	0.8%	9.0%	-8.2%	7.1%

Op. margin exc. gains/losses & employer's tax on options	Q1'02	Q1'01	Change	31.12.01
TELECOMMUNICATIONS	10.8%	11.8%	-1.1%	15.7%
BANK & FINANCE	-5.7%	10.1%	-15.8%	9.3%
CONSULTANCY SERVICES	-7.1%	3.5%	-10.5%	3.7%
COMPUTER OP. SERVICES	3.0%	9.1%	-6.1%	-1.2%
EBITA exc. gains/losses & employer's tax on options	1.3%	8.8%	-7.5%	4.3%

EDB Business Partner
Consolidated profit and loss account
(NOK million)

	31.03.02	31.03.01	31.12.01
OPERATING REVENUE	1,125	1,155	5,060
Cost of goods sold	349	352	1,609
Employer's tax etc. on share options	-5	5	-8
Salaries and employer's social security contributions etc.	545	471	1,981
Other operating costs	176	177	919
EBITDA	59	151	560
Ordinary depreciation	50	47	199
EBITA	9	104	361
Goodwill depreciation	41	51	199
Goodwill written-off	3	-	1,262
EBIT	-35	53	-1,101
Share in results of associated companies	-45	-2	-61
Gain on sale of shares	-	-	40
Write-down of shares	-	-	-122
Net financial items	-12	-15	-67
Pre-tax profit (EBT)	-92	37	-1,311
Tax	23	-23	252
Minority interests	-0	-	-0
Profit after tax	-69	14	-1,059

EDB Business Partner
Consolidated balance sheet
(NOK million)

BALANCE SHEET	31. 03.02	31.03.01	31.12.01
Goodwill	1,946	2,904	1,991
Operational fixed assets	417	570	547
Financial fixed assets	469	314	443
TOTAL FIXED ASSETS	2,832	3,788	2,980
Accounts receivable	853	576	816
Other current receivables	456	560	353
Liquid assets	270	232	515
TOTAL CURRENT ASSETS	1,579	1,367	1,684
TOTAL ASSETS	4,411	5,155	4,664
TOTAL EQUITY	2,079	3,169	2,152
Non-interest bearing liabilities	169	169	166
Subordinated loan	450	450	450
Interest bearing liabilities	323	338	398
TOTAL LONG TERM LIABILITIES	942	957	1,014
Non-interest bearing liabilities	1,324	963	1,429
Interest bearing liabilities	66	67	68
TOTAL CURRENT LIABILITIES	1,390	1,030	1,498
TOTAL LIABILITIES AND EQUITY	4,411	5,155	4,664

EDB Business Partner

Key figures

	31.03.02	31.03.01	31.12.01
Earnings per share (post-tax, before goodwill depreciation)	-0.28	0.73	4.48
EBITDA per share	0.66	1.70	6.24
Cash flow per share	-2.60	-0.14	6.04
Book equity per share	23.01	35.67	23.98
EBITA margin	0.8%	9.0%	7.1%
Equity ratio (as % of total assets)	47%	61%	46%
Current ratio	1.1	1.3	1.1
Average number of shares	90,365,174	88,827,145	89,735,163
Undrawn credit facilities	550	450	500
Liquid assets + undrawn credit facilities	820	682	1,015
Net interest bearing liabilities	568	623	402

EDB Business Partner

Cash flow analysis

(NOK mill.)

	31.03.02	31.03.01	31.12.01
Cash from/for operations	-235	-12	542
Operational investments	-28	-100	-156
Sale of operating assets	-	-	-
Acquisition of businesses	-	-21	-786
Sale of businesses	2	-	419
Purchase/sale of real estate	115	437	491
Net cash from/for investments	89	316	-31.5
Debt repayment	-93	-494	-865
New borrowing	-	-	343
Share issues	-	-	68
Loan subscribed	-	-	17
Purchase/sale of own shares	-	-	20
Net cash from/for financing	-93	-494	-417.4
Net change in liquid assets	-239	-190	93
Liquid assets at start of period	515	422	422
Currency translation difference on liquid assets	-5	-	0
Liquid assets at end of period	270	232	515

EDB Business Partner
Movements in group equity

Equity at 31.12.01	2,152
<i>Movements in equity in 2002:</i>	
Profit year-to-date	-69
Translation differences	-4
Equity at 31.03.02	2,079