

EDB Business Partner ASA THIRD QUARTER 2002 INTERIM REPORT

Summary

- **Group operating margin 7.1%**
- **Sharp improvement in EBITA relative to the first two quarters of the year**
- **Lower cost base has paved the way for stronger margins**
- **No improvement in market conditions from the previous quarter**
- **Third quarter cash from operations NOK 150 million**

Key figures for the group (NOK million)	Q3'02	Q3'01	30.9.02	30.9.01	Q2'02	Q1'02	Q4'01	2001
Operating revenue	1,001	1,182	3,215	3,542	1,089	1,125	1,529	5,061
EBITA	71	-86	102	153	22	9	208	361
Margin	7.1%	-7.3%	3.2%	4.3%	2.0%	0.8%	13.6%	7.1%
Margin exc. capital gains/losses & employer's tax on options	7.1%	-8.3%	3.2%	3.1%	1.8%	1.3%	7.6%	4.3%
<i>- non-recurring costs inc. in EBITA</i>	-	150	48	150	21	28	20	170
No. of employees			2,909	3,270	2,934	3,038	3,222	3,222

Sales

The Computer Operating Services and Telecommunications business areas saw relatively little change in market conditions between the second and third quarter. The Bank & Finance business area's market is currently characterised by customers taking an increasingly cautious approach to placing new orders. The market for general consulting services shows no signs of improvement. Computer Operating Services reported higher operating revenue than in the same quarter of last year, while Telecommunications, Bank & Finance and Consultancy Services reported a year-on-year fall in operating revenue for the quarter. The lower turnover reported by Telecommunications reflects lower sales to the domestic market combined with weaker international sales and a weaker US dollar exchange rate. Difficult conditions in the consulting market caused a 39% fall in comparable year-on-year operating revenue for Consultancy Services. The reduction in operating revenue for Bank & Finance reflects lower sales of software in the Norwegian market.

Earnings

Third quarter operating profit before goodwill depreciation (EBITA) for the group as a whole was significantly stronger than both the same period last year and the first two quarters of the current year. The third quarter of last year was burdened by NOK 150 million of non-recurring costs and provisions for restructuring the Computer Operating Services business area. This area has shown an underlying improvement in profitability this year thanks to the major improvements achieved by the measures implemented to improve efficiency. Lower operating revenue in the third quarter for Telecommunications, Consultancy Services and Bank & Finance caused a reduction in earnings relative to the third quarter of last year, but the significant cost savings that have been put in place served to markedly reduce the impact of lower turnover on earnings.

The results reported for the third quarter of last year were burdened by NOK 1,182 million of goodwill written off, and normal goodwill depreciation was also somewhat higher than this year, so operating

profit of NOK 30 million reported for the third quarter of this year represents an improvement of NOK 1,353 million from the same period last year. The group's share of earnings in associated companies represented a charge of NOK 3 million for the third quarter, an improvement of NOK 27 million from the same period last year. Post-tax profit for the third quarter of this year was NOK 5 million as compared to a post-tax loss of NOK 1,066 million for the same period last year.

Cash flow and liquidity

Third quarter cash from operations of NOK 150 million for the group was NOK 25 million higher than in the third quarter of last year. This is equivalent to cash from operations of NOK 1.66 per share for the third quarter of this year as compared to NOK 1.40 for the same period last year. Year-to-date cash from operations for the group totals NOK -36 million. This is NOK 178 million weaker than for the first nine months of last year, of which NOK 120 million relates to advance payments made by customers last year that are accordingly not included in this year's cash flow figures.

Net interest bearing liabilities totalled NOK 526 million at the close of the third quarter. This represents a reduction of NOK 414 million from the same quarter last year, and is NOK 89 million lower than the second quarter of this year. Liquidity, including undrawn credit facilities, amounted to NOK 839 million at 30 September 2002, representing an improvement of NOK 308 million from the same period last year and an improvement of NOK 119 million from the second quarter of this year.

The group's business areas

Telecommunications

This business area comprises the sale of software, systems and consultancy services to the telecommunications sector, with a particular focus on the Mediation product area. 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)	Q3'02	Q3'01	30.9.02	30.9.01	Q2'02	Q1'02	Q4'01	2001
Operating revenue	134	232	489	728	165	190	265	992
EBITA	10	35	19	109	-11	20	47	156
Margin	7.6%	15.0%	4.0%	15.0%	-6.8%	10.8%	17.9%	15.7%
- non-recurring costs inc. in EBITA	-	-	17	-	14	3	20	20
No. of employees			578	726	587	659	718	718

Turnover was down by 42% from the third quarter of 2001. The fall in turnover reflects lower business volumes and charge-out rates in the domestic market, as well as lower international sales and a weaker US dollar exchange rate. Earnings for the quarter were depressed by the fall in turnover from the same period last year, but the significant cost savings achieved served to markedly dampen the overall effect. The measures implemented to reduce costs provide the foundation for a significant improvement in profit margins from the domestic market, assuming that activity continues at the current level. Operating margin showed a sound improvement from the previous quarter.

The main source of cost savings for the Telecommunications business area has been a reduction of 100 in employee numbers. This includes 25 staff temporarily laid-off and due to return at the start of

December. In view of the current level of activity their return will create excess capacity. The business area will therefore have to consider permanent measures to reduce staffing unless demand improves in a relatively short time.

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 company Infovention AB (from 1 September 2001).

(NOK million)	Q3'02	Q3'01	30.9.02	30.9.01	Q2'02	Q1'02	Q4'01	2001
Operating revenue	189	230	644	706	230	225	306	1,003
EBITA	10	18	7	69	10	-13	25	94
Margin	5.1%	7.6%	1.0%	9.8%	4.3%	-5.7%	8.0%	9.3%
<i>- non-recurring costs inc. in EBITA</i>	-	-	32	-	7	25	-	-
No. of employees			841	951	843	868	953	953

Third quarter turnover was 18% lower than in the same quarter of last year, principally due to weaker software sales in the Norwegian market. Some contracts which have already commenced were not recognised to income in the third quarter. This was due in part to new banks to which these contracts relate not finalising the necessary formalities (licences etc) to commence business, and the business area expects to recognise a greater proportion of outstanding contracts to income in the fourth quarter. It should also be noted that there is a marked trend for Bank & Finance customers to take longer to finalise decisions on new orders. The Swedish market remains slow, and whilst this market is a little stronger than at the start of 2002 there was no improvement between the second and third quarters.

The reduction in turnover caused a fall in earnings for the quarter relative to the same period of last year, but the cost savings achieved served to markedly reduce the overall effect. Although the business area's Swedish operation has been able to report a monthly profit for some periods, it made a loss for the quarter as a whole in line with the previous quarter. The Swedish activities caused a reduction of NOK 4 million in profit for the third quarter as compared to the same period last year.

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)	Q3'02	Q3'01	30.9.02	30.9.01	Q2'02	Q1'02	Q4'01	2001
Operating revenue	59	153	223	501	79	85	256	223
EBITA	0	11	-11	25	-5	-6	104	-11
Margin	0.1%	7.2%	-5.1%	5.0%	-6.8%	-7.1%	40.5%	-5.1%
Margin exc. capital gains/losses	0.1%	4.9%	-5.1%	4.2%	-6.8%	-7.1%	1.9%	-5.1%
No. of employees			349	439	369	388	404	404

Turnover for the third quarter showed a fall of 39%, equivalent to NOK 38 million, as compared to the same period last year. This comparison excludes businesses sold and also adjusts the earlier figures for the gross treatment of operating services on-charged to clients. The fall in turnover for the quarter was the result of a general decline in market demand for consultancy services. The business area experienced weaker market conditions than in the previous quarter.

The EBITA figure reported for last year included NOK 4 million from Ephorma and a capital gain from the sale of NOK 4 million. The fall in earnings of NOK 3 million on a comparable basis reflects the effect of lower turnover, whilst the cost savings achieved served to offset this to some extent. Certain niche product areas showed a strong performance, including e-commerce, call centre systems and IVR (Interactive Voice Recognition).

Part of the cost savings achieved by the Consultancy Services business area involved temporarily laying off 40 employees who are due to return to work in mid-November at the end of the lay-off period. In view of the current level of activity their return will create excess capacity. The business area will therefore have to consider permanent measures to reduce staffing unless demand improves in a relatively short time.

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)	Q3'02	Q3'01	30.9.02	30.9.01	Q2'02	Q1'02	Q4'01	2001
Operating revenue	646	620	1,950	1,721	647	657	760	2,481
EBITA	58	-152	113	-70	35	20	39	-31
Margin	9.0%	-24.5%	5.8%	-4.0%	5.4%	3.0%	5.1%	-1.2%
<i>- non-recurring costs inc. in EBITA</i>	-	150	-	-	-	-	-	150
No. of employees			1,135	1,148	1,129	1,117	1,141	1,141

Computer Operating Services reports sound underlying growth in operating revenue. Unigrig was only consolidated for two months of the third quarter of last year, and in addition comparison with last year is affected by a shortfall of NOK 40 million relating to the loss of certain contracts as previously communicated, as well as the contractual price reductions that came into effect on 1 January 2002.

Third quarter EBITA shows a sharp improvement from the same quarter of last year, which was burdened by NOK 150 million of non-recurring costs and provisions for restructuring. The business area has generated stronger underlying profitability this year thanks to the significant results achieved by the measures implemented to improve efficiency. The operating margin of 9% achieved in the third quarter is somewhat better than the company's expectations and budgets when it initiated the restructuring of this business area 12 months ago. The restructuring is proceeding according to plan in terms of organisational structure, staffing and infrastructure. The measures implemented to improve margins are achieving the desired effect, and operations have remained stable. The business area has enjoyed an encouraging performance in the Swedish market, and Unigrig reports a stable and sound financial performance.

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 25 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 2,909 employees in its wholly owned subsidiaries at the end of the third quarter, representing a reduction of 361 from 30 September 2001. The employee numbers reported include 66 persons currently laid-off.

The group operates a share option scheme for all of its employees. Options over a total of 9.7 million shares were outstanding at 30 September 2002, of which options over 3.9 million shares were granted in November 1999 at a market price of NOK 40.00, over 4.5 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 0.2 million shares in February 2002 at NOK 52.35. The exercise price for all these options is the original market price increased by 1% for each new calendar month to the date of exercise.

Future prospects

Telecommunications showed a stable performance in line with the second quarter. Given the current order book and taking into account the difficult conditions currently experienced by international telecommunication operators, the Telecommunications business area does not expect to see any improvement in international sales until the first quarter of next year at the earliest. The level of activity seen in the domestic market has been significantly weaker than was anticipated at the start of the year, and no early improvement in market conditions is expected. The Telecommunications business area has implemented major cost savings this year in response to the state of the domestic market, and assuming no further deterioration in current business volumes or prices this will provide the basis for stronger margins. In view of the current level of activity the return of staff currently temporarily laid-off will cause excess capacity. The business area will therefore have to consider permanent measures to reduce staffing unless demand improves in a relatively short time.

Bank & Finance experienced a deterioration in the domestic market since banks are currently taking a cautious approach to IT investment expenditure. This reluctance to finalise purchasing decisions is expected to depress the market for some time to come. The Swedish market has not shown any further strengthening since the middle the year, but the Swedish subsidiary has shown an improvement since the start of the year thanks to new operating assignments and the effect of cost saving measures. Many attractive prospects for new business are currently being pursued, and the business area still has an acceptable order book. Cost savings have been achieved in accordance with the business area's budgets, but the lower cost base cannot fully compensate for weaker sales. The business area expects to achieve a margin in the order of 8-10% for the fourth quarter. Bank & Finance will carefully evaluate its capacity in the light of market trends for the medium to longer term.

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 makes it possible to maintain satisfactory margins and offer competitive prices to the market. Computer Operating Services expects to achieve an EBITA margin of 8-9% over the second half of the year. The Swedish subsidiary Unigrad is developing positively and the business area continues to focus on marketing its services to the Swedish computer operating services market.

Consultancy Services has reported weak margins over recent quarters, and this business area has seen a deterioration in market conditions since mid-year. This business area is experiencing poor capacity utilisation, and has therefore implemented measures to reduce its cost base, principally by laying-off

staff. No significant changes in turnover or margin other than normal seasonal fluctuations are expected for this business area until towards the end of this year at the earliest. In view of the current level of activity the return of staff currently temporarily laid-off will cause excess capacity. The business area will therefore have to consider permanent measures to reduce staffing unless demand improves in a relatively short time. Strategic alternatives for this business area are currently being explored.

Oslo, 23 October 2002
The Board of Directors of EDB Business Partner ASA

EDB Business Partner
Analysis by business area
(NOK million)

Operating revenue:	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
TELECOMMUNICATIONS	134	232	489	728	992
BANK & FINANCE	189	230	644	706	1,003
CONSULTANCY SERVICES	59	153	223	501	757
COMPUTER OP. SERVICES	646	620	1,943	1,721	2,481
ADMINISTRATION	-	-	-	31	34
NETTING	-27	-52	-91	-146	-207
EDB GROUP	1,001	1,182	3,215	3,542	5,061

Operating profit before goodwill depreciation:	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
TELECOMMUNICATIONS	10	35	19	109	156
BANK & FINANCE	10	18	7	69	94
CONSULTANCY SERVICES	0	11	-11	25	128
COMPUTER OP. SERVICES	58	-152	113	-70	-31
ADMINISTRATION	-8	-5	-25	10	5
EBITA before employer's tax etc. on options	71	-94	103	144	352
Employer's tax etc. on options	-	8	-2	9	8
TOTAL	71	-86	102	153	361

Operating margin	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
TELECOMMUNICATIONS	7.6 %	15.0%	4.0 %	15.0%	15.7%
BANK & FINANCE	5.1 %	7.6%	1.0 %	9.8%	9.3%
CONSULTANCY SERVICES	0.1 %	7.2%	-5.1 %	5.0%	17.0%
COMPUTER OP. SERVICES	9.0 %	-24.5%	5.8 %	-4.0%	-1.2 %
EBITA	7.1 %	-7.3 %	3.2 %	4.3 %	7.1 %

Operating margin exc. gains/losses & employer's tax on options	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
TELECOMMUNICATIONS	7.6 %	15.0 %	4.0 %	15.0 %	15.7 %
BANK & FINANCE	5.1 %	7.6 %	1.0 %	9.8 %	9.3 %
CONSULTANCY SERVICES	0.1 %	4.9 %	-5.1 %	4.2 %	3.7 %
COMPUTER OP. SERVICES	9.0 %	-24.5 %	5.8 %	-4.0 %	-1.2 %
ADMINISTRATION	-	-	-	-	-
EBITA exc. gains/losses	7.1 %	-7.6 %	3.2 %	3.4 %	4.5 %
EBITA exc. gains/losses & employer's tax on options	7.1 %	-8.3 %	3.2 %	3.1 %	4.3 %

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

	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
OPERATING REVENUE	1,001	1,182	3,215	3,542	5,060
Cost of goods sold	321	474	1,000	1,159	1,609
Employer's tax etc. on share options	-	-8	2	-9	-8
Salaries and employer's social security contributions etc.	399	474	1,432	1,414	1,981
Other operating costs	154	283	516	686	919
EBITDA	127	-41	266	292	560
Ordinary depreciation	56	45	164	139	199
EBITA	71	-86	102	153	360
Goodwill depreciation	41	54	123	157	199
Goodwill written-off	-	1,182	4	1,256	1,262
EBIT	30	-1,322	-25	-1,260	-1,101
Share in results of associated companies	-3	-30	-49	-34	-61
Gain on sale of shares	-	-	-	-	40
Write-down of shares	-	-	-25	-	-122
Net financial items	-15	-18	-44	-49	-67
Pre-tax profit (EBT)	12	-1,370	-144	-1,343	-1,311
Tax	-8	304	24	269	252
Minority interests	-0	-0	-0	-0	-0
Profit after tax	5	-1,066	-121	-1,074	-1,059

EDB Business Partner
 Consolidated balance sheet
 (NOK million)

	30.09.02	30.09.01	31.12.01
Goodwill	1,851	2,023	1,991
Tangible fixed assets	414	600	547
Financial fixed assets	443	614	443
TOTAL FIXED ASSETS	2,707	3,237	2,980
Accounts receivable	622	845	816
Other current receivables	473	533	353
Liquid assets	219	331	515
TOTAL CURRENT ASSETS	1,314	1,709	1,684
TOTAL ASSETS	4,021	4,946	4,664
TOTAL EQUITY	1,999	2,141	2,152
Non-interest bearing liabilities	201	192	166
Subordinated loan	450	450	450
Other interest bearing liabilities	293	750	398
TOTAL LONG TERM LIABILITIES	945	1,392	1,014
Non-interest bearing liabilities	1,076	1,342	1,429
Interest bearing liabilities	1	70	68
TOTAL CURRENT LIABILITIES	1,077	1,412	1,498
TOTAL LIABILITIES AND EQUITY	4,021	4,946	4,664

EDB Business Partner
 Movements in group equity

Equity at 31.12.01	2,152
<i>Movements in equity in 2002:</i>	
Profit/loss year to date	-121
Translation differences	-32
Equity at 30.09.02	1,999

EDB Business Partner

Key figures

	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
Earnings per share (post-tax, before goodwill depreciation)	0.50	1.89	0.07	3.79	4.48
EBITDA per share	1.40	-0.48	2.94	3.26	6.24
Cash flow per share	1.66	1.40	-0.40	1.59	6.04
Book equity per share		-	22.12	23.9	23.98
EBITA margin	7.1 %	-7.3 %	3.2 %	4.3 %	7.1 %
Equity ratio (as % of total assets)			50 %	43 %	46 %
Current ratio			1.2	1.2	1.1
Average number of shares	90,365,174	89,522,072	90,365,174	89,522,072	89,735,163
Undrawn credit facilities			620	200	500
Liquid assets + undrawn credit facilities			839	531	1 015
Net interest bearing liabilities			526	940	402

EDB Business Partner

Cash flow analysis

(NOK million)

	Q3'02	Q3'01	30.09.02	30.09.01	31.12.01
Cash from/for operations	150	126	-36	142	542
Operational investments	-51	2	-140	-98	-156
Acquisition of businesses	-1	-742	-39	-763	-786
Sale of businesses	-	137	5	199	419
Purchase/sale of real estate	1	-1	116	491	491
Net cash from/for investments	-51	-604	-58	-171	-31,5
Debt repayment	-100	136	-187	-479	-865
New borrowing	-	331	-	331	343
Share issues	-	-1	-	68	68
Loan subscribed	-	-	-	-	17
Purchase/sale of own shares	-	-	-	20	20
Net cash from/for financing	-100	466	-187	-61	-417.4
Net change in liquid assets	-1	-12	-281	-89	93
Liquid assets at start of period	220	345	515	422	422
Currency translation difference on liquid assets	-1	-1	-15	-1	0
Liquid assets at end of period	219	331	219	331	515