

EDB Business Partner ASA FOURTH QUARTER 2002 INTERIM REPORT

Summary

- **Improvement in underlying EBITA from the first three quarters of the year**
- **Lower cost base paves the way for stronger margins**
- **Fourth quarter cash from operations NOK 234 million**
- **Goodwill write-down of NOK 352 million**
- **No change in market conditions from the previous quarter**

Key figures for the group (NOK million)	Q4'02	Q3'02	Q2'02	Q1'02	Q4'02	Q4'01	31.12.02	31.12.01
Operating revenue	1,126	1,001	1,089	1,125	1,126	1,519	4,341	5,061
EBITA	15	71	22	9	15	208	117	361
EBITA exc. non-recurring items	77	71	40	42	77	125	229	384
Margin	1.3%	7.1%	2.0%	0.8%	1.3%	13.7%	2.7%	7.1%
Margin exc. non-recurring items	6.8%	7.1%	3.7%	3.7%	6.8%	8.8%	5.3%	7.8%
<i>- non-recurring items inc. in EBITA</i>	-62	-	-18	-33	-62	83	-113	-23
No. of employees	2,787	2,909	2,934	3,038	2,787	3,222	2,787	3,222

The group reports operating revenue of NOK 1,126 million for the fourth quarter, NOK 125 million (12%) higher than in the previous quarter. All business areas reported higher turnover than in the third quarter. The increase is due in part to normal seasonal variations and in part to higher turnover for the Computer Operating Services business area as a result of a major new outsourcing assignment.

Fourth quarter operating profit before goodwill depreciation (EBITA) for the group as a whole was NOK 15 million, sharply down from the previous quarter. After adjusting for non-recurring provisions, the fourth quarter shows better underlying profitability than the previous quarter, with operating profit of NOK 77 million after adjusting for non-recurring provisions as compared to a profit of NOK 71 million in the third quarter.

Turnover for the fourth quarter of 2002 was NOK 1,126 million as compared to NOK 1,519 million for the fourth quarter of 2001. The change reflects the fall in market demand experienced by the Bank & Finance, Telecommunications and Consultancy Services business areas since the close of 2001. The turnover figure reported for the fourth quarter of 2001 included gains on disposals of NOK 104 million.

Operating profit (EBITA) for the quarter was NOK 193 million lower than in the fourth quarter of 2001. After adjusting for capital gains in 2001 (NOK 104 million) and the net difference in non-recurring items (NOK -42 million) the drop in profit is NOK 48 million. This should be seen in relation to the fall in turnover of NOK 289 million (excluding capital gains). The significant cost savings that have been implemented served to markedly reduce the impact of lower turnover on profit. Computer Operating Services reported an improvement in operating profit from the fourth quarter of 2001 thanks to cost savings achieved, and Consultancy Services showed an improvement in underlying margin despite a significant fall in turnover.

Consolidated turnover for 2002 as a whole was NOK 4,341 million with an operating profit (EBITA) of NOK 117 million. Turnover was NOK 720 million (14%) lower than in 2001, while operating profit was NOK 244 million weaker. After adjusting for non-recurring items the fall in operating profit was NOK 155 million. The lower turnover reported was a result of general weak market conditions in 2002.

Headcount reductions and other cost saving measures have helped to ensure that the company maintained a positive operating margin for the year as a whole despite the marked deterioration in market conditions. Profitability showed a gradual improvement over the course of the year.

The group's staff numbers reduced by 435 over the course of 2002. The most recent reductions in headcount are expected to have a full impact on profitability during the first quarter of 2003.

The group reviewed all balance sheet goodwill items at the close of the fourth quarter. Individual goodwill items have been evaluated on the basis of the discounted present value of expected future cash flows. This has resulted in write-downs of goodwill totalling NOK 352 million, of which NOK 259 million relates to Bank & Finance and NOK 93 million to Consultancy Services.

A loss of NOK 13 million was recognised in the fourth quarter on share-related financial items (of which a write-down of shares in TIBE accounted for the major part) as compared to a loss of NOK 109 million in the fourth quarter of 2001.

Net financial items for the quarter of NOK -5 million include NOK 10 million of net currency gains, principally in respect of liabilities denominated in foreign currency. For 2002 as a whole net currency gains amounted to NOK 10 million.

The fourth quarter produced a post-tax loss of NOK 312 million as compared to a profit of NOK 14 million in the fourth quarter of 2001. Earnings per share after tax but before goodwill depreciation was equivalent to NOK 0.96 in the fourth quarter as compared to NOK 0.69 in the fourth quarter of 2001.

The group reports a post-tax loss for 2002 as a whole of NOK 432 million as compared to a loss of NOK 1,061 million in 2001. Earnings per share after tax but before goodwill depreciation was equivalent to NOK 1.03 for 2002 as compared to NOK 4.46 for 2001.

The Board of EDB Business Partner notes that the company has maintained a strong position in a difficult market. The Board does not consider the earnings reported for 2002 to be satisfactory, but welcomes the positive improvement in profitability generated by the cost saving measures implemented during the year.

Cash flow and liquidity

Fourth quarter cash from operations was NOK 234 million as compared to NOK 400 million in the same quarter of 2001. Customer advance payments made in 2001 that are accordingly not included in the 2002 cash flow figures account for NOK 120 million of this difference. Fourth quarter cash from operations was equivalent to NOK 2.59 per share as compared to NOK 4.45 for the same quarter of 2001.

Cash from operations for 2002 as a whole was equivalent to NOK 2.19 per share as compared to NOK 6.04 per share in 2001.

Net interest bearing liabilities totalled NOK 340 million at 31 December 2002, representing a reduction of NOK 185 million from the previous quarter, and NOK 62 million lower than at the close of 2001.

Available liquidity, including un-drawn credit facilities of NOK 650 million, totals NOK 1,030 million. This represents an improvement of NOK 191 million from the previous quarter, and is NOK 15 million higher than at the close of 2001.

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 has operations in Norway, the USA, Switzerland, Spain and the United Kingdom.

TELECOMMUNICATIONS								
(NOK million)	Q4'02	Q3'02	Q2'02	Q1'02	Q4'02	Q4'01	31.12.02	31.12.01
Operating revenue	157	134	165	190	157	265	646	992
EBITA	9	10	-11	20	9	47	29	156
EBITA exc. non-recurring items	22	10	3	23	22	67	58	176
Margin	6.0%	7.6%	-6.8%	10.8%	6.0%	17.9%	4.5%	15.7%
Margin exc. non-recurring items	13.9%	7.6%	1.7%	12.1%	13.9%	25.4%	8.9%	17.7%
<i>- non-recurring items included in EBITA</i>	<i>-12</i>	<i>-</i>	<i>-14</i>	<i>-3</i>	<i>-12</i>	<i>-20</i>	<i>-29</i>	<i>-20</i>
No. of employees	559	578	587	659			559	718

Fourth quarter earnings were characterised by a marked reduction in turnover from both domestic and international markets relative to the same quarter in 2001. The results reported for the fourth quarter of 2002 also reflected a major licence sale at an attractive margin. The significant cost savings achieved helped to maintain earnings for the quarter at a satisfactory level.

The business area saw no change in its level of activity between the third and fourth quarters in either domestic or international markets. The measures implemented to reduce costs provide the foundation for satisfactory margins in the domestic market assuming that activity continues at the current level.

The underlying profit margin of 13.9% for the fourth quarter represents a significant improvement from the preceding quarters.

The fourth quarter figures include a provision of NOK 12 million for restructuring costs arising from a headcount reduction of 30-35 full-time equivalent positions. This reduction in staff numbers will have a full effect on profitability during the course of the first quarter of 2003.

Bank & Finance

This business area comprises the sale of software, systems and consultancy services to the banking and finance market. The Bank & Finance business area has operations in Norway, Sweden, the Netherlands and Poland.

BANK & FINANCE (NOK million)	Q4'02	Q3'02	Q2'02	Q1'02	Q4'02	Q4'01	31.12.02	31.12.01
Operating revenue	223	189	230	225	223	297	867	1.003
EBITA	-31	10	10	-13	-31	25	-25	94
EBITA exc. non-recurring items	-2	10	17	12	-2	25	36	94
Margin	-14.0%	5.1%	4.3%	-5.7%	-14.0%	8.3%	-2.8%	9.3%
Margin exc. non-recurring items	-1.0%	5.1%	7.3%	5.4%	-1.0%	8.3%	4.2%	9.3%
<i>- non-recurring items included in EBITA</i>	-29	-	-7	-25	-29	-	-61	-
No. of employees	789	841	843	868			789	953

The drop in turnover relative to the fourth quarter of 2001 was principally caused by weaker software sales in the Norwegian market. As communicated in the third quarter interim report, there is a marked trend for banking and finance customers to take longer to finalise decisions on new orders than was the case in 2001. This trend is also apparent in the Swedish market.

Market conditions remained relatively unchanged from the third quarter, but turnover reported for the fourth quarter was lower than expected due to further delays in finalising certain orders, and this led to a weaker operating margin than in the third quarter.

The cost savings implemented during the course of 2002 have served to reduce the impact of weak market conditions on the business area's earnings.

The Swedish activities represented a charge to earnings of NOK 20 million for 2002 as a whole, which is NOK 13 million weaker than in 2001.

The fourth quarter figures include a provision of NOK 29 million for restructuring costs arising from a headcount reduction of 90 full-time equivalent positions. Part of the reduction in headcount came into effect from 15 December 2002 in the form of lower salary costs, and the full effect on profitability will be seen during the course of the first quarter of 2003.

Fourth quarter turnover was NOK 34 million higher than in the third quarter, while underlying operating profit fell by NOK 12 million. Salary costs were lower in the third quarter than in the fourth quarter due to the reversal of provisions for holiday pay in accordance with EDB's normal practice. The fourth quarter figures include pension expense of NOK 7 million that related to earlier quarters of 2002, and in addition the quarter saw high overtime costs, particularly in connection with bank conversion projects. The balance sheet value of NOK 3.0 million for the business area's premises in Horten was written off in full in the fourth quarter.

Consultancy Services

This business area comprises services related to project management, consultancy advice, systems development and systems administration. The activities of the Consultancy Services business area cover all industries and sectors, and it operates solely from offices in Norway. The group's 50% interest in Ephorma is included in the figures reported until it was sold on 1 December 2001.

CONSULTANCY SERVICES								
(NOK million)	Q4'02	Q3'02	Q2'02	Q1'02	Q4'02	Q4'01	31.12.02	31.12.01
Operating revenue	75	59	79	85	75	256	298	757
EBITA	-17	0	-5	-6	-17	104	-29	128
EBITA exc. non-recurring items	4	0	-5	-6	4	3	-8	24
Margin	-23.0%	0.1%	-6.8%	-7.1%	-23.0%	40.5%	-9.6%	17.0%
Margin exc. non-recurring items	5.1%	0.1%	-6.8%	-7.1%	5.1%	1.9%	-2.5%	3.7%
<i>- non-recurring items included in EBITA</i>	-21	-	-	-	-21	101	-21	104
No. of employees	299	349	369	388			299	404

Turnover for the fourth quarter was NOK 75 million, as compared to NOK 112 million in the fourth quarter of 2001 on a like-for-like basis. This comparison excludes businesses sold, and also adjusts the earlier figures for the gross treatment of operating services on-charged to clients. The improvement in turnover for the quarter reflects the general decline in market demand for consultancy services. The profit reported for the fourth quarter of 2001 included NOK 1 million share in Ephorma's profit and a gain of NOK 101 million from the sale of this company.

Despite weaker market conditions and the resulting fall in turnover, the cost saving measures implemented meant that the business area reported a better underlying margin than in the fourth quarter of 2001.

Market conditions were unchanged from the previous quarter. The headcount reductions that have now been implemented provide the foundation for Consultancy Services to trade profitably assuming that activity continues at the current level.

The fourth quarter figures include a provision of NOK 21 million for restructuring costs arising from measures to reduce headcount. Part of the reduction in headcount came into effect from 15 December 2002 in the form of lower salary costs, and the full effect on profitability will be seen during the course of the first quarter of 2003.

The underlying profit margin of 5.1% achieved in the fourth quarter represents a significant improvement from the earlier quarters of 2002. Certain niche product areas continue to show a strong performance, including e-commerce, call centre systems and IVR (Interactive Voice Recognition).

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 the Computer Operating Services business area cover all industries and sectors, and it operates in Norway and Sweden.

COMPUTER OPERATING SERVICES								
(NOK million)	Q4'02	Q3'02	Q2'02	Q1'02	Q4'02	Q4'01	31.12.02	31.12.01
Operating revenue	724	646	647	657	724	760	2.674	2.481
EBITA	64	58	35	20	64	39	178	-31
EBITA exc. non-recurring items	64	58	35	20	64	39	178	119
Margin	8.9%	9.0%	5.4%	3.0%	8.9%	5.1%	6.6%	-1.2%
Margin exc. non-recurring items	8.9%	9.0%	5.4%	3.0%	8.9%	5.1%	6.6%	4.8%
<i>- non-recurring items included in EBITA</i>	-	-	-	-	-	-	-	-150
No. of employees	1,133	1,135	1,129	1,117			1,133	1,141

The Computer Operating Services business area has reported growth in turnover throughout 2002, but fourth quarter turnover was nonetheless somewhat lower than in the same period of 2001. This is due to the inclusion in fourth quarter 2001 figures of NOK 38 million in respect of late invoicing of a single customer that had no impact on earnings. In addition the turnover reported for the fourth quarter of 2001 included NOK 40 million for contracts that have since come to an end (as noted in previous interim reports). Contractual price reductions also had a negative impact on turnover from 1 January 2002. Decentralised operating services for DnB are first included in the turnover figures from 1 October 2002.

The business area's operating profit (EBITA) shows a sharp improvement from the fourth quarter of 2001 thanks to the major cost savings achieved. Underlying profitability has shown a steady improvement throughout 2002 thanks to the major gains realised by measures implemented to improve efficiency.

The operating margin achieved for 2002 as a whole was somewhat better than the company's expectations and budgets when it initiated the restructuring of this business area in the third quarter of 2001. 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. The business area has enjoyed an encouraging performance in the Swedish market, and its Swedish unit 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 totalled NOK 34 million for 2002 as a whole, an increase of NOK 4 million from 2001.

The group had 2,787 employees in its wholly owned subsidiaries at the close of 2002, representing a reduction of 435 from 31 December 2001.

The group operates a share option scheme for all employees. Options over a total of 9.6 million shares were outstanding at 31 December 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 0.6 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 market performance from the previous quarter in both the domestic and international markets. 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 in the near term. The domestic market saw little change in activity levels over the second half of 2002, and no improvement is expected in the near term.

The Telecommunications business area implemented major cost saving measures in 2001 and 2002 in response to weaker conditions in the domestic market. This provides the foundation for satisfactory future margins, assuming no further deterioration in the current level of market activity and prices.

Bank & Finance saw no improvement in market conditions in the fourth quarter, and the banking sector remains reluctant to commit to new IT investment. The cost saving measures implemented in 2002 were based on the assumption that no market growth can be expected in the near term. The new business plan for the group focuses on improving profitability, in part by making changes to this business area's approach to and presence in its markets.

Gjensidige NOR Sparebank announced in January 2003 that it intends to negotiate with an alternative supplier for the purchase of elements of its new core system. This represents a loss of annual operating revenue for EDB of NOK 40 million, and this will take effect within 2-3 years. Gjensidige NOR will continue to be a major customer for EDB in the areas of IT applications and computer operating services.

Consultancy Services has reported weak margins over recent quarters, but the cost savings achieved have ensured a considerable improvement in underlying margins. No significant changes in market conditions are expected in the near term, and on this assumption the measures already implemented will allow this business area to trade profitably.

Computer Operating Services has attracted a number of major new outsourcing assignments over the last twelve months, 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. The Swedish activities are developing positively and the business area continues to focus on marketing its services to the Swedish computer operating services market. Computer Operating Services expects to achieve an EBITA margin of between 7% and 9% in 2003, in line with indications previously communicated.

Oslo, 29 January 2003

The Board of Directors of EDB Business Partner ASA

EDB Business Partner
Analysis by business area
(NOK million)

Operating revenue:	Q4'02	Q4'01	Change	31.12.02	31.12.01	Change
TELECOMMUNICATIONS	157	265	-108	646	992	-347
BANK & FINANCE	223	297	-73	867	1,003	-136
CONSULTANCY SERVICES	75	256	-181	298	757	-459
COMPUTER OP. SERVICES	724	760	-36	2,674	2,481	193
ADMINISTRATION	-	3	-3	-	34	-34
NETTING	-53	-61	8	-144	-207	63
OPERATING REVENUE	1,126	1,519	-393	4,341	5,061	-719

Operating profit before goodwill depreciation:	Q4'02	Q4'01	Change	31.12.02	31.12.01	Change
TELECOMMUNICATIONS	9	47	-38	29	156	-127
BANK & FINANCE	-31	25	-56	-25	94	-118
CONSULTANCY SERVICES	-17	104	-121	-29	128	-157
COMPUTER OP. SERVICES	64	39	25	178	-31	208
ADMINISTRATION	-9	-6	-4	-34	5	-39
NETTING	-1	-	-1	-1	-	-1
EBITA before employer's tax etc. on options	15	209	-194	119	352	-234
Employer's tax etc. on options	-	-1	1	-2	8	-10
EBITA	15	208	-192	117	361	-244

Operating margin	Q4'02	Q4'01	Change	31.12.02	31.12.01	Change
TELECOMMUNICATIONS	6.0 %	17.9%	-11.9 %	4.5 %	15.7%	-11.3 %
BANK & FINANCE	-14.0 %	8.3%	-22.3 %	-2.8 %	9.3%	-12.2 %
CONSULTANCY SERVICES	-23.0 %	40.5%	-63.5 %	-9.6 %	17.0%	-26.5 %
COMPUTER OP. SERVICES	8.9 %	5.1 %	3.7 %	6.6 %	-1.2 %	7.9 %
EBITA-%	1.3 %	13.7 %	-12.3 %	2.7 %	7.1 %	-4.4 %

Operating margin BEFORE NON-RECURRING	Q4'02	Q4'01	Change	31.12.02	31.12.01	Change
TELECOMMUNICATIONS	13.9%	25.4%	-11.5%	8.9%	17.7%	-8.8%
BANK & FINANCE	-1.0%	8.3%	-9.3%	4.2%	9.3%	-5.1%
CONSULTANCY SERVICES	5.1%	1.9%	3.2%	-2.5%	3.7%	-6.2%
COMPUTER OP. SERVICES	8.9%	5.1%	3.7%	6.6%	4.8%	1.8%
EBITA % BEFORE NON-RECURRING ITEMS	6.8 %	8.8 %	-2.0 %	5.3 %	7.8 %	-2.5 %

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

	Q4'02	Q4'01	31.12.02	31.12.01
OPERATING REVENUE	1,126	1,519	4,341	5,061
Cost of goods sold	373	450	1,373	1,609
Employer's tax etc. on share options	-	1	2	-8
Salaries and employer's social security contributions etc.	525	562	1,957	1,976
Other operating costs	146	237	662	923
EBITDA	82	268	348	561
Ordinary depreciation	67	61	231	200
EBITA	15	208	117	361
Goodwill depreciation	47	42	169	199
Goodwill written-off	352	6	356	1,262
EBIT	-383	159	-409	-1,101
Share in results of associated companies	-2	-27	-51	-63
Gain on sale of shares	-	40	-	40
Write-down of shares	-11	-122	-37	-122
Net financial items	-5	-18	-50	-67
Pre-tax profit (EBT)	-403	30	-546	-1,313
Tax	91	-17	115	252
Minority interests	0	-0	-0	-0
Profit after tax	-312	14	-432	-1,061

EDB Business Partner
Consolidated balance sheet
(NOK million)

	31.12.02	31.12.01
Goodwill	1,528	1,991
Tangible fixed assets	398	547
Financial fixed assets	501	443
TOTAL FIXED ASSETS	2,427	2,980
Accounts receivable	683	816
Other current receivables	439	353
Liquid assets	380	515
TOTAL CURRENT ASSETS	1,502	1,684
TOTAL ASSETS	3,929	4,664
TOTAL EQUITY	1,679	2,152
Non-interest bearing liabilities	191	166
Subordinated loan	450	450
Other interest bearing liabilities	270	398
TOTAL LONG TERM LIABILITIES	911	1,014
Non-interest bearing liabilities	1,339	1,429
Interest bearing liabilities	-	68
TOTAL CURRENT LIABILITIES	1,339	1,498
TOTAL LIABILITIES AND EQUITY	3,929	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	-432
Translation differences	-41
Equity at 31.12.02	1,679

EDB Business Partner

Key figures

	Q4'02	Q4'01	31.12.02	31.12.01
Key figures per share (NOK)				
Earnings (post-tax, before goodwill depreciation)	0.96	0.69	1.03	4.48
EBITDA	0.90	2.97	3.85	6.24
Cash flow	2.59	4.45	2.19	6.04
Book equity			18.67	23.98
Average number of shares	90,365,174	89,735,163	90,365,174	89,735,163
Other key figures:				
Equity ratio (as % of total assets)			43 %	46 %
Gearing			0.20	0.19
Undrawn credit facilities			650	500
Liquid assets + undrawn credit facilities			1,030	1,015
Net interest bearing liabilities			340	402

EDB Business Partner

Cash flow analysis

(NOK million)

	Q4'02	Q4'01	31.12.02	31.12.01
Cash from/for operations	234	400	198	542
Operational investments	-28	-58	-167	-156
Acquisition of businesses	-77	-23	-116	-786
Sale of businesses	-	220	5	419
Purchase/sale of real estate	-1	-	116	491
Net cash from/for investments	-105	139	-163	-31.5
Debt repayment	-40	-386	-227	-865
New borrowing	74	12	74	343
Share issues	-	-	-	68
Loan subscribed	-	17	-	17
Purchase/sale of own shares	-	-	-	20
Net cash from/for financing	33	-357	-154	-417.4
Net change in liquid assets	162	182	-118	93
Liquid assets at start of period	219	331	515	422
Currency translation difference on liquid assets	-2	1	-17	0
Liquid assets at end of period	380	515	380	515