



# EDB Business Partner

First quarter 2003 interim report





## Main features

- Improvement in earnings from Q1'02
- Significantly lower cost base than at this time last year
- Very strong earnings performance from Computer Operating Services
- Weak profitability for Bank & Finance. Further cost saving measures, no provision needed for costs of implementation
- Normal pattern of weak cash flow in the first quarter
- No material change in market conditions from the previous quarter
- Headcount cuts initiated in previous quarters virtually complete
- Strengthened Telecommunications international business with acquisition of Incatel
- Alternative future found for ca. 1/3 of consultancy services area





## Key figures for the group

### Key figures for the group (NOK million)

	Q1 2003	Q1 2002	2002
Operating revenue	1 058	1 125	4 341
EBITA	42	9	117
EBITA-margin	4,0 %	0,8 %	2,7 %
Profit after tax	-11	-69	-439
Cash flow from operations	-198	-235	205
CAPEX	-56	-27	205
Gearing	0,39	0,27	0,21
No. of employees	2 754	3 038	2 787

Non-recurring costs  
NOK 33 million

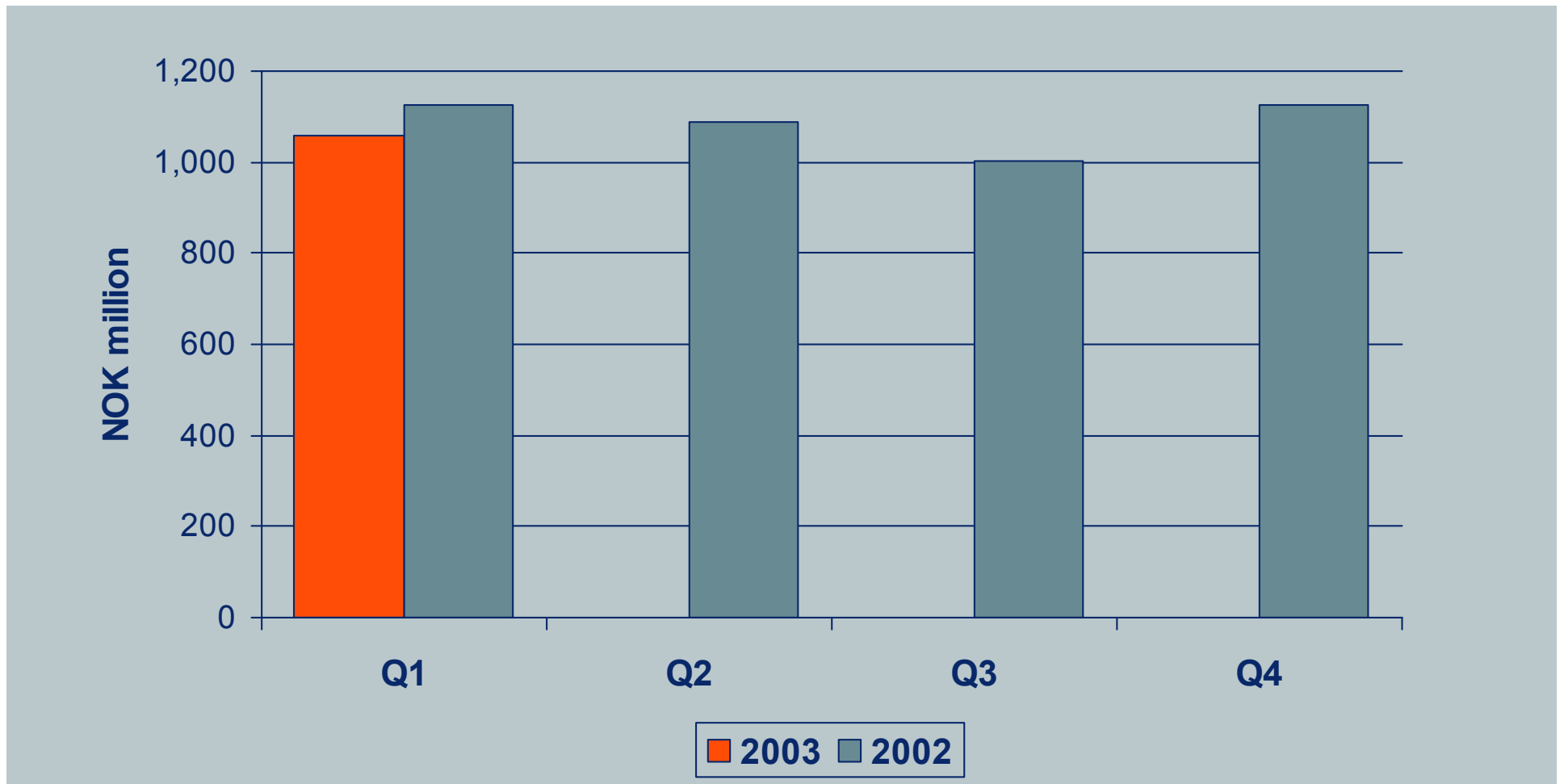
Itworks  
NOK -45 million

NOK 87 million  
increase in net interest-  
bearing laibilites



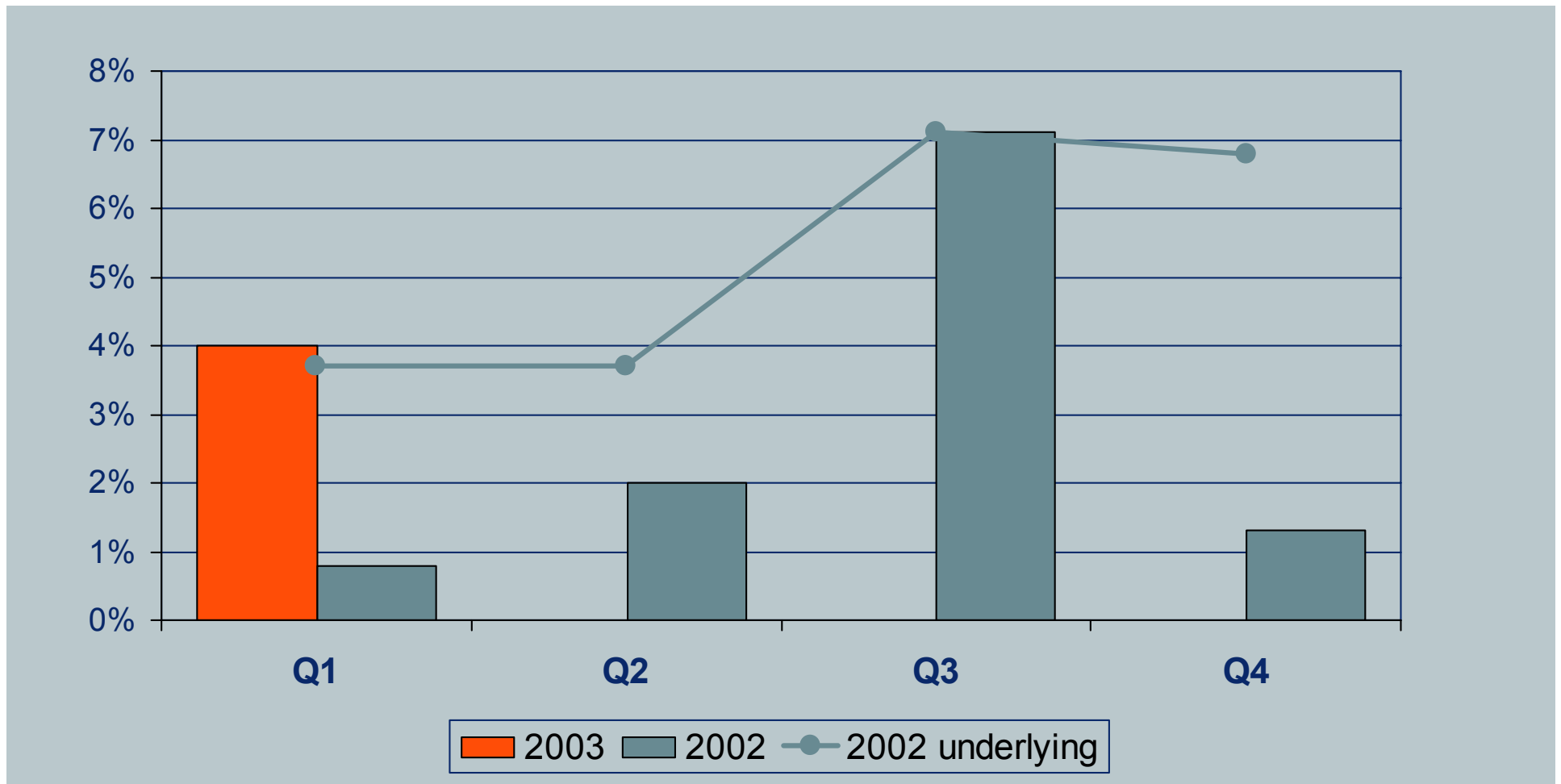


## Operating revenue



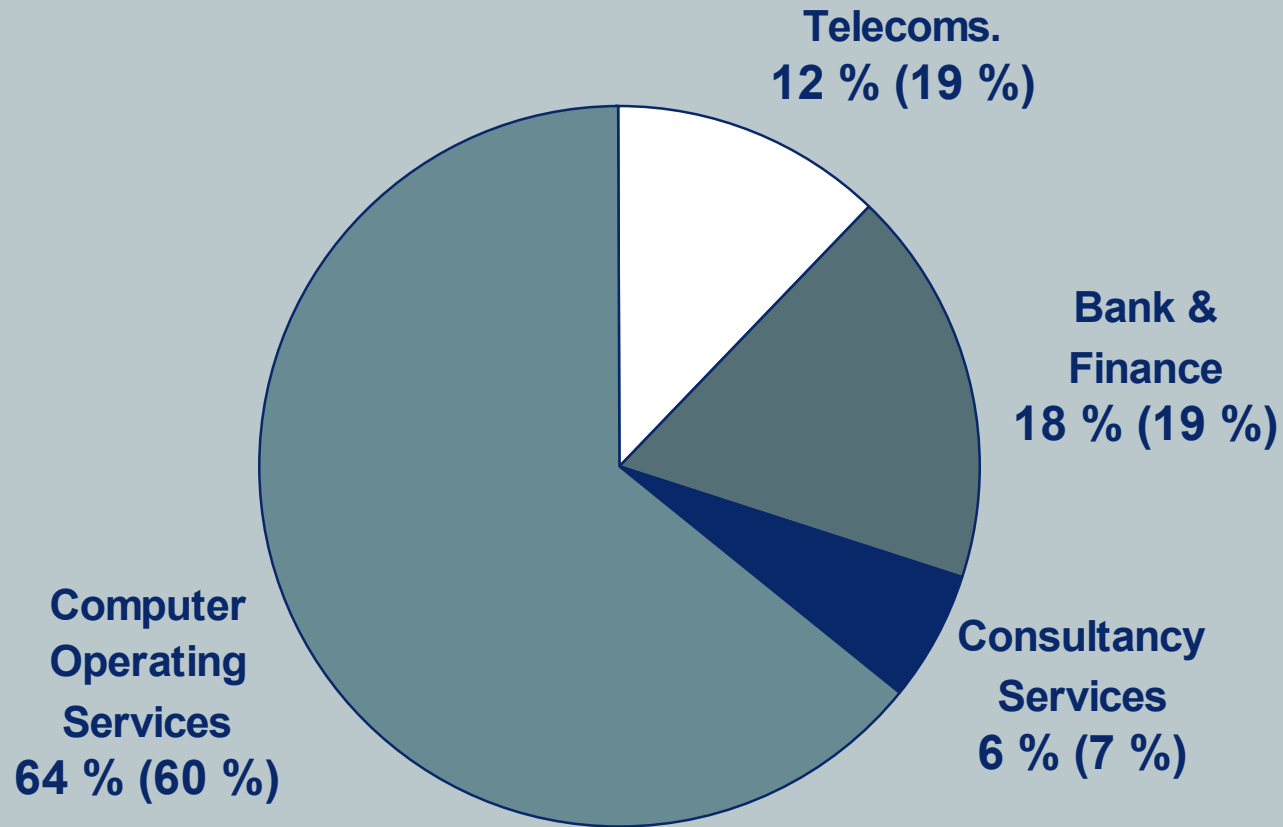


# EBITA margin performance



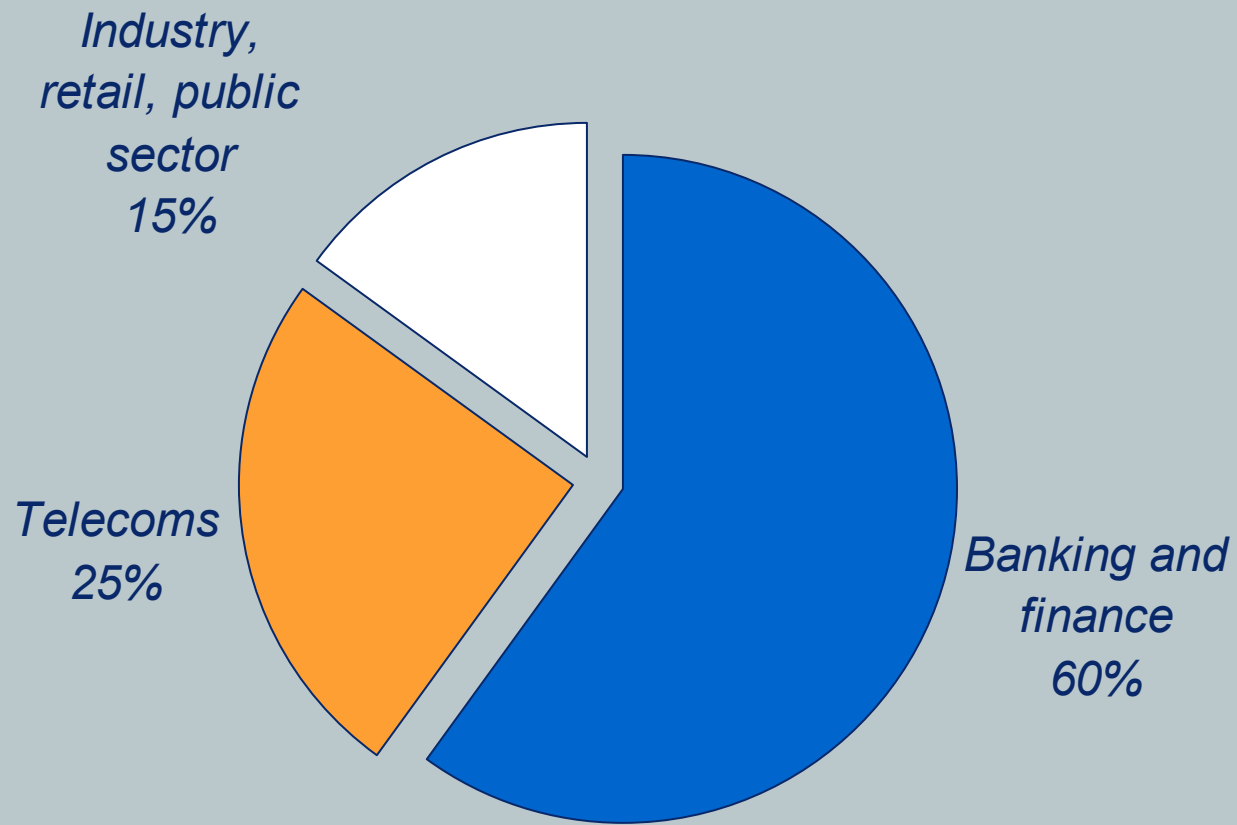


## Analysis of turnover Q1 2003 (full year 2002)



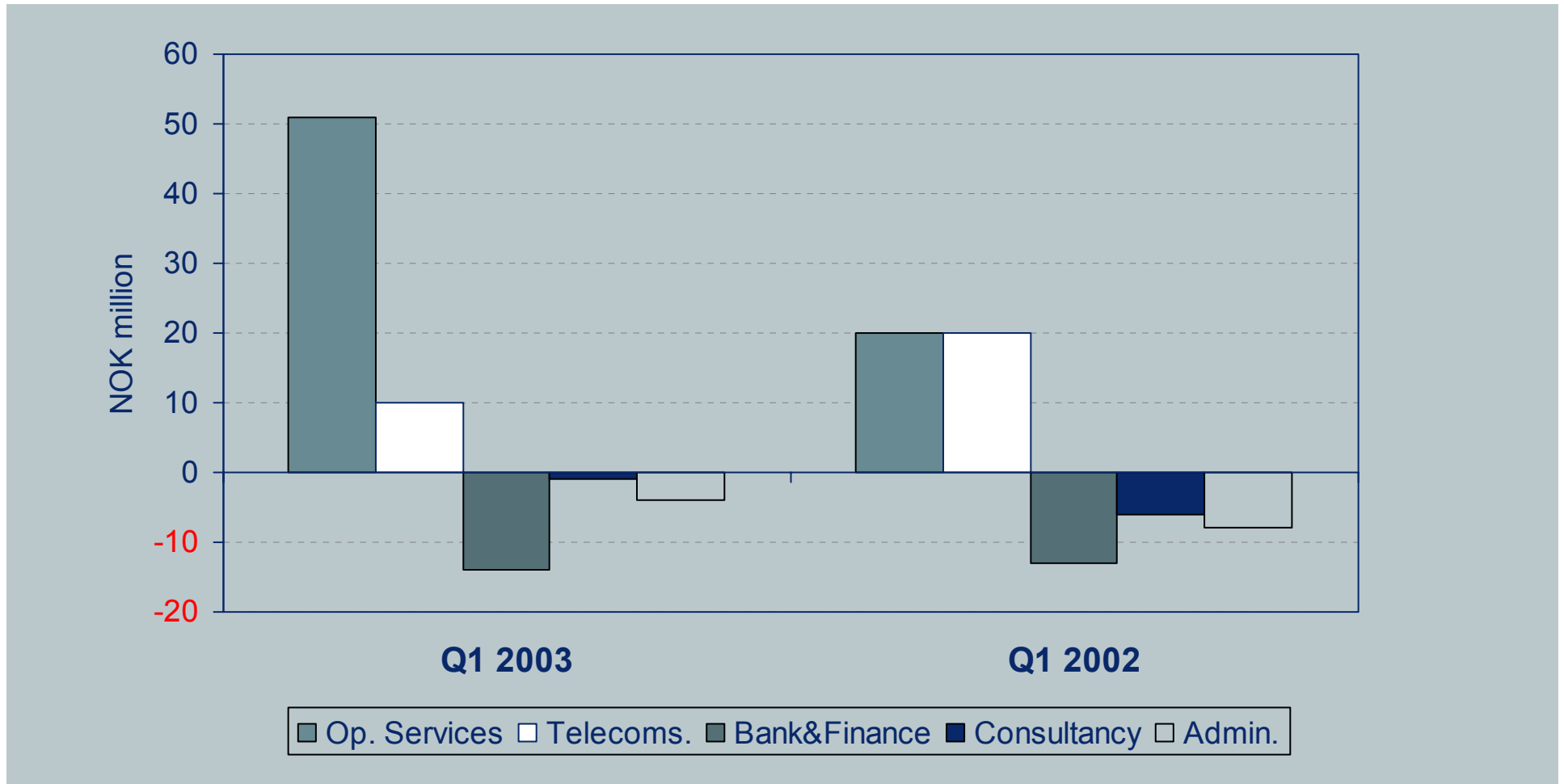


## Analysis of turnover Q1 2003 by sector





# Analysis of EBITA





## Operating Services - Main developments

- Very strong earnings performance both in Norway and Sweden
- Earnings sharply higher than Q1'02 thanks to higher turnover on a stable cost base
- Special factors caused lower than normal drop in turnover from Q4 to Q1
- Good trend for customer satisfaction
- New contracts
  - 5-year contract with DnB Asset Management (NOK 30 million)
  - Continuity solution for TerraGruppen (NOK 21 million)
- Expect improving trend in the Nordic outsourcing market





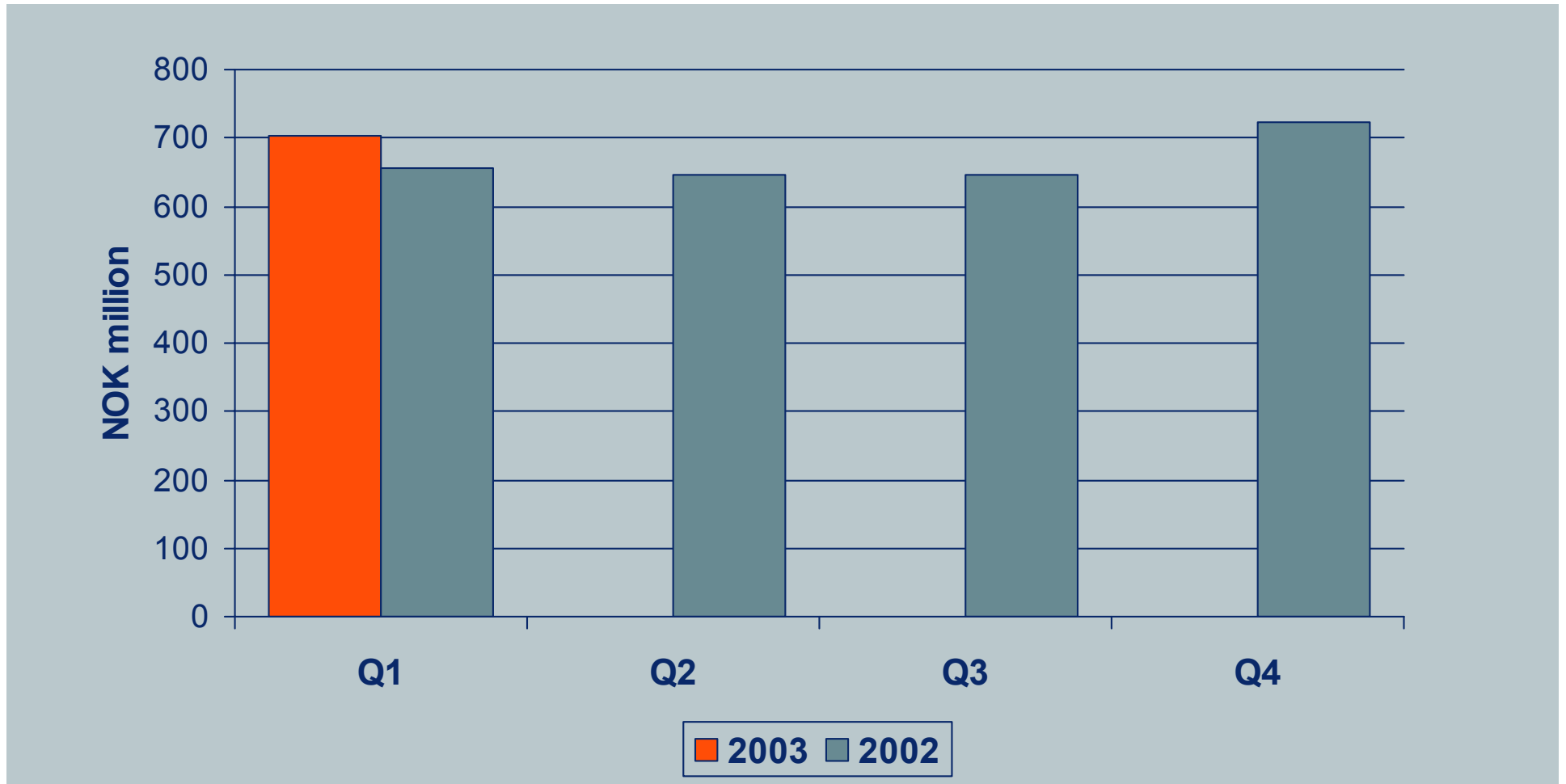
## Operating Services - Key figures

<b>Computer Operating Services</b>	<b>Q1'03</b>	<b>Q1'02</b>	<b>2002</b>
Operating revenue	702	657	2 674
Salaries and related costs	200	179	716
Ordinary depreciation	42	38	173
Other operating costs	409	420	1 608
Total operating costs	651	637	2 497
EBITA	51	20	178
EBITA %	7,3 %	3,0 %	6,6 %
CAPEX	44	15	128
No. of employees	1 122	1 117	1 133



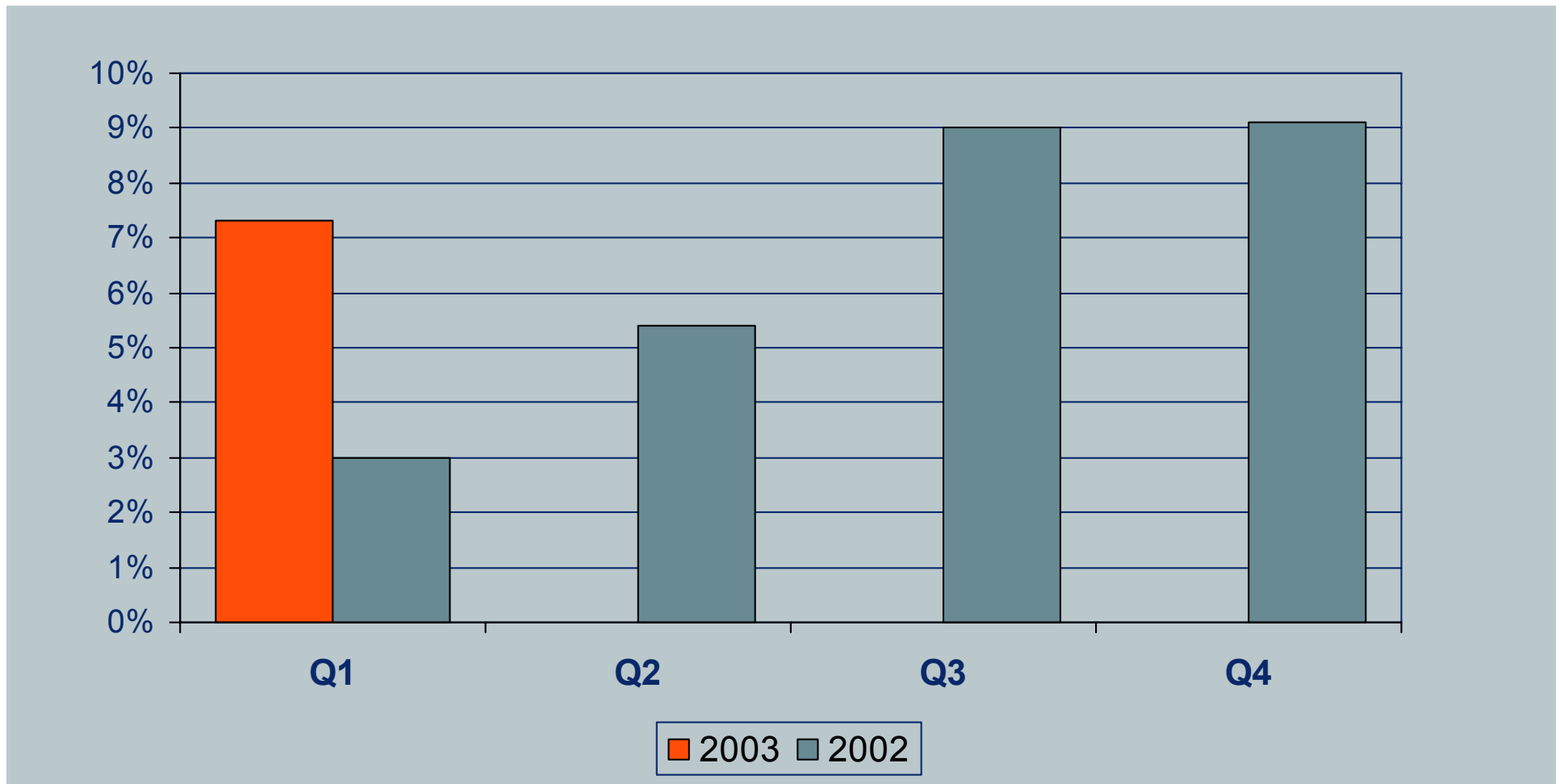


## Operating Services - Operating revenue



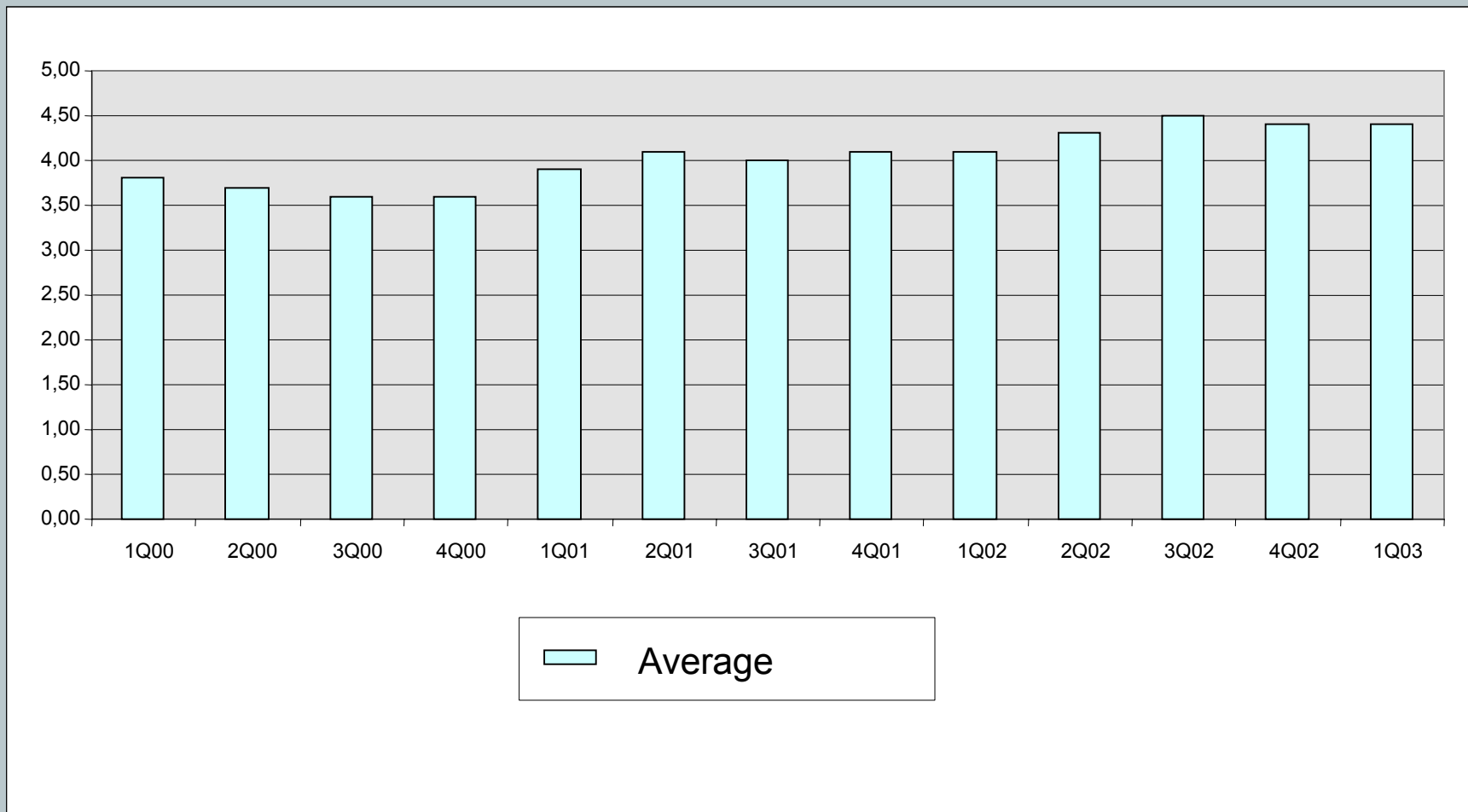


## Operating Services - EBITA margin performance





## Operating Services - Customer satisfaction 2000-03





## Bank & Finance - Main developments

- Software sales in Norway weaker than Q1'02, but cost savings implemented in 2002 have offset the impact on earnings
- Better performance in Sweden than for the same period last year
- Weak profitability prompts immediate further cost saving measures. Monthly savings of NOK 3.5 million from 1 May for rest of 2003
- Of Q4'02 target cut in headcount (ca. 90 FTE), ca. 20 still to shed
- New orders in Q1:
  - New long-term contracts (totalling NOK 146 million) with Sparebanken Pluss, Skandiabanken, Voss Veksel and FöreningsSparbanken
  - International smart card systems sold to Nordea and SpB1 (NOK 24 million)
- No sign of any early improvement in market conditions





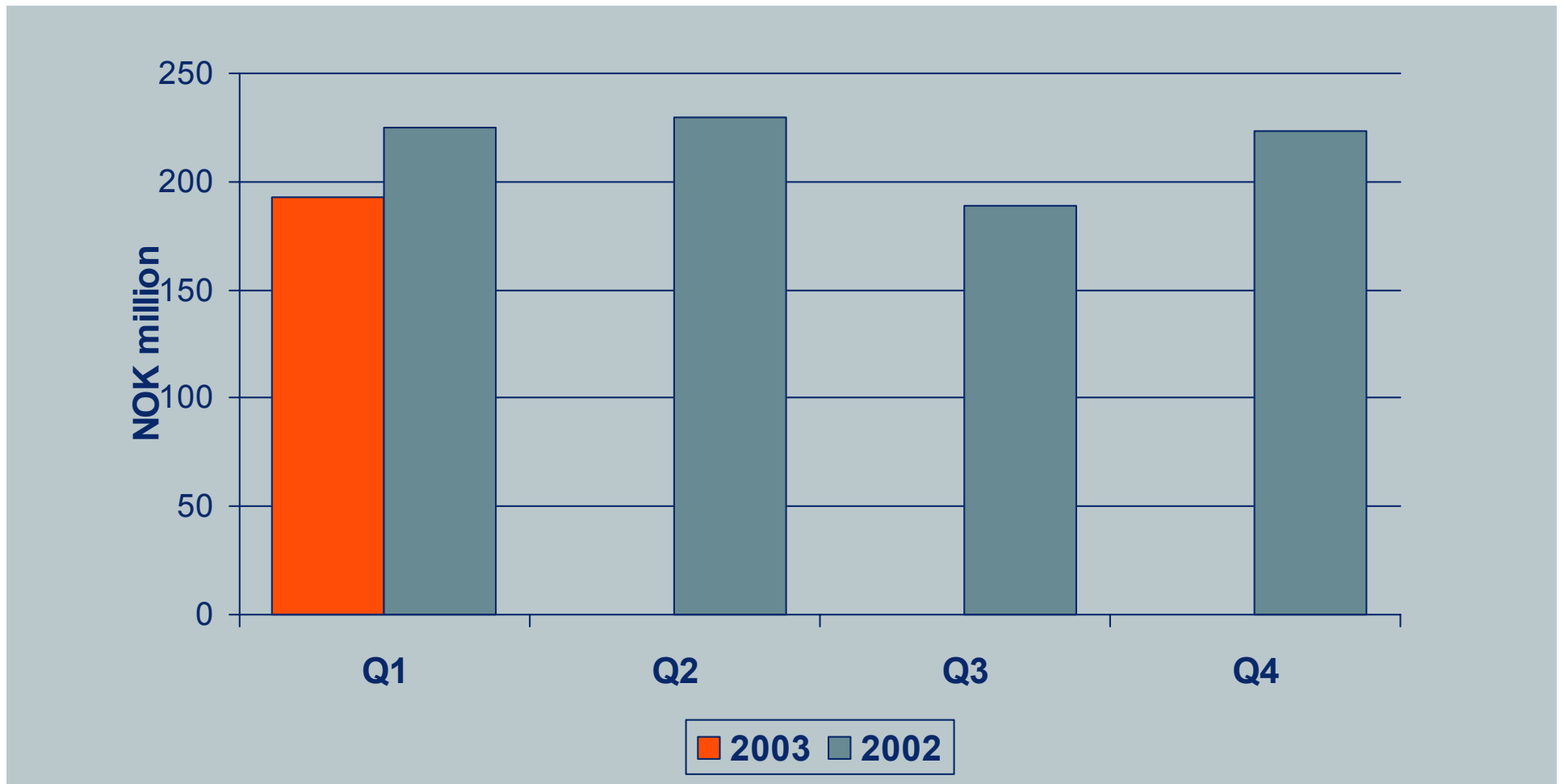
## Bank & Finance - Key figures

<b>Bank &amp; Finance</b>	<b>Q1'03</b>	<b>Q1'02</b>	<b>2002</b>
Operating revenue	193	225	867
Salaries and related costs	131	170	580
Ordinary depreciation	4	3	27
Other operating costs	72	65	284
Total operating costs	207	238	892
EBITA	(14)	(13)	(25)
EBITA %	-7,5 %	-5,7 %	-2,8 %
CAPEX	3	10	40
No. of employees	790	868	792



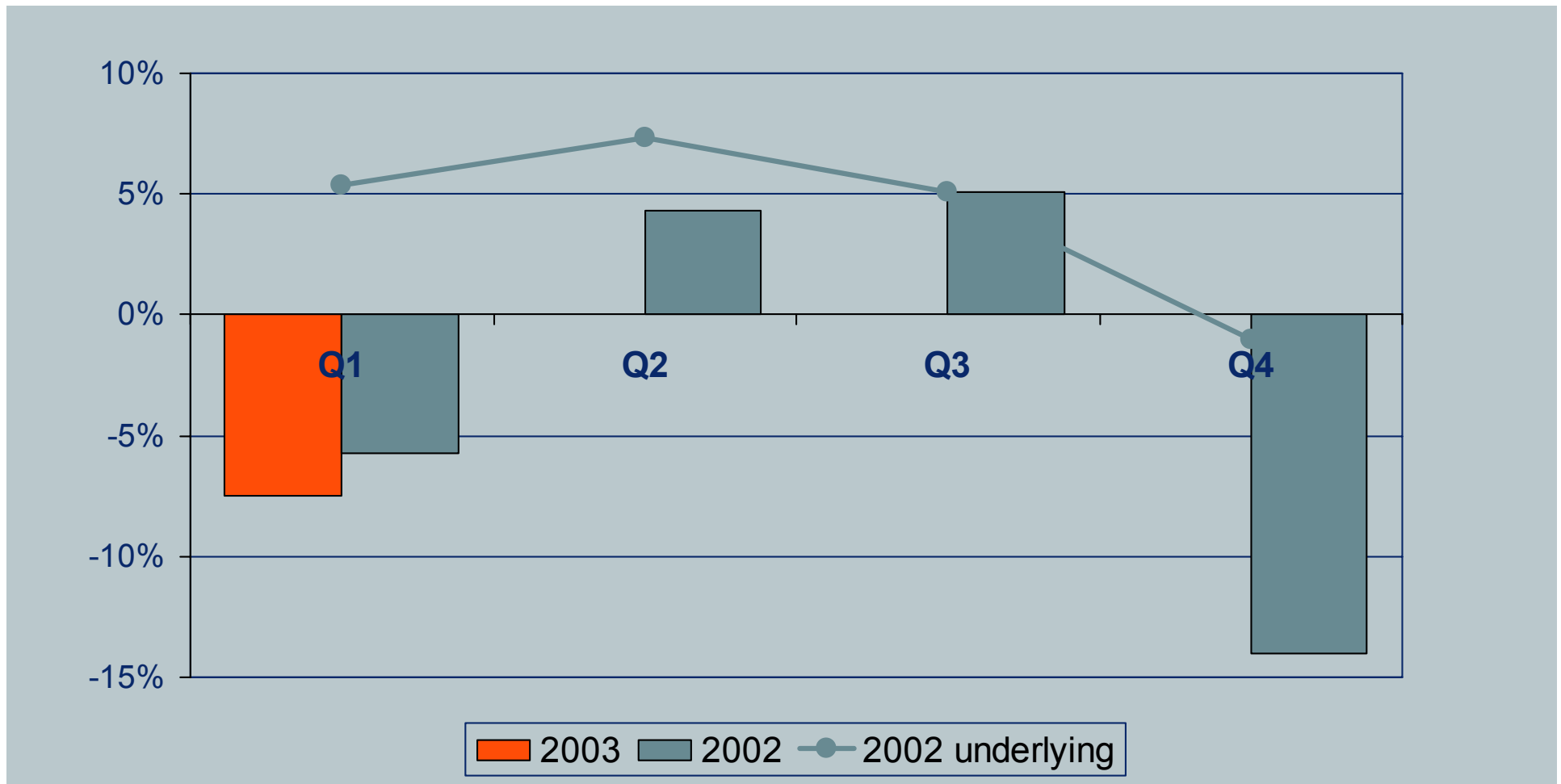


## Bank & Finance - Operating revenue



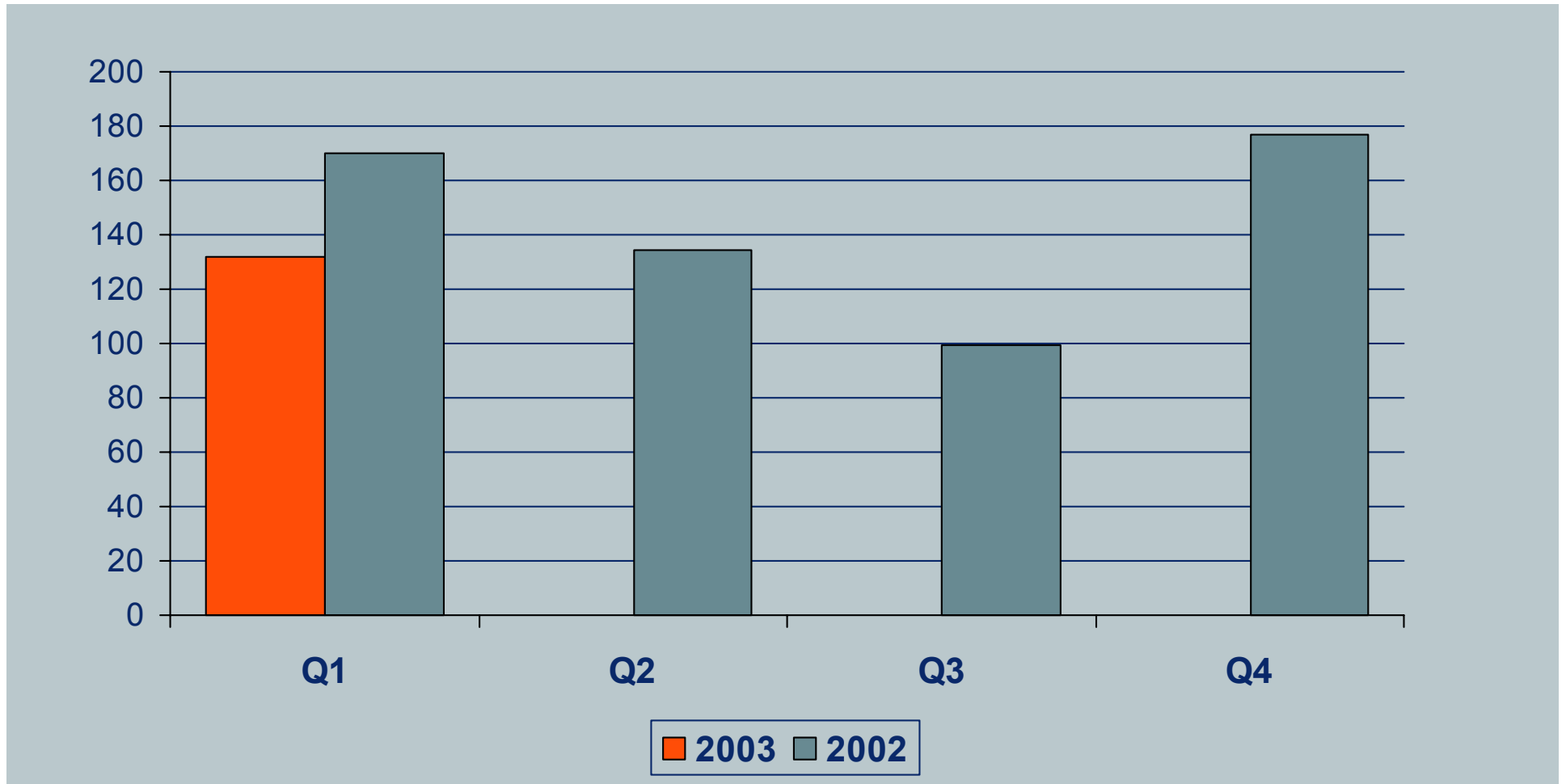


## Bank & Finance - EBITA margin performance



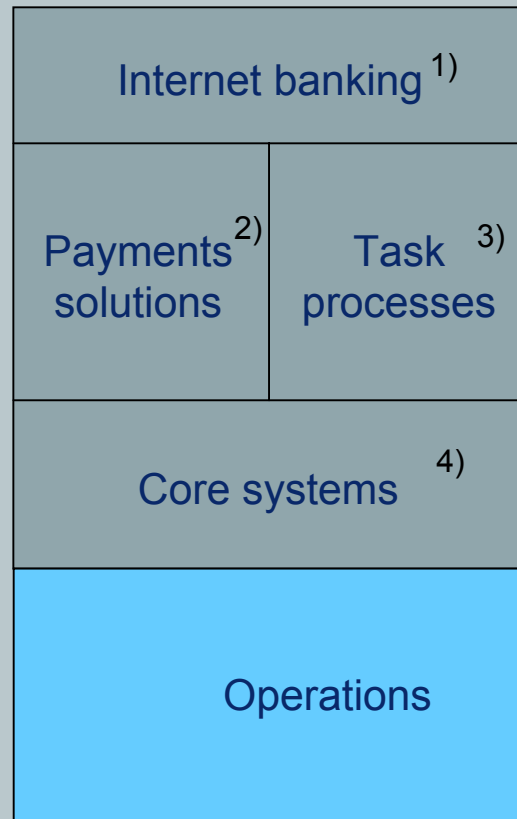


## Bank & Finance - Personnel costs





# Banking systems – simplified guide



## 1) Internet banking:

- Retail internet bank
- Corporate internet bank

## 2) Payments solutions:

- Domestic payments
- International payments
- Minibanks
- Card systems

## 3) Task processes:

- Cashier (branch offices)
- Credit approval/loan administration
- Savings
- Routine customer/account management

## 4) Core systems:

- General ledger (deposits/lending)
- Customer database
- Accounting/management information
- Notices, statements etc./archiving



# EDB - Products & services by customer



Terragruppen Ind. savings banks Ind. Commercial banks		Sparebank1 Gruppen		Gjensidige NOR		DnB/ Postbanken		Förenings- sparbanken		Nordea SEB, SHB DDB	
Internet banking		Internet banking		Internet banking		Internet banking		Internet banking		Internet banking	
Payments solutions	Task processes	Payments solutions	Task processes	Payments solutions	Task processes	Payments solutions	Task processes	Payments solutions	Task processes	Payments solutions	Task processes
Core systems		Core systems		Core systems		Core systems		Core systems		Core systems	
Operations		Operations		Operations		Operations		Operations		Operations	

Principally for Norwegian operations. Some differences by bank





## Telecommunications - Main developments

- Turnover weaker than Q1'02 both in Norway and internationally
- Major cost savings have helped to ensure satisfactory earnings
- Q4'02 target cut in headcount (30 FTE) now completed
- Important renewals of international maintenance contracts
- No sign of any material market improvement in the short term
- Acquired Incatel to strengthen international focus. Complements EDB's expertise and services





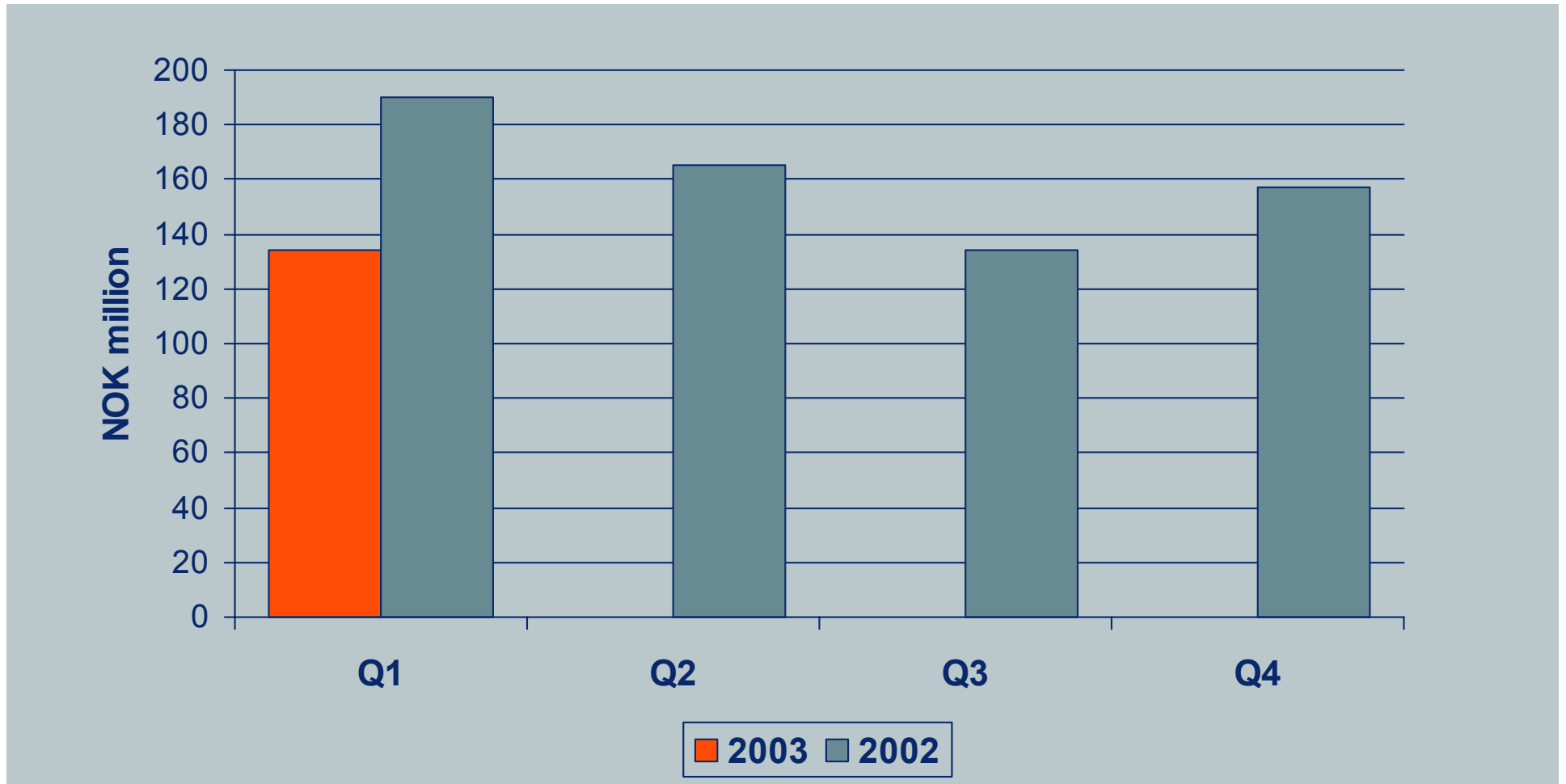
## Telecommunications - Key figures

<b>Telecommunications</b>	<b>Q1'03</b>	<b>Q1'02</b>	<b>2002</b>
Operating revenue	134	190	646
Salaries and related costs	73	105	384
Ordinary depreciation	5	7	28
Other operating costs	46	57	205
Total operating costs	124	170	617
EBITA	10	20	29
EBITA %	7,7 %	10,8 %	4,5 %
CAPEX	2	2	6
No. of employees	569	659	559



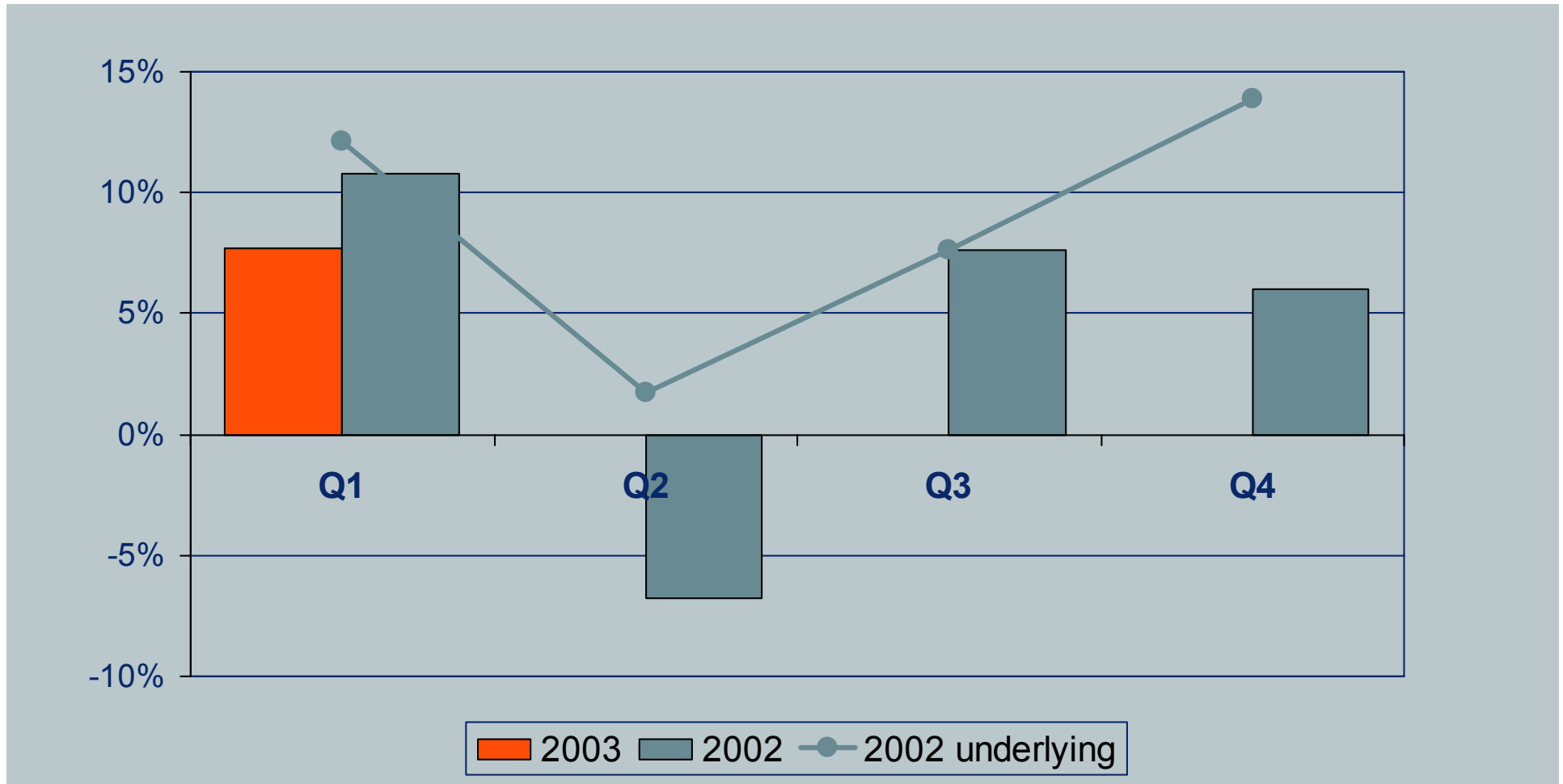


## Telecommunications - Operating revenue



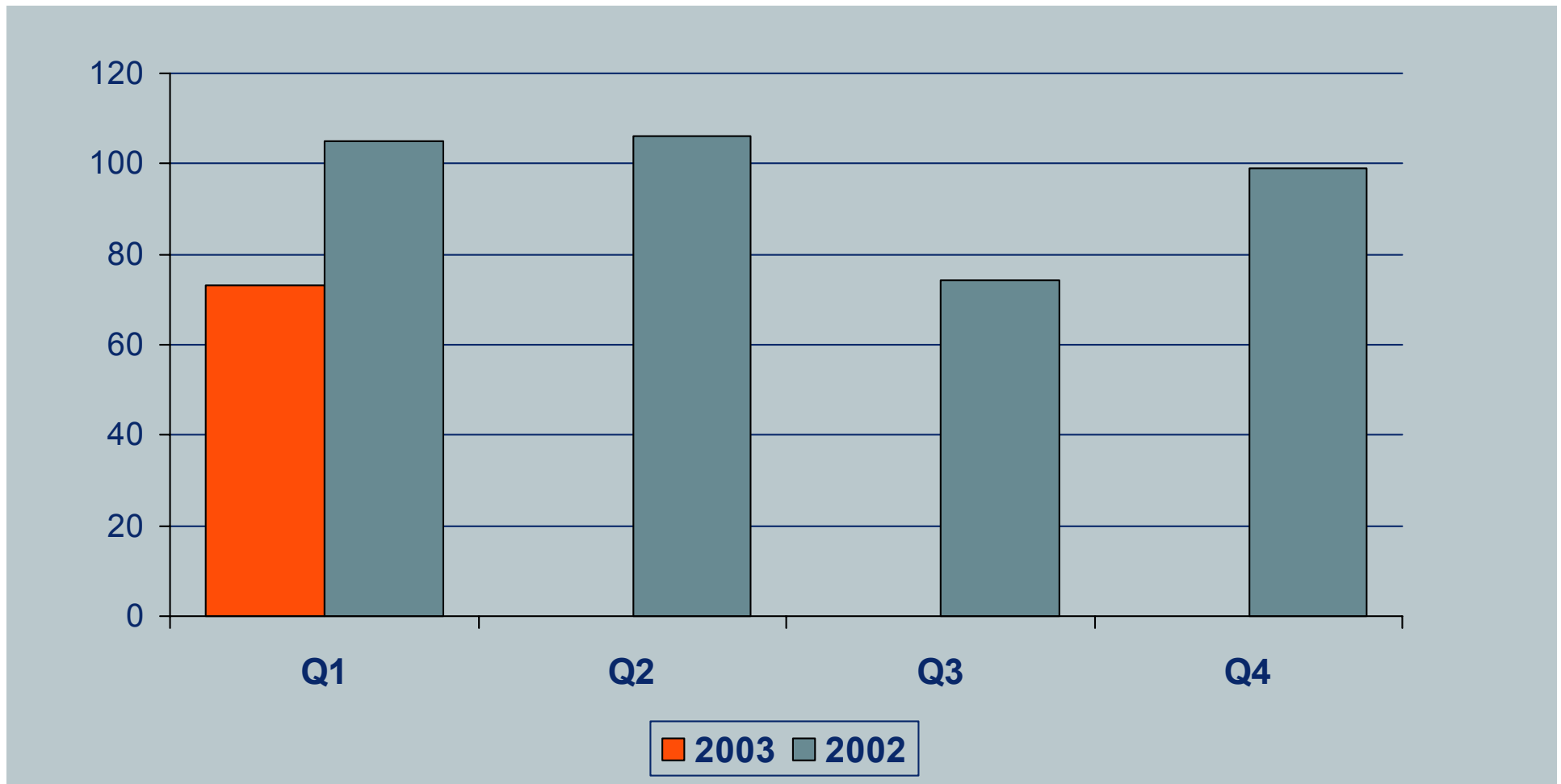


## Telecommunications - EBITA margin performance





## Telecommunications - Personnel costs





## Telecommunications - acquisition of Incatel

- Established 1994, now has 55 employees
- Main product is NIMS, a Network Resource Management (NRM) solution
- Turnover of NOK 76 million in 2002 with good profitability
- International customer base
- Acquisition of Incatel gives EDB:
  - Broader product portfolio
  - Good combination of Incatel and EDB expertise will create one of the strongest NRM suppliers in the market
  - Good cross-selling opportunities and attractive cost synergies
  - Establishes EDB as one of the key players in the ongoing consolidation of the Revenue Assurance market





## Consultancy Services - Main developments

- Stronger results than Q1'02 despite 22% decline in turnover thanks to major cost savings
- Q4'02 target cut in headcount (ca. 50 FTE) now completed
- Niche areas of call center and e-commerce continue to perform well
- No early improvement expected in demand for general consulting
- New strategic plan involves finding alternatives for parts of Consulting Services outside the EDB group
  - Parts of Consultancy Services (ca. 70 staff and annual turnover of NOK 67 million) belong to EDB's core activities and will be transferred within the group
  - Alternative solution now found for around 1/3 of Consultancy Services





## Consultancy Services - Key figures

<b>Consultancy Services</b>	<b>Q1'03</b>	<b>Q1'02</b>	<b>2002</b>
Operating revenue	66	85	298
Salaries and related costs	49	71	252
Ordinary depreciation	1	2	7
Other operating costs	17	18	67
Total operating costs	67	91	326
EBITA	(1)	(6)	(29)
EBITA %	-1,7 %	-7,1 %	-9,6 %
CAPEX	3	1	2
No. of employees	289	388	299





## Consultancy Services - Operating revenue





# Consultancy Services - EBITA margin performance





## Consultancy Services - Personnel costs





## Consultancy Services – Turnover per employee





## Current status of new Business Plan (I)

### Consultancy Services

- Part of the business area sold to Merkantildata
- Some activities will transfer to Operating Services and Bank & Finance from 1 May 2003
- Sales process continues for remaining activities

### Bank & Finance

- Priorities are profitability and further improvements in efficiency
- Focus on market orientation, product strategy and delivery reliability
- International focus and presence to be re-evaluated and concentrated on fewer markets/ products





## Current status of new Business Plan (II)

### Telecommunications

- Active role in market consolidation continues to be important
- Product strategy is to complement Mediation offering internationally (eg. acquisition of Incatel)

### Operating Services

- No change to strategy
- Priority is to maintain long-term profitability
- Growth in turnover without weakening profitability





## Current status of new Business Plan (III)

### Group functions

- New CEO appointed, joins 1 June
- New CEO will establish new group staff functions
- Group management will relocate to EDB's offices in Nydalen





## Summary for the group

- Better Q1 results than in 2002
  - Very strong performance from Operating Services. Continue to expect 7-9% EBITA margin for full year 2003
  - Weak results from Bank & Finance – further measures to be implemented
- No change in market conditions expected in the near future
- Acquisition of Incatel strengthens the international focus for Telecommunications
- Continuing positive trend for the Nordic outsourcing market





# Appendix





## Balance sheet (I)

<b>Balance sheet</b>	<b>31.03.03</b>	<b>31.03.02</b>	<b>31.12.02</b>
Goodwill	1 479	1 946	1 506
Tangible fixed assets	401	417	398
Financial fixed assets	553	469	545
<b>TOTAL FIXED ASSETS</b>	<b>2 433</b>	<b>2 832</b>	<b>2 450</b>
Accounts receivable	654	853	682
Other current receivables	482	456	433
Liquid assets	210	270	380
<b>TOTAL CURRENT ASSETS</b>	<b>1 347</b>	<b>1 579</b>	<b>1 495</b>
<b>TOTAL ASSETS</b>	<b>3 780</b>	<b>4 411</b>	<b>3 945</b>





## Balance sheet (II)

<b>Balance sheet</b>	<b>31.03.03</b>	<b>31.03.02</b>	<b>31.12.02</b>
<b>TOTAL EQUITY</b>	<b>1 660</b>	<b>2 079</b>	<b>1 666</b>
Non-interest bearing liabilities	181	169	174
Loan on special conditions	450	450	450
Other interest bearing liabilities	415	323	273
<b>TOTAL LONG TERM LIABILITIES</b>	<b>1 047</b>	<b>942</b>	<b>896</b>
Non-interest bearing liabilities	1 073	1 324	1 383
Interest bearing liabilities	-	66	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 073</b>	<b>1 390</b>	<b>1 383</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3 780</b>	<b>4 411</b>	<b>3 945</b>





## Cash flow analysis

<b>Cash flow analysis</b>	<b>31.12.03</b>	<b>31.03.02</b>	<b>31.12.02</b>
<b>Cash from/for operations</b>	<b>-198</b>	<b>-235</b>	<b>205</b>
Operational investments	-56	-27	-176
Sale of fixed assets	1	-	2
Acquisition of businesses	-8	-0	-116
Sale of businesses	-	2	4
Purchase/sale of real estate	-	115	116
<b>Net cash from/for investments</b>	<b>-64</b>	<b>89</b>	<b>-170</b>
Debt repayment	-61	-93	-227
New borrowing	150	-	74
<b>Net cash from/for financing</b>	<b>89</b>	<b>-93</b>	<b>-153</b>
<b>Net change in liquid assets</b>	<b>-173</b>	<b>-239</b>	<b>-118</b>
Liquid assets at start of period	380	515	515
Currency translation difference on liquid	3	-5	-17
<b>Liquid assets at end of period</b>	<b>210</b>	<b>270</b>	<b>380</b>





## Key figures

<b>Key figures</b>	<b>31.03.03</b>	<b>31.03.02</b>	<b>31.12.02</b>
<b>Key figures per share (NOK)</b>			
Earnings	-0,12	-0,77	-4,86
Earnings (post-tax, before goodwill amort)	0,33	-0,28	0,95
EBITDA	1,05	0,66	3,90
Cash from operations	-2,19	-2,60	2,27
Book equity	18,37	23,01	18,44
<b>Other key figures:</b>			
EBITA-margin	4,0 %	0,8 %	2,7 %
Equity ratio (as % of total assets)	44 %	47 %	42 %
Gearing	0,39	0,27	0,21
Net interest bearing debt	655	568	343
Average number of shares	90 365 174	90 365 174	90 365 174

