

EDB Business Partner ASA FIRST QUARTER 2003 INTERIM REPORT

Summary

- **Improvement in earnings from first quarter of 2002**
- **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 to be implemented**
- **Normal pattern of weak cash flow in the first quarter**
- **No change in market conditions from the previous quarter**

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

Operating revenue was NOK 1,058 million in the first quarter of 2003 as compared to NOK 1,125 million in the first quarter of 2002. The reduction reflects the decline in demand experienced by Bank & Finance, Telecommunications and Consultancy Services during the first half of 2002.

Operating profit (EBITA) was NOK 33 million higher than in the first quarter of 2002. After adjusting for non-recurring items in the 2002 figures, underlying profit for the first quarter of 2003 was in line with the same period last year. However this should be seen in the light of a drop in turnover between the two periods of NOK 67 million, and the underlying margin has therefore improved. This shows that the extensive cost savings introduced have offset the impact of lower turnover on earnings, while at the same time Computer Operating Services reports a sharp improvement in profit relative to the first quarter of 2002.

Reductions in headcount and other cost saving measures helped the group as a whole to report an improvement in underlying operating margin from 3.7% in the first quarter of 2002 to 4.0% in the first quarter of this year despite the marked deterioration in market conditions seen since the start of 2002. The Bank & Finance business area reported weak results for the first quarter, and further measures are to be implemented that will reduce operating costs by NOK 3.5 million per month for the rest of the year with effect from 1 May. These measures do not create any need for non-recurring provisions.

The group has reduced its headcount by 468 since the start of 2002. The most recent round of headcount cuts was largely completed over the course of the first quarter of this year.

Goodwill depreciation was NOK 4 million lower than in the first quarter of 2002 as a result of the goodwill write-downs carried out in 2002. A goodwill write-down of NOK 4 million was recognised in the first quarter as compared to NOK 3 million in the first quarter of 2002. This related to units in the Bank & Finance business area.

Net financial items related to shareholdings improved by NOK 44 million in the first quarter of 2003 as compared to the same period last year, which was burdened by a charge of NOK 45 million in respect of Itworks.

Net financial items for the quarter of NOK -17 million include NOK 2 million of net currency losses, representing an increase of NOK 2 million from the same period last year. This principally relates to liabilities denominated in foreign currency.

The group reports a pre-tax loss of NOK 16 million for the first quarter of 2003 as compared to a loss of NOK 92 million for the same period last year. The net loss for the quarter of NOK 11 million after tax represents earnings per share of NOK -0.12 as compared to NOK -0.77 for the same quarter last year.

Cash flow and liquidity

The group's cash from operations is normally weak in the first quarter because of sizeable advance payments to software suppliers at the start of the year. The first quarter of this year saw cash from operations of NOK -198 million as compared to NOK -235 million for the same quarter last year. However the first quarter of 2002 was adversely affected by particular items amounting to NOK 120 million, so underlying year-on-year cash from operations for the first quarter shows a decline of NOK 83 million. This reflects an increase in prepayments for software licences in the Computer Operating Services business area. In addition most of the NOK 63 million of restructuring costs for which provision was made in the fourth quarter of 2002 were paid out during the first quarter of this year. Cash from operations for the first quarter was equivalent to NOK -2.19 per share as compared to NOK -2.60 per share for the same period last year.

Net interest-bearing liabilities totalled NOK 655 million at 31 March 2003, representing an increase of NOK 87 million from the end of the first quarter of 2002 and an increase of NOK 312 million from the start of this year.

The group's business areas

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	Q1'03	Q1'02	2002
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

Computer Operating Services generated a 7% increase in operating revenue relative to the same period last year. This growth in turnover is due in part to the decentralised operations carried out for DnB which are included in the reported figures from 1 October 2002. The business area has also achieved general growth in underlying volumes.

The business area's operating profit (EBITA) shows a sharp improvement from the first quarter of 2002 thanks to growth in turnover without a corresponding increase in costs. This reflects the continual process of efficiency improvements implemented by this business area.

In terms of employee numbers, the increase in salaries and related costs relative to the first quarter of last year reflects the reimbursement of the salary and social security costs of 50 employees received from a supplier in 2002 in connection with decentralised operations for DnB. This arrangement continued over the third quarter, but EDB then took over responsibility for deliveries to DnB.

Operating revenue was lower in the first quarter than in the fourth quarter of 2002 as a result of normal seasonal variation. This is both because the fourth quarter typically has the highest production volume of the year and because contractual reductions in unit prices normally come into force at the start of the year. However the quarter-on-quarter reduction in operating revenue was lower than normal this year. Production volumes for certain assignments were lower in 2002 than assumed in the customer contracts, and the contractual pricing mechanism therefore caused a smaller than expected reduction in unit prices. In addition negotiations with some customers have resulted in certain price reductions being deferred until the second quarter. The three changes in official Norwegian interest rates caused higher volumes in the publishing area.

The business area's Swedish activities continue to report a sound and favourable financial performance.

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	Q1'03	Q1'02	2002
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

The drop in turnover relative to the first quarter of last year was principally caused by weaker software sales in the Norwegian market. As previously communicated, there is a marked trend for banking and finance customers to take longer to finalise decisions on new orders than was the case this time last year. This trend is also apparent in the Swedish market. The first quarter of the year also involved a greater proportion of sales of products from third parties than in the same quarter last year, and this caused a weaker gross contribution margin.

The figures reported for the first quarter of last year included non-recurring costs of NOK 25 million, and the underlying year-on-year decline in operating profitability is therefore NOK 26 million.

The cost savings implemented over the course of 2002 helped to reduce the impact of weaker market conditions on earnings. However the Board of EDB Business Partner is not satisfied with this business area's earnings performance, and further measures are to be implemented to reduce salary and personnel costs over the rest of the year. These measures will take effect from 1 May and will reduce the business area's cost base by NOK 3.5 million per month without requiring any non-recurring provision.

The business area's Swedish activities reported a reduction in operating loss from NOK 8 million in the first quarter of last year to NOK 1 million in the first quarter of this year through a combination of improved operating revenue and reduced cost base. The Swedish activities represented an operating loss of NOK 20 million for this business area for 2002 as a whole.

The measures approved in the fourth quarter to reduce headcount by around 90 full time equivalent positions were largely completed before the end of 2002, save for 20 positions which will be shed during the first six months of this year.

Market conditions showed relatively little change from the previous quarter, but normal seasonal variation caused a drop in turnover between the fourth quarter and the first quarter. Operating revenue was NOK 31 million lower in the first quarter, and this also caused a deterioration in margin from the fourth quarter.

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	Q1'03	Q1'02	2002
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

First quarter earnings were adversely affected by a reduction in turnover from both domestic and international markets relative to the same quarter last year. The results reported for the first quarter of 2002 also reflected a major licence sale of Mediation software at an attractive margin. However the significant cost savings achieved have helped to maintain earnings for the quarter at a satisfactory level. The operating profit reported for the first quarter includes non-recurring charges of NOK 3 million, and the underlying profit margin was therefore 12.1%.

The business area saw no change in its level of activity from the fourth quarter of 2002 in either domestic or international markets, but turnover showed some decline as a result of normal seasonal variation. The measures implemented to reduce costs provide the foundation to maintain satisfactory margins in the domestic market assuming that activity and prices continue at current levels. The measures approved in the fourth quarter to reduce headcount by around 30-35 full time equivalent positions have been completed.

On 10 April 2003 the group acquired Incatel AS in order to strengthen the Telecommunications business area's international business. This acquisition brings particular expertise and products for Network Information Management Systems, and this is an important complement to the group's range of products and services. Incatel AS has 50 employees and reported turnover of NOK 76 million for 2002. The acquisition price of NOK 85.7 million will create a goodwill item of NOK 62 million.

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.

Consultancy Services	Q1'03	Q1'02	2002
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

Operating revenue of NOK 66 million for the first quarter of 2003 was 22% lower than in the same quarter last year. This decline was caused by the general weakness in demand for consultancy services. 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 first quarter of 2002.

The business area experienced relatively little change in market conditions from the fourth quarter of last year, but normal seasonal variation caused a drop in turnover between the fourth quarter and the first quarter. This also caused a deterioration in margin from the previous quarter, which produced an underlying margin of 5.1%. The niche areas of call centres and e-commerce that produced a very strong performance in the second half of 2002 continued to perform well.

The measures approved in the fourth quarter to reduce headcount by around 50 full time equivalent positions have been completed.

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 4 million for the first quarter of 2003 as compared to NOK 8 million for the same quarter last year. This reflects provisions made at the start of the year for share price related bonuses which have been reversed since the performance of the company's share price means that bonuses will not be paid.

The group had 2,754 employees in its wholly owned subsidiaries at the end of the first quarter of 2003, representing a reduction of 284 from the same time last year.

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 from 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. The savings achieved provide the foundation for margins to remain at a satisfactory level, assuming no further deterioration in the current level of market activity and prices.

Bank & Finance saw no improvement in market conditions from the previous quarter, and the banking sector remains reluctant to commit to new IT investment. We see no sign of any change in this trend in the near future. The cost saving measures implemented in 2002 were based on the assumption that no immediate recovery in market growth could be expected. In order to improve profitability in the short term, further measures are to be implemented to reduce current year costs by NOK 3.5 million per month starting from 1 May. The new business plan for the group focuses on improving profitability over the longer term, in part by making changes to this business area's market presence, but also by improving its operational efficiency.

It was announced during the first quarter that Gjensidige NOR had decided to place an order with another supplier for components and services to be used in the bank's future core banking system. This project is due to be completed during the first half of 2006, and will then cause a reduction in EDB Business Partner's annual operating revenue of approximately NOK 40 million. Since this announcement was made the boards of Gjensidige NOR and DnB have agreed to merge the two financial groups. The merged group, DnB NOR, will be EDB Business Partner's largest single customer for computer operating services and will also represent significant potential for sales of applications.

The group does not expect any imminent improvement in market conditions for **Consultancy Services**. Moreover the current earnings of this business area are dependent on a continuing strong performance from the niche activities that have performed strongly over the last three quarters. In the light of the group's new business plan, work is underway to find alternative solutions for this business area. The consultancy activities involved in providing applications services for banking and finance customers will be transferred to the Bank & Finance business area. This represents annual turnover of approximately NOK 30 million and 29 employees. The activities involved in e-commerce and operating services will be transferred to the Computer Operating Services business area, and represent annual turnover of approximately NOK 37 million and 41 employees. These internal transfers will take place on 1 May 2003. The first quarter saw the sale of part of the purely consulting activities based in Bergen, and work is progressing on finding a solution for the remaining elements of this business area.

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, 23 April 2003

The Board of Directors of EDB Business Partner ASA

EDB Business Partner
Analysis by business area
(NOK million)

Operating revenue:	Q1'03	Q1'02	31.12.02	Q4'02	Q3'02	Q2'02	Q1'02
TELECOMMUNICATIONS	134	190	646	157	134	165	190
BANK & FINANCE	193	225	867	223	189	230	225
CONSULTANCY SERVICES	66	85	298	75	59	79	85
COMPUTER OPERATING SERVICES	702	657	2 674	724	646	647	657
ADMINISTRATION	-	-	-	-	-	-	-
NETTING	-37	-32	-144	-53	-27	-31	-32
OPERATING REVENUE	1 058	1 125	4 341	1 126	1 001	1 089	1 125

Operating profit before goodwill depr. (EBITA)	Q1'03	Q1'02	31.12.02	Q4'02	Q3'02	Q2'02	Q1'02
TELECOMMUNICATIONS	10	20	29	9	10	-11	20
BANK & FINANCE	-14	-13	-25	-31	10	10	-13
CONSULTANCY SERVICES	-1	-6	-29	-17	0	-5	-6
COMPUTER OPERATING SERVICES	51	20	178	64	58	35	20
ADMINISTRATION	-4	-8	-34	-9	-8	-9	-8
NETTING	-	0	-1	-1	0	-	0
EBITA before employer's tax on share options	42	13	119	15	71	19	13
Employer's tax on share options	-	-5	-2	-	-	3	-5
EBITA	42	9	117	15	71	22	9

Operating margin:	Q1'03	Q1'02	31.12.02	Q4'02	Q3'02	Q2'02	Q1'02
TELECOMMUNICATIONS	7,7 %	10,8 %	4,5 %	6,0 %	7,6 %	-6,8 %	10,8 %
BANK & FINANCE	-7,5 %	-5,7 %	-2,8 %	-14,0 %	5,1 %	4,3 %	-5,7 %
CONSULTANCY SERVICES	-1,7 %	-7,1 %	-9,6 %	-23,0 %	0,1 %	-6,8 %	-7,1 %
COMPUTER OPERATING SERVICES	7,3 %	3,0 %	6,6 %	8,9 %	9,0 %	5,4 %	3,0 %
EBITA-margin	4,0 %	0,8 %	2,7 %	1,3 %	7,1 %	2,0 %	0,8 %

Operating margin before non-recurring items:	Q1'03	Q1'02	31.12.02	Q4'02	Q3'02	Q2'02	Q1'02
TELECOMMUNICATIONS	7,7 %	12,1 %	8,9 %	13,9 %	7,6 %	1,7 %	12,1 %
BANK & FINANCE	-7,5 %	5,4 %	4,2 %	-1,0 %	5,1 %	7,3 %	5,4 %
CONSULTANCY SERVICES	-1,7 %	-7,1 %	-2,5 %	5,1 %	0,1 %	-6,8 %	-7,1 %
COMPUTER OPERATING SERVICES	7,3 %	3,0 %	6,6 %	8,9 %	9,0 %	5,4 %	3,0 %
EBITA % before non-recurring items	4,0 %	3,7 %	5,3 %	6,8 %	7,1 %	3,7 %	3,7 %

EDB Business Partner

Profit and loss account and balance sheet (NOK million)

Profit and loss account	31.03.03	31.03.02	31.12.02
OPERATING REVENUE	1 058	1 125	4 341
Cost of goods sold	344	349	1 373
Employer's tax on share options	-	5	2
Salaries and related costs	451	536	1 957
Other operating costs	168	176	657
EBITDA	95	59	352
Ordinary depreciation	53	50	235
EBITA	42	9	117
Goodwill amortization	37	41	169
Goodwill written-of	4	3	356
EBIT	2	-35	-409
Share in results of associated companies	-1	-45	-51
Gain on sale of shares	-	-	-
Write-down of shares	-	-	-37
Net financial items	-17	-12	-50
Pre-tax profit (EBT)	-16	-92	-546
Tax	3	23	107
Minority interests	2	-0	-0
Profit after tax	-11	-69	-439

Balance sheet	31.03.03	31.03.02	31.12.02
Goodwill	1 479	1 946	1 506
Tangible fixed assets	401	417	398
Financial fixed assets	553	469	545
TOTAL FIXED ASSETS	2 433	2 832	2 450
Accounts receivable	654	853	682
Other current receivables	482	456	433
Liquid assets	210	270	380
TOTAL CURRENT ASSETS	1 347	1 579	1 495
TOTAL ASSETS	3 780	4 411	3 945
TOTAL EQUITY	1 660	2 079	1 666
Non-interest bearing liabilities	181	169	174
Loan on special conditions	450	450	450
Other interest bearing liabilities	415	323	273
TOTAL LONG TERM LIABILITIES	1 047	942	896
Non-interest bearing liabilities	1 073	1 324	1 383
Interest bearing liabilities	-	66	-
TOTAL CURRENT LIABILITIES	1 073	1 390	1 383
TOTAL LIABILITIES AND EQUITY	3 780	4 411	3 945

EDB Business Partner
Cash flow analysis and key ratios
(NOK mill.)

Cash flow analysis	31.12.03	31.03.02	31.12.02
Cash from/for operations	-198	-235	205
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
Net cash from/for investments	-64	89	-170
Debt repayment	-61	-93	-227
New borrowing	150	-	74
Net cash from/for financing	89	-93	-153
Net change in liquid assets	-173	-239	-118
Liquid assets at start of period	380	515	515
Currency translation difference on liquid	3	-5	-17
Liquid assets at end of period	210	270	380

Key figures	31.03.03	31.03.02	31.12.02
Key figures per share (NOK)			
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
Other key figures:			
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

EDB Business Partner
Movements in group equity

Equity at 31.12.02	1,659
<i>Movements in equity in 2003:</i>	
Profit/loss after tax	-11
Translation differences	12
Equity at 31.03.03	1,660

Appendix - Analysis by business area

Quarterly figures for 2002

Computer Operating Services	Q1'03	Q1'02	2002	Q4'02	Q3'02	Q2'02	Q1'02
Operating revenue	702	657	2 674	724	646	647	657
Salaries and related costs	200	179	716	199	167	171	179
Ordinary depreciation	42	38	173	52	41	41	38
Other operating costs	409	420	1 608	409	379	399	420
Total operating costs	651	637	2 497	660	587	612	637
EBITA	51	20	178	64	58	35	20
EBITA %	7,3 %	3,0 %	6,6 %	8,9 %	9,0 %	5,4 %	3,0 %
CAPEX	44	15	128	29	35	48	15
No. of employees	1 122	1 117	1 133	1 133	1 135	1 129	1 117

Bank & Finance	Q1'03	Q1'02	2002	Q4'02	Q3'02	Q2'02	Q1'02
Operating revenue	193	225	867	223	189	230	225
Salaries and related costs	131	170	580	177	99	134	170
Ordinary depreciation	4	3	27	10	6	8	3
Other operating costs	72	65	284	67	74	78	65
Total operating costs	207	238	892	254	179	220	238
EBITA	(14)	(13)	(25)	(31)	10	10	(13)
EBITA %	-7,5 %	-5,7 %	-2,8 %	-14,0 %	5,1 %	4,3 %	-5,7 %
CAPEX	3	10	40	5	14	10	10
No. of employees	790	868	792	792	841	843	868

Telecommunications	Q1'03	Q1'02	2002	Q4'02	Q3'02	Q2'02	Q1'02
Operating revenue	134	190	646	157	134	165	190
Salaries and related costs	73	105	384	99	74	106	105
Ordinary depreciation	5	7	28	7	7	7	7
Other operating costs	46	57	205	42	43	63	57
Total operating costs	124	170	617	147	124	176	170
EBITA	10	20	29	9	10	(11)	20
EBITA %	7,7 %	10,8 %	4,5 %	6,0 %	7,6 %	-6,8 %	10,8 %
CAPEX	2	2	6	1	1	3	2
No. of employees	569	659	559	559	578	587	659

Consultancy Services	Q1'03	Q1'02	2002	Q4'02	Q3'02	Q2'02	Q1'02
Operating revenue	66	85	298	75	59	79	85
Salaries and related costs	49	71	252	72	45	65	71
Ordinary depreciation	1	2	7	2	2	2	2
Other operating costs	17	18	67	19	13	18	18
Total operating costs	67	91	326	92	60	84	91
EBITA	(1)	(6)	(29)	(17)	(0)	(5)	(6)
EBITA %	-1,7 %	-7,1 %	-9,6 %	-23,0 %	-0,6 %	-6,3 %	-7,1 %
CAPEX	3	1	2	1	0	0	1
No. of employees	289	388	299	299	349	369	388