

EDB ASA REPORT FOR THE FIRST QUARTER OF 1999

Summary

The merger between EDB ASA and Telenor Programvare was approved by Annual General Meetings of both companies held on 6 May 1999. This report accordingly presents consolidated pro forma accounts for both EDB ASA and its subsidiaries and Telenor Programvare AS and its subsidiaries and partly held companies.

Since both Telenor Dataservice and Telenor 4tel were spun-off from other business areas in Telenor during the second quarter of 1998, it is not possible to produce a pro forma balance sheet as at 31 March 1998 to form the basis for comparison, but a pro forma profit and loss account has been prepared which shows the operating profit for the first quarter of 1998.

The new group's pro forma opening balance sheet as at 1 January 1999 includes NOK 689 million of goodwill. Previous acquisitions account for NOK 274 million of this amount, whilst NOK 415 million results from the merger of the two groups. The newly elected Board of Directors of EDB ASA has not yet determined a policy on how, and to what extent, old and new goodwill are to be depreciated. The accounts presented here accordingly make no allowance for goodwill depreciation for the first quarter of 1999. Figures for goodwill depreciation will be first reported in the new group's interim report for the first six months of 1999.

Total operating revenues for the new group in the first quarter amounted to NOK 734.3 million, as compared to NOK 616.3 million in the first quarter of 1998. This represents a 19% growth in turnover. All historical figures are reported on comparable pro forma basis.

Consolidated operating profit before goodwill depreciation amounted to NOK 27.0 million in the first quarter, representing an increase of NOK 5.8 million or 27% in relation to the same period last year. Profit before tax and goodwill depreciation for the three months to 31 March 1999 amounted to NOK 21.9 million, whilst the equivalent figure for 1998 as a whole was NOK 190.0 million. Profit due to tax and minority interests at 31 March 1999 is calculated at NOK 3.7 million and NOK 0.5 million respectively.

Consolidated earnings per share before goodwill depreciation was NOK 0.26 as compared to NOK 2.00 for 1998 as a whole. A total of 45,109,915 shares is to be issued in mid-July to Telenor as consideration for the merger, representing an increase to the 23,238,441 existing shares in EDB. These new shares are taken into account in the calculation of earnings per share.

The group's financial condition is considered to be good, with liquid assets of NOK 303.3 million and an equity ratio (including goodwill of NOK 694 million) of 51.2%.

The group's business areas

The business activities of the new EDB group are arranged as two business areas: "Consultancy Services and Systems" and "Infrastructure and Computer Operating Services". The group's holding company reports as a separate unit under the heading "Administration". The Consultancy Services and Systems area comprises the activities of Telenor 4tel, Telenor InfoMedica and Telenor Dolphin, as well as part of the activities carried out by EDB ASA, EDB MaXware, EDB Intech and Telenor Novit. The Infrastructure and Computer Operating Services area is made up of Telenor Dataservice and elements of EDB ASA, EDB MaXware, EDB Intech and Telenor Novit. Ephorma, a company 50% owned by Telenor Programvare, is consolidated on the equity method in the first quarter accounts, and the group's share in Ephorma's results is accordingly recognised in net financial items.

Consultancy Services and Systems

This business area comprises services related to consultancy advice, project management, system development, the administration of computer systems and computer training, as well as the development and sale of software.

Operating revenues for this business area amounted to NOK 337.9 million in the first quarter, representing an increase of NOK 73.8 million over the same period in 1998 and equivalent to growth of 24%. Operating profit before goodwill depreciation for the three months to 31 March 1999 totalled NOK 13.0 million as compared to an operating loss of NOK 2.8 million for the first quarter of 1998.

All the main activities of this business area have reported increased sales, and there is in general no sign of any stagnation in the demand for consultancy services. Sales of consultancy services for the banking and finance market, support systems for Telenor and general consultancy services accounted for the majority of the increase in sales.

This business area's profit performance reflects both growth in turnover in general, and improved results for software sales in particular, for a number of areas of activity. In addition both Telenor Novit and Telenor InfoMedica concluded major development projects during the course of 1998, and this has a positive effect on comparisons with the first quarter of that year.

The positive trend seen in the first quarter is expected to be reinforced over the rest of 1999.

Infrastructure and Computer Operating Services

This business area comprises both the centralised and remote operation of computer systems, computer communications, backup services and printing services, as well as equipment sales and the services related to supplies of equipment and networks.

Operating revenues for this business area amounted to NOK 368.3 million in the first quarter, representing an increase of NOK 54.4 million over the same period in 1998 and equivalent to growth of 17%. Computer operating services as a whole showed an increase in turnover, whilst equipment sales were somewhat weaker than in the same period last year.

The business area's operating profit amounted to NOK 16.9 million, which represents a reduction of NOK 11.2 million, or 40%, by comparison with the first quarter of 1998. There has been a significant fall since this time last year in the price level for computer operating services in some areas of this business area's activities. This accounts for the major part of the fall in profits, but weaker equipment sales were also a factor in the lower figures reported.

The new group aims to integrate the centralised computer operating services of EDB ASA and Telenor Dataservice during the third quarter of this year, and this is expected to create synergy gains. In addition a major agreement has been signed for the supply of home PCs for employees of the Norwegian Defence authorities, and this is expected to produce a significant increase in equipment sales and generate profit during the second quarter.

Other matters

The holding company Telenor Programvare AS reports as a separate business area. The holding company has no operating revenues, and total operating expenses amounted to NOK 2.2 million.

The new group employed approximately 1,950 staff in its wholly-owned subsidiaries at the end of the first quarter of 1999.

The group operates a share option agreement for some of its employees. As at 31 March 1999 options capable of exercise at future dates over a total of 3.2 million shares were outstanding. An amount of NOK 2.0 million was expensed in the first quarter in respect of employer's taxation related to these options on account of the sharp increase in EDB's share price since the beginning of the year.

Oslo, 6 May 1999

The Board of Directors of EDB – Elektronisk Databehandling ASA

EDB-GROUP

BY BUSINESS AREA

(NOK million)

Operating revenues:	1999 Q1	1998 Q1	1998 Full year
CONSULTANCY SERVICES AND SYSTEMS	377.9	304.1	1,327.4
INFRASTRUCTURE AND COMPUTER OPERATING SERVICES	368.3	313.9	1,313.8
NETTING	-12.0	-1.8	-36.2
EDB-GROUP	734.3	616.3	2,605.0

Operating profit before goodwill depreciation:	1999 Q1	1998 Q1	1998 full year
CONSULTANCY SERVICES AND SYSTEMS	13.0	-5.2	44.4
INFRASTRUCTURE AND COMPUTER OPERATING SERVICES	16.9	28.1	158.8
ADMINISTRATION	-2.2	-1.7	-8.7
NETTING	-0.7	0.1	0.3
EDB-GROUP	27.0	21.3	194.9

EDB ASA GROUP
CONSOLIDATED ACCOUNTS AS AT 31.03.99

PROFIT AND LOSS ACCOUNT	1999 Q1	1998 full year
OPERATING REVENUES	734.3	2,605.0
Cost of goods sold	231.5	866.6
Other operating costs	437.6	1,419.1
Ordinary depreciation	38.2	124.4
TOTAL OPERATING COSTS	707.3	2,410.1
OPERATING PROFIT BEFORE GOODWILL DEPRECIATION	27.0	194.9
Goodwill depreciation	0.0	86.5
OPERATING PROFIT AFTER GOODWILL DEPRECIATION	27.0	108.4
Net financial items	-5.1	-4.9
PROFIT BEFORE TAX AND MINORITY INTERESTS	21.9	103.5
Tax	-3.7	-52.4
Minority interests	-0.5	-0.7
PROFIT AFTER TAX	17.7	50.4

BALANCE SHEET

	1999 Q1	1998 full year
Deferred tax allowances	26.8	29.3
Goodwill	693.8	689.4
Fixed assets	415.0	348.7
TOTAL FIXED ASSETS	1,135.6	1,067.4
Inventories	11.0	24.3
Other short term receivables	584.3	507.9
Liquid assets	330.3	431.4
TOTAL CURRENT ASSETS	925.6	963.6
TOTAL ASSETS	2,061.1	2,031.0
Share capital	119.6	119.6
Other equity capital	918.2	919.0
Unallocated profit	17.7	
TOTAL EQUITY	1,055.5	1,038.6
Minority interests	1.5	0.9
Non-interest bearing liabilities	55.2	64.1
Interest bearing liabilities	204.1	374.9
TOTAL LONG TERM LIABILITIES	259.3	439.0
Non-interest bearing liabilities	614.6	545.8
Interest bearing liabilities	130.2	6.8
TOTAL CURRENT LIABILITIES	744.8	552.6
TOTAL LIABILITIES AND EQUITY	2,061.1	2,031.0

KEY FIGURES

Earnings per share (before tax and goodwill depreciation)	0.26	2.00
Operating profit per share (before ordinary depreciation and goodwill depreciation)	0.95	4.67
Cash flow per share	0.56	5.61
Equity ratio inc. goodwill	51.2 %	51.1 %
Equity ratio exc. goodwill	17.5 %	17.2 %
Book equity per share inc. goodwill	15.4	15.2
Book equity per share exc. goodwill	5.3	5.1
Current ratio	1.2	1.7
Operating margin before goodwill depreciation	3.7 %	7.5 %
No. of shares	68,348,356	68,348,356