



Annual Report 2013

Semcon • Annual Report 2013

THIS IS SEMCON



3,000 EMPLOYEES

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GLOBAL REACH

PAGE 12

OFFER



**ENGINEERING
SERVICES**

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**PRODUCT
INFORMATION**

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FOCUS INDUSTRIES



AUTOMOTIVE

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INDUSTRY

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ENERGY

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LIFE SCIENCE

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Creating the Future

We take on challenges every day with our passion for technology and a desire to discover. We have a long-term effect on the future, providing benefit to both customers and ourselves, through our breadth of knowledge, determination and belief in ourselves.

Semcon is an international technology consultancy company in the field of engineering services and product information. We have 3,000 dedicated employees who create the future together with our customers.

We challenge one another to always be at the forefront of technology and constantly be innovative, chase new solutions and find the competitive edge.

We do this by developing products, solutions, processes and product information – whether it is automotive development, energy solutions, products and quality services for life science, or product and production development for development-intensive industries.

Follow us into the future.

2013: The year in brief

2013 was characterized by relatively weak demand. The company also reported delays in a major project and write-downs in another project, negatively affecting profitability.

A market-oriented organization for engineering services was introduced on 1 January 2014 to further focus on growth and boost cooperation. Restructuring costs as a result of this were reported in Q4, amounting to SEK 10 million. The reorganization is expected to generate annual savings of SEK 6 million. Cash flow has been strong and the financial position good. The Board proposes to raise the share dividend to SEK 2.50 per share.

Customers still have considerable development needs and demand is expected to gradually improve. Semcon has a positive outlook for growth in 2014.

Over the year:

- The Automotive R&D business area signed an agreement with a global German automotive manufacturer, which will employ around 130 people, of which 30 in Germany and 100 in Sweden, over a two-year period
- The Informatik business area signed two long-term partnership agreements for managed services with companies in the Swedish engineering industry
- Olof Christensson took over as Design & Development's new business area manager in mid-September 2013
- The offer towards the energy and mining sectors was strengthened by establishing a new office in Luleå

INCOME (SEK)

2.5
billion

INCOME OUTSIDE
SWEDEN

55
per cent

NUMBER OF
EMPLOYEE

3,000
people

- Operating income: SEK 2,508 m (2,571)
- Operating profit: SEK 125 m (193)
- Operating margin: 5.0% (7.5)
- Profit after tax: SEK 88 m (141)
- EPS after dilution: SEK 4.86 (7.80)
- Equity/assets ratio: 49% (47)
- Return on equity: 15% (28)
- The Board proposes a dividend of SEK 2.50 per share (2.00)

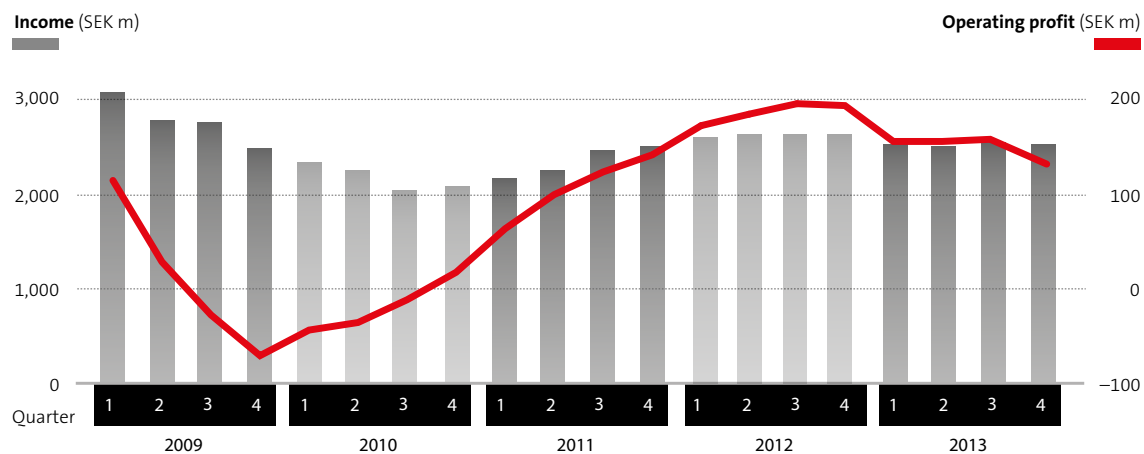
2013	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Operating income	SEK 626 m (685)	SEK 636 m (642)	SEK 592 m (573)	SEK 654 m (671)
Organic growth	-7%	2%	3%	-2%
Operating profit after amortization	SEK 35 m (72)	SEK 31 m (31)	SEK 37 m (35)	SEK 22 m (55)
Operating margin	5.6% (10.5)	4.9% (4.8)	6.3% (6.1)	3.3% (8.2)
Number of employees at end of period	2,969 (2,953)	2,989 (2,987)	3,011 (3,010)	3,001 (3,000)

■ Key figures	2013	2012	2011	2010	2009
Operating income (SEK m)	2,508	2,571	2,452	2,091	2,281
Operating profit (SEK m)	125	193	111	3	-241
Operating margin (%)	5.0	7.5	4.5	0.1	-10.6
Equity/assets ratio (%)	48.5	46.6	38.4	33.0	30.5
Debt/equity ratio (times)	–	0.1	0.5	0.8	0.8
Return on equity (%)	14.6	27.7	17.3	-1.4	-42.1
Cash flow per share (SEK)	7.45	10.28	4.84	-3.04	5.75
EPS (SEK)	2.50*	2.00	–	–	–
EPS after dilution (SEK)	4.86	7.80	3.83	-0.29	-11.52
Share price at year-end (SEK)	60.50	48.00	24.00	29.40	28.50
Number of employees at year-end	3,001	3,000	2,894	2,703	2,631

*Board's proposal

■ Income and operating profit

Results for each quarter correspond to a rolling four-quarter period, excluding one-off items.





“Semcon is well-prepared for growth and I’m optimistic about progress in 2014.”

Markus Granlund
President and CEO

CEO's comments

Demand gradually improving

2013 was characterized by relatively weak demand from some major industrial customers. Overall, we saw a gradual improvement in demand on all markets, although weaker recovery than expected, mainly on the Swedish market.

Income in 2013 amounted to SEK 2,508 million (2,571), giving organic growth of minus 1 per cent. The operating profit amounted to SEK 125 million (193), and has, apart from falling sales, been affected by delays in major projects, write-downs in another project and restructuring costs.

Over the year we continued focusing on strengthening our financial position. The equity/assets ratio is very good and the Group's net debt has fallen. By year-end the Group had net profit of SEK 7 million (-61). Semcon's strong financial position allows for growth potential, both organically and through strategic acquisitions.

New market-oriented organization

Semcon introduced its new organization in December, where the company has chosen to gather all engineering service activities in a market-oriented organization. This means that from previously having two business areas the company now has three geographically divided business areas, strengthening the Group's local focus and global ability to supply. This also means that our employees have access to more networks, the option of further specializing themselves and increased flexibility in the organization. The new organization came into effect on 1 January 2014.

More business

From an historical perspective Semcon has, and still is, a strong partner in the development-intensive industry. We are one of few independent automotive developers that can carry out major projects for our global customers. In 2013 we signed a number of major project and managed services agreements, in all Semcon's business areas. Examples include signing a long-term agreement with a global German

automotive manufacturer, which will employ around 130 employees and a number of long-term managed services agreements with companies in the Swedish engineering industry. It is our long customer relations and cost-effective solutions that are the basis of being trusted with these project and undertakings.

Semcon's organization makes use of experience gained from projects in one industry and applies them to others. This is something that we have successfully provided our customers in areas such as the energy and life science industries.

GLOBAL REACH

Over half our income is generated outside Sweden. In 2013 we carried out business in 32 countries.

Focusing more on cooperation and customer satisfaction

We place a great deal of importance on cooperation and teambuilding, irrespective of whether it is work integrated between our offices or at the customers' places of business. We focus on constantly boosting the value of what we provide. Our customer surveys confirm that we provide great value and that we exceed our internally set objectives. But we always want to improve.

We will be further developing our internal processes in 2014 to guarantee our improved quality of our deliveries. We are focusing more on professional development for our employees to boost our standing as a more attractive employer and thereby also as a partner to our customers. This builds trust, which in turn helps strengthen our brand and a successful Semcon over time. Over the year we also worked at clarifying what sustainability means for Semcon.

We are currently undergoing a positive phase of change with a new market-oriented organization in place and a shift of our offer towards more projects and managed services. This provides opportunities to take market shares on existing and new markets. Semcon is well-prepared for growth and I'm optimistic about progress in 2014.

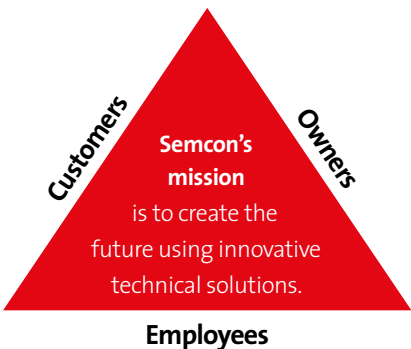
Markus Granlund
President and CEO
14 March 2014

Vision, business concept, desired position and strategic imperatives

Semcon carries out annual reviews of the company's objectives and strategies to better reflect Semcon's business and future ambitions. This means that the business concept and

the company's prioritized strategies are updated and the overall objectives are all put together into a desired position.

Semcon's vision is to be a global partner in engineering services and product information.



Semcon's desired position:

- A strong brand
- A sustainable business approach

From an employee's perspective to:

- Attract, develop and retain the best talents and leaders in the industry.

From a customer perspective to:

- Contribute to our customers' success through superior deliveries.
- Establish close relationships with our customers.
- Provide a customer-focused service portfolio that challenges market needs.
- Ensure a balanced mix of customers, geographic markets and industries.

From an owner's perspective to achieve:

- Operating margin: At least 8 percent over a business cycle.
- Equity/asset ratio: Exceeds 30 per cent.
- Dividends to shareholders: At least one third of the profit after tax.

Semcon's strategic imperatives for 2014–2015

<ul style="list-style-type: none"> • Strengthen Semcon's employer brand through passion for technology and progressive thinking 	<ul style="list-style-type: none"> • Add maximum value for each customer and exceed expectations 	<ul style="list-style-type: none"> • Increase solution-based deliveries 	<ul style="list-style-type: none"> • Prioritize profitable growth
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Strategic priorities and outcome 2013

Market



- *Strengthen Semcon's existing local business and continue expanding on prioritized markets.*

OUTCOME Organic sales fell overall by 1 per cent. Outcome per market:

Sales in Sweden fell by 12 per cent while other markets reported growth. Germany 8 per cent, the UK 7 per cent, Brazil 4 per cent, China 44 per cent, India 44 per cent and Hungary 3 per cent.

- *Utilize the company's infrastructure by adding services on existing markets.*

OUTCOME The German product information company acquired at the end of 2012 has been located with existing activities in Germany. Deliveries to Jaguar Land Rover in the UK have been extended to also include engineering services.

Offer



- *Continue developing our offer to include more projects, packaged solutions and satellite/front office/back office assignments.*

OUTCOME A number of new projects and undertakings were signed over the year with our FOBO model playing a key role. This included a major project in Germany where the front office is close to the customer and the back office is in Trollhättan. An undertaking with DeLaval, where Semcon has taken over a function in aftermarket information with the front office in Sweden and back offices in Hungary and the UK.

- *Continued focus on the energy and life science areas.*

OUTCOME We have seen slight growth overall in the energy area, while sales have fallen in life science. We established a new office in Luleå, strengthening our offer in the energy area. We have now carried out our first life science business assignments in Germany.

Employees



- *Strengthen Semcon as an attractive employer through internal and external initiatives.*

OUTCOME Measurements of how attractive the company is as an employer includes the outcome of employee surveys, employee turnover rates and how well we are ranked as an employer by Universum. Semcon has improved its position in all these measurements.

Financial



- *Focus on strengthening the company's profitability and financial position.*

OUTCOME The weak demand is one of the reasons why profits have not improved. The financial position has strengthened and the equity/assets ratio rose to 49 per cent.

- *Prioritize organic growth, but also consider strategic acquisitions that strengthen the offer and or market presence.*

OUTCOME No acquisitions were made over the year. A new office opened in Luleå to create business opportunities in northern Sweden.



Charlotte Wellrath-Jacobsson
Aftermarket spare parts specialist

"I'm a specialist with responsibility for spare part production. I have also worked preparing spare parts and as project manager responsible for spare part deliveries to the Chinese auto manufacturer Qoros Auto. In the future I would really like to help companies in other sectors to cut their spare part costs."

Making our customers successful by providing added value

Semcon's employees create value every day. This is value in the form of knowledge and expertise, supplied in the form of projects, specialist services and managed services. We help towards customers' success and strive towards providing this according to our core values: Credibility, Responsibility, and Excellence. Being a consultancy company requires being a problem-solver and building trust. Without trust, there's no new business.

Semcon has seen an increasing share of project requests from customers in recent years, something that is expected to continue increasing over the next few years. In 2013 for example Semcon was assigned to start a number of major projects for German automotive customers. This has meant that sales have shifted from providing specialist services to providing projects and managed services.

In assignments where Semcon provides specialist services it is mainly the number of contracted consultants, fees and degree of utilization that decides income growth and profits. In assignments where Semcon provides projects or where Semcon takes over entire functions with customers it is the ability to achieve a high degree of efficiency, quality and security of the deliveries that are crucial.

Semcon's main business builds on three different business models that complement one another

This means that Semcon has the opportunity of creating an optimal delivery through flexible business solutions, customized to customers' specific requirements.

Managed services

Semcon assumes overall responsibility for a defined function designed to provide products and services. This means that Semcon takes over customer processes in this area with various offices and expertise at Semcon often being involved.

→ *DeLaval chose Semcon as a partner in 2013 for its aftermarket information. This meant that Semcon was assigned as the supplier of technical illustrations and*

technical documentation. This is a long-term agreement, meaning Semcon will deliver information material for original parts, new products, new services and instruction manuals. The global project organization consists of employees from Semcon's offices in Sweden, the UK and Hungary in a FOBO model, with the front office in Göteborg and back offices in Kineton and Budapest.

Projects

Semcon is comprehensively responsible for complete or part projects with the supply consisting of a required result. In projects where Semcon takes responsibility for part of the process, it is a question of improving or developing parts of a product, construction or services for the customer. In cases where Semcon takes overall responsibility the company is responsible for the entire project processes, from planning to delivery.

→ *Semcon entered a cooperation project in 2013 with a major global German automotive supplier. The project is for developing an existing car model using new architecture by redesigning the complete bodywork. The first phase of the project is expected to run until the end of 2015 with the option of a further cooperation project. Semcon works according to its FOBO model, meaning that one of its offices in Germany will act as the front office, with the back office in Trollhättan.*

Specialist services

Semcon provides specialists in a number of areas. We integrate work in our customers' organizations, providing knowledge that strengthens their capacity.

→ *Semcon's specialists were called upon by ABB in 2013 to work on the Statoil-owned Troll A oil platform. Semcon is responsible for testing the HVDC link control systems under ABB supervision. HVDC is the technology used for transferring power over long distances using marine and land cables. The assignment is being carried out in Norway and at ABB in Ludvika, Sweden. ●*

International resources – local presence

An important part of Semcon’s strategy is being located where our customers are and providing resources and services from an international perspective. Semcon currently has offices at 45 locations around the world. Business was carried out in 32 countries in 2013, meaning we provide our services globally.

Semcon’s proximity to its customers, combined with the Group’s ability to supply services internationally, creates opportunities to enjoy the best of two worlds, known as

a FOBO model. The front office assumes responsibility for project coordination and the back office for implementing the actual assignment. The customer could be in Göteborg or Shanghai, but the assignment could be carried out in Bangalore or Budapest.

Semcon also works on satellite projects, involving working on the customer’s IT systems from our own offices. Semcon also has a number of skill centres, home to one or more specialist skill areas.

To complement delivery to our customers, Semcon collaborates with many subcontractors.

SWEDEN

- Eskilstuna
- Falun
- Göteborg
- Helsingborg
- Hudiksvall
- Jönköping
- Karlstad
- Karlskrona
- Kristianstad
- Lidköping
- Linköping
- Ludvika
- Luleå
- Lund
- Oskarshamn
- Olofström
- Stenungsund
- Stockholm
- Södertälje
- Trollhättan
- Uppsala
- Västerås
- Växjö
- Örebro

GERMANY

- Bad Friedrichshall
- Berlin
- Ingolstadt
- Munich
- Rüsselsheim
- Sindelfingen
- Stuttgart
- Wolfsburg

UNITED KINGDOM

- Grantham
- Havant
- Kineton
- Leavesden
- South Woodham Ferrers

BRAZIL

- Resende
- São Paulo

CHINA

- Beijing
- Shanghai

INDIA

- Bangalore

HUNGARY

- Budapest

SPAIN

- Antas

RUSSIA

- Moscow





Xuehong Fu
Group Manager Engine Development

“This work is built on trust. Customers trust us as experts because we provide them with valuable expertise in certain areas. For me personally, the Mercedes Benz V6 Turbo was an especially exciting project. I was involved as a design engineer and worked on the project from the beginning until shortly before the production stage.”

Expanding markets provide opportunities

The global engineering services market is growing, as are investments, mainly in countries like China and India. This means more opportunities, as well as each market's specific prerequisites dictating the framework.

Investment in R&D continues to accelerate

Global investments in research and development (R&D) are expected to rise by around 4 per cent, to more than USD 1,600 billion in 2014, according to an analysis carried out by research organization Battelle. Investments in R&D have mainly risen in countries like China and India. In recent years these countries have witnessed higher rates of investment than mature markets like Europe, North America and Japan.

Expansive market for engineering services

The market for global engineering services depends on economic growth, investing in development, technical advances and more need for sustainable development. The global engineering services market value was USD 674 billion in 2013, an annual increase of 2.3 per cent since 2008, according to a report from analysts Ibisworld.

Not all industries are as inclined as some to take in external resources for development projects. The overall global share of R&D investments in the automotive industry for example was around EUR 840 billion in 2012. Automotive manufacturers' own share of these investments is the biggest (60 per cent), followed by subcontractors (30 per cent) and external engineering services (10 per cent). These investments are expected to increase overall, according to a study by analysts Oliver Wyman and VDA (Verband der Automobilindustrie), to around EUR 1,250 billion by 2025. The share of external engineering services is expected to rise to 20 per cent, corresponding to average annual growth of more than 3 per cent by 2025.

Semcon's markets

Semcon's international presence further strengthened in 2013. The company's sales outside Sweden amounted to 55 per cent. This increase has mainly centred on China, with a major project for automotive manufacturer Qoros Auto, and for activities in Germany. Sweden reported fewer

sales, while other markets reported organic growth.

Semcon's largest market is Sweden, where turnover for services related to product development and technical information (in industrial technology) amounted to around SEK 22 billion in 2013, according to the trade association Swedish Federation of Consulting Engineers and Architects (STD). *Almega's* business cycle report (October 2013) mentions a lengthy recovery for both the service sector and industry over the next two years. Semcon is ranked No.2 among the top 50 industrial technology companies, according to STD. Semcon's share of the Swedish market is around 5 per cent.

Germany, which is Semcon's second largest market, reported growth of 8 per cent over the year. Product information activities acquired in December 2012 account for a small percentage. Consolidation took place in 2013 on the engineering services market towards the German automotive industry, resulting in a reduced number of independent companies. The *manning* directive has had an impact and will affect how services are bought in by industrial customers. This means that sales of individual consultancy services based on hourly rates will fall and the number of projects and managed services will increase. Strategic advisor, *Berylls*, expects the average increase to be around 7 per cent of the engineering services market in Germany (automotive industry). According to the German market research institute, *Lünendonk*, the market for engineering services in the automotive sector in Germany amounted to EUR 4 billion in 2013. Semcon's market share amounts to around 3 per cent.

On other markets where Semcon is active the need for engineering development services and product information is expected to be significant. China and India are considered the two countries where growth rate remains very high, while Russia and Brazil, after a relatively weak 2013, are expected to report growth in the future. The UK and Hungary are also expected to report increased growth. ●

Xin Situ and Zhao Jibing
Project managers

Semcon in China has mainly been working with product information, especially in the telecoms industry, but also now in the automotive industry – areas of significant growth potential in China.



Five long-term trends affecting Semcon

Challenges and opportunities for Semcon – that is how we see the long-term trends affecting our business. This will mean challenges that require proactivity, professionalism, business acumen and that we live up to our core values. Challenges bring with them opportunities, in the form of customers' changing needs, technical shifts and the constant search for new products, services and processes that improve and alter the way we live.

1 The ageing population is placing increasing demands, resulting in challenges for future generations

World population growth and people living longer increases the need for pharmaceuticals and med-tech equipment. The world population has doubled over the last 50 years and is expected to reach 9 billion by no later than 2050. That will roughly be when there will be, for the first time, more over-60s than under-16s on the planet. Older people as a demographic are increasing in number five times faster than the rest of the population.

This places new demands, not least in terms of product and service development customized to their consumer patterns. By 2050 or so the ageing population will also be more healthy and stronger than today's over-60s, both physically and financially. These changes will affect every market, as the demographic changes will encompass the entire development chain, from innovation and design to finished products and aftermarket information.

2 Fewer, larger suppliers winning customers' trust

Customers want fewer, larger suppliers with an international presence to achieve project efficiency. A change has been seen in recent year towards more projects and more managed services. This provides opportunities of working with more variables than number of hours and fees, while project methodology and internal processes are becoming increasingly important.

3 More products, models and faster development processes

End-users' demands for innovation, plus increasing international competition, has meant that companies now are launching more products and models at tighter intervals. Product lifecycles are thereby shortening.

There are now demands for more models from shorter runs and more versions customized according to various markets' specific needs and demands. As this development progresses faster development processes are required, partly to reach the market more quickly, and partly to reduce development costs through more effective working methods.

4 Shortage of engineers contributing to war of the talents

There will be a shortage of engineers because of the large number of retirements and that fewer engineers are receiving training in the western world. Studies show that by 2030 there will be a shortage of around 500,000 engineers in Europe, of which 50,000 in Sweden alone.

5 Stricter demands for product information and traceability

Products are now more complex than ever and we need comprehensive product information that simply explain how products work and are maintained. For us this means always having the customer's customers in mind, which are often end-users of a product or service. Strict regulatory demands are also placed on traceability and validation in many industries.

Semcon's focus industries

Semcon has chosen to focus on the following industries, where we expect our customers to have continued development needs: automotive, industrial, energy and life science. Our employees keep themselves constantly updated with new know-how and expertise in these development areas.

Automotive

Sales to the automotive industry accounted for around 65 per cent of Semcon's sales in 2013.

According to the international industry organization OICA, around 65.4 million passenger cars and almost 21.8 million commercial vehicles were built in 2013, which is 3.6 per cent up on 2012. According to a report from research firm Oliver Wyman it is the BRIC countries, Brazil, Russia, India and China that are the major growth markets. The report also states that 60 per cent of growth will be seen in these countries until 2017.

Development has mainly benefitted German, Chinese and South Korean manufacturers, which boosted turnover during the financial crisis. Meanwhile, many of the European, US and Japanese manufacturers are facing challenges to achieve the same manufacturing volumes as back in 2007. Germany has a strong position and remains the catalyst of the European automotive industry with Volkswagen, Audi,

Mercedes-Benz and BMW leading the field.

The automotive industry is very cost-effective, with increasing demands for product development, environmental issues and innovation. Automotive manufacturers need to get their models onto the market quickly, which is where external suppliers play a vital role as development partners on a global level.

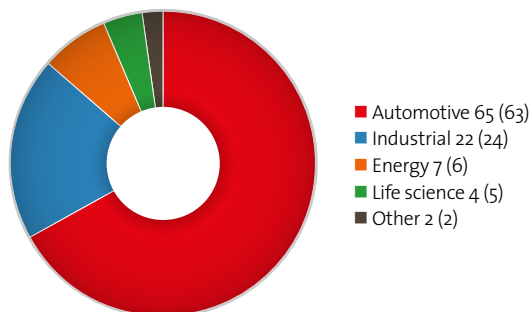
Industrial

Sales to the industrial sector accounted for around 22 per cent of Semcon's sales in 2013.

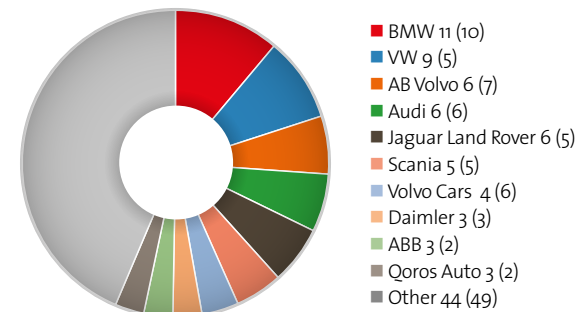
Semcon's customers not only include many world-leading companies in the technology, manufacturing, processing, telecommunications, rail, marine and aviation industries, but also a number of manufacturers of consumer products and other consumer-oriented companies.

The manufacturing industry remains important for Swedish growth. However, growth remained weak in 2013,

■ Sales by industry (%)



■ Largest customers (%)



with lower order numbers, both for export and the domestic market.

The German manufacturing industry grew by 0.4 per cent in 2013 following a relatively weak start to the year. Growth in Germany in 2014 is expected to be around 2 per cent.

The future trend is for consumer demands for new products, models and increasing competition in the industrial sector to contribute to shortening the lifecycles of products even further, meaning increased investment in technological development and innovative product development.

Energy

Sales to the energy sector accounted for around 7 per cent of Semcon's sales in 2013.

World energy demand continues to rise steadily while the effects on the environment are becoming more acute. In addition to political will and financial resources, it will require major technological advances and innovations in order to reduce carbon dioxide emissions worldwide significantly.

The technical challenges involve everything from "clean" coal plants, extracting deep-sea oil, producing more energy-efficient products and extending the life of existing plants, to developing and streamlining renewable energy sources like solar, wind and hydro-electric power. This challenge applies not least in Germany, which is to decommiss-

ion its nuclear power stations by 2022 and where R&D will be crucial for how well they succeed in replacing nuclear power with new energy sources.

Life science

Sales to the life science sector accounted for around 4 per cent of Semcon's sales in 2013.

Medical devices is one of the most important growth industries in the life science sector. On a global level, annual growth is expected to be 7 per cent between 2012 and 2017, according to a report from Epsicom Business Intelligence. Currently, the largest market is the US, followed by France, Germany and the UK in Europe, and China. Among the countries that stand out in terms of medical devices is China, which is expected to overtake Japan and Europe by 2020, according to a report from PricewaterhouseCoopers.

Because it is costly and risky developing new pharmaceuticals, an increasing number of pharmaceutical companies choose to outsource and purchase complete development projects from small and medium-sized research companies, which ensures access to commercially-viable medicines. The global pharmaceutical market, which is a significant part of the life-science sector, has seen annual of growth of around 6 per cent 2011-2013 according to the Global Pharmaceutical Market Forecast. ●

The competition

Competitor	Country	Website	No. of employees	Annual sales, SEK m ¹
Bertrandt ²	Germany	www.bertrandt.com	10,829	6,767
Edag ^{2,3}	Germany	www.edag.de	3,750	3,071
Etteplan	Finland	www.etteplan.com	1,728	1,112
Formula D	Germany	www.formulad.com	3,300	1,124
MB Tech Group ^{2,4}	Germany	www.mbtech-group.com	3,300	2,714
Rejlers	Sweden	www.rejlers.com	1,664	1,465
Semcon	Sweden	www.semcon.com	3,001	2,508
Sigma ^{2,5}	Sweden	www.sigma.se	1,489	1,373
ÅF	Sweden	www.afconsult.com	7,043	8,337

This table shows some of Semcon's major competitors. Common to these is that most operate in Semcon's main markets in Germany and Sweden. The number of employees and annual sales relates to the whole company and not just those parts in direct competition with Semcon.

- 1) When converting from EUR to SEK an exchange rate of SEK 8.65 has been used, which was the average exchange rate in 2013
- 2) Concerns 2012
- 3) The Aton Group, owners of Edag, acquired Rucker, merging Edag and Rucker to become one group, now called Edag Engineering AG
- 4) Part of AKKA Technologies
- 5) Sigma has been owned by Danir AB since mid 2013

Products and solutions that drive customers forward

Semcon strives to be at the cutting edge in terms of developing technology, products, construction and information solutions.



Engineering services

Semcon provides engineering services to customers who need help developing products, systems and construction in order to strengthen their competitive edge by providing innovative solutions along the entire development chain, from requirement studies to finished product.

Read more on page 22

Product development • Production development • Plant and facility design



Automotive development

- Complete vehicles
- Body & interior
- Styling/design
- Models & prototypes
- Powertrain
- Powertrain calibration
- Chassis
- CAE
- CFD
- NVH & Sound design
- Testing
- Hybrid technology
- User experience



Quality

- Quality Management (QM)
- Quality Assurance (QA)
- Requirement management
- Validation & Verification
- Configuration Management (CM)
- Document Management (DM)
- Quality processes
- Regulatory Affairs (RA)
- Inspections
- CE-marking
- Energy investigations



Calculation & simulation

- Structural calculations
- Crash simulation
- MBS
- CFD



Mechanics

- Design engineering
- Hydraulics



Plant and facility design

- HVAC
- HSE
- ATEX
- Electrical & instrumentation
- Process design
- Transmission
- Distribution
- Control & monitoring
- Piping
- Electrical design



Design

- Industrial design
- Models & prototypes
- Graphic design
- Strategic brand design



User experience

- Human factors
- Interaction design
- Service design
- User focused development



Project management

- XLPm
- Methodology development
- Organization development
- Training
- Coaching
- Project management



Electronics & embedded systems

- Software
- Hardware
- Architecture
- Testing & verification
- Control systems
- Cabling



Automation

- Robotic cells
- Production lines
- Test systems
- Control & monitoring systems



Testing and measuring

- Climate testing
- Functionality testing
- Durability testing
- Safety testing
- Advanced measuring technology



Production technology

- Fixtures
- Tools
- Flow analyses
- Time studies
- Equipment design



Sound

- Noise and vibration solutions
- Sound design



Product information

Semcon's product information business provides complete information solutions for aftermarket, information management and online marketing for supporting customers' products throughout their entire lifecycles. *Read more on page 30.*

Online market communication • Aftermarket information • Distribution



Information strategy

- Strategic purpose
- Target group strategy
- Roadmap
- Evaluation



Information design

- Information architecture
- Usability guidelines
- Graphic and content guidelines
- Template design
- User experience



Serviceability

- Design requirements
- Engineering impact
- Warranty cost optimization



Online market communication

- Online strategies
- Concept
- Design



Information management

- Document administration
- Configuration management (CM)
- Documentation management (DM)



Training

- Curriculum
- E-learning
- Classroom training
- Train the trainer



Product & user information

- Market information
- Product information
- User information
- Owner information
- User portal



Service information

- Installation
- Repair
- Maintenance
- Labour times
- Diagnostics
- Service portal



Spare parts & accessory information

- Spare parts engineering
- Spare parts information
- Accessory information



Illustrations & graphics

- Technical illustrations
- Animations
- 3D images



Digital distribution

- Content management system (CMS)
- Distribution platform
- Mobile applications
- User interface
- SLA
- Translation

Engineering services

Semcon provides engineering services covering the entire development cycle, from concept to finished product. With extensive industry knowledge, we offer our customers expertise and resources when and where they are needed.

Engineering services have been the core of Semcon's business since its start in 1980. Semcon helps customers develop products, systems and facilities with innovative solutions for the whole development chain, from needs analyses to finished product. New skills are constantly being added.

This development gives our customers the opportunity to increase market shares, differentiate themselves from their competitors and position themselves for increasing global competition. But this investment must be cost-effective to get the most out of every bit of the investment. Using an external partner like Semcon is a way to streamline development work, in terms of cost, time and quality.

We offer our clients over thirty years of expertise and experience of engineering challenges in a variety of development-intensive industries.

Offer: Automotive

Semcon is one of a few major independent companies with the expertise to develop complete cars and commercial vehicles. The company also complements auto manufacturers' own resources and provides expertise in disciplines like design, construction, interior/exterior, chassis, driveline, modelling, testing, simulation, electronics, embedded systems, acoustics, human factors, software development and hydraulics.

The company also has construction expertise, not

ASSIGNMENT: TRIPBUDDY

A caravan for the future

Bill Davis redefined the entire caravan concept – from construction and living space to design and image. Three engineers from Semcon helped him with everything from reinforcing the original chassis to improving the panoramic window's surface quality. The result was a caravan that is unlike any other – and the individual versions are almost infinite, allowing everything from customizing for disabled people to swapping out the oven and refrigerator for a microwave and champagne cooler.

**ASSIGNMENT: NCR**

Global cash handling requires a high degree of security

Scottish ATM and Retail Point of Sale company NCR needed to improve the usability of the software for bank staff administering its TCR product, which is cash handling machine. Semcon's integration specialists travelled the world to adapt existing systems for a new, uniform, streamlined system. To manage the scope of the assignment the software can manage more than seven different APIs and a number of programming languages.

ASSIGNMENT: CRYO

When minus 268°C is too warm

To store helium requires storage tanks that can withstand -269°C – just four degrees above absolute zero. One degree warmer and the helium starts to convert to gas form, and risks leaking out and millions of Swedish kronor vanishing. Only a few companies can construct a tank to meet these demands – but Swedish Cryo is one of them. And when an order from Russia came up they needed to customize the 22-meter long tank to suit Russian connections – a task that Semcon's constructors were willing to take on.



ASSIGNMENT: VOLVO TRUCKS

Semcon helped develop the Volvo FH

The Volvo FH was launched after ten years of hard work. Semcon was involved, among other things, with engine cooling, air-intake systems, cab interior design and instrument panel, cab construction, chassis and software development for both the new electronics and air suspension. The result is a truck that is excellent in terms of roll stability, steering wheel sensitivity and road-holding reliability. Apart from the purely technical elements, Semcon worked at finding and conveying a consistent feel. Everything in the cab had to match and be a home for the person who would be spending many hours there.

**ASSIGNMENT: POWERCELL**

Fuel cells of the future are clean, quiet and cost-effective

A combination of diesel reform, turning diesel into hydrogen gas and a fuel cell that turns this gas into electricity with the help of air. This is the recipe for Powercell's successful innovation, PowerPac. The result is a quiet, clean and relatively inexpensive way of providing mobile phone masts in deserts, for example, with electricity. Or running air conditioning plants and refrigerators in trucks. PowerCell and Semcon have worked closely on these developments since 2008.

ASSIGNMENT: ABB

Less energy loss using HVDC technology

Statoil's Troll A oil platform in the North Sea is a gigantic construction. To ensure energy supply Statoil chose to use two HVDC (high voltage direct current) links from ABB. HVDC technology involves less energy loss compared with conventional AC technology. Semcon has carried out trials of the control systems for two of the links that play a key role in transferring energy and will later be responsible for on-site testing in the middle of the North Sea.



“Using an external partner like Semcon is a way of streamlining development work in terms of cost, time and quality.”

only for constructing test rigs, but also for setting up and developing complete production systems. Semcon also has an extensive construction machinery offer.

Industry

Semcon provides complete solutions and expertise in products, production and plants. Engineering development and industrial design are two areas where Semcon has extensive experience with wide-ranging specialist skills. Semcon also has great expertise in embedded systems, which help companies develop intelligent and communicative products with high standards of safety, reliability and durability.

Semcon offers a range of different services in plant and facility design, such as process engineering and electric power. There is also an attractive range of services for the process and food industries, where efficiency and safety demands on production are high.

In telecommunications, Semcon has product development expertise in infrastructure, industrial design and

electronics. Semcon also offers the development of embedded systems that have a positive impact on a final product's functionality, reliability and quality. Yet another area where Semcon has experience is project methodology, where the company is developing a successful project culture in telecoms companies around the world, through courses and assignments such as analysis, advisory services and implementation of project models. The company has also developed its own project methodology – XLPM.

Energy

Semcon offers complete solutions to both distributors and producers of energy, along with complete studies including programs for large energy use. Semcon has successfully used its expertise from other industries to develop its energy services. One such example is quality methodology within validation and traceability, from the life science industry used in nuclear technology. Another example is experience with turbines, gearboxes and control electron-



ASSIGNMENT: ZEHNDER

New design for cleaner air

Zehnder's air purifier did the job well, but was in need of a design update. Semcon's designers came up with a concept with flexible design signals efficiency and environmental awareness. The air purifier is also built with a common base module, making it easier in assembly and for users. When the air purifier was launched the manual had also received a new design and content from Semcon's technical writers and illustrators.



ASSIGNMENT: BANE ENERGI

New technology safeguarding Norwegian electricity

The Norwegian state railway needed to upgrade its rotary sub-stations – with some dating back to the 1950s. Semcon presented a solution using control technology that allows for continuous upgrades. The assignment has also involved finding solutions to improve safety and ease operation. For example, the handling of the motor generator carriage's overall temperature now takes place inside the panel.

ics within the automotive industry, which has also contributed to innovative solutions in the energy sector.

Semcon's plant and facility design services not only include services for network construction and energy production but also renovations and upgrades of hydro-electric generating stations. For oil and gas Semcon also provides project and quality management and construction in topside and subsea.

Semcon also has solid expertise of product development for developing energy-smart products for various industries.

Life science

Semcon has a complete range of services within the life science industry. With more than 20 years' experience of integrating system solutions and quality and project

management in the pharmaceutical and medical device markets, Semcon helps customers meet regulatory requirements, among other things, whilst shortening project times and making production more effective.

Semcon's expertise is aimed at streamlining production and safeguarding the right quality and traceability. This expertise covers the entire drug development process. Semcon's experience and expertise allows us to manage and implement major projects, such as planning entire process areas.

Semcon also has a complete range of services within medical devices and, with its breadth of expertise can take on both individual projects and complete undertakings on behalf of the customer. Such commitments consist of everything from product conceptualization via prototypes to how the product is marked and technical documentation. ●

Business areas

Engineering services are provided by the Automotive R&D and Design & Development business areas. Due to the reorganization on 1 January 2014, activities are now divided into three geographic areas. Activities in Sweden are part of

the Engineering Services Nordic business area. The German activities form the Engineering Services Germany business area, while activities in the UK, Brazil, Russia, India and China form the Engineering Services International business area.

Automotive R&D

Business

The business area's 1,800 or so employees provide services to customers in the global automotive industry. Its offer includes focusing on concepts, design, calculation, construction, prototyping, testing, simulations and production. Semcon is a complete service provider and the services provided complement automotive manufacturers' own resources. Implementation and delivery are adapted according to customers' requirements, from participation in customers' teams to in-house development projects.



**Acting president:
Markus Granlund**

The operating profit for Q1 2012 also included revenue recognition of SEK 5 million reported for a major project. The agreement signed in Q1 with a major German automotive manufacturer employed close to 100 people at year-end and is expected to employ close to 130 people in Q2 2014, of whom 30 in Germany and 100 in Sweden.

The business reported good growth in the UK with improved results. The business in Brazil has extended its customer base and also extended an existing contract with its biggest customer.

Deliveries from India to customers in Europe have contributed to a positive sales and results trend.

Semcon is a development partner well-positioned to improve sales on the global automotive market where long-term demand remains strong.

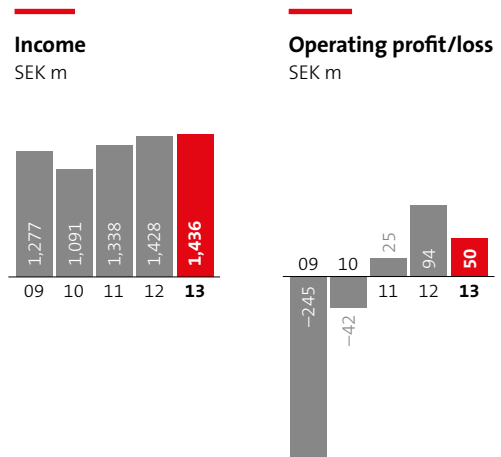
Markets and customers

Activities are run in Germany, Sweden, Brazil, the UK, India, Spain, Russia and China. Customers include many of the world's leading automotive manufacturers such as Audi, BMW, Daimler, Geely, Jaguar Land Rover, MAN, Opel/GM, Porsche, Scania, Volvo Trucks, Volvo Cars and VW.

Development 2013

The business area reported improved demand following a weak start to the year. Overall sales amounted to SEK 1,436 million (1,428), resulting in organic growth of 1 per cent, of which only overseas units of the business area reporting growth and Swedish activities reporting a drop in sales of 7 per cent.

The operating profit amounted to SEK 50 million (94), giving an operating margin of 3.5 per cent (6.6). The poorer result is attributable to poorer demand at the start of the year, costs for staff cuts in Sweden in Q1 of SEK 3 million, restructuring costs that negatively impacted Q4 by SEK 3 million and the write-down in a major project of SEK 5 million. The business area also reported poor results, mainly attributable to the start of a major project being delayed from end of May until December.



Design & Development

Business

The business area has around 650 employees working with industrial design, product development, plant and facility design and production development. The business area provides expertise and experience for achieving quicker, improved product development. Services include requirement and concept studies, design, construction, embedded systems, testing, prototyping, validation, project management and production development and lean production expertise.



President:
Olof Christensson

PEAQ (Project, Engineering and Quality) division has reported an improved operating profit. The division divested its pharmaceutical development business on 1 April, affecting 6 staff.

Olof Christensson was appointed as the new business area president with effect from mid-September 2013. The business area also opened a new office in Luleå in Q3, mainly to provide services to customers in the energy and mining sectors.

Uncertainty on the market has meant that some customers are delaying their investments, negatively affecting utilization levels over the

short-term. Customers' development needs however remain strong and it is believed that demand will gradually improve.

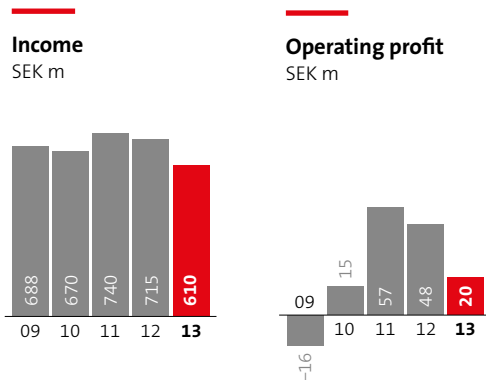
Markets and customers

Business activities are run from Sweden and Germany. Sweden accounts for over 90 per cent of business area sales. Business is mainly focused on the industrial, energy, telecoms and life science sectors. Customers include ABB, Alstom, Astra-Zeneca, Bombardier, Fortum, General Electric, Getinge, Husqvarna, Metso, Rolls-Royce Marine, Saab, Siemens and Vattenfall.

Development 2013

The business area reported a weak year. Sales amounted to SEK 610 million (715), resulting in organic growth of -11%. The product and production development divisions reported weak demand from some industrial customers.

The operating profit was SEK 20 million (48), giving an operating margin of 3.3% (6.7). The main reason for the poorer results is a drop in demand. The business area also introduced staff cuts in Q1, which negatively impacted the business by SEK 3 million and also accumulated restructuring costs of SEK 6 million in Q4. The





Daniel Carlsson
Senior quality controller
and project manager

"Helping customers with what I'm good at is a huge responsibility. For me the challenge is to see everything from the customer and end-user's perspective. If a company can run its quality control activities smartly, then it will be successful. That is an attitude that's always reflected my work."

Product information

Semcon offers services and complete solutions in product information. This covers both the production of information and distribution. The information is made available in the most appropriate way for the user – today that means wider distribution via digital solutions such as animations and mobile applications.

The importance of product information for advanced technology products and systems is increasing. Modern product information has to satisfy all user needs, whether it comes to marketing or selling a product, providing a quick start to understanding and using a product, facilitating service and troubleshooting, ordering the right parts, or effectively carrying out repairs and maintenance.

By prioritizing these areas, a company can add value to their products while developing both the brand and the business.

Semcon's main focus is on two markets for product information services: Europe and China. The global

spread means that assignments can often be solved through front office/back office delivery. More offices involved also means that deliveries are made more effective in terms of cost, expertise and time management.

Product information can be provided through many different media, depending on what is most suitable for different target groups. The current trend is digital media, where product information is integrated into the product, such as in infotainment systems, and presented via mobile applications or animations on the internet. With Semcon's help customers get modern product information solutions, with the option of traceability and reuse, most suited to the respective target groups.

ASSIGNMENT: ASSA ABLOY

Key to smarter version handling

Seven of Assa Abloy's subsidiaries sell the same product – the Cliq lock system, which administers how electronic keys open various doors depending on a number of predetermined factors. Manuals are produced in eight languages, for lots of different markets, often meaning more than 50 versions, as each subsidiary has its own unique graphic profile. Semcon's in-house developed software, Kentucky, proved to be the perfect solution for keeping track of the different versions.



ASSIGNMENT: SECUNET

Plugging security gaps early

Technology used under the most extreme conditions naturally set strict demands on documentation. In Germany Semcon has developed user and administrator manuals for Secunet, whose products are classed highest up on Germany's national security level, Streng Geheim. Semcon is responsible for all documentation of Secunet's products.

ASSIGNMENT: GAMBRO

Information on multiple platforms

Semcon, together with the global med-tech company Gambro, has come up with an information solution for publishing towards multiple types of units. The solution, Gambro Acute Gateway, is mainly aimed at Gambro's end users, but also for internal use by sales and training staff. The system is web-based, allowing corrections to the material to be made directly via the web reader and also allowing the creation and follow up of campaigns and training. The system is also available as an offline application for iPad, Android, Windows and OS X.



Offer

Within product information, Semcon offers complete information solutions, from interactive marketing and training to aftermarket, focusing on the needs of the end-user.

We help our customers by delivering throughout the product information development cycle, from strategy development and design via production to evaluation.

This cycle can be described in the following six steps:

- **Strategy** – Developing a strategic purpose and objectives, in line with overall business and product strategies, defining stakeholders/target groups for product information and the appropriate product information portfolio.
- **Design** – Designing information architecture, usability guidelines, illustrations, graphics and content guidelines and template design.
- **Development** – Data collection, methodology and process development, content creation, as well as review, test and verification.
- **Control** – Configuration management, document management, quality assurance and document management.
- **Delivery** – Translation, printing/publishing/distribution and training.
- **Evaluation** – Statistics, accomplishment of goals and improvements.

Semcon offers a variety of products and services for every stage of the development cycle, either individually or as part of a complete solution. Our product information services can be characterized in the following four categories:

Aftermarket product information solutions

Semcon's aftermarket services cover everything from information strategy and design through method development and information production to delivery to the end-user and results evaluation. We also offer complete control and management of the entire customer product information development chain. In the development and production of aftermarket information, Semcon also invests in its own production systems, tools and processes.

Information distribution

Semcon provides a standardized cloud service for distributing digital information – Lodges. This service helps our customers cut their distribution costs, boost business benefits and improve users' experience of products.

To achieve this, Semcon has developed an offer consisting of a standardized, effective distribution solution and an easy-to-use user interface. The solution means, for example, that product/service information can be simply made available in various digital platforms such as web-based, tablet or mobile phones and integrated into our customers' products. This also safeguards that the users of customers' information always have access to updated information that is customized according to their specific requirements.

Information management

Within information management, Semcon offers services that support customers' development processes. These could be developing configuration and document management plans, support for change management, monitoring and reviewing the final documentation. Moreover, we can help create frameworks for configuration and document management, and ensure that product configuration control is maintained throughout the product lifecycle.

Online marketing

Semcon offers solutions for online marketing and communication, in order to strengthen brands and improve and develop customers' relationships and transactions with their end-users. Services include online strategies, concepts, production and solutions for customers where the online experience is an important part of the brand. The combination of online marketing and aftermarket expertise enables us to deliver information solutions for the product's life cycle with technical depth and strategic elevation, through a variety of media. ●

Business area

The Informatic business area provides product information services. On 1 January 2014 the Informatic business area changed its name to Product Information.

Informatic

Business

Informatic's 500 plus employees provide complete information solutions for the aftermarket and interactive market communication. The business area supports customers' products throughout the entire product lifecycle, from sales and marketing to installation, maintenance, training and repairs.



President:
Johan Ekener

Markets and customers

The business area now has offices in Sweden, the UK, China, Hungary and Germany. Our customers are mainly in the automotive, manufacturing, telecoms and IT, energy and med-tech sectors. Examples of our customers include ABB, AB Volvo, Atlet, Bombardier, Ericsson, Gambio, Jaguar Land Rover, Qoros Auto, Rolls-Royce Marine, Saab, SAP, Siemens and Volvo Cars.

Development 2013

The business area reported a healthy earnings trend over the year. Overall sales rose by SEK 35 million to SEK 463 million (428) with organic growth of 8%. A significant contributory factor to this growth is ongoing deliveries to the Chinese customer Qoros Auto. Of the business area's overall sales nearly half came from markets outside Sweden.

The operating profit improved by SEK 3 million, amounting to SEK 54 million (51). The operating margin was 11.7% (11.9).

Activities in the UK developed well, in terms of sales growth, improved results and more customers. Since the start of the partnership with Jaguar Land Rover, deliveries have gradually increased to involve over 100 people over the year. Semcon's involvement from November dropped by around 30 people.

Business activities in Sweden continue to report improved results with two new long-term partnerships signed in Q2 with companies in the manufacturing

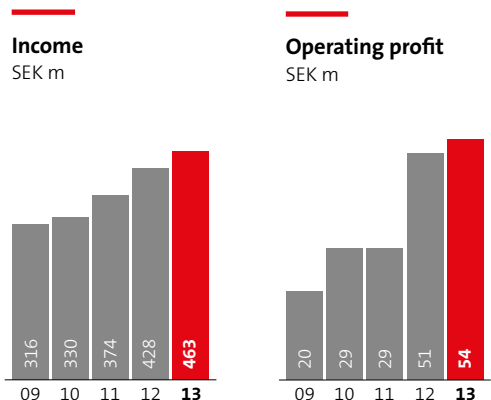
industry. These new partnerships were fully staffed at year-end. Both partnerships used the business area's FOBO solution, where offices in Sweden act as the front office and the office in Hungary acts as the back office. Around 25 individuals are involved in both these partnerships.

The first car model from Chinese Qoros Auto went on sale at the end of the year and the business area's involvement in developing owner and aftermarket information had, at year-end, been cut by around 15 people

according to plan, to adapt to the continued expected level of demand.

The acquisition in Germany in Q4 2012 was integrated during the year in the business area's activities. Integration and restructuring costs impacted results by around SEK 3 million over the year.

The business area expects continued high potential for growth in all markets where the business area is currently active.



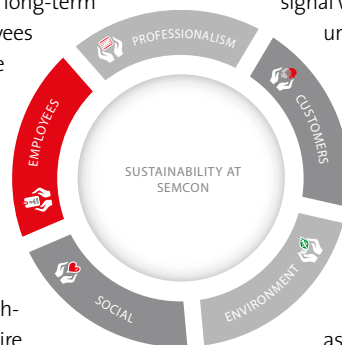
Sustainability at Semcon

To clarify the meaning of sustainable business at Semcon we launched the “Sustainability at Semcon” platform this year.

Semcon has chosen to present sustainability from the five perspectives relevant to our business. For us, sustainability is a matter of acting professionally, creating long-term relationships with our employees and customers, respecting the environment and taking social responsibility for the world around us. In this way Semcon will make a difference. In autumn 2013 the “Sustainability at Semcon” platform was launched to employees and externally at semcon.se. As part of our extensive focus on sustainability concrete examples of projects and initiatives are highlighted on our intranet. This is done to inspire and encourage participation concerning sustainability issues internally, allowing all employees to be informed of what we are doing in this area.

Semcon’s employees are helping create solutions for the future

Semcon is helping best towards a sustainable society by creating the innovative, technical solutions of the future. Examples include taking part in various research projects focusing on energy, sustainable transport and vehicles of the future.



All these projects aim at reducing carbon footprints and more effective use of resources. We help our customers create smart services and products. For cars this might include a signal when it is time for a service, meaning avoiding unnecessary maintenance, while optimizing the vehicle’s operational life. This might also include helping design extremely fuel-efficient cars that use less than 0.1 litres of fuel per 10km. We are also helping on technology that encourages eco-friendly use in product information, which also communicates functions that reduce energy consumption.

The most important environmental aspect from our own perspective as a business is how we travel. We therefore always try to reduce the number of unnecessary journeys and opt for eco-classed company cars. Wherever possible we choose rail travel instead of air travel. As a consultancy firm we also use various kinds of digital meeting forums, meaning that the number of business journeys have dramatically fallen in recent years.

Responsible business focusing on satisfied customers

Business acumen is central for creating long-term profitability and a sustainable business. Semcon places great



Our business in India has been helping for many years with local initiatives linked to social responsibility. Over the year they have run projects together with school children, focusing on sustainability. The aim of the collaboration has been to increase awareness among the children about how people affect the environment.

emphasis on building long-term customer relationships. We set our sights high in the customer satisfaction surveys that we carry out and always try to do better.

Our customers give us high marks for how we understand their activities that we provide solutions customized to their needs and that we provide quality.

As an international consultancy firm we handle risks by acting on a number of markets in various industries and in different customer segments. The move from specialist services to project business and managed services in highly competitive areas provides Semcon with more opportunities to achieve good levels of profitability, such as through effective supplies according to our FOBO model and our satellite offices.

A corporate culture where our employees feel comfortable and develop

Sustainability is also about taking responsibility for our employees. We are proud that our employees like working at Semcon. We get high marks in our annual employee survey in terms of employee satisfaction. Our employees feel respected by management and colleagues. They appreciate the working climate, which is characterized by openness, fairness and professionalism.

Health care and a good working environment are

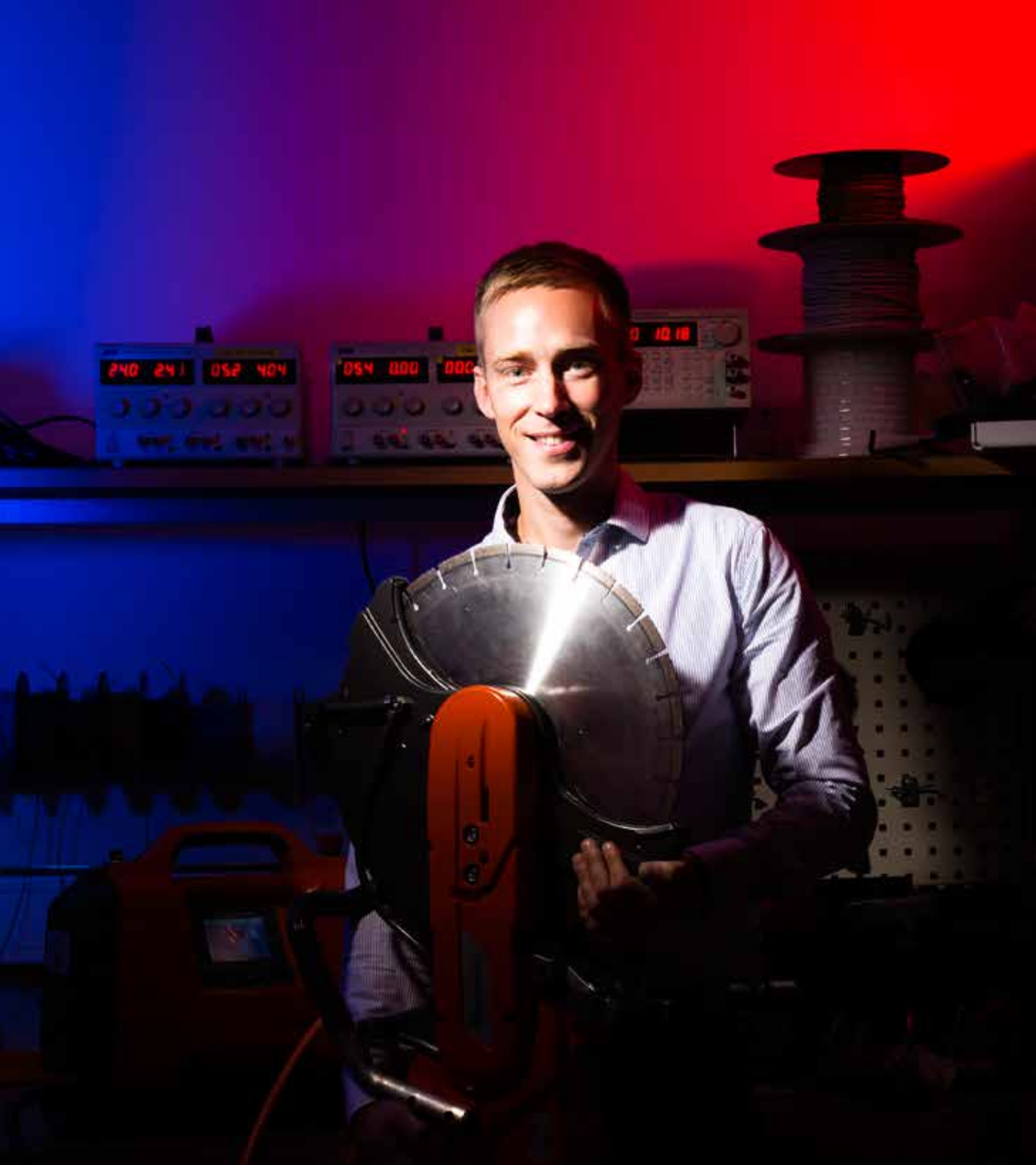
important for giving everyone at Semcon a healthier life. A variety of activities are carried out to encourage various keep-fit activities. Sick leave throughout the company remains low.

Semcon's Code of Conduct used as an everyday guide

Semcon's Code of Conduct is the foundation of our business. It summarizes the joint rules and policies that everyone at Semcon must work to. It is not only meant as an internal guide, but also externally for our business partners, customers, shareholders and other interested parties. All employees should act responsibly and within the framework of national legislation in all countries where the Group is represented. These rules of ethics are based on the UN's Global Compact Principles.

Social responsibility permeated by employees' values

Semcon involves its employees in the choice of charities that the company sponsors and all employees were asked to nominate organizations. SOS Children's Villages was one of the charities most highly chosen and the cooperation means that Semcon helps towards developing SOS Children's Villages' activities. Apart from our contribution to SOS Children's Villages we carry out local initiatives linked to social responsibility. ●



Peder Alm

Group manager and product developer – embedded systems

“I have chosen to concentrate on embedded systems because I find it fun working with the combination of hardware and software. I like visual things and working with stuff that’s seen. It might be that it’s easier to get constructive feedback from the person who is going to use the product.”

3,000 ambassadors contributing towards Semcon's success

As a consultancy firm we actively work so our 3,000 employees can develop with us, and over the past year we intensified this work. We have, for example, carried out a number of activities that make the company more attractive as an employer. The competition for employees is tough and it is not enough just to attract new employees. It is just as important to retain, motivate and develop the ones already employed.

A comprehensive concept was developed over the year to strengthen Semcon's offer as employer. This work will be launched in spring 2014. The result will be an inspiring and clearer method of brand communication as an employer, to ensure that we attract the right employees.

Our core values: Credibility, Responsibility and Excellence

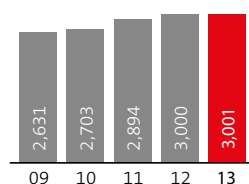
Our core values and culture permeate everything we do. They act as guidelines for how we act, not only towards one

another internally, but also towards our customers and other interested parties around the world. The core values are included as an evaluation in the objectives and development plans of every employee. These make it clear how employees can achieve individual goals and how the respective employees can help towards more overall objectives within the Group.

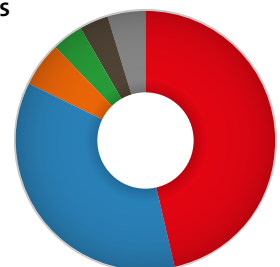
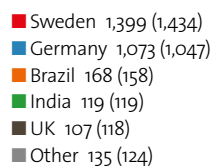
Employee survey as the basis for our priorities

Semcon's HR work is built on a number of basic principles that are common throughout the Group.

Number of employees



Number of employees by country





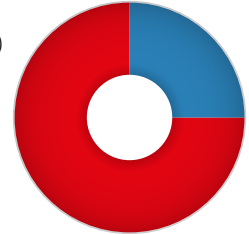
Erika Klingler
Senior project management consultant

“As a coach you do not teach, you just ask strong questions to help others become aware of what they want and how to achieve it. I can often see after the first day that the person has more energy. I think this is because they have set a path and they want to know how much they can affect themselves.”

Gender division* (%)

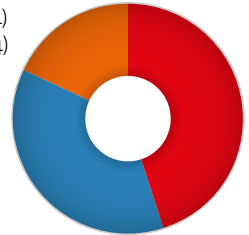
- Men 75 (76)
- Women 25 (24)

Percentage of women in Sweden: 28 (29)



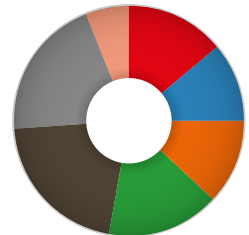
Average employment duration* (%)

- > 3 years 45 (44)
- 1–3 years 37 (34)
- < 1 years 18 (22)



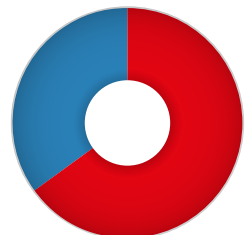
Age of employees* (%)

- 51–14 (13)
- 46–50 11 (11)
- 41–45 12 (12)
- 36–40 16 (16)
- 31–35 21 (18)
- 26–30 20 (23)
- –25 6 (7)



Level of education* (%)

- College/ university 65 (66)
- Sixth-form college 35 (34)



*as of 31 December 2013

As Semcon is a multi-cultural company with operations in many countries around the world HR work is adapted according to the markets' specific requirements. The annual employee survey provides us good insight into our business, what works well and any improvement potential that exists. The 2013 employee survey (ESI) and leadership study (LSI) reported a better than comparable average. A great deal of importance is placed on follow-ups and evaluations, with results improving in recent years. Results also remain better than the industry's average.

Skills development for a stronger offer

All employees are given the chance of having an impact on their skills development. We value ambition and support our employees with their individual development in existing and new areas of expertise. We encourage open dialogue in terms of individual targets and expectations. Semcon offers employees the chance of specializing in one or more areas of expertise. Semcon also offers the chance of working on international projects and deliveries.

Internal communication supporting Semcon's business

Semcon strives for an open climate of communication, characterized by feedback and dialogue. Semcon introduced an intranet in early 2012 with social functions aimed at creating dialogue between all parts of the organization. The intranet acts as a platform to promote employees not only using the information but also actively contributing. Semcon's sustainability platform and brand platform was also launched over the year. The brand platform consists of three perspectives describing Semcon's strategic direction, culture, core values and positioning "Creating the future".

The Semcon Brains concept highlights some of our sharpest minds

Semcon Brains are nominated from throughout the organization and highlight employees that live up to the Semcon brand through their passion for technology and innovative ideas. The concept highlights the diversity of specialists at Semcon and shows how employees contribute with their unique expertise in order to create future solutions. Three new Semcon Brains are presented in each issue of our customer magazine Future by Semcon.

The individuals portrayed as Semcon Brains are used in recruitment campaigns and market communication. ●

■ Key figures	2013	2012	2011	2010	2009
Total number of employees 31 Dec	3,001	3,000	2,894	2,703	2,631
Average number of employees	2,873	2,891	2,727	2,474	2,791
Average age	38	38	37	38	38
Staff turnover (%) *	20	23	24	23	32

* Average for the Group due to major variations occurring between countries.

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Directors' report

The Board and CEO of Semcon AB (publ) co.reg.no. 556539-9549 herewith present the annual report and consolidated accounts for the 2013 financial year.

Business activities

Semcon is an international technology company with engineering services and product information activities at more than 45 sites in Sweden, Germany, the UK, Brazil, Hungary, India, China, Spain and Russia.

Semcon's business areas

In 2013 Semcon was organized into three business areas - Automotive R&D, Design & Development and Informatic.

Automotive R&D and Design & Development, both active in engineering services, work with design, product development, plant and production development. The Informatic business area works with product information and develops information solutions for the entire product lifecycle.

Events during the year

- Semcon signed an agreement with a German automotive manufacturer in Q1. The project concerns the development of new architecture for an existing car model. This will employ around 130 individuals, of whom around 30 in Germany and around 100 in Sweden.
- Informatic signed two long-term partnership agreements in Q2 with companies in the manufacturing industry.
- Olof Christensson was appointed as the new business area president for Design & Development in mid-September 2013.
- Semcon opened a new office in Luleå in Q3 mainly to provide services to customers in the energy and mining sectors.
- Semcon has decided to introduce a new market-oriented organization in the field of engineering services to further strengthen the Group's ability to supply globally. The new organization will take effect from 1 January 2014.
- As a result of the introduction of a market-oriented organization, restructuring costs negatively impacted Q4 by SEK 10 million. The reorganization is expected to save SEK 6 million annually.

Income and results

The operating income was SEK 2,508 million (2,571), giving organic growth of -1 per cent. The Informatic business area reported good growth over the year. For other business areas it is the relatively poor demand from some industrial customers that negatively affected sales.

The operating profit amounted to SEK 125 million (193),

giving an operating margin of 5.0 per cent (7.5). The decline is attributable to lower revenues, costs arising from staff cuts in Q1 of SEK 6 million, restructuring costs of around SEK 10 million and impairment of a major project of SEK 5 million in Q4. The Automotive R&D business area also reported poor results due to the start of a major project being delayed by six months. Major revenue recognition was reported last year of SEK 5 million in an Automotive R&D business area project.

Net financial items totalled SEK -7 million (-7) giving a profit before tax of SEK 118 million (186). Tax costs for the period stood at SEK -30 million (-45). The profit after tax was SEK 88 million (141) and EPS after dilution was SEK 4.86 (7.80).

The Automotive R&D business area reported improved demand following a weak start to the year. Overall sales amounted to SEK 1,436 million (1,428), resulting in organic growth of 1 per cent. The business area's share of the Group's overall sales was 57 per cent (55). The operating profit amounted to SEK 50 million (94), giving an operating margin of 3.5 per cent (6.6).

The Design & Development business area reported a lacklustre year. Sales amounted to SEK 610 million (715), resulting in organic growth of -11 per cent. The business area's share of the Group's overall sales was 24 per cent (28). The operating profit was SEK 20 million (48), giving an operating margin of 3.3 per cent (6.7).

The Informatic business area reported a healthy earnings trend over the year. Overall sales rose by SEK 35 million to SEK 463 million (428) with organic growth of 8 per cent. The business area's share of the Group's overall sales was 19 per cent (17). The operating profit improved by SEK 3 million, amounting to SEK 54 million (51). The operating margin was 11.7 per cent (11.9).

Sales and results by business area, pro-forma, in the new organization

Due to the reorganization on 1 January 2014, the Automotive R&D and Design & development businesses are now divided into three geographic areas. Activities in Sweden are part of the Engineering Services Nordic business area.

Activities in Germany form the Engineering Services Germany business area, while activities in the UK, Brazil, India and China form the Engineering Services International business area.

The Engineering Services Nordic business area reported sales of SEK 1,024 million (1,162), giving organic growth of -12 per cent. The business area's share of the Group's overall sales was 39 per cent (44). The operating profit amounted to SEK 34 million (85), giving an operating margin of 3.3 per cent (7.3).

The Engineering Services Germany business area reported sales of SEK 923 million (861), giving organic growth of 7 per cent. The business area's share of the Group's overall sales was 36 per cent (33). The operating profit amounted to SEK 30 million (47), giving an operating margin of 3.3 per cent (5.5). The Engineering Services International business area reported sales of SEK 190 million (186), giving organic growth of 2 per cent. The business area's share of the Group's overall sales was 7 per cent (7). The operating profit amounted to SEK 5 million (1), giving an operating margin of 2.6 per cent (0.5).

The Product Information business area reported sales of

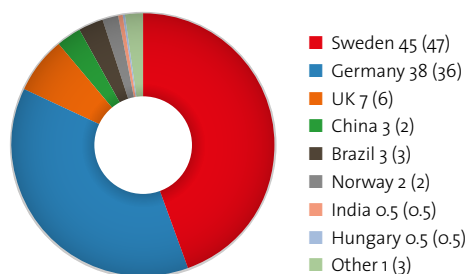
SEK 463 million (428), giving organic growth of 8 per cent. The business area's share of the Group's overall sales was 18 per cent (16). The operating profit amounted to SEK 54 million (51), giving an operating margin of 11.7 per cent (11.9).

Cash flow and financial position

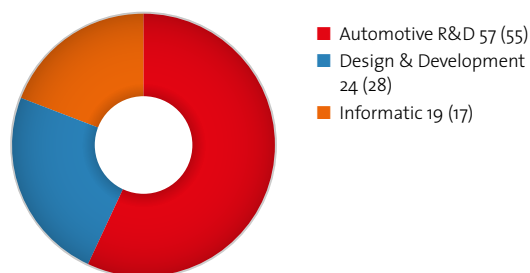
The operating cash flow from current activities was SEK 135 million (186) and the Group's liquid assets stood at SEK 153 million (116). In addition, unutilized credit guarantees amounted to SEK 262 million (306) as of 31 December. A new credit agreement was signed at the start of Q3. The new credit agreement consists of a three-year revolving credit facility of EUR 22.8 million (32.8) that runs until July 2016. There is also a bank overdraft facility of SEK 153 million (153).

Shareholders' equity amounted to SEK 633 million (579) with an equity/assets ratio of 49 per cent (47). Share dividends were paid in Q2 to shareholders of SEK 36 million (-). The Group's net borrowing fell over the past year by SEK 68 million, meaning that by year-end the Group had net cash in hand of SEK 7 million (-61) with a debt/equity ratio of zero (0.1) and an interest coverage ratio of 22.0 times (26.8).

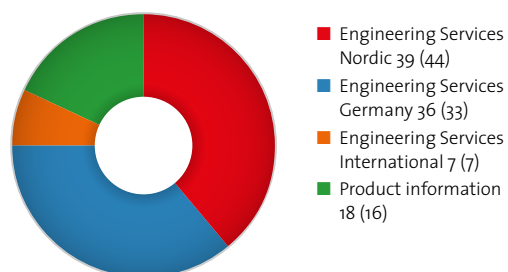
Share of income by country (%)



Sales by business area 2013 (%)



Sales by business area 2013 (new organization) (%)



Investments

Investment in hardware, licences and office equipment amounted to SEK 24 million (22).

Acquisition and divestment of activities

No acquisitions or divestments of companies were made over the period.

Employees

There were 3,001 (3,000) employees on 31 December, of which 2,851 (2,887) in active service.

There was an average of 2,874 (2,891) employees, of which 1,298 in Sweden, 1,045 in Germany, 155 in Brazil, 127 in the UK, 119 in India, 81 in Hungary, 47 in China and 2 in Spain.

Employee training is carried out regularly with the aim of meeting employees' needs and the expertise that Semcon believes its customers will expect in the future. As of 31 December, 65 per cent (71) of employees had a university or college education, 45 per cent (44) had worked for the Semcon Group for more than 3 years, 37 per cent (34) between 1 and 3 years and 18 per cent (22) less than 1 year. 25 per cent (24) of Semcon's employees are women. In Sweden the figure was 28 per cent (29).

The respective number of employees per business area are as follows: Automotive R&D 1,816 (1,772), Design & Development 676 (701) and Informatic 509 (527).

R&D

The majority of Semcon's development costs concern development within the framework of customer projects. Other development costs are registered directly in the accounts. These amounts are not large. Exceptions are made for costs

for development of specific programs or technical platforms, which are activated in accordance with IAS 38. Semcon also takes part in several external research projects in the fields of energy, sustainable transport and automotive in order to ensure a prominent position in terms of expertise.

Environment

Semcon’s main contribution for reducing environmental impact is in the products and services the company develops with customers. Semcon’s extensive, specific expertise throughout products’ lifecycles and its broad infrastructure means that the company can create sustainable, complete so-lutions covering energy efficiency, both small and large-scale, light constructions, smart products, lean product development and user behaviour. This provides technology that encourages eco-friendly use or communicates energy-saving functions in such a way that users understand. To reduce the company’s own environmental impact, Semcon minimizes the number of journeys its employees make and encourages the use of eco-classed company cars and carries out digital meetings to a great extent.

Risks in the Group’s business

Semcon is exposed to a number of risks that may affect the

Group’s results. Semcon has chosen to divide the risks the company faces into financial and business-related risks. Semcon evaluates and identifies significant risks continually at the organization and in strategic planning.

Financial risks

The company has identified a number of financial risks that could affect earnings including:

- Financing risks
- Interest rate risks
- Liquidity risks
- Credit risks
- Currency risks

For further information about financial risks, see Note 3 on page 57.

Business-related risks

The company has identified the following business-related risks that could affect earnings including:

Economic climate dependency

Semcon’s customers are affected to varying degrees by a poor economic climate as this can negatively affect demand for Semcon’s services. Semcon constantly works to broaden its customer base to minimize dependency on individual customers affected by a poor economic climate. Semcon’s customer base consists mainly of leading European companies in the automotive industry and Nordic industrial companies in various industries even though new customers from other geographic markets, like China, India and Brazil have arrived in recent years.

Industry dependency

Semcon’s business is affected to varying degrees by developments and dependency on individual industries. To minimize the dependency from the automotive industry Semcon is prioritizing growth in other industries, such as life science and energy.

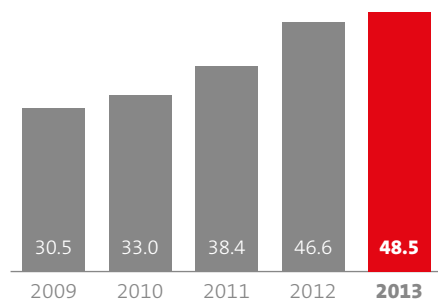
Single customer dependency

A customer can end an assignment/project at short notice or gradually cut back on business volumes. This can cause a risk, as Semcon cannot always guarantee full cost coverage, especially for the employees that cannot immediately take on an assignment. Semcon works continuously to broaden its customer base in order to minimize its dependency on single customers. The Group’s aim is that no single customer should represent more than 10 per cent of overall sales.

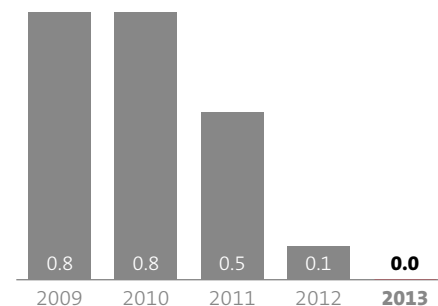
Employees

There is always a risk that key employees or a large number of employees choose to leave the company. Semcon prioritizes activities to be an attractive employer and thereby improve employees’ job satisfaction. Resources are set aside for training, recruiting and induction activities. There is huge

Equity/assets ratio (%)



Debt/equity ratio (multiple)



competition for expert employees, which generally means that salaries rise above the agreed contracts, both for groups of employees and individual key employees.

Price pressure

The risk of being exposed to price pressure is high in development-intensive industries. Semcon offers competitive prices on all markets and also gives customers the opportunity of utilizing Semcon's entire network or local and international offices. Price pressure remains high but there are variations between the various areas. Semcon is continuing to its set plan of moving away from hourly-based invoicing towards more project invoicing and fixed-price assignments. This can increase the risk but also provides opportunities to improve profitability. Each rise or fall of 1 per cent of the overall fee over a year affects results by SEK 23 million. Each rise or fall of 1 per cent of the coverage ratio will affect Semcon's results by +/- SEK 26 million.

Fixed price

Fixed price projects expose the company to risks if projects cannot be completed to budget and/or if the project cannot be completed on time. Meanwhile, projects give the Group the potential of improving profits through efficiency gains and by using employees from various Semcon offices on projects. All projects are planned, budgeted and carried out according to joint, fixed working methods. The Semcon Group actively works with project management and is ISO 9001 and ISO 14001 certified.

Responsibilities

There is a risk that incorrectly carried out assignments and projects can affect results. The Group is insured according to industry practice for such eventualities. Over the years Semcon has only ever used its insurance on a few occasions.

Sensitivity analysis

A change in the following variable would affect sales and results as follows:

Variable	Change	Sales	Profit before tax
Utilization level	± 1 %	SEK 26 m	SEK 26 m
Fees	± 1 %	SEK 23 m	SEK 23 m
Staff costs	± 1 %	–	SEK 17 m
Working days	± 1 day	SEK 10 m	SEK 8 m
Interest	± 1 %	–	SEK 1 m

Seasonal variations

The number of working days per quarter vary year on year, which is an important factor to consider when analysing the revenues for the various quarters. Each working day represents around SEK 10 million in revenue.

Number of working days					
Sweden	Q1	Q2	Q3	Q3	Total
2009	62	59	66	63	250
2010	62	59	66	64	251
2011	63	59	66	64	252
2012	64	58	65	62	249
2013	62	59	66	62	249
2014	62	58	66	62	248
2015	62	59	66	63	250

Incentive scheme

Semcon did not have any share-related incentive schemes in 2013.

The work of the Board of Directors

The work of the Board of Directors is described in the section headed "Corporate Governance" on page 80.

Remuneration to the Board and senior executives

Remuneration to the Board is decided by the AGM following proposals from the nominations committee. Remuneration to the Board until the AGM 2014 amounted to SEK 1,500,000, of which SEK 500,000 for the Chairman and SEK 250,000 for other Board members not employed by the company. The Board decides remuneration to the CEO. Semcon has decided that the Board in its entirety will carry out the remuneration committee's assignments. All senior executives in the Group management team are entitled to a fixed salary and a flexible remuneration of no more than six months' salary, based on how well they meet their respective targets. The remuneration shall be reasonable, competitive and in line with market conditions. The fixed salary is set every calendar year. In addition to following current collective agreements etc. senior executives have the right to individually arrange a pension, upon which salary or bonus sacrifices can be carried out to boost pension provisions given it does not affect costs for the company over time. All pension solutions agreed upon henceforth will be premium-based. Remuneration guidelines included the individuals, who during the time the guidelines applied, were part of the Group management team. The Board has the right to deviate from the guidelines if there is just cause to do so in special circumstances. Senior executives' remuneration and bonuses are reported in Note 8 on page 61.

Class of shares and ownership structure

At year-end 2013 Semcon's share capital was SEK 18.1 million, or 18,112,534 shares all with a quotient value of SEK 1. All shares carry the right to one vote and are of the same class. Every share entitles the holder to equal shares in the company's assets and profits. There are no limits to the shares transfer. As of 31 December 2013 the JCE Group owned 22.2 per cent (30.5)

of Semcon's shares, Swedbank Robur Fonder 8.4 per cent (8.4), Nordea Investment Funds 6.3 per cent (-) and Handelsbanken Fonder 5.7 per cent (3.7). As of 31 December 2013 the ten biggest shareholders owned 61.2 per cent (64.3) of the capital and voting rights in the company. Semcon owned 142,718 (142,718) of the company's shares. Semcon had 3,782 (3,828) shareholders, of whom 27.3 per cent (17.0) were registered abroad.

Financial objectives

The objectives aim at creating long-term shareholder value. Semcon governs the business towards the following financial objectives:

- Operating margin: At least 8 per cent over a business cycle.
- Equity/asset ratio: Exceeds 30 per cent.
- Dividends to shareholders: At least one third of the profit after tax.

Events after the end of the financial year

No significant events have taken place since year-end 2013.

Proposed dividend

According to Semcon's financial objectives a share dividend should be paid to shareholders and be around one third of the profit after tax. From the reported profit for 2013 the Board of Directors proposes an increased share dividend of SEK 2.50 per share (2.0). The proposed dividend makes up a total of 51 per cent of the company's profit after tax and amounts to SEK 45 million. The record day for the right to a share dividend is proposed as Friday, 2 May.

Outlook

Customers' development needs remain strong with demand expected to gradually improve. Semcon's outlook for development in 2014 is positive.

Parent company

Income amounted to SEK 26 million (26) and the profit after financial items was SEK 112 million (44).

Proposed allocation of profits

The AGM has the following profit at its disposal in the parent company:

SEK	
Profit brought forward and capital contribution	299,434,359
Profit for the year according to the income statement	52,123,224
Total	351,557,583
The Board proposes that the profits be disposed of as follows:	
Dividend to shareholders	45,281,335
Carried forward	306,276,248
Total	351,557,583

For additional results of the Group and parent company and their financial position, we refer to the following income statements, balance sheets, statements of comprehensive income, changes in shareholders' equity and cash flow statements, along with the accompanying accounting policies and notes.

Consolidated income statement

SEK m	Note	2013	2012
OPERATING INCOME			
Net sales	5, 6	2,508.4	2,570.9
OPERATING EXPENSES			
Purchase of goods and services		-461.8	-467.2
Other external expenses	7, 29	-230.5	-232.7
Staff costs	8	-1,668.6	-1,655.6
Amortization of intangible assets	13	-6.6	-6.4
Amortization of tangible assets	14	-15.1	-17.3
Results from shares in associated companies	16	-1.0	1.6
Operating profit		124.8	193.3
FINANCIAL ITEMS			
Interest income and similar items	9	1.3	1.9
Interest expenses and similar items	10	-8.3	-9.3
Profit/loss before tax		117.8	185.9
Tax	11	-29.7	-44.7
PROFIT/LOSS FOR THE YEAR		88.1	141.2
Of which attributable to parent company's shareholders		88.1	141.2
EPS before dilution, SEK	12	4.90	7.86
REPS after dilution, SEK	12	4.86	7.80
Number of shares at year-end	12	18,112,534	18,112,534
Average number of shares	12	18,112,534	18,112,534
Average number of shares excluding number of own shares	12	17,955,797	17,955,797

Consolidated statement of comprehensive income

SEK m	2013	2012
Profit/loss for the year	88.1	141.2
Items that cannot be reclassified for the results		
Actuarial profit and loss	-2.8	-
Tax	0.6	-
Total	-2.2	-
Items that can be reclassified for the results		
Translation differences for the year	9.7	-13.6
Hedging of net investments	-3.1	13.1
Cash flow hedging	-5.0	-0.5
Tax relating to hedging of net investments and cash flow hedging	1.8	-3.3
Total	3.4	-4.3
Total other comprehensive income	1.2	-4.3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	89.3	136.9
Of which attributable to parent company's shareholders	89.3	136.9

Consolidated balance sheet

SEK m	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Fixed assets			
Intangible assets			
	13		
Goodwill		440.3	433.3
Other intangible assets		16.6	17.7
Tangible fixed assets			
	14		
Plant and machinery		16.1	15.0
Inventory, computers and equipment		23.1	20.4
Financial assets			
Shares in associated companies and joint ventures	16	18.8	19.1
Deferred tax recoverable	11	44.5	50.1
Total fixed assets		559.4	555.6
Current assets			
Current assets	17	371.3	346.6
Current tax receivables		2.0	4.4
Other receivables		17.2	19.8
Accrued non-invoiced income	18	172.7	174.4
Prepaid expenses and accrued income	19	29.7	26.9
Cash and bank balances		153.3	115.6
Total current assets		746.2	687.7
TOTAL ASSETS		1,305.6	1,243.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	18.1	18.1
Other shareholders' contribution		34.5	34.5
Statutory reserve		-4.3	-6.4
Profit brought forward including profit for the year		585.1	532.9
Total shareholders' equity		633.4	579.1
<i>Of which minority share</i>		-	-
Long-term liabilities			
Pension obligations	21	51.4	47.6
Deferred tax	11	27.1	34.2
Borrowings	22, 23	-	129.2
Total long-term liabilities		78.5	211.0
Current liabilities			
Accounts payable		87.0	85.0
Current tax liability		31.0	15.5
Borrowings	22	94.7	-
Other liabilities		92.6	76.8
Non-accrued invoiced income	18	57.2	51.4
Accrued expenses and prepaid income	24	231.2	224.5
Total current liabilities		593.7	453.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,305.6	1,243.3
Pledged assets	25	2.4	2.3
Contingent liabilities	26	3.8	3.7

Consolidated changes in shareholders' equity

SEK m	Share capital	Other capital contribution	Reserves	Profit brought forward	Total	Minority share	Total shareholders' equity
Opening balance on 1 January 2012	18.1	34.5	-2.1	391.5	442.0	-	442.0
Comprehensive income							
Profit for the year	-	-	-	141.2	141.2	-	141.2
Other comprehensive income							
Exchange rate differences for the year	-	-	-13.6	-	-13.6	-	-13.6
Hedging of net investments	-	-	13.1	-	13.1	-	13.1
Cash flow hedging	-	-	-0.5	-	-0.5	-	-0.5
Tax relating to hedging of net investments	-	-	-3.3	-	-3.3	-	-3.3
Total other comprehensive income	-	-	-4.3	-	-4.3	-	-4.3
Total comprehensive income	-	-	-4.3	141.2	136.9	-	136.9
Transactions with company owners							
Share savings scheme	-	-	-	0.2	0.2	-	0.2
Total transactions with company owners	-	-	-	0.2	0.2	-	0.2
Opening balance on 1 January 2013	18.1	34.5	-6.4	532.9	579.1	-	579.1
Comprehensive income							
Profit for the year	-	-	-	88.1	88.1	-	88.1
Effect of accounting policy change	-	-	0.9	-	0.9	-	0.9
Items that cannot be reclassified for the results							
Actuarial gains and losses	-	-	-2.8	-	-2.8	-	-2.8
Tax	-	-	0.6	-	0.6	-	0.6
Total	-	-	-2.2	-	-2.2	-	-2.2
Items that can be reclassified for the results							
Exchange rate differences for the year	-	-	9.7	-	9.7	-	9.7
Hedging of net investments	-	-	-3.1	-	-3.1	-	-3.1
Cash flow hedging	-	-	-5.0	-	-5.0	-	-5.0
Tax relating to hedging of net investments and cash flow hedging	-	-	1.8	-	1.8	-	1.8
Total	-	-	3.4	-	3.4	-	3.4
Total other comprehensive income	-	-	1.2	-	1.2	-	1.2
Total comprehensive income	-	-	2.1	88.1	90.2	-	90.2
Total comprehensive income							
Share dividend	-	-	-	-35.9	-35.9	-	-35.9
Total transactions with company owners	-	-	-	-35.9	-35.9	-	-35.9
Closing balance on 31 December 2013	18.1	34.5	-4.3	585.1	633.4	-	633.4

Consolidated cash flow statement

SEK m	Note	2013	2012
CURRENT ACTIVITIES			
Operating profit/loss		124.8	193.3
Depreciation/impairment	13, 14	21.7	23.7
Profit from machinery sold		-0.1	-0.1
Shares in associated companies		0.3	-1.4
Other items not affecting cash flow		0.6	-1.1
Prepaid pensions and paying into pension plans	21	-3.1	-2.8
Interest received and similar items		1.2	1.8
Interest paid and similar items		-5.6	-4.7
Income tax paid		-9.3	-6.4
Cash flow from current activities before changes to working capital		130.5	202.3
CHANGES IN WORKING CAPITAL			
Changes in work in progress		3.0	-51.0
Changes in current receivables		-19.7	3.1
Changes in current liabilities		21.2	31.8
Total changes in working capital		4.5	-16.1
TOTAL CHANGES IN WORKING CAPITAL		135.0	186.2
INVESTMENT ACTIVITIES			
Acquisition of subsidiaries	27	-	-2.5
Investments in intangible assets	13	-5.9	-3.4
Investments in tangible fixed assets	14	-18.2	-18.5
Payment from sales of fixed assets		0.2	0.5
CASH FLOW FROM INVESTMENT ACTIVITIES		-23.9	-23.9
FINANCING ACTIVITIES			
Changes to overdraft facilities		5.1	-
Repayment of loans	22	-47.7	-83.2
Share dividend		-35.9	-
CASH FLOW FROM FINANCING ACTIVITIES		-78.5	-83.2
CASH FLOW FOR THE YEAR		32.6	79.1
Cash and bank balances at the start of the year		115.6	39.7
Translation differences		5.1	-3.2
CASH AND BANK BALANCES AT YEAR-END		153.3	115.6

Parent company's parent company's

SEK m	Note	2013	2012
OPERATING INCOME			
Net sales	6	26.3	26.3
OPERATING EXPENSES			
Other external expenses	7, 29	-21.2	-20.4
Staff costs	8	-21.6	-25.6
Depreciation of tangible fixed assets	14	-0.3	-0.3
Operating loss		-16.8	-20.0
FINANCIAL ITEMS			
Interest income and similar items	9	26.0	23.7
Group contribution received		57.0	112.5
Interest expenses and similar items	10	-2.8	-4.3
Profit after financial items		63.4	111.9
APPROPRIATIONS			
Transfer to tax allocation reserve		9.1	-9.1
Group contribution paid		-5.5	-21.3
Profit before tax		67.0	81.5
Tax	11	-14.9	-20.8
PROFIT FOR THE YEAR		52.1	60.7

Parent company's statement of comprehensive income

SEK m	2013	2012
Profit for the year	52.1	60.7
Other comprehensive income		
Other comprehensive income	-	-
TOTAL OTHER COMPREHENSIVE INCOME	52.1	60.7

Parent company's balance sheets

SEK m	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Fixed assets			
Tangible fixed assets			
	14		
Equipment, computers and inventory		0.2	0.5
Financial assets			
Shares in Group companies	15	84.1	84.1
Shares in Group companies		0.7	0.7
Receivables in Group companies		369.2	389.1
Total fixed assets		454.2	474.4
Current assets			
Receivables in Group companies		151.6	135.2
Other receivables		0.6	0.4
Other receivables		2.6	2.1
Cash and bank balances		–	38.3
Total current assets		154.8	176.0
TOTAL ASSETS		609.0	650.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	20	18.1	18.1
Statutory reserve		25.1	25.1
Unrestricted shareholders' equity			
Share premium reserve		12.9	12.9
Profit brought forward		286.6	261.7
Profit for the year		52.1	60.7
Total shareholders' equity		394.8	378.5
Untaxed reserves			
Tax allocation reserves		–	9.1
Additional depreciation		0.2	0.2
Total untaxed reserves		0.2	9.3
Long-term liabilities			
Borrowings	22	–	153.6
Total long-term liabilities		–	153.6
Current liabilities			
Accounts payable		0.9	1.5
Liabilities to Group companies		83.9	91.1
Current income tax liabilities		17.2	6.3
Borrowings	22, 23	98.9	–
Other liabilities		0.6	0.4
Accrued expenses and prepaid income	24	12.5	9.7
Total current liabilities		214.0	109.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		609.0	650.4
Pledged assets		–	–
Contingent liabilities	26	0.5	0.7

Parent company's changes in shareholders' equity

SEK m	Share capital	Statutory reserve	Share premium reserve	Profit brought forward incl. profit/loss for the year	Total shareholders' equity
Opening balance on 1 January 2012	18.1	25.1	12.9	261.7	317.8
Comprehensive income					
Profit/loss for the year	–	–	–	60.8	60.8
Total other comprehensive income	–	–	–	–	–
Total other comprehensive income	–	–	–	60.8	60.8
Opening balance on 1 January 2013	18.1	25.1	12.9	322.5	378.6
Comprehensive income					
Profit/loss for the year	–	–	–	52.1	52.1
Total other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	52.1	52.1
Transactions with shareholders					
Transactions with shareholders	–	–	–	–35.9	–35.9
Total transactions with shareholders	–	–	–	–35.9	–35.9
Closing balance on 31 December 2013	18.1	25.1	12.9	338.7	394.8

Parent company's cash flow statement

SEK m	Note	2013	2012
CURRENT ACTIVITIES			
Operating profit/loss		–16.8	–20.0
Impairment	14	0.3	0.3
Interest received and similar items		26.0	23.6
Interest paid and similar items		–2.8	–4.3
Income tax received		–	0.9
Income tax paid		–4.9	–
Cash flow from current activities before changes in working capital		1.8	0.5
CHANGES IN WORKING CAPITAL			
Changes in current receivables		59.6	152.9
Changes in current liabilities		–9.1	–40.6
Total change in working capital		50.5	112.3
CASH FLOW FROM CURRENT ACTIVITIES		52.3	112.8
FINANCING ACTIVITIES			
Financing activities	22	5.3	–
Repayment of loans	22	–60.0	–85.3
Share dividend		–35.9	–
CASH FLOW FROM FINANCING ACTIVITIES		–90.6	–85.3
CASH FLOW FOR THE YEAR		–38.3	27.5
Cash and bank balances at the start of the year		38.3	10.8
CASH AND BANK BALANCES AT THE START OF THE YEAR		0	38.3

Notes

Note 1

General information

Semcon AB (publ) is a Swedish listed public company registered with the Swedish Companies Registration Office with Company Registration No. 556539-9549. The company is registered in Göteborg, Sweden. The company is listed on the NASDAQ OMX Stockholm Small Cap list under the SEMC ticker.

The Group's main business is providing product development services and product information, which are described in the Directors' Report in this Annual Report. The Consolidated Accounts for the financial year ending 31 December 2013 were approved by the Board on 14 March 2014 and will be presented to the AGM on 28 April 2014 for final approval.

Note 2

Accounting policies

The most important accounting policies applied when these Consolidated Accounts were prepared are stated below. These policies have been applied consistently for each year represented, unless otherwise stated.

Basis for preparing the reports

The Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC interpretations, the Swedish Annual Accounts Act and recommendation RFR 1.3 of the Swedish Financial Accounting Standards Council (Additional consolidated accounting regulations). Recommendations that come into effect after the closing day will not have any significant effect on either the results or the financial position of the company. The parent company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2.2 (Accounting for legal entities).

The parent company's functional currency is SEK, which is also the Group's reporting currency. All sums in the financial report are given in SEK millions, unless otherwise stated. The Consolidated Accounts have been prepared in accordance with the acquisition method. Preparing reports in accordance with IFRS requires using a number of important estimates for accounting purposes. It is also necessary for senior management to make a number of estimates when applying the Group's accounting policies. The areas that require a high degree of assessment, which are complex or are such areas where assumptions and estimates are of considerable significance for the Consolidated Accounts appear in Note 4, page 58.

Changes to the accounting policies and disclosures

New and amended standards applied by the Group

The following are the standards that the Group applied for the first time for the financial year beginning 1 January 2013 and that had some effect on the Group's financial statements:

- IAS 1 "Presentation of Financial Statements" has introduced changes to other comprehensive income. The most significant change in the revised IAS 1 is the requirement that the items recognized in "other comprehensive income" will be presented in two groups. The distribution is based on the entries may be reclassified to the income statement (reclassification adjustments) or not.
- IAS 19 "Employee benefits" was amended in June 2011. The change includes that the Group will stop using the corridor method and instead report all current profit and loss in 'Other comprehensive income' when they arise. The initial effect of SEK 0.9 million has been reported as shareholders' equity. Previous reports have not been adjusted as the effect is considered marginal.

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations come into force for financial years beginning after 1 January 2014. None of these have been applied in drawing up this financial report and are not expected to have any significant effect on the Group's financial reports.

Consolidated accounting

In addition to the parent company, the Group consists of all subsidiaries where the Group owns shares and directly or indirectly has the majority of voting rights, or through agreements has a controlling influence. Acquired companies are included in the consolidated accounts from the acquisition date. These consolidated accounts have been prepared in accordance with the purchase method, which means that the acquisition value of the shares in Group companies is divided into identifiable assets and liabilities at the time of the acquisition at the fair value. The difference between the purchase price and the calculated value of equity at the time of the acquisition is reported as consolidated goodwill. All transaction costs relating to acquisitions are expensed. An allowance is made in the acquisition analysis for deferred tax on acquired untaxed reserves. In addition, deferred tax is seen as the difference between the fair values of assets and liabilities and taxable residual value. Untaxed reserves accumulated after acquisition are divided into deferred tax liability and the remaining part, which is reported under profit brought forward. The consolidated shareholders' equity includes the parent company's equity and the part of the subsidiaries' equity accumulated after the date of acquisition.

The current method was used for calculating the income statement and balance sheets. This method means that the balance sheets are translated at the closing day rate and the income statements are translated at the average rate for the year. Translation differences are reported in other comprehensive income.

Pricing between Group companies

Pricing of services between companies in the Group follow market norms.

Affiliated transactions

Affiliated transactions follow market norms.

Associated companies

Associated companies are included where the Group has a significant but not decisive influence over operations and financial control and the company is neither a subsidiary nor a share in a joint venture.

A significant influence is considered to exist if the company has a minimum holding of between 20 per cent and 50 per cent of the voting rights, or in any other way has a significant influence, but where there is no parent/ subsidiary relationship. Holdings in associate companies are reported in the consolidated income statement and balance sheet according to the equity method from the time that a significant influence is established. The equity method means that shares in a company are reported at the acquisition value at the time of acquisition and then adjusted using the Group's share of the change in the company's net assets. Semcon's share of the associate company's earnings after tax is reported in the consolidated income statement. Unrealized profits on transactions between the Group and associate companies are eliminated in relation to the Group's holding in the associate company.

Segment reporting

Operating segments are reported so they correspond to the internal reports submitted to the highest executive function. The highest executive function is the CEO who runs the operation along with the rest of group management.

Cash flow statement

The cash flow statement is produced using the indirect method. Reported cash flow includes only those transactions that have involved payments into or out of the company.

Revenue recognition***Income from sales of services***

Work in progress is taken up as revenue in line with work being carried out. Fixed-rate work is taken up as revenue in proportion to the respective assignment's degree of completion (successive revenue recognition) on the closing date after reservation for loss risk. The degree of completion is assessed without accrued assignment expenses for work carried out in relation to the assignment's estimated total costs. On account invoices received are reported net against activated assignment expenses. If the net of the expenses paid on account invoices received is positive then the project is reported as an asset in the balance sheet as "Processed but non-invoiced income". Projects are reported as liabilities for which on account invoices received exceed assignment expenses paid as "Invoiced but non-processed income".

Income from sale of goods

Income from the sale of hardware and software, which is not of significant value, is reported upon delivery, which coincides with the time when risks and benefits accrue to the buyer.

One-off items

One-off items are reported separately in the financial statements when it is necessary to explain the Group's results. One-off items include significant income or cost items reported separately due the significance of their character or amount.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at the closing day rates. Exchange rate differences in current receivables and liabilities are included in the operating profit/ loss while the differences in financial receivables and liabilities are included under financial items.

Research and development costs

The majority of Semcon's development costs concern development in the framework of customer projects. In other cases the company's development costs are of an ongoing nature and are carried as an expense in the period they occur. These costs are not considered to be significant. Exceptions to this are costs incurred for the development of specific computer programs, which are reported as tangible assets. See below for more information.

Tangible fixed assets

Tangible fixed assets mainly consisting of computers, inventory, property and investments in leased premises have been valued at the purchase price with deductions for accumulated depreciation and impairment losses.

Depreciation is based on the acquisition value and is carried out over the expected utilization period. Depreciation according to plan has been based on the expected utilization period as follows:

- Plant and machinery depreciated over 5–10 years
- Computers depreciated over 3–5 years
- Equipment depreciated over 5 years

Intangible assets***Goodwill***

Acquired goodwill has an indeterminate utilization period and is valued at its acquisition value with deductions for accumulated impairment. Goodwill is distributed among cash-generating units and is tested for possible impairment annually.

Other intangible assets

Other intangible assets include programs developed internally, acquired licenses and technical platforms. Other acquired intangible assets are valued at acquisition value with deductions made for accumulated depreciation and impairment losses. Acquisition value comprises activated costs that arise from the date when the program or platform is considered to be commercially viable and other criteria according to IAS 38 are fulfilled. Expenses are depreciated over the expected utilization period of 3–8 years. Expenses for internally developed goodwill, trademarks and similar rights are reported as they arise.

Impairment

The company's management continually assesses the value of any impairment requirement. Impairment is made in cases where an asset's reported value exceeds its estimated recoverable value. Recoverable value is the higher of the utilization value of the asset in the business and the net sales value. The utilization value is the current value of all inward and outward payments relating to the asset during the period it is expected to be used in the business, plus the current net sales value at the end of the utilization period. A previous impairment is

returned when the assumptions used to establish the asset's recovery value have changed, meaning the impairment is no longer appropriate. Returns of previous impairments are tested individually and are reported in the income statement. Impairment of goodwill is not however returned in successive periods.

Financial instruments

Financial instruments are valued and reported in the Group according to regulations in IAS 39. Financial instruments reported in the balance sheet include, among assets, account receivables, receivables from associate companies and cash and bank balances. Liabilities and shareholders' equity includes accounts payable - trade, borrowings plus convertibles. Financial instruments are initially reported at their acquisition value equivalent to the instruments' actual value with additional transaction costs for all financial instruments, except concerning those belonging to the financial assets (liabilities) category reported at their actual value in the income statement. Reporting and valuing then takes place according to how the financial instrument has been classified.

Trade date reporting is applied when buying and selling of money market and capital market instruments on the spot market. Other financial assets and liabilities are reported in the balance sheet when the company becomes party to the instruments contracted terms. Accounts receivable are reported in the balance sheet when the invoice has been issued. Liabilities are taken up in the balance sheet when the counter-party has performed its agreed liability to pay, even if the invoice has not yet been received. Accounts payable are reported in the balance sheet when the invoice has been received. A financial asset is removed from the balance sheet when the rights of the agreement have been reached, fall due or the company loses control over them. The same applies for parts of financial assets. A financial liability is removed from the balance sheet when the liabilities of the agreement are met or in any other way become extinct. The same applies for parts of a financial liability

Assessment of fair value of financial instruments

Official market listings on the closing date are used when setting the fair value of financial instruments. If listings are not available, valuation is carried out by using generally accepted methods such as discounting future cash flow at the quoted market price for the respective validity. Translation to SEK is made at the price quoted at the end of the accounting period. Unless otherwise stated the booked value will be a good approximation of the instrument's actual value due to the asset's or liability's short-term nature or fixed-interest term.

Accrued acquisition value

The accrued acquisition value is calculated using the effective interest method, meaning that any premiums or discounts and directly attributable costs or income is distributed over the term of the contract with the help of the estimated effective interest. The effective interest is the interest that provides the instrument's acquisition value as a result when current value estimating future cash flow.

Net reporting of financial assets and liabilities

Financial assets and liabilities are offset and reported with a net amount in the balance sheet when there is a legal right to

offset and when it is intended to regulate the items with a net amount or to realize the asset and regulate the liability.

Accounts receivable and current receivables

Accounts receivable and current receivables in associated companies and joint ventures are categorized as "Loan receivables and accounts receivable", which means reporting the accrued acquisition value. The account receivable's expected duration is short, which is why the value is reported at a nominal amount without discounts with deductions for any possible write-down. Unreliable accounts receivable are considered individually and any possible write-down is reported in the company's liabilities.

Liquid assets

Liquid assets reported in the balance sheets and cash flow statements include cash and bank balances as well as other current investments with the due date within three months of the acquisition date. Liquid assets are made up of bank balances categorized as "Loan receivables and accounts receivable", whereby reporting takes place at the accrued acquisition value. Because bank balances are payable on demand the accrued acquisition value is equivalent to the nominal amount.

Accounts payable – trade

Accounts payable – trade are categorized as "Other financial liabilities", meaning reporting them at their accrued acquisition value. Accounts payable - trade are expected to have a short duration, which is why the liability is reported at a nominal amount without discounting.

Other liabilities

Liabilities to credit institutions, overdraft facilities and other liabilities are categorized as "Other financial liabilities" and valued at their accrued acquisition values. For liabilities in foreign currencies reported in accordance with the hedging method of net investments, the exchange rate gains and exchange rate losses are reported under equity.

Provisions

When a formal or informal commitment exists as a result of an event that has occurred and it is possible that resource will be required to fulfil the commitment and a reliable estimate can be made of the amount required, then such a commitment is reported as a provision if the amount and payment date are uncertain.

Income tax

The Group's tax expense and tax income are reported as current tax, changes in deferred tax as well as tax in changes to untaxed reserves.

Current tax

Current tax is the tax estimated on the taxable results for the period in accordance with the tax regulations in each country. Current tax also includes possible adjustments from previous taxation.

Deferred tax

This tax is calculated on the basis of the taxable and tax-deductible temporary differences respectively between the

reported and fiscal value of assets and liabilities. Deferred tax liability of loss carry-forwards have only been taken into account to the extent where it is probable that the loss carry-forwards can be deducted from the taxable surplus in future.

Leasing

The Group does not have any financial leasing contracts. The Group rents offices, cars and some office equipment. Rental agreements in which the risks and benefits associated with ownership remain to a significant extent with the lease provider are reported as operational leasing agreements. The costs are reported directly in the income statement during the rental period.

Employee remuneration

Employees' remuneration is reported as earned and paid wages plus bonus earned. Full remuneration is paid for various commitments such as non-utilized holiday entitlement and payroll overheads.

Pensions

For pensions, Semcon reports remuneration to employees according to IAS 19. According to IFRS, pensions are divided between defined contribution and defined benefit pensions. Defined contribution plans are defined as plans where the company pays a fixed amount to a third party and where the company no longer becomes liable once the payment has been made. Such plans are reported as a cost when the premium is paid. Other plans include defined benefit plans where the liability remains within the Group. These liabilities and costs concerning work during the current period are estimated as actuarial with application of the "Projected unit credit method". External actuaries are used for these estimates. The liability reported in the balance sheets for defined benefit pension plans is the current value of the defined benefit obligations at the end of the reporting period minus the fair value of the plan assets. The current value of the defined benefit obligations are set by discounting the estimated future cash flow by using the interest rate for first-class company bonds issued in the same currency as the remuneration paid, with a duration comparable with the actual pension obligation. Actuarial gains and losses as a result of experience-based adjustments and changes to actuarial assumptions are reported in other comprehensive income over the period they arise. Commitments for retirement pensions and family pensions for salaried employees in Sweden are safeguarded via insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit plan that encompasses several employers. As in previous years the company has not had access to information to enable it to report this plan as a defined benefit plan, which means that the ITP pension plans secured via insurance with Alecta are therefore reported as defined contribution plans.

Redundancy pay

Redundancy pay is paid when employment ceases before reaching retirement age, or when an employee terminates employment in return for redundancy pay. The Group reports redundancy pay when it is clear that it is either a case of voluntary redundancy in accordance with the set plan without the possibility of reprisals or that the redundancy offer given was

to encourage the voluntary redundancy and accepted by the person who received the offer. Benefits that fall due for payment more than 12 months after the closing date are discounted to the current value, if they are significant.

Bonuses

The Group reports liabilities and costs for bonus payments when they are linked to a contract or when there is an established practice that has created an informal duty.

Accounting policies of the parent company

The parent company has drawn up its Annual Report in accordance with the Annual Accounts Act and RFR 2.2 (Accounting for legal entities) of the Swedish Financial Accounting Standards Council. The same accounting policies and calculation methods have been applied for 2013 as for 2012. The differences between the Group and parent company's accounting policies appear below.

Group companies

Participations in Group companies are reported at the acquisition value in the parent company's financial reports. Dividends are reported as income for the part they refer to profits generated after the acquisition. Dividends in excess of these profits are considered as repayment of investments and thereby cut the reported value of participations in the Group companies.

Financial guarantees

The parent company applies the exception rule in RFR 2 to avoid applying the rules in IAS 39 for financial guarantees concerning Group and associate companies. In these cases rules in IAS 37 are applied meaning that financial guarantee agreements must be reported as an allocation in the balance sheet when Semcon has a legal or informal commitment as a result of a previous event and it is likely that an outflow of resources will be required to regulate such an action. It must also be possible to carry out a reliable estimate of the value of such an action.

Taxes

In the parent company, untaxed reserves are reported including deferred tax liabilities, as opposed to the consolidated accounts where untaxed reserves are divided into deferred tax liabilities and shareholders' equity.

Group contribution/shareholders' contribution

The company reports Group contributions according to a statement from the Swedish Financial Reporting Board, RFR 2. Group contribution paid in order to minimize the Group's total tax reported under appropriations. Group contributions paid classed the same as dividends are reported as financial income with the recipient. All Group contributions to the parent company can be classed the same as dividends and therefore can be reported in the income statement.

Note 3

Financial risks

Financing risks

Financing risks are risks associated with financing the Group's capital needs and refinancing of outstanding loans made more difficult or more expensive. Credit agreements consist of an overdraft facility of SEK 153 million (153) and a revolving credit facility of EUR 22.8 million (32.8). The loan falls due on 17 July 2016. The loan is conditional on the customary covenants being fulfilled in the form of equity/assets ratio, debt/equity ratio and net loan debt (excluding pensions) in relation to the operating profit/loss before amortization. All loan conditions were met by healthy margins as of 31 December 2013.

Interest rate risks

Interest risks are the risks associated with effects on profit and cash flow in case of long-term changes to the market rates. Profit sensitivity can however be limited by selected interest maturity structure. The Group's average fixed interest rate term on loans will not exceed two years. At year-end the fixed interest term was 7 days. During 2013 the short-term 7-day interest rate was lower than the longer-term interest rates. An alteration in market rates of +/- 1 per cent would affect future profit by around SEK 1 million based on the borrowings as of 31 December.

Liquidity risks

Liquidity risks are the risks associated with not having access to liquid assets or unutilized credits to fulfil payment commitments. The Group's liquid assets at year-end amounted to SEK 153 million (116). In addition, the Group has an unused overdraft facility of SEK 262 million (306). Liquidity in the Group will be placed in cash pools. Cash pools allow Semcon centralized liquidity management at national levels. These cash pools match the excess and shortfalls in the local subsidiaries for the respective countries and currency.

Maturity analysis for contracted payment

The Group, SEK m	Up to 3 months	3–12 months	Over 12 months
Liabilities to credit institutions	94.7	–	–
Accounts payable	87.0	–	–
Other	92.5	–	–

In addition, interest is payable on any unutilized credit. Based on the current interest and currency exchange rates on 31 December 2013 the annual interest payments are around SEK 2 million, calculated on utilized amounts as at year-end.

Currency risks

Semcon's accounting takes place in Swedish kronor, but the Group has business in a number of countries around the world. This means that the Group is exposed to currency risks. The majority of the currency risk is made up of translation differences that arise when foreign companies' income statements are translated to SEK. A change in EUR against the SEK of +/- 10 per cent would affect profits before tax by around SEK 5-7 mil-

lion and the profit after tax and shareholders' equity by around SEK 3-5 million.

Transaction exposure

Semcon has export income and expenses in a number of currencies, meaning the Group is therefore exposed to currency fluctuations. This currency risk is currently very limited and known as transaction exposure and affects the Group's operating profit.

Translation exposure (net investments)

The foreign subsidiaries' net assets make up an investment in foreign currency that upon consolidation causes translation difference. To limit the negative effects of the translation differences on the Group's shareholders' equity most of the hedging takes place through loans in the equivalent foreign currency.

Translation exposure (income statement)

Exchange rate changes also affect the Group's profit in connection with translation of the income statements in foreign subsidiaries to Swedish kronor. Expected future profits in foreign subsidiaries are not hedged.

Credit risks

Customer credit risk

Most financial assets consist of accounts receivable and processed but non-utilized income. The creditworthiness of these items that have neither fallen for payment due or in need of impairment have been assessed according to external credit ratings (if available) or the customer's payment history. All new customers are checked with respect to their creditworthiness, and monitoring is also carried out for existing customers. The Group's accounts receivable are largely made up of receivables of large international Swedish and German companies whose financial position is considered good. Certain customers have a particular credit insurance policy where the self-risk part is 10 per cent. Larger customers have a bank guarantee as security. Of the Group's total accounts receivable most are accounts receivable not fallen due for payment. The majority of the due and non-reserved accounts receivable have very short maturity date. The joint credit risk is considered small. The maximum credit exposure is countered by the assets' booked value. The maturity structure of accounts receivable is explained in Note 17 on page 68.

Cash and bank balances

Cash and bank balances are made up of bankable funds at all the major European banks and the assets are not considered to pose any risk. The maximum credit exposure is countered by the assets' booked value.

Capital risk management

The Group's aim regarding its capital structure is to safeguard the Group's ability to continue its business, so that it can continue to generate dividends for shareholders and benefits to other interested parties, and maintain an optimal capital structure to keep capital costs down. One of Semcon's financial aims is to have an equity/assets ratio of over 30 per cent. This key figure is calculated as shareholders' equity divided by total assets. At the end of 2013, the equity/assets ratio was 48.5 per cent (46.6). To

maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares, or sell assets to reduce liabilities. Loans are restricted by financial covenants in the loan agreement with the bank that is more clearly described in the section "Financing risks".

Estimating the fair value

For accounts receivable, accounts payable and other non interest-bearing receivables and liabilities, reported at the accrued acquisition value with deductions for possible impairment, the fair value is judged to correspond to the reported value.

The Group's borrowing is mainly carried out with short-term fixed interest rates. The fair value is therefore judged to correspond with the reported value.

The Group's currency forward agreements are set by using currency forward rates on the balance sheet day, where the resulting value is discounted to the present value. The fair value of these contracts amounts to SEK -6.6 million (3.0).

There are no other financial liabilities which are measured at fair value through the income statement or any financial assets that can be sold.

Note 4

Critical estimations and assessments

When compiling the annual report in accordance with IFRS and good accounting practices, the Group has made estimations and assessments about the future, which affect the reported values of the assets and liabilities. These estimations and assessments are valued on an ongoing basis and are based on historical experience and other factors considered reasonable under the prevailing conditions. In cases where it is not possible to fix the reported value of assets and liabilities through information from other sources these estimations and assessments are the basis of the valuation. Using other estimations and assessments the result can differ and the actual result will, according to definition, rarely be equivalent to the actual result. The estimations and assessments have the greatest influence over Semcon's results and position as detailed below.

Impairment test for goodwill

Every year the Group tests impairment for goodwill in accordance with Note 2 on page 53 above concerning accounting policies. The examination requires an estimate of parameters that affect the future cash flow and stipulation of a discount factor. The recoverable amount of the cash-generating units has thereafter been set using an estimate of the value in use. In Note 13 on page 65 there is an account of the significant estimations carried out upon examining the need for goodwill impairment. As of 31 December 2013 the reported value of the consolidated goodwill was SEK 440.3 million.

Assessment of loss carry-forwards

The reported deferred tax assets in the Group concerning loss carry-forwards amounted to SEK 40.7 million on 31 December 2013. The reported value of these tax assets was examined on the balance sheet date and it is judged likely that the tax relief can be used against future tax. The tax assets refer to Germany where loss carry-forwards can be used for an unlimited period. A positive result in 2013 means that the Group's business in this country is expected to generate a surplus and therefore it is considered that the loss carry-forwards attributable to the tax assets may be used against future taxable surplus.

Changes to estimations about forecasted future taxable profit might result in differences in valuing deferred tax assets. If the future taxable profit in Germany deviates by 10 per cent from management's estimate then the Group would be forced to cut its deferred tax asset by SEK 4 million.

Pension obligations

Reporting of provisions for defined benefit pension plans and other pension benefits, is based on actuarial estimates that use the assessments for discount rates, future wage increased, staff turnover and demographic conditions. The assessments made concerning these estimates affect the value of the total pension obligations and major changes to the estimates would be able to affect the Group's results and position. The same is true of a change to the estimates concerning whether pension insurances in Alecta should be reported as a defined-contribution plan or not. On 31 December 2013 the Group's pension allocations amounted to SEK 51.4 million. If the discount rate changed by 0.25 per cent then the current value of the pension obligations would need to be adjusted by around SEK 2 million. Actuarial assumptions appear in Note 21 on page 69.

Assessment of loss risk in projects

The assessment of loss risks in projects is based on estimates of the results of projects in progress. Some projects stretch over the long-term, which is why it cannot be discounted that the result of the projects in progress can have an effect on the Group's results and position.

Note 5

Segment reporting

The Group's three business areas, Automotive R&D, Design & Development and Informatic make up the Group's reportable operating segments. Automotive R&D provides services aimed at concept, design, calculation, construction, prototyping, testing, simulation and production for customers mainly in the global automotive industry. Design & Development works mainly with industrial design, product development, plant design and production development. Informatic provides complete information solutions for interactive market communication and aftermarket. These three segments are the highest level at which management and the Board carries out follow-ups. The highest executive position in the Group is CEO, who together with the rest of the senior executives, runs the business. The two first operating segments receive revenues mainly from engineering services for designing, developing products and production, while Informatic mainly receives its revenues by developing product information for entire product lifecycles. No other information concerning income divided between services

is given as it is not part of financial reporting, and the cost of producing the information is not justifiable.

The segments' accounting policies follow the same policies as when compiling the consolidated accounts, which appear in Note 2 on page 53.

The Group reports sales between the segments at current market prices. These sales between the segments are meanwhile relatively small and have been eliminated directly in each segment, i.e. sales that are reported are for sales to external customers. The senior executives follow up the segments' earnings based on the operating profit. Financial items are not divided by segment because they are affected by measures taken by the central financial manager. Taxes aren't divided by segment either. The segments' assets and liabilities include directly attributable items together with such items that can reliably be allocated to the respective segment. The Group's long-term borrowing is not considered as a liability by the segments and instead refers to the financial management.

SEK m	Automotive R&D		Design & Development		Informatic		Non-allocated items		The Group total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Income	1,435.5	1,428.4	609.6	714.9	463.3	427.6	–	–	2,508.4	2,570.9
Operating profit/loss	50.5	94.2	20.1	48.0	54.2	51.0	–	–	124.8	193.3
Net financial items							–7.0	–7.4	–7.0	–7.4
Profit/loss before tax	50.5	94.2	20.1	48.0	54.2	51.0	–7.0	–7.4	117.8	185.9
Other disclosures										
Non interest-bearing assets	612.3	562.1	297.3	311.9	121.2	121.8	–	–	1,030.8	995.8
Shares in associated companies	–	–	18.8	19.1	–	–	–	–	18.8	19.1
Total Non interest-bearing assets	612.3	562.1	316.1	331.0	121.2	121.8	–	–	1,049.6	1,014.9
Non-divided assets	–	–	–	–	–	–	256.0	228.4	256.0	228.4
Total assets	612.3	562.1	316.1	331.0	121.2	121.8	256.0	228.4	1,305.6	1,243.3
Operational liabilities	228.3	204.2	116.6	104.0	133.3	78.7	–	–	478.2	386.9
Non-divided liabilities	–	–	–	–	–	–	194.0	277.3	194.0	277.3
Total consolidated liabilities	228.3	204.2	116.6	104.0	133.3	78.7	194.0	277.3	672.2	664.2
Shareholders' equity	–	–	–	–	–	–	633.4	579.1	633.4	579.1
Total shareholders equity and liabilities	228.3	204.2	116.6	104.0	133.3	78.7	827.4	856.4	1,305.6	1,243.3
Investments	21.1	15.6	0.5	0.9	0.9	4.6	1.6	0.8	24.1	21.9
Depreciation	13.8	13.7	1.5	2.5	2.0	1.6	4.4	5.9	21.7	23.7

Geographic location	Sales according to geographic location		Intangible assets and tangible fixed assets		Investments	
	2013	2012	2013	2012	2013	2012
Sweden	1,118.5	1,220.0	263.8	262.9	8.6	2.9
Germany	950.9	921.3	225.2	213.6	13.7	13.2
Other	439.0	429.6	7.1	9.9	1.8	5.8
Total	2,508.4	2,570.9	496.1	486.4	24.1	21.9

The Group only has one external customer that contributes to more than 10 per cent of the Group's sales. Income from this customer amounted to SEK 278.9 million (252.6) in 2013, which is 11.1 per cent (9.8) of sales. This income relates to Automotive R&D.

Note 6

Net sales

Of net sales, income from services accounts for 94.5 per cent (93.5). Other sales comprise licenses, sales of computers, assignment computers, training, sales of materials and goods in projects. The parent company's sales attributable to Group companies amounted to SEK 26.3 million (26.3) and purchases amounted to SEK 0.9 million (0.4).

Note 7

Remuneration to auditors

SEK m	The Group		Parent company	
	2013	2012	2013	2012
Deloitte				
Auditing assignments	2.1	2.2	0.4	0.3
Services in addition to auditing assignments	0.1	0.2	0.1	0.2
Tax consultancy	0.1	–	–	–
Other services	–	–	–	–
Total	2.3	2.4	0.5	0.5
Other auditors				
Auditing assignments	0.2	0.1	–	–
Total	0.2	0.1	–	–
Total remuneration to auditors	2.5	2.5	0.5	0.5

Note 8

Personnel

The Group	2013		2012	
	Average number of employees	of whom women, %	Average number of employees	of whom women, %
Sweden	1,298	27	1,369	26
Germany	1,045	21	1,009	19
Brazil	155	20	168	24
UK	127	16	110	15
India	119	6	119	8
Hungary	81	27	66	27
China	47	49	48	63
Spain	2	–	2	–
The Group total	2,874	23	2,891	23
Parent company				
Sweden	11	45	10	40
Parent company total	11	45	10	40

SEK m	2013			2012		
	Total salaries and other remuneration	Payroll overheads	Of which pension costs	Total salaries and other remuneration	Payroll overheads	Of which pension costs
Salaries, remuneration and payroll overheads						
Parent company	12.8	8.8	3.2	13.2	9.9	4.0
Subsidiaries	1,240.2	384.7	70.8	1,215.0	386.0	74.2
The Group total	1,253.0	393.5	74.0	1,228.2	395.9	78.2

SEK m	2013			2012		
	Total salaries and other remuneration	Of which bonuses	Pension costs	Total salaries and other remuneration	Of which bonuses	Pension costs
Of which remuneration to senior executives						
CEO of the parent company	2.8	–	1.0	3.4	0.8	1.5
CEO of subsidiaries	3.2	0.2	0.1	4.0	–	0.2
The Board	1.5	–	–	1.2	–	–
Other senior executives	11.0	0.3	2.7	13.1	1.8	3.5

Remuneration to the CEO. According to the terms of the CEO's employment contract, upon notice of dismissal from Semcon, severance pay will be paid for 12 months. If the CEO resigns, notice time is 6 months. A bonus may also be paid in accordance with the rules established by the Board and at a maximum of 6 times the fixed monthly salary. A maximum bonus of SEK 1.8 million was paid in 2011, which was exchanged and paid as a pension provision. The contract also includes a non-competition clause, which limits the CEO from running a competitive business for 24 months from the time of termination of employment. The CEO is entitled to a retirement benefit in the form of a pension scheme. The monthly premium for this pension scheme is 35 per cent of the fixed monthly salary.

The Board. Of the fees to the Board in 2013 the Chairman of the Board received remuneration amounting to SEK 500,000 (400,000). Other external members received SEK 250,000 (200,000). Board fees totalled SEK 1.5 million (1.2).

Other senior executives. Other senior executives, 9 individuals (10), refers to Semcon's senior management besides the company's CEO. Other senior executives are entitled to bonuses based on how well they meet their respective business targets. Bonuses paid will be a maximum six times the fixed monthly salary. The period of notice given to other senior executives is a maximum 12 months. The pension agreements for senior executives are paid in accordance with the ITP plan, except for one executive whose monthly premium is 35 per cent of salary. The amounts included in salaries and remuneration for senior executives refer solely to the periods when the employee was part of the senior management.

Gender of senior executives. Two of Semcon's five Board members are women. In 2012 the Group management team consisted of nine people, of which one woman.

Other. Remuneration to the Board is decided by the AGM after proposals by the nominations committee. Remuneration to the CEO and other senior executives is decided by the Board in its entirety. Benefits concerning company cars amounted to SEK 71.000 (71.000) for the CEO and SEK 497.000 (529.000) for other senior executives.

Note 9

Interest income and similar items

The Group SEK m	2013	2012
Interest income	1.2	1.8
Other financial income	0.1	0.1
Total	1.3	1.9
Parent company SEK m	2013	2012
Interest income	10.1	13.6
Exchange rate differences	15.9	10.1
Total	26.0	23.7

Note 10

Interest expenses and similar items

The Group SEK m	2013	2012
Interest expenses	-5.6	-7.3
Exchange rate differences	-1.5	-0.8
Other financial expenses	-1.2	-1.2
Total	-8.3	-9.3
Parent company SEK m	2013	2012
Interest expenses	-1.8	-3.2
Other financial expenses	-1.0	-1.1
Total	-2.8	-4.3

Note 11

Tax

The Group SEK m	2013	2012
Current tax	26.7	20.0
Tax concerning previous tax years	0.1	-0.3
Deferred tax expense attributable to temporary differences	8.7	32.9
Deferred tax income attributable to temporary differences	-5.8	-1.5
Effect of change in tax rate	-	-6.4
Total	29.7	44.7

Parent company SEK m	2013	2012
Current tax	14.9	7.2
Deferred tax expense attributable to temporary differences	-	13.6
Total	14.9	20.8

Differences between Group's reported tax and tax expense based on current tax rate

Reported profit/loss before tax	117.8	185.9
Tax according to current tax rate, 22.0 % (26.3)	25.9	48.9

Tax effect of:

Non-deductible expenses	1.5	1.8
Non-taxable income	-0.3	-0.1
Adjustments for previous years' tax	0.1	-0.3
Effects of other tax rates abroad	1.2	-0.1
Effects of amended tax rates	-	-6.4
Other	1.3	0.9

Tax for the year	29.7	44.7
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Differences between parent company's reported tax and tax expense based on current tax rate

Reported profit/loss before tax	67.0	81.5
Tax according to current tax rate, 22.0 % (26.3)	14.9	21.4
Tax effect of:		
Non-deductible expenses	0.3	0.6
Non-taxable income	-0.3	-1.2

Tax for the year	14.9	20.8
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Temporary differences apply in cases where assets or liabilities reported and taxable values are different.

The Group's temporary differences have resulted in deferred tax assets and deferred tax liabilities for the following items**Deferred tax assets**

Loss carry-forwards	40.7	46.6
Temporary differences, inventories	0.0	0.0
Temporary differences, accounts receivable	0.1	0.3
Temporary differences, pension obligations	4.5	4.2
Other	0.2	0.2
Netting against deferred tax liabilities	-1.0	-1.2

Total	44.5	50.1
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The Group	SEK m	2013	2012
Deferred tax liabilities			
Untaxed reserves		2.7	3.8
Accrued income reported in the Group		16.4	18.0
Equity hedge loan		0.9	5.4
Goodwill		5.1	5.0
Other		3.0	3.2
Netting against deferred tax assets		-1.0	-1.2
Total		27.1	34.2

The taxable loss carry-forward is SEK 329.1 million (367.4). Of this, SEK 4.7 million (6.8) falls due within 5 years, SEK 0.0 (0.0) after 5 years and for the remaining 324.4 million (360.6) there is no maturity date. For SEK 193.5 million (212.0) of the taxable loss carry-forward no deferred taxes recoverable have been reported because of uncertainty when sufficient taxable surplus is reported in the future. Deferred income taxes recoverable have been reported at SEK 40.7 million (46.6) as it is judged likely, due to positive results in 2013, that the taxable surplus will be available in future, against which this deficit can be offset.

Note 12

Earnings per share

The Group	2013		2012	
	Before dilution	After dilution	Before dilution	After dilution
Earnings attributable to parent company's shareholders, SEK m	88.1	88.1	141.2	141.2
Weighted average number of shares during the year, (000)	17,970	18,113	17,956	18,113
Earnings per share, SEK	4.90	4.86	7.86	7.80

Before dilution

Earnings per share before dilution are calculated by dividing earnings attributable to parent company shareholders by a weighted average number of outstanding ordinary shares during the period excluding buy-back shares held as own shares by the parent company, see Note 20 on page 69.

After dilution

When calculating earnings per share after dilution the weighted number of outstanding ordinary shares is adjusted for the dilution effect of all potential ordinary shares.

Note 13

Intangible assets

The Group SEK m	2013	2012
Goodwill		
Opening acquisition value	616.3	622.4
Acquisitions	–	4.2
Translation difference for the year	10.5	–10.3
Closing accumulated acquisition value	626.8	616.3
Opening impairment	–183.0	–186.4
Translation difference for the year	–3.5	3.4
Closing accumulated impairment	–186.5	–183.0
Closing booked value	440.3	433.3
Specification of goodwill		
Goodwill is distributed across the Group's business areas as follows:		
Automotive R&D	272.3	265.5
Design & Development	163.6	163.6
Informatic	4.4	4.2
Closing booked value	440.3	433.3

Testing for impairment losses for goodwill is carried out annually and when there are indications that impairment losses are required. Recoverable amounts for each business area (cash-generating units) have been set according to management's calculated usable value. These calculations use the estimated future cash flow for 2014. The budgeted cash flow is based on the current year's results, orders and management's expectations for market development in 2014. For 2015-2019 an assumption has been made that revenues will rise by 3 per cent annually and then a long-term growth of 2 per cent. Sensitivity analyses have been carried out and if the assumed growth worsens by one per cent then there will be no need for impairment.

The cash flow has been discounted with a weighted capital cost equivalent to 9 per cent. This is calculated using the Group's targeted capital structure, current risk-free long-term interest rate and a risk premium for shareholders' equity of 5 per cent and a margin for borrowed capital of 1 per cent. If the discount rate after tax increased by 1 per cent to 10 per cent, it means that the beneficial value is still greater than the reported value.

Further assumptions used when calculating value in use for 2013:

Exchange rates and share of income	Share of income per currency			
	Exchange	Automotive R&D	Design & Development	Informatic
SEK	1.00	26%	93%	53%
EUR	8.50	61%	2%	8%
GBP	10.30	7%	–	27%
Other		6%	5%	12%
		100%	100%	100%
Average tax rates		28%	23%	22%

The estimated value in use for 2013 exceeded the reported values by a good margin. The same long-term growth, and weighted capital cost were used for estimating value in use for 2012. The rates used for 2012 were 28 per cent Automotive R&D, 23 per cent for Design & Development and 23 per cent for Informatic. The exchange rates used in 2012 were EUR 8.70 and GBP 10.50.

The Group SEK m	2013	2012
Other intangible assets		
Opening acquisition value	88.2	87.4
Acquisitions	–	0.1
Sales/disposals	–3.3	–
Investments	5.9	3.3
Translation difference for the year	0.6	–2.6
Closing accumulated acquisition value	91.4	88.2
Opening depreciation	–70.5	–66.3
Depreciation for the year	–6.6	–6.4
Sales/disposals	3.2	–
Translation difference for the year	–0.9	2.1
Closing accumulated depreciation	–74.8	–70.5
Closing booked value	16.6	17.7

Other intangible assets in the Group consist of licences and computer software. Depreciation occurs linearly over the period of use.

Note 14 Tangible fixed assets

The Group SEK m	2013	2012
Plant and machinery		
Opening acquisition value	93.8	94.7
Investments	4.3	5.1
Sales/disposals	–2.5	–3.2
Reclassification	0.8	–
Translation difference for the year	2.0	–2.8
Closing accumulated acquisition value	98.4	93.8
Opening depreciation	–78.8	–78.6
Sales/disposals	2.5	3.1
Reclassification	–	–0.1
Depreciation for the year	–4.2	–5.4
Translation difference for the year	–1.8	2.2
Closing accumulated depreciation	–82.3	–78.8
Closing booked value	16.1	15.0
Inventories, computers and equipment		
Opening acquisition value	158.9	164.2
Acquisitions	–	0.2
Investments	13.9	13.5
Sales disposals	–6.9	–13.7
Reclassification	–0.8	0.1
Translation difference for the year	5.3	–5.4
Closing accumulated acquisition value	170.4	158.9

The Group SEK m	2013	2012
Opening depreciation/impairment	-138.5	-144.1
Acquisitions	-	-0.1
Sales/disposals	6.9	13.3
Reclassification	-	-0.1
Impairment for the year	-10.9	-11.9
Translation difference for the year	-4.8	4.4
Closing accumulated depreciation/impairment	-147.3	-138.5
Closing booked value	23.1	20.4
Parent company SEK m	2013	2012
Inventories, computers and equipment		
Opening acquisition value	1.7	1.7
Closing accumulated acquisition value	1.7	1.7
Opening depreciation	-1.2	-0.9
Depreciation for the year	-0.3	-0.3
Closing accumulated depreciation	-1.5	-1.2
Closing booked value	0.2	0.5

Note 15

Shares in Group companies

Parent company	Group company	Capital share, %	Voting rights, %	Booked value, SEK m	Co.reg.no	Registered office
Semcon AB	Semcon Förvaltnings AB	100	100	58.8	556530-6403	Göteborg
	Semcon Informatic AB	100	100	15.5	556606-0363	Göteborg
	Semcon International AB	100	100	9.8	556534-4651	Göteborg
Total				84.1		

The accumulated acquisition value of shares in Group companies amounts to SEK 307.1 million. A statutory specification of company registration number and registered office of all Group companies in the Group can be obtained from Semcon's head office.

Note 16

Shares in associated companies

Parent company	Group company	Capital share, %	Voting rights, %	Booked value, SEK m	Co.reg.no	Registered office
Semcon International AB	Kongsberg Devotek AS	30	30	18.8	883,602,382	Kongsberg, Norway
Total				18.8		

SEK m	2013	2012
Shares in associated companies		
Opening booked value	19.1	17.7
Share of earnings	-0.3	1.4
Closing booked value	18.8	19.1

The share in associated companies' revenue was SEK 43.2 million (43.8), share of assets was SEK 11.7 million (19.1) and share of liabilities was SEK 7.5 million (13.3).

Note 17

Accounts receivable

The Group	SEK m	2013			2012		
		Gross	Reserve	Reported value	Gross	Reserve	Reported value
Accounts receivable, not due for payment		318.9	–	318.9	307.4	–	307.4
Due for payment, 1–30 days		47.3	–	47.3	27.6	–	27.6
Due for payment, 31–60 days		3.0	–	3.0	5.9	–	5.9
Due for payment, over 60 days		7.5	–5.4	2.1	10.7	–5.0	5.7
Total		376.7	–5.4	371.3	351.6	–5.0	346.6

The Group	SEK m	2013	2012
Provisions for bad debts			
Provisions at the start of the year		–5.0	–15.2
Reservations for expected losses		–1.7	–3.8
Confirmed losses		–	11.4
Actual payments of reserved receivables		1.4	2.4
Translation difference		–0.1	0.2
Provisions at year-end		–5.4	–5.0

Note 18

Accrued non-invoiced income and invoiced but non-processed income

Accrued non-invoiced income is reported in the consolidated accounts by project at the net value of the invoice in line with processing minus invoiced sub-amounts and deductions for possible losses. In 2013 the accrued non-invoiced income stood at SEK 115.5 million (123.0).

Receivables from customers are reported in the balance sheet for the projects for which the total of the assignment expense until the closing day exceeds the partly invoiced amount including deductions for possible losses. Customer liabilities are reported for projects for which partly invoiced amounts exceed the total of the assignment expense.

No value is shown in the Swedish subsidiaries for work in progress, but the amount is accounted for at the time of invoicing, amounting to SEK 75.7 million (73.6).

The Group	SEK m	2013	2012
Processed but non-invoiced income			
Income/assignment expenses		328.2	247.1
Partly invoiced amount		–155.5	–72.7
Total		172.7	174.4
Invoiced but non-processed income			
Income/assignment expenses		82.2	264.4
Partly invoiced amount		–139.4	–315.8
Total		–57.2	–51.4

Note 19

Prepaid expenses and accrued income

The Group SEK m	2013	2012
Accrued income	9.8	3.7
Prepaid expenses	19.9	23.2
Total	29.7	26.9

Note 20

Share capital

Date	Type of issue	Number of shares issued	Share capital after issue, SEK
7 March 1997	Formation of company	500,000	500,000
14 April 1997	Cash issue	4,003,700	4,503,700
14 April 1997	Non-cash issue	496,300	5,000,000
25 April 1997	Cash issue	12,338,521	17,338,521
31 August 2001	Cash issue	52,500	17,391,021
1 June–31 December 2006	Conversion of promissory note	351,245	17,742,266
1 January–31 May 2007	Conversion of promissory note	40,268	17,782,534
18 June 2008	New issue	330,000	18,112,534

The parent company's holding of own shares on 31 December was 142,718 (142,718).

Note 21

Pension obligations

Commitments for retirement pensions and family pensions for salaried employees in Sweden are safeguarded via insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Council UFR 3, this is a defined benefit plan that encompasses several employees. The Group does not have access to such information that makes it possible to report this plan as a defined benefit plan for the 2013 financial year. Therefore the ITP pension plans secured via insurance with Alecta are reported as defined contribution plans. The plans reported as defined benefit plans below are in Germany. The company's costs and the value of the outstanding obligations have been calculated with the help of actuarial calculation that aims to set the current value of the obligations.

The Group SEK m	2013	2012	2011	2010	2009
Reconciliation of pension obligations					
Current value of pension obligations	67.8	62.1	61.9	62.1	70.6
Managed assets	-16.4	-15.4	-15.9	-15.9	-
Total	51.4	46.7	46.0	46.2	70.6
Non-reported actuarial profit (+) and loss (-)	-	0.9	3.0	2.2	2.4
Net provisions in the balance sheet	51.4	47.6	49.0	48.4	73.0

The Group SEK m	2013	2012
Specification of changes in the defined benefit obligation		
At the start of the year	62.1	61.9
Costs for employment during the current year	1.1	1.0
Interest expenses	2.4	2.6
Payment of pensions	-3.1	-3.1
Actuarial profit (+) or loss (-)	2.8	2.1
Exchange rate differences	2.5	-2.4
At year-end	67.8	62.1

The Group SEK m	2013	2012
Specification of changes in managed assets		
At the start of the year	15.4	15.9
Plan payments paid	–	–0.3
Return on managed assets	0.4	0.3
Exchange rate differences	0.6	–0.5
At year-end	16.4	15.4
Specification of managed assets		
Shares	0.8	0.4
Interest-bearing securities	11.8	11.1
Cash and bank balances	3.5	3.7
Other	0.3	0.2
Total managed assets	16.4	15.4
Specification of changes in pension provisions		
At the start of the year	47.6	49.0
Net cost reported in the income statement	3.1	3.3
Payment of pensions	–3.1	–3.1
Plan payments paid	–	0.3
Actuarial profit (+) or loss (-)	1.9	–
Exchange rate differences	1.9	–1.9
At year-end	51.4	47.6
Specification of total cost for pension payments reported in the income statement		
	51.4	47.6
Cost for defined benefit plans		
Costs for employment during the current year	–1.1	–1.0
Yield on managed assets	0.4	0.3
Interest expenses	–2.4	–2.6
Costs for defined benefit plans	–3.1	–3.3
Costs for defined contribution plans	–72.9	–77.2
Total costs reported in the income statement	–76.0	–80.5
Of which:		
Amounts that negatively affected the operating profit/loss (staff costs)	–74.0	–78.2
Amounts that negatively affected financial income and costs	–2.0	–2.3
Total costs reported in the income statement	–76.0	–80.5
Significant actuarial assumptions, %		
Discount rate	3.9	4.3
Expected salary increase	3.0	3.0
Future pension increase	1.5	1.5

Expenses during the year for ITP-2 pension insurance policies signed with Alecta amounted to SEK 30.5 million (34.7). The defined benefit plan premiums for retirement pensions and family pensions are individually calculated and depend on factors including salary, previously accrued pensions and expected remaining period of active service. The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance commitment calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is usually permitted to vary between 125 and 155 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 155 per cent then measures must be taken to create the conditions for the consolidation level to return to normal. If the consolidation level falls, then one measure might be to raise the agreed price for new subscriptions and to increase existing benefits. If the consolidation level rises, then one measure might be to introduce premium reductions. At year-end 2013 Alecta's surplus in the form of the collective consolidation level was 148 per cent (129).

Note 22

Borrowings

The Group	SEK m	2013	2012
Long-term			
	Liabilities to credit institutions	–	129.2
Total long-term		–	129.2
Short-term			
	Liabilities to credit institutions	94.7	–
Total short-term		94.7	–
Total borrowings		94.7	129.2
Parent company SEK m			
Long-term			
	Liabilities to credit institutions	–	153.6
Total long-term		–	153.6
Short-term			
	Liabilities to credit institutions	98.9	–
Total short term		98.9	–
Total borrowings		98.9	153.6

The loan was taken out for the acquisition of Group companies and reported as translated to the acquisition date's rate in the parent company, according to the method for net investments.

Note 23

Overdraft facilities

Of the Group's permitted overdraft facility of SEK 153.3 million (153.3), SEK 5.3 million has been utilized. The credit runs on an annual basis. Of the parent company's permitted overdraft facility of SEK 150.0 million (150.0), SEK 5.3 million (0) has been utilized.

Note 24

Accrued expenses and prepaid income

The Group	SEK m	2013	2012
	Staff-related costs	166.4	169.2
	Other items	64.8	55.3
Total accrued expenses and prepaid income		231.2	224.5
Parent company SEK m			
	Staff-related costs	3.8	7.3
	Other items	8.7	2.4
Total accrued expenses and prepaid income		12.5	9.7

Note 25

Pledged assets

The Group	SEK m	2013	2012
For rental guarantees			
	Frozen bank assets	2.4	2.3
Total pledged assets		2.4	2.3

Note 26

Contingent liabilities

The Group	SEK m	2013	2012
	Conditional loan, Swedish Energy Agency	3.8	3.7
Total contingent liabilities		3.8	3.7
Parent company			
	SEK m	2013	2012
	Guarantees provided	0.5	0.7
Total contingent liabilities		0.5	0.7

Note 27

Information concerning acquisitions and divestment of companies

No acquisitions or divestment of companies have been carried out.

On 1 October 2012, Semcon acquired 100 per cent of the shares in Comet Computer GmbH and Comet Communication GmbH, both based in Munich. The companies are active in the product information sector and are included as part of the Informatic business area.

The Group	SEK m	2013	2012
Acquisitions			
	Tangible assets	–	1.0
	Other intangible assets	–	–
	Current assets	–	2.4
	Long-term liabilities	–	–2.2
	Current liabilities	–	–2.4
	Net assets and liabilities	–	–1.2
	Intangible assets, goodwill	–	4.2
Total purchase price		–	3.0
	Liquid assets in acquired companies	–	–0.5
Effect on the Group's liquid assets		–	2.5

On the acquisition of the Comet companies, the purchase price was greater than the book value of the net assets, resulting in acquisition analyses giving rise to goodwill. The acquisition of the consulting firm meant mainly acquiring human capital in the form of employee competence, which is why the acquired intangible assets of the companies have been allocated to goodwill.

Note 28

Transactions with related parties

The Group

Sales to associated companies amounted to SEK 0.0 million (0.0) with no purchases made. The JCE Group is Semcon AB's largest shareholder with a shareholding of 22.5 per cent (31 December 2013). Sales to companies in the JCE Group amounted to SEK 0.0 million (0.1) with no purchases made.

Parent company

No transactions have taken place between associated companies or shareholders. For purchases/sales between Group companies, see Note 6 on page 60. Remuneration to senior executives appears in Note 8 on page 61.

Note 29

Operational leasing

The Group rents offices at around forty sites in Sweden, Brazil, the UK, India, China, Spain, Germany and Hungary. All rental contracts have been signed according to usual market rates and with normal duration periods. Besides the rental agreements the Group has a number of leasing contracts mainly for company cars. These contracts run in line with usual market terms and with a remaining contract term of one to three years.

The Group	SEK m	2013			2012		
		Rent for premises	Other	Total	Rent for premises	Other	Total
Within 1 year		57.8	10.5	68.3	53.8	11.0	64.8
Between 1 and 5 years		146.9	13.0	159.9	153.6	8.8	162.4
More than 5 years		115.1	–	115.1	115.9	–	115.9
Future minimum leasing charges		319.8	23.5	343.3	323.3	19.8	343.1
Minimum leasing charges for the year		64.6	10.9	75.5	62.6	10.8	73.4
Parent company	SEK m						
Within 1 year		–	0.5	0.5	–	0.7	0.7
Between 1 and 5 years		–	0.2	0.2	–	0.4	0.4
More than 5 years		–	–	–	–	–	–
Future minimum leasing charges		–	0.7	0.7	–	1.1	1.1
Minimum leasing charges for the year		–	0.6	0.6	–	0.5	0.5

Note 30

Events after the balance sheet date

No significant events have taken place since year-end 2013.

The Board and CEO give assurance that the consolidated accounts have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU and give a true account of the Group's position and results. The Annual Report has been drawn up in accordance with generally accepted accounting policies and gives a true account of the parent company's position and results. The Directors' Report for the Group and parent company give a fair overview of the development of the Group's and parent company's business, position and results and describe significant risks and uncertainty factors that the parent company and the Group companies face.

Göteborg, 14 March 2014

Kjell Nilsson
Chairman of the Board

Markus Granlund
CEO

Marianne Brismar
Board member

Gunvor Engström
Board member

Håkan Larsson
Board member

Joakim Olsson
Board member

Christer Eriksson
Board member

Kenneth Straschko
Board member

Mats Sällberg
Board member

Our audit was issued on 14 March 2014.
Deloitte AB

Hans Warén
Authorized accountant

Auditor's report

To the annual general meeting of Semcon AB
Corporate identity number 556539-9549

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Semcon AB for the financial year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 41–74.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been

prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Semcon AB for the financial year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Göteborg, 14 March 2014

Deloitte AB

Hans Warén

Auktoriserad revisor

Definitions

Balance sheet total

The value of all assets such as equipment, accounts receivable and bank balances.

Cash flow per share

Cash flow for the year divided by the weighted average number of outstanding shares over the year adjusted for the dilution effect on potential shares.

Capital employed

The balance sheet total minus non interest-bearing provisions and liabilities.

Debt/equity ratio

Net borrowings divided by shareholders' equity including minority interests.

EPS before dilution

Profit/loss after tax attributable to the parent company's owners divided by the average number of outstanding ordinary shares excluding shares held as own shares by the parent company.

EPS after dilution

Profit/loss after tax attributable to the parent company's owners divided by the average number of outstanding shares adjusted for the dilution effect of potential shares.

Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

Interest cover ratio

Profit before tax plus interest costs divided by interest costs.

Net borrowings

Interest-bearing provisions and liabilities with deductions for liquid assets and interest-bearing receivables.

Operating margin

Operating profit as a percentage of net sales.

P/E ratio

Price per share at year-end divided by the earnings per share after full dilution.

P/S ratio

Price per share at year-end divided by net sales per share.

Profit margin

Profit before tax as a percentage of net sales.

Return on average shareholders' equity

Profit for the year after tax divided by the average shareholders' equity.

Return on average capital employed

Profit before tax plus financial costs divided by the average capital employed.

Shareholders equity per share after dilution

Shareholders' equity divided by the number of shares at year-end adjusted for the dilution effect on potential shares.

Shareholders equity per share before dilution

Shareholders' equity divided by the number of shares at year-end excluding shares held as own shares by the parent company.

Glossary

API (Application Programming Interface)

A set of regulations for how particular software communicate with another software.

BRIC countries

Brazil, Russia, India and China.

Front office/back office (FOBO model)

Semcon's principle for the model front office/back office is that assignments and work should be carried out where we have the best skills and available resources. Back office carry out the main part of the work and the front office is responsible for project coordination and customer interaction.

HVDC (High Voltage Direct Current)

Technology for supplying electricity over long distances with fewer energy losses compared with conventional AC technology.

Embedded system

Computer dedicated to perform one or more functions, usually integrated in a larger unit together with other components.

Lean production

Lean production is a method for managing resources. The aim is to identify and eliminate all factors in a production process that don't create value for the end customer.

Life science

Collective name for the pharmaceutical, med-tech and bio-tech industries.

Production development

Development of equipment, tools and processes in order to produce a product.

Product lifecycle

A product's lifecycle on the market, i.e. from sale to scrapping.

Product development cycle

The cycle from idea to end product.

Satellite offices

An office that is physically situated far from the home environment, but network connections and software make it possible to work in a home environment computer system as if on site.

Skill centres

Semcon offices with cutting-edge skills in specific areas.

XLPM

Excellence in Project Management.
Project methodology developed by Semcon based on Ericsson's PROPS methodology.



Miriam Stribeck • Electronics engineer

“The feel of the steering is the first thing you experience when you sit in a car, in addition to the exterior and interior impressions. This makes it extremely important. The settings are worked out by a team solely working on steering. They give me the different variables to work with, and then I put the changes into effect.”

History

1980 Semcon was founded in Västerås, Sweden. The name is an abbreviation of Scandinavian Engineering and Marketing consultants.

1983–1996 Expansion with new locations and added skills in Sweden.

1984 Head office moved to Göteborg, Sweden.

1994 International expansion starts. A project office opens in the UK.

1997 Semcon listed on the Swedish stock exchange on 26 May.

2000–2005 International expansion continues. New operations in Hungary and China.

2006 Company gets new main owner, JCE Group, which now owns around 22 per cent of Semcon's shares.

2007 Two major acquisitions, IVM Automotive in Germany and Caran in Sweden. Major outsourcing agreement with Jaguar Land Rover. Activities in Brazil, Spain and India.

2007 Sale of Zpider business area (the company's IT business).

2010 Semcon celebrates its 30th Anniversary as one of the leading companies in the technical consultancy industry.

2011 Several important business agreements, including Chinese Qoros Auto and several German vehicle manufacturers.

2013 New projects with German auto manufacturers carried out according to the FOBO model in Germany and Sweden.

Semcon's shares

Semcon's shares have been quoted on the NASDAQ OMX Stockholm since 1997, for small companies in the industry sector, under the SECM ticker.

Price trend and turnover

The company's share price saw a positive trend in 2013 with a 26 per cent rise. Overall, the share price rose by SEK 12.50 from SEK 48.00 to SEK 60.50, representing a market capitalization of SEK 1,096 million. During the same period the OMX Stockholm PI index rose by 23 per cent. The highest price paid in 2013 was SEK 80.50 (11 July) and the lowest price paid was SEK 47.60 (8 February).

Turnover of shares

Since the EU's MiFiD directive was introduced at the end of 2007, shares can now be traded on other market sites than stock exchanges.

Examples of these market sites include Burgundy, Chi-X and Turquoise. The consequences of the directive mean that trading in Semcon shares has gradually increased away from Nasdaq OMX Stockholm, although still in small volumes.

Semcon's shares are quoted on the Nasdaq OMX Stockholm stock exchange and trading on this exchange represented 99 per cent of overall sales of shares in 2013. A total of 11.6 million Semcon shares were traded, valued at SEK 746 million, of which 11.5 million shares via the Nasdaq OMX Stockholm and 0.1 million shares via Burgundy. The turnover rate, calculated as the number of shares traded in relation to the overall number of shares in the company was 64 per cent.

Share capital and number of shares

Semcon's share capital on the closing day was SEK 18.1 million, divided between 18,112,534 ordinary shares all with a nominal value of SEK 1 each. Each ordinary share entitles the shareholder to one voting right and an equal right to a share of the company's assets and profits. Changes to the share capital and number of shares over time appear in Note 20 on page 69.

Holding of own shares

Semcon's holding of its own shares amounted to 142,718 (142,718).

Long-term incentive scheme

Semcon did not have any share-related incentive schemes in 2013.

Shareholders

On 31 December 2013, Semcon had 3,782 shareholders (3,828). The registered amount of foreign ownership at year-end was 27.3 per cent (17.0) of which 11.1 per cent (4.4) is made up of owners in the UK, 7.4 per cent (4.1) in Finland and 5.9 per cent (3.4) in the US.

On 31 December the JCE Group owned 22.2 per cent (30.5) of Semcon's shares, Swedbank Robur Fonder 8.4 per cent (8.4), Nordea Investments Funds 6.3 per cent (-) and Handelsbanken Fonder 5.7 per cent (3.7). The ten largest shareholders controlled 61.2 per cent (64.3) of the share capital and voting rights, of which the three largest shareholders controlled 36.9 per cent (45.7).

Share dividends

One of Semcon's financial objectives is that dividends to shareholders over the long-term will be equivalent to at least one third of the profit after tax. In accordance with Semcon's dividend policy, consideration is given to the company's financial position and capital requirements for continued expansion. Based on reported results for 2013, the Board proposes that a dividend of SEK 2.50 per share be paid (2.00). Overall, the proposed dividend of 51 per cent of the Group's profit after tax amounts to SEK 45 million.

The record date for the dividend is proposed as Friday 2 May 2014.

Contacts with the equity market

Semcon actively informs the market about the company in order to facilitate accurate valuations of the company's shares and in 2013 held lots of meetings with representatives from financial institutions in Göteborg, Stockholm and at a number of locations around Europe. Equity market contacts are mainly carried out through quarterly financial reports, press releases, information at www.semcon.com and company presentations for investors and analysts. The company has also presented its activities at a number of investment meetings organized by the Swedish Association of Share Investors at a number of locations around Sweden. The financial information contacts are the Group's CEO, CFO and IR Manager. Enquiries can be made by contacting: ir@semcon.com ●

Analysts regularly monitor Semcon's financial development and at year-end these included:

Danske Bank

Peter Trigarszky, peter.trigarszky@danskebank.se

Enskilda Securities

Andreas Joelsson, andreas.joelsson@enskilda.se

Share structure 31 December 2013

Size	No. of share-holders	No. of shares	Votes, %	Market value, SEK 000
1–500	2,556	483,774	2.7	29,268
501–1,000	555	466,847	2.6	28,244
1,001–10,000	571	1,595,121	8.8	96,505
10,001–100,000	74	2,107,435	11.6	127,500
100,001–	25	13,316,639	73.5	805,657
Own shares	1	142,718	0.8	8,634
Total	3,782	18,112,534	100.0	1,095,808

Source: Euroclear Sweden AB shareholders' register on 31 December 2013.

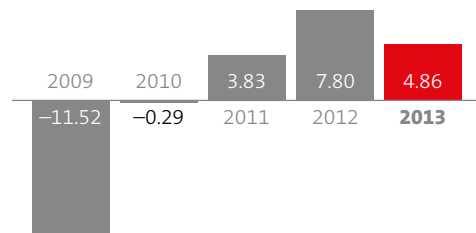
Semcon's 10 largest shareholders 31 December 2013

Name	No. of shares	Share-holding, %
JCE Group	4,026,271	22.2
Swedbank Robur Fonder	1,521,764	8.4
Nordea Investments Funds	1,141,196	6.3
Handelsbanken Fonder Re JPMEL	1,037,645	5.7
Andra AP-Fonden	961,998	5.3
JPM Chase	705,458	3.9
Fjärde AP-Fonden	516,244	2.9
Avanza Pension	476,535	2.6
AMF	442,400	2.4
Europea i Malmö AB	277,000	1.5
Total	11,106,511	61.2
Own shares	142,718	0.9
Other	6,863,305	37.9
Total	18,112,534	100.0

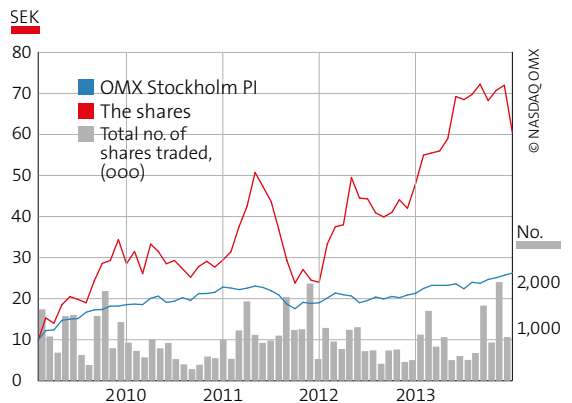
Source: Euroclear Sweden AB shareholders' register on 31 December 2013.

Information concerning data per share over a five-year period appears on page 91.

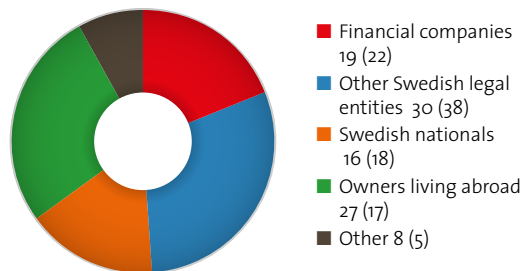
EPS after dilution (SEK)



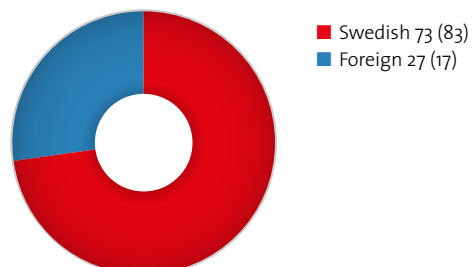
Semcon's shares



Ownership structure (%) 31 December 2013



Swedish and foreign shareholding (%) 31 december 2013



Corporate governance report

Corporate governance report

This corporate governance report has been drawn up in accordance with Swedish corporate law and Semcon's Articles of Association. The Articles of Association regulates the alignment of the business, share capital and how and when the notice to attend the AGM takes place. The entire Articles of Association are available on Semcon's website semcon.com. Semcon also complies with other applicable Swedish and foreign laws and regulations.

Application

Semcon applies the Swedish code of Corporate Governance and has no deviations to report. The current code is available at: www.bolagsstyrning.se.

Annual General Meeting

The Annual General Meeting (AGM) is Semcon's highest decision-making body. The notice to attend the Annual General Meeting appears in the Articles of Association. The notice to attend must be published in the Swedish Official Gazette, Dagens Industri and at semcon.com. At AGMs, shareholders get the opportunity to place their voting rights and, in accordance with Swedish corporate law and Semcon's Articles of Association, to take decisions concerning the composition of the Board and other central issues. Shareholders or proxies can vote for the number of shares he/she owns or represents at the meeting. AGM decisions made at the AGM are usually made with a simple majority. A qualified majority is however sometimes required for some decisions.

Annual General Meeting 2013

The 2012 AGM was held on Friday 26 April 2013 at Semcon's head office in Göteborg. Representatives of 54 per cent of

the share capital were present, of which underlying shares held by the members of the nominations committee represented 46 per cent.

Kjell Nilsson was elected to chair the meeting. The Board, Group management and a representative for Deloitte were present at the AGM.

The AGM decided on the following:

- for a dividend of SEK 2.00 per share (o) be paid
- to approve the nominations committee's proposal of Board members, remuneration to the Board and its chairman
- that the Board shall consist of five directly elected members
- to re-elect Kjell Nilsson as Chairman of the Board and re-elect Gunvor Engström, Marianne Brismar, Håkan Larsson and Joakim Olsson as Board members
- to re-elect Deloitte as the registered auditing firm until the next AGM.

The AGM also gave the Board, as in previous years, authorization to:

- carry out a new share issue of a maximum 1,811,253 ordinary shares in the company
- acquire ordinary shares and transfer ordinary shares. Acquisitions may be made at any time for so many ordinary shares that the company holds a maximum of ten per cent of all shares after the acquisition

The full minutes and information from the AGM 2013 are available at: semcon.com

Annual General Meeting 2014

The 2013 AGM will be held on Monday 28 April 2014 at Semcon's head office in Göteborg. More information is available on Semcon's website at: www.semcon.se

Share structure and voting rights

Semcon has one share class, ordinary shares, with a quotient value of SEK 1 and entitle the owner to one voting right. There were 18,112,534 (18,112,534) ordinary shares at year-end.

Shareholders

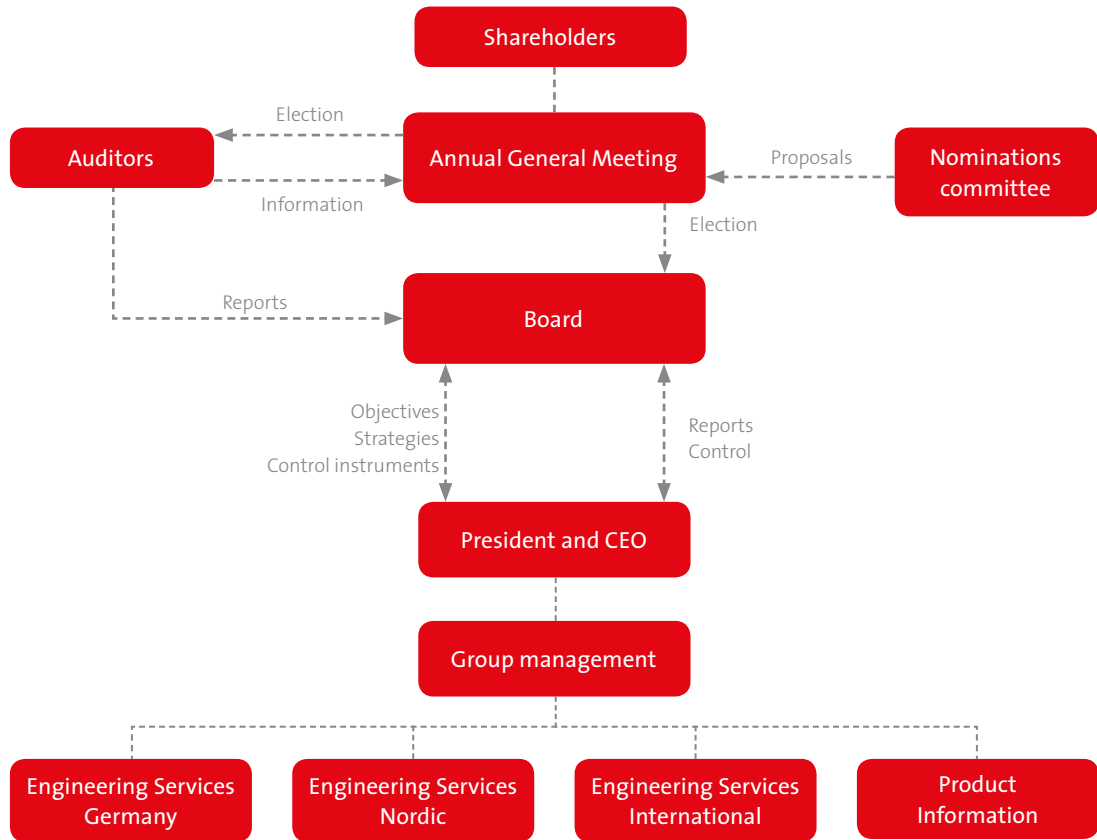
On 31 December 2013, the JCE Group owned 22.2 per cent (30.5) of Semcon's shares, Swedbank Robur Fonder 8.4 per cent (8.4), Nordea Investments Funds 6.3 per cent (o), Handelsbanken Fonder 5.7 per cent (3.7) and Andra AP-fonden 5.3 per cent. Foreign ownership amounted to 27.3 per cent (17.0) and the number of shareholders amounted to 3,782 (3,828).

Nominations committee ahead of the AGM 2014

	Representing	Voting rights, %*
Gabriel Berg	JCE Group	22.2
Evert Carlsson	Swedbank Robur Fonder	8.4
Martin Jonasson	Andra AP-fonden	5.3
Kjell Nilsson	Semcon AB	0.2
Total		36.1

* No. of voting rights 28 February 2014

The summary below illustrates how responsibility for management and control of Semcon AB is divided between shareholders at the AGM, the Board and the CEO according to external regulations and internal policies.



Nominations committee

According to a decision made by the AGM, based on ownership statistics from Euroclear Sweden AB on 31 August for each respective year, the Chairman of the Board must convene the three largest shareholders in the company, who together shall appoint members of the nominations committee. If any of them decline then the right to nominate transfers to the next shareholder in terms of size, who doesn't already have the right to nominate members to the nominations committee. The member nominated by the largest shareholder will be the nominations committee's chairman.

The job of the nominations committee is to present proposals to the AGM concerning:

- Chairman of the AGM
- Chairman of the Board and other Board members, remuneration to the Board and in certain cases auditors and remuneration to the Board and auditors.
- The decision concerning principles for the structure of the

nominations committee. The nominations committee's members will be announced no later than six months before the AGM. Information about the nominations committee's members and how proposals to the AGM can be submitted are available in press releases at: semcon.com and in the Q3 report.

Nominations committee 2013/2014

The nominations committee's members in 2013/2014 were Gabriel Berg, JCE Group AB (nominations committee's chairman), Evert Carlsson, Swedbank Robur Fonder, Martin Jonasson, Andra AP-fonden and Kjell Nilsson (Chairman of the Board). No remuneration was paid to the members. The nominations committee met four times and also held individual meetings with directly elected members in Autumn 2013. The basis of the nominations committee's work has mainly been the company's strategies and priorities and an evaluation of the Board and its size and structure. The nominations committee's proposal for election of chairman

of the meeting, Board members, Chairman of the Board and auditors is given in the notice to attend the AGM and also published on Semcon's website. Questions to the nominations committee can be submitted to: valberedning@semcon.se

The Board

The Board is ultimately responsible for the organization and management of Semcon's business activities. The work of the Board is regulated by the Companies' Act, the Articles of Association and the procedures adopted annually by the Board.

Board structure

The Annual General Meeting elects Board members and their deputies in Semcon AB. The Board must consist of no fewer than three members and no more than eight members with no more than two deputies. Semcon AB's Board consists of five members elected by the AGM without deputies, of which two are female, and three members with their deputies elected by employees. Of the eight Board members, all are Swedish Citizens. The Board's structure meets the requirements for being independent set by the Swedish Code for Corporate Governance and in association with the NASDAQ OMX Stockholm. See table on page 83.

Work of the Board

The Board held nine ordinary meetings in 2013. The Board has adopted a number of steering documents and policies. The Board oversees the CEO's work by continuously monitoring the business throughout the year, and is responsible that the organization, management and guidelines for administering the company's affairs are suitably put together and that there is suitable internal control. The Board is furthermore responsible for developing and following-up the company's strategies through plans and objectives, decisions regarding the acquisition and divestment of businesses and major investments. The Board also determines six-monthly and annual accounts. The work of the Board follows an agenda with fixed points for Board members. The Chairman leads and delegates Board work and ensures that urgent matters in addition to the fixed points on the agenda are dealt with. Attendance at the Board meeting is given in the table on page 83. Other salaried employees in the company take part in Board meetings as co-opted members, speakers and secretary.

Board meetings 2013

No 1: Final accounts and financial statement 2012, internal control, financial report, remuneration issues, CEO evaluation, debriefing of audit (auditors present).

No 2: Decisions concerning major projects.

No 3: Review of annual report and decision proposals and notice to attend ahead of the AGM.

No 4: Q1 report, January–March, financial report.

No 5: Statutory meeting.

No 6: Interim financial statement, January–June, financial report.

No 7: Follow-up and setting of strategies.

No 8: Q3 report, January–September, financial report, debriefing of audit (auditors present).

No 9: Business plans for the business areas and setting budgets for 2014, CEO evaluation, Board evaluation and new organization.

All meetings took place at the company's head office in Göteborg.

Statutory meeting

The Board decided on a written agenda at the statutory Board meeting, close to the AGM. At the statutory Board meeting, the Board set its agenda, instructions for the CEO, subsidiary instructions, financial reporting instructions, certification procedures and financial policy.

Audit committee

Semcon has decided the entire Board will carry out the audit committee's tasks. The entire Board aims at keeping in close contact with the company's auditors so that it can satisfactorily follow significant issues concerning the company's accounts, reporting routines, management of company assets and internal control. These kinds of issues are therefore dealt with by the Board as a whole. To make sure that the Board's need for information is reached, the company's auditors report to the Board at least twice a year. Hans Warén, the responsible authorized public accountant at Deloitte, has reported their views over the past year about the Group's internal control and routines for reporting, financial accounting routines, reviewing the interim report for January–September and final balance sheet examination.

Remuneration issues

Remuneration committee

Semcon has decided that the entire Board will carry out the remuneration committee's tasks. Members of company management will not participate in this work.

Remuneration to the Board

Remuneration to the Board is decided by the AGM following proposals from the nominations committee. The AGM decided that remuneration to the Board in 2013/2014 should be SEK 500,000 for the Chairman and SEK 250,000 for other Board members not employed by the company.

Remuneration to the CEO and senior executives

The AGM decides on remuneration principles and other employment guidelines concerning the CEO and senior executives that report to him. Remuneration to the CEO is decided by the Board.

The CEO's remuneration and benefits are reported in note 8, page 61. Senior executives' remuneration is proposed

by the CEO and decided by the Board. All senior executives in the Group management team are entitled to a fixed salary and a flexible salary of no more than six months' salary based on how well they meet their respective targets. The fixed salary is adjusted to conditions on the market and set every calendar year. Remuneration guidelines include the individuals, who during the time the guidelines applied, were part of the senior management team. The Board has the right to deviate from the guidelines if there is just cause to do so in special circumstances. Senior executives' remuneration and bonuses are reported in Note 8 on page 61.

Auditors

Deloitte AB was re-elected as the company's auditor by the AGM in 2013 until the AGM in 2014. The company's main auditor is Hans Warén (born 1964). His other audit assignments include Akademiska Hus AB, Ekman & Co AB, Göteborgs Stadshus AB, Göteborg Energi AB, Parker Hannifin AB and SJ AB.

The auditors' interaction with the Board is described above. In addition to auditing, Deloitte AB also provides advice on accounting issues to Semcon. All services provided in addition to the statutory auditing service are checked specially to ensure there is no conflict of interest or disqualification issue. No senior executive at Semcon has held any position at Deloitte AB. Semcon's remuneration to auditors and purchase of services in addition to auditing, appear in Note 7 on page 60.

Group management

At year-end 2013 Group management consisted of the CEO and managers of the business areas and Group staff. See page 88.

Group management holds regular meetings led by the CEO. The meetings follow an agenda and are minuted. In addition to these meetings, a number of meetings are held where all, or parts of, the Group management are present along with to the employees from the Group. Group man-

agement works towards close contact with every business area in order to support and provide help and the tools to make the business more effective, marketing, business development and internal exchange of knowledge. From 1 January 2014 Group management consists of the CEO, CFO, general counsel and the business area managers.

Business areas

Semcon's business activities were organized into three business areas in 2013. Semcon's organization is characterized by far-reaching decentralization, where every unit is highly independent with lots of authorization. Group management's control of the business areas takes place, in addition to continual contacts, mainly through monthly internal debriefings by business area managers and controllers and by internal meetings with members of the Group management. A new market-oriented organization with four business areas was introduced on 1 January 2014.

Certification and decision-making

The Group has certification and decision-making that clearly regulates authorization at every level in the company, from individual employees to Semcon's management. The areas regulated include contract levels, handling quotes/tenders, investment, rental and leasing contracts, insurances, expenses and guarantees. The organization for an assignment/project varies according to the assignment/project's size, location and complexity. Semcon and its Swedish subsidiaries are certified and apply quality and environmental management systems according to ISO 9001:2008 and ISO 14001:2004, which are constantly reviewed by external auditors.

More information about corporate governance

The following information is available at semcon.com

- More in-depth information about internal control instruments, such as Corporate Governance and Code of Conduct.
- Information from Semcon's AGM from 2005 (notices to attend meetings, minutes etc.)

■ Semcon's Board		Elected	Present	Dependent	Audit committee	Remunerations committee
Kjell Nilsson	Chairman	2007	9/9	Yes *	Yes	Yes
Gunvor Engström	Member	2007	9/9	No	Yes	Yes
Håkan Larsson	Member	2008	9/9	No	Yes	Yes
Marianne Brismar	Member	2008	9/9	No	Yes	Yes
Joakim Olsson	Member	2011	8/9	No	Yes	Yes
Roland Kristiansson**	Employee representative	2004	3/3		Yes	Yes
Christer Eriksson	Employee representative	2007	9/9		Yes	Yes
Ronny Lundberg	Employee representative	2011	9/9		Yes	Yes
Kenneth Straschko**	Employee representative	2013	6/6		Yes	Yes

*Kjell Nilsson is dependent to the company as he was the company's CEO.

** Roland Kristiansson retired in conjunction with the AGM 2013 and was replaced by Kenneth Straschko.

A presentation of Board members is available on page 86 of this Annual Report.

Internal control for financial reporting

The Swedish Companies Act regulates the Board and CEO's responsibility concerning internal control. The Board's responsibility is also regulated by the Swedish Code of Corporate Governance, which also includes demands for annual external information flow concerning how the financial reporting is organized.

Internal control

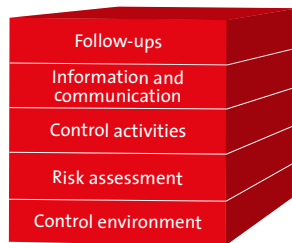
Semcon has defined internal control as a process designed to provide reasonable assurance that Semcon's objectives are achieved in terms of an appropriate, effective business, reliable reporting and how to follow applicable rules and regulations. The internal control is influenced by the Board, CEO, Group management and other employees and is based on a control environment that creates the basis for the other four components in the process - risk assessment, control activities, information, communication and follow-ups. The process bases itself on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO). The control environment includes the values and ethics that the Board, CEO and Group management communicate and use and that are documented in Semcon's Code of Conduct and the Group's organizational structure, management, decision-making, authorization, responsibility and expertise of the employees. Semcon's vision, business concept, objectives and strategies are the basis of day-to-day work. Semcon is characterized by a decentralized organization driven from target-steered management with clear objectives.

Internal control for financial reporting

Internal control concerning financial reporting aims to give reasonable assurance concerning reliability of the external financial reporting in the form of quarterly reports, financial statements and annual reports, and that the external financial reports are drawn up in accordance with laws, applicable accounting standards and other demands made on listed companies. The following description has been drawn up in accordance with the Swedish Code of Corporate Governance and the current application instructions and make up the Board's report for internal control concerning the financial reporting.

Control environment

The Board has overall responsibility for the internal control of financial reporting. The Board has set out written standing orders that clarify the Board's responsibilities and that regulate the work of the Board. The Board will ensure that set principles for financial reporting and internal control are observed and that applicable relationships with the company's auditors are maintained. The Board has drawn up instructions for the CEO and for financial reporting. Responsibility for ensuring effective control environments is delegated to the CEO. The Group's Internal Control is a support function for the internal control of financial reporting in the Group's companies and business areas. Internal control instruments for financial reporting are made up of the Group's finance policy, information policy, investment rules, authorization rules and the Group's accounting and reporting rules. Semcon's ethical values are documented in the Group's Code of Conduct and staff policies complement other rules and instructions for employees. A lot of hard work has been carried out in recent years on the Group's management systems and for clearer routines and regulations for submitting tenders/bids, conditions of contract and drawing up agreements. To make sure these routines are adhered to a number of training initiatives were completed over the year.



Framework for internal control

Risk assessment

Semcon's risk assessment covering financial reporting, i.e. identification and evaluation of the most significant risks in the Group's companies, business areas and processes regarding financial reporting, consist of a foundation for how they are managed. They are managed by the risks being accepted, reduced or eliminated. Annual evaluation activities are carried out by the internal control function and worked out according to a risk-based model. A number of criteria are considered to assess the degree of risk of inaccuracies occurring in financial reporting. Complex accounting policies might, for example, mean that the financial reporting risks being inaccurate for the items covered by such policies. Valuing certain assets or liabilities using various assessment criteria might also constitute a risk. The same applies to complex and/or changes to business conditions.

Control activities

The significant risks identified for financial reporting are managed through various control activities and processes in the Group's companies and business areas and aim to safeguard that the basic demands on external financial reporting are met. The control activities build on the Group's minimum requirements for internal control for financial reporting and consist of comprehensive, detailed controls that can be preventative and exploratory in nature. The respective business areas are responsible for the Group's control instruments being implemented and observed and that any possible deviation is reported.

Information and communication

Information and communication about internal control instruments for financial reporting is published on Semcon's intranet, which is accessible to every employee. External communication consists, for example, of external financial reporting such as quarterly reports and the annual report. There is a communication handbook to support the information procedures in the Group. This clearly states who is allowed to communicate what type of information and that the information must be correct, coordinated, consistent, fast and able to be monitored, both internally and externally.

Follow-ups

Follow-ups for ensuring effective internal control for financial reporting are carried out by the Board, CEO, Group management, the Internal Control function and by the Group's companies and business areas. Follow-ups are carried out informally and formally and comprise follow-ups of monthly financial reports against budgets and objectives such as quarterly reports, which in certain cases are complemented with independent examinations by external auditors. Semcon has introduced a Group-wide reporting system for working on the internal control of financial reporting, which includes self-evaluation of all the Group's companies and business areas that provides a picture of how the Group's subsidiaries live up to the minimum requirements of internal control for financial reporting for significant risks identified and also provides information concerning the status of subsidiaries' work. Every company and business area is responsible for drawing up action plans for divergence that is then followed-up by the respective internal Board in each business area. In view of the results of the tests, the company has so far found no reason to introduce a special internal audit function.

Göteborg, 14 March 2014
The Board

Auditor's report on the corporate governance report

To the Annual General Meeting of Semcon AB, corporate identity number 556539-9549.

It is the Board of Directors who is responsible for the corporate governance report for 2013, included in the printed version of this document on pages 80-85 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an

audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Göteborg, 14 March 2014
Deloitte AB

Hans Warén
Authorized Public Accountant

The Board



1

Ronny Lundberg

Employee representative since 2011,
employed since 2009
Born 1960
Qualifications: Vocational school, officer's
degree
Nationality: Swedish
Shareholding in Semcon: 411
Replaced by Mats Sällberg on 11 March 2014.

2

Joakim Olsson

Board member since 2011
Born 1965
Qualifications: Master of Business
Administration (MBA) from INSEAD Fon-
tainebleau France and graduate engineer
from The Royal Institute of Technology in
Stockholm
Professional background: Former CEO of
Haldex AB (publ.) and various positions
at ABB Ltd. (Germany, Switzerland and
Brazil), CEO of SAG Group (Germany)
Nationality: Swedish
Other board assignments: –
Shareholding in Semcon: 4,000
*Independent in relation to the company,
company management and major
shareholders.*

3

Marianne Brismar

Board member since 2008
Born 1961
Qualification: Pharmacist Graduate and
BA in Economics
Professional background: Former CEO
and owner of Atlet AB
Nationality: Swedish
Other board assignments: Chairman
of Newbody AB, board member of
Engelhardt AB, Wollenius Invest AB, Beijer
Alma AB, Concentric AB, Axel Johnson
International AB and Creades AB.
Shareholding in Semcon: 5,000
*Independent in relation to the company,
company management and major
shareholders.*

4

Kjell Nilsson

CHAIRMAN
Board member since 2007
Born 1948
Qualifications: Economics and Business
Studies Graduate from the School of
Business, Economics and Law, University
of Göteborg.
Professional background: Among others,
former CEO of Boliden, Trelleborg and
Semcon as well as sitting on various
boards.
Nationality: Swedish
Other board assignments: Chairman of
Lindab. Board member of Choice Hotels AS,
Home Properties AB and Home Invest AS
Shareholding in Semcon: 31,088
*Not independent in relation to the
company as he was President and CEO
of the company between 2008 and 2012,
but is independent in relation to major
shareholders.*

5

Gunvor Engström

Board member since 2007
Born 1950
Qualifications: Master of Business
Administration (MBA), Stockholm School
of Economics
Professional background: Among others,
former CEO of Företagarna and Bank2,
and county governor of Blekinge.
Nationality: Swedish
Other board assignments: Vionlabs AB,
Länsförsäkringar Fondförvaltning AB,
Apoteksgruppen, Metria AB and Tredje
AP-fonden
Shareholding in Semcon (own and
family): 30,000
*Independent in relation to the company,
company management and major
shareholders.*

6

Kenneth Straschko

Employee representative since 2012,
Employed since 2006.
Born 1964
Qualifications: Graduate electronics
engineer, Faculty of Engineering, Lund
University
Nationality: Swedish
Shareholding in Semcon: 1,250

7

Håkan Larsson

Board member since 2008
Born 1947
Qualifications: Master of Business
Administration (MBA), School of Busi-
ness, Economics and Law, University of
Göteborg
Professional background: Among others,
former CEO of Rederi AB Transatlantic
and before that CEO of Schenker AG
Nationality: Swedish
Other board assignments: Chairman of
Valea AB, Inpension Asset Management,
Wallenius Wilhelmsen Logistics AS and
Tyréns AB. Board member of Bure Equity
AB, Handelsbanken Region Väst, Rederi
AB Transatlantic, Eukor Car Carriers Inc.
and Stolt-Nielsen Ltd.
Shareholding in Semcon: 10,000
*Independent in relation to the company,
company management and major
shareholders.*

8

Christer Eriksson

Employee representative since 2007,
Employed since 2000
Born 1969
Qualifications: Master of Engineering
(M.E.) in Mechanical Engineering, Mate-
rials and Mechanical Technology, Luleå
University of Technology
Nationality: Swedish
Shareholding in Semcon: 2,492

Group management



Markus Granlund

CEO
ACTING PRESIDENT OF
ENGINEERING SERVICES INTERNATIONAL
Born 1975

Qualifications: Bachelor of Law, Lund University LL.M. International commercial law, Bond University, Australia. Courses in business economics, accounting and marketing, (in the LL.B. programme) Bond University, Australia
Employed since 2008
Shareholding in Semcon: 10,000



Björn Strömberg

CFO
Born 1960
Qualifications: Master of Business Administration (MBA), School of Business, Economics and Law, University of Göteborg
Employed since 2007
Shareholding in Semcon: 12,840



Carin Wiberg

GENERAL COUNSEL
Born 1978
Qualifications: Bachelor of Law, University of Göteborg
Employed since 2012
Shareholding in Semcon: –

Other executive management



Anders Atterling

COMMUNICATIONS MANAGER
Born 1960
Qualifications: Bachelor of Science (B.Sc.), Economics, Örebro University
Employed since 1991
Shareholding in Semcon: 17,420



Lena Emriksson

QUALITY AND SUSTAINABILITY
MANAGER
Born 1976
Qualifications: Industrial economics graduate from Luleå University of Technology
Employed since 2006
Shareholding in Semcon: –



Klas Elmby

IT MANAGER
Born 1969
Qualifications: Technical College Engineer, courses taken at HTU and Chalmers University of Technology
Employed since 1990
Shareholding in Semcon: 20,000



Henry Kohlstruck

BUSINESS AREA PRESIDENT,
ENGINEERING SERVICES GERMANY

Born 1968

Qualifications: Technical draughtsman, certified business administration graduate, Fulda University of Applied Sciences, Germany
Employed since 2010
Shareholding in Semcon: –



Olof Christensson

BUSINESS AREA PRESIDENT,
ENGINEERING SERVICES NORDIC

Born 1966

Qualifications: Master of Business Administration (MBA), Karlstad University
Employed since 2013
Shareholding in Semcon: 1,000



Johan Ekener

BUSINESS AREA PRESIDENT,
PRODUCT INFORMATION

Born 1964

Qualifications: Master of Science (MSc.), Chalmers University of Technology. Master of Business Administration (MBA), School of Business, Economics and Law, University of Göteborg
Employed since 2004
Shareholding in Semcon: 4,000



Urban Kihlén

PURCHASING MANAGER

Born 1959

Qualifications: Master of Business Administration (MBA), School of Business, Economics and Law, University of Göteborg
Employed since 1998
Shareholding in Semcon (own and family): 7,200



Anders Löwgren

GROUP CONTROLLER

Born 1965

Qualifications: Master of Business Administration (MBA), School of Business, Economics and Law, University of Göteborg
Employed since 1998
Shareholding in Semcon: 2,258

Five-Year summary

SEK m	2013	2012	2011	2010	2009
Income statement					
Net sales	2,508.4	2,570.9	2,451.9	2,090.9	2,281.1
Operating expenses*	-2,383.6	-2,377.6	-2,340.7	-2,087.9	-2,522.3
Operating profit/loss	124.8	193.3	111.2	3.0	-241.2
Financial income	1.6	1.9	3.8	2.0	8.2
Financial expenses	-8.6	-9.3	-14.6	-11.1	-23.7
Profit/loss before tax	117.8	185.9	100.4	-6.1	-256.7
Taxes	-29.7	-44.7	-31.0	0.8	48.1
Net profit/loss for the year	88.1	141.2	69.4	-5.3	-208.6
* Of which:					
Goodwill impairment and participations in associated companies	-	-	-	-	-78.2
Miscellaneous items	-	-	-30.7	-14.9	-92.6
Balance sheet					
Goodwill	440.3	433.3	436.0	437.2	475.2
Other intangible assets	16.6	17.7	21.1	24.7	28.5
Tangible fixed assets	39.2	35.4	36.2	43.0	60.6
Deferred tax receivables	44.5	50.1	64.7	69.9	89.0
Other financial assets	18.8	19.1	19.0	18.2	17.2
Accounts receivable	371.3	346.6	372.6	323.8	324.2
Processed but non-invoiced income	172.7	174.4	121.7	133.9	108.2
Other current assets	48.9	51.1	41.3	37.4	93.7
Cash and bank balances	153.3	115.6	39.7	42.5	67.7
Total assets	1,305.6	1,243.3	1,152.3	1,130.6	1,264.3
Shareholders' equity	633.4	579.1	442.0	372.6	385.4
Long-term liabilities	78.5	211.0	290.8	318.5	383.6
Current liabilities	593.7	453.2	419.5	439.5	495.3
Total shareholders' equity and liabilities	1,305.6	1,243.3	1,152.3	1,130.6	1,264.3
Cash flow statement					
Cash flow from current activities	135.0	186.2	87.6	-55.1	104.1
Cash flow from investment activities	-23.9	-23.9	-17.2	-11.0	-19.3
Cash flow from financing activities	-78.5	-83.2	-73.3	47.2	-133.3
Cash flow for the year	32.6	79.1	-2.9	-18.9	-48.5
Key figures					
Sales increase, %	-2.4	4.9	17.3	-8.3	-30.8
Organic growth, %	-1.0	6.1	20.3	-4.5	-33.1
Operating margin before one-off items, %	5.0	7.5	5.8	0.9	-3.1
Operating margin, %	5.0	7.5	4.5	0.1	-10.6
Profit margin, %	4.7	7.2	4.1	-0.3	-11.3
Interest cover ratio, (multiple)	22.0	26.8	8.7	0.4	-10.0
Return on shareholders' equity, %	14.6	27.7	17.3	-1.4	-42.1
Return on capital employed, %	16.1	26.2	15.5	0.6	-25.7

	2013	2012	2011	2010	2009
Equity/assets ratio, %	48.5	46.6	38.4	33.0	30.5
Debt/equity ratio, (multiple)	–	0.1	0.5	0.8	0.8
Average number of employees	2,873	2,891	2,727	2,474	2,791
Investments in fixed assets, SEK m	24.1	21.9	17.4	14.5	18.5
Data per share					
Earnings per share before dilution, SEK	4.90	7.86	3.89	–0.29	–11.52
Earnings per share after dilution, SEK	4.86	7.80	3.83	–0.29	–11.52
Shareholders' equity per share before dilution, SEK	35.25	32.23	24.71	20.57	21.28
Shareholders' equity per share after dilution, SEK	34.97	31.97	24.40	20.57	21.28
Share price/equity per share, (multiple)	1.73	1.49	0.98	1.43	1.34
Cash flow from current activities per share, SEK	7.45	10.28	4.84	–3.04	5.75
Dividend per share, SEK	2.50**	2.00	–	–	–
P/E ratio	12.44	6.16	6.27	neg	neg
P/S ratio	0.44	0.34	0.18	0.25	0.23
Share price at year-end, SEK	60.50	48.00	24.00	29.40	28.50
Market value at year-end, SEK m	1,096	869	435	533	516
No. of market shares at period's end, (ooo)	18,113	18,113	18,113	18,113	18,113
Average no. of shares, (ooo)	18,113	18,113	18,113	18,113	18,113
No. of own shares at year-end, (ooo)	143	143	227	289	299
Average no. of own shares, (ooo)	143	157	273	291	312
No. of shareholders	3,782	3,828	4,547	4,015	4,430

**Board's proposal

Shareholder service

Financial information 2014

Q1 report Jan–March	28 April
Annual General Meeting	28 April
Q2 report Jan–June	15 July
Q3 report Jan–Sept	21 October
Financial statement	5 February 2015

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Information about Semcon's business, financial reporting, share information, corporate governance, activities and press releases etc. can be found on Semcon's website at: www.semcon.com where you can also subscribe and order financial information via email.

Previous years' Annual Reports and quarterly reports are available at semcon.com or can be ordered by telephone on: +46 (0)31 721 00 00 or by email: ir@semcon.com.

For environmental and cost reasons Semcon has chosen to only send the Annual Report to shareholders who have specifically requested it. Before the Annual Report is published each year, new shareholders are sent an order form giving them the opportunity of subscribing for the coming printed version of the Annual Report.

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