semcon

Extraordinary General Meeting at Semcon

Semcon AB's board of directors has decided to hold an Extraordinary General Meeting (EGM) on 7 February 2008.

The board proposes that the EGM approves the implementation of a long-term share savings scheme for Semcon Group employees and a convertible-based incentive scheme for key personnel at Semcon and decides on raising a subordinated convertible loan of no more than SEK 50 million through the issue of no more than 50,000 convertibles. The board also proposes that the EGM approves the appointment of Hans-Erik Andersson as chairman of the board of Semcon AB. Upon approval of Hans-Erik as the new chairman, the board will decide to appoint Kjell Nilsson as Semcon AB's new CEO.

Share savings scheme
Summary of proposed conditions:

- Semcon employees will be given the opportunity to buy shares through a salary deduction
- No more than 5% of gross salary may be used to buy Semcon shares over a 12-month period
- Employees will receive one free share for each share that the employee acquires and keeps for a minimum of three years
- On condition that the person is still employed after three years

The scheme will cover no more than 330,000 shares, or 1.9% of the total number of outstanding shares, of which 250,000 are matching shares and 80,000 are shares that might be transferred by the company in order to cover certain costs linked to the scheme, mainly social security expenses. The matching shares will be transferred free of charge to employees, which might cause a dilution of earnings per share of around 1.4 per cent. The total cost of the scheme is estimated at around SEK 24-30 million unevenly distributed between 2008-2012. The board intends, prior to the AGMs in 2008-2011, to propose that the meetings authorise the board to decide on the acquisition of Semcon shares via the stock exchange (in order to carry out the transfer of matching shares) and acquisitions, plus the transfer of Semcon shares via the stock exchange to cover certain costs linked to the scheme, mainly social security expenses.

Convertibles scheme
With a deviation from shareholders' preferential rights, convertibles will be offered and only subscribed for by a maximum of 165 key personnel at Semcon nominated by the board. The convertible loan of a maximum SEK 50 million will carry a 3% interest rate. Between 28 March 2010 – 28 March 2011, the convertibles can be converted to new shares in the company according to a conversion rate corresponding to 125% of the average for each day of trading between 31 January 2008 – 14 February 2008 calculated as the average noted during the day between the highest and lowest market price paid for the company's shares on the OMX Nordic Exchange, Stockholm. Upon full conversion of convertibles with the lowest possible conversion rate applied, (SEK 75), the number of shares and voting rights in the company will increase by 666,666, corresponding to a dilution of 3.7% of current shares and voting rights.

The motive behind the proposal is that the board wants to create conditions for retaining and recruiting personnel for the Semcon Group and also spread and increase share ownership among staff, which is expected to stimulate greater interest in the company and its earnings trend, increase motivation, boost a feeling of belonging to the company (and subsidiaries) and create a Group-wide focus. Against this background, a decision in accordance with the proposal is expected to have a positive affect on the Semcon Group's continued growth and thereby be of benefit to shareholders and Semcon Group employees alike.

New chairman of the board
The board proposes that the meeting decides to remove Kjell Nilsson from his current position as chairman of the board and appoint Hans-Erik Andersson as Semcon AB's new chairman of the board.

Hans-Erik Andersson has many years' experience from the international insurance sector with leading positions at Mercantile & General Re and Marsh and McLennan companies. He was previously President and CEO of Skandia Insurance Company Ltd (publ) between 2004 and 2006.

Hans-Erik Andersson was elected to Semcon's board at the AGM on 26 April 2007. He was born in 1950, lives in Djursholm, Stockholm, and studied economics and business studies at Stockholm University. His other board assignments besides Semcon include Svenska Försäkringsföreningen (Swedish insurance association), chairmanship of DN Galan and member of Finansmarknadsrådet (Finance market council). His shareholding in Semcon is 5,000 shares.

New CEO

At the board meeting on 19 December the board decided to appoint Kjell Nilsson as the new CEO of Semcon AB, with effect from 8 February 2008. He was appointed as chairman of the board of Semcon AB at the AGM on 26 April 2007. The company's CFO, Björn Strömberg has been the acting CEO of the company since 5 June. During this period Kjell Nilsson has, apart from his role as chairman, worked actively with the company's change and expansion.

Kjell Nilsson was born in 1948, lives in Mölnlycke and studied economics and business studies at the Göteborg School of Economics. He has board duties at Home Properties AB, Rörviks Timber AB, Radius Sweden AB, Choice Hotels AB and Freesourcing AB. He has extensive experience of running expansive global groups. He has worked as President and CEO of Trelleborg AB and for Boliden AB. He will keep his position on the board. His shareholding in Semcon is 80,000 shares.

"Since I arrived at the company after the AGM in the spring, I have helped with the huge change and concentration on core business being carried out by the Group. We are now one of the largest technical development companies in the world and we have seriously established ourselves internationally. This change and the major future opportunities that I see for the Group have spurred me on and I'm looking forward to once again taking the operative responsibility of a listed company," says Nilsson.

The notice to attend the EGM will be published on 9 January 2008.

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