

Press release, 14 March 2019

GREATER DIGITAL FOCUS WHEN SEMCON RESTRUCTURES.

Engineering Services, the biggest business area at Semcon, is undergoing restructuring to make it more capable of adapting to market changes. The objective is to meet customers' future needs more clearly and stay relevant with end users' changing behaviours with the business area's entire offering in all regions and industries. The digital offering is strengthened, generating increased growth potential.

"To take the next step in our journey, we have to adapt our structure so that we can address our customers' needs even more clearly when we develop future products and services. The new structure in this business area will allow us to focus even more on our customers and facilitate accelerated growth in respect of priority offerings and industries. At the same time, we are creating a more efficient organisation so that we can go on reinforcing our profitability, with an increased digital focus amongst other improvements," says Markus Granlund, President and CEO of Semcon.

This new structure is a result of an extensive analysis designed to meet the future needs of both customers and end users. The Swedish operation is being divided up into three divisions, while other markets [Norway, the UK, Brazil and India] will form part of the International division. Also, the digital focus is reinforced by the new Digital Services division, which will support all regions with cutting-edge digital expertise in fields such as AI, autonomy and User Experience [UX].

"Every division will now have clear responsibility for customers and deliverables, which means that we can offer our expertise to a broader market while also developing our digital focus still further. This will also provide opportunities for greater cooperation between regions and markets, utilising the expertise of the entire business area to its fullest extent," says Daniel Rundgren, Business Area President for Engineering Services.

More decentralised responsibility, with larger teams and greater efficiency, means that a certain number of positions - primarily within support functions - will be made redundant. Structural costs for the reorganisation is estimated to SEK 6 million, of which approximately SEK 2 million is to be charged to the operating profit for the first quarter and the remainder to be taken in the second quarter. The savings will have an immediate impact and are expected to

Semcon is an international technology company that develops products based on human needs and behaviours. We strengthen our customers' competitiveness by always starting from the end user, because the person who knows most about the user's needs creates the best products and the clearest benefits to humans. Semcon collaborates mainly with companies in the automotive, industry, energy and life science sectors. With more than 2100 specialised employees, Semcon has the ability to take care of the entire product development cycle, from strategy and technology development to design and product information. Semcon was founded in Sweden in 1980 and has offices in over 30 locations in eight different countries. In 2018, the Group reported annual sales of SEK 1.8 billion. Read more on semcon.com

exceed the costs of the restructuring already in 2019, which overall entails a marginally positive effect on the result for the full year 2019. The future annual savings are expected to amount to approximately SEK 10 million, taking full effect as of 2020.

The business area will also be changing its name to Engineering & Digital Services as a result of the change and the increase in digital focus. A total of just over 1400 people are included in the business area, which saw net sales of SEK 1,371 million in 2018 with an operating profit amounting to SEK 104 million. The new organisation will come into force as of 1 April 2019.

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