

# Prevas Press Release of Results for 2003

Pre-tax profit of SEK 5 million and 10.8 per cent profit margin for Q4

Pre-tax loss of SEK 19.4 million for full year

SUMMARY (SEK million)	Q4 2003	Q4 2002	2003	2002
<b>Operating income</b>	<b>46.5</b>	<b>48.0</b>	<b>176.7</b>	<b>184.9</b>
Operating expenses	-41.0	-53.7	-192.6	-194.7
Goodwill amortization	-0.5	-0.6	-2.2	-1.9
Goodwill write-down			-1.5	-
<b>Operating profit/loss</b>	<b>5.0</b>	<b>-6.3</b>	<b>-19.6</b>	<b>-11.7</b>
Net financial income/expense	0.0	0.1	0.2	0.6
<b>Profit/loss after financial items</b>	<b>5.0</b>	<b>-6.2</b>	<b>-19.4</b>	<b>-11.1</b>
Tax	-1.5	1.2	4.1	2.1
<b>Net profit/loss</b>	<b>3.5</b>	<b>-5.0</b>	<b>-15.3</b>	<b>-9.0</b>

- Turnover for Q4 was SEK 46.5 million (SEK 48 million), down 3 per cent. Turnover for the full year was SEK 176.7 million (SEK 184.9 million), down 4 per cent. Turnover per employee for Q4 was SEK 260,000 (SEK 218,000), up 19 per cent.
- Net profit for Q4 was SEK 3.5 million (SEK -5.0 million). The earnings improvement compared with the previous year was a result of restructuring implemented in Q3 and increased demand for fixed-price projects. The full-year result, which was charged with restructuring costs of SEK 16.1 million, was a net loss of SEK 15.3 million (SEK -9.0 million).
- Earnings per share after tax were SEK 0.45 (SEK -0.64) for Q4 and SEK -1.97 (SEK -1.19) for the full year. Equity per share was SEK 4.85 (SEK 6.81) at the year-end.
- Continued increase in demand for fixed-price IT projects, which accounted for 41 (33) per cent of total revenue for 2003 and 46 (32) per cent for Q4.
- Increased strength through its own products and minority interests. Prevas' focus on its own products is complemented by a strategy of active marketing to start-ups and financial players, in order to create long-term customer relationships, preferably based on minority interests.
- Equity totalled SEK 37.7 million (SEK 53.0 million) at the year-end, representing an equity/assets ratio of 49 (58) per cent.
- Liquid assets totalled SEK 5.0 million (SEK 5.9 million) at the year-end. A positive cash flow of SEK 4.1 million (SEK -4.0 million) was reported for Q4. Prevas has no interest-bearing liabilities.



*Prevas - the fixed-price expert*

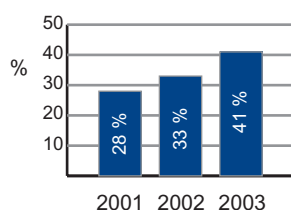
# Operations

## Prevas in brief

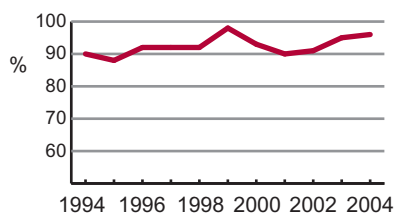
Prevas, the fixed-price IT project expert, is a project-oriented, hi-tech IT company, which offers consultancy services, products and customer support to companies developing products with a large IT component or needing to streamline or automate their operations. Delivery reliability, quality and fixed price are characteristic of Prevas' solutions.

Prevas has been listed on the Stockholm Stock Exchange O-list since 1998.

## Percentage of fixed-price projects

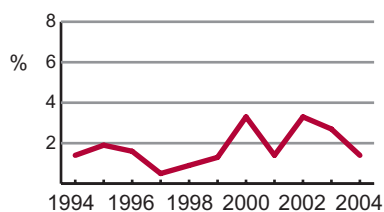


## Delivery reliability



Percentage of projects delivered on time.

## Work under guarantees



Percentage of work under guarantees relative to the percentage of pre-delivery work.

## Prevas - the fixed-price expert

The demand for fixed-price IT projects is steadily increasing. Customers want to ensure the success of implemented investment. Prevas' documented ability to deliver projects on time, with low subsequent guarantee-related costs and moreover at a fixed price means that the lead time, quality and costs of the customer's project are guaranteed. Prevas has seen a steady increase in the percentage of fixed-price projects over the past few years.

Prevas' target is to deliver at least 90 per cent of projects on time and with less than 2 per cent guarantee-related costs. In 2003:

- 96 per cent of projects were delivered on time.
- Guarantee-related costs were 1.4 per cent.

Our uniquely successful project implementation, certified to ISO 9001:2000, is founded on well-established methods, supported by a corporate culture in which each project is based on:

- A well-specified customer brief.
- A price and delivery date stipulated in advance.
- Approval and handover procedures stipulated in advance.

Our employees focus on specifying, phasing and managing the work by targets. This is also of very high priority for the customer in the case of projects charged on a time basis, since Prevas has a direct impact on the "customer's pocket". Consequently, Prevas may also be said to assure the lead time, quality and cost of the customer's investment in projects charged on a time basis.

Prevas' position as a fixed-price expert means that we look forward positively to the continued market trend towards an

increased percentage of fixed-price projects.

## "Back to the Future" resulted in a turn-around in Q4

A programme of change, "Back to the Future", was implemented in Q3 2003. The change programme included restructuring Prevas to better meet market requirements. This has not affected the offering, which still comprises supplying consultancy services and products to companies developing products with a large IT component or needing to streamline or automate their operations.

The business units were wound up, while the regions have increased in importance and now report direct to the CEO. The elimination of one management level has shortened the decision-making process and minimized the percentage of employees with non-chargeable duties. Operations in Denmark and Gävle were wound up. Overall, the changes made result in a saving of approximately SEK 30 million per year. Restructuring costs totalling SEK 16.1 million were charged to the result for 2003.

The effects of the change programme and a positive demand trend during the autumn resulted in a pre-tax profit of SEK 5 million for Q4 and a pre-tax profit margin of 10.8 per cent.

## Increased strength - products and minority interests

Prevas' focus on its own products, including traceability products for the pharmaceutical, food and electronics sectors, is part of our ambition to strengthen the company. This product focus, now also targeted at an international market, will be increasingly important in the future.

Prevas' focus on its own products is

complemented by a strategy of active marketing to start-ups and financial players, in order to create long-term customer relationships, preferably based on minority interests. The aim is to increase Prevas' net worth.

The number of start-ups, in which IT constitutes an important part of the product or solution, is now starting to rise again. For these companies and their financial backers, the cost of IT development is of vital importance and often a condition for survival. The product or solution must meet the requirements made, be delivered on time and be cost assured in advance. Prevas' documented ability to assure the customer's investment leads to contacts with start-ups. These discussions include concrete development projects, future collaboration and minority interests. Prevas' ability as a fixed-price expert to implement successful IT projects is important in opening doors.

## Prevas' offering Consultancy services

### Product development

The IT and computer power element in products continues to increase. Ever-increasing demands are made on companies to manage IT elements in the development of new products. Prevas' project quality and applied expertise in software development increase our customers' prospects of successful product development. We develop and manage the product software either ourselves or in partnership with the customer. Our areas of competence are embedded systems, databases, communications, telematics and electronics development.

Prevas has the considerable experience and high level of competence required for the development and quality assurance of advanced IT products. Our customers are mainly to be found in the automotive,

	Customers
Product development <b>Consultancy services</b>	ABB, Atlas Copco, Amersham Biosciences, Autoliv, Biacore, Biovitrum, Bombardier, Ericsson, FMV, FOI, Nokia, Sectra, Saab
Industrial systems	ABB, Arla, AstraZeneca, Findus, Haldex, ICA, Pfizer, Sandvik, Scania, Volvo, Westinghouse
<b>Products</b>	AstraZeneca, Dafgård, Ericsson, Flextronics, Pfizer, Sanmina-SCI, Solectron

Some of our customers

defence, life science, telecoms and engineering sectors.

### Industrial systems

The demands for increased efficiency in modern production processes are continuously rising. With the aid of IT support, our customers can ensure their delivery dates and meet quality and traceability requirements. At the same time, they can attain efficient utilization of production equipment, which is a critical factor in achieving a high level of competitiveness and thus a profitable production process.

Prevas offers complete IT solutions, which facilitate, streamline and assure the quality of industrial processes and production. Our undertaking ranges from reporting on the need for change to the roll-out of complete IT solutions in the following main areas:

- **Planning**

Optimization of resource utilization and material flows in production or processes. We have considerable experience and expertise in internal logistics, stock management and the control of materials handling.

- **Control**

Control systems to maximize the utilization of production equipment by relieving operators and by providing improved and faster decision data. We supply the control of robotized production cells, automated warehousing and trucks as well as palletizing, packing, sampling and testing equipment.

- **Monitoring**

Production or process data collection and presentation facilitate quality improvements and increased output. Our deliverables include IT systems for production monitoring, resource utilization and quality control.

Prevas' quality-assured project implementation and delivery reliability minimize the loss of output otherwise usual in the roll-out of new IT solutions. Our customers are to be found in the automotive, life science, power generation, food, telecoms and engineering sectors.

## Products & Customer support

Prevas offers products and systems solutions in traceability, testing and quality control for electronics, pharmaceuticals and food production. The latest member of the product group, Snitcher Asset Management, offers equipment traceability. The product was developed in 2003 and installed in the Ericsson Group, where it is used to optimize the utilization of advanced testing equipment.

Prevas Customer Support offers a wide range of different support services, including operating responsibility and product administration services. Our customer support provides Prevas' customers with high availability and security for the IT solutions and products supplied. A number of customer support agreements were signed in Q4, including agreements with ICA, IBM and Ericsson.

# Finance

## Business concept

Prevas' project quality and applied expertise in software development assure the customer's investment.

## Vision

Prevas should be one of the IT sector's most profitable companies and expand within its operating areas.

In its chosen markets, Prevas should be known as fixed-price experts and be the customer's natural choice, due to its solutions offering the best price or performance, success-oriented employees and the fact that we are easy to do business with.

## Strategy

### Market

- As fixed-price experts and due to its sector and technical expertise, Prevas should be one of the leading suppliers in its chosen markets.
- Sales should be generated by developing customer relationships, in order to achieve good, long-term customer relationships.
- Active marketing to start-ups and financial players, in order to create long-term customer relationships, preferably based on minority interests.
- Increased internationalization through our customers and partners.
- Image building should be based on a carefully prepared plan, in which each individual activity helps to strengthen the Prevas brand.

### Processes

- Due to its world-class project implementation, documented by established performance indicators, Prevas should be the competitive, secure option for its customers in the procurement of fixed-price projects.

### Employees

- Prevas should be an attractive workplace offering stimulating assignments and planned competence development.
- Prevas should offer a good work-life balance and promote a strong corporate culture, where employees enjoy going to work.
- Prevas' corporate culture should be marked by decentralized decision-making, a businesslike and responsible approach as well as quality- and cost-consciousness.
- Prevas' employees should be offered a share in the company's financial success.

### Finance

- Prevas should grow organically, supported by the acquisition of companies with complementary competence or customer relationships.

## Tender outcome

During the year, 92 (84) per cent of orders went to Prevas and 8 (16) per cent to a competitor.

## Capacity utilization

The invoicing rate was 69 (58) per cent for Q4 and 62 (58) per cent for the full year. The invoicing rate, which is one of Prevas' performance indicators, is measured as the number of hours invoiced divided by the total hours used in the company. All employees in consulting operations, including management and administration, are included in the key indicator.

## Assignment distribution

During the year, 41 (33) per cent of assignments were charged on a fixed-price basis and 59 (67) per cent on a time basis.

## Employees

During the year, the average number of employees was 204 (216) and staff turnover (excluding employees made redundant) was 12 per cent. The percentage of female employees was 18 per cent at the year-end. At Prevas' Annual General Meeting in March 2003, a resolution was passed on a profit sharing scheme for all employees.

## Turnover and results for Q4

Turnover for Q4 was SEK 46.5 million (SEK 48.0 million), down 3 per cent. The number of working days was 62 (62).

Operating profit was SEK 5.0 million (SEK -6.3 million), representing an operating margin of 10.7 (-13.2) per cent. Profit after financial items was SEK 5.0 million (SEK -6.2 million) and the profit margin was 10.8 (-13.0) per cent.

## Turnover and results for 2003

Turnover for the year was SEK 176.7 million (SEK 184.9 million), down 4 per cent. The number of working days was 249 (250).

Operating loss was SEK 19.6 million (SEK -11.7 million), representing an operating margin of -11.1 (-6.3) per cent. The result was charged with total restructuring costs of SEK 16.1 million (SEK 6.4 million) for staff redundancies, terminated leases and goodwill write-down.

Depreciation totalled SEK 8.6 million (SEK 6.5 million), SEK 3.7 million (SEK 1.9 million) of which related to goodwill amortization and write-down.

Net financial income/expense amounted to SEK 0.2 million (SEK 0.6 million). Loss after financial items was SEK 19.4 million (SEK -11.1 million).

Net loss was SEK 15.3 million (SEK -9.0 million). Earnings per share after tax were SEK -1.97 (SEK -1.19)

## Liquid assets

Liquid assets totalled SEK 5.0 million (SEK 5.9 million) at the year-end. A negative cash flow of SEK 0.9 million (SEK +1.8 million) was reported for the year. Prevas has no interest-bearing liabilities. In January 2004, a contract was signed for the sale of one of the Group's two industrial properties. The sale will result in a positive cash flow of approximately SEK 9 million in Q1 2004.

## Financial position

Equity totalled SEK 37.7 million (SEK 53.0 million) at the year-end, representing an equity/assets ratio of 49 (58) per cent. Equity per share (excluding outstanding options) was SEK 4.85 (SEK 6.81).

# Finance (cont.)

## Investments

During the year, net investments totalled SEK 2.2 million (SEK 3.1 million), of which SEK 1.3 million related to machinery and equipment and SEK 0.9 million to product development.

## Accounting principles

This press release of unaudited results has been prepared in accordance with Recommendation RR20 Interim Reporting of the Swedish Financial Accounting Standards Council.

The same accounting principles and calculation methods have been applied as in the latest annual report, except where new recommendations have come into force. However, no new recommendations have affected the company's reported earnings.

Stockholm, 5 February 2004  
Prevas AB (publ)

*Anders Englund, CEO*

## Financial reporting

Interim Report to 31 March, 29 April  
Interim Report to 30 June, 26 August  
Interim Report to 30 September, 28 October  
Press Release of Results for 2004,  
8 February 2005  
Annual General Meeting, 17 March 2005

## Information

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## Annual General Meeting

The Annual General Meeting of Prevas AB will be held on 22 March 2004 at 17.30 at IVA's Conference Centre in Stockholm, Sweden.

# Consolidated financial statements

<b>SUMMARY PROFIT AND LOSS ACCOUNTS</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>SEK thousand</b>	<b>Q4</b>	<b>Q4</b>	<b>Q1-3</b>	<b>Q1-3</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>
<b>Net sales</b>	<b>45 625</b>	<b>47 985</b>	<b>130 149</b>	<b>136 879</b>	<b>175 774</b>	<b>184 864</b>
<b>Activated work on own behalf</b>	<b>912</b>				<b>912</b>	
Material costs	-604	-808	-1 131	-1 990	-1 735	-2 798
Other external expenses	-6 413	-10 040	-24 225	-26 612	-30 638	-36 652
Staff costs	-32 682	-41 687	-122 617	-108 955	-155 299	-150 642
Depreciation according to plan	-1 331	-1 203	-3 588	-3 370	-4 919	-4 573
Goodwill amortisation	-507	-562	-1 685	-1 335	-2 192	-1 897
Goodwill write-down			-1 500		-1 500	
<b>Operating profit/loss*</b>	<b>5 000</b>	<b>-6 315</b>	<b>-24 597</b>	<b>-5 383</b>	<b>-19 597</b>	<b>-11 698</b>
Net financial income/expense	46	92	193	465	239	557
<b>Profit/loss after financial items</b>	<b>5 046</b>	<b>-6 223</b>	<b>-24 404</b>	<b>-4 918</b>	<b>-19 358</b>	<b>-11 141</b>
Tax	-1 569	1 247	5 632	855	4 063	2 102
<b>Net profit/loss</b>	<b>3 477</b>	<b>-4 976</b>	<b>-18 772</b>	<b>-4 063</b>	<b>-15 295</b>	<b>-9 039</b>
Earnings per share after tax, SEK	0.45	-0.64	-2.41	-0.54	-1.97	-1.19
Earnings per share after tax including options, SEK	0.42	-0.64	-2.41	-0.54	-1.97	-1.19
Equity per share, SEK					4.85	6.81
Equity per share including options, SEK					5.46	7.31

\* The operating loss for Q1-3 and 2003 was charges with total restructuring costs of SEK 16 100 thousand (-6 447).

<b>SUMMARY BALANCE SHEETS, SEK thousand</b>	<b>2003</b>	<b>2002</b>
	<b>31 Dec</b>	<b>31 Dec</b>
Tangible assets	26 231	29 892
Intangible assets	10 639	13 420
Financial assets	321	321
Current receivables	34 873	41 893
Cash and bank balances	4 991	5 912
<b>Total assets</b>	<b>77 055</b>	<b>91 438</b>
Equity	37 743	53 038
Provisions	4 500	8 649
Current liabilities	34 812	29 751
<b>Total liabilities and equity</b>	<b>77 055</b>	<b>91 438</b>

<b>CHANGE IN EQUITY, SEK thousand</b>	<b>2003</b>	<b>2002</b>
	<b>31 Dec</b>	<b>31 Dec</b>
Opening balance	53 038	58 798
New share issue	-	3 239
Translation difference	-	40
Net profit for the period	-15 295	-9 039
<b>Closing balance</b>	<b>37 743</b>	<b>53 038</b>



# Consolidated financial statements

<b>CASH FLOW STATEMENTS, SEK thousand</b>	<b>2003 Q4</b>	<b>2002 Q4</b>	<b>2003 Q1-3</b>	<b>2002 Q1-3</b>	<b>2003 Jan-Dec</b>	<b>2002 Jan-Dec</b>
Operating profit	5 000	-6 315	-24 597	-5 383	-19 597	-11 698
Depreciation and write-downs	1 839	1 766	6 773	4 704	8 612	6 470
Provisions	106	30	-187	-220	-81	-190
Net financial income/expense	46	92	193	465	239	557
Tax paid	976	1 681	-255	-933	721	748
Change in current receivables	3 070	-323	3 224	12 883	6 294	12 560
Change in current liabilities	-6 096	2 378	11 157	-4 958	5 061	-2 580
<b>Cash flow from ordinary activities</b>	<b>4 941</b>	<b>-691</b>	<b>-3 692</b>	<b>6 558</b>	<b>1 249</b>	<b>5 867</b>
Investment in subsidiary	-	-2 161	-	-	-	-2 161
Net investment in fixed assets	-890	-100	-1 280	-813	-2 170	-913
<b>Cash flow from investment activities</b>	<b>-890</b>	<b>-2 261</b>	<b>-1 280</b>	<b>-813</b>	<b>-2 170</b>	<b>-3 074</b>
<b>Operating cash flow</b>	<b>4 051</b>	<b>-2 952</b>	<b>-4 972</b>	<b>5 745</b>	<b>-921</b>	<b>2 793</b>
Loans raised (+) / Repayment of loans (-)	-	-1 017	-	-	-	-1 017
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-1 017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1 017</b>
Cash flow for the period	4 051	-3 969	-4 972	5 745	-921	1 776
Opening liquid assets	940	9 881	5 912	4 136	5 912	4 136
Closing liquid assets	4 991	5 912	940	9 881	4 991	5 912
<b>Change</b>	<b>4 051</b>	<b>-3 969</b>	<b>-4 972</b>	<b>5 745</b>	<b>-921</b>	<b>1 776</b>

<b>KEY RATIOS</b>	<b>2003 Q4</b>	<b>2002 Q4</b>	<b>2003 Q1-3</b>	<b>2002 Q1-3</b>	<b>2003 Jan-Dec</b>	<b>2002 Jan-Dec</b>
Gross margin	14,7%	-9,5%	-13,7%	-0,5%	-6,2%	-2,8%
Operating margin before GW	11,8%	-12,0%	-16,5%	-3,0%	-9,0%	-5,3%
Operating margin after GW	10,7%	-13,2%	-18,9%	-3,9%	-11,1%	-6,3%
Profit margin	10,8%	-13,0%	-18,8%	-3,6%	-11,0%	-6,0%
Earnings per share after tax	0,45 kr	-0,64 kr	-2,41 kr	-0,54 kr	-1,97 kr	-1,19 kr
Earnings per share after tax incl. outstand. share options *	0,42 kr	-0,64 kr	-2,41 kr	-0,54 kr	-1,97 kr	-1,19 kr
Average number of shares	7 782 600	7 782 600	7 782 600	7 573 600	7 782 600	7 625 850
Average number of shares incl. outstand. share options *	8 282 600	8 282 600	8 282 600	8 073 600	8 282 600	8 125 850
Equity/assets ratio					49,0%	58,0%
Equity per share					4,85 kr	6,81 kr
Equity per share incl. outstand. share options *					5,46 kr	7,31 kr
Return on capital employed, %					-37,3%	-16,8%
Return on equity, %					-34%	-20%
Average number of employees **	179	220	210	214	204	216
Working days	62	62	187	188	249	250
Chargeability rate	69%	58%	60%	58%	62%	58%
Turnover per employee, SEK thousand	260	218	620	637	866	856

\* The calculations for key ratios do not include 192 700 subscribers' options with strike price of SEK 194.

\*\* Excluding redundancies.

# Consolidated financial statements

<b>RESULT PER BUSINESS AREA, SEK thousand</b>	<b>2003 Q4</b>	<b>2002 Q4</b>	<b>2003 Q1-3</b>	<b>2002 Q1-3</b>	<b>2003 Jan-Dec</b>	<b>2002 Jan-Dec</b>
<b>Net sales</b>						
Consultancy services	35 624	37 485	101 818	111 788	137 442	149 273
Products and customer support	10 086	9 692	25 851	22 666	35 937	32 358
Administration properties	827	808	2 480	2 425	3 307	3 233
<b>Operating profit/loss</b>						
Consultancy services	2 320	-7 446	-27 356	-8 589	-25 036	-16 035
Products and customer support	2 216	723	1 499	1 915	3 715	2 638
Administration properties	464	408	1 260	1 291	1 724	1 699
<b>Profit margin</b>						
Consultancy services	6.5%	-19.9%	-26.9%	-7.7%	-18.2%	-10.7%
Products and customer support	22.0%	7.5%	5.8%	8.4%	10.3%	8.2%
Administration properties	56.1%	50.5%	50.8%	53.2%	52.1%	52.6%

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