

Semcon adapting activities

Semcon is reducing the working space in the premises in Rüsselsheim and Munich to adapt German activities to current market conditions for GM and BMW and carrying out staff cuts at these sites. Activities at other sites in Germany are, under the circumstances, showing stable growth. The reduction and staff cutting costs amount to around SEK 40 million and will impact on Q4 2008, together with the previously announced costs for staff cuts in Swedish activities of SEK 40 million.

The weak trend in the industry is continuing and it's very difficult to predict what's going to happen with customers mainly in the automotive sector. We're following developments very closely but we believe that we'll unfortunately be forced to carry out cutbacks in Q1 because most of our major customers are continuing to lay off personnel. Uncertainty in the global economy means that we need to act to ensure that Semcon's cost base is in line with a weaker economic situation," says Kjell Nilsson, CEO of Semcon AB.

This uncertainty has also meant that the figures for the fourth quarter will be burdened by reserves for bad debts of around SEK 20 million. These bad debts include demands of around SEK 10 million from basically sound Russian customers who've experienced financing problems due to the economic downturn.

"Despite the uncertainty on the market in the short term from some industries and individual customers we're still seeing a major demand for technical development. We're focusing on securing a good financial position in order to stand stronger when the economic downturn ends. We're still seeing good demand from several sectors, including the energy sector where investments are being made to expand the business. The market's demand to produce more products, models and versions at an increased pace benefits the company, which means that we predict good business opportunities when the global financial crisis finally ends," Kjell Nilsson concludes.

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