

Semcon realigns its business in Sweden and introduces a cost-cutting scheme

Semcon is realigning its business and starting negotiations with the unions concerning the laying-off of around 300 people in Sweden. Simultaneously it is introducing a cost-cutting scheme throughout the entire Semcon Group.

A continued uncertain market and reduced business volumes means that further staff cuts have become unavoidable at the Swedish operation. It is mainly the businesses in Göteborg and Trollhättan that are affected. MBL (Employment Act) negotiations will begin with the union organizations.

At a development company like Semcon staff costs are the single largest cost, which means the company must act quickly to realign the business if the order intake falls radically. The financial turmoil and its impact on the economy has included causing substantial uncertainty about the future with lay-offs and Semcon's customers waiting to extend or start new assignments as a consequence.

"We are forced to realign our business to the substantially receding demand from certain parts of the market. Regarding the business at Trollhättan we have the aim of immediately breaking off MBL negotiations regarding lay-offs if Saab Automobile succeeds in the near future in finding a new ownership structure," says Kjell Nilsson, Semcon's president and CEO.

The cost-cutting scheme to be introduced is expected to produce savings of around SEK 15 million in 2009. It is estimated that the costs of the staff lay-offs and cost-cutting scheme will have an SEK 40 million impact on the results for the first half-year.

"Despite the uncertainty on parts of the market and at various customers, the demand for development and development-related services will continue to be considerable in the long-term, even if a slackening off occurs in a short-term perspective," concludes Kjell Nilsson.

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This information is such that Semcon AB must publish according to laws governing the securities market and/or laws governing trading in financial instruments. This information was published at 10:20 a.m. on 5 March 2009

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