
Tim Score CFO



THE ARCHITECTURE FOR THE DIGITAL WORLD™

Q1 2003 - Financial highlights

- Slower licensing activity continues but 8 licenses signed in the quarter
- Royalty revenues increased by 33%
- £1.6 million write-down of listed and unlisted investments
- Operating margin at 21.4% (16.4% after write-downs)
- Operating cash flow of £6.9 million. Net cash up by £5.0 million, giving cash balance of £135.3 million

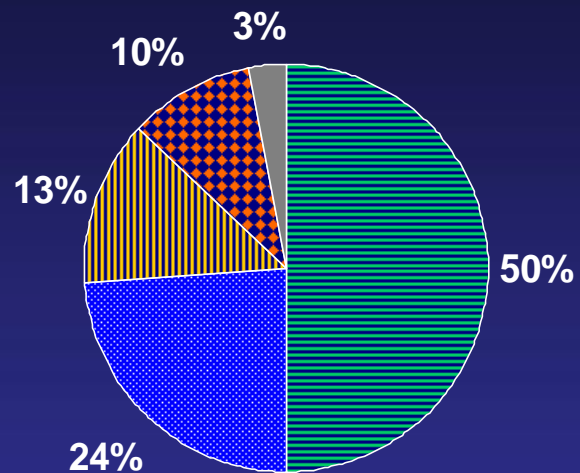
Results Q1 2003

	Q103	Q102	Q402
	£MM	£MM	£MM
Total revenues	31.0	42.1	32.3
Operating profit	5.1	14.9	4.3
Mgn	16.4%	35.4%	13.3%
PBT- US GAAP	6.1	15.7	5.5
Net - US GAAP	4.3	10.7	3.6
EPS - US GAAP(p)	0.4	1.0	0.4

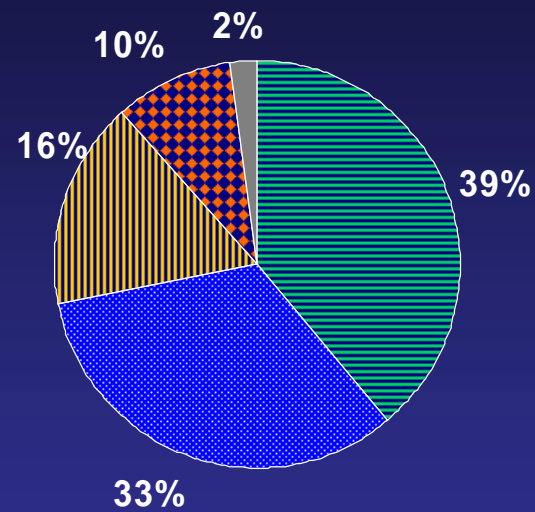
Q1 03 operating profit pre write-downs: £6.7M, 21.4%

Revenue breakdown

Q4 2002



Q1 2003



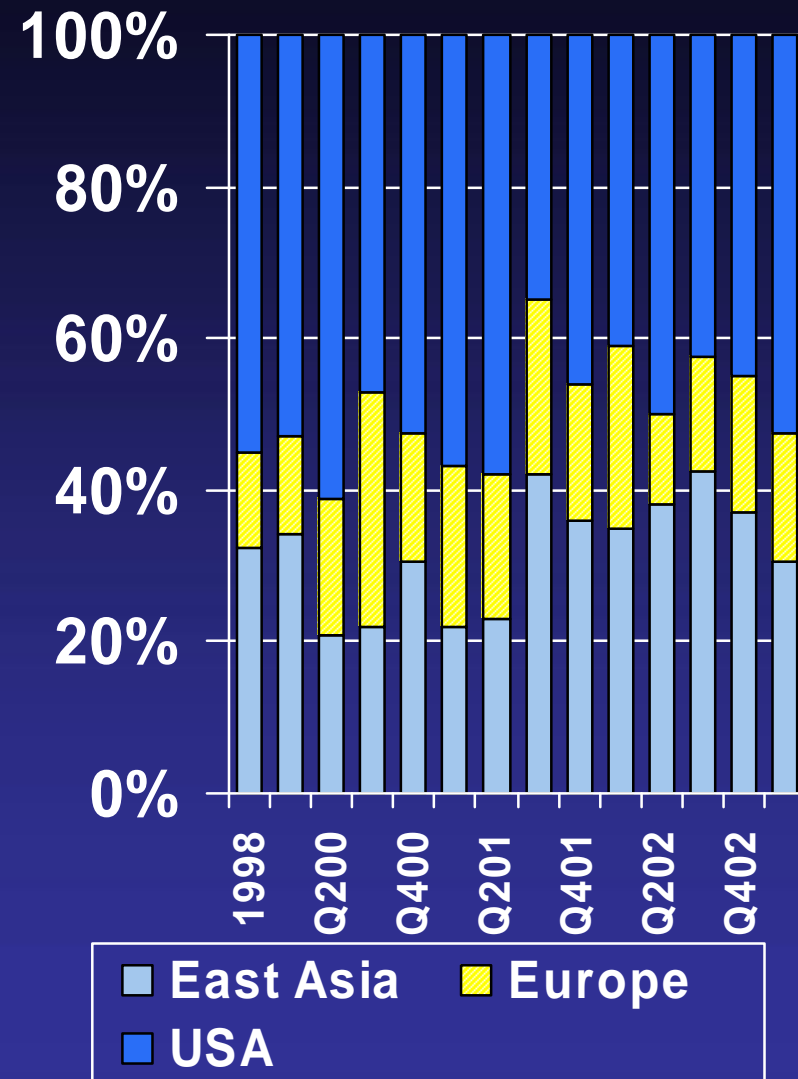
Geographical analysis

■ Revenues Q1 03

- 52% USA (41% Q1 02)
- 31% East Asia (35% Q1 02)
- 17% Europe (24% Q1 02)

■ Bookings Q1 03

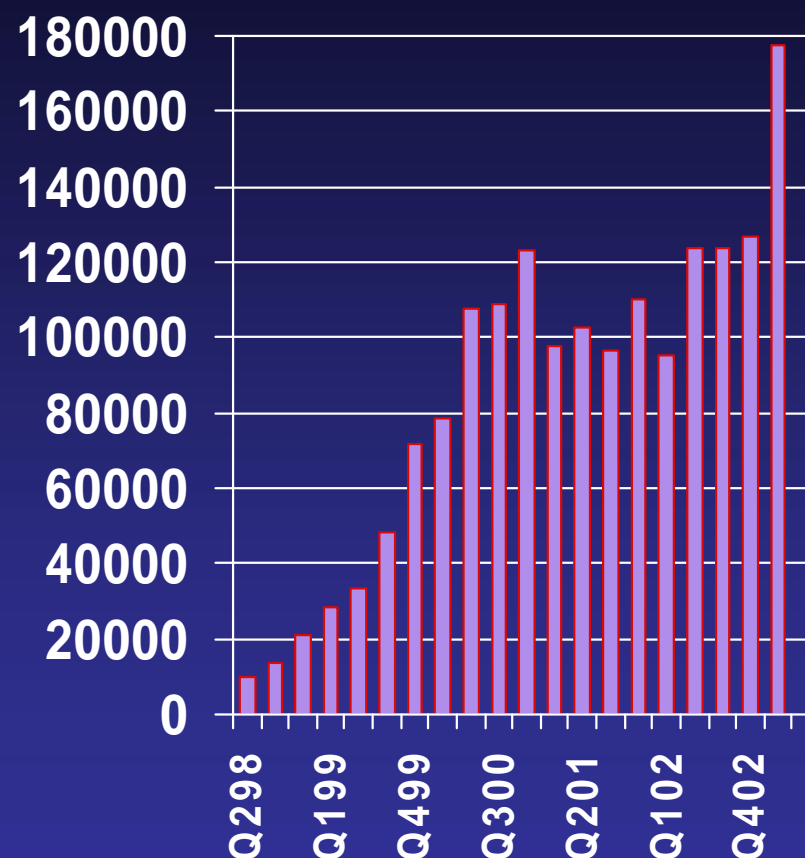
- 34% USA
- 26% East Asia
- 40% Europe



Royalties

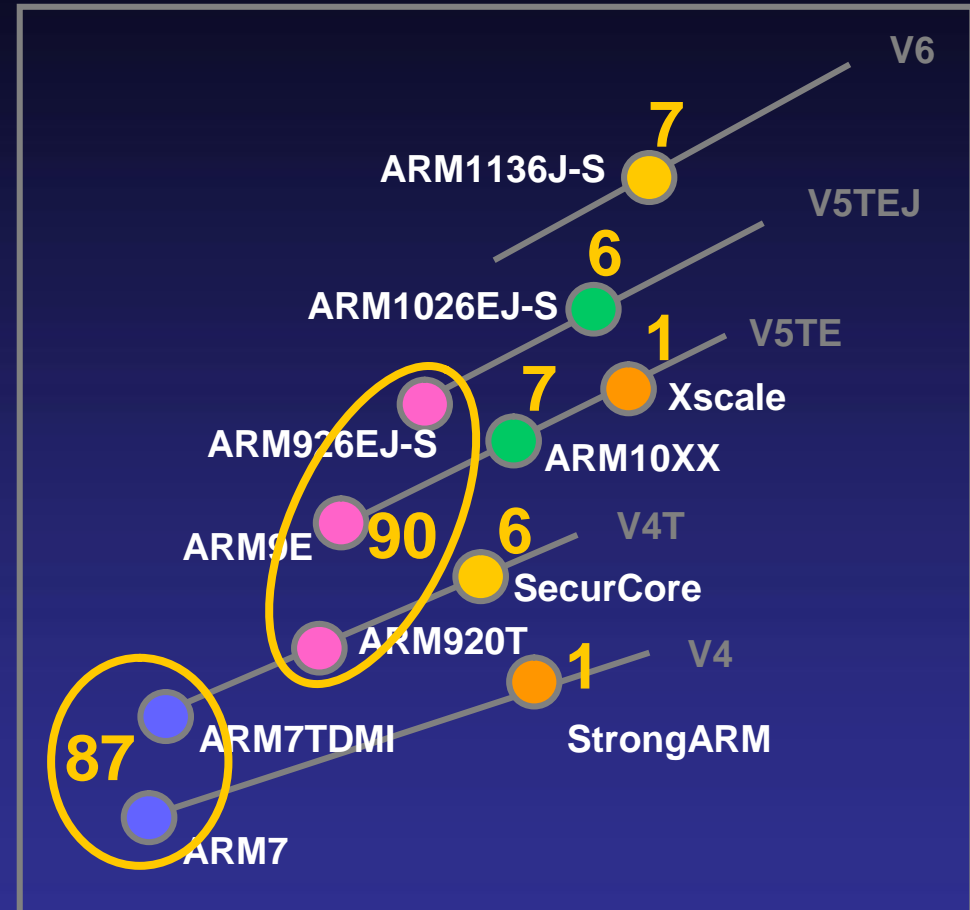
	Q2 02	Q3 02	Q4 02	Q1 03
Roy.Revs, £	6.5M	6.2M	7.8M	10.3M
% of Revs	15%	19%	24%	33%
Units	95M	124M	127M	178M
No.shipping	35	37	43	48
Roy.Revs, \$	9.4M	9.6M	12.1M	16.2M

Units



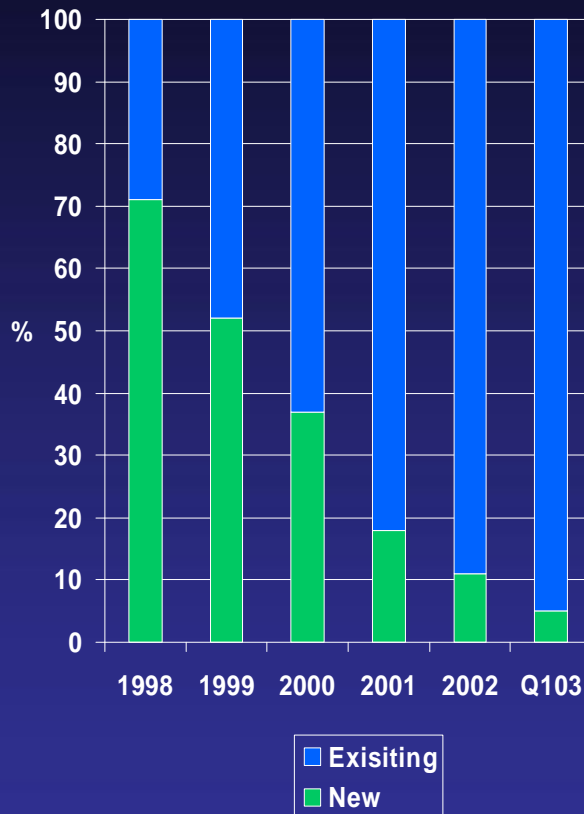
Core licensing

- Q1 03: 8 licenses
 - 4 new partners in Q1 2003
 - 4 Foundry Program
 - 1 upgrade
 - 1 x ARM1026 cores
 - 2 per use extensions
 - 1 Subscription extension
 - 112 partners at end Q1 2003
-
- This excludes the 7 Foundries and their 14 licenses

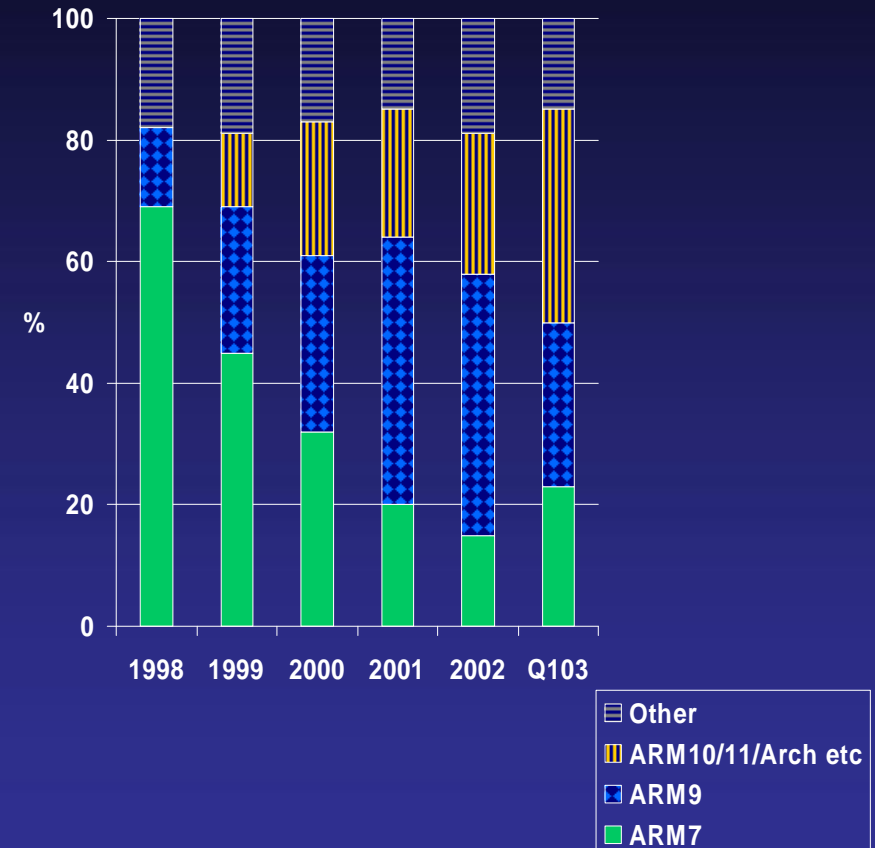


Licensing activity

New vs existing licensees



Core and non CPU licenses



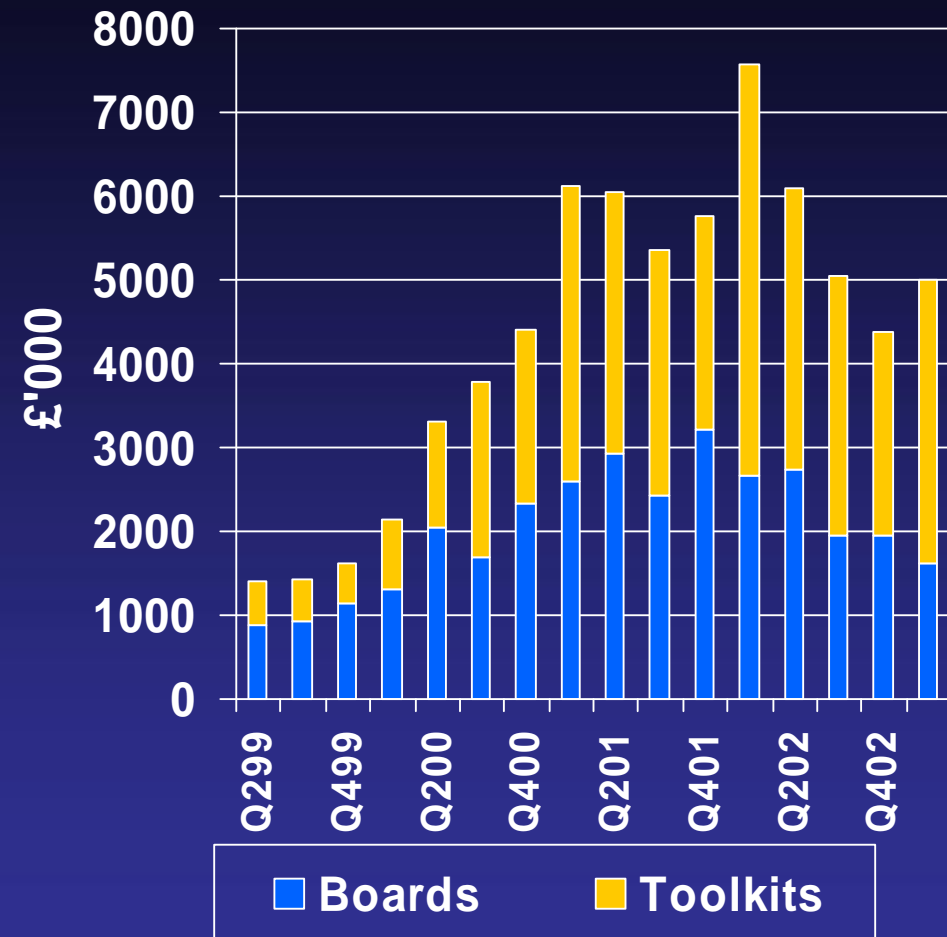
Customer concentration : Largest customer 7%, Top ten customers 44%

ARM

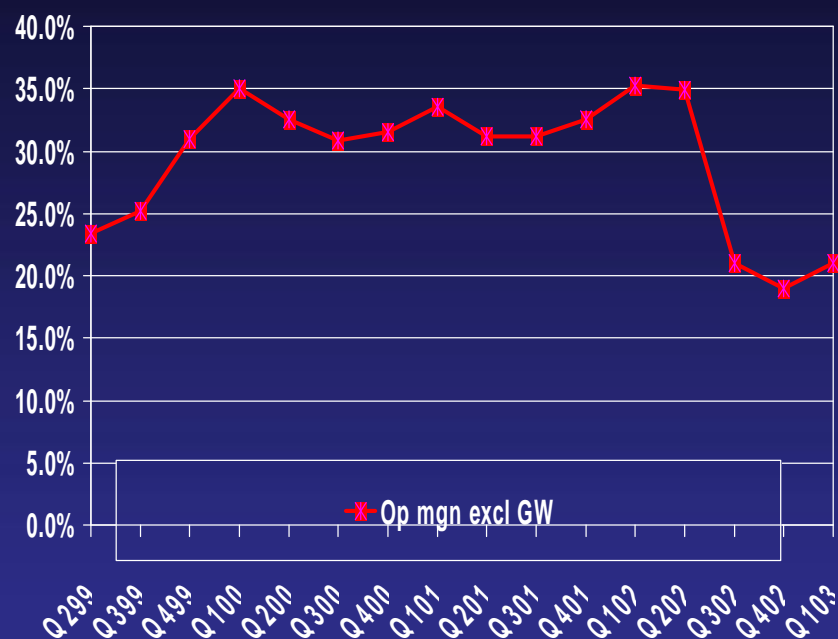
THE ARCHITECTURE FOR THE DIGITAL WORLD™

Development Systems

- Dev't systems sales Q1 03
 - 27% (21%) USA
 - 51% (44%) East Asia
 - 22% (35%) Europe
- 16% of revenues in Q1 03
- 38% revenues through distribution
- 14 distributors in total - 2 China, 2 Japan, 3 Europe, 1 Taiwan, 3 USA, 1 Israel, 1 New Zealand, 1 Singapore



Operating margin trend



	Q402	Q103
R+D, %	33.9%	38.4%
R+D, £M	11.0	11.9

	Q402	Q103
SG+A, %	38.7%	31.1%
SG+A, £M	12.5	12.5

	Q402	Q103
Op Mgn	19.4%	21.4%

Values as percentage of sales

SG&A and Operating Margin is before restructuring costs in Q4 and Investment write-downs in Q1

Cash generation in Q1 03



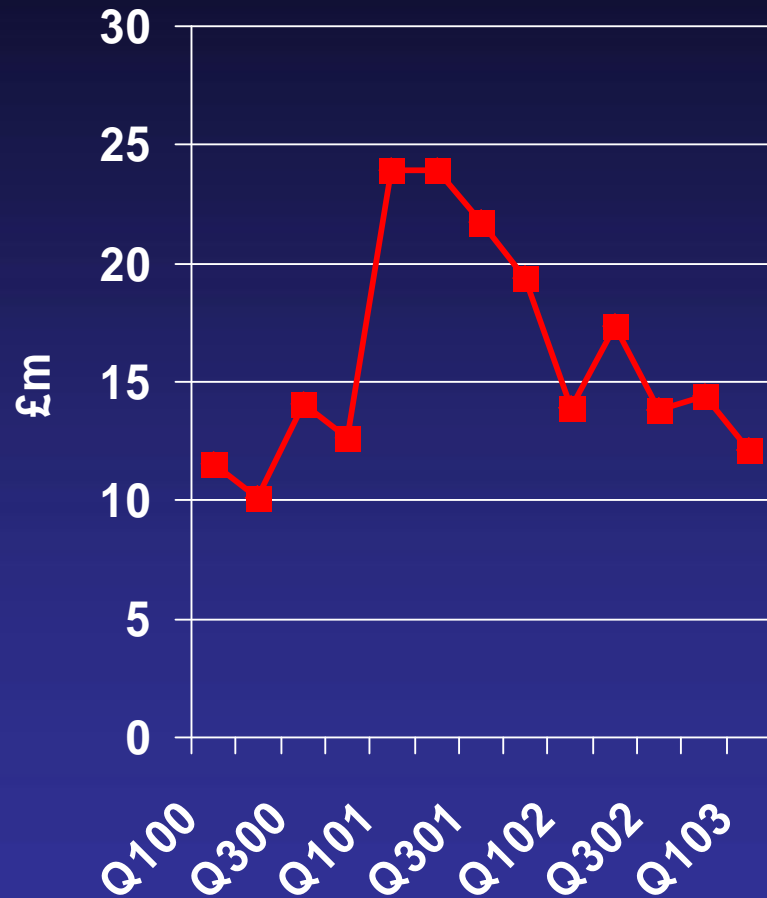
	Q402	Q103
	£MM	£MM
Operating cash	16.8	8.0
Capex/inv'ts	-6.1	-1.2
Tax	-2.1	-1.8
Cash at qtr end	130.3	135.3

Receivables

- Receivables remain constant due to good cash collection

	Q2 01	Q3 01	Q4 01	Q1 02	Q2 02	Q3 02	Q4 02	Q1 03
	£MM	£MM	£MM	£MM	£MM	£MM	£MM	£MM
Trade receivables	27.7	27.2	24.8	33.3	40.2	28.2	20.5	20.7
Bad debt provision	0.3	0.5	0.8	1.2	2.3	2.1	2.2	2.4

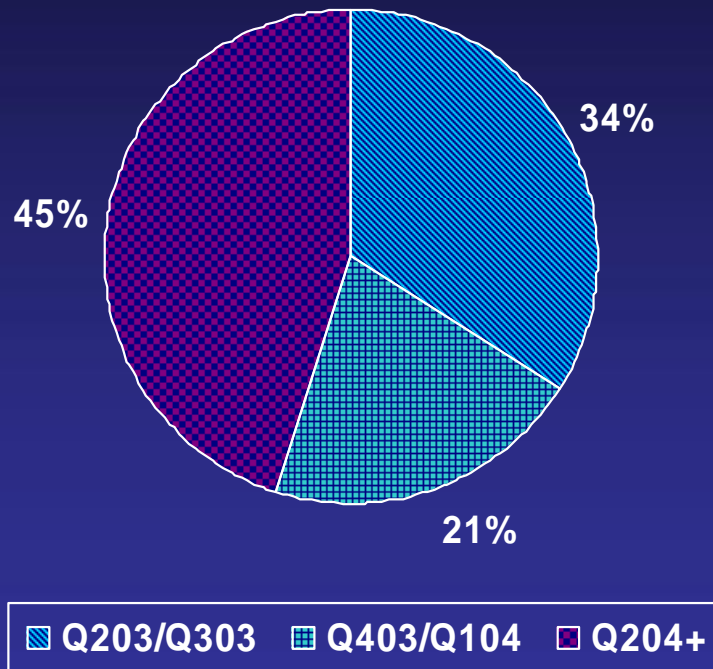
Deferred revenues



- Deferred revenues: invoiced sales not yet recognized
- Small proportion of total backlog
- Amount dependent on product maturity mix of portfolio
- Amount remains within “normal” band

Backlog

Backlog by Maturity Profile



Backlog Composition

