

VLT buys Centertidningar together with three other media companies

VLT AB buys Centertidningar AB together with three other media companies. The current political leaning of the leader pages is guaranteed. The Center Party will continue in the future to appoint the political editors. The future development of the provincial newspapers is assured with regional owners furthermore collaborating in the newly-formed company, *mkt media AB*. One of the Nordic regions largest newspaper printing companies is created by merging the printing operations of both buyers and sellers.

VLT AB buys Centertidningar AB together with MittMedia Förvaltnings AB, Morgonpress Invest AB, Tidningsaktiebolaget Stampen and VLT AB (publ). During 2004 Centertidningar had a turnover of SEK 742 million and showed a profit before tax of SEK 80 million. Employees number approximately 700.

Centertidningar comprise the following newspapers Hallands Nyheter, Länstidningen, Södertälje, Norrtälje Tidning, Södermanlands Nyheter and Östersunds-Posten and has shares in Hälsingetidningar Hudiksvalls Tidning, Hälsinge Kuriren and Ljusdals-Posten. It also wholly owns the following weekly or monthly publications: Idrottsbladet Motorsport, Nynäshamns-Posten and Lidingö Tidning. In addition, Centertidningar has a 24 percent stake in Ortstidningar i Väst, which is published in Gothenburg, Sweden.

The Center Party is paid SEK 1 815 million. VLT's share amounts to SEK 546 million in cash, mainly financed through borrowing.

One of the Nordic regions largest newspaper printing companies is created

In addition to newspaper publishing companies, the Center Party also has printing operations in Östersund, Norrtälje and Södertälje through Tabloidtryck i Norden. These operations will be shared with VTAB and VLT Press print activities. As a consequence, one of the largest printing companies in the Nordic region is created with around 600 employees and an estimated turnover of SEK 1.3 billion. The new printing company will be owned by VLT with 34.75% after VLT Press is entered as a issue in kind, the remaining 65.25% is owned by VTAB Intressenter in which Stampen is the majority shareholder.

Extended number of newspaper titles

Following the purchase the intention is that, Länstidningen Södertälje, Norrtälje Tidning as well as Idrottsbladet Motorsport, Nynäshamns-Posten and Lidingö Tidning shall be considered owned by VLT and Södermanlands Nyheter shall be considered owned jointly by Stampen and VLT AB. The intention is that VLT will acquire the various newspapers as soon as possible.

"Our participation in the purchase of Centertidningar offers an interesting opportunity to create the bigger and more competitive structure the industry so badly needs. In line with our strategy we have for some time sought for such openings. This is definitely the right transaction in which to use our very good financial position to participate in long-term value-adding changes. As part-owner in the printing company we will be able to take advantage of an improved competitive position for the printing operations. Centertidningar is a profitable and cost-conscious organisation from which we will be able to gather ideas and inspiration to further successfully develop our business" says Lennart Foss, President and CEO of VLT AB.

Positive earnings impact

The transaction has the effect that the newspaper part of VLT increase, at the same time as the printing operation ceases to be wholly owned and instead becomes a share in an associated company. Financially the transaction results in increased leverage. After the transaction the VLT-group will have approximately 970 employees and sales of approximately SEK 920 million.

Calculated on a full-year basis the transaction is estimated to improve the earnings ratios of VLT AB:

- Higher operating margin – the purchased centernewspapers have recorded healthy margins, and at the same time the new combined printing operation will generate significant synergies.
- EPS is deemed to be able to increase by SEK 1.50-2.00.
- Return on equity increase.

The transaction has the effect that VLT AB now will get a financial leverage that is closer to the group's financial target of an equity ratio of 30-40 percent. The equity ratio will now be slightly below 30 percent.

The impact from the transaction on the 2005 earnings will be only marginally positive as the closing take place very late in the year. The magnitude of the change is such that it will not alter the current forecast.

For more information, please contact:

Lennart Foss, President and CEO of VLT, Phone + 46 70-6586958

Centertidningar AB

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In addition to its publishing activities, Centertidningar has substantial printing operations in Sweden, wholly owns a local television company and an IT-company as well having a 50 percent stake in a media sales company, RiksMedia Sverige AB. During 2004 the Group had a turnover of SEK 742 million and showed a profit before tax of SEK 80 million. Employees number approximately 700.

VLT

The VLT Group operations encompass newspaper publishing, distribution activities, printing, internet and radio broadcasting activities as well as registering and quality control of T-advertising and newspaper advertising. During 2004 the VLT Group had a turnover of SEK 823 million and 1.023 employees.

The Tidningar business area runs newspaper distribution in eight regions with a total average run of around 115,000 issues. The newspapers are VLT in Västerås, Bärgslagsbladet in Köping, Arboga Tidning, Sala Allehanda, Fagersta-Posten, Avesta Tidning as well as TTELA in Trollhättan and Vänersborg. In addition, newspaper distribution and delivery of direct advertising, part ownership of the Internet developer CityGate (9 percent) as well as part ownership (11,1 percent) of Västsvensk Tidningsdistribution KB are also part of the business.

Printing operations encompass VLT Press with a highly modern printing press in Västerås, as well as through part ownership (10 percent) of VTAB.

The Elektroniska medier (Electronic Media) business area has operations within the Internet area through development and sales of tools for digital communication in Leanback Sweden. Radio comprises the stations Rix FM 106.1 in Västmanland in the company Bra Radio. Registration and quality control of TV advertising and newspaper advertising take place via the TVCheck company.