



YEAR-END REPORT

January–December 2004

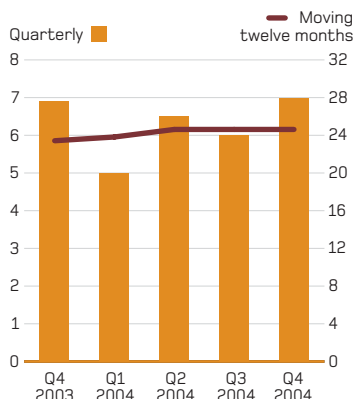
This is a translation. The Swedish version is the official.

Q4

- Sales volume for 2004 amounted to 24.6 million 9-litre cases, an increase of 5 per cent.
- Concerted efforts have helped ensure ABSOLUT continues to increase its volumes on most markets including the United States. The increase in the US market was almost 4 per cent on the previous year.
- Group net sales amounted to SEK 9,264 million, virtually the same as previous year. With an unchanged US dollar exchange rate 2004 net sales would have increased by SEK 500 million or just over 5 per cent.
- Operating profit decreased by 22 per cent to SEK 1,335 million. In addition to the dollar exchange rate, the change is also attributable to marketing initiatives.
- Profit after tax decreased by 15 per cent to SEK 844 million for the same reasons.
- To meet higher demand for ABSOLUT and secure a continued high product launch rate, an expansion of the plants in Åhus and Nöbbelöv, Sweden, at a cost of SEK 360 million was decided.
- A V&S Code of Conduct, which brings together and supplements previous policy documents, was adopted and work on its implementation in the Group began.

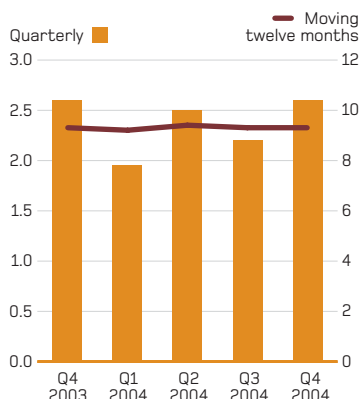
VOLUME

Million 9-L cases



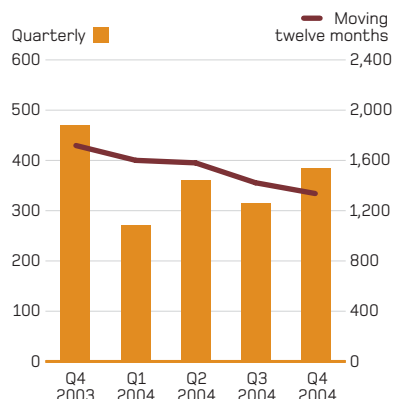
NET SALES

SEK bn



OPERATING PROFIT

SEK mn



KEY RATIOS FOR THE GROUP

	Q4 2004	Q4 2003	Full year 2004	Full year 2003
Sales volume, million 9-litre cases	7.0	6.9	24.6	23.4
Net sales, SEK mn	2,605	2,622	9,264	9,294
Operating profit, SEK mn	385	471	1,335	1,717
Profit after tax, SEK mn	237	256	844	994
Operating margin ¹ , %	14.8	18.0	14.4	18.5
Cash flow before financing activities, SEK mn	645	592	1,082	1,980
Return on shareholders' equity ² , %			17.8	22.8
Interest-bearing net liability ³ , SEK mn			5,334	6,259
Debt/equity ratio ⁴ , times			1.1	1.4
Equity/assets ratio ⁵ , %			33.1	30.0

¹ Operating profit as a percentage of net sales.

² Net profit (moving 12 months) as a percentage of average shareholders' equity. The minority share has been excluded.

³ Interest-bearing liabilities less interest-bearing assets. All calculated at end of period.

⁴ Interest-bearing net liability divided by shareholders' equity. All calculated at end of period.

⁵ Shareholders' equity as a percentage of total assets.

THE GROUP

Market and Sales

Sales volumes in 2004 amounted to 24.6 million 9-litre cases (23.4), an increase of 5 per cent on the previous year. The increase is primarily attributable to success in the Group's Polish operation, accelerating volumes for ABSOLUT, and to some extent the fact that the 2003 figures only included eight months of business at Zielona Góra in Poland.

The Group's invoiced sales for the same period excluding alcohol excise taxes amounted to SEK 9,264 (9,294) million. With the strong position held by ABSOLUT in the United States, the continued decline of the dollar has reduced this year's figure by some SEK 500 million compared with last year. With an unchanged dollar exchange rate, sales would have increased slightly ahead of volume.

Sales volume for the fourth quarter amounted to 7.0 million 9-litre cases (6.9), an increase of 1 per cent compared with the corresponding quarter last year, or of 16 per cent on the previous quarter in 2004. The rise is due to the same factors as development for the year as a whole, and there was also a seasonal variation in relation to the previous quarter.

Group net sales during the fourth quarter amounted to SEK 2,605 (2,622) million, in line with the same quarter last year and 17 per cent above the third quarter of 2004. The fact that net sales did not rise at the same rate as volumes is attributable to the fall of the dollar.

Profit

The Group's operating profit in 2004 decreased by 22 per cent to SEK 1,335 (1,717) million. The depreciation of the dollar is responsible for a fall in profit of approximately SEK 290 million. The discrepancy is also due to considerable market investments in connection with product launches.

The Group's operating profit for the fourth quarter amounted to SEK 385 (471) million, a decrease of 18 per cent on the corresponding period in 2003. This development is

attributable to the same factors as for the year as a whole. Compared to the third quarter of 2004 profit was up 22 per cent, which can be explained by seasonal variations.

Development by business area

V&S Distillers

The V&S Distillers business area encompasses the Group's spirits activities in the Nordic region and Central Europe.

Sales volumes for V&S Distillers in 2004 increased by 14 per cent to 6.1 million 9-litre cases (5.3). Around two-thirds of this rise is due to organic growth in Poland. Furthermore, volumes in Finland have doubled. However, volumes in Sweden and the Czech Republic have decreased dramatically, and in Sweden there are no signs of being able to stop consumers buying abroad rather than at the Systembolaget retail monopoly as long as Sweden's alcohol taxes – which are far higher than generally in the region – remain as they are. Another consideration is that the acquisition of the operation in Zielona Góra, Poland, was carried out in May 2003 and therefore did not have full effect on the whole-year figures until 2004. As for other markets, Denmark is showing something of an increase while the German market remains strained.

Income from sales amounted to SEK 1,989 (1,760) million. This increase is slightly lower than the increase in volume, mainly due to the fact that price levels in Poland are lower than on the Group's other markets.

Sales volume for the final quarter amounted to 1.9 million 9-litre cases (1.9), an increase, before rounding, of 2 per cent on the same quarter in 2003. The fact that the increase for the quarter is relatively less than for the year as a whole is partly because sales in Sweden dropped off even more dramatically towards the end of the year, and also because both Denmark and Germany showed slightly lower sales than expected around the holiday season. Furthermore, the Polish acquisition impacts the whole-year figures but not the quarterly comparison. In relation to the third quarter of 2004, however, volume

increased by a full 30 per cent, which is due to seasonal variation.

The business area's sales for the fourth quarter amounted to SEK 627 (579) million. Compared to the third quarter, net sales increased on a par with volume.

The business area's operating profit amounted to SEK 179 (225) million. The fall is primarily explained by costs for personnel reductions in Poland, restructuring costs in Denmark and new principles for allocating central costs within the Group. Fourth quarter operating profit is considerably lower than the same period last year at SEK 61 (89) million, attributable to the same reasons as for the whole-year figures.

V&S Wine

The V&S Wine business area encompasses the Group's wine operations.

Sales volume for the year amounted to 10.0 million 9-litre cases (10.2). This change is the net effect of increases in most of the business area's markets and decreases in Finland, where a number of agencies for external producers have been phased out according to plan and mostly transferred to Maxxium, of which V&S is a part-owner.

Income from sales decreased by 6 per cent to SEK 2,268 (2,420) million. This decrease is mainly attributable to the above-mentioned discontinuation of non-Group products in Finland, as well as the fact that consumers are steering the product mix on the business area's markets towards less expensive products.

Volume for the final quarter amounted to 2.8 million 9-litre cases (2.9), and net sales to SEK 702 (759) million. Underlying these figures is a powerful volume development in Denmark and Estonia, as well as bigger losses in Sweden and Finland due to cross-border trade and poorer price relations with spirits. In relation to the third quarter of 2004, the fourth quarter represents a considerable improvement, explained by seasonal variations.

The business area reported an operating profit of SEK 19 (29) million for 2004. The change is mainly due to the discontinuation of non-Group products in Finland, but also to new principles for allocating central costs within the organization. Profit in the fourth quarter amounted to SEK 15 (17) million, which is better than the previous quarter due to seasonal variations.

V&S Absolut Spirits

The V&S Absolut Spirits business area encompasses global sales of ABSOLUT and selected other premium brands.

Volumes for 2004 increased by 5 per cent to 9.3 million cases (8.9). Almost all brands within the business area contributed to the increase, as well as a range of different markets.

In the United States, depletions (sales from wholesalers to retailers) of ABSOLUT VODKA increased by 3.4 per cent. Since the transition to a new distribution organization a few years ago, the brand has steadily raised its volumes in the US. ABSOLUT has also enjoyed rapid growth on several other markets. Volumes

in Poland quadrupled and percentage growth in double figures were reached on several other major markets such as Canada, Germany, Great Britain and Australia. In addition, volumes more than doubled on future markets such as China and Turkey.

The increases in volume did not compensate for the effects of a weaker dollar, and sales income decreased slightly to SEK 4,979 (5,142) million. With an unchanged dollar exchange rate, net sales would have been up 6.5 per cent, which is more than the volume rise and indicates increasing margins when gauged with a constant exchange rate. The volume increase has therefore been achieved not by price reductions but by stronger positions on the markets.

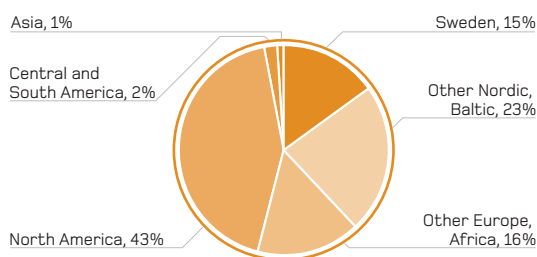
Volumes for the fourth quarter amounted to 2.5 million 9-litre cases (2.5), and net sales to SEK 1,273 (1,304) million. Compared to the third quarter of 2004, the final quarter does show a certain increase in volume and net sales.

The business area's profit fell to SEK 1,402 (1,869) million. The weak dollar has affected profit by SEK 290 million. In addition, the figures are affected by the market investment evident in the business area's higher rate of product development and launching, which in 2004 was characterized by the launch of Level, ABSOLUT RASPBERRI and ABSOLUT CUT. Fourth quarter operating profit decreased to SEK 346 (511) million.

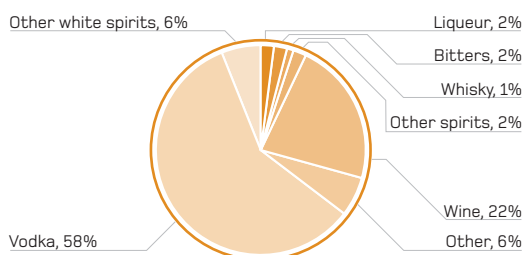
Investment

Total Group investment has been relatively low during 2004. Investments in fixed assets and acquisitions of operations amounted to SEK 284 (413) million, and were primarily capacity and environmental investments in Åhus as well as for increasing the Group's share in V&S Plymouth Ltd. from 80 to 100 per cent. Investments during the fourth quarter amounted to SEK 103 (135) million. After the period's value adjustments and

NET SALES PER MARKET



NET SALES PER CATEGORY



translation differences, fixed assets decreased by SEK 174 million to SEK 10,261 million.

Cash flow

Cash flow from operating activities during the year amounted to SEK 1,316 (2,009) million. The Group's liquid funds increased by SEK 504 (395) million during the same period. Net interest-bearing loans for the Group have decreased by SEK 925 million since January 1, and liquid funds on December 31 amounted to SEK 1,462 (958) million. Together with confirmed loan promises, the Group has a liquidity reserve of SEK 6,357 (4,319) million.

PARENT COMPANY

Net sales for 2004 amounted to SEK 5,378 (5,329) million, of which SEK 1,471 (1,419) million referred to the fourth quarter. Profit after financial income and expenses amounted to SEK 1,244 (1,533) million, of which SEK 239 (300) million referred to the fourth quarter. The average number of employees during the year was 796 (816). Liquid funds and short-term investments totalled SEK 1,088 (557) million.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

A decision has been made to phase out the operation in Dalby and relocate the affected production to other V&S plants in Denmark in order to consolidate a competitive cost structure for the Group's production.

OTHER

Reporting has been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council, and this report has been prepared in accordance with Recommendation 20 of the Swedish Financial Accounting Standards Council.

The companies in V&S Group mainly have defined contribution pension plans. However, the main form of pension in Sweden is the defined benefit plan. Starting in 2004 the company applies the Swedish Financial Accounting Standards Council's Recommendation 29 regarding remuneration to employees. The rules are based on IAS 19 and the effects of the change in accounting principle have been entered directly against shareholders' equity on January 1, 2004. Adaptation to this recommendation is described in the specification of change in shareholders' equity below.

For details of the accounting principles used, see the 2003 Annual Report, pages 36–40. Effects of the transition to IFRS will be reported in connection to the publication of the Annual Report.

This report has not been subject to examination by the company's auditors.

V&S Vin & Sprit AB (publ) is a company wholly owned by the Swedish state. The Group, V&S Group, consists of the parent company and operating activities in Sweden, Denmark, Finland, Norway, Estonia, Germany, Poland, the Czech Republic, Chile, the USA, Great Britain and France.

CONSOLIDATED INCOME STATEMENT

SEK mn	Q4 2004	Q3 2004	Q4 2003	Full year 2004	Full year 2003
Net sales	2,605	2,223	2,622	9,264	9,294
Other operating revenues	33	28	26	103	107
	2,638	2,251	2,648	9,367	9,401
Operating expenses	–2,124	–1,812	–1,949	–7,532	–7,101
Value adjustments of assets	–129	–123	–228	–500	–583
Operating profit	385	316	471	1,335	1,717
Profit from financial income and expenses	–13	–16	–18	–37	–107
Profit before taxes	372	300	453	1,298	1,610
Taxes	–132	–108	–199	–452	–615
Minority share	–3	–1	2	–2	–1
PROFIT FOR THE PERIOD	237	191	256	844	994
Profit per share (500 pcs)	0.47	0.38	0.51	1.69	1.99

CONSOLIDATED BALANCE SHEET

SEK mn	31 Dec 2004	31 Dec 2003
Intangible assets	3,838	4,320
Tangible assets	1,713	1,650
Financial assets	4,710	4,643
Total fixed assets	10,261	10,613
Inventories etc	1,016	1,049
Current receivables	2,372	2,373
Short-term investments	851	295
Cash and bank balances	611	663
Total current assets	4,850	4,380
TOTAL ASSETS	15,111	14,993
Shareholders' equity	5,000	4,496
Minority interest	70	59
Provisions	1,163	1,097
Long-term liabilities	5,999	6,821
Current liabilities	2,879	2,520
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	15,111	14,993

CONSOLIDATED CASH FLOW ANALYSIS

SEK mn	Q4 2004	Q3 2004	Q4 2003	Full year 2004	Full year 2003
Cash and cash equivalents at beginning of period	852	734	773	958	563
<i>Cash flow from operating activities before changes in working capital</i>	<i>390</i>	<i>365</i>	<i>523</i>	<i>1,290</i>	<i>1,783</i>
<i>Cash flow from changes in working capital</i>	<i>353</i>	<i>–243</i>	<i>101</i>	<i>26</i>	<i>226</i>
Cash flow from operating activities	743	122	624	1,316	2,009
Cash flow from investment activities	–98	–6	–32	–234	–29
Cash flow from financing activities	–51	0	–406	–609	–1,569
CASH FLOW FOR THE PERIOD	594	116	186	473	411
Translation differences	16	2	–1	31	–16
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,462	852	958	1,462	958
Employees, average number				2,398	2,388

CHANGE IN SHAREHOLDERS' EQUITY FOR THE PERIOD (GROUP)

SEK mn

At beginning of period	4,496
Transition to the Swedish Financial Accounting Standards Council's Recommendation RR29	3
At beginning of period, adjusted	4,499
Dividend	–350
Profit for the period	844
Translation difference for the period	7
At end of period	5,000

QUARTERLY DATA (GROUP)

	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003
Volumes, thousand 9-liter cases	6,956	6,022	6,580	5,042	6,913
Net Sales, SEK mn	2,605	2,223	2,461	1,975	2,622
Operating Profit, SEK mn	385	316	362	272	471
Operating Margin ¹ , %	14.8	14.2	14.7	13.8	18.0

¹ Operating profit as a percentage of net sales.

SEGMENTS (GROUP)

	Volumes		Net Sales		Operating Profit	
	2004	2003	2004	2003	2004	2003
Q4						
V&S Distillers	1,946	1,902	627	579	61	89
V&S Wine	2,849	2,885	702	759	15	17
V&S Absolut Spirits	2,455	2,458	1,273	1,304	346	511
Other and Eliminations	–294	–647	3	–82	–37	–146
	6,956	6,598	2,605	2,560	385	471
2004						
V&S Distillers	6,116	5,349	1,989	1,760	179	225
V&S Wine	9,985	10,172	2,268	2,420	19	29
V&S Absolut Spirits	9,343	8,868	4,979	5,142	1,402	1,869
Other and Eliminations	–844	–983	28	–28	–265	–406
	24,600	23,406	9,264	9,294	1,335	1,717

Stockholm, January 31, 2005

Bengt Baron
Chief Executive Officer