METRO INTERNATIONAL SA

INTERIM REPORT FOR THE FIRST HALF OF 2000

Metro International SA (“Metro”) presents its accounts for the first half of 2000 today, August 14, 2000.

- **METRO IS THE FOUNDER OF THE METRO CONCEPT, ONE OF THE FASTEST GROWING MEDIA PRODUCTS GLOBALLY**
- **METRO WILL BE SPUN OFF TO MTG SHAREHOLDERS ON AUGUST 15.**
- **THE SHARE IS TRADED ON BOTH NASDAQ AND THE STOCKHOLMS BÖRSINFORMATION (SBI) LIST ON AUGUST 18.**
- **SALES GROWTH WAS UP 67% FROM LAST YEAR.**
- **THE METRO NEWSPAPERS THAT HAD ALREADY BEEN LAUNCHED CONTINUED TO SHOW SOLID SALES AND PROFIT INCREASES.**
- **NEW EDITIONS OF THE NEWSPAPER WERE LAUNCHED IN TORONTO AND ROME.**

FINANCIAL SUMMARY (USD)

CONSOLIDATED INCOME STATEMENT (USD million)	1999 Full-year Pro forma	1999 Jan 1-June 30 Pro forma	2000 Jan 1-June 30
Net sales	62.3	27.0	45.0
Gross income	38.7	13.5	-14.5
Operating income(/loss (EBIT)	-10.7	-3.0	-17.4
Income after financial revenue and expense	-14.4	-4.1	-17.4

OPERATIONS

Organization

The May 2000 shareholders' meeting of Modern Times Group MTG AB ("MTG") voted to spin off all Metro shares to its shareholders. The spin-off will be carried out on August 15. Metro will be traded as a separate company on Nasdaq (ticker symbol MTRO) and the Stockholms Börsinformation (SBI) list from August 18.

Metro comprises all editions of the newspaper, both in and outside of the Nordic region.

With one exception, the comparative figures in this report have been adjusted for the deconsolidation of Metro from MTG, which took effect at January 1, 2000. Parts of Metro Sweden's operations were transferred to Metro International by means of an "asset deal," in accordance with which sales of USD 8.0 million and income of USD 3.8 million for 2000 are reported by MTG. In addition, an adjustment has been made for IAS, the International Accounting Standard, employed by Metro, as opposed to the Swedish standard used by MTG. As a result, capitalized upstart costs activated through 1999 have been charged to shareholders' equity, and capitalization for 2000 has been charged to income. Metro's accounts are in USD.

Organizational Structure

Metro's operations consist of three phases: establishment—negotiations on distribution in new cities; implementation—the launch of new editions of the newspaper in cities where distribution issues have been resolved; and operational—the day-to-day running of the business.

Metro's organization is structured along the lines of that model: the vice-presidents in charge of each area all report to the company's CEO.

Business Model

Metro's business model is based on three concepts. According to the journalistic concept, readers should be given a high-quality digest of the news. The distribution concept states that the newspaper should be made available at locations where large numbers of people come together at the same time. Finally, the organizational concept proceeds from very low fixed costs, subcontractors being responsible for the greater part of the newspaper's production.

The end result of this model is that the various editions of Metro should be able to operate profitably within a short period of time and that the financial commitment should be limited.

Proceeding from this model, the Metro concept is spreading rapidly around the world as the strong cash flow generated by the editions of the newspaper that have already been launched are used for expansion into new cities. This approach is also reflected in the company's income, the editions already launched reporting a profit while all launch costs are charged to income when they arise.

This rapid expansion gives rise in turn to cost-saving opportunities and the ability to generate new business concepts for the Metro newspapers.

Reporting by Segment

To make for a consistent prospectus in connection with the spin-off of Metro, the business is being reported in three separate segments: Nordic, the rest of Europe, and the rest of the world.

FINANCIAL EARNINGS

Group Earnings for the First Half of 2000

Net sales increased 67% to USD 45 million.

Operating income after depreciation and amortization was USD –14.5 million (–3).

Net interest and other financial items totaled USD –2.8 million (–1.1), including exchange rate gains and losses from the translation of financial receivables and liabilities denominated in foreign currency.

Income after financial items totaled USD –17.4 million (–4.1).

Income after tax increased to USD –19.3 million (–5.5).

Metro's **total assets** as of June 30, 2000 were USD 78.8 million (33.3).

SUMMARY OF OPERATIONS

Nordic

Net sales, USD 31.9 million (24.0)
Operating income after depreciation and amortization, USD 10.0 million (7.4)

This segment includes the following cities:

	Launch	Readers
Stockholm	February 1995	573,000
Gothenburg	February 1998	215,000
Malmö	September 1999	149,000
Helsinki	September 1999	184,000
		1,121,000

Sales for the segment grew very rapidly, 34%, in the first half of 2000. This growth stemmed from continued sales increases in Stockholm and Gothenburg, as well as new launches.

Rest of Europe

Net sales, USD 10.5 million (3)
Operating income after depreciation and amortization, USD –9.6 million (–2.3)

The segment includes the following cities:

	Launch	Readers
Prague	June 1997	320,000
Budapest	September 1998	491,000
Holland	June 1999	1,059,000
Newcastle	January 2000	41,000
Zurich	January 2000	215.000
		2.126.000

In addition, the newspaper was launched in Rome after the end of the period. Prague and Budapest continue to show increasing sales and are now profitable on a monthly basis. Thanks to the large number of readers, growth in Holland is very rapid at the moment.

Owing to stiff competition, the Newcastle and Zurich editions did not perform as well during the period.

Rest of the World

Net sales, USD 2.5 million (0)
Operating income after depreciation and amortization, USD –6,3 million (0)

This segment includes the following cities:

	Launch	Readers
Philadelphia	January 2000	268,000
Santiago	January 2000	401,000
		669,000

The newspaper was also launched in Toronto after the end of the period.

As the result of a lawsuit—which Metro won—full distribution was delayed in Philadelphia, initially holding back sales. Since full distribution has been in place, sales have grown more rapidly.

Sales in Santiago have been satisfactory from the very start.

Parent Company

Net sales, USD 0 million (0)
Operating income after depreciation and amortization, USD –8.6 million (–8.1)

The parent company carries out all the customary operations of a head office, both the planning for and launch of newspapers in new cities.

FINANCIAL POSITION

Equity/assets ratio

The Group's equity/assets ratio (consolidated shareholders' equity and minority interests including the convertible debenture loan, divided by total assets) was negative.

This figure does not include the underlying value of the shares in Millicom International Cellular SA, corresponding to the option to acquire shares in Millicom which is reported as a current asset, having a market value of USD 47.7 million at June 30, 2000. The acquisition value of these shares is USD 10 million.
Taking into account the goodwill and deferred tax in publicly traded shares, the equity/assets ratio is 21%.

Liquidity

The Group's liquidity and financial credit balance totaled USD 29.1 million at the end of the report period. This figure does not include goodwill from the Millicom option.

Net borrowings

The Group's net borrowings (defined as interest-bearing liabilities, excluding the convertible debenture loan, less interest-bearing assets) totaled SEK 33.6 million (13.8) at the end of the period.

Investment

Investment totaled USD 2.3 million (2.9) for the period.

Depreciation and amortization

Group depreciation and amortization totaled USD 3.9 million (2.2).

Earnings per share

Earnings per share after full tax and full dilution, resulting from conversion of the debenture loan, was negative.

OTHER INFORMATION

Interim Report for January–September 2000

Metro’s announcement of earnings for the first three quarters of 2000 will preliminarily be released on November 8, 2000.

Stockholm, August 14, 2000

Pelle Törnberg
President and CEO

This interim report has not been subject to a review by the Company’s auditors.

For additional information, please contact:

Pelle Törnberg, telephone +46 8 5620 0050
President and CEO, Metro International SA

CONSOLIDATED INCOME STATEMENT (USD million)	**1999**	**1999**	**2000**
	Full-year Pro forma	**Jan 1-June 30 Pro forma**	**Jan 1-June 30**
Net sales	62.3	27.0	45.0
Cost of goods and services	-23.6	-13.5	-33.0
Gross income	38.7	13.5	12.0
Selling and administrative expenses	-46.9	-14.8	-24.7
Goodwill amortization	-2.5	-1.7	-1.8
Operating income(/loss (EBIT)	-10.7	-3.0	-14.5
Net financial revenue and expense	-3.7	-1.1	-2.8
Income after financial revenue and expense	-14.4	-4.1	-17.4
Taxes	-5.0	-1.9	-2.3
Minority interests	0.3	0.5	0.4
Net income for the period	-19.1	-5.5	-19.3

REVIEW OF THE GROUP (USD million)	1999 Full-year Pro forma	1999 Jan 1-June 30 Pro forma	2000 Jan 1-June 30
Net sales by segment			
Nordic	52.3	24.0	24.0
Rest of Europe	10.0	3.0	10.5
Rest of world	0.0	0.0	2.5
Holding companies	0.0	0.0	0.0
	62.3	27.0	37.0
Operating income/loss by segment			
Nordic	11.6	7.4	10.0
Rest of Europe	-10.7	-2.3	-9.6
Rest of world	-2.0	0.0	-6.3
Holding companies	-9.6	-8.1	-8.6
	-10.7	-3.0	-14.5

CONSOLIDATED BALANCE SHEET (USD million)	12-31-1999 Pro forma	6-30-1999 Pro forma	6-30-2000
Fixed assets			
Intangible fixed assets	20.9	21.8	18.5
Tangible fixed assets	2.6	1.1	3.5
	23.5	22.9	22.0
Current assets			
Current receivables	13.0	5.6	27.7
Cash, cash equivalents and short-term investments	0.0	4.8	29.1
	13.0	10.4	56.8
Total assets	36.5	33.3	78.8
Shareholders' equity	-28.0	-9.1	-34.7
Minority interests in equity	0.0	0.0	-1.7
Convertible loan			23.5
Long-term liabilities	30.0	18.6	62.7
Current liabilities	34.5	23.8	29.0
Total shareholders' equity and liabilities	36.5	33.3	78.8

CONSOLIDATED STATEMENTS OF CASH FLOW (USD million)	1999	1999	2000
	Full-year Pro forma	Jan 1 - June 30 Pro forma	Jan 1 - June 30
Net loss for the period	-19,2	-5,5	-19.3
Adjustments to reconcile net loss to net cash used in operations	4,2	1,8	3,4
Changes in working capital	-13,6	-3,4	-20,2
Net cash used in operations	**-28,5**	**-7,1**	**-36,1**
Cash flow to invetsting activities	-3,9	-2,9	-2,3
Cash flow from financing activities	32	14,4	71,2
Net change in cash and cash equivalent	**-0,4**	**4,4**	**32,8**