



TV4 Annual Accounts 2000

TV4 Group, profit after net interest income/expense	2000	1999
Pre-franchise fee profit	885	670
Franchise fee	-549	-452
Profit after franchise fee	336	218

- Earnings rose by 55 per cent to SEK 336 million - TV4's best ever performance.
- TV4 continued to be Sweden's most-watched channel, with a 26.9 per cent share of the viewing figures across the population. The channel commanded a 27.4 per cent share of the 20 - 44 year-old age group. TV4's viewing time increased by 5.3 per cent.
- The number of daily viewers of TV4 Text-TV had increased to 1.5 million by October 2000, compared with 1.1 million a year earlier. Text-TV increased its revenues by 14 per cent.
- Group sales increased by 15 per cent to SEK 2,509 million. Profit after net financial income/expense totalled SEK 336 million. Profit the previous year was SEK 218 million.
- Pre-franchise fee profit was SEK 885million. The franchise fee rose by 21 per cent to SEK 549 million.
- TV4.se increased the number of visitors from 38,620 in December 1999 to 134,850 visits a day in December 2000, an increase of 249 per cent.
- Allt om Stockholm, which is a leading city guide on the Internet, was acquired in October. Allt om Göteborg and Allt om Malmö will be launched within the next two weeks.

Profit by division	2000	1999
The TV4 channel		
Pre-franchise fee profit	853	661
Franchise fee	-448	-356
Profit after franchise fee	405	305
Local TV		
Pre-franchise fee profit	20	15
Franchise fee	-101	-96
Profit after franchise fee	-81	-81
TV4 Interaktiv	-6	-6
Allt om Stockholm	-3	-
Pension refund from SPP	21	-
TV4 AB (publ) 2001-02-13		
Interim report January–December 2000		

TV4 Group

Profit and loss account January - December

SEK millions	2000	1999	Change
Net sales	2 509,4	2 183,6	325,8
Broadcasting costs	-1 852,9	-1 689,0	-163,9
Selling expenses	-195,7	-158,8	-36,9
Administrative expenses	-157,7	-125,7	-32,0
Item affecting compability, SPP refund	20,8	-	20,8
Operating profit	323,9	210,1	113,8
Net interest income/expense	12,5	7,5	5,0
Profit after net interest income/expense	336,4	217,6	118,8
Minority holdings	0,7	-5,2	5,9
Tax on profit for the year	-99,4	-68,2	-31,2
Profit for the period	237,7	144,2	93,5

Profit and loss account October - December

SEK millions	2000	1999	Change
Net sales	792,3	737,2	55,1
Broadcasting costs	-520,6	-494,1	-26,5
Selling expenses	-65,4	-43,3	-22,1
Administrative expenses	-63,1	-33,4	-29,7
Item affecting compability, SPP refund	-	-	0,0
Operating profit	143,2	166,4	-23,2
Net interest income/expense	5,3	1,7	3,6
Profit after net interest income/expense	148,5	168,1	-19,6
Minority holdings	-0,7	-0,8	0,1
Tax on profit for the year	-46,4	-55,2	8,8
Profit for the period	101,4	112,1	-10,7

The allocation of costs in 1999 between broadcasting costs and selling expenses has been adjusted to achieve comparability.

Balance sheet

SEK millions	31 Dec 2000	31 Dec 1999	Change
Fixed assets	208,9	227,6	-18,7
Stock	584,6	509,0	75,6
Other current assets	376,5	386,5	-10,0
Liquid assets	605,7	378,3	227,4
Total assets	1 775,7	1 501,4	274,3
Equity	883,2	745,5	137,7
Minority holdings	2,3	3,9	-1,6
Allocations	42,7	19,6	23,1
Long-time liabilities	0,6	1,4	-0,8
Current liabilities	846,9	731,0	115,9
Total equity and liabilities	1 775,7	1 501,4	274,3

Key figures

SEK millions	2000	1999	1998	1997	1996
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Return on equity,% (after tax)	29,0	20,5	14,2	19,7	2,1
Return on capital employed,,%	41,1	29,9	17,2	19,8	1,5
Equity/assets ratio, %	49,9	49,9	52,5	57,5	58,0
EPS, (after full tax)	11,89	7,21	4,75	6,76	0,76
Equity per share	44,16	37,28	35,06	35,32	33,56
Number of shares	20,0	20,0	20,0	20,0	20,0

Figures for return and earnings per share are based on a rolling 12 month-period. The equity/assets ratio and equity per share figures are as at the end of the accounting period.

Cash flow statement

SEK millions	2000	1999
Profit after net interest income/expense	336,4	217,6
Depreciation	79,0	74,1
Minority and profit/loss from associated companies	1,0	-5,2
Tax paid	-94,8	-28,3
Total funds generated by the business	321,6	258,2
Changes in working capital	46,9	-62,5
<i>Including change in franchise fee due</i>	<i>93,4</i>	<i>27,1</i>
Cash flow from day-to-day operations	368,5	195,7
Net investments	-61,8	-83,2
Financing	-79,3	-92,8
<i>Including dividend</i>	<i>-100,0</i>	<i>-100,0</i>
Cash flow for the period	227,4	19,7
Liquid assets, opening balance	378,3	358,6
Cash flow for the period	227,4	19,7
Liquid assets, closing balance	605,7	378,3
Net cash flow	605,7	378,3

Programme operations

TV4 continues to be Sweden's most-watched TV channel. Total TV viewing rose from 143 minutes per day in 1999 to 149 minutes per day in 2000. TV4's share of viewing time rose by two minutes,

from 38 to 40 minutes per day. TV3 and Kanal 5 are increasing their share of the viewing figures at the expense of SVT. The operators alongside the five major channels are gaining ground. This is largely because digital TV viewing is currently included in this group. It is not yet possible to obtain separate channel-by-channel figures for digital TV viewing.

TV4 has cemented its position as Sweden's favourite channel in 2000, despite growing competition from TV3 and TV5.

One success has been to achieve a clear reversal of the weekend viewing trend: TV4 is once again Sweden's leading entertainer on Fridays and Saturdays. On Sundays, too, TV4 has captured a much larger shares of the ratings. TV4's new "Super Friday" was launched in the autumn - an evening based on three strong programmes in a row - Sikta mot stjärnorna, Vem vill bli miljonär and Sen kväll

med Luuk. All three have attracted many viewers, Vem vill bli miljonär peaking at close to three million. The Swedish version of Gladiators has also been a success. On Sundays, Sporten and the Bio 4 film showcase have also done better.

TV4 has lost some ground on weekdays compared with last year. Most market share has been lost to the satellite channels, particularly as a result of Baren and Big Brother, two "docu-soaps". TV4's strongest weekday evening is Tuesday, with Äntligen hemma (DIY) and När & Fjärran (travel), followed by Ally McBeal. These programmes are particularly popular among women; viewing figures for Äntligen hemma and När & Fjärran consistently top one million. Several external productions bought by the channel are leaders in their genre; long-term contracts with major suppliers like Fox, Granada Media and Disney will assure a quality supply of series and films for several years to come. The Malou von Sivers interview series has once again attracted much attention, as have several TV4 documentaries.

Early evening news broadcasts have undergone major changes and have been supplemented with better quality weather forecasts, business and financial coverage from Dagens Industri and entertainment news.

TV4 featured programmes against racism and xenophobia during the year, which gave us an international first prize for trailer campaigns.

One of the year's main events was the European Football Championships. TV4 broadcast half the matches, attracting almost two million viewers per game. Although the broadcasting rights were expensive, the championships were profitable for the channel.

TV channel shares (per cent) and viewing time per day (minutes) in 2000 and 1999 for the entire population

	SVT1	SVT2	TV3	TV4	Kanal 5	Other	All
2000 share	20.0	23.6	11.5	26.9	6.4	11.6	100.0
1999 share	21.6	25.2	10.8	26.9	6.0	9.4	100.0
2000 minutes	30	36	17	40	9	17	149
1999 minutes	31	36	15	38	9	13	142

TV channel shares (per cent) and viewing time per day (minutes) in 2000 and 1999 for viewers aged 20 – 44

	SVT1	SVT2	TV3	TV4	Kanal 5	Other	All
2000 share	17.5	15.9	15.6	27.4	9.8	13.8	100.0
1999 share	18.4	17.3	14.8	28.7	8.9	11.8	100.0
2000 minutes	25	24	22	39	14	19	143
1999 minutes	25	23	20	39	12	16	135

Source: MMS/ImpAct

The TV advertising market

The TV advertising market continued to expand during the year. According to the IRM market research company, the TV advertising market had grown by 15.7 per cent up to November.

Advertising on the TV4 TV channel grew in line with the market; local TV lagged behind somewhat.

Group advertising revenues were SEK 2,311.5 million (2,107.8), of which sponsorship revenues accounted for SEK 143.2 million (146.3). The TV4 TV channel's advertising revenues totalled SEK 2,095.1 million (1,837.7), of which sponsorship income accounted for SEK 129.3 million (108.3). Advertising revenues thus increased by 14.0 per cent during the year. Sales in January 2001 were up somewhat on January 2000.

The local TV companies increased their sales by 3.6 per cent during the year. Sales rose sharply during the first six months but were unsatisfactory in the second half. Sales in January 2001 were in line with the same month last year.

Sales and earnings

Group net sales during the period increased by SEK 325.8 million (14.9 per cent), totalling SEK 2,509.4 million (2,183.6). Operating expenses, not including the franchise fee, increased by 9.0 per cent and totalled SEK 1,657.7 million (1,520.9). A pension refund from the SPP life insurance company has been reported as an item affecting comparability. Pre-franchise fee profit was SEK 885.0 million (670.2). The franchise fee increased from SEK 452.6 million in 1998 to SEK 548.6 million. Profit after net interest income/expense was SEK 336.4 million (217.6).

Fourth quarter earnings totalled SEK 148.5 million after net interest income/expense, compared with SEK 168.1 million in 1999. Fourth quarter sales rose by 7.5 per cent, compared with 18.7 per cent during the first nine months. Advertising revenues grew little in early 1999, rising sharply only in the fourth quarter of that year. It is therefore natural that the growth rate should level off. The delay in launching licensed products has depressed revenues and profit compared with 1999. Allt om Stockholm is a new company in the TV4 Group. Development costs for TV4 Interaktiv network operations rose in the fourth quarter. Both sites are attracting a greater number of visitors. Investments in online operations and the effect of delays within the licensing operation excluded, this quarter's results are better than the same period last year.

Profit by division

Net sales by the TV4 TV channel increased by SEK 307.0 million (16.0 per cent) to SEK 2,221.5 million (1,914.5). Operating expenses rose by SEK 211.4 million (13.1 per cent) to SEK 1,828.1 million (1,616.7). Not including the franchise fee, costs rose by SEK 119.7 million, ie, by 9.5 per cent. Programme costs, which represent the largest single cost item, totalled SEK 777.6 million (728.0). This increase was due to the greater number of major light entertainment programmes in 2000. Profit after franchise fee improved by SEK 99.8 million to SEK 404.7 million.

Licensing revenues rose by 20 per cent to SEK 38.4 million (32.0). Books, CD-ROM games and video films are sold under the TV4 Vision brand. These have now been joined by the first DVD production. Nils Emil Ahlin's cookbook was a success in 2000; 65,000 copies were sold. Major video successes were Pokémon and Guillou på jakt.

Several products in the pipeline have been delayed and will be launched 2001. The prospects for continued growth remain good.

The local TV companies improved their pre-franchise fee profitability during the year. Net sales by the local TV companies were SEK 314.4 million (303.4). Sales results vary between the stations. Of the subsidiaries, TV4 Stockholm, TV4 resund and TV4 Norr reported most sales growth. TV4's share of local TV company profit/loss less joint costs totalled SEK 20.1 million (15.4). After deduction of franchise fee, a loss of SEK -80.6 million by the local TV companies was charged to Group profit (-80.9). Ten of the fifteen local TV companies are subsidiaries, of which five are wholly owned. Five local TV companies are associated companies. TV4 pays franchise fee on total advertising revenues, regardless of the size of its stake in these companies. TV4 resund became a wholly-owned subsidiary on 1st April 2000.

Local TV operations are governed by TV4's broadcasting agreement with the Swedish state and by agreements with the local companies. The latter expire at the end of 2001. TV4 is seeking to improve local TV profitability without any decline in programme quality.

Local TV, all companies

SEK millions	2000	1999	Change
Advertising revenues	274,3	264,8	9,5

Other income	40,1	38,6	1,5
Total income	314,4	303,4	11,0
Operating expenses	-261,1	-261,8	0,7
Operating profit/loss	53,3	41,6	11,7
Financial items and depreciation	-12,4	-14,9	2,5
Profit/loss after financial items	40,9	26,7	14,2

Local TV in the TV4 Group

SEK millions	2000	1999	Change
Advertising revenues	216,4	205,1	11,3
Other income	26,3	22,6	3,7
Total income	242,7	227,7	15,0
Operating expenses	-191,1	-187,5	-3,6
Result from participations in associated companies	-0,4	-1,6	1,2
Operating profit/loss	51,2	38,6	12,6
Financial items and depreciation	-8,0	-10,0	2,0
Profit/loss	43,3	28,6	14,7
Joint costs	-23,2	-13,2	-10,0
Franchise (40 per cent)	-100,7	-96,3	-4,4
Loss after financial items	-80,6	-80,9	0,3

Allt om Stockholm

Allt om Stockholm, a leading city guide on the Internet, was acquired in October 2000. The service is a welcome complement to the TV4 Stockholm local station. Visitor numbers are increasing. The loss for the period following this acquisition was SEK -2,8 million. Whole-year revenues totalled SEK 10 million. Synergies with TV4 divisions will improve profitability.

Visitor numbers continued to increase in January 2001. The service is being launched in Gothenburg and Malmö in February. Synergies between the local TV4 stations and Allt om Stockholm will cut costs significantly.

TV4 Interaktiv, created in spring 2000 as an amalgamation of TV4 Text-TV and TV4.se operations, launched an entirely new Internet service in the autumn. The launch was successful and has dramatically increased visitor numbers: from 38,620 in December 1999 to 134,850 a day in December 2000, according to MMXI Nordic/Netcheck.

TV4 Interaktiv focuses on creating interactive entertainment and utility services for viewers and customers on the TV screen, the Internet and via other distribution media. Examples of new services launched last autumn are Köket (Sweden's largest collection of recipes), the När & Fjärran travel service, äntligen hemma (home DIY hints) and a new service: Vinnare, for trotting fans.

The strength of TV Interaktiv lies in combining various distribution media with the most-watched TV channel in Sweden and sixteen local TV stations.

TV4 Interaktiv sales rose by 19.7 per cent to SEK 84.4 million during the year (70.5), resulting in a loss of SEK -5.7 million (-6.4). Development costs for the new Internet service rose in the fourth quarter.

According to MMS, TV4 Text-TV had an average of 1.5 million viewers a day in October, up no less than 36 per cent on 1999. This success is largely attributable to the new news service, although the revamped stock exchange service has also been a factor. Sales were SEK 74.2 million, up 14 per cent on last year's SEK 64.9 million. TV4.se sales totalled SEK 10.2 million (5.6).

Investments and financial position

Investments totalling SEK 62.9 million were made in 2000 (82.8). Depreciation during the period totalled SEK 79.8 million (72.3). Final depreciation was made in 2000 of major investments in TV technology in 1995/96. Group liquid assets totalled SEK 605.7 million at year-end, compared with SEK 378.3 at the same time last year. Outstanding franchise fee totalled SEK 492.0 million at the end of the year (398.6). Programme stock totalled SEK 571.1 million (503.7), of which repeats

accounted for SEK 159.6 million (165.9). Cost-effective pre-production of the Nya Tider drama series explains the stock increase. Other stock totals SEK 13.5 million (5.3)

The equity/assets ratio as at 31st December 2000 was 49.9 per cent, compared with 49.9 per cent at the same time last year.

The parent company

Net sales by the parent company during 2000 totalled SEK 2,223.1 million (1,916.1). Profit after financial items was SEK 332.0 million (214.6). The parent company had liquid assets totalling SEK 531.5 million at the end of the period (300.7).

Digital TV

TV4 started broadcasting on the terrestrial digital network in September 1999 and now has access to two channels. Development of programme content broadcast exclusively on the digital network has begun but remains limited. Examples of unique programmes on the digital terrestrial network are Cityliv, films and World Handball Championship matches. From April 2001 TV4 will be broadcasting digitally via Canal Digital.

Digital TV gives scope for developing new services and increasing broadcasting hours with access to new channels. This will allow more efficient use of TV4's programme stock. Digital TV advertising revenues carry no franchise fee.

Miscellaneous

In February 2001 TV4 entered into an agreement with Teracom settling the dispute over distribution costs.

TV4 intends to dispose of its holding in Airtime. For this reason, TV4's share of Airtime's earnings has not been included in the profit and loss account.

Prospects for 2001

According to an IRM forecast, the TV advertising market will increase by 7.2 per cent in 2001. This forecast was released in December last year. There is considerable doubt about the prospects for the Swedish economy and current consumer demand projections are lower than was anticipated last autumn.

Dividend

The Board of Directors and Managing Director propose a dividend of SEK 7.50 per share, a SEK 2.50 increase since last year.

AGM

The Annual General Meeting of the Shareholders will take place at TV4's offices at Tegeluddsvägen 3 in Stockholm at 3.00pm on 3rd April. The annual report will be distributed to the shareholders and will be available at the offices of the company from 16 March.

Forthcoming reports

TV4's interim report for the first quarter of 2001 will be published on 25th April. The half-year report will be published on 24th July.

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TV4 AB (publ)

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This press release and other financial information is also available on the Internet at **<http://extranet.tv4.se/ir>**