

# *Industriförvaltnings AB Kinnevik*

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## **YEAR-END RELEASE 2000**

- Net turnover amounted to MSEK 7,019 (6,227); operating income amounted to MSEK 8,588 (450). Income of MSEK 8,390 (102) from corporate development and capital gains on sales of securities is included in the operating income.
- Net result for the year amounted to MSEK 8,777 (518).
- Capital gains on the sale of shares in Société Européenne de Communication S.A. in return for shares in Tele2 AB (formerly NetCom AB) amounted to MSEK 7,627.
- During the year Kinnevik-owned Transcom AB merged with Transcom Europe S.A. The merged company was named Transcom WorldWide S.A. Kinnevik owns 50.1% of the shares in the new company. After the end of the financial year Kinnevik acquired the remaining 49.9% of the shares in Transcom WorldWide S.A. The Board proposes to distribute by way of dividend all shares in Transcom Worldwide S.A. under the terms of "Lex Asea".
- Korsnäs is making extensive organisational changes that are exceptional in character. Severance pay costs of MSEK 105 were taken against income in 2000. The Board has also decided to transfer MSEK 297 to a reserve for severance pay for individual employees. The total cost of severance pay charged against the result of 2000 amounted to MSEK 383.
- In addition, MSEK 443 has been set aside in respect of option undertakings given to MTG Intressenter AB.
- The value of the Group's holdings of listed securities amounted to MSEK 14,570 at December 31, 2000. On February 19, 2001 the value amounted to MSEK 15,097.
- Earnings per share after full tax amounted to SEK 139.45 (8.23).
- The Board proposes that shareholders be paid a cash dividend of SEK 1 per share, in addition to the dividend in the form of shares in Transcom.

## **Administration**

### **Result and asset value**

Since 1976 Kinnevik's shares have generated an average effective yield of 25% per year as a result of rising prices and dividends, including the value of warrant offers and subscription offers. During the past 5 years, Kinnevik's shares have generated an average effective yield of 50% per year. The effective yield in 2000 was -30%.

During the year Kinnevik distributed warrants to acquire shares in SEC to its own shareholders. The dividend included 8,915,303 shares in SEC, of which 2,149,206 were Series "A" shares and 6,766,097 were Series "B" shares. At the end of the year the listed price of Kinnevik's Series "A" shares was SEK 175 and of its Series "B" shares SEK 181.

### **Consolidated result**

Net turnover for 2000 amounted to MSEK 7,019, which may be compared with MSEK 6,227 for the previous year for comparable units. Other operating revenue amounted to MSEK 248 (235).

Income from corporate development and capital gains on sales of securities amounted to MSEK 8,390 (102), largely the result of the sale of shares in SEC in exchange for new shares in Tele2 (MSEK 7,627) and sale of the business of TV1000 Sverige AB (MSEK 762).

Operating income amounted to MSEK 8,588 (450). This includes the repayment of surplus funds of MSEK 68 from the SPP insurance company. Korsnäs is making extensive organisational changes that are exceptional in character. Severance pay costs of MSEK 105 were taken against income in 2000. The Board has also decided to transfer MSEK 297 to a reserve for severance pay for individual employees. The total cost of severance pay charged against the result of 2000 amounted to MSEK 383. In addition, MSEK 443 has been set aside in respect of option undertakings given to MTG Intressenter AB.

The net interest in the earnings of affiliated companies was MSEK 534 (387), of which the interest in MIC's income amounted to MSEK 1,044, and the interest in SEC's loss to MSEK 504. MIC's result includes capital gains of MUSD 663 (146).

Financial revenue and expense amounted to a net expense of MSEK 257 (expense 250).

Income after financial net amounted to MSEK 8,865 (587).

Net result for the year amounted to SEK 8,777 (518).

The comparative figures for 1999 are pro forma and relate to the companies now making up the Kinnevik Group.

## **Results by division**

### **Mellersta Sveriges Lantbruks AB**

Once again the crops got off to a poor start. A warm but dry spring stimulated the crops to form ears and germinate far too soon. This state of affairs resulted in a contraction of the crop from the very beginning. In addition, the swing to damper weather in the summer and autumn did little to help harvesting. The harvest was slightly poorer than normal.

The crayfish ponds at Svedberga provided a good catch, amounting to 1,500 crayfish.

Net turnover amounted to MSEK 14 (12). The operating income amounted to MSEK 8 (2), which includes the repayment of surplus funds of MSEK 6 from the SPP insurance fund.

### **Korsnäs Holding AB**

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiaries, makes up the Korsnäs Group.

The improved market conditions during the later part of 1999 strengthened in the first half of 2000. Demand for most products was higher than supply for most of the year until the autumn, which led to price increases. The high dollar rate in relation to European currencies during the year also helped to stabilise our principal markets.

During 2000 Walki Sacks' seven factories were acquired from UPM Kymmene.

The Korsnäs Group's net turnover for 2000 amounted to MSEK 5,209 (4,984). Korsnäs' operating income after depreciation amounted to MSEK 262 (503). It should be noted that costs of MSEK 383 for the extensive restructuring programme at Korsnäs were charged against income for 2000.

#### **Transcom WorldWide S.A.**

During the first quarter of 2000, Kinnevik-owned Transcom AB (active in Sweden, Norway, Denmark and Finland) merged with Transcom Europe S.A. (active in Germany, Holland, France, Switzerland, Austria, Italy and Luxembourg). The merged company was named Transcom WorldWide S.A.

As of December 31, 2000, Transcom had approximately 5,500 employees, an increase of approximately 2,500 during the year. Six new call centres were opened during the year, and by the end of the year, Transcom had 23 call centres in 14 countries.

In January, a new call centre opened in Rostock, Germany. In May, a new call centre was inaugurated in Halden, Norway, at the same time as the major extension to the facility in Strömsnäsbruk, Sweden, was completed. New call centres were opened in L'Aquila in Italy in September, and in Groningen, Holland and Leon in Spain in October. In December a call centre was established in Tallinn, Estonia.

After the end of the financial year, on January 8, 2001, Kinnevik acquired the remaining 49.9% of the shares in Transcom.

Net turnover for the year amounted to MSEK 1,498 (938), an increase of 60%. Operating income amounted to MSEK 17 (loss 11). The comparative figures for 1999 are pro forma and relate to the Nordic companies and those elsewhere in Europe.

#### **Worldwide Loyalty B.V.**

Worldwide Loyalty B.V. supplies loyalty programmes for its customers through the "Collect" bonus club. The company started operations in Sweden in April 1998, and in the autumn of 1998 it launched Collect for Comviq, Kabelvision, Tele2 and Viasat. During 1999, Sydkraft, an electricity company, and the Big Travel chain of travel agents also affiliated to Collect. Mutual fund manager Moderna Fonder and Hertz car hire affiliated in 2000. The expansion of Collect into Europe began in the autumn of 1999. Besides Sweden, the bonus programme has also been launched in Germany, France, Italy, Holland, Switzerland, Austria and Denmark.

Collect has some 3,170,000 members, some 740,000 of whom are in Sweden, some 930,000 in Norway and about 1,500,000 elsewhere in Europe.

Net turnover for 2000 amounted to MSEK 85 (31). The operating loss for the year was MSEK 7 (0).

#### **CIS Credit International Services AB**

CIS was set up in 1995. The company offers all the services that are found in financial departments. At the same time, CIS offers a complete range of services within complementary fields, such as credit information, customer support, debt collection, salaries and accounting.

As well as access to effective and flexible business systems with modern web interfaces, CIS' customers have access to specialists who handle the administration efficiently.

Net turnover amounted to MSEK 106 (69), an increase of 54%. The operating loss was MSEK 6 (income 7).

#### **Other subsidiaries**

Other subsidiaries include the operative company AirTime (AT) AB. During the first quarter of 2000, Kinnevik sold the business of TV1000 Sverige AB to MTG in return for shares in MTG.

The net turnover of other subsidiaries amounted to MSEK 127 (188). The operating income for the year amounted to MSEK 716 (loss 20), mostly attributable to capital gains on the divestment of the business of TV1000.

### **Affiliated companies and other placements**

The main affiliated company is Millicom International Cellular S.A. in which Kinnevik has a 34% interest. The other main placements are in Tele2 AB, Modern Times Group MTG AB and Metro International S.A.

### **Financial position**

The Group's liquid funds, including short-term placements and undrawn credit facilities, amounted to MSEK 3,968 (5,761) as of December 31, 2000.

The Group's net interest-bearing debt amounted to MSEK 5,855 (6,244) at the end of the year.

The average cost of interest for the year was 5.3% (4.3) (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure (excluding purchases of shares) during the year amounted to MSEK 614 (867).

The equity ratio at December 31, 2000 was 57% (35). After taking into account the premium over the book value of listed securities the equity ratio was 60% (73).

The Group's borrowing is largely arranged in Swedish kronor. Foreign subsidiaries, however, arrange their financing in local currencies.

The net effect of the Group's inflows and outflows in foreign currencies amounts, on an annual basis, to a net inflow of approximately MSEK 1,500.

### **Parent company**

The parent company reports net income from corporate development and net capital gains on sales of securities of MSEK 2,806 (67). The income statement items consist for the most part of intra-group profits on the sale of subsidiaries.

Net income from interests in Group companies amounted to MSEK 783 (1,963). This consists of dividends of MSEK 803; the expense side consists of write-downs of MSEK 20 in the value of shares in subsidiaries.

Other financial revenue and expense amounted to net revenue of MSEK 319 (expense 61).

The parent company's pre-tax income amounted to MSEK 3,911 (1,892).

### **Dividend**

The Board proposes to pay a cash dividend of SEK 1 per share. In addition, the Board proposes that the shares in Transcom WorldWide S.A., be distributed to shareholders in accordance with "Lex Asea".

### **Annual General Meeting**

The Annual General Meeting will be held at 11.00 am on May 18, 2001, at Gamla Stans Bryggeri, Tullhus 2, Skeppsbron, Stockholm.

### **Annual report**

It is expected that the annual report for 2000 will be distributed in mid-April 2001. It will also be made available to the public at the company's head office.

Stockholm, February 20, 2001

INDUSTRIFÖRVALTNINGS AB KINNEVIK

Board of Directors

## SUMMARY OF THE GROUP IN FIGURES

(MSEK)	1999	1999	2000
<b>Consolidated Income Statement</b>		post forma *	
Net turnover .....	6,877	6,227	7,019
Income from corporate development and sales of securities .....	203	102	8,390
Operating income .....	517	450	8,588
Interest in earnings of affiliated companies .....	370	387	534
Net financial items .....	-252	-250	-257
Income after net financial items .....	635	587	8,865
Current taxes .....	-81	-78	-90
Deferred taxes .....	8	8	4
Minority share in earnings .....	1	1	-2
Net result .....	563	518	8,777
<b>Consolidated Balance Sheet</b>			
Fixed assets .....	11,533	11,533	21,063
Current assets .....	4,891	4,891	5,102
Total assets .....	16,424	16,424	26,165
Equity .....	5,743	5,743	14,710
Minority interest .....	17	17	134
Provisions .....	1,434	1,434	1,773
Liabilities .....	9,230	9,230	9,548
Total equity and liabilities .....	16,424	16,424	26,165
<b>Consolidated Statement of Cashflows</b>			
Cashflow from			
operations .....	98	98	763
investing activities .....	-1,209	-1,209	-1,227
financing activities .....	1,292	1,292	447
Net change in cash and cash equivalents .....	181	181	17
Cash and cash equivalents at beginning of period ...	336	336	507
Exchange rate difference in cash and cash equivalents	-10	-10	6
Cash and cash equivalents at end of period .....	507	507	496
<b>Key ratios</b>			
Liquid funds, including undrawn credit facilities ....	5,761	5,761	3,968
Fixed capital expenditure .....	867	867	614
Equity ratio % .....	35	35	57
Earnings per share after full tax, SEK .....	8.94	8.23	139.45

\* The comparative figures for 2000 are post forma and exclude SMA Maskin and Fagersta Australia and the business of TV1000 Sverige which have been divested but include Transcom Europe S.A. which was acquired in 2000.

<b>Breakdown of net turnover by business area</b> (MSEK)	1999	2000
Mellersta Sveriges Lantbruks AB .....	12	14
Korsnäs Holding AB .....	4,984	5,209
Transcom WorldWide S.A. ....	938	1,498
Worldwide Loyalty B.V. ....	31	85
CIS Credit International Services AB. ....	69	106
Other subsidiaries .....	188	127
Parent Company, Holding companies and eliminations .....	5	-20
<b>Total</b> .....	6,227	7,019

**Breakdown of operating income by business area**  
(MSEK)

Mellersta Sveriges Lantbruks AB .....	2	8
Korsnäs Holding AB .....	489	241
Transcom WorldWide S.A. ....	- 11	17
Worldwide Loyalty B.V. ....	0	- 7
CIS Credit International Services AB. ....	7	- 6
Other subsidiaries .....	- 20	716
Parent Company, Holding companies and eliminations <sup>1</sup> .....	- 17	7,619
<b>Total</b> .....	450	8,588

**Breakdown of income/loss after  
net financial items by business area**  
(MSEK)

Mellersta Sveriges Lantbruks AB .....	2	7
Korsnäs Holding AB <sup>2</sup> .....	435	167
Transcom WorldWide S.A. ....	- 27	10
Worldwide Loyalty B.V. ....	0	- 8
CIS Credit International Services AB. ....	5	- 8
Other subsidiaries .....	- 14	418
Associated companies .....	379	545
Parent Company, Holding companies and eliminations .....	- 193	7,734
<b>Total</b> .....	587	8,865

<sup>1</sup> Including income from corporate development and income from sale of securities.

<sup>2</sup> Excluding affiliated companies within Korsnäs Holding AB.