





SkiStar AB (publ)

Year-end Report

1 September 2000 - 31 August 2001

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-  There is a proposed increase in dividend to SEK 3.50 (3.00) per share.
-  The extraordinary meeting of shareholders on 11 September 2001 resolved to change the name of the company from SälenStjärnan to SkiStar.
-  A positive booking situation and a favourable exchange rate for the Swedish crown are expected to contribute to a strong winter season 2001/2002.



www.skistar.com

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This is SkiStar

SkiStar is listed on the OM Stockholm Stock Exchange's O list. The Group owns and operates ski facilities in Sälen, Åre and Vemdalen in Sweden and in Hemsedal in Norway. The company's market share of ski pass sales in Sweden is 52%, in Norway 14% and the total for Scandinavia is 35%. The core business is alpine skiing with the focus on the guests' skiing experience. Other strategic operations include accommodation agency, ski school and ski hire. The vision is that SkiStar will create memorable winter experiences for its clients as the leading operator of European alpine destinations. SkiStar shall take a leading position within the conceptualisation, integration and development of these types of services.

Sales and results

Net sales for the Group for the financial year amounted to SEK 807 million (SEK 692 million and pro forma SEK 797 million) and consolidated income before taxes amounted to SEK 79 million (SEK 80 million and pro forma SEK 55 million). Profit per share increased to SEK 5.70 (5.19). Åre-Vemdalen was included in the previous financial year's reporting from 1 January 2000 and Hemsedal Skisenter was included from 1 April 2000. The pro forma accounts report the acquired companies from 1 September 1999. The previous year's significantly higher level of earnings, compared to the pro forma accounts, is due to the fact that the Group at that time was not reporting Åre-Vemdalen's weak results for the period September-December 1999. The newly acquired Hemsedal reports a significantly improved result during the year, while the operations in Sälen were affected negatively by the late start to the season.

Market developments

During the season 2000/2001 ski pass sales increased by 5% in Sweden to SEK 650 million and in Norway by 13% to NOK 540 million - these figures are according to the statistics of the trade associations SLAO (the Swedish Ski Lift Organisation) and the Norwegian Ski Lift Association. The average increase in prices amounted to 7% in Sweden and 4% in Norway.

Operations

The late start to the season in Sälen resulted in a lower than normal level of sales during the first two quarters of the financial year. During the third quarter there was a strong recovery of sales. All of the group's alpine destinations showed positive occupancy rates during the latter part of the season, which meant improved results. During the winter season the ski pass sales increased for comparable units by SEK 30 million (8%) to SEK 419 million. The prices for the ski passes increased on average by 7%, which implies a total increase in volume of 1%. The Group's market share of ski pass sales in Sweden decreased by one percentage point to 52% and the market share in Norway increased by two percentage points to 14%. The occupancy rate in the Group's own cabins and apartments increased during the season (Christmas – 1 May) to 85% (81%) for comparable units.

Net sales for Åre-Vemdalen increased during the financial year by SEK 22 million to SEK 330 million and income before depreciation increased by SEK 6 million to SEK 66 million. The operating margin was improved at 10% (9). The operations in Åre were somewhat late in starting due to the lack of snow early in the season, whilst Vemdalen had a lot of natural snow at that time. Vemdalen

gained by being included in SkiStar's frequently visited web portal and the number of Internet bookings increased five times over. All of the restaurants at the ski slopes in Åre were leased for the 2000/2001 season. Two small accommodation-booking agencies were acquired in Åre, which provided 1,400 beds and, in addition, a ski rental operation. The hotel operations in Vemdalen and the restaurants in Vemdalen and Björnrike will be leased to an external operator for the coming season. This is expected to result in strengthened profitability for Vemdalen for the financial year 2001/2002. Vemdalen, which was previously a subsidiary of the Åre-Vemdalen Group, is now organised directly under the parent company SkiStar.

Hemsedal experienced a significant increase in the number of guests during the winter. Net sales increased by SEK 30 million to SEK 110 million and income before depreciation improved by SEK 16 million to SEK 40 million. The operating margin improved to 22% (12). An early start to the season, favourable snow conditions and joint marketing activities with Sälen in Denmark and the western parts of Sweden contributed to the positive earnings trend.

In Sälen the season did not come into full swing until the beginning of January. After that net sales and income were satisfactory and the latter part of the season proved to be very positive. The operations at Sälen's Högfjällshotell will be leased for the 2000/2001 season. Net sales decreased by SEK 42 million to SEK 367 million, but income before depreciation increased by SEK 8 million to SEK 125 million. Operating margins increased by 19% (15).

The number of shareholders amounted, as per 31 August 2001 to 3,046, which is an increase of 245 (9%) since 31 August 2000.

Cash flow

Resort cash flow, which is defined as skiing facility-related revenue less skiing facility-related expenses, amounted during the financial year to SEK 231 million (193). Cash flow from operating activities amounted to SEK 161 million (76) and cash flow for the period after investments and financing activities amounted to SEK 12 million (-11).

Investments

Investments for the financial year amounted to SEK 157 million, of which SEK 60 million referred to investments intended for the coming season, 2001/2002.

Liquidity and financing

The Group's liquid funds amounted to SEK 72 million (60) including non-utilised bank overdraft facilities. Interest-bearing net debt has decreased during the year by SEK 9 million to SEK 854 million. The average interest expense (net financial income related to average interest-bearing net debt) amounted to 5.5% (5.4). The average fixed interest term for the Group's credits was 1.6 years and the average duration was 3.6 years.

Personnel

The average number of personnel amounted to 862, which is a decrease of 13 compared with the previous year.

Parent Company

The Parent Company's net sales during the period totalled SEK 54 million (46) of which SEK 49 million refer to invoicing to subsidiaries.

The result after financial items amounted to SEK 14 million (-5), including dividends from subsidiaries of SEK 20 million.

Investments 2001/2002

Plans for the forthcoming season include investments amounting to approximately SEK 155 million. Investments will be made in central Åre in new ski slopes and snow systems. Next year two new, top speed, six-seat lifts will be installed. NUTEK (the Swedish Business Development Agency) has granted a 25% investment contribution. In Åre the option to acquire the outstanding shares of Skidåkarna AB, who operate five ski rental outlets, will be exercised. In Hemsedal there will be investments in new overnight facilities for tourists and in a new snow system. Investments are also taking place in two properties companies in which SkiStar owns 45% of each company. The other part owners are Lima Jordägende Socknemän (Property Owners of the Parish of Lima) and Transtrands Jordägende Socknemän (Property Owners of the Parish of Transtrand).

Prior to 2001/2002

An efficiency and rationalisation program has been initiated and is expected to show its effect in full from financial year 2002/2003. On 11 September 2001 an extraordinary meeting of shareholders resolved that the parent company change its name from SälenStjärnan to SkiStar. The booking situation is very positive for the 2001/2002 season, 12% better than at the same time last year. The weak Swedish crown is expected to contribute to many Swedes choosing to have their vacation in Sweden, which is favourable for the Swedish alpine ski resorts. There are a number of factors which indicate that SkiStar is facing a very positive

winter season.

Proposed dividend payment

The board of directors and the managing director propose a dividend of SEK 3.50 per share (3.00). The total amount of the proposed dividend amounts to SEK 34 million (29), which is equivalent to 61% (58) of the company's income after taxes. The date proposed as record day for the dividend is 19 December 2001. The dividend is expected to be paid via VPC on 27 December 2001.

Ordinary shareholders meeting

The ordinary shareholders meeting will be held on Saturday, 15 December 2001, at 11:00 am at Sälen's Högfjällshotell in Sälen. The annual report will be distributed to the shareholders at the end of November and will also be available at the offices of the company in Sälen, as well as on the company's home page, www.skistar.com.

Financial information

All financial information is presented as soon as it is made public on SkiStar's home page, www.skistar.com. Interim reports during the financial year 2001/2002 are made public according to the following:

- *three-monthly report*
1 September–30 November 2001,
15 December 2001
- *half-yearly report*
1 September–28 February 2002,
20 March 2002
- *nine-monthly report*
1 September–31 May 2002,
19 June 2002

The year-end report for the financial year 2001/2002 will be made public on 2 October 2002.

CONSOLIDATED INCOME STATEMENT, TSEK

	I June – 31 August		I September - 31 August			
	2001	2000	2000/01	1999/00	1999/00 Pro forma	1998/99
Operating income	23 345	18 775	807 060	691 775	796 828	313 385
Goods for resale	- 1 723	- 1 724	- 73 158	- 65 026	- 75 006	- 20 515
Personnel costs	- 27 755	- 31 539	- 256 832	- 213 015	- 257 904	- 90 616
Other external costs	- 38 988	- 39 940	- 246 317	- 220 700	- 263 232	- 82 629
Total operating costs	- 68 466	- 73 203	- 576 307	- 498 741	- 596 142	- 193 760
Income before depreciation	- 45 121	- 54 428	230 753	193 034	200 686	119 625
Depreciation	- 12 814	- 8 130	- 104 614	- 81 508	- 100 701	- 50 245
Income after depreciation	- 57 935	- 62 558	126 139	111 526	99 985	69 380
Financial items, net	- 11 122	- 10 499	- 47 622	- 31 519	- 45 137	- 15 363
Income before tax	- 69 057	- 73 057	78 517	80 007	54 848	54 017
Minority interests	447	886	- 2 499	- 1 738	- 1 668	- 1 853
Tax, Note 1	25 214	19 893	- 21 067	- 28 248	- 17 018	- 8 390
Net income for the period	- 43 396	- 52 278	54 951	50 021	36 162	43 774
Net earnings per share, SEK	- 4:50	- 5:42	5:70	5:19	3:75	6:19
Number of shares	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	7 089 750

Due to the seasonal nature of the revenue flow, earnings per share for 1999/2000 is calculated on 9,639,823 shares, in spite of the fact that earnings related to the new shares issued during 2000 (2,550,073) refer to only a part of the financial year.

Note 1: The high level of taxation for 1999/2000 is due to the fact that the Norwegian subsidiary Hemsedal's reported a negative result for the season at point of acquisition, which could not be netted against Group profits in Sweden.

INCOME BEFORE TAX BY REPORTING PERIOD, TSEK

	2000/01	1999/00	1998/99
September - November	- 86 588	- 42 889	- 34 785
December - February	111 549	100 625	56 465
March - May	122 613	95 328	56 733
June - August	- 69 057	- 73 057	- 24 396

CONSOLIDATED BALANCE SHEETS IN SUMMARY, TSEK

	31 August		
	2001	2000	1999
ASSETS			
Fixed assets			
Intangible fixed assets	26 474	28 055	15 390
Tangible fixed assets	1 458 522	1 413 410	664 265
Financial fixed assets	87 829	78 709	54 355
Total fixed assets	1 572 825	1 520 174	734 010
Current assets			
Interest-bearing	16 754	13 559	3 706
Non-interest-bearing	106 520	82 060	32 877
Total current assets	123 274	95 619	36 583
TOTAL ASSETS	1 696 099	1 615 793	770 593
EQUITY AND LIABILITIES			
Equity	617 317	583 052	360 075
Minority interests	4 042	2 229	-
Provisions	61 270	52 950	60 167
Long-term liabilities			
Interest-bearing	862 664	848 687	280 375
Non-interest-bearing	230	1 759	255
Current liabilities			
Interest-bearing	29 740	45 265	13 364
Non-interest-bearing	120 836	81 851	56 357
TOTAL EQUITY AND LIABILITIES	1 696 099	1 615 793	770 593

Explanations to the income statements and balance sheets: Two acquisitions took place during the previous financial year. Åre-Vemdalen joined the Group on 1 January 2000 and Hemsedal Skicenter on 1 April 2000. The pro forma accounts report Åre-Vemdalen and Hemsedal from 1 September 1999 in order to provide comparability.

CHANGE IN EQUITY, TSEK

	I September - 31 August	
	2000/01	1999/00
Opening equity	583 052	360 075
Dividends	- 28 919	- 21 270
Translation differences	8 233	3 180
New share issue	-	191 046
Profit for the period	54 951	50 021
Closing equity	617 317	583 052

A dividend of 3:00 SEK (3:00) per share was paid and the number of shares was 9 639 823 (7 089 750).

SUMMARY OF CONSOLIDATED CASH FLOW, TSEK

	I September - 31 August		
	2000/01	1999/00	1998/99
Operating activities			
Resort cash flow	230 753	193 034	119 625
Financial items, net	- 47 622	- 31 519	- 15 363
Tax paid	- 14 664	- 7 649	- 8 390
Change in working capital	- 7 403	- 77 885	21 261
Cash flow from operating activities	161 064	75 981	117 133
Cash flow from investment activities	- 157 265	- 288 161	- 76 067
Cash flow from financing activities	8 084	211 483	- 32 089
Cash flow for the year	11 883	- 697	8 977
Liquid funds at the beginning of the year	60 278	60 975	51 998
Liquid funds at year-end	72 161	60 278	60 975

KEY RATIOS AND DATA PER SHARE

	I September - 31 August			
	2000/01	1999/00	1999/00 Pro forma	1998/99
Key ratios				
Return on				
- capital employed, %	9	11	10	11
- equity, %	9	12	8	11
- total assets, %	8	10	9	10
Gross margin, %	29	28	25	38
Operating margin, %	16	16	13	22
Net margin, %	10	12	7	17
Equity ratio, %	36	36	36	47
	31 August			
	2001	2000	2000 Pro forma	1999
Data per share				
Share price, SEK	79:00	80:00	80:00	74:00
Number of shares	9 639 823	9 639 823	9 639 823	7 089 750
Earnings per share, SEK	5:70	5:19	3:75	6:19
P/e ratio, times	13,9	15,4	21,3	12,0
Resort cash flow, SEK	23:90	20:00	20:80	16:90
Share price/resort cashflow, times	3,3	4,0	3,8	4,4
Dividend, SEK	3:50	3:00	-	3:00
Yield, %	4,4	3,8	-	4,1
Equity, SEK	64	60	60	51
Share price/equity, %	123	133	133	145

The pro forma 1999/2000 and 2000 accounts include Åre-Vemdalen and Hemsedal Skisenter from 1 September 1999-31 August 2000. The results for 2000 includes Åre-Vemdalen from 1 January 2000 and Hemsedal from 1 April 2000.

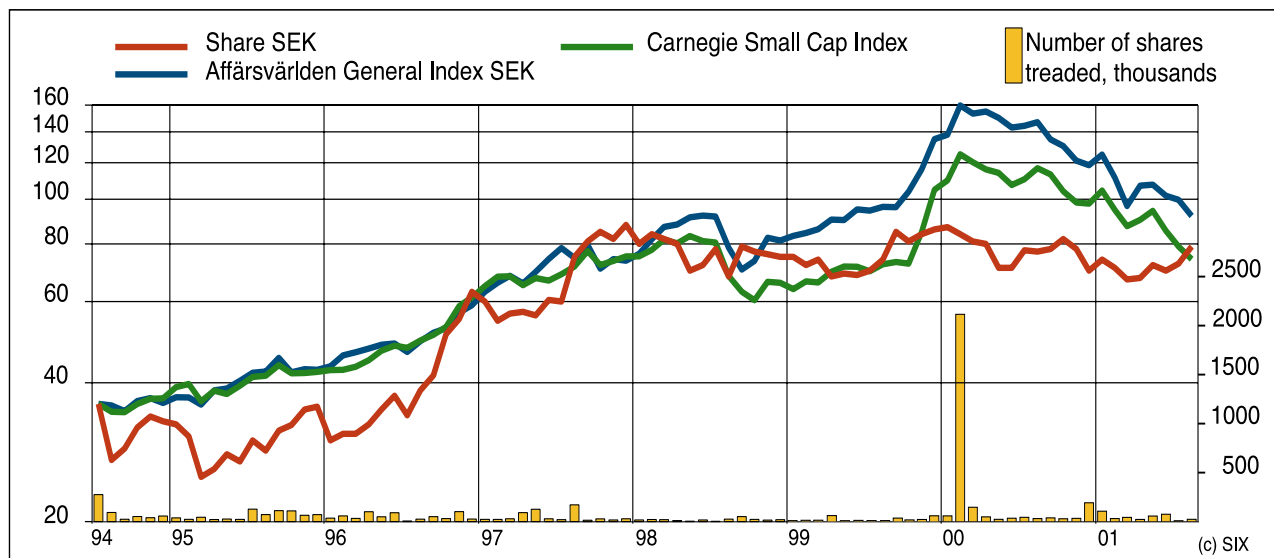
NET SALES AND RESULTS BY BUSINESS AREAS

Net sales and results per operating area for the period 1 September –31 August, SEK million. During 2000/2001 expenses from the parent company totalling SEK 20 million have been allocated on the basis of 50% for Sälen, 40% for Åre-Vemdalen and 10% for Hemsedal.

	Sälen		Åre-Vemdalen		Hemsedal	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
Net sales	367	409	330	308	110	80
Expences	- 242	- 292	- 264	- 248	-70	- 56
Result before depreciation	125	117	66	60	40	24

Sälens Högfjällshotell, which was leased from 1 September 2000, was included in Sälen's net sales for 1999/2000 with net sales of SEK 54 million and expenses of SEK 48 million. Leasing revenues for Högfjällshotellet during the period 1 September 2000-31 August 2001 amounted to SEK 6 million and expenses to SEK 4 million.

SHARE PRICE AND TURNOVER



Sälen, 2 October 2001

Board of Directors



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