

SkiStar AB (publ)

Nine-month report

1 September 2001 – 31 May 2002



Sales increased to MSEK 875 (784) and income before tax to MSEK 215 (148), an increase of 45%. Capital gains in the amount of MSEK 6 are included in income.



Income for the year before tax, excluding capital gains, is estimated to be in excess of MSEK 125 (79).



The effects of the on-going efficiency and savings program, which will consistently improve the level of income, are estimated to amount to MSEK 25 – 30 for the current financial year.



SkiStar's target for return on equity has increased by 4% to 16% at the current interest-rate level.



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This is SkiStar

SkiStar is listed on the Stockholm Stock Exchange's O List. The Group owns and operates ski facilities in alpine destinations in Sälen, Åre and Vemdalen in Sweden and in Hemsedal in Norway. The company's market share of ski-pass sales is 52% in Sweden, 13% in Norway and 35% in the whole of Scandinavia. The core business is alpine skiing, with the focus on the guests' skiing experience. Other operations include accommodation agencies, ski schools and ski hire facilities.

The company's vision is to create memorable alpine 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 income

The net sales for the group amounted to MSEK 875 (784) for the period and income before tax increased by 45% to MSEK 215 (148). Capital gains from the sale of tenant-owner's rights and apartments are included in income in the amount of MSEK 6. The increase on profit can be largely attributed to the second quarter (December–February), but even the third quarter (March–May) saw an increase in sales of MSEK 34 to MSEK 393 and increased profit before tax by MSEK 37 to MSEK 159 compared to the previous year. Good snow conditions and favourable weather conditions in March and April, as well

as two very strong weeks over Easter resulted in a profit increase during the third quarter. The improvement in income over the entire nine month period is a result of a higher inflow of guests and, therefore, a higher occupancy rate at SkiStar's alpine destinations, an earlier start to the season, principally in Sälen, as well as increased profits from efficiency measures at all the Group's destinations, achieved through an exchange of experience and savings programs. The weak Swedish krona has also meant that many Swedes chose to take their winter holidays in Sweden. Product development within other branches – first snowboarding and, most recently, the new easy-to-ride, slalom skis, so-called carving skis – has contributed to an increase in interest and number of skiers.

Market developments

According to SLAO (Swedish Ski Lift Organisation) sales of ski passes increased in Sweden by 18% to approximately MSEK 770 compared with the previous season. Sales of lift passes in Norway increased by 9% to MNOK 600 during the same period, according to the Norwegian Ski Lift Association. The average price increase was 5% in both Sweden and Norway.

Operations

SkiStar's alpine destinations, Sälen, Åre and Vemdalen, were able to open earlier than last year, while Hemsedal, which suffered less favourable snow conditions and milder weather, had

a later start to the season. The start of the season was, overall, more favourable for the group as a total this year than last year. Still, the season commenced somewhat weaker than usual. Sales volumes developed very strongly from Christmas until Easter and new sales records were set over a considerable number of weeks. Furthermore, an early spring resulted in an earlier close to the season. The efficiency and savings program, which was initiated during the previous year, has given positive effects on the Group's income. The result of these effects during the entire year 2001/02 has been estimated at MSEK 25–30. Sales of lift passes within the group increased during the period by MSEK 73 (17%) to MSEK 492, of which 11% represented an increase in volume. The market share of sales of lift passes in Sweden remained unchanged, at 52%. In Norway the market share decreased by 1 percentage point to 13%. The occupancy rate in the Group's own cabins and apartments, and those for whom they act as an agent, for the 2001/02 season (July – 1 May) amounted to 87% compared with the 2000/01 season which showed an outcome of 85%. During the current season, the number of own cabins or apartments for rental increased by 8%. Certain structural measures were taken, primarily in Åre and Vemdalen, prior to the current financial year, including the acquisition of a number of restaurants in Åre and Vemdalen and the lease of a hotel in Vemdalen. In addition, five ski hire businesses and the local TV Company, Årevisionen AB, in Åre, have been acquired.

Operating areas

Sälen increased sales by MSEK 70 to MSEK 424, compared to the previous year and income before depreciation improved by MSEK 45 to MSEK 190. Sales of lift passes increased during the period by 24% to MSEK 215. Sälen had a very late start to the 2000/01 season.

ALLOCATION OF SALES, MSEK

	<u>Sept - May</u>		<u>Sept - Aug</u>
	2001/02	2000/01	2000/01
Down hill skiing/lift	492	419	419
Accommodation	116	113	119
Ski hire	67	50	50
Ski school	34	31	31
Sport shops	32	29	30
Restaurants	40	68	70
Property	36	30	33
Other	58	44	55
Total	875	784	807

Sales in Åre increased by MSEK 30 to MSEK 265, compared to the previous year, and income before depreciation rose by MSEK 18 to MSEK 87. Capital gains from the sale of tenant-owner's rights in the amount of MSEK 7 are included in sales and income. Sales of lift passes increased by 11% to MSEK 139.

Sales decreased by MSEK 26 in Vemdalen to MSEK 62 and income before depreciation increased by MSEK 7 to MSEK 23. The decrease in sales in Vemdalen is entirely attributable to the fact that the hotels and restaurants have been leased during the year. Sales of lift passes increased by 14% to MSEK 47.

In Hemsedal sales increased by MSEK 16 to MSEK 123 and income before depreciation increased by MSEK 7 to MSEK 53. Income has been charged with losses in the amount of MSEK 1 in conjunction with the sale of cabins. Changes in the exchange rate between SEK/NOK compared with the sales period the previous year, have had a positive effect on group income before tax, in the amount of MSEK 3. Sales of lift passes increased by 5% to MNOK 76/MSEK 93.

Cash flow

Resort cash flow, which is defined as income from the operations less costs of the operations, amounted to MSEK 354 (276), during the period. Cash flow from current operations amounted to MSEK 284 (243) and cash flow after investments and financing activities amounted to MSEK 150 (162) for the period.

Investments

Investments for the period amounted to MSEK 100 (99). These investments relate, primarily, to new systems for snow production and groundwork for new pistes in Åre. Furthermore, outstanding shares in Skidåkarna AB in Åre, which operates five ski hire outlets, have been acquired and children's lifts and systems for snow production have been built in Hemsedal, as well as a restaurant in Sälen. During the autumn there were new share issues in two associated companies in Sälen which have built 600 new tourist beds in Lindvallen and Hundfjället.

Liquidity and financing

The Group's liquid funds amounted to MSEK 223 (223), including non-utilised bank overdraft facilities, at the close of the period. Interest bearing net debt has decreased during the period by MSEK 160 to MSEK 694. The average interest expense (net financial income related to average interest bearing net debt) amounted to 6.2% (6.1).

The number of shareholders as at 31 May 2002, amounted to 3,368, which is an increase of 322 (10%) since 31 August 2001.

Personnel

The average number of personnel amounted to 996, which is a decrease of 63 compared to the same period during the previous year. This decrease is an effect of completed structural measures and increased efficiency.

Parent company

Net sales of the Parent Company amounted to MSEK 25 (44) for the period, which, in its entirety (42), refers to invoicing to subsidiaries. Income after net financial income amounted to MSEK -2 (0).

Income for the current year

Income before tax for the entire year 2001/02 is estimated to exceed MSEK 125 (79), excluding capital gains from the sale of tenant-owner's rights and cabins, in accordance with the previously submitted prognosis. During the nine-month period capital gains amounted to MSEK 6. During the period from June - August 2002, extra investments in maintenance, amounting to approximately MSEK 6, will be made.

Upward adjustment of financial objective

SkiStar's target as regards return on equity has been adjusted upwards by 4 percentage points to 16% according to the current interest rate level. The new objective is to achieve a return on equity in excess of the interest level on three months government bonds by 12 percentage points. The reason for the adjustment is a positive outlook for the future, as well as the fact that the previous

target was established during a period with a higher equity ratio.

Investments prior to 2002/03

Plans for important investments in the forthcoming season include the construction of two new chair lifts in Åre and the construction of further chalets, with a total of 96 beds in Hemsedal. Investments are also planned in cabins with a total of 738 beds in the partly owned associated companies in Sälen. In total, the group's investments during the forthcoming financial year are estimated to amount to MSEK 130, which is significantly lower than the Group cash flow.

The Alpine World Cup in Åre 2007

On 6 June 2002 the International Ski Federation decided that Åre will hold the Alpine World Cup in the year 2007. Acting as host for the World Cup means that Åre's trademark will become more widely known throughout the world. There is also the possibility of an increased attraction to foreign investors.

Financial information

All financial information is available on SkiStar's homepage, www.skistar.com, as soon as it is made public. The financial statements for the financial year September 2001 – August 2002 will be made public on 2 October 2002.

Accounting principles

The nine-month report has been prepared in accordance with the recommendations issued by the Swedish Financial Accounting Standards Council, RR 20 Interim Reports. A number of new accounting principles have come into effect. Of these recommendations, RR 9 Income Tax, has led to a change in accounting principles for SkiStar. Application of RR 9 implies that temporary differences between tax bases and book values are accounted for as deferred income tax recoverables or deferred income tax liabilities in the balance sheet. Changes regarding deferred tax are reported as tax expenses and tax revenue in the income statement.

CHANGE IN EQUITY,TSEK

	I September - 31 May	
	2001/02	2000/01
Opening equity	617 317	583 052
Effect of changes in accounting principles	- 3 388	- 1 559
Adjustment to opening equity	613 929	581 493
Dividends	- 33 739	- 28 919
Translation differences	2 853	3 367
Income for the period	154 412	104 566
Closing equity	737 455	660 507

A dividend of SEK 3:50 (3:00) per share was paid and the number of shares was 9 639 823.

CONSOLIDATED CASH FLOW IN SUMMARY,TSEK

	I September- 31 May		I September- 31 August
	2001/02	2000/01	2000/01
Current operating activities			
Resort cash flow	354 110	275 874	230 753
Financial items, net	- 35 915	- 36 500	- 47 622
Tax paid	- 20 048	- 12 496	- 14 664
Change in working capital	- 14 335	16 088	- 7 403
Cash flow from current operating activities	283 812	242 966	161 064
Cash flow from investing activities	- 99 762	- 99 240	- 157 265
Cash flow from financing activities	- 33 666	18 547	8 084
Cash flow for the year	150 384	162 273	11 883
Liquid funds at the beginning of the year	72 161	60 278	60 278
Liquid funds at year-end	222 545	222 551	72 161

KEY RATIOS AND DATA PER SHARE

	I September - 31 May 9 months			I September - 31 August 12 months		
	2001/02	2000/01	1999/00	2000/01	1999/00	1998/99
Key ratios						
Return on						
- capital employed, %	17	13	17	9	11	11
- equity, %	23	16	21	9	12	11
- total assets, %	15	11	15	8	10	10
Gross margin, %	40	35	37	29	28	38
Operating margin, %	29	23	26	16	16	22
Net margin, %	25	19	23	10	12	17
Equity ratio, %	43	40	39	36	36	47
	31 May			31 August		
	2002	2001	2000	2001	2000	1999
Data per share						
Market value, SEK	95:00	72:00	71:00	79:00	80:00	74:00
Number of shares	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	7 089 750
Profit, SEK	16:02	10:85	10:61	5:70	5:19	6:19
Resort cash flow, SEK	36:70	29:00	26:00	23:90	20:00	16:90
Equity, SEK	76	68	65	64	60	51

NET SALES AND RESULT BY BUSINESS AREA

Net sales and results by operating area I September – 31 May, MSEK. Group-wide expenses in the amount of MSEK 25 (8) have been allocated on the basis of 50% for Sälen, 30% for Åre and 10% for both Vemdalen and Hemsedal.

	Sälen		Åre		Vemdalen		Hemsedal	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
Net sales	424	354	265	235	62	88	123	107
Expenses	- 234	- 209	- 178	- 166	- 39	- 72	- 70	- 61
Income before depreciation	190	145	87	69	23	16	53	46

CONSOLIDATED INCOME STATEMENT IN SUMMARY,TSEK

	I March- 31 May 3 months			I September – 31 May 9 months			June – May 12 months	Sept – Aug 12 months
	2001/02	2000/01	1999/00	2001/02	2000/01	1999/00	2001/02	2000/01
Operating income	393 068	359 353	321 598	875 298	783 715	673 000	898 684	807 101
Goods for resale	- 27 628	- 32 886	- 31 562	- 69 057	- 71 435	- 63 302	- 70 780	- 73 158
Personnel costs	- 87 575	- 87 545	- 81 542	- 233 267	- 229 077	- 181 476	- 261 022	- 256 832
Other external costs	- 75 268	- 76 598	- 77 857	- 218 864	- 207 329	- 180 760	- 257 893	- 246 358
Total operating costs	- 190 471	- 197 029	- 190 961	- 521 188	- 507 841	- 425 538	- 589 695	- 576 348
Income before depreciation	202 597	162 324	130 637	354 110	275 874	247 462	308 989	230 753
Depreciation	- 33 271	- 28 940	- 26 315	- 103 472	- 91 800	- 73 378	- 116 286	- 104 614
Income after depreciation	169 326	133 384	104 322	250 638	184 074	174 084	192 703	126 139
Financial items, net	- 10 323	- 10 771	- 8 994	- 35 915	- 36 500	- 21 020	- 47 037	- 47 622
Income before tax	159 003	122 613	95 328	214 723	147 574	153 064	145 666	78 517
Minority interests	- 145	- 1 815	- 826	- 169	- 2 946	- 2 624	278	- 2 499
Tax	- 43 984	- 33 461	- 30 241	- 60 142	- 40 062	- 48 141	- 41 147	- 21 067
Net income for the period	114 874	87 337	64 261	154 412	104 566	102 299	104 797	54 951
Net earnings per share, SEK	11.92	9.06	6.67	16.02	10.85	10.61	10.87	5.70
Number of shares	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823

Depreciation has been allocated with 30% of the full-year forecast, for the period March to May and 90% for the period September to May. During the financial year 2001/02 it is estimated that the Group's effective tax rate amounts to 28%. There is a non-utilised loss carry-forward of TSEK 28 334, which can be used in parts of the Group.

During the year 2000, two companies were acquired. Åre-Vemdalen AB joined the Group on 1 January 2000 and Hemsedal Skisenter AS joined on 1 April 2000.

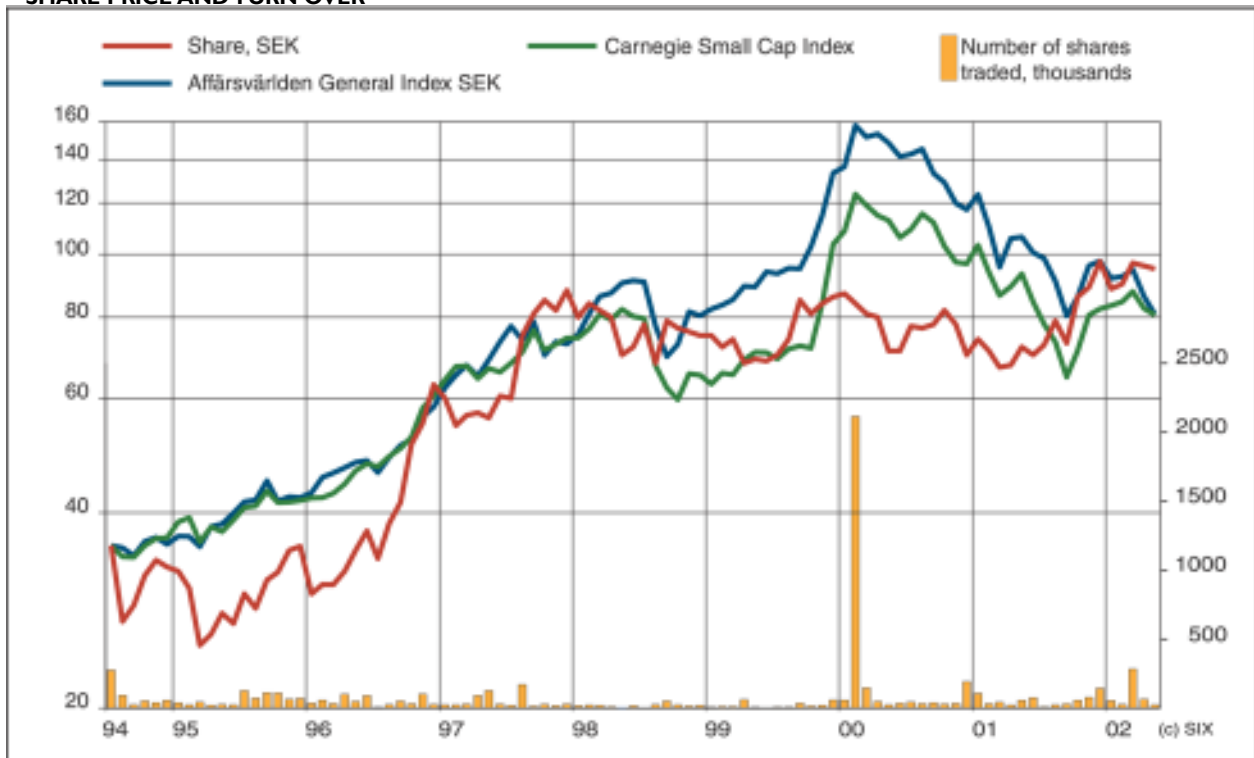
INCOME BEFORE TAX, BY REPORTING PERIOD,TSEK

	2001/02	2000/01	1999/00
September – November	- 86 873	- 86 588	- 42 889
December - February	142 593	111 549	100 625
March - May	159 003	122 613	95 328
June - August	- 69 057	- 73 057	

CONSOLIDATED BALANCE SHEET IN SUMMARY,TSEK

	31 May		31 August 2001
	2002	2001	
ASSETS			
Fixed assets			
Intangible fixed assets	23 303	28 456	26 474
Tangible fixed assets	1 474 831	1 421 039	1 458 522
Financial fixed assets	70 981	78 119	87 829
Total fixed assets	1 569 115	1 527 614	1 572 825
Current assets			
Interest-bearing	43 427	48 732	16 754
Non-interest bearing	98 740	91 604	106 520
Total current assets	142 167	140 336	123 274
TOTAL ASSETS	1 711 282	1 667 950	1 696 099
EQUITY AND LIABILITIES			
Equity	737 455	660 507	613 929
Minority interests	853	5 194	4 042
Provisions	64 746	53 512	63 423
Long-term liabilities			
Interest-bearing	709 443	766 294	862 664
Non-interest-bearing	230	230	1 465
Current liabilities			
Interest-bearing	28 251	31 211	29 740
Non-interest-bearing	170 304	151 002	120 836
TOTAL EQUITY AND LIABILITIES	1 711 282	1 667 950	1 696 099

SHARE PRICE AND TURN OVER



Sälen, 19 June 2002
Thorvald Sverdrup, Managing Director

Review Report

We have reviewed the nine-month report according to the recommendations issued by the Swedish Institute of Authorised Public Accountants (FAR). A review engagement is significantly limited compared to an audit. We have found nothing to suggest that the nine-month report does not fulfil the requirements of the Stock Exchange Law or the Annual Accounts Act.

Sälen, 19 June 2002

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