

SkiStar AB (publ)

Nine-month report

1 September 2002 – 31 May 2003

- ❄ Sales increased to MSEK 945 (868) and income before tax to MSEK 268 (236). Capital gains in the amount of MSEK 20 (7) are included in income.
- ❄ Net earnings per share amounted to SEK 19.47 (17.09).
- ❄ Income before tax during the 12 month period 1 June 2002 – 31 May 2003 amounted to MSEK 172 (146).
- ❄ The number of reservations during the winter season amounted to 90% (87).
- ❄ The SkiStar share qualified for Attract40.



www.skistar.com

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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 51% in Sweden, 13% in Norway and 33% in the whole of Scandinavia. The core business is alpine skiing, with the focus on the guests' skiing experience. Other operations include an accommodation agency, ski school 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

Net sales for the Group amounted to MSEK 945 (868) for the period and income before tax increased to MSEK 268 (236). Capital gains from the sale of tenant-owner's rights and development land in Åre are included in income in the amount of MSEK 20 (7). The increase in profit can be attributed, in its entirety, to the second quarter (December–February). During the third quarter, sales increased by MSEK 17 till MSEK 404 and profit before tax reduced by MSEK 9 to MSEK 157 compared to the previous year. A favourable start to the season and a growing interest in alpine skiing have contributed to

the increase in the number of guests and, thereby, the increase in profit. However, the early spring combined with a late Easter contributed to lower sales than usual in April. During the period, operating costs were charged with MSEK 6 for costs for additional property maintenance and MSEK 6 for increased electricity costs, due to higher electricity costs.

Market developments

The growing interest in alpine skiing in the Nordic countries of recent years continued during the winter-spring season 2002/03. According to SLAO (Swedish Ski Lift Organisation), sales of ski passes increased in Sweden by 13% to MSEK 875 compared with the previous season. At the same time, sales of lift passes in Norway increased by 12% to MNOK 672, according to the Norwegian Ski Lift Association. The average price increase was 5% in Sweden and 4% in Norway.

Operations

All of SkiStar's destinations were able to begin to offer skiing as early as November. The Group's ski pass sales increased by MSEK 56 (11%) to MSEK 548, a volume increase of 4%. During the third quarter (March–May) ski pass income increased by 6% to MSEK 229. The late Easter combined with an early spring resulted in the last weeks of the season being somewhat weaker than usual. The market share of ski pass sales in Sweden reduced by one percentage point to 51%, whereas the market share in Norway remained

unchanged at 13%. The occupancy rate in the Group's own cabins and apartments, and for those for whom they act as an agent, for the 2002/03 season (Christmas week - 1 May) improved to 90% (86%). At the same time, the number of own cabins or apartments for rental increased by 7% before the start of the winter season. Before the start of the season, a number of structural measures were carried out according to the Group's strategy, including the leasing of all restaurants in Hemsedal and two restaurants in Åre. SkiStar signed an agreement to act as agent for Tandådalsens Fjällhotell in Sälen for 1 200 beds.

Sales in Sälen increased compared with the previous year by MSEK 66 to MSEK 488 and income before depreciation improved by MSEK 18 to MSEK 209. Capital gains in the amount of MSEK 4 are included in income. Income from Sälen was charged during the period with costs of MSEK 4 for additional property maintenance, and with MSEK 5 for electricity, due to a higher price levels. Sales of ski passes in Sälen increased by 14% to MSEK 245.

Sales in Åre decreased compared with the previous year by MSEK 1 to MSEK 258 and income before depreciation remained unchanged at MSEK 87. Income has been charged with costs of MSEK 2 for additional property maintenance. Income includes capital gains of MSEK 6 (8) from the sale of 31 tenant-owner's right and MSEK 8 from the sale of development land. The completed sale of 31 tenant-owner's rights for the current year and 59 for the previous year has led to a reduction of MSEK 5 in income from accommodation compared with the previous year. The land sold has been acquired by the Finnish group, Holiday Club, which has begun contracting a hotel with 200 rooms and 800 beds and a "Multihall" leisure complex, including a swimming pool and conference

ALLOCATION OF SALES, MSEK

	Sept - May		Sept - Aug
	2002/03	2001/02	2001/02
Down hill skiing/lift	548	492	492
Accommodation	133	117	120
Ski hire	72	62	64
Ski school	38	37	37
Sport shops	41	38	39
Restaurants	15	40	40
Property	49	45	51
Other	68	44	56
Total	964	875	899

facilities. Ski lift sales in Åre increased during the period by 6% to MSEK 148.

Sales in Vemdalen increased by MSEK 5 to MSEK 68 and income before depreciation improved by MSEK 4 to MSEK 27. Sales of lift passes increased by 10% to MSEK 52.

In Hemsedal sales increased by MSEK 7 to MSEK 131 MSEK and income before depreciation improved by MSEK 7 to MSEK 60. Sales of lift passes increased by 12% to MNOK 84/MSEK 103. The change in the SEK/NOK exchange rate, compared with the same period last year, has had a positive effect of MSEK 1 on income before tax.

Cash flow

The cash flow from current operations before changes in working capital for the period amounted to MSEK 354 (MSEK 298) and after changes in working capital to MSEK 303 (MSEK 284). The cash flow for the period after investing and financing activities amounted to MSEK 143 (MSEK 150).

Investments

Investments for the period, including sales of tenant-owner's rights in Åre and cabins in Hemsedal of MSEK 53, amounted to net MSEK 26 (MSEK 100). On 1 April 2003, SkiStar acquired 90% of the shares in Spray AB. Thereafter, SkiStar acquired additional shares in the company and has a holding of 98% as per 12 June 2003. The remaining shares will be compulsory purchased. The total purchase price amounts to MSEK 75 and the company's equity amounts to MSEK 33. Spray is considered to have a tax loss in excess of MSEK 700. Other investments during the reporting period primarily include two new lifts in Åre and new cabins with 100 tourist beds in Hemsedal.

Liquidity and financing

The Group's liquid funds amounted to MSEK 278 (MSEK 223), including non-utilised bank overdraft facilities. Interest-bearing net debt has decreased during the period by MSEK 207 to MSEK 591. The average interest

expense (net financial income/average interest-bearing net debt), excluding capital gains of MSEK 4 on a promissory note, amounted to 6.1% (6.2%).

The Stockholm Stock Exchange has decided that the SkiStar share qualified for the Attract40 segment during the second six-month period of 2003. Attract40 consists of the most sold shares on the O list.

SkiStar has decided to issue convertible promissory notes at a total of MSEK 25, the sale of which has been offered to employees. The subscription period expires on 19 June 2003 and the loan runs for 5 years. In total, the number of shares via an issue may increase by 157 233, implying a dilution of 1.6% of existing shares.

The number of shareholders per 31 May 2003 was 4 236, an increase of 578 (16%) since 31 August 2002.

Personnel

The average number of personnel amounted to 1 028, an increase of 32 employees compared with the same period during the previous year. The increase in the number of guests during the winter season resulted in the higher number of employees.

Parent Company

The Parent Company's sales for the period amounted to MSEK 22 (MSEK 25), the entire amount refers to invoicing to subsidiaries. Income after net financial income amounted to MSEK -30 (MSEK -2).

Outlook for 2002/03

Income before tax during the 12 month period 1 June 2002 – 31 May 2003 amounted to MSEK 172 to (MSEK 146). The scope of operations for the fourth quarter is similar to those of the previous year.

Prior to 2003/04

Important investments planned for the winter season 2003/04 include a new high speed 8 seat lift in Hundfjället in Sälen, strengthening snow production capacity in Åre and Sälen, expanding the skiing area by extending a lift and

the construction of a new rest shelter in Vemdalen and the construction of new cabins with a total of 96 beds in Hemsedal. The Group's total investments for the forthcoming year are estimated at MSEK 120, an amount which is considerable under the Group's cash flow.

Prior to the winter season 2003/04 the remaining restaurants and all food stores in Åre will be leased out. In Sälen a joint venture is building holiday apartments in Lindvallen, containing 82 apartments with 492 beds. An external investor in Vemdalen is building cabins with 128 tourist beds. A total of at least 800 new, commercial beds will be added to SkiStar's destinations, resulting in a volume increase of at least 3% for bed, for which SkiStar acts as an agent. An agreement to act as an agent for cabins and apartments with 900 beds in Hemsedal was signed. The premises are therefore in place to begin the company's own booking operations in Hemsedal with a minimum of 1 500 tourist beds. SkiStar is already a 35% part-owner of Hemsedal Booking, the central booking company in Hemsedal.

Financial information

The year-end report for the financial year 2002/03 will be published on 2 October 2003

Accounting principles

The nine-month report has been prepared in accordance with recommendation RR20 Interim reports, issued by the Swedish Financial Accounting Standards Council. The Group's accounting principles remain unchanged compared with the previous year. The method applied for allocating periods of depreciation for the current year was adjusted during the year to take place according to the straight-line method. In order to be able to make comparisons between the quarters, the figures for the previous year have been adjusted. The tax expense for the reporting period has been calculated without consideration of the effects arising as a consequence of the acquisition of Spray AB.

CHANGE IN EQUITY, TSEK

	I September - 31 May	
	2002/03	2001/02
Opening equity	682 216	614 406
Dividends	- 57 839	- 33 739
Translation differences	- 8 135	2 853
Income for the period	187 710	164 789
Closing equity	803 952	748 309

A dividend of SEK 6.00 (SEK 3.50) 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
	2002/03	2001/02	2001/02
Current operating activities			
Income before depreciation	382 573	354 110	296 953
Financial items, net	- 28 718	- 35 915	- 47 803
Tax paid	-	- 20 048	- 11 131
Change in working capital	- 50 500	- 14 335	- 21 140
Cash flow from current operations	303 355	283 812	216 879
Cash flow from investing activities	- 26 410	- 99 762	- 134 069
Cash flow from financing activities	- 134 407	- 33 666	- 19 483
Cash flow for the year	142 538	150 384	63 327
Liquid funds at beginning of the year	135 488	72 161	72 161
Liquid funds at year-end	278 026	222 545	135 488

KEY RATIOS AND DATA PER SHARE

	I September - 31 May			I September - 31 August		
	9 months			12 months		
	2002/03	2001/02	2000/01	2001/02	2000/01	1999/00
Key ratios						
Return on						
- capital employed, %	20	18	14	13	9	11
- equity, %	25	23	18	15	9	12
- total assets, %	18	16	12	11	8	10
Gross margin, %	40	40	35	33	29	28
Operating margin, %	31	31	25	21	16	16
Net margin, %	28	27	21	16	10	12
Equity ratio, %	48	43	40	39	36	36
	31 May			31 August		
	2003	2002	2001	2002	2001	2000
Data per share						
Market value, SEK	130:50	95:00	72:00	103:00	79:00	80:00
Number of shares	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823
Profit, SEK	19:47	17:09	11:71	10:10	5:70	5:19
Cash flow, SEK	36:71	30:93	23:54	24:69	23:90	20:00
Equity, SEK	83	78	69	71	64	60

NET SALES AND RESULT BY BUSINESS AREA

Net sales and results by operating area I September - 31 May. Group-wide expenses in the amount of MSEK 25 (MSEK 25) have been allocated on the basis of 50% for Sälen, 30% for Åre, 7% (10) for Vemdalen and 13% (10) for Hemsedal.

	Sälen		Åre		Vemdalen		Hemsedal	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
Net sales	488	422	258	259	68	63	131	124
Capital gains	4	-	14	8	1	-	-	- 1
Total income	492	422	272	267	69	63	131	123
Expenses	- 283	- 231	- 185	- 180	- 42	- 40	- 71	- 70
Resultat före avskrivningar	209	191	87	87	27	23	60	53

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
	2002/03	2001/02	2000/01	2002/03	2001/02	2000/01	2002/03	2001/02
Sales	403 800	386 946	359 353	944 543	868 184	782 653	962 490	886 131
Other income	1 557	6 122	-	19 643	7 114	1 062	25 028	12 499
Operating income	405 357	393 068	359 353	964 186	875 298	783 715	987 518	898 630
Goods for resale	- 28 513	- 27 628	- 32 886	- 67 164	- 69 057	- 71 435	- 68 249	- 70 142
Personnel costs	- 94 318	- 87 575	- 87 545	- 253 922	- 233 267	- 229 077	- 283 486	- 262 831
Other external costs	- 88 212	- 75 268	- 76 598	- 260 527	- 218 864	- 207 329	- 310 367	- 268 704
Total operating costs	- 211 043	- 190 471	- 197 029	- 581 613	- 521 188	- 507 841	- 662 102	- 601 677
Income before depreciation	194 314	202 597	162 324	382 573	354 110	275 874	325 416	296 953
Depreciation	- 29 418	- 26 747	- 26 154	- 85 506	- 82 539	- 78 461	- 112 936	- 109 969
Income after depreciation	164 896	175 850	136 170	297 067	271 571	197 413	212 480	186 984
Financial items, net	- 8 181	- 10 323	- 10 771	- 28 718	- 35 915	- 36 500	- 40 606	- 47 803
Income before tax	156 715	165 527	125 399	268 349	235 656	160 913	171 874	139 181
Minority interests	- 96	- 145	- 1 815	- 175	- 169	- 2 946	- 119	- 113
Tax	- 46 974	- 49 658	- 35 112	- 80 464	- 70 698	- 45 056	- 46 194	- 41 703
Net income for the period	109 645	115 724	88 472	187 710	164 789	112 911	125 601	97 365
Net earnings per share, SEK	11:37	12:00	9:18	19:47	17:09	11:71	13:03	10:10
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

SkiStar has acquired Spray AB, which is considered to have tax losses in excess of MSEK 700. In conjunction with the acquisition, an income tax recoverable of net MSEK 40 has been recorded. The effect of the utilisation of the mentioned loss carry forward has not been taken into consideration in the tax expenses for the reporting period.

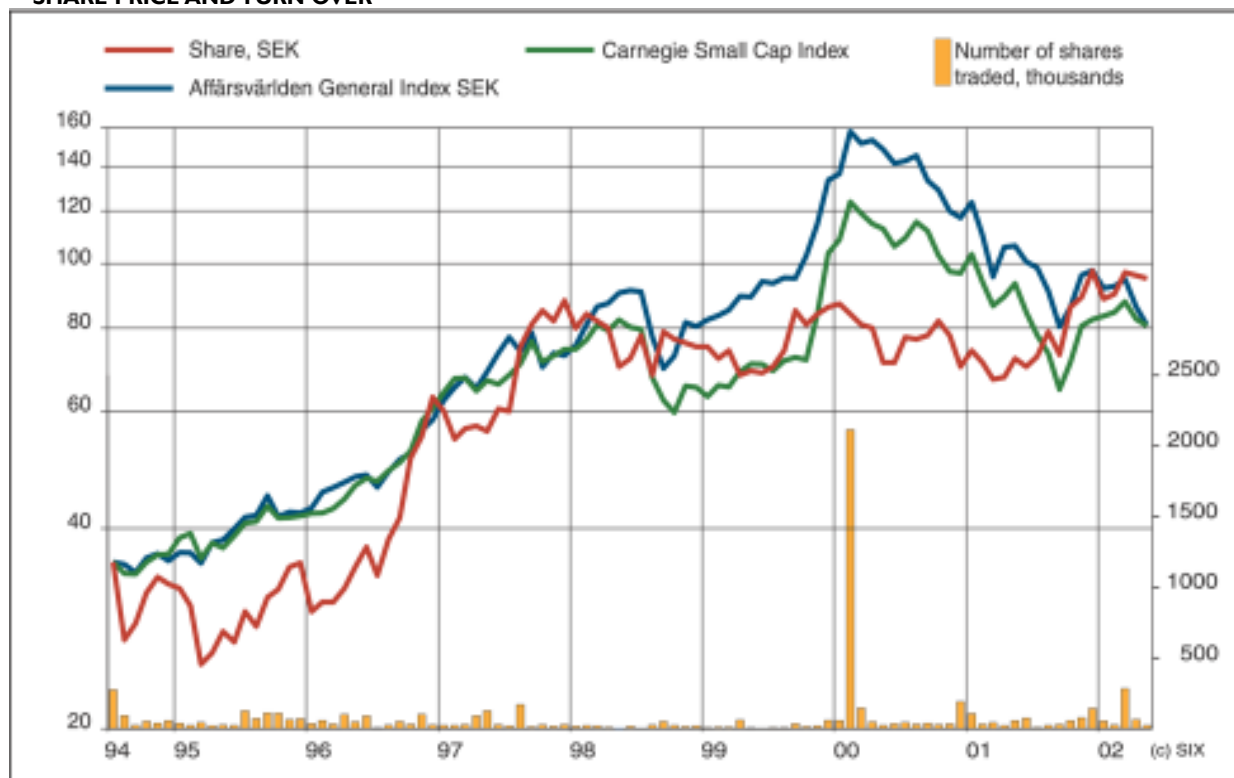
INCOME BEFORE TAX, BY REPORTING PERIOD, TSEK

	2002/03	2001/02	2000/01
September - November	- 111 177	- 106 423	- 107 562
December - February	222 811	176 552	143 076
Mars - May	156 715	165 527	125 399
June - August		- 96 475	- 82 396

CONSOLIDATED BALANCE SHEET IN SUMMARY, TSEK

	31 May		31 August 2002
	2003	2002	
ASSETS			
Fixed assets			
Intangible fixed assets	30 952	23 303	39 280
Tangible fixed assets	1 474 395	1 495 764	1 504 970
Financial fixed assets	32 482	70 981	52 675
Total fixed assets	1 537 829	1 590 048	1 596 925
Current assets			
Interest-bearing	40 286	43 427	27 665
Non-interest bearing	95 696	98 740	119 816
Total current assets	135 982	142 167	147 481
TOTAL ASSETS	1 673 811	1 732 215	1 744 406
EQUITY AND LIABILITIES			
Equity	803 952	748 309	682 216
Minority interests	945	853	770
Provisions	75 229	65 269	74 483
Long-term liabilities			
Interest-bearing	611 680	709 443	810 390
Non-interest bearing	2 857	230	2 883
Current liabilities			
Interest-bearing	19 352	28 251	45 464
Non-interest bearing	159 796	179 860	127 840
TOTAL EQUITY AND LIABILITIES	1 673 811	1 732 215	1 744 406

SHARE PRICE AND TURN OVER



Sälen, 18 June 2003
Mats Årjes, 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, 18 June 2003

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