



PRESS RELEASE

from Sifo Group, listed on the O-list of the OM Stockholm Exchange

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Interim report January - September 1999

- Profit after financial items amounted to SEK 56.5 million (41.8), an increase of 35 percent.
- Operating revenue rose by 17 percent to SEK 720 million.
- Very good development continued at Observer Media Intelligence.
- Weak profit for Sifo Research & Consulting but improved orders booked during third quarter.
- BIT launched a WAP service in October for distribution of financial information.
- The previous forecast of higher full-year profit remains unchanged.

Group structure

Sifo Group is active in media and market monitoring, surveys and consulting services. It is listed on the OM Stockholm Exchange's O-list.

Sifo Group has three divisions: *Observer Media Intelligence*, which is Europe's largest operator in media and market monitoring and is present in the Nordic countries, the Baltic region and Germany; *Sifo Research & Consulting*, which works with surveys and related consulting services in the Scandinavian market; and *SMG Consulting* (50-percent owned), which is active in management and strategic consulting in Sweden and Finland.

Market

Demand was generally good in all operating areas and countries. Media content was favorable, mainly due to a high level of business activity, affecting *Observer Media Intelligence* positively. From Observer's viewpoint the crisis in Kosovo through its domination in media had a negative impact on media content in all markets during the second quarter and in certain countries, including Germany, in the beginning of the third quarter as well. The effect was primarily noticeable by radio and TV operations. Demand for editorial and analytical services remained



strong. The market for *Sifo Research & Consulting's* operations was good in Sweden, Norway and Denmark, particularly in the areas MIA and Strategic Marketing.

Revenue

Operating revenue rose by 17 percent to SEK 720 million (617). The increase is largely organic.

Observer Media Intelligence has strengthened its role as market leader in Europe further. During the period the division's operating revenue amounted to SEK 430 million (352), representing growth of 22 percent, essentially all of which was organic. For comparable units, growth in local currency was approximately 10 percent in Norway and at least 20 percent in other countries. Since the takeover of the Baltic operations at the turn of the year, volume has doubled.

Editorial and analytical services continued to grow faster than basic services and accounted for 24 percent (20) of the division's revenue. As a development of the analytical services, a test is under way of a concept called Communications Audit, a performance measurement of a company's or organization's ability to communicate. The service will be fully launched on the market after the turn of the year. Interest has been high and there are already around ten clients in Sweden.

In October BIT launched a WAP service developed in cooperation with CellTribe AB, a specialist in mobile Internet applications. This makes BIT one of the first companies in the world to make price-sensitive information, such as financial news from its clients, available via WAP technology.

Sifo Research & Consulting's operating revenue amounted to SEK 287 million (257). For comparable units, growth was 12 percent. In Sweden, growth was 5 percent, in Norway 14 percent and in Denmark over 200 percent. Orders booked during the third quarter were good, thanks to which the order situation for the remainder of the year is slightly better than the previous year.

The Internet operations of Sifo Interactive Media developed according to plan, with operating revenue of SEK 9.1 million (2.7).

SMG Consulting's operating revenue amounted to SEK 30 million (29), an increase of 3 percent. In Finland, the order situation was weak early in the year, but since the summer has developed positively.



Profit

Sifo Group's operating profit before goodwill amortization and items affecting comparability amounted to SEK 71.2 million (65.0), an increase of 9 percent. The Observer Media Intelligence division continued its strong development with an improved operating margin. Sifo Research & Consulting developed weakly during the second quarter and first part of the third quarter. The major Internet investments by Sifo Interactive Media resulted in a charge against profit of SEK 9.7 million (3.0). Sifo Group's operating margin was 9.9 percent (10.5). Excluding Sifo Interactive Media, the corresponding margin was 11.4 percent (11.1).

For Observer Media Intelligence, operating profit rose to SEK 81.4 million (61.9), an increase of 31 percent mainly attributable to organic growth. All operations developed positively. The operating margin was 18.9 percent (17.6). The latest profit figures include higher development expenditures than the previous year. The higher expenditures are primarily attributable to the development and implementation of a complete scanning and search system to electronically read printed matter. The system will first be launched in Norway at the end of this year.

Operating profit for Sifo Research & Consulting, excluding Sifo Interactive Media's Internet operations, amounted to SEK 2.6 million (6.0). Difficulties were incurred primarily in the Norwegian company and Strategic Marketing business area. Measures have been taken to correct these problems, i.a. the management for these operations have been replaced. The MIA (Management of Intangible Assets) and Media business areas developed well. Strict profit comparisons between quarters and years in the division's quarterly reports can be somewhat misleading due to, among other things, the degree of completion of major projects each year.

Sifo Interactive Media's Internet operations again resulted in a charge against profit of SEK 9.7 million (3.0), according to plan. For the full-year 1999 operations are expected to generate a loss of approximately SEK -12 million. In the autumn of 2001 operations in Sweden are expected to begin to contribute positively to earnings.

SMG Consulting's operating profit amounted to SEK 2.7 million (3.0). The Swedish operations developed well, while in Finland the first half of the year was weak due to project delays. The situation in Finland has improved significantly since the summer.



Acquisitions

In February, Sifo Group acquired Pressfax Oy, now BIT Finland, with a yearly turnover of SEK 2.5 million, as a first step in BIT's (Börslistans Informationstjänst) internationalization. BIT is part of Observer Media Intelligence.

In April, an agreement was signed to acquire an additional 30 percent of the shares of Argus Media, Germany, effective January 1, 2000, after which Sifo Group's interest will amount to 80 percent. The intent is to merge Argus Media and Observer RTV Medienauswertungen in early 2000 to achieve full effects from economies of scale. Sifo Group will thereafter own 86 percent of the combined operations and is now the market leader in Germany. Argus Media is part of Observer Media Intelligence.

On August 31 Sifo Group acquired Navigare Medical Marketing Research AB, which in 1998 had a turnover of slightly over SEK 25 million. Navigare, which specializes in surveys for the pharmaceutical industry in connection with the launch and marketing of drugs, is part of Sifo Research & Consulting.

Financial position

Acquisitions during the period amounted to SEK 19.5 million (33.1). The net debt/equity ratio was 31 percent (42). Goodwill on the balance sheet amounted to SEK 220 million (219). Shareholders' equity totaled SEK 205 million (173) at the end of the period. The equity/assets ratio was 34 percent (32).

Year 2000

Efforts to ensure the functionality of the Group's IT systems began in 1998. Most systems have been modified and work is under way to complete the necessary measures on remaining systems. The measures are expected to be implemented well before year-end.

Funds from SPP

The Swedish life insurance company SPP has announced that SEK 33 million will be allocated to Sifo Group. As there are uncertainties as to how and when the funds can be used, they have not been included in the accounts.



Outlook for the full-year

We expect continued good growth during the remainder of the year.

Profit for the full-year is expected to be higher than the previous year.

This report has not been reviewed by the company's auditors.

Sifo Group (publ)

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SIFO GROUP – INTERIM REPORT JANUARY-SEPTEMBER 1999

Consolidated income statement

	1999 Jan- Sept	1998 Jan-Sept	1999 July- Sept	1998 July- Sept	1998/99 Oct-Sept	1998 Jan-Dec
Amounts in SEK million						
Operating revenue ¹	720.2	617.3	218.5	191.6	997.3	894.4
Operating expenses	-626.4	-537.0	-183.1	-167.8	-859.7	-770.3
Amortization of goodwill	-10.5	-10.1	-3.6	-3.4	-14.0	-13.6
Other amortization/depreciation	-22.6	-15.3	-7.3	-5.4	-29.2	-21.9
Items affecting comparability	-	-6.8	-	-	1.5	-5.3
Operating profit	60.7	48.1	24.5	15.0	95.9	83.3
Net financial income and expenses	-4.2	-6.3	-1.8	-1.6	-7.5	-9.6
Profit before tax	56.5	41.8	22.7	13.4	88.4	73.7
Tax	-19.0	-12.7	-3.8	-1.2	-30.0	-23.7
Minority interest	-3.8	-1.6	-1.6	0.9	-5.7	-3.5
Net profit for the period	33.7	27.5	17.3	13.1	52.7	46.5

¹ Refers to the sum of net sales and the change in work in progress.

Consolidated balance sheet

	1999 Sept 30	1998 Sept 30		1998 Dec 31
Amounts in SEK million				
Goodwill	220.3	218.6		219.2
Other fixed assets	103.3	90.2		91.4
Current receivables	207.6	193.1		210.6
Financial assets	92.6	57.2		72.6
Assets	623.8	559.1		593.8
Shareholders' equity	204.5	173.0		194.1
Minority shares	8.2	6.6		8.8
Provisions	13.5	13.1		21.8
Current liabilities	239.2	233.1		251.7
Financial liabilities	158.4	133.3		117.4
Equity and liabilities	623.8	559.1		593.8
Operating capital	278.5	255.7		247.7
Operating capital excl. goodwill	58.2	37.1		28.5
Interest-bearing net indebtedness	65.8	76.1		44.8



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Operating revenue

	1999 Jan- Sept	1998 Jan-Sept	1999 July- Sept	1998 July- Sept	1998/99 Oct-Sept	1998 Jan-Dec
Amounts in SEK million						
Observer Media Intelligence	429.6	351.8	140.0	118.2	570.9	493.1
Sifo Research & Consulting:						
Operations						
excl. Sifo Interactive Media	277.6	254.2	73.4	68.1	405.9	382.5
Sifo Interactive Media	9.1	2.7	3.2	1.0	10.6	4.2
SMG Consulting	29.5	28.6	7.8	8.9	43.9	43.0
Divisions	745.8	637.3	224.4	196.2	1,031.3	922.8
Group eliminations	-25.6	-20.0	-5.9	-4.6	-34.0	-28.4
Total	720.2	617.3	218.5	191.6	997.3	894.4

Operating profit before goodwill amortization and items affecting comparability

	1999 Jan- Sept	1998 Jan-Sept	1999 July- Sept	1998 July- Sept	1998/99 Oct-Sept	1998 Jan-Dec
Amounts in SEK million						
Observer Media Intelligence	81.4	61.9	30.2	20.5	108.5	89.0
Sifo Research & Consulting:						
Operations						
excl. Sifo Interactive Media	2.6	6.0	0.3	1.0	17.3	20.7
Sifo Interactive Media	-9.7	-3.0	-2.8	-1.6	-13.6	-6.9
SMG Consulting	2.7	3.0	1.1	1.1	5.1	5.4
Divisions	77.0	67.9	28.8	21.0	117.3	108.2
Group eliminations	-5.8	-2.9	-0.7	-2.6	-8.9	-6.0
Total	71.2	65.0	28.1	18.4	108.4	102.2



SIFO GROUP – INTERIM REPORT JANUARY-SEPTEMBER 1999

Consolidated statement of cash flows

	1999 Jan- Sept	1998 Jan-Sept	1999 July- Sept	1998 July- Sept	1998/99 Oct-Sept	1998 Jan-Dec
Amounts in SEK million						
Operating profit before financial items	60.7	48.1	24.5	15.0	95.9	83.3
Depreciation/amortization	33.1	25.4	10.9	8.8	43.2	35.5
Other non-cash items	-4.8	-12.8	-3.4	-9.1	3.4	-4.6
Net interest and dividends	0.9	-10.0	3.9	-4.7	9.6	-1.3
Income tax paid	-17.4	2.6	-3.0	0.7	-23.0	-3.0
Change in working capital	-23.6	16.9	13.4	7.1	-8.8	31.7
Cash flow from operating activities	48.9	70.2	46.3	17.8	120.3	141.6
<i>Investing activities</i>						
Business acquisitions	-19.5	-33.1	-15.0	0.1	-21.1	-34.7
Investments in non-financial assets	-33.5	-38.0	-14.1	-14.4	-36.8	-41.3
Investments in financial assets	-17.4	1.5	-16.0	0.1	-18.1	0.8
Cash flow from investing activities	-70.4	-69.6	-45.1	-14.2	-76.0	-75.2
<i>Financing activities</i>						
Increase/decrease in long-term financial liabilities	44.2	-0.7	8.0	-4.7	8.4	-36.5
Increase/decrease in current financial liabilities	1.7	-	-0.4	11.3	-20.5	-22.2
Dividend paid	-17.1	-	-	-	-17.1	-
Cash flow from financing activities	28.8	-0.7	7.6	6.6	-29.2	-58.7
Cash flow for the period	7.3	-0.1	8.8	10.2	15.1	7.7



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Key ratios

	1999	1998	1999	1998	1998/99	1998
	Jan- Sept	Jan-Sept	July- Sept	July- Sept	Oct-Sept	Jan-Dec
Operating margin	9.9 %	10.5 %	12.9 %	9.6 %	10.9 %	11.4 %
Return on equity					26 %	28 %
Equity/assets ratio	34 %	32 %			34 %	34 %
Net debt/equity ratio	31 %	42 %			31 %	22 %
Interest coverage, multiple	10.6	6.2	11.4	6.3	11.3	7.9
<i>Profit per share after full tax:</i>						
Before dilution, SEK	0.98	0.80	0.50	0.38	1.54	1.36
Excl. goodwill amortization, SEK	1.29	1.10	0.61	0.48	1.95	1.76
After full dilution, SEK	0.96	0.80	0.49	0.38	1.51	1.34
Excl. goodwill amortization, SEK	1.26	1.08	0.60	0.47	1.91	1.73
Equity per share, SEK	5.97	5.05			5.97	5.67
Number of shares at end of period, thousands	34,240	34,240			34,240	34,240
Number of employees at end of period	1,220	1,104			1,220	1,089

For definitions see the annual report for 1998.