



PRESS RELEASE

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

Sollentuna, Sweden, February 17, 2000

Sifo Group AB - Preliminary year-end report for 1999

- Operating profit before goodwill amortization and items affecting comparability rose to SEK 134.5 million (102.2). Profit before tax amounted to SEK 95.8 million (73.7).
- Profit per share excluding goodwill amortization and items affecting comparability as well as after full dilution amounted to SEK 2.35 (1.84).
- The group's operating revenue rose by 23 percent to SEK 1,096.3 million (894.4). Organic growth was 11 percent.
- The acquisition of Romeike Group of the UK in late 1999 has made the Observer Media Intelligence division the largest media and market monitoring company in the world.
- Alternatives are being evaluated for Sifo Research & Consulting's development and internationalization.
- The dividend is proposed to be raised to SEK 0.35 per share.

Group structure

Sifo Group, which is listed on the OM Stockholm Exchange's O-list, has three divisions: Observer Media Intelligence, which works with media and market monitoring; Sifo Research & Consulting, which conducts surveys and related consulting operations, and SMG Consulting (50-percent owned), which is active in management and strategic consulting. Sifo Group has operations in the Nordic region, the Baltic states, Germany and the UK.

Market

Demand was generally good in all operating areas. In the case of Observer Media Intelligence, demand remained high particularly for value-added services, such as editorial services and analyses. For Sifo Research & Consulting, demand was good throughout Scandinavia.

Market prospects for 2000 are expected to remain good in all group markets.



Revenue

The group's operating revenue for the year amounted to SEK 1,096.3 million (894.4), an increase of 23 percent. For comparable units, operating revenue rose by 11 percent.

For *Observer Media Intelligence*, operating revenue amounted to SEK 676.5 million (493.1), corresponding to growth of 37 percent. The organic growth amounted to 22 percent. Romeike Group of the UK was acquired in December and consolidated as of October 1, 1999.

The revenue has grown in all of Observer's companies. Editorial and analytical services continued to develop faster than basic services. Value-added services today account for 25 percent (21) of the entire division's operations and 35 percent (32) of its Swedish operations.

For *Sifo Research & Consulting*, operating revenue amounted to SEK 411.4 million (386.7). Revenue increased for the Danish operations and in Sifo Interactive Media. Excluding Sifo Interactive Media, operating revenue rose to SEK 399.8 million (382.5). The organic growth amounted to 3 percent.

SMG Consulting's operating revenue remained at the same level as the previous year, amounting to SEK 42.7 million (43.0). Delayed project starts in Finland during the first half of the year hampered growth.

Profit

Sifo Group's operating profit before goodwill amortization and items affecting comparability amounted to SEK 134.5 million (102.2). Excluding the Romeike Group acquisition, consolidated profit amounted to SEK 106.2 million. Profit before tax was SEK 95.8 million (73.7).

Sifo Group's operating margin before goodwill amortization rose to 12.3 percent (11.4).

For *Observer Media Intelligence*, operating profit before goodwill amortization and items affecting comparability amounted to SEK 140.4 million (89.0). Observer, excluding the Romeike Group acquisition, reached an operating margin of 19.0 percent (18.1). The division has increased its investments in the development of new concepts and IT tools, especially during the fourth quarter of 1999. Romeike Group's operating margin before goodwill amortization reached well over 30 percent in the last quarter of 1999.

Operating profit before goodwill amortization and items affecting comparability for *Sifo Research & Consulting* (excluding the operations of Sifo Interactive



Media) amounted to SEK 8.2 million (20.7), corresponding to an operating margin of 2.0 percent (5.4). The Internet operations of Sifo Interactive Media reported a loss according to plan of SEK 11.7 million.

The profit level at Sifo Research & Consulting is unsatisfactory, primarily due to weak development in Norway and in the RISC business area. Moreover, the recently established Danish operations continue to report a deficit. Together, these units account for a loss of slightly over SEK 15 million. A comprehensive program of measures has been launched to raise the division's profitability. One result is the replacement of part of the management of the Norwegian operations. In Denmark, the focus has been shifted more to marketing and sales. The RISC business area is being reorganized, resources are being adapted and the Nordic business is concentrated to Stockholm. To enhance efficiency, RISC has also established a close cooperation with its French licensee. Efficiency improvements were also the reason for the consolidation of the telephone interview operations in Ronneby and shutdown of the Borlänge office. The division is also taking rationalization measures in the support area.

The Media, Brand Management, Health Care and MIA (Management of Intangible Assets) business areas of Sifo Research & Consulting are developing positively. During the year special efforts were made in the MIA business area to improve relationships with both new and old major customers. This resulted in, among other things, a large contract to conduct human capital measurements with up to 60,000 employees throughout the Ericsson Group.

Operating profit before goodwill amortization and items affecting comparability for *SMG Consulting* amounted to SEK 5.4 million (5.4), corresponding to an operating margin of 12.6 percent (12.6).

The group's net financial income and expenses amounted to SEK -6.1 million (-9.6). As of December 6, the financial net is charged with the cost of financing the entire Romeike Group acquisition - SEK -5.7 million.

The Group's net profit after tax for the year amounted to SEK 50.9 million (46.5). The net effect of Romeike Group's acquisition on profit after tax for the year was SEK -5.4 million.

Before the rights issue the profit per share after full tax and full dilution amounted to SEK 1.44 per share (1.34). Excluding goodwill amortization and items affecting comparability, profit per share amounted to SEK 2.35 (1.84) after full dilution.



Financial position

The acquisition of Romeike Group took place in 1999, while the rights issue that was implemented to partially finance the acquisition took place in January 2000. In the short term, the entire purchase price was debt financed, due to which the group's debt level was abnormally high on the closing day, December 31, 1999. The issue generated net proceeds of SEK 822 million, which has been used to amortize the short-term bank loan.

The following information on net indebtedness and equity reflects the group's position, pro forma, as if the rights issue and amortization had taken place as of December 31, 1999. Per share figures are adjusted for the rights issue.

Investments in businesses acquired during the year amounted to SEK 1,483 million (35). The net debt/equity ratio, pro forma, was 66 percent (22). Goodwill on the balance sheet rose to SEK 1,708 million (219). As of year-end, pro forma equity amounted to SEK 1,062 million (194), corresponding to SEK 24.07 (4.40) per share.

Taking into account the rights issue, pro forma profit per share after full tax excluding goodwill amortization and items affecting comparability amounted to SEK 1.82 (1.43) after full dilution.

Acquisitions and divestments

Late in the year Sifo Group completed its largest acquisition to date. By adding Romeike Group of the UK, Sifo Group, through the Observer Media Intelligence division, has become the world's largest company in media and market monitoring. Romeike Group is at least three times larger than its nearest competitor in the British market. It has revenue of approximately SEK 350 million, with nearly 500 employees.

The acquisition of Romeike Group is another step in Sifo Group's clearly stated strategy of growth and internationalization. Observer has become several times larger than its nearest competitor in Europe. Following the acquisition, slightly over 70 percent of Observer's, and more than half the group's, revenue will be attributable to markets other than Sweden.

In February, Sifo Group acquired the shares of Pressfax Oy, whose operations serve as the base of BIT's (Börslistans Informationstjänst) efforts in Finland.

During the year Sifo Group acquired Navigare Medical Marketing Research AB, which specializes in medical surveys and offers consulting services in the marketing of pharmaceuticals. Navigare forms the Health Care business area of the Sifo Research & Consulting division.



Late in the year Sifo Group divested its holding of 51 percent of the shares of Norway's Key Resources Consulting AS, which was part of Sifo Research & Consulting. The sale produced a capital loss of SEK 0.5 million.

Sifo Research & Consulting established, in the beginning of 1999, a cooperation with Scott, Madden & Associates of the U.S., as part of which Scott, Madden & Associates is licensing the products and services offered by Sifo Group's former subsidiary, SMG North America Inc.

During the year Sifo Group and Guide Konsult formed a jointly owned IT consulting firm (60-percent by Sifo Group) with around ten employees. The new firm will support both Sifo Group and Guide Konsult in delivering turn-key IT solutions together with information and consulting services to their clients. In early 2000 Framfab acquired Guide Konsult through a public offer.

As of January 1, 2000, Sifo Group acquired an additional 30 percent of the shares of Argus Media GmbH of Germany, at which point Argus Media was merged with the Sifo Group subsidiary Observer RTV Medienauswertungen GmbH. Sifo Group owns 86 percent of the shares of the combined company, Observer Argus Media GmbH, which is part of the Observer Media Intelligence division.

In February, 2000, Sifo Group expanded its commitment in the area of Internet measurements by becoming a co-owner of MMXI Europe. At the same time, Sifo Group transferred its shares of Sifo Interactive Media to MMXI. Sifo Group received 8 percent of the shares in MMXI Europe, 52,000 shares in the U.S.-based Media Metrix listed on the Nasdaq exchange in New York, and SEK 43 million in cash. The transaction provides Sifo Group with a capital gain of SEK 46 million.

Alternatives being evaluated for Sifo Research & Consulting

The market for Sifo Research & Consulting's services is becoming more and more international. This has resulted in a growing structural transformation and consolidation of previously fragmented markets.

Sifo Group has now begun a strategic review of how the operations of Sifo Research & Consulting can be developed and internationalized based on its leading position in the Scandinavian market.

One alternative for Sifo Group is to internationalize Sifo Research & Consulting through acquisitions and by establishing new operations. Another alternative is to join one or more strategic cooperations, in which case a change of ownership for the division could be considered.



Dividend

The Board of Directors and the President are proposing a dividend of SEK 0.35 (0.50) per share. Adjusted for the rights issue the dividend of the previous year corresponds to SEK 0.31 per share.

Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m. on May 9 at Industrihuset, Storgatan 19, Stockholm.

Scheduled information dates for Sifo Group in 2000

Annual General Meeting and interim report January-March, May 9

Interim report January-June, August 22

Interim report January-September, November 1

Sifo Group AB (publ)

Board of Directors

For further information, please contact:

Robert Lundberg, President and CEO, telephone +46-8-625 15 43,
e-mail robert.lundberg@sifogroup.se

Jan-Erik Jansson, Chief Financial Officer, telephone +46-8-625 15 42,
e-mail jan-erik.jansson@sifogroup.se

Per Blixt, Chief Communications Officer, telephone +46-8-625 15 51/+46-8-70-549 28 08, e-mail per.blixt@sifogroup.se

This press release can also be accessed online at <http://www.sifogroup.com>

We invite you to participate in a telephone conference on Friday February 18 at 11.00 AM (CET). In order to do so, please call +46 8 737 89 81 and state code 357815. If you will participate, please also notify us today Thursday, by fax +46 8 35 31 65 or e-mail tina.eriksson@sifogroup.se.



SIFO GROUP – CONDENSED FINANCIAL STATEMENTS JANUARY-DECEMBER 1999

Consolidated income statement

	1999	1998	1999	1998
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Operating revenue ¹	1,096.3	894.4	376.1	277.1
Operating expenses	-928.6	-770.3	-302.2	-233.3
Depreciation, goodwill	-32.1	-13.6	-21.6	-3.5
Depreciation, other	-33.2	-21.9	-10.6	-6.6
Non-comparable items	-0.5	-5.3	-0.5	1.5
Operating profit	101.9	83.3	41.2	35.2
Net financial income and expenses	-6.1	-9.6	-1.9	-3.3
Profit after financial items	95.8	73.7	39.3	31.9
Tax	-38.3	-23.7	-19.3	-11.0
Minority interest	-6.6	-3.5	-2.8	-1.9
Net profit for the period	50.9	46.5	17.2	19.0

¹Operating revenue is the sum of net sales and the change in work in progress.

Consolidated balance sheet

	Pro forma*		
Amounts in SEK million	1999 Dec 31	1999 Dec 31	1998 Dec 31
Goodwill	1,708.0	1,708.0	219.2
Other fixed assets	202.7	202.7	91.4
Current receivables	361.0	361.0	210.6
Financial assets	222.2	222.2	72.6
Assets	2,493.9	2,493.9	593.8
Shareholders' equity	1,062.3	240.3	194.1
Minority shares	9.0	9.0	8.8
Provisions	117.1	117.1	21.8
Current liabilities	371.4	371.4	251.7
Financial liabilities	934.1	1,756.1	117.4
Equity and liabilities	2,493.9	2,493.9	593.8
Operating capital	1,783.2	1,783.2	247.7
Operating capital excl. goodwill	75.2	75.2	28.5
Interest-bearing net indebtedness	711.9	1,533.9	44.8

* In the column "Pro forma" has been included SEK 822 million, yielded from the rights issue.



**SIFO GROUP – CONDENSED FINANCIAL STATEMENTS
JANUARY-DECEMBER 1999**

Operating revenue

	1999	1998	1999	1998
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Observer Media Intelligence				
Operations excl. UK	591.3	493.1	161.7	141.3
UK	85.2	-	85.2	-
Sifo Research & Consulting				
Operation excl. Sifo Interactive Media	399.8	382.5	122.2	128.3
Sifo Interactive Media	11.6	4.2	2.5	1.5
SMG Consulting	42.7	43.0	13.2	14.4
Divisions	1,130.6	922.8	384.8	285.5
Group eliminations	-34.3	-28.4	-8.7	-8.4
Total	1,096.3	894.4	376.1	277.1

**Operating profit before goodwill amortizations
and noncomparable items**

	1999	1998	1999	1998
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Observer Media Intelligence				
Operations excl. UK	112.1	89.0	30.7	27.1
UK	28.3	-	28.3	-
Sifo Research & Consulting				
Operation excl. Sifo Interactive Media	8.2	20.7	5.6	14.7
Sifo Interactive Media	-11.7	-6.9	-2.0	-3.9
SMG Consulting	5.4	5.4	2.7	2.4
Divisions	142.3	108.2	65.3	40.3
Group eliminations	-7.8	-6.0	-2.0	-3.1
Total	134.5	102.2	63.3	37.2



Consolidated statement of cash flows

	1999 Jan-Dec	1998 Jan-Dec	1999 Oct-Dec	1998 Oct-Dec
Amounts in SEK million				
Operating profit before financial items	101.9	83.3	41.2	35.2
Depreciation/amortization	65.3	35.5	32.2	10.1
Other non-cash items	-10.8	-4.6	-6.0	8.2
Net interest and dividends	-4.6	-1.3	-5.5	8.7
Income tax paid	-33.6	-3.0	-16.2	-5.6
Change in working capital	-70.8	31.7	-47.2	14.8
Cash flow from operating activities	47.4	141.6	-1.5	71.4
<i>Investing activities</i>				
Business acquisitions	-1,482.9	-34.7	-1,463.4	-1.6
Investments in non-financial assets	-64.0	-41.3	-30.5	-3.3
Divestment of non-financial fixed assets	2.7	-	2.7	-
Decrease in non-financial assets	5.0	0.8	22.4	-0.7
Cash flow from investment activities	-1,539.2	-75.2	-1,468.8	-5.6
<i>Financing activities</i>				
Non-cash issue	27.2	-	27.2	-
Increase/decrease in long-term financial liabilities	769.5	-36.5	725.3	-35.8
Increase/decrease in current financial liabilities	868.3	-22.2	866.6	-22.2
Dividend paid	-17.1	-	-	-
Cash flow from financing activities	1,647.9	-58.7	1,619.1	-58.0
Cash flow for the period	156.1	7.7	148.8	7.8



Key ratios

	1999 Jan-Dec	1998 Jan-Dec	1999 Oct-Dec	1998 Oct-Dec
Operating margin, %	12.3 %	11.4 %	16.8 %	13.4 %
Return on equity, %	23 %	28 %		
Equity/assets ratio, %	10 %	34 %		
Net debt/equity ratio	615 %	22 %		
Interest coverage, multiple	7.8	7.9	5.8	13.0
<i>Profit per share after full tax:</i>				
Before dilution, SEK	1.48	1.36	0.50	0.56
Excl. noncomparable items, SEK	2.43	1.87	1.14	0.63
After full dilution, SEK	1.44	1.34	0.49	0.55
Excl. noncomparable items, SEK	2.35	1.84	1.10	0.57
Equity per share, SEK	7.01	5.67		
Average number of shares, thousands	34,271	34,240		
Number of shares, thousands	34,694	34,240		
Number of employees at end of period	1,794	1,089		

Key ratios pro forma after rights issue

	1999 Jan-Dec	1998 Jan-Dec	1999 Oct-Dec	1998 Oct-Dec
Equity/assets ratio, %	43 %	34 %		
Net debt/equity ratio	66 %	22 %		
<i>Profit per share after full tax:</i>				
Before dilution, SEK	1.15	1.06	0.39	0.43
Excl. noncomparable items, SEK	1.89	1.45	0.89	0.49
After full dilution, SEK	1.12	1.04	0.38	0.42
Excl. noncomparable items, SEK	1.82	1.43	0.85	0.44
Equity per share, SEK	24.07	4.40		
Average number of shares, thousands	34,271	34,240		
Number of shares at end of period, thousands	34,694	34,240		
Additional shares in rights issue, thousands	20.816			
Number of shares after rights issue, thousands	55.510			