



V&S VIN & SPRIT AB  
Corporate identity number 556015-0178

## YEAR-END REPORT 2002

*This is a translation. The Swedish version is the official.*

- **Group sales increased by 35 percent to SEK 9,093 million compared with last year.**
- **Operating profit increased by 15 percent to SEK 2,037 million.**
- **Sales volume for 2002 as a whole reached 19.3 million cases, an increase of 34 percent.**
- **Transition to the new distribution organization for ABSOLUT and other brands on non-Nordic markets completed.**
- **Acquisition of Nordic Wine Group (Marli Oy's alcohol division), with operations in Finland, Sweden and Denmark, completed.**
- **A regional agreement was signed in December with Viña San Pedro, the biggest wine deal to date in the Nordic market.**
- **New head office opened in December.**
- **Agreement signed with Polish government regarding acquisition of 85 percent of shares in Polmos Zielona Góra, Poland's fourth largest alcoholic beverages company (January 2003).**

### Key Ratios for the Group

		2002	2001
Net sales	MSEK	9 093	6 725
Operating profit	MSEK	2 037	1 764
Return on stockholders' equity <sup>1</sup>	%	32.0	30.5
Interest-bearing net liability <sup>2</sup>	MSEK	8 086	8 485
Debt/equity ratio <sup>3</sup>	times	1.9	2.3
Operating margin <sup>4</sup>	%	22.4	26.2
Equity/assets ratio <sup>5</sup>	%	26.7	24.6

1) Operating profit after net financial items and tax as a percentage of average stockholders' equity. The minority share has been excluded.

2) Interest-bearing liabilities less interest-bearing assets. All calculated at year-end.

3) Interest-bearing net liability divided by stockholders' equity. All calculated at year-end.

4) Operating profit as a percentage of net sales.

5) Stockholders' equity as a percentage of total assets.



## **V&S Group**

V&S Vin & Sprit AB is a company wholly owned by the Swedish state. The Group, V&S Group, consists of the parent company V&S Vin & Sprit AB and operating activities in Sweden, Denmark, Finland, Norway, Estonia, Germany, Poland, the Czech Republic, Chile, the USA, Great Britain and France.

## **Market and Sales**

### Full Year

Economic development on several markets of importance to V&S Group remained weak in 2002. Despite this, sales increased for ABSOLUT and the Group's other international brands in both North America and Europe.

Overall development in the Nordic region is characterized by the fact that registered spirits sales decreased while wine sales increased, although the pattern does vary slightly between different countries. The Nordic markets are also considerably affected by legal and illegal cross-border trade and illegal production. This means that modified importation regulations and tax rates have a greater impact than general economic development. Despite this, 2002 saw a slight increase in net sales for spirits in the Nordic region for V&S Group. Wine trading more than doubled, due both to acquisitions and organic growth.

All in all, net sales increased by 35 percent in 2002. This was mainly due to acquisitions and the new distribution structure, but also to organic growth.

### October-December

Group sales increased by 23 percent to SEK 2,588 million compared with the third quarter of 2002. Export sales have developed strongly with increases in several markets, especially America. Some of the increase can also be attributed to seasonal variations. Spring and fall are usually the year's best periods, and the fourth quarter is one with higher sales than the third.

## **Financial results**

### Full Year

In addition to the acquisitions made during the year, which had a positive effect on results of around SEK 50 million, operating profit has also been positively affected by the new distribution solution, whereby V&S retains a greater proportion of the value chain when selling to export markets. This has contributed some SEK 300 million to operating profit, while the development of the US dollar exchange rate in 2002 has adversely affected operating profit by approximately SEK 80 million.

### October-December

The Group's operating profit for the fourth quarter increased to SEK 458 million, an increase by SEK 56 million compared to the third quarter. The improvement is due to the positive sales developments. The quarterly results have been burdened by SEK 63 million with regard to certain phasing-out costs, as well as a write-down of trademarks in the Czech Republic. The continued weakening of the US dollar has also had an adverse impact on figures for the quarter.

## Investment

During the year, companies have been acquired to a value of SEK 806 million. Other investments in fixed assets amounted to SEK 383 million, primarily capacity and environmental investments in Åhus.

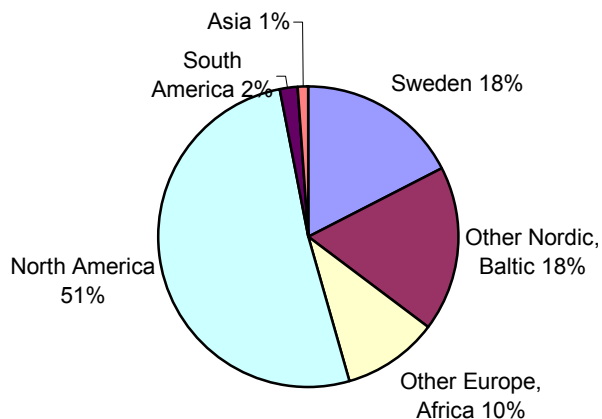
Total investments for the year amounted to SEK 1,110 million. After the year's depreciations, write-down and translation differences, fixed assets decreased by SEK 324 million to SEK 11,664 million.

## Cash flow

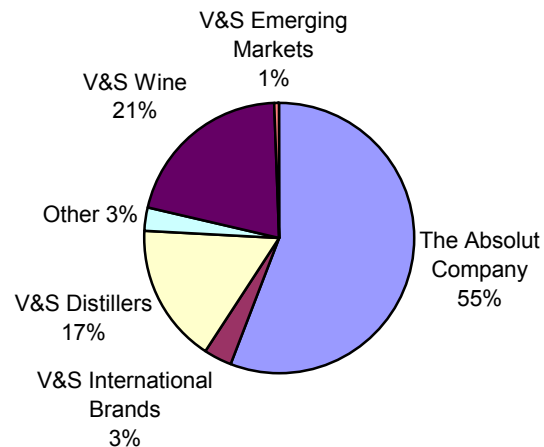
Cash flow from operating activities during the year amounted to SEK 1,448 (1,246) million. The Group's liquid funds increased by SEK 314 (58) million during the same period. Net interest-bearing liabilities for the Group have decreased by SEK 399 million, and liquid funds on 31 December amounted to SEK 563 (249) million. Together with confirmed loan commitments, the Group has a liquidity reserve of SEK 4,273 (4,110) million.

## Net sales 2002

NET SALES PER MARKET



NET SALES PER BUSINESS AREA



## Parent Company

Net sales for the fourth quarter amounted to SEK 1,394 million. Profit after financial net in the parent company totaled SEK 193 million.

Net sales increased to SEK 5,397 (5,393) million for 2002 as a whole. Profit after financial net totals SEK 1,641 (1,655) million.



### Significant events after the end of the reporting period

In January an agreement was signed with the Polish government regarding acquisition of 85 percent of the shares in Polmos Zielona Góra, Poland's fourth largest alcoholic beverages company.

A new flavor, ABSOLUT VANILIA, was launched in February.

A new wine packaging called Flipbox was launched in February.

### Other

Pledged assets and contingent liabilities have decreased by SEK 11 million since December 31, 2001.

This interim report has not been subject to examination by the company's auditors.

<b>Consolidated Income Statement</b> <b>MSEK</b>	<b>Quarter 4</b>		<b>Full Year</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
Net sales	2 588	1 805	9 093	6 725
Other operating revenues	<u>130</u>	<u>99</u>	<u>150</u>	<u>175</u>
	2 718	1 904	9 243	6 900
Operating expenses	-2 096	-1 488	-6 687	-4 741
Depreciation, amortization and write-downs	<u>-164</u>	<u>-209</u>	<u>-519</u>	<u>-395</u>
Operating profit	458	207	2 037	1 764
Profit from financial income and expenses	<u>-63</u>	<u>-55</u>	<u>-168</u>	<u>-292</u>
Profit before taxes	395	152	1 869	1 472
Taxes	-145	-66	-598	-462
Minority share	<u>-4</u>	<u>-0</u>	<u>-6</u>	<u>-1</u>
Profit for the period	246	86	1 265	1 009
Profit per share (500 pcs)	0.5	0.2	2.5	2.0



## Consolidated Balance Sheet

MSEK

Group

Dec 31, 2002

Dec 31, 2001

Intangible assets	5 153	5 301
Tangible assets	1 478	1 159
Financial assets	5 033	5 528
Current assets	<u>4 141</u>	<u>3 052</u>
<i>Total assets</i>	<i>15 805</i>	<i>15 040</i>
Stockholders' equity	4 222	3 694
Minority interest	13	11
Provisions	880	646
Long-term liabilities	6 688	8 653
Current liabilities	<u>4 002</u>	<u>2 036</u>
<i>Total stockholders' equity, provisions and liabilities</i>	<i>15 805</i>	<i>15 040</i>

## Consolidated Cash Flow Analysis

MSEK

Quarter 4

2002

2001

Whole Year

2002

2001

Cash and cash equivalents at beginning of period	206	154	249	191
Cash flow from operating activities	315	1 041	1 448	1 246
Cash flow from investment activities	-96	-177	-1 030	-8 517
Cash flow from financing activities	<u>137</u>	<u>-774</u>	<u>-91</u>	<u>7 324</u>
<i>Cash flow for the period</i>	<i>356</i>	<i>90</i>	<i>327</i>	<i>53</i>
Translation differences	1	5	-13	5
Cash and cash equivalents at end of period	563	249	563	249
Employees, average number			1 879	1 408

## Change in stockholders' equity for the period (Group)

MSEK

At the beginning of the period	3 694
Dividend	-500
Profit for the period	1 265
Translation difference for the period	-237
At end of period	4 222

## Quarterly data (Group)

		Q4 2002	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Volumes	Thousand 9-I cases	5 830	5 201	5 104	3 136	3 977
Net Sales	MSEK	2 588	2 106	2 462	1 937	1 805
Operating profit	MSEK	458	402	667	510	209

Stockholm, March 3, 2003

Peter Lagerblad  
Chief Executive Officer