

Annual accounts bulletin

1 September 1999 to 31 August 2000

- ❄ Sales increased to SEK 692 million (SEK 313 million and pro forma SEK 613 million) and income before tax increased to SEK 80 million (SEK 54 million and pro forma SEK 83 million), which figures are below the previous forecast.
- ❄ The Board of Directors proposes an unchanged dividend of SEK 3.00 per share.
- ❄ During the financial year, two major corporate acquisitions have been made. Åre-Vemdalen was acquired on 1 January 2000 and Norway's second largest skiing facilities, Hemsedal Skisenter AS, were acquired on 1 April 2000.
- ❄ Resort cash flow amounted to SEK 193 million (120), an increase of 61%.
- ❄ Earnings per share after tax amounted to SEK 5.19 (6.19).
- ❄ A very strong inflow of bookings and increased household consumption in the Nordic countries are creating good opportunities for strong development.
- ❄ Through Sälen*'s new Internet portal, www.iskion.com, both Sälen and Åre can now be booked online on the Internet.



www.iskion.com

SälenStjärnan AB (publ)

1 september 1999 - 31 augusti 2000

This is SälenStjärnan AB ("Sälen")

Sälen* owns and operates the skiing facilities at Lindvallen, Högfjället, Tandådalen and Hundfjället in Sälen, Åre and Düved in Åre, Vemdalskalet and Björnrike in Vemdalen as well as the Norwegian skiing facilities of Hemsedal Skisenter in Hemsedal, 220 kilometres north of Oslo. The Group owns or acts as booking agent for chalets and flats comprising nearly 14,000 beds in Sälen, about 7,000 beds in Åre, about 2,700 beds in Vemdalen and about 1,100 beds in Hemsedal (through associated companies). The core business of the Group is alpine skiing with focus on the guests' skiing experience. Support activities consist of accommodation agency, ski schools and ski hire. The trade mark of each skiing facility will be developed and enhanced. Consequently, it is highly important to control the marketing of the ski resorts and to offer guests a large volume of accommodation through the company's own sales organisation via the Internet or by telephone. Our acquisition strategy is to select skiing facilities with great potential and to acquire them and develop them with the objective of high profitability. Our market share of sales of ski passes is 53% in Sweden, 14% in Norway and a total of 37% in Scandinavia.

Sales and results

The net sales of the Group for the financial year amounted to SEK 692 million (313 and pro forma SEK 613 million). Consolidated income before tax amounted to SEK 80 million (54 and pro forma SEK 83 million). Because of a somewhat weaker summer season and non-recurring costs of SEK 4 million during the summer 2000, the previously forecast profit of SEK 85 to 90 million has not been achieved. The non-recurring costs consist mainly in a provision for a tax dispute from 1994, where the Administrative Court of Appeal has decided in favour of the tax authority. The allocation of sales and costs

is shown in the adjoining table.

Åre-Vemdalen has been included in the Group since 1 January 2000 and has impacted sales by SEK 266 million (pro forma 235) and profit before tax by SEK 48 million (pro forma 39). Hemsedal Skisenter has been included in the Group since 1 April 2000 and has impacted sales by SEK 17 million (pro forma 16) and profit before tax by SEK -9 million (pro forma -8). Sälens Högfjällshotell became a member of the Group on 1 October 1999 and has impacted sales by SEK 55 million (pro forma 49) and profit before tax by SEK 2 million (pro forma 2).

The decision of the Swedish Parliament regarding regional reduction of social security contributions by 8 percentage points, which will apply until 31 December 2000, has not yet been approved by the EU. A preliminary decision by the EU is expected in the middle of October 2000, which may imply continued regional reduction of the social security contributions even beyond the year 2000. By way of precaution, full social security contributions for the period from

January to August 2000 have been charged to income for the period, which has resulted in an additional cost of SEK 11 million. During the financial year, receivables of SEK 4 million relating to the Group's share of surplus funds from SPP have reduced the costs of personnel. The estimated pro forma result before tax of the Group's operations amounts to SEK 65 million.

Market trend

According to SLAO (the Swedish Ski Lift Organisation), the sales of ski passes in Sweden increased by 6% to approximately SEK 620 million in comparison with the previous season. Of the increase in sales, approximately 2% can be attributed to an increase in volume.

Business activities

During the financial year, Sälen* carried out two major corporate acquisitions. Åre-Vemdalen AB was acquired on 1 January 2000 from Investment AB Bure and the Norwegian skiing facility, Hemsedal Skisenter AS, was acquired on 1 April 2000.

ALLOCATION OF NET SALES AND COSTS

Allocation of net sales, SEK million			
	1 September-31 August		
	1999/00	1998/99	1999/00 Percentage of group sales, %
Lift	333.8	165.9	48
Accommodation	126.8	50.3	18
Sports shops	69.7	49.0	10
Activities	29.1	18.3	4
Property	24.9	19.1	4
Other	107.5	10.8	16
Total	691.8	313.4	100
Other income for 1999/00 includes income from restaurants in Åre-Vemdalen, Hemsedal and Sälens Högfjällshotell.			
Allocation of costs, SEK million			
	1 September-31 August		
	1999/00	1998/99	1999/00 Percentage of group costs, %
Cost of goods	65.0	20.5	13
Personnel costs	213.0	90.6	43
Publicity costs	45.8	19.1	9
Property costs	46.3	23.8	9
Other costs	128.6	39.8	26
Total	498.7	193.8	100
In 1999/00 Sälens Högfjällshotell has been added from 1 October 1999, Åre-Vemdalen from 1 January 2000 and Hemsedal from 1 April 2000.			

Through these two acquisitions, Sälen* has achieved a leading position in the market for alpine skiing in Scandinavia with a market share of 37% of the total sales of ski passes. These acquisitions bring synergies in several areas in terms of coordination and economies of scale, for example in sales, marketing purchases and financing. These acquisitions also result in a spreading of risk both geographically and in terms of guest categories. Åre-Vemdalen was acquired for a purchase price of SEK 253 million and payment consisted of 2,450,000 new Class B shares and SEK 70 million in cash. The purchase price for Hemsedal Skisenter was SEK 117 million, with SEK 108 million being paid in cash plus 100,073 new Class B shares. The remaining 18% of the shares in Sälens Högfjällshotell were acquired during the spring 2000, and thus Högfjällshotellet became a wholly owned subsidiary. The winter season 1999/00 had a weak start in Sälen. During the period from January to March, however, sales were very strong in Sälen and in Åre, including Vemdalen. As a result of the late Easter holiday at the end of April in combination with an early spring, the number of guests in Sälen, Vemdalen and Hemsedal turned out to be lower than expected.

The sales of ski passes for comparable entities increased by 9% to SEK 317 million, including Åre-Vemdalen from 1 January 2000 and Hemsedal from 1 April 2000. Of the increase in revenues, 8 percentage points are attributable to price and 1 percentage point of the increase is related to an increase in volume. The Group's market share of ski passes sold in Sweden increased by 1.7 percentage points to 53.4% during the season 1999/00.

Business area Sälen increased its sales of ski passes by 6% to SEK 172 million compared with the previous year. The occupancy rate in chalets owned by the company and with the company acting as agent, increased during the season (Christmas holidays to 1 May) by 4 percentage points

to 88%. The skiing facilities in Sälen reported a big increase in sales of 32% for ski hire and the ski school.

Business area Åre-Vemdalen increased its sales of ski passes from 1 January 2000 by 15% to SEK 135 million compared with the corresponding period in the previous year. A well performed pricing and marketing strategy, fine snow conditions in Åre and increased consumption in Sweden were factors that contributed to the favourable development. The occupancy rate of the company's own chalets and apartments in Åre improved during the season 1999/00 (Christmas holidays to 1 May) to 75% (72).

For *Business area Hemsedal* the income from ski passes decreased somewhat during April 2000 to SEK 11 million (12), owing to a late Easter week with low sales.

www.iskion.com

In September 2000 the first edition of Sälen*'s own ski portal was launched. The address is www.iskion.com. The guests can access the home pages of Sälen, Åre, Vemdalen and Hemsedal via the portal. The guests can also book accommodation, ski passes, ski school and ski hire online in Sälen and Åre. Later on in the autumn 2000, it will also be possible to book some of the accommodation and ski school and ski passes online in Hemsedal as well.

Cash flow

Resort cash flow, which is defined as ski-related income minus ditto costs, amounted to SEK 193 million (120) for the period. The cash flow from operating activities amounted to SEK 86 million (117) and the cash flow for the period after investing and financing activities amounted to SEK -1 million (9).

Investments

Investments for the financial year totalled SEK 868 million (76), of which SEK 768 million refers to the acquisitions of Sälens Högfjällshotell, Åre-Vemdalen and Hemsedal Skisenter. Other investments refer mainly to the building of new chalets at Lindvalen and Hundfjället in Sälen

Liquidity and financing

The liquid funds of the Group amounted to SEK 60 million (61). During the year, the interest-bearing net debt increased by SEK 607 million to SEK 863 million. Interest-bearing debt of SEK 375 million has been added through acquired companies. The acquisition of Åre-Vemdalen has been financed through the issue of 2,450,000 new Class B shares at the price of SEK 74.50 per share and SEK 70 million in cash. The acquisition of Hemsedal Skisenter has been financed through the issue of 100,073 new Class B shares at the price of SEK 85.15 per share and SEK 108

SUMMARY OF THE CONSOLIDATED CASH FLOW STATEMENT

SEK thousand			
Operating activities	1999/00	1998/99	1997/98
Resort cashflow	193 033	119 625	105 541
Financial items, net	-31 519	-15 363	-19 108
Tax paid	-7 648	-8 390	-9 261
Change in working capital	-67 398	21 261	4 821
Cash flow from operating activities	86 468	117 133	81 993
Cash flow from investing activities	-281 586	-76 067	-84 122
Cash flow from financing activities	194 421	-32 089	26 827
Cash flow for the year	-697	8 977	24 698
Liquid funds at the beginning of the year	60 975	51 998	27 300
Liquid funds at the end of the year	60 278	60 975	51 998

million in cash. SEK 7 million in cash has been paid as consideration for 68% of the shares in Sälens Högfjällshotell.

Personnel

The average number of employees in Sälens was 455 people during the financial year, which is an increase of 108 people in comparison with the corresponding period last year.

Through the acquisition of Sälens Högfjällshotell, 70 employees have been added. During the period from 1 January to 31 August 2000, the average number of employees in Åre-Vemdalen was 445 people, which was an increase of 97 people in comparison with the corresponding period last year. The significant increase resulted from the addition of the lift systems in Storhogna and Klövsjö as well as the central facilities in Vemdalen and Björnrike. The average number of employees in Hemsedal during the period from 1 April to 31 August 2000, was 55 people, which was an increase of 2 people in comparison with the previous year.

Parent company

The Parent Company's net sales totalled SEK 46 million (20), of which SEK 40 million (18) referred to subsidiaries. The result after financial items, net, amounted to SEK -5 million (7), including a merger loss of SEK -20 million and dividends from subsidiaries of SEK 21 million (10).

The share

SälensStjärnan's Class B share has been quoted on the O list (former OTC list) since 1994. The total number of shares is 9,639,823 of which 456,000 are Class A shares carrying ten votes per share and 9,183,823 are Class B shares carrying one vote per share. During the financial year, the number of shares increased by 2,550,073 through directed placements to the owners of the acquired companies Åre-Vemdalen AB (2,450,000 Class B shares) and Hemsedal Skisenter AS (100,073 Class B shares). In addition, 1,794,000 Class A shares have been reclassified as B

shares. As at 31 August 2000, the number of shareholders was 2,801, which means that the number of shareholders during the past year has increased by 987 (54%).

Prospects for 2000/01

Some of the changes that will take place before the next season are:

-Åre has concluded agency agreements for a further 350 beds, which brings the number of beds for which the Group acts as agent in Åre to nearly 7,000.

-In Hemsedal there will be some 500 additional tourist beds through external investors, which further broadens the base for the sale of ski passes.

-In order to focus the business further, Sälens Högfjällshotell will be leased out as of 1 September 2000.

-All ski slope restaurants in Åre will be leased to an external player for the coming winter season.

Total investments of SEK 85 million will be made in the coming season. The investments are mainly to be seen as replacements, such as the modernisation of chalets and flats and the replacement of machinery and equipment. By the end of September 2000, the accommodation bookings in the Group's skiing facilities had increased by 20% in comparison with the previous year. High private consumption in the Nordic countries indicates that the number of guests in the Group's skiing facilities will rise during the season of 2000/01 in comparison with the previous year. Thanks to high demand, the prices of significant parts of the range of products have been increased and this is expected to improve results.

NET SALES AND RESULTS BY BUSINESS AREA

Net sales and results by business area, 1 September – 31 August, MSEK.

Åre-Vemdalen is included for the period from 1 January-31 August and Hemsedal for the period from 1 April-31 August.

	Sälens		Åre-Vemdalen		Hemsedal	
	1999/00	1998/99	2000	1999	2000	1999
Net sales	408.6	362.2	266.0	234.7	17.2	16.4
Costs	-291.8	-233.5	-187.1	-166.1	-19.8	-18.0
Result before depreciation	116.8	128.7	78.9	68.6	-2.6	-1.6

The reporting of Sälens's business areas has changed since the acquisitions of Åre-Vemdalen and Hemsedal. The business areas Lindvallen and Tandådalen & Hundfjället, which were previously reported together, have been combined into the business area Sälens together with the newly acquired Sälens Högfjällshotell. Åre-Vemdalen and Hemsedal are reported as separate business areas.

Proposed dividend

The Board of Directors and the Managing Director propose a dividend of SEK 3.00 (3.00) per share. The proposed total dividend amounts to SEK 29 million (21), which is 58% (49%) of the profit after tax. The proposed record day for receiving the dividend is 13 December 2000. It is anticipated that the dividend will be paid through Värdepapperscentralen, VPC AB on 18 December 2000.

Annual general meeting

The annual general meeting will be held on Saturday, 9 December 2000, at 11 a.m. at Högfjällshotellet in Sälens. The annual report for the financial year 1999/00 will be distributed to the shareholders at the end of November 2000 and will then also be available at the Company's office in Sälens.

Financial information

On Sälens's home page under the address www.iskion.com, financial information will be presented as soon as it has been made public. Interim reports during the financial year 2000/01 will be published as follows:

-three-month report

1 September – 30 November 2000, on 22 December 2000,

-semiannual report

1 September 2000 – 28 February 2001, on 23 March 2001,

-nine-month report

1 September 2000 – 31 May 2001, on 21 June 2001.

The Annual accounts Bulletin for the financial year 2000/01 will be published on 2 October 2001.

**CONSOLIDATED INCOME STATEMENTS
IN SUMMARY, KSEK**

	1 September- 31 August			
	1999/00	1998/99	1998/99	1997/98
		pro forma		
Operating income	691 775	613 363	313 385	273 487
Goods for resale	-65 026	-49 574	-20 515	-18 199
Personnel costs	-213 015	-183 553	-90 616	-79 327
Other external costs	-220 700	-184 537	-82 629	-70 420
Total operating costs	-498 741	-417 664	-193 760	-167 946
Income before depreciation	193 034	195 699	119 625	105 541
Depreciation	-81 508	-79 836	-50 245	-43 869
Income after depreciation	111 526	115 863	69 380	61 672
Financial items, net	-31 519	-32 379	-15 363	-19 108
Income before tax	80 007	83 484	54 017	42 564
Minority interest	-1 738	-491	-1 853	-3 897
Tax, note 1	-28 248	-20 489	-8 390	-9 261
Net profit for the year	50 021	62 504	43 774	29 406

The pro forma statement for 1998/99 includes Åre-Vemdalen's income statement for 1 January-31 August 1999, Sälens Högfjällshotell's income statement for 1 October 1998-31 August 1999, Hemsedal's income statement for 1 April-31 August 1999 as well as income and expenses from the lift systems in Klövsjö and Storhogna and the central facilities in Vemdalen and Björnrike, which have been added to the Group during the current season.

Note 1 The high tax charge is a consequence of the negative result in Hemsedal. The tax charge was low for the previous year because of the use of a loss-carry-forward for tax purposes of SEK 20.4 million.

INCOME BEFORE TAX BY REPORTING PERIOD, KSEK

	1999/00	1998/99	1997/98
September-November	-42 889	-34 785	-30 793
December-February	100 625	56 465	52 416
March-May	95 328	56 733	40 192
June-August	-73 057	-24 396	-19 251

**CONSOLIDATED BALANCE SHEETS
IN SUMMARY, KSEK**

	31 August			
	2000	1999	1999	1998
		pro forma		
ASSETS				
Fixed assets	1 520 174	1 491 562	734 011	708 189
Current assets	93 762	119 822	36 582	27 713
TOTAL ASSETS	1 613 936	1 611 384	770 593	735 902
EQUITY AND LIABILITIES				
Equity	583 052	574 694	360 075	323 981
Convertible debentures (interest-bearing)	-	-	-	6 000
Minority interest	2 229	1 257	-	-
Provisions (non-interest-bearing)	53 806	48 898	60 167	58 081
Long-term liabilities				
Interest-bearing	849 203	828 615	280 375	308 019
Non-interest-bearing	230	255	255	230
Current liabilities				
Interest-bearing	48 940	36 497	13 364	10 209
Non-interest-bearing	76 476	121 168	56 357	29 382
TOTAL EQUITY AND LIABILITIES	1 613 936	1 611 384	770 593	735 902

The pro forma 1999 includes Åre-Vemdalen's, Hemsedal's and Sälens Högfjällshotell's balance sheets as at 31 August 1999.

DATA PER SHARE

	31 August			
	2000	1999	1999	1998
		pro forma		
Share price, SEK	80.00	80.00	74.00	68.00
Number of shares	9 639 823	9 639 823	7 089 750	6 839 750
Earnings after full tax, SEK	5.19	6.48	6.19	4.22 ¹⁾
P/E ratio, times	15.4	12.3	12.0	15.5
Resort cash flow, SEK	20.0	20.3	16.9	15.4
Share price/Resort cash flow, times	4.0	3.9	4.4	4.4
Dividend, SEK	3.00	-	3.00	2.00
Direct yield, %	3.8	-	4.1	2.9
Equity, SEK	60	60	51	48 ¹⁾
Share price/Equity, %	133	133	145	142 ¹⁾

The pro forma statement for 1998/99 includes Åre-Vemdalen's income statement for 1 January-31 August 1999, Sälen's Högfjällshotell's income statement for 1 October 1998-31 August 1999, Hemsedal's income statement for 1 April-31 August 1999 as well as income and expenses from the lift systems in Klövsjö and Storhogna and the central facilities in Vemdalen and Björnrike, which have been added to the Group during the current season.

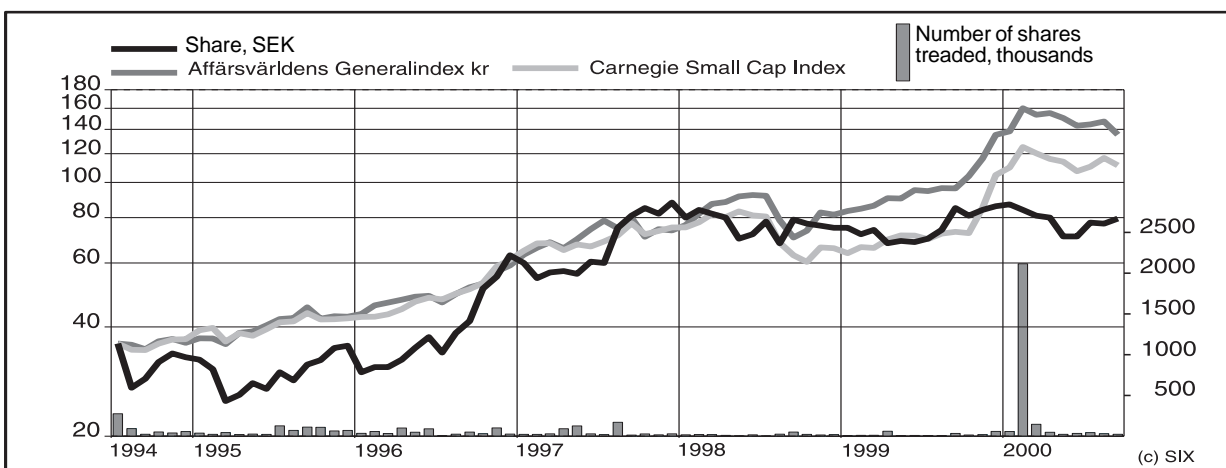
1) Refers to data after full conversion of the convertible debentures then outstanding.

Because of the uneven seasonal earnings, the earnings per share pro forma 1999 and 2000 are calculated on the basis of the full number of shares, 9,639,823 shares, although the earnings relating to the newly issued shares only refer to part of that period.

KEY RATIOS

	1 September-31 August			
	1999/00	1998/99	1998/99	1997/98
		pro forma		
Key ratios				
Return on				
-capital employed, %	11	11	11	10
-equity, %	12	13	11	10
-total assets, %	10	10	10	9
Gross margin, %	28	32	38	39
Operating margin, %	16	19	22	23
Net margin, %	12	14	17	16
Equity ratio, %	36	36	47	44

SHARE PRICE AND TURN OVER



Sälen, 29 September 2000
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