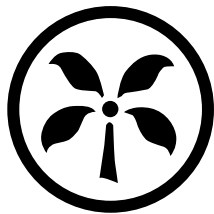


Industrieförvaltnings AB
Kinnevik



Interim Report 2000
January 1 - September 30

ADMINISTRATION

Since 1976 Kinnevik shares have generated an average effective yield of 27% per year as a result of rising prices and dividends, including the value of warrants and share issues. During the past five years, Kinnevik shares have generated an average effective yield of 47% per year.

The value of the Group's holdings of listed securities was MSEK 19,516 as of September 30, 2000. On November 6, 2000 the value was MSEK 18,065, which means that the premium over the book value of the Group's listed portfolio amounted to MSEK 14,805 on that date.

The sale of Kinnevik's shares in SEC to NetCom AB in return for newly issued shares in NetCom was completed at the beginning of October. Kinnevik will state a capital gain of MSEK 8,000 on the sale of shares in SEC in the fourth quarter accounts.

Net turnover for the first nine months of the year amounted to MSEK 5,037 (4,601). The Korsnäs Holding group's net turnover amounted to MSEK 3,814 (3,718). The net turnover of Other subsidiaries amounted to MSEK 1,231 (898).

Operating income amounted to MSEK 1,178 (281). This figure includes income from corporate development and net capital gains of MSEK 774 (4) on sales of securities, most of which is attributable to the sale of the business of TV1000 Sverige AB. The figure also includes the repayment of surplus funds of MSEK 65 from the SPP insurance company.

Kinnevik's interest in the earnings of affiliated companies was a net loss of MSEK 595 (loss 955), of which Millicom International Cellular S.A. (MIC) accounted for a deficit of MSEK 97. As the book value of the interest in MIC thereafter amounts to zero, no further interest in MIC's losses will be stated. MIC's income from the sale of shares in SEC has been re-entered for purposes of arriving at Kinnevik's interest in the earnings of MIC. Kinnevik's interest in the earnings of SEC was a loss of MSEK 504.

Net financial expense amounted to MSEK 334 (expense 113). The change is mainly due to the re-entry in 1999 of an earlier provision for interest costs and to currency fluctuations.

Income after financial revenue and expense amounted to MSEK 249 (loss 787).

The net result for the period amounted to MSEK 220 (loss 829).

Earnings per share for the period amounted to SEK 3.49 (loss 13.18).

The comparative figures for the first nine months of

1999 are pro forma and relate to the Kinnevik Group and the companies now belonging to the group.

MELLERSTA SVERIGES LANTBRUKS AB

In volume terms, the harvest exceeded expectations. However, the rainy July caused some quality deterioration.

During the harvest period and early autumn there were ample supplies of grain reaching the market. This depressed prices, which in practice has compelled farmers to store their crops until the end of the year. This year no sales were made at harvest time, and the entire crop has been stored until the end of the year.

Net turnover for the period amounted to MSEK 12 (10) and operating income amounted to MSEK 6 (3). This figure includes the repayment of surplus funds of MSEK 3 from the SPP insurance company.

KORSNÄS HOLDING AB

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiary companies, makes up the Korsnäs Group.

The increase in demand for Korsnäs's products with effect from the first quarter of 2000 has continued during the autumn. Parallel to this, the overall price level has stabilised.

The Korsnäs Group's net turnover for the first nine months of the year amounted to MSEK 3,814 (3,718) and operating income amounted to MSEK 495 (339). The profit margin was 13% (9). Income after financial net amounted to MSEK 565 (392).

Korsnäs Forest

In fall 2000 the wood market in Sweden was characterised by higher pulpwood prices and falling saw timber prices. Wood stocks, which had been low in Sweden, are back to a normal level. Korsnäs' softwood stocks are running at a suitable level, while stocks of birch pulpwood are above the planned level. Korsnäs' own harvesting went as planned during the period and pulpwood imports from Russia and the Baltic states are running well. Our own mills' supplies for the whole of the coming winter are therefore secured. Korsnäs' sales of saw timber to external sawmills are running at a high level, and deliveries are expected to remain that way for the rest of 2000. The transition from harvesting with company personnel and company-owned machinery to engaging contract-harvesting services has now largely been completed and the business is running efficiently with the new system.

Net turnover for the period amounted to MSEK 1,057 (1,047) and operating income amounted to MSEK 152 (153).

Korsnäs Industrial

Market conditions during the period were characterised by strong demand and a higher order intake in all product areas. Gradual price increase have been introduced of paperboard and fluff pulp since mid-1999. Paper prices have been increased somewhat later, and a generally higher level has been established following increases in the spring and summer of the current year. This raised the average price of products for external sale from Korsnäsverken by some 10% during the first three quarters in relation to the corresponding period of last year.

Since the PM5 paper machine was enlarged at the end of 1998, beverage board output has been raised. Production has so far been increased by just under 15%. The quality result matches our expectations and the gradual change to three-ply paperboard is turning out well.

The manning review that began at the beginning of the year is continuing as planned; this includes severance pay and contractual retirements. Some activities have been outsourced. An extensive, one-year training project was started in the spring with the object of improving all employees' ability to contribute to high quality and improved internal efficiency.

Production during the period amounted to 498,000 tonnes, an increase of 1% on 1999. The period's deliveries were some 3% down; however, this was due to deliveries during the same period in 1999 being unusually high for the season.

Higher prices and the positive effects of measures to lower both operating and personnel costs have brought about a significant improvement in the result. However, the now high cost of fossil fuels has not shown through to any degree in the income statement.

Korsnäs Packaging's order intake expanded favourably during the first nine months of 2000, with the exception of the British market, which is still weak. Net turnover has increased by just over 4%. The result is very unsatisfactory, which is largely due to the current restructuring process in Germany and Denmark. There has been a change of management in the packaging division.

A letter of intent was signed in June to acquire UPM-Kymmene's seven sack factories in Europe. These factories are located in countries where Korsnäs does not have any production and will significantly strengthen its market position in Europe. The turnover generated by these factories amounts to some MEUR 51. Following completion of the negotiations and now that the necessary consents have been obtained from the competition authorities in Finland, the final agreement

was signed on November 1. The acquired business will be consolidated in the Korsnäs group with effect from that date.

The market for redwood products has remained unstable with widely fluctuating prices. Deliveries are 2% higher at an average price that is 3% lower than last year's. Production at the Korsnäs sawmill is running at a level that is 3% higher than last year. The restructuring of the sawmill is continuing in accordance with the previously approved structural plan.

Net turnover for the first nine months of the year amounted to MSEK 3,523 (3,440) and operating income amounted to MSEK 343 (185).

TRANSCOM WORLDWIDE S.A.

During the first quarter of 2000, Kinnevik-owned Transcom AB (with units in Sweden, Norway, Denmark and Finland) merged with Transcom Europe S.A (which is active in Germany, Holland, France, Switzerland, Austria, Italy and Luxembourg). Transcom Europe S.A. was formerly a member of the SEC group. Kinnevik owns 50.1% of the shares and votes in the new group.

Transcom's business comprises the design, maintenance and development of individually designed customer relations packages for consumer-intensive companies, a field in which Transcom is one of the leading suppliers in Europe. The business has expanded dramatically in terms of scope, quality and volume since it was started in the middle of the nineties. Transcom can offer customised solutions to meet companies' specific needs for service and customer relations programmes. Transcom now has clients in many different industries, including telecom, media, travel, entertainment, banking and insurance, and the electricity and energy sectors.

The number of clients has risen markedly during the year. One related client accounts for 84% of Transcom's turnover. Even though we expect this client to grow sharply in the coming years, we estimate that within two years the corresponding figure will be down to 70%.

As of September 30, 2000, Transcom had 4,556 employees, of whom 1,945 were in the Nordic countries and 2,611 in other European countries. At the end of the third quarter, Transcom had 18 call centres in 11 countries.

The market for outsourced customer relations services is expected to continue growing at a rate of more than 30% this year. The force driving this development is the measures being taken by more and more consumer-intensive companies to add value to their products and services in the form of improved and more accessible customer service. Transcom continued to

expand strongly during the first nine months of the year. A new call centre was opened in Halden, Norway, in June, about the same time as a large extension to the facility in Strömsnäsbruk, Sweden, was completed. A new call centre was opened in L'Aquila in Italy in the third quarter, and a unit has been established in Tallinn, Estonia during the fourth quarter.

Net turnover in the first nine months of the year amounted to MSEK 1,007 (693), an increase of 45%; operating income amounted to MSEK 14 (19). The comparative figures for 1999 are pro forma and relate to Transcom's Nordic companies but also to its European ones.

WORLDWIDE LOYALTY B.V.

The role of Worldwide Loyalty B.V. is to provide loyalty programmes for its customers through the "Collect" bonus club. The company commenced operations in Sweden in April 1998, and in autumn 1998 it launched Collect bonus programmes on behalf of Comviq, Kabelvision, Tele2 and Viasat. In 1999, Sydkraft, an electricity and power supplier, and the Big Travel chain of travel agents also affiliated to "Collect". Mutual fund manager Moderna Fonder and Hertz car hire affiliated in 2000. The expansion of "Collect" into Europe began in autumn 1999. Besides Sweden, the bonus programme has also been launched in Germany, France, Italy, Holland, Switzerland and Austria. It will also be launched in Denmark during the fourth quarter.

In November 1999, 25% of the shares in the Norwegian loyalty company Trumf Holding AS were acquired. Trumf's largest customers are Norska Shell, the convenience goods company Norgesgruppen, and savings bank group Sparebanken Nor. During the first quarter of 2000 Tele2 and Viasat affiliated to Trumf. Trumf was re-launched under its new name of Collect Trumf during the spring of 2000.

"Collect" has some 3,680,000 members, of whom some 680,000 are in Sweden, some 900,000 in Norway and around 2,100,000 elsewhere in Europe. During the first nine months of 2000 the volume of Swedish customer business increased by 58% in relation to the corresponding period in 1999. Turnover during the third quarter of 2000 rose by 24% in relation to the previous quarter.

Net turnover for the first nine months of 2000 amounted to MSEK 38 (22) and an operating loss of MSEK 4 (loss 2) was incurred. Trumf Holding AS's turnover amounted to MSEK 47 during the same period.

CIS CREDIT INTERNATIONAL SERVICES AB

CIS was founded in 1995. The company provides collection, credit appraisal (credit card scoring), and financial management services. The business is mainly conducted in Sweden, but the international side is expanding strongly. CIS is currently established in Sweden, Norway, Denmark, Luxembourg, Switzerland and Germany.

Through its three business segments – Outsourcing, Consulting and Systems Development – CIS provides all the functions of a financial systems department, as well as services that naturally complement this area, such as collection, credit appraisal and legal affairs.

The first three quarters of the year were characterised by strong growth. The positive trend in turnover is expected to continue due to the growing use of outsourcing of services of this type by business enterprises.

At 30 September 2000, CIS had 229 employees, an increase of 39% since the beginning of the year.

Net turnover amounted to MSEK 78 (45), an increase of 73%. The operating result was a loss of MSEK 1 (profit 5).

OTHER SUBSIDIARIES

Other subsidiaries include the operative company AirTime (AT) AB. During the first quarter of 2000, Kinnevik sold the business of TV1000 Sverige AB to Modern Times Group MTG AB in return for shares in MTG.

A combination of further cost reductions with greater efficiency led to an improvement in the result in relation to the previous year. AirTime suffered a serious setback at the end of September when its largest customer, TV3, cancelled its sales agreement with effect from December 31, 2000 due to the adverse publicity experienced by AirTime on account of legal action taken by TV4 and that company's media campaigns.

The net turnover of Other subsidiaries amounted to MSEK 96 (128). Operating income for the first nine months of the year amounted to MSEK 857 (loss 11), mostly attributable to capital gains on the divestment of the net assets of TV1000.

AFFILIATED COMPANIES

MILlicom INTERNATIONAL CELLULAR S.A (MIC) 34%

The market value of Kinnevik's holding in MIC was MSEK 5,641 as of September 30, 2000. On November 6, 2000 the market value was MSEK 4,922. MIC is listed on Nasdaq in New York and on the Luxembourg Stock Exchange.

MIC is one of the world's leading providers of mobile telecom services with operations in Asia, Latin America, Russia and Africa. MACH, the leading GSM clearing company in the world, is also a member of the MIC group.

The number of subscribers to MIC services was 2,687,760 as of September 30, 2000, which represents an increase of 45% during the previous 12-month period. On a pro rata basis in relation to MIC's equity interests, the number of subscribers amounted to 1,743,735, an increase of 48%. The subscriber base of NetCom, in which MIC has a minority interest, is not included in the above figures.

MIC is at present a major shareholder in 31 companies in 19 countries that together represent a market of 475 million people.

Net turnover amounted to MUSD 411 (402). The company's income after financial net amounted to MUSD 410 (loss 111), including capital gains on the sale of shares in SEC.

SOCIÉTÉ EUROPÉENNE DE COMMUNICATION S.A. (SEC) 39%

The market value of Kinnevik's holding in SEC was MSEK 9,468 at September 30, 2000. On July 24, 2000 NetCom made an offer for all the outstanding shares in SEC on the basis of one share in NetCom for every 11.5 shares in SEC. By the expiry of the acceptance period NetCom's holding in SEC was 99.7%. The final day on which SEC was listed was November 3, 2000. On November 6, 2000, the market value of SEC shares exchanged for NetCom shares amounted to MSEK 8,819.

SEC's main asset is Tele2 Europe, whose business includes national and international fixed telecom services. Operations were started in Holland at the end of October 1997, and in Germany, Switzerland, Austria, France, Italy, Luxembourg and Liechtenstein during 1998, 1999 and 2000. The company also has licences in Ireland, Belgium and Spain, and plans to commence operations in Belgium and Spain during the first half of 2001. SEC is also a provider of Internet services. Moreover, SEC plans to set up as a Mobile Virtual Network Operator (MVNO) in all the countries where it is active. The number of subscribers at September 30, 2000 was 5,002,122 (2,201,926), an increase of 127% since September 1999.

As of September 30, 2000, the mobile telecom companies Tango in Luxembourg and Liechtenstein and Tele2 Mobile in Switzerland had 136,786 subscribers (63,344), an increase of 116% since September 1999.

During the year SEC has launched its Internet portal, Everyday.com, for which it has a licence in all countries where Tele2 is active.

SEC also owns 3C Communications, Transac, and 37% of the shares in Transcom Worldwide.

Net turnover amounted to MEUR 464 (193). The result after financial net was a loss of MEUR 155 (loss 149). These figures include capital gains on the sale of shares in NetCom ASA.

OTHER AFFILIATED COMPANIES

Other affiliated companies include Viking Telecom AB (24%) Cherryföretagen AB (29%) and Goodguy Svenska AB (47%). The net income of Other Affiliated Companies amounted to MSEK 20 (loss 22).

FINANCIAL POSITION

The Group's liquid funds, including the market value of short-term investments and undrawn credit facilities, amounted to MSEK 6,394 (2,754) at September 30, 2000.

The Group's net interest-bearing debt amounted to MSEK 5,380 (5,486).

The average cost of interest for the period was 4.9% (4.1%), (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure during the period (excluding investments in financial fixed assets) amounted to MSEK 440 (547).

All the shares in MTV Produktion AB were divested during the year for a capital gain of MSEK 34.

The equity ratio was 35% (29%) at September 30, 2000. Taking into account the premium over the book value of listed securities, the equity ratio was 67% (58%).

The net effect of the Group's in- and outflows in foreign currencies amounts, on an annual basis, to a net inflow of approximately MSEK 1,500.

NEXT FINANCIAL REPORT

It is expected that the year-end release for 2000 will be published on February 20, 2001.

Stockholm, November 7, 2000.

President

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

CONSOLIDATED INCOME STATEMENT (MSEK)

	1999 Full year	1999 Jan. 1-Sept. 30 pro forma*	2000 Jan. 1-Sept. 30
Net turnover	6,877	4,601	5,037
Cost of sales	<u>- 5,702</u>	<u>- 3,809</u>	<u>- 4,139</u>
Gross result	1,175	792	898
Expenses for selling, administration, research and development	- 964	- 574	- 602
Income from corporate development	134	4	855
Income from sales of securities	69	0	- 81
Other operating income	246	145	182
Other operating expenses	<u>- 143</u>	<u>- 86</u>	<u>- 74</u>
Operating income	517	281	1,178
Participations in affiliated companies	370	- 955	- 595
Net financial items	<u>- 252</u>	<u>- 113</u>	<u>- 334</u>
Income after net financial items	635	- 787	249
Taxes	- 73	- 43	- 22
Minority share in income	<u>1</u>	<u>1</u>	<u>- 7</u>
Net result for the period	<u>563</u>	<u>- 829</u>	<u>220</u>
Earnings per share after full tax, kronor	8,94	- 13,18	3,49

REVIEW OF THE GROUP (MSEK)

	1999 Jan. 1-Sept. 30 pro forma*	2000 Jan. 1-Sept. 30
Breakdown of net turnover by business area		
Mellersta Sveriges Lantbruks AB	10	12
Korsnäs Holding AB	3,718	3,814
Transcom Worldwide S.A.	693	1,007
Worldwide Loyalty B.V.	22	38
CIS Credit International Services AB	45	78
Other subsidiaries	128	96
Parent company, Holding companies and eliminations	<u>- 15</u>	<u>- 8</u>
Total	<u>4,601</u>	<u>5,037</u>
Breakdown of operating income/loss by business area		
Mellersta Sveriges Lantbruks AB	3	6
Korsnäs Holding AB	328	478
Transcom Worldwide S.A.	19	14
Worldwide Loyalty B.V.	- 2	- 4
CIS Credit International Services AB	5	- 1
Other subsidiaries	- 11	857
Parent company, Holding companies and eliminations	<u>- 61</u>	<u>- 172</u>
Total	<u>281</u>	<u>1,178</u>
Breakdown of income/loss after net financial items by business area		
Mellersta Sveriges Lantbruks AB	2	6
Korsnäs Holding AB	316	407
Transcom Worldwide S.A.	8	9
Worldwide Loyalty B.V.	- 2	- 4
CIS Credit International Services AB	4	- 3
Other subsidiaries	- 8	859
Affiliated companies	- 942	- 581
Parent company, Holding companies and eliminations	<u>- 165</u>	<u>- 444</u>
Total	<u>- 787</u>	<u>249</u>

* The comparative figures for the first nine months of 1999 are pro forma and exclude TV1000, SMA Maskin and Fagersta Australia which has been divested but include Transcom Europe S.A. which we acquired in 2000.

CONSOLIDATED BALANCE SHEET (MSEK)	Dec. 31, 1999	Sept. 30, 1999	Sept. 30, 2000
Fixed assets			
Capitalized development costs	104	68	85
Goodwill	270	281	151
Machinery, equipment, property etc	8,051	7,939	8,070
Other stocks and participations	2,672	544	1,868
Long-term receivables	<u>436</u>	<u>1,548</u>	<u>882</u>
	11,533	10,380	11,056
Current assets			
Inventories	1,235	1,364	1,058
Short-term receivables	2,033	1,976	2,115
Cash, bank and short-term investments	<u>1,623</u>	<u>1,379</u>	<u>2,614</u>
	4,891	4,719	5,787
Total assets	<u>16,424</u>	<u>15,099</u>	<u>16,843</u>
Equity			
Restricted equity	4,539	4,491	4,516
Unrestricted equity	<u>1,204</u>	<u>- 102</u>	<u>1,178</u>
	5,743	4,389	5,694
Minority interests in equity	17	17	131
Provisions			
Provisions for pensions	625	626	636
Deferred tax liabilities	416	422	413
Other provisions	<u>393</u>	<u>110</u>	<u>373</u>
	1,434	1,158	1,422
Long-term liabilities			
Non-interest bearing liabilities	2	4	1
Interest-bearing liabilities	<u>7,529</u>	<u>7,349</u>	<u>7,933</u>
	7,531	7,353	7,934
Short-term liabilities			
Non-interest bearing liabilities	1,549	1,782	1,357
Interest-bearing liabilities	<u>150</u>	<u>400</u>	<u>305</u>
	1,699	2,182	1,662
Total stockholders' equity and liabilities	<u>16,424</u>	<u>15,099</u>	<u>16,843</u>

CONSOLIDATED STATEMENT OF CASHFLOWS (MSEK)

	1999	1999	2000
	Full year	Jan. 1-Sept. 30	Jan. 1-Sept. 30
Cashflow from			
operations	98	169	498
investing activities	- 1,209	- 465	- 855
financing activities	<u>1,292</u>	<u>338</u>	<u>615</u>
Cash flow for the period	181	42	258
Opening liquid funds	336	336	507
Translation differences in liquid funds	<u>- 10</u>	<u>- 4</u>	<u>- 2</u>
Closing liquid funds	<u>507</u>	<u>374</u>	<u>763</u>