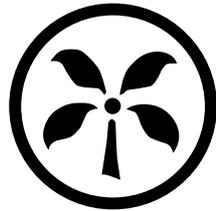


Industrieförvaltnings AB
Kinnevik



Interim Report 2000
January 1 - March 31

ADMINISTRATION

Over the past 15 years Kinnevik's shares have generated an average effective yield of 38% per year as a result of rising prices and dividends, including the value of warrant offers and subscription offers.

The value of the Group's holding of listed securities amounted to MSEK 29,908 as of March 31, 2000. On May 8, 2000 the value was MSEK 27,455. Consequently, the premium over the book value of the Group's portfolio of listed shares amounted to MSEK 23,882 on that date.

Net turnover for the first three months of 2000 amounted to MSEK 1,677 (1,481). Korsnäs Holding AB's net turnover amounted to MSEK 1,298 (1,232). The net turnover of other subsidiaries amounted to MSEK 380 (258).

Operating income after depreciation amounted to MSEK 882 (79). This figure includes income from corporate development and net capital gains on sales of securities amounting to MSEK 752 (4), most of which is attributable to the sale of TV1000 Sverige AB's business.

Kinnevik's net interest in the earnings of affiliated companies amounted to a net loss of MSEK 308 (loss 263). Kinnevik's interest in the first-quarter earnings of Millicom International Cellular S.A. (MIC) amounted to MSEK 3. After correction of MIC's final result for 1999, Kinnevik's total interest in MIC amounted to a loss of MSEK 42. Kinnevik's interest in the earnings of Société Européenne de Communication S.A. (SEC) amounted to a loss of MSEK 272.

Financial revenue and expense amounted to a net expense of MSEK 60 (expense 5).

Income after financial revenue and expense amounted to MSEK 514 (loss 189).

The net result for the period was MSEK 503 (loss of 202).

Earnings per share for the period amounted to SEK 7.99 (loss of 3.21).

The comparative figures for the first three months of 1999 are pro forma and relate to the Kinnevik Group and the companies now belonging to the group.

MELLERSTA SVERIGES LANTBRUKS AB

The mild winter enabled the crops sown in the autumn to get through the winter without problem.

The clay soil, however, was not able to benefit from the ground frost. On the farms, the clay soil needs to be broken down by the frost in the winter so that it is not too compact in the following growing season. This year, therefore, the topsoil is particularly hard at depths of 10-20 cm and this causes uncertainty regarding the root penetration of the crops in the near future. The spring tillage was completed by the middle of April on all our farms. Stocks from the previous harvest have now been disposed of.

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 tendency of increased demand for Korsnäs's products in the second half of 1999 continued in the first quarter of 2000. Parallel to this, the overall price level has continued to rise. The volume of production was slightly lower than for the same period last year, partly as this year the production stop at the mills for repairs and maintenance came in the first quarter while in 1999 it was in the second quarter.

The Korsnäs Group's net turnover for the first three months of the year amounted to MSEK 1,298 (1,232) and operating income was MSEK 155 (101). The profit margin was 12% (8). Income after financial net amounted to MSEK 168 (120).

Korsnäs Forestry

Pulpwood and saw timber prices are running at an unchanged level in relation to last year. Korsnäs's wood stocks have been reduced to a new, lower planned level as a result of stable supplies from the Swedish wood market and steady imports from Eastern Europe. The transition from harvesting with employed personnel and company machinery to purchasing contract-harvesting services is proceeding as planned and will be completed during the year. Operating costs are continuing to decline.

Net turnover for the first three months of the year amounted to MSEK 381 (382) and operating income was MSEK 71 (69).

Korsnäs Industrial

The strong demand during the second half of last year continued throughout the first quarter of 2000. The order intake is still rising, as are prices, mainly

for white-top kraft board and fluff pulp. In relation to the first quarter of 1999, production is 2% lower. Deliveries, on the other hand, were 3% higher than in 1999.

Korsnäs Packaging's order intake was higher during the first quarter of 2000 than for the same period in the previous year. Deliveries increased by 6%. Above all, the situation in the Balkans has improved from last year's war-ravaged conditions. The final stage of the restructuring process in Germany was completed in the first quarter. In Scandinavia, restructuring is going according to plan and will be completed by the end of 2000.

The market for sawn timber is still unstable. Production at the Korsnäs sawmill was 2% higher than last year. The sawmill is being further modified in accordance with the previously agreed structural plan. Deliveries are 2% higher at an average price that is 6% lower than last year's.

Net turnover for the first three months of the year amounted to MSEK 1,174 (1,110) and operating income was MSEK 84 (32).

TRANSCOM WORLDWIDE S.A.

During the first quarter of 2000, Kinnevik-owned Transcom AB, with units in Sweden, Norway, Denmark and Finland, merged with IK Transcom Europe S.A, which is active in Germany, Holland, France, Switzerland, Austria, Italy and Luxembourg. IK Transcom Europe S.A. was formerly a member of the SEC group. The name of the new company is being changed to Transcom Worldwide S.A. Its registered office is in Luxembourg. Kinnevik owns 50.1% of the shares and votes. In 1999 the merged company's turnover amounted to MSEK 939 (pro forma) and it incurred an operating loss of MSEK 11. There were 3,748 employees at the end of 1999.

Transcom's business comprises the construction, 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 strongly in terms of scope, quality and volume since it was started in the middle of the nineties. Transcom now offers tailored solutions to meet companies' specific needs for service and customer relations programmes.

Transcom has clients in many different industries, including telecommunications, media, travel, entertainment, banking, insurance and the electricity and power sectors.

Transaction volumes increased sharply. The number of incoming calls have increased by about 3.7 million to some 8.1 million since the first quarter of 1999 and the number of debitable administrative items has increased by some 0.4 million to around 2.2 million.

As of March 31, 2000 Transcom had 3,898 employees, of whom 1,939 were in the Nordic countries and 1,959 in other European countries.

The market for outsourced customer relations services is expected to continue growing at a rate of more than 30% per year. The force driving this development is the steps being taken by more and more consumer-intensive companies to actively increase the added value of their products and services in the form of improved and more accessible customer service. Transcom continued to expand strongly during the first quarter. The merger to form the new company Transcom Worldwide S.A. has created a platform for Transcom's further development from which the company can be positioned to respond to market growth.

Net turnover in the first three months of the year amounted to MSEK 301 (198), an increase of 52%, and operating income amounted to MSEK 10 (loss 3).

WORLDWIDE LOYALTY B.V.

The role of Worldwide Loyalty B.V. is to provide loyalty programmes for its customers under the "Collect" brand name. The company commenced operations in April 1998 and in autumn 1998 launched the bonus programme "Collect" 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", and in March 2000 the fund management company Moderna Fonder also became affiliated. The expansion of "Collect" into Europe began in the autumn of 1999. Besides Sweden, the bonus programme has also been launched in Germany, France, Italy, Holland, Switzerland and Austria. The programme will be launched in Denmark in this summer.

In November, 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 Sparebanken Nor. During the first quarter of 2000 Tele2 and Viasat also became affiliated to Trumf. During the spring, Trumf will be re-launched under its new name of Collect Trumf.

"Collect" has some 2,165,000 members, of whom some 515,000 are in Sweden, some 650,000 in Norway and around 1,000,000 in other European countries. The annual volume of customer business increased by 88% in relation to the first quarter of 1999, and by 19% in relation to the fourth quarter of 1999.

Net turnover for the first three months of the year amounted to MSEK 12 (8) and the operating loss was MSEK 5 (0). Trumf Holding AS had a turnover of MSEK 17 for the first three months of the year.

CIS CREDIT INTERNATIONAL SERVICES AB

CIS was founded in 1995. The company provides collection, credit appraisal 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.

CIS provides through its three operational segments – Outsourcing, Consulting and Systems Development – all the functions of a professional financial systems department, as well as services that naturally complement this area, such as collection, credit appraisal and legal affairs. CIS's services are mainly intended for small and medium-sized companies.

The positive trend in turnover is expected to continue as a result of intensified canvassing of the European market, coupled with customer-oriented further development and the launch of new services.

At March 31, 2000, CIS had 202 employees, an increase of 135% on the previous year.

Net turnover amounted to MSEK 28 (13), an increase of 115%. Operating income was MSEK 2 (2).

OTHER SUBSIDIARIES

Other subsidiaries include the operative subsidiary company AirTime (AT) AB. During the first quarter

of 2000, Kinnevik sold the TV1000 Sverige AB's business to Modern Times Group MTG AB in return for shares in MTG. The transaction is subject to the approval of MTG's Annual General Meeting.

During the quarter, AirTime has increased its share of both the radio and TV advertising markets. Net turnover increased to MSEK 21 (19) while the operating loss was MSEK 4 (loss 4).

The net turnover of other subsidiaries amounted to MSEK 34 (34). The operating income for the first three months amounted to MSEK 739 (loss 5), most of which took the form of capital gains on the sale of TV 1000's business.

AFFILIATED COMPANIES

MILLICOM INTERNATIONAL CELLULAR S.A (MIC) 34%

The market value of Kinnevik's holding in MIC was MSEK 8,105 as of March 31, 2000. On May 8, 2000 the market value was MSEK 7,996. MIC is listed on Nasdaq in New York and 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. GSM Clearing, the leading GSM company in the world, is also a member of the MIC group.

The number of subscribers to MIC services amounted to 2,294,296 as of March 31, 2000, which represents an increase of 46% during the past 12-month period. On a pro rata basis in relation to MIC's equity holdings, the number of subscribers amounted to 1,461,132, an increase of 52%. The subscriber base of NetCom, in which MIC has a minority interest, is not included in the above figures.

MIC is at present the major shareholder in 30 companies in 19 countries that together represent a market of 465 million people.

Net turnover amounted to MUSD 126 (121). The company's result after financial net amounted to MUSD 5 (loss 30).

SOCIÉTÉ EUROPÉENNE DE COMMUNICATION S.A. (SEC) 41%

The market value of Kinnevik's holding in SEC was MSEK 15,953 as of March 31, 2000. On May 8th 2000, the market value was MSEK 13,601. SEC is

listed on SBI in Stockholm, Nasdaq in New York, the Frankfurt Stock Exchange, and the Luxembourg Stock Exchange.

SEC's principal 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 and Luxembourg during 1998 and 1999. The company also has licences in Ireland, Belgium and Spain, and plans to commence operations in these countries in the second half of 2000. SEC also supplies its customers with Internet services. Furthermore, SEC aims to establish itself in all its countries as Mobile Virtual Network Operator (MVNO). The number of subscribers at March 31, 2000 was 3,517,545 (1,041,359), an increase of 238%.

The mobile telecommunication company Tango had 87,865 subscribers (44,566) in Luxembourg and in Liechtenstein at March 31, 2000, an increase of 97%. In April, SEC launched mobile telecom services in Switzerland through Tele2 Mobile.

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

Net turnover amounted to MEUR 143 (42). The result after financial net was a loss of MEUR 80 (loss 38).

OTHER AFFILIATED COMPANIES

Other affiliated companies include MTV Produktion AB (38%), Viking Telecom AB (30%), Cherryföretagen AB (17%) and Goodguy Svenska AB (47%). The net result of other affiliated companies amounted to MSEK 13 (6).

FINANCIAL POSITION

The Group's liquid funds, including the market value of short-term investments and undrawn credit facilities, amounted to MSEK 7,376 (3,470) at March 31, 2000.

The Group's net interest-bearing debt amounted to MSEK 5,464 (5,197).

The average cost of interest for the period was 4.7% (4.6%), (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure (excluding purchases of shares) during the period amounted to

MSEK 205 (194).

The equity ratio was 36% (34%) at March 31, 2000. After taking into account the premium over the book value of listed equities, the equity ratio was 75% (56%).

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

The interim report for January-June 2000 will be published on August 15, 2000.

Stockholm, May 9, 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 January 1-March 31 pro forma*	2000 January 1-March 31
Net turnover	6,877	1,481	1,677
Cost of sales	<u>- 5,702</u>	<u>- 1,252</u>	<u>- 1,348</u>
Gross result	1,175	229	329
Expenses for selling, administration, research and development	- 964	- 153	- 205
Income from corporate development	134	4	767
Income from sales of securities	69	0	- 15
Other operating income	246	37	33
Other operating expenses	<u>- 143</u>	<u>- 38</u>	<u>- 27</u>
Operating income	517	79	882
Participations in affiliated companies	370	- 263	- 308
Net financial items	<u>- 252</u>	<u>- 5</u>	<u>- 60</u>
Income before tax	635	- 189	514
Taxes	- 73	- 15	- 10
Minority share in income	<u>1</u>	<u>2</u>	<u>- 1</u>
Net result for the period	<u>563</u>	<u>- 202</u>	<u>503</u>
Earnings per share after full tax, kronor	8.94	- 3.21	7.99

REVIEW OF THE GROUP (MSEK)

	1999 January 1-March 31 pro forma*	2000 January 1-March 31
Breakdown of net turnover by business area		
Mellersta Sveriges Lantbruks AB	5	5
Korsnäs Holding AB	1,232	1,298
Transcom Worldwide S.A.	198	301
Worldwide Loyalty B.V.	8	12
CIS Credit International Services AB	13	28
Other subsidiaries	34	34
Parent company, Holding companies and eliminations	<u>- 9</u>	<u>- 1</u>
Total	<u>1,481</u>	<u>1,677</u>
Breakdown of operating income/loss by business area		
Mellersta Sveriges Lantbruks AB	0	- 1
Korsnäs Holding AB	101	154
Transcom Worldwide S.A.	- 3	10
Worldwide Loyalty B.V.	0	- 5
CIS Credit International Services AB	2	2
Other subsidiaries	- 5	739
Parent company, Holding companies and eliminations	<u>- 16</u>	<u>- 17</u>
Total	<u>79</u>	<u>882</u>
Breakdown of income/loss after net financial items by business area		
Mellersta Sveriges Lantbruks AB	0	- 1
Korsnäs Holding AB	137	110
Transcom Worldwide S.A.	- 6	6
Worldwide Loyalty B.V.	0	- 5
CIS Credit International Services AB	1	2
Other subsidiaries	- 4	740
Affiliated companies	- 257	- 301
Parent company, Holding companies and eliminations	<u>- 60</u>	<u>- 37</u>
Total	<u>- 189</u>	<u>514</u>

* The comparative figures for 1999 refer to the Kinnevik group on a pro forma basis with the companies now being part of the Group.

CONSOLIDATED BALANCE SHEET (MSEK)	December 31, 1999	March 31, 1999	March 31, 2000
Fixed assets			
Capitalized development costs	104	54	88
Goodwill	270	312	164
Machinery, equipment, property etc	8,051	7,915	8,094
Other stocks and participations	2,672	996	2,152
Long-term receivables	<u>436</u>	<u>1,216</u>	<u>901</u>
	11,533	10,493	11,399
Current assets			
Inventories	1,235	1,616	1,009
Short-term receivables	2,033	2,211	2,144
Cash, bank and short-term investments	<u>1,623</u>	<u>1,731</u>	<u>2,405</u>
	4,891	5,558	5,558
Total assets	<u>16,424</u>	<u>16,051</u>	<u>16,957</u>
Equity			
Restricted equity	4,539	4,488	4,531
Unrestricted equity	<u>1,204</u>	<u>968</u>	<u>1,416</u>
	5,743	5,456	5,947
Minority interests in equity	17	19	133
Provisions			
Provisions for pensions	625	687	627
Deferred tax liabilities	416	395	411
Other provisions	<u>393</u>	<u>131</u>	<u>395</u>
	1,434	1,213	1,433
Long-term liabilities			
Non-interest bearing liabilities	2	1	2
Interest-bearing liabilities	<u>7,529</u>	<u>6,685</u>	<u>7,918</u>
	7,531	6,686	7,920
Short-term liabilities			
Non-interest bearing liabilities	1,549	1,810	1,336
Interest-bearing liabilities	<u>150</u>	<u>867</u>	<u>188</u>
	1,699	2,677	1,524
Total stockholders' equity and liabilities	<u>16,424</u>	<u>16,051</u>	<u>16,957</u>

CONSOLIDATED STATEMENT OF CASHFLOWS (MSEK)

	1999	1999	2000
	Full year	January 1-March 31	January 1-March 31
Cashflow from			
operations	98	- 56	289
investing activities	- 1,209	- 407	- 738
financing activities	<u>1,292</u>	<u>525</u>	<u>420</u>
Cash flow for the period	81	62	- 29
Opening liquid funds	336	336	507
Translation differences in liquid funds	- 10	- 4	- 6
Closing liquid funds	<u>507</u>	<u>394</u>	<u>472</u>