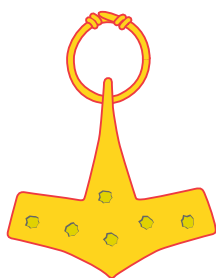


**INVIK & CO. AB**



**INTERIM REPORT 2000**

**1 JANUARY – 30 JUNE**

## **INTERIM REPORT 1 January – 30 June 2000**

### **MANAGEMENT**

The Invik Group consists of the Parent Company, Invik & Co. AB, and a number of operating subsidiaries. The Parent Company is a holding company whose activities include managing a long-term securities portfolio consisting mainly of major investments in a small number of listed companies in which Invik is seeking active participation by way of board representation, among other things. The subsidiaries are principally active in Finance and Insurance. In addition there is some other Business Activity, principally a small brewery operation.

The value of the Group's holdings of listed securities, as at 30 June 2000, amounted to SEK 12.688 million. On 15 August 2000 the value was SEK 10,639 million, which implies that the so-called hidden reserve of the Group's portfolio at the same date was SEK 7,831 million.

The long-term securities portfolio as at 30 June 2000, consists of shares in NetCom AB ("NetCom"), Industriförvaltnings AB Kinnevik ("Kinnevik"), Modern Times Group MTG AB ("MTG"), Millicom International Cellular S.A. ("MIC") and Société Européenne de Communication S.A. ("SEC").

- NetCom, 8,425,792 class A shares and 3,143,166 class B shares, equivalent to 32.8 % of the votes and 11.1 % of the equity.
- Kinnevik, 6,166,387 class A shares and 2,336,936 class B shares, equivalent to 32.2 % of the votes and 13.5 % of the equity.
- MTG, 6,381,249 class A shares, equivalent to 25.4 % of the votes and 9.6 % of the equity.
- MIC, 940,418 shares and an option equivalent to 186,520 shares. The total holding is equivalent to 2.3 % of the votes and equity.
- SEC, 13,993,439 class A shares, and 333,848 class B shares, equivalent to 2.5 % of the votes and 2.7 % of the equity.

During Invik's fifteen-year history, the appreciation of the net asset value has corresponded to an annual return of 49 %, calculated on the basis of the net asset value of SEK 4 per share that originally (1985) existed in the company. This can be compared with an annual return according to "Affärsvärlden" composite index of 21 % for the same period. Calculated from the first day of trading, 1 July 1987, the share price has increased slightly more than 4,000 %, corresponding to an annual average appreciation of 33 %.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 1,574 per share as at 30 June 2000 and was SEK 1,307 as at 15 August 2000. The Invik share is listed on the OM Stockholm Stock Exchange O list. The share price paid on 30 June 2000 was SEK 914 and on 15 August 2000 was SEK 825.

## **CONSOLIDATED EARNINGS**

The result after financial items in accordance with the acquisition method was SEK 113.3 million, compared with SEK 12.6 million for the corresponding period in the previous year. The result after tax was SEK 81.2 million (12.7).

The consolidated result above does not include the profit participation of the Parent Company's associated companies.

The result according to the equity method is reported in a note.

## **FINANCIAL POSITION AND INVESTMENTS**

The Group's liquidity reserve, excluding funds in the banking and insurance business, i.e. liquid assets and unutilized credit granted, amounted to SEK 329.1 million as at 30 June 2000, compared with SEK 170.0 million at the year-end. Other than this, assets consist largely of publicly traded securities that are immediately realizable. The Group's long-term holdings of publicly traded securities had a total market value of SEK 12,688 million.

The Group's net investments in securities during the period was SEK 98.1 million. Investments in fixed assets amounted to SEK 9.6 million during the period.

The Parent Company's solvency ratio was 70 % as at 30 June 2000. If the surplus value of the long-term securities portfolio is taken into account, the solvency ratio is 93 %. The corresponding solvency ratios for the Group are 41 % and 80 %.

## **OPERATIONS AND RESULTS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

Atlantica reports decreased claims expenses for the insurance operations. Major successes are noted for Yacht and Bilspport & MC, which have strengthened their positions as market leaders within their segments. The introduction of life insurance by the sister company netviq on the Internet has aroused significant interest. The marketing of netviqLiv will be intensified during the autumn. The sale of the marine cargo, marine hull and part of the industrial insurance portfolio to Sampo was completed according to plan on 1 June 2000. The result after financial items amounted to SEK 6.8 million (3.8).

The wholly-owned bank Banque Invik S.A. has had a positive first half year. The growth of the private banking operations continues both in Luxembourg and in Stockholm. Commission revenues, net interest income and revenues from financial advisory services in Luxembourg have shown a particularly strong growth compared with the previous year. On 1 July 2000 the Swedish business daily, Dagens Industri, named Moderna Fonders share index fund, Sverige Topp 30 (Sweden's Top 30) as the next best Swedish fund amongst all of the banks and fund management companies. Since its start in January 1999 until the end of June 2000 Sverige Topp 30 had a better development than all of the general Swedish funds with the four largest banks. The launching of the index funds in Europe has been initiated. The result after financial items amounted to SEK 6.8 million (3.8).

Modern Privat Kapitalförvaltning MPK AB offers the market qualified assets management based on fundamental analysis and a high level of personal service. The assets managed amounted to SEK 5.8 million. The result after financial items amounted to SEK 7.2 million (1.9).

Fischer Partners Fondkommission AB, which is owned 50 % by Invik, had a market share of 2.1 % on the OM Stockholm Stock Exchange. At present the company is market maker for 16 companies on the SBI list. The result after financial items was SEK 59.2 million (9.0).

The brewery operations are now concentrated in Stockholm. The operating result continued to be negative.

The associated companies NetCom, Kinnevik, MTG, MIC and SEC are listed on the stock exchange and submit their own interim reports for the period.

#### **PERSONNEL**

The average number of employees in the Group during the period was 208. At the close of the period the number of employees was 205, of whom 183 in Sweden.

#### **EARNINGS PER SHARE**

Earnings per share was SEK 10.5 (1.7).

The total number of outstanding shares as at 30 June 2000 was 7,760,000 shares, divided into 3,753,333 class A shares and 4,006,667 class B shares.

#### **PARENT COMPANY**

The result after financial items was SEK 147.7 million (46.6). The liquidity reserve as at 30 June 2000 amounted to SEK 326.3 million, compared with SEK 167.0 million at year-end. The Parent Company's net investments in shares was SEK 105.6 million and in fixed assets SEK 0.3 million during the period.

The Parent Company's average interest expense was 4.6 % (4.0 %) during the period.

Stockholm, 16 August 2000

*The Board of Directors*

The preliminary publication date for the interim report for January – September is 8 November 2000.

The Company's auditors have not reviewed the interim report.

| <b>CONSOLIDATED<br/>INCOME STATEMENT</b><br>Acquisition method* (SEK million) | <b>1 Jan – 30 June</b> |             | <b>Full year</b> |
|---|------------------------|-------------|------------------|
|   | <b>2000</b>            | <b>1999</b> | <b>1999</b>      |
| Net sales   | 387.6                  | 308.0       | 708.5            |
| Cost of goods and services supplied   | -324.4                 | -248.6      | -580.5           |
| <b>Gross income</b>   | <b>63.2</b>            | <b>59.4</b> | <b>128.0</b>     |
| Selling and administrative expenses   | -153.2                 | -105.1      | -237.3           |
| Other operating revenues and expenses   | 4.5                    | 1.3         | 6.6              |
| Dividend income   | 26.7                   | 26.8        | 53.6             |
| Capital gains on securities sold  | 172.2                  | 32.4        | 71.3             |
| <b>Operating income</b>   | <b>113.4</b>           | <b>14.8</b> | <b>22.2</b>      |
| Net interest expense and other financial items                                | -0.1                   | -2.2        | -7.0             |
| <b>Income after financial items <sup>1)</sup></b>                             | <b>113.3</b>           | <b>12.6</b> | <b>15.2</b>      |
| Minority share in income for the period                                       | 0.0                    | 0.0         | 0.0              |
| Tax paid  | -3.8                   | -2.5        | -3.4             |
| Deferred tax  | -28.3                  | 2.6         | 21.3             |
| <b>NET INCOME FOR THE PERIOD <sup>2)</sup></b>                                | <b>81.2</b>            | <b>12.7</b> | <b>33.1</b>      |

\* The income statement and balance sheet are prepared according to the earlier accounting principles.

|  |       |        |       |
|--|-------|--------|-------|
| 1) Income after financial items according to the equity method | 211.3 | -96.4  | 421.9 |
| 2) Net income for the period according to the equity method    | 126.3 | -121.8 | 372.4 |

| <b>CONSOLIDATED BALANCE SHEET</b>                             | <b>30 June</b> |                | <b>31 Dec</b>  |
|---|----------------|----------------|----------------|
| <b>Acquisition method (SEK million)</b>                       | <b>2000</b>    | <b>1999</b>    | <b>1999</b>    |
| <b>ASSETS</b>   |                |                |                |
| <b>Fixed assets</b>   |                |                |                |
| Intangible assets *   | 95.4           | 52.9           | 102.6          |
| Tangible assets   | 36.8           | 63.2           | 61.8           |
| Financial assets <sup>3)</sup>                                | 2,895.2        | 2,490.7        | 2,625.7        |
| <b>Total fixed assets</b>                                     | <b>3,027.4</b> | <b>2,606.8</b> | <b>2,790.1</b> |
| <b>Current assets</b>   |                |                |                |
| Inventories   | 3.3            | 5.6            | 6.7            |
| Current receivables   | 539.0          | 392.4          | 349.8          |
| Investments   | 2,338.8        | 1,524.8        | 2,098.2        |
| Cash and bank balances  | 96.5           | 117.2          | 105.4          |
| <b>Total current assets</b>                                   | <b>2,977.6</b> | <b>2,040.0</b> | <b>2,560.1</b> |
| <b>TOTAL ASSETS</b>   | <b>6,005.0</b> | <b>4,646.8</b> | <b>5,350.2</b> |
| * of which goodwill from the Group                            | 71.1           | 46.3           | 86.6           |
| <b>EQUITY, PROVISIONS AND LIABILITIES</b>                     |                |                |                |
| <b>Equity</b>   |                |                |                |
| Restricted equity   | 1,056.7        | 1,073.6        | 1,032.7        |
| Unrestricted equity   | 1,255.0        | 1,155.0        | 1,217.7        |
| <b>Total equity <sup>4)</sup></b>                             | <b>2,311.7</b> | <b>2,228.6</b> | <b>2,250.4</b> |
| Minority interest   | 3.4            | 2.6            | 3.3            |
| Provisions  | 99.1           | 88.8           | 70.8           |
| <b>Long-term liabilities</b>                                  |                |                |                |
| Interest-bearing liabilities                                  | 675.6          | 420.1          | 618.1          |
| <b>Current liabilities</b>                                    |                |                |                |
| Interest-bearing liabilities                                  | 2,240.3        | 1,403.3        | 1,961.9        |
| Non-interest-bearing liabilities                              | 674.9          | 503.4          | 445.7          |
| <b>Total current liabilities</b>                              | <b>2,915.2</b> | <b>1,906.7</b> | <b>2,407.6</b> |
| <b>Total liabilities</b>                                      | <b>3,693.3</b> | <b>2,418.2</b> | <b>3,099.8</b> |
| <b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>               | <b>6,005.0</b> | <b>4,646.8</b> | <b>5,350.2</b> |
| <sup>3)</sup> Financial assets according to the equity method | 3,010.8        | 2,218.0        | 2,735.7        |
| <sup>4)</sup> Total equity according to the equity method     | 2,427.3        | 1,757.0        | 2,360.4        |

| <b>CASH FLOW ANALYSIS</b><br><b>(SEK million)</b> | <b>1 Jan – 30 June</b> |              | <b>Full year</b> |
|---|------------------------|--------------|------------------|
|   | <b>2000</b>            | <b>1999</b>  | <b>1999</b>      |
| Cash flow from current operations                 | -39.2                  | -8.0         | -21.4            |
| Change in working capital                         | 73.5                   | 66.1         | 36.2             |
| <b>Total cash flow from current operations</b>    | <b>34.3</b>            | <b>58.1</b>  | <b>14.8</b>      |
| Cash flow from investment operations              | -77.4                  | -26.7        | -194.4           |
| Cash flow from financing operations               | 34.2                   | -10.1        | 189.1            |
| <b>Change in liquid funds</b>                     | <b>-8.9</b>            | <b>21.3</b>  | <b>9.5</b>       |
| Liquid funds at opening of year                   | 105.4                  | 95.9         | 95.9             |
| <b>Liquid funds at close of period</b>            | <b>96.5</b>            | <b>117.2</b> | <b>105.4</b>     |

| <b>FINANCIAL HIGHLIGHTS</b>              | <b>30 June</b> |             | <b>31 Dec</b> |
|--|----------------|-------------|---------------|
|  | <b>2000</b>    | <b>1999</b> | <b>1999</b>   |
| Equity, SEK million                      | 2,312          | 2,229       | 2,250         |
| Balance sheet total, SEK million         | 6,005          | 4,647       | 5,350         |
| Net asset value, SEK million             | 12,320         | 6,048       | 12,732        |
| Equity ratio I %, after full conversion  | 38.6           | 48.0        | 42.1          |
| Equity ratio II %, after full conversion | 77.0           | 71.5        | 80.4          |
| Debt/equity ratio, multiple              | 1.6            | 1.0         | 1.3           |
| <b>Data per share, SEK <sup>1)</sup></b> |                |             |               |
| Market price                             | 914            | 500         | 1,010         |
| Net asset value, after full conversion   | 1,588          | 779         | 1,641         |
| Earnings after taxes                     | 10.5           | 1.7         | 4.4           |
| Market price/net asset value %           | 58             | 64          | 62            |

<sup>1)</sup> The number of outstanding shares, after full conversion, was 7,760,000

#### **Definitions**

- Net asset value** Equity, adjusted for surplus value/deficit in the long-term securities portfolio without regard to tax effects.
- Equity ratio I** Equity, plus minority interest, divided by the balance sheet total.
- Equity ratio II** Net asset value, plus minority interest, divided by the balance sheet total, adjusted for surplus value/deficit in holdings of publicly traded securities.