

Industriförvaltnings AB
Kinnevik



INDUSTRIFÖRVALTNINGS AB KINNEVIK
YEAR-END RELEASE 2001

- **Net turnover amounted to MSEK 6,120 (5,521) excluding Transcom WorldWide S.A. Operating income amounted to MSEK 345 (8,571). This figure includes income from corporate development and income from sales of securities amounting to MSEK 23 (8,390). Excluding these items, operating income increased by 78% to MSEK 322 (181).**
- **The extensive restructuring programme at Korsnäs has continued. Costs of MSEK 315 (383) for severance pay and restructuring have been taken against income, of which Korsnäs AB accounted for MSEK 212 and Korsnäs Packaging's foreign subsidiaries accounted for MSEK 103.**
- **The result for the year was a loss of MSEK 570 (income of 8,777). Kinnevik's interest in the earnings of affiliated companies amounted to a loss of MSEK 487 (income of 534).**
- **The loss per share amounted to SEK 9.06 (income of 139.45).**
- **The value of the Group's holdings of listed securities amounted to MSEK 12,727 at December 31, 2001, which means that book value exceeds market value of the Group's portfolio of listed shares with MSEK 385 on that date.**
- **The Board proposes that shareholders be paid a cash dividend of SEK 2 per share.**

Administration

Return and asset value

Since 1976 Kinnevik's shares have generated an average effective yield of 24% per year as a result of rising prices and dividends, including the value of warrant offers and subscription offers. During the past five years, Kinnevik's shares have generated an average effective yield of 29% per year. The effective yield in 2001 was 0%. During the year, Kinnevik distributed to shareholders its shares in Transcom, whose listed share price on Stockholmsbörsen's "O" list at the time of distribution was SEK 12.50. The closing price of Kinnevik's Series "A" shares was SEK 159 and of its Series "B" shares SEK 166.

Consolidated result for 2001

Net turnover for 2001 amounted to MSEK 6,120, which may be compared with MSEK 5,521 for the previous year, excluding Transcom WorldWide S.A.

Income from corporate development and income from sales of securities amounted to MSEK 23 (8,390). The comparative figure for 2000 largely relate to the sale of shares in SEC in exchange for new shares in Tele2 (MSEK 7,627) and the sale of the business of TV1000 Sverige AB (MSEK 762).

Operating income amounted to MSEK 345 (8,571). The extensive organisational changes at Korsnäs continued in 2001. Costs of MSEK 315 (383) in the form of severance pay and restructuring have been taken against income, of which Korsnäs AB accounted for MSEK 212 and Korsnäs Packaging's foreign subsidiaries for MSEK 103.

Kinnevik's interest in the earnings of affiliated companies amounted to a loss of MSEK 487 (income of 534), of which MIC accounted for a loss of MSEK 406 (income of 1,044), Metro for a loss of MSEK 54 (0) and SEC 0 (loss of 504).

Financial revenue and expense amounted to a net expense of MSEK 320 (expense 250).

The result after financial net was a loss of MSEK 462 (income of 8,855).

The net loss for the year was SEK 570 (income of 8,777).

Consolidated result for the fourth quarter 2001

Net turnover for the fourth quarter amounted to MSEK 1,452 (1,491). The operating result was a loss of MSEK 402 (income of 7,407). This figure includes a loss of MSEK 123 (income of 7,616) on corporate development and sales of securities. Costs of MSEK 293 in the form of severance pay and restructuring were taken against income in the fourth quarter, of which Korsnäs AB accounted for MSEK 212 and Korsnäs Packaging's foreign subsidiaries accounted for MSEK 81. In December Kinnevik paid to Société Européenne de Communication S.A. and Great Universal Inc for its acquisition of their 49.9% of the shares in Transcom. The purchase price was based on Transcom's share price during its first 60 days of trading and amounted to MSEK 319.

Results by division

Mellersta Sveriges Lantbruks AB

A very warm and dry early summer and summer was detrimental to the crops, and this resulted in a small and too early harvest. However, it transpired that this year an early harvest was not a particularly serious drawback since the harvest could be completed before the heavy autumn rains started. Overall, the harvest was of the highest quality, which was by no means usual this year.

Net turnover for the Swedish business amounted to MSEK 12 (14) and the operating income was MSEK 4 (8).

Poland also had a dry summer and a wet autumn. The harvest did not quite meet expectations, although most of the crops were harvested before the saturated fields could cause a problem.

Milk production went as planned. In total 2.6 million litres of milk have been produced since the farms were taken over in June.

Net turnover of the affiliated company, Rolnyvik, amounted to MSEK 27 and the company broke even at operating level.

Korsnäs Holding AB

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiaries, makes up the Korsnäs Group. The first three quarters of 2001 were a period of healthy demand for Korsnäs Industrial's products and favourable prices, supported by the weakness of the krona in relation to other key currencies. During the fourth quarter, the economy weakened, with slacker demand that caused prices to come under greater pressure.

Market conditions for Korsnäs Packaging, which produces bags and paper sacks, deteriorated during the year with a distinct weakening in demand during the fourth quarter, particularly in Germany, Scandinavia and Great Britain.

Further restructuring involved the closure of the unit on the Canary Islands in December, and a decision was also taken to close the factory in Croatia at the beginning of 2002. The sales volumes from these factories will be transferred to other production units in the Group. After further efficiency improvements in Germany, Finland and Yugoslavia, the total number of employees was reduced by 20% in 2001.

The Korsnäs Group's net turnover in 2001 amounted to MSEK 5,842 (5,209) and its net income amounted to MSEK 389 (241). Costs of MSEK 315 (383) for the current extensive restructuring programme at Korsnäs have been taken against income, of which Korsnäs AB accounted for MSEK 212 and Korsnäs Packaging's foreign subsidiaries for MSEK 103.

Worldwide Loyalty B.V.

The business of Worldwide Loyalty B.V. is to provide loyalty programmes and targeted marketing activities for its customers through the "Collect" bonus club.

The business is conducted mainly in Sweden and Denmark, as well as in Norway through the affiliated company Trumf Holding AS.

Collect in Scandinavia has some 2,410,000 members, of whom some 850,000 are in Sweden, some 60,000 in Denmark and some 1,500,000 in Norway. In 2001 the Swedish members' turnover increased by 350% in relation to 2000.

Net turnover in 2001 amounted to MSEK 31 (85). The decline in turnover is due to a reduction in the number of countries being canvassed on the Continent. The operating loss for the year was MSEK 12 (loss of 7).

CIS Credit International Services AB

CIS was founded in 1995. The company offers all the services that are provided by a company's financial department, such as accounts receivable and accounts payable ledgers, accounting and credit information. CIS also offers a complete range of services within payroll and debt collection. CIS' debt collection business is one of the largest in Scandinavia and during the year debt collection has also started up in Germany.

As well as access to effective and flexible business systems with modern web interfaces, CIS' customers have access to specialists who handle the administration efficiently.

Investments made in the previous year within the field of IT and applications, combined with activities during the year to intensify co-operation in Scandinavia, helped to improve profitability.

Net turnover amounted to MSEK 170 (106), an increase of 60%. Operating income amounted to MSEK 9 (loss 6).

Other subsidiaries

Other subsidiaries include the operative company AirTime (AT) AB. During the year, a new business of Kinnevik was established through N.P. Birraria Hugo's, which will brew and market the only domestically produced lager in Kosovo.

Affiliated companies and other investments

The principal affiliated companies are Millicom International Cellular S.A. (MIC) in which Kinnevik has a 33% interest and Metro International S.A. (Metro) in which Kinnevik has a 15% interest (28% of the votes). Metro completed a new share issue in October, in which Kinnevik participated by acquiring a further 10,236,138 shares at a price of SEK 21 per share.

Other investments consist mainly of holdings in Tele2 AB and Modern Times Group MTG AB.

Financial position

The Group's liquid funds, including undrawn credit facilities, amounted to MSEK 1,472 (3,968) at December 31, 2001.

The Group's net interest-bearing debt amounted to MSEK 7,748 (7,405) at the end of the year. As of 2001 short-term investments are excluded in the calculation of the Group's net interest-bearing debt.

The average cost of interest for the year was 5.0% (5.3%) (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure (excluding investments in financial fixed assets) during the year amounted to MSEK 528 (516).

The equity ratio was 53% (57%) at December 31, 2001. After taking into account the premium over the book value of listed securities the equity ratio was 55% (60%).

Parent company

The parent company's net turnover amounted to MSEK 15 (19). The loss on corporate development and sales of securities amounted to MSEK 171 (income 2,806). The income statement item consist for the most part of losses on the sale of Metro shares to a subsidiary in the Group.

Result from participation in group companies, in the form of dividends, amounted to MSEK 908 (783).

Other financial revenue and expense amounted to a net expense of MSEK 112 (revenue 319).

The parent company's income after financial items amounted to MSEK 593 (3,911).

Investments in fixed assets amounted to MSEK 315 (1,032), of which MSEK 315 (1,031) related to investments in financial fixed assets.

Cash and bank closing balance amounted to MSEK 14 (0).

Interest-bearing external debt amounted to MSEK 4,456 (4,153).

Dividend

The Board proposes to pay a cash dividend of SEK 2 per share.

Annual General Meeting

The Annual General Meeting will be held at 11.00 am on Friday May 17, 2002, at Gamla Stans Bryggeri, Tullhus 2, Skeppsbron, Stockholm.

Fianancial reports

It is expected that the annual report for 2001 will be distributed in mid-April 2002. It will also be made available to the public at the company's head office and at the company's website www.kinnevik.se.

The interim report for January-March 2002 will be published on April 25, 2002.

Stockholm, February 19, 2002

INDUSTRIFÖRVALTNINGS AB KINNEVIK

Board of Directors

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

CONSOLIDATED INCOME STATEMENT (MSEK)	2000	2000	2001
	Full year	Full year post forma *	Full year
Net turnover	7,019	5,521	6,120
Cost of sales	- 5,687	- 4,476	- 5,042
Gross result	1,332	1,045	1,078
Expenses for selling, administration, research and development	- 959	- 689	- 628
Income from corporate development and sales of securities	8,390	8,390	23
Other operating income	248	248	222
Other operating expenses	- 423	- 423	- 350
Operating income	8,588	8,571	345
Participations in affiliated companies	534	534	- 487
Net financial items	- 257	- 250	- 320
Income after financial items	8,865	8,855	- 462
Taxes	- 86	- 77	- 104
Minority share in income	- 2	- 1	- 4
Net result for the year	8,777	8,777	- 570
Earnings per share before/after dilution, SEK	139.45	139.45	- 9.06
Total number of shares before/after dilution	62,938,677	62,938,677	62,938,677
	2000	2000	2001
	Oct. 1-Dec. 31	Oct. 1-Dec. 31 post forma *	Oct. 1-Dec. 31
Net turnover	1,982	1,491	1,452
Cost of sales	- 1,548	- 1,144	- 1,412
Gross result	434	347	40
Expenses for selling, administration, research and development	- 357	- 273	- 140
Income from corporate development and sales of securities	7,616	7,616	- 123
Other operating income	66	66	51
Other operating expenses	- 349	- 349	- 230
Operating income	7,410	7,407	- 402
Participations in affiliated companies	1,129	1,129	- 286
Net financial items	77	79	- 43
Income after financial items	8,616	8,615	- 731
Taxes	- 64	- 55	18
Minority share in income	5	6	- 3
Net result for the year	8,557	8,566	- 716
Earnings per share before/after dilution, SEK	135.96	136.10	- 11.38

* The comparative figures for 2000 are post forma and exclude Transcom WorldWide S.A.

REVIEW OF THE GROUP (MSEK)	2000 Full year	2000 Full year post forma *	2001 Full year
Breakdown of net turnover by business area			
Mellersta Sveriges Lantbruks AB.....	14	14	12
Korsnäs Holding AB.....	5,209	5,209	5,842
Transcom WorldWide S.A.	1,498	–	–
Worldwide Loyalty B.V.....	85	85	31
CIS Credit International Services AB.....	106	106	170
Other subsidiaries	127	127	69
Parent company, holding companies and eliminations.....	– 20	– 20	– 4
Total.....	7,019	5,521	6,120

Breakdown of operating income/loss by business area

Mellersta Sveriges Lantbruks AB.....	8	8	4
Korsnäs Holding AB.....	241	241	389
Transcom WorldWide S.A.	17	–	–
Worldwide Loyalty B.V.....	– 7	– 7	– 12
CIS Credit International Services AB.....	– 6	– 6	9
Other subsidiaries	716	716	– 26
Parent company, holding companies and eliminations.....	7,619	7,619	– 19
Total.....	8,588	8,571	345

Breakdown of income/loss after
financial items by business area

Mellersta Sveriges Lantbruks AB.....	7	7	43
Korsnäs Holding AB.....	167	167	326
Transcom WorldWide S.A.	10	–	–
Worldwide Loyalty B.V.....	– 8	– 8	– 16
CIS Credit International Services AB.....	– 8	– 8	6
Other subsidiaries	418	418	– 24
Affiliated companies**	545	545	– 504
Parent company, holding companies and eliminations.....	7,734	7,734	– 293
Total.....	8,865	8,855	– 462

* The comparative figures for 2000 are post forma and exclude Transcom WorldWide S.A.

**Excluding affiliated companies within Mellersta Sveriges Lantbruks AB, Korsnäs Holding AB and Worldwide Loyalty B.V.

REVIEW OF THE GROUP (MSEK)	2000	2000	2001
	Oct. 1-Dec. 31	Oct. 1-Dec. 31	Oct. 1-Dec. 31
Breakdown of net turnover by business area		post forma *	
Mellersta Sveriges Lantbruks AB.....	2	2	2
Korsnäs Holding AB.....	1,395	1,395	1,382
Transcom WorldWide S.A.	491	-	-
Worldwide Loyalty B.V.....	47	47	0
CIS Credit International Services AB.....	28	28	49
Other subsidiaries	31	31	22
Parent company, holding companies and eliminations.....	- 12	- 12	- 3
Total.....	1,982	1,491	1,452

Breakdown of operating income/loss by business area

Mellersta Sveriges Lantbruks AB.....	2	2	0
Korsnäs Holding AB.....	- 237	- 237	- 291
Transcom WorldWide S.A.	3	-	-
Worldwide Loyalty B.V.....	- 3	- 3	12
CIS Credit International Services AB.....	- 5	- 5	7
Other subsidiaries	- 141	- 141	- 3
Parent company, holding companies and eliminations.....	7,791	7,791	- 127
Total.....	7,410	7,407	- 402

Breakdown of income/loss after
financial items by business area

Mellersta Sveriges Lantbruks AB.....	1	1	0
Korsnäs Holding AB.....	- 240	- 240	- 299
Transcom WorldWide S.A.	1	-	-
Worldwide Loyalty B.V.....	- 4	- 4	8
CIS Credit International Services AB.....	- 5	- 5	6
Other subsidiaries	- 441	- 441	- 1
Affiliated companies**	1,126	1,126	- 292
Parent company, holding companies and eliminations.....	8,178	8,178	- 153
Total.....	8,616	8,615	- 731

* The comparative figures for 2000 are post forma and exclude Transcom WorldWide S.A.

**Excluding affiliated companies within Mellersta Sveriges Lantbruks AB, Korsnäs Holding AB and Worldwide Loyalty B.V.

CONSOLIDATED BALANCE SHEET (MSEK)	2000	2000 post forma *	2001
Fixed assets			
Capitalized development costs etc.	75	74	63
Goodwill.	149	149	131
Machinery, equipment, property etc.	8,727	8,543	8,621
Other stocks and participations.	11,669	11,669	12,993
Long-term receivables.	916	972	1,182
	21,536	21,407	22,990
Current assets			
Inventories.	1,158	1,158	1,146
Short-term receivables.	1,898	1,494	1,230
Cash, bank and short-term investments.	2,046	2,005	521
	5,102	4,657	2,897
Total assets.	26,638	26,064	25,887
Stockholders' equity			
Restricted equity.	3,968	3,844	4,580
Unrestricted equity.	10,742	10,742	9,181
	14,710	14,586	13,761
Minority interests in equity.	134	11	16
Provisions			
Provisions for pensions.	630	630	638
Deferred tax liabilities.	886	885	970
Other provisions.	730	730	783
	2,246	2,245	2,391
Long-term liabilities			
Non-interest bearing liabilities.	30	30	2
Interest-bearing liabilities.	7,916	7,878	8,234
	7,946	7,908	8,236
Short-term liabilities			
Non-interest bearing liabilities.	1,388	1,100	1,137
Interest-bearing liabilities.	214	214	346
	1,602	1,314	1,483

Total stockholders' equity and liabilities	26,638	26,064	25,887
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* The comparative figures for 2000 are post forma and exclude Transcom WorldWide S.A.

