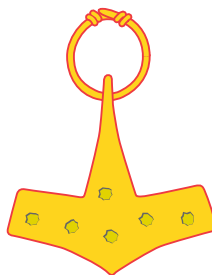


**INVIK & CO. AB**



**INTERIM REPORT 2000**

**1 JANUARY – 31 MARCH**

## **INTERIM REPORT 1 January – 31 March 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 31 March 2000, was SEK 14,993 million. On 9 May 2000 the value was SEK 13,949 million, which implies that the so-called hidden reserve in the Group's portfolio on the same date was SEK 11,201 million.

The long-term securities portfolio as at 31 March 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 26.0 % (31.9 %) of the votes and 9.9 % (10.6 %) of the equity after and before conversion of the convertible debenture respectively.
- 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, 13,112,528 class A shares, equivalent to 2.5 % of the votes and 2.3 % of the equity.

During Invik's fifteen-year history, the appreciation of the net asset value has corresponded to an annual return of 52 %, 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 the "Affärsvärlden" composite index of 21 % for the same period. Calculated from the first day of trading, 1 July 1987, the share price has increased by about 5,500 %, corresponding to an annual average appreciation of 37 %.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 1,881 per share as at 31 March 2000 and as at 9 May 2000 was SEK 1,745. The Invik share is listed on the OM Stockholm Stock Exchange O list. The share price paid on 31 March 2000 was SEK 1,250 and on 9 May 2000 was SEK 1,050.

## **CONSOLIDATED EARNINGS**

The result after financial items in accordance with the acquisition method was SEK 132.2 million, compared with SEK -14.1 million for the corresponding period in the previous year. The result after tax was SEK 90.7 million (-11.3).

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

The result in accordance with 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 86.2 million as at 31 March 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 14,993 million.

The Group's net investments in securities during the period was SEK 41.9 million. Investments in fixed assets amounted to SEK 3.6 million during the period.

The Parent Company's solvency ratio was 72 % as at 31 March 2000. If surplus value in the long-term securities portfolio is taken into account, then the solvency ratio is 94 %.

The corresponding solvency ratios for the Group are 41 % and 80 % respectively.

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

Atlantica continues its investments in the marketing of insurance to private individuals, organizations and smaller companies. Atlantica's leading position within yacht insurance has been strengthened. Through its sister company, netviq, Atlantica has been the market leader within Internet insurance for home and holiday home insurance. During the month of April, life, health and accident insurance was introduced via netviqLiv. The previously established agreement concerning the sale of marine cargo, marine hull and part of industrial insurance is expected to become effective on 1 June 2000. The result after financial items was SEK -4.9 million (-4.7).

The wholly-owned bank Banque Invik S.A. has begun the year with a continued positive earnings trend. Growth in the private banking operations continues in both Luxembourg and Stockholm. In particular, commission revenues from the customers' purchase and sale of securities has increased during the first three months of the year. The number of savers in the three indexed funds with a low cost profile, which have been launched under the name Moderna Fonder, is continually increasing. There has also been a large interest in the Luxembourg registered fund, Our Fund, which invests in the listed companies NetCom, MTG, SEC, MIC, Kinnevik and Invik, according to a weighted investment model. The result after financial items was SEK 6.8 million (0.4).

Modern Privat Kapitalförvaltning MPK AB offers the market qualified assets management services based on fundamental analysis and personal service. The assets managed amounts to SEK 6,349 million. The result after financial items was SEK 4.0 million (1.4).

Fischer Partners Fondkommission AB, which is owned 50 % by Invik, market share on the OM Stockholm Stock Exchange was 3.1 %. At present the company is market maker for 15 companies on the SBI list. The result after financial items was SEK 43.7 million (3.0).

The brewery operation will be concentrated to 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 first quarter.

#### **PERSONNEL**

The average number of employees in the Group during the period was 203. At the close of the period the number of employees was 207, of whom 186 in Sweden.

#### **EARNINGS PER SHARE**

Earnings per share was SEK 11.7 (-1.3).

The total number of outstanding shares as at 31 March 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 143.5 million (4.0). The liquidity reserve as at 31 March 2000 was SEK 84.6 million, compared with SEK 167.0 million at year-end. The Parent Company's net investment in shares was SEK 54.9 million and in fixed assets SEK 0.2 million during the period.

The Parent Company's average interest expense was 4.6 % (3.5 %) during the period.

Stockholm, 10 May 2000

*Stig Nordin*  
*Managing Director*

The preliminary publication date for the interim report for January - June is 16 August 2000.  
The Company's auditors have not reviewed the interim report.

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>1 Jan – 31 March</b>		<b>Full year</b>
<b>Acquisition method* (SEK million)</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>
Net sales	193.9	145.1	708.5
Cost of goods and services supplied	-149.2	-115.9	-580.5
<b>Gross income</b>	<b>44.7</b>	<b>29.2</b>	<b>128.0</b>
Selling and administrative expenses	-87.2	-49.7	-237.3
Other operating revenues and expenses	5.6	0.4	6.6
Dividend income	2.1	13.8	53.6
Capital gains on securities sold	171.3	-3.9	71.3
<b>Operating income</b>	<b>136.5</b>	<b>-10.2</b>	<b>22.2</b>
Net interest expense and other financial items	-4.3	-3.9	-7.0
<b>Income after financial items <sup>1)</sup></b>	<b>132.2</b>	<b>-14.1</b>	<b>15.2</b>
Minority share in income for the period	0.0	0.0	0.0
Tax paid	-2.7	-1.1	-3.4
Deferred tax	-38.8	3.9	21.3
<b>NET INCOME FOR THE PERIOD <sup>2)</sup></b>	<b>90.7</b>	<b>-11.3</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      254.1                      -51.0                      421.9

2) Net income for the period according to the equity method      184.3                      -63.4                      372.4

<b>CONSOLIDATED BALANCE SHEET</b>	<b>31 March</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 *	98.1	56.0	102.6
Tangible assets	59.7	66.0	61.8
Financial assets <sup>3)</sup>	2,841.5	2,460.5	2,625.7
<b>Total fixed assets</b>	<b>2,999.3</b>	<b>2,582.5</b>	<b>2,790.1</b>
<b>Current assets</b>			
Inventories	4.8	6.6	6.7
Current receivables	445.0	512.1	349.8
Investments	2,290.8	1,702.7	2,098.2
Cash and bank balances	86.9	113.7	105.4
<b>Total current assets</b>	<b>2,827.5</b>	<b>2,335.1</b>	<b>2,560.1</b>
<b>TOTAL ASSETS</b>	<b>5,826.8</b>	<b>4,917.6</b>	<b>5,350.2</b>
* of which goodwill from the Group	83.2	48.6	86.6
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	1,056.6	894.5	1,032.7
Unrestricted equity	1,279.9	1,189.8	1,217.7
<b>Total equity <sup>4)</sup></b>	<b>2,336.5</b>	<b>2,084.3</b>	<b>2,250.4</b>
Minority interest	3.3	2.1	3.3
Provisions	109.5	87.5	70.8
<b>Long-term liabilities</b>			
Interest-bearing liabilities	639.4	583.9	618.1
<b>Current liabilities</b>			
Interest-bearing liabilities	2,167.1	1,601.1	1,961.9
Non-interest-bearing liabilities	571.0	558.7	445.7
<b>Total current liabilities</b>	<b>2,738.1</b>	<b>2,159.8</b>	<b>2,407.6</b>
<b>Total liabilities</b>	<b>3,490.3</b>	<b>2,833.3</b>	<b>3,099.8</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>5,826.8</b>	<b>4,917.6</b>	<b>5,350.2</b>
<sup>3)</sup> Financial assets according to the equity method	2,999.3	2,191.4	2,735.7
<sup>4)</sup> Total equity according to the equity method	2,494.3	1,815.2	2,360.4

<b>CASH FLOW ANALYSIS</b> <b>(SEK million)</b>	<b>1 Jan – 31 March</b>		<b>Full year</b>
	<b>2000</b>	<b>1999</b>	<b>1999</b>
Cash flow from current operations	-33.6	-3.9	-21.4
Change in working capital	39.2	22.1	36.2
<b>Total cash flow from current operations</b>	<b>5.6</b>	<b>18.2</b>	<b>14.8</b>
Cash flow from investment operations	-45.3	-32.1	-194.4
Cash flow from financing operations	21.2	31.7	189.1
<b>Change in liquid funds</b>	<b>-18.5</b>	<b>17.8</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>86.9</b>	<b>113.7</b>	<b>105.4</b>

<b>FINANCIAL HIGHLIGHTS</b>	<b>31 March</b>		<b>31 Dec</b>
	<b>2000</b>	<b>1999</b>	<b>1999</b>
Equity, SEK million	2,337	2,084	2,250
Balance sheet total, SEK million	5,827	4,918	5,350
Net asset value, SEK million	14,594	5,528	12,732
Equity ratio I %, after full conversion	40.6	46.1	42.1
Equity ratio II %, after full conversion	81.0	69.8	80.4
Debt/equity ratio, multiple	1.4	1.3	1.3
<b>Data per share, SEK <sup>1)</sup></b>			
Market price	1,250	535	1,010
Net asset value, after full conversion	1,881	735	1,641
Earnings after taxes	11.7	-1.3	4.4
Market price/net asset value %	66	73	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.

**INVIK & CO. AB**

Skeppsbron 18, Box 2095, S-103 13 Stockholm, Sweden

Telephone +46 8 562 000 20

Telefax +46 8 791 91 07

[www.invik.nu](http://www.invik.nu)