

YEAR-END RELEASE 1999

- **Net turnover amounted to MSEK 6,877 (6,683); operating income amounted to MSEK 517 (1,303).**
- **Net income amounted to MSEK 563 (464).**
- **Transcom, the customer services company, displayed sustained strong growth; net turnover increased by 59 per cent and amounted to MSEK 545.**
- **The value of the Group's holdings of listed securities amounted to MSEK 26,955 at December 31, 1999. Consequently, the premium over the book value of the Group's portfolio of listed shares amounted to MSEK 23,734 on that date.**
- **Earning per share after full tax amount to SEK 8.94 (7.37).**
- **The Board proposes that the shareholders be paid a cash dividend of SEK 1 per share.**
- **During the past two years, the Board has proposed to the Annual General Meeting that assets be distributed, in addition to cash dividends, in the form of distribution to shareholders of certain of Kinnevik's share portfolio. At a meeting four weeks prior to the Annual General Meeting, the Board intends to discuss such a dividend proposal, taking prevailing market conditions into account.**

Administration

Consolidated result

On May 27, 1999, warrants in Invik & Co. AB were distributed to Industriförvaltnings AB Kinnevik's shareholders, who were entitled to one share in Invik for every 100 shares in Kinnevik. In addition to this a cash dividend of SEK 1 per share was paid. The comparative figures for 1998 are post forma and relate to the companies now making up the Kinnevik Group.

Net turnover for 1999 amounted to MSEK 6,877, which may be compared with MSEK 6,683 for the previous year for comparable units. Other operating revenue amounted to MSEK 246 (263).

Income from corporate development and capital gains on sales of securities amounted to MSEK 203 (1,036), largely the result of the sale of shares in Société Européenne de Communication S.A. (SEC) and option premiums in respect of TV1000.

Operating income amounted to MSEK 517 (1,303).

The net interest in the earnings of affiliated companies was MSEK 370 (loss 487), of which the interest in Millicom International Cellular S.A. MIC's loss amounted MSEK 48, and the interest in SEC's income was MSEK 453. MIC's result includes capital gains of MUS\$ 146 (204). Kinnevik's

interest in SEC's earnings includes capital gains of MSEK 1,298 arising in connection with SEC's issue of new shares to NetCom AB, as a result of which Kinnevik's holding fell to 41 per cent.

Financial revenue and expense amounted to a net expense of MSEK 253 (expense 283).

Income after financial net, excluding interest on convertible loan stock, amounted to MSEK 635 (532).

Net income amounted to MSEK 563 (464).

Results by division

Mellersta Sveriges Lantbruks AB

In 1999 crops were very much affected by the wet autumn and winter of 1998. The clay soil on the estates was densely packed and silted up when the time for spring sowing arrived. This situation did not provide very good conditions for this year's crops to grow. On some fields, therefore, the harvest was well below average. An increasingly rainy summer in southern Sweden caused some quality problems with the harvest from Svedberga. This aside, the harvest went well. Dry and warm weather during this period resulted in relatively low harvesting costs. The crayfish ponds at Svedberga are functioning well. The total catch amounted to 1,200 crayfish.

Net turnover amounted to MSEK 12 (15) and operating income amounted to MSEK 2 (2).

Korsnäs Holding AB

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

At the end of 1999 a decision was made to hive off Korsnäs's forestry holdings into a separate, newly formed company, Marma Skog, with the object of exposing more effectively the value that the company's forests represent. The new company now owns a total of 385,000 hectares of forest land, of which 300,000 hectares are productive forests. The company's holdings are located within the Dala and Ljusdal forest management districts.

The comparatively weak market conditions at the end of 1998 persisted some way into 1999. The strengthening of the krona just after the start of the year coupled with price competition resulted in generally lower prices. During the second half of the year, the prices of paper, white kraft board and fluff pulp were gradually increased.

Korsnäs's result was weak on account of low prices and excessively high costs. Measures have been taken to reduce costs in personnel, logistics and suppliers. On the other hand, it was possible to maintain sales volumes at a normal level.

Net turnover for 1999 amounted to MSEK 4,894 (5,026). Korsnäs's operating income after depreciation, but before transfers of MSEK 0 (16) to the employee profit-sharing plan, amounted to MSEK 503 (630).

Transcom AB

Transcom's business includes constructing, maintaining and developing tailored customer relations programmes for consumer-intensive companies. Transcom is the leading supplier in this field in Scandinavia.

During the year, Transcom established itself in Norrköping, Sweden, and Helsinki, Finland. Transcom is already active in Karlskoga, Kungsör, and Strömsnäbruk in Sweden, in Copenhagen in Denmark, and in Fredrikstad in Norway.

Transcom has continued its rapid expansion during the year, at the same time as substantial resources were invested in the further development of personnel and to improve the efficiency of its existing operations.

Net turnover for the year amounted to MSEK 545 (342), and increase of 59 per cent. Operating income amounted to MSEK 18 (21).

Collect Sweden AB

Collect Sweden AB supplies loyalty programmes for its corporate clients. The company started operations in April 1998, and in the autumn of 1998 launched as bonus programme known as Collect for Comviq, Kabelvision, Tele2, and Viasat. During 1999, Sydkraft, an electricity company, and the Big Travel chain of travel agents became affiliated to Collect.

During the year, Collect began to expand into Europe. By the end of the year, the bonus programme had been launched in Germany, Holland, Switzerland and Austria. The programme will also shortly be launched in France, Italy and Denmark.

Net turnover for 1999 amounted to MSEK 31 (22). Operating income amounted to MSEK 0 (0).

CIS Credit International Services AB

CIS was set up in 1995. The company provides services including debt collection, credit card scoring and financial support. The business is primarily conducted in Sweden, although international activities is expanding strongly. CIS is now established in six European countries.

The company's turnover increased markedly in 1999. This good progress is the result growth in business with existing customers, new customers, new openings in Germany and Switzerland, and the acquisition of SKA Systemering AB, a leading IT company in the development of PA systems.

The company's net turnover amounted to MSEK 69 (37), an increase of 88 per cent. Operating income amounted to MSEK 7 (4).

Other subsidiaries

Other subsidiaries include the operative companies TV1000, Airtime and Goodguy. The net turnover of other subsidiaries amounted to MSEK 1,232, which may be compared with MSEK 1,261 for the same period in the prior year. Operating income amounted to MSEK 18, which may be compared with a loss of MSEK 86 for the corresponding period in the previous year.

TV1000 has grown steadily since December 1998. The number of subscribers rose by 18 per cent to 384,077 (325,934) by December 31, 1999.

Airtime's income is still improving as the result of a combination of growing markets and cost reductions.

Goodguy.se is an Internet-based service within the field of private insurance. In 1999, the company has set up joint activities together with suppliers of home, house and recreational home insurance. The aim is to offer comparisons of prices and conditions within all product areas in the private insurance field.

Affiliated companies

The main affiliated companies are Millicom International Cellular S.A. (MIC), in which Kinnevik has a 34 per cent interest, and a 41 per cent holding in Société Européene de Communication S.A. (SEC).

The market value of Kinnevik's shares in MIC amounted to MSEK 8,712 at December 31, 1999. On February 21, 2000, the market value of the holding was MSEK 10.881. Kinnevik's shares in SEC had

a market value of MSEK 13,610 at December 31, 1999. The market value of the holding was MSEK 15.487 on February 21, 2000.

Return and asset value

Over the past 15 years, Kinnevik's shares have generated an average effective yield of 39 per cent per year as a result of rising prices and dividends, including the value of warrant offers and subscription offers. The effective yield in 1998 was 43 per cent.

During the year warrants in Invik & Co. AB were distributed to Kinnevik's shareholders. The dividend included 629,387 shares in Invik & Co. AB of which 151,238 were series "A" shares, and 478,149 were series "B" shares. At the year-end, the listed price of Kinnevik's shares was SEK 264.

Financial position

The Group's liquid funds, including short-term placements and undrawn credit facilities, amounted to MSEK 5,012 (3,803) as of December 31, 1999.

The Group's net interest-bearing debt amounted to MSEK 6,244 (5,095) at the end of the year.

The average cost of interest for the year was 4.3 per cent (5.4) (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 year amounted to MSEK 867 (890).

The equity ratio at December 31, 1999 was 35 per cent (37). After taking into account the premium over the book value of listed securities, the equity ratio was 73 per cent (60).

The Group's borrowing is largely arranged in Swedish kronor. Foreign subsidiaries, however, arrange their financing in local currencies.

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

Parent company

The parent company reports net income from corporate development and net capital gains on sales of securities of MSEK 67 (279).

Net income from interests in Group companies amounted to MSEK 1,963 (655). This consists of dividends of MSEK 2,000 from Investment AB Kinnevik, and of MSEK 1 from other subsidiaries; the expense side consists of write-downs of MSEK 38 in the value of shares.

Other financial revenue and expense, excluding interest on convertibles, amounted to a net expense of MSEK 61 (expense 9).

The parent company's pre-tax income amounted to MSEK 1,892 (822).

Dividend

The Board proposes to pay a cash dividend of SEK 1 per share.

During the past two years, the Board has proposed to the Annual General Meeting that assets be distributed, in addition to cash dividends, in the form of distribution to shareholders of certain of Kinnevik's share portfolio. At a meeting four weeks prior to the Annual General Meeting, the Board intends to discuss such a dividend proposal, taking prevailing market conditions into account.

Annual General Meeting

The Annual General Meeting will be held at 11.00 am on May 26, 2000, at Gamla Stans Bryggeri, Tullhus 2, Skeppsbron, Stockholm.

Annual report

It is expected that the annual report for 1999 will be distributed in mid-April 2000. It will also be made available to the public at the company's head office.

Gävle, February 22, 2000

INDUSTRIFÖRVALTNINGS AB KINNEVIK

Board

SUMMARY OF THE GROUP IN FIGURES

(MSEK)	1998	1998	1999
Consolidated Income Statement		post forma *	
Net sales	6,888	6,683	6,877
Income from corporate development and sales of securities.	1,036	1,036	203
Operating income.	1,063	1,303	517
Interest in earnings of affiliated companies	-230	-487	370
Net financial items.	-301	-283	-253
Income after net financial items.	532	532	635
Current taxes.	-57	-57	-81
Deferred taxes.	-26	-26	8
Minority share in earnings.	15	15	1
Net result	464	464	563
Consolidated Balance Sheet			
Fixed assets.	10,594	10,594	11,533
Current assets	5,026	5,026	4,891
Total assets.	15,620	15,620	16,424
Equity.	5,811	5,811	5,743
Minority interest.	24	24	17
Provisions.	1,887	1,887	1,434
Liabilities.	7,898	7,898	9,230
Total equity and liabilities	15,620	15,620	16,424
Consolidated Statement of Cashflows			
Cashflow from			
operations.	807	807	98
investing activities	-1,579	-1,579	-1,209
financing activities.	611	611	1,292
Net change in cash and cash equivalents	-161	-161	181
Cash and cash equivalents at beginning of period.	491	491	336
Exchange rate difference in cash and cash equivalents		6	6
.....			-10

Cash and cash equivalents at end of period.....	336	336	507
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Key ratios

Liquid funds, including undrawn credit facilities and holding of company's own convertibles.....	3,803	3,803	5,012
Fixed capital expenditure.....	900	900	867
Equity ratio.....	37	37	35
Earnings per share after full tax, SEK.....	7.37	7.37	8.94

* Subsidiaries contributed when SEC was formed are accounted as affiliated companies.

Breakdown of turnover by business area 1998 **1999**

(MSEK)

Mellersta Sveriges Lantbruks AB.....	15	12
Korsnäs Holding AB.....	5,026	4,984
Transcom AB.....	342	545
Collect Sweden AB.....	22	31
CIS Credit International Services AB.....	37	69
Other subsidiaries.....	1,261	1,232
Parent Company, Holding companies and eliminations.....	-20	4
Total.....	6,683	6,877

Breakdown of operating income by business area

(MSEK)

Mellersta Sveriges Lantbruks AB.....	2	2
Korsnäs Holding AB 1.....	595	489
Transcom AB.....	21	18
Collect Sweden AB.....	0	0
CIS Credit International Services AB.....	4	7
Other subsidiaries.....	-86	18
Parent Company, Holding companies and eliminations 2.....	767	-17
Total.....	1,303	517

Breakdown of income/loss after net financial items by business area

(MSEK)

Mellersta Sveriges Lantbruks AB.....	2	2
Korsnäs Holding AB 1.....	475	435
Transcom AB.....	15	10
Collect Sweden AB.....	0	0
CIS Credit International Services AB.....	3	5
Other subsidiaries.....	-84	13
Associated companies.....	-469	395
Parent Company, Holding companies and eliminations 2.....	590	-225

Total	532	635
1 Excluding transfer of MSEK 0 (16) to employee's profit-sharing plan.		
2 Including income from corporate development and sales of securities.		