

**INVIK & CO. AB**  
**YEAR-END RELEASE 2002**

**Overview**

Invik & Co. AB is a holding company. The Group consists of the Parent Company, Invik & Co. AB, and a number of operating subsidiaries. The Parent Company manages a long-term securities portfolio. The subsidiaries are principally active in the areas of Banking, Insurance, Asset management and Securities trading.

On 31 December 2002, the value of the Group's holdings of listed securities was SEK 4,196 million, representing a premium of SEK 1,231 million to the book value of the Group's portfolio. The value of the Group's holdings was SEK 4,306 million on 12 February 2003.

The long-term securities portfolio as at 31 December 2002 consisted of the following shares in Tele2 AB ("Tele2"), Industriförvaltnings AB Kinnevik ("Kinnevik"), Modern Times Group MTG AB ("MTG"), Metro International S.A. ("Metro"), Transcom WorldWide S.A. ("Transcom"), and Millicom International Cellular S.A. ("MIC"):

- Tele2, 9,891,787 A-shares and 2,825,579 B-shares, equivalent to 29.7% of the votes and 8.6% of the equity.
- Kinnevik, 6,281,387 A-shares and 2,286,936 B-shares, equivalent to 32.7% of the votes and 13.6% of the equity.
- MTG, 6,181,249 A-shares, equivalent to 30.0% of the votes and 9.3% of the equity. After full conversion of outstanding convertible debentures, 29.6% of the votes and 8.9% of the equity.
- Metro, 7,222,082 A-shares, equivalent to 12.9% of the votes and 6.6% of the equity. After full conversion of outstanding convertible debentures, 11.4% of the votes and 5.4% of the equity.
- Transcom, 7,152,046 A-shares and 1,351,277 B-shares, equivalent to 21.8% of the votes and 13.1% of the equity. After full conversion of outstanding convertible debentures, 17.6% of the votes and 11.7% of the equity.
- MIC, 940,418 shares, equivalent to 1.9% of the votes and equity.

Although Stockholmsbörsen fell sharply in 2002, the appreciation in Invik's net asset value during its seventeen-year history has generated an annual return of 30% (excluding dividend), calculated from the basis of the company's net asset value of

SEK 4 per share in 1985. This may be compared with an annual return of 11% on the "Affärsvärlden" composite index over the same period. The price of Invik's shares has increased by 1,077% since the first day of trading on 1 July 1987, equivalent to a compound annual growth rate 17%.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 395 per share as at 31 December 2002 and SEK 409 as at 12 February 2003.

Invik's shares have been listed on Stockholmsbörsen since 1987 and on its "Attract 40-list" since 1 July 2002. The last traded price for the A-shares on 31 December 2002 was SEK 252, and SEK 244 on 12 February 2003. The last traded price for the B-shares on 31 December 2002 was SEK 259, and SEK 246.50 on 12 February 2003.

### **Consolidated result**

The consolidated result after financial items, in accordance with the acquisition method, was SEK -487.5 million (7.8) for the full year, and SEK -407.2 million (3.4) for the fourth quarter. The result after tax for the year was SEK -455.3 million (38.0), and SEK -388.4 million (22.2) for the fourth quarter. Goodwill arising from the consolidation of the Asset management business has been written down by SEK 96.7 million.

The consolidated result above does not include the Parent Company's interest in the earnings of associate companies. The result if these earnings were to be consolidated in accordance with Invik's equity participation is stated in a note to the consolidated income statement.

### **Financial position and investments**

The Group's liquid assets, excluding funds within the banking and insurance operations, i.e. liquid funds and unutilised credit facilities, amounted to SEK 197.1 million as at 31 December 2002, as compared to SEK 104.5 million at 31 December 2001. The Group's other assets consist principally of listed securities that are immediately realisable. The Group's long-term holdings of listed securities had a total market value at 31 December 2002 of SEK 4,196 million (7,712).

The Group's net sales of securities during the year amounted to SEK 246.4 million, compared to net investments in securities of SEK 231.0 million in 2001. Investments in intangible and tangible fixed assets amounted to SEK 48.3 million (56.5) during the year.

The Group's equity to assets ratio was 24.1% (27.1%) as at 31 December 2002. Adjusted for the surplus value of marketable securities, the equity to assets ratio was 34.6% (52.7%).

### **Operations and results of subsidiaries and associate companies**

#### **Portfolio management**

The investment in Marcstone Capital Management was redeemed during the fourth quarter for SEK 208.2 million, resulting in a capital loss of SEK 151.8 million. Asset

write-downs totalled SEK 152.1 million during the year and included write-downs relating to the shareholdings in XSource Corporation Inc. and Radio Components Sweden AB.

Associate companies Tele2, Kinnevik, MTG, Metro, Transcom and MIC are all listed companies and publish independent results announcements. The loss before tax for Portfolio management amounted to SEK -389.9 million (8.3) for the full year.

## **Modern Finance Group**

### **Banking**

The revenues of Banque Invik S.A. have performed well despite the volatile market conditions, and have only reported a marginally negative effect. The bank's costs were reduced during the year in light of weak markets.

The financial advisory service business made good progress in 2002. The credit card business has reported higher transaction volumes per credit card. The private banking business has noted marginally lower revenues and a reduction in assets under management owing to the weakness of the financial markets. The asset management business conducted through the branch office in Stockholm was transferred to Modern Privat Kapitalförvaltning MPK AB at the end of the year.

The liquidity ratio was 47% and the capital adequacy ratio was 235% (208%).

The Banking business reported a profit before tax of SEK 23.4 million (15.4) for the full year.

### **Insurance**

Moderna Försäkringar AB reported strong growth in 2002 with 35,000 new policyholders. Both the claims ratio and the claims to cost ratio were lower than in 2001, which resulted in a positive earnings trend in the insurance business despite a reduction in income from investments. The claims to cost ratio was 54.2% and the total cost ratio was 81.7%. The industrial and marine portfolios, which are being phased out, also developed well. Profit before tax amounted to SEK 10.8 million (8.4) for the full year.

Moderna Försäkringar Liv AB has launched a range of capital and insurance premium products together with Aktie-Ansvar and Moderna Fonder, which generated considerable attention in the market. The group life business expanded strongly during the year and reported premium volumes of SEK 61.6 million and a claims to cost ratio of 64.2%.

Modern Re S.A., which was acquired in 2001, has benefited from a positive trend in its claims to costs ratio and reported profit before tax of SEK 7.0 million for the full year.

The profit before tax, including Group adjustments, for the Insurance division amounted to SEK -2.8 million (-7.5) for the full year.

### **Asset management**

Stockholmsbörsen fell sharply for the third year in a row. The historically prolonged and steep decline in equity prices has clearly negatively affected trading volumes and led to a significant downturn in the fund and asset management business. Modern Privat Kapitalförvaltning was also adversely affected and the MPK group reports a loss before tax of SEK -0.1 million (0.5) for the full year.

MPK did, however, generate returns well above the index during the year and the group's mutual fund manager, Aktie-Ansvar AB, was named "Best Fund Manager of 2002".

The asset management activities previously conducted by Fischer Partners Fondkommission and Banque Invik have been taken over by MPK, with the objective of improving the efficiency of the Invik group's asset management business.

The consulting business conducted through OP Financial Services AB was divested during the year, and part of the administration services businesses were sold to Banque Invik.

The total assets under management in the MPK group amounted to some SEK 5 billion. The discretionary management side had more than 2,000 clients, and there were some 5,500 investors in its mutual funds.

The loss before tax, including Group write-downs and depreciations, for the Asset management division amounted to SEK -100.3 million (-5.2) for the full year.

### **Securities trading**

In 2002, Fischer Partners Fondkommission AB concentrated its business on stock brokerage and trading. The asset management unit has been sold and the corporate finance unit has been closed down.

During the year Fischer Partners raised its market share on all the Nordic stock markets, even though the markets fell by almost 40%. On Stockholmsbörsen it had a market share in 2002 of 4.07% (3.30%) and in December 2002 a market share of 5.03% (1.99%), which means Fischer Partners ranks seventh in size. Fischer Partners Fondkommission AB reported a loss before tax of SEK -43.2 million. After adjustment for non-recurring items affecting comparability that related to the sold and discontinued units, the income before tax amounted to SEK -9.6 million.

The loss before tax, including Group adjustments, for the Securities trading division amounted to SEK -67.6 million (4.1) for the full year.

### **Other businesses**

Gamla Stans Bryggeri AB incurred a further operating loss. The restaurant business has been conducted together with Pontus in the Green House under the name Pontus by the Sea since May 2002. The loss before tax for Other businesses amounted to SEK -10.0 million (-7.2).

**Personnel**

The average number of employees in the Group during the year was 222. At the year-end, the number of employees was 216, of whom 191 were located in Sweden.

**Earnings per share**

The net loss per share amounted to SEK -58.71 (4.90) for the year.

The total number of issued and outstanding shares as at 31 December 2002 was 7,760,000, comprising 3,753,333 A-shares and 4,006,667 B-shares.

**Parent Company**

The income after financial items amounted to SEK -377.9 million (97.7). Liquid assets as at 31 December 2002 amounted to SEK 181.2 million, compared to SEK 104.5 million at the end of 2001. The Parent Company's net sales of shares during the year amounted to SEK 212.3 million, while net investments in shares during the previous year amounted to SEK 413.0 million. Investments in fixed assets amounted to SEK 2.7 million (0.1) during the year.

The Parent Company's interest-bearing liabilities amounted to SEK 1,736.6 million (1,772.5), including SEK 1,311.3 million of current liabilities.

The Parent Company's equity to assets ratio was 47.1% (52.0%) as at 31 December 2002. Adjusted for the surplus value of the marketable securities, the equity to assets ratio was 59.9%.

The average rate of interest paid on the Parent Company's borrowing during the year was 5.0% (4.7%).

**Significant events**

The Chairman of the Board of Invik, Jan Hugo Stenbeck, passed away on 19 August 2002. Johan Björkman was elected as new Chairman of the Board on 22 August 2002. Thomas Jönsson resigned as President and CEO of Invik on 13 November 2002 and Anders Fällman was appointed as acting CEO on the same day. Anders Fällman was appointed as President and CEO of Invik on 10 December 2002 with effect from 1 January 2003.

**Accounting principles**

This report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 on Interim Reports. The Council's new recommendations, which came into effect on 1 January 2002, have been applied to this report. The application of the new recommendations has not had any effect on the stated opening equity position. Otherwise, the same accounting principles have been used in preparation of this interim report as were used in the preparation of the 2001 annual report.

**Dividend**

The Board of Directors is recommending the payment of a dividend of SEK 3 per share (3).

### **Annual General Meeting**

The Annual General Meeting of shareholders will be held at 4.00 p.m. on Thursday 15 May 2003 at Gamla Stans Bryggeri, Tullhus 2, Skeppsbron, Stockholm.

### **Annual Report**

The 2002 Invik annual report is expected to be distributed to the shareholders at the end of March 2003. The report will be made available at the company's head office at Skeppsbron 18, Stockholm.

Stockholm, 13 February 2003

*The Board of Directors*

Provisional publication dates for interim reports in 2003:

- Interim report for first quarter 25 April
- Interim report for second quarter 7 August
- Interim report for third quarter 23 October

The company's auditors have conducted a limited review of this report.

**For further information, please visit [www.invikab.se](http://www.invikab.se) or contact:**

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## CONSOLIDATED INCOME STATEMENT

| Acquisition method (SEK million)                               | 1 Okt - 31 Dec |             | Full year     |              |
|--|----------------|-------------|---------------|--------------|
|  | 2002           | 2001        | 2002          | 2001         |
| Net sales  | 240.7          | 237.4       | 983.3         | 856.4        |
| Cost of goods and services supplied                            | -129.5         | -153.5      | -571.5        | -569.7       |
| <b>Gross income</b>  | <b>111.2</b>   | <b>83.9</b> | <b>411.8</b>  | <b>286.7</b> |
| Selling and administrative expenses                            | -290.5         | -142.6      | -626.9        | -375.2       |
| Other operating revenues and expenses                          | 1.0            | 23.2        | 3.4           | 22.3         |
| Capital gains on securities sold                               | -241.2         | 21.2        | -184.6        | 27.5         |
| Dividend income  | 4.3            | 25.5        | 17.1          | 106.0        |
| <b>Operating income</b>  | <b>-415.2</b>  | <b>11.2</b> | <b>-379.2</b> | <b>67.3</b>  |
| Net interest and other financial items                         | 8.0            | -7.8        | -108.3        | -59.5        |
| <b>Income after financial items 1)</b>                         | <b>-407.2</b>  | <b>3.4</b>  | <b>-487.5</b> | <b>7.8</b>   |
| Minority interest  | 0.4            | 0.3         | 1.6           | 1.0          |
| Tax paid   | -6.8           | 0.0         | -12.0         | -12.7        |
| Deferred tax   | 25.2           | 18.5        | 42.6          | 41.9         |
| <b>Net income for the period 2)</b>                            | <b>-388.4</b>  | <b>22.2</b> | <b>-455.3</b> | <b>38.0</b>  |
| 1) Income after financial items according to the equity method | -969.7         | 17.4        | -1,069.5      | -270.0       |
| 2) Net income for the period according to the equity method    | -953.2         | 279.1       | -1,121.9      | -70.8        |

### Data per share, SEK 1)

|                                |  |        |      |
|--------------------------------|--|--------|------|
| Market price                   |  | 259    | 579  |
| Net asset value                |  | 395    | 897  |
| Earnings after taxes           |  | -58.71 | 4.90 |
| Market price/net asset value % |  | 66     | 65   |

1) The number of outstanding shares was 7,760,000.

| <b>Net sales by segment</b> | Full year |       |
|-----------------------------|-----------|-------|
|                             | 2002      | 2001  |
| Portfolio management        | 9.8       | 10.5  |
| Modern Finance Group        | 970.8     | 821.2 |
| Other businesses            | 2.7       | 24.7  |
|                             | 983.3     | 856.4 |

| <b>Income after financial items by segment</b> | Full year |      |
|--|-----------|------|
|  | 2002      | 2001 |
| Portfolio management                           | -389.9    | 20.4 |
| Modern Finance Group                           | -147.3    | -6.1 |
| Other businesses                               | -10.0     | -6.5 |
| Group adjustments                              | 59.7      | -    |
|  | -487.5    | 7.8  |

## CONSOLIDATED BALANCE SHEET

Acquisition method (SEK million)

| <b>Assets</b>   | <b>31 Dec</b>  | <b>31 Dec</b>  |
|---|----------------|----------------|
| <b>Fixed assets</b>   | <b>2002</b>    | <b>2001</b>    |
| Goodwill  | 53.0           | 129.9          |
| Other intangible assets                                       | 4.6            | 6.9            |
| Tangible assets   | 25.1           | 34.0           |
| <u>Financial assets <sup>3)</sup></u>                         | <u>3,064.1</u> | <u>3,496.8</u> |
| <b>Total fixed assets</b>                                     | <b>3,146.8</b> | <b>3,667.6</b> |
| <b>Current assets</b>   |                |                |
| Inventory and securities                                      | 29.3           | 18.1           |
| Current receivables   | 466.1          | 567.7          |
| Current investments   | 3,581.5        | 4,017.0        |
| <u>Cash and bank balances</u>                                 | <u>395.3</u>   | <u>297.8</u>   |
| <b>Total current assets</b>                                   | <b>4,472.1</b> | <b>4,900.6</b> |
| <b>Total assets</b>   | <b>7,619.0</b> | <b>8,568.2</b> |
| <br>  |                |                |
| <b>Equity, provisions and liabilities</b>                     | <b>31 Dec</b>  | <b>31 Dec</b>  |
| <b>Equity</b>   | <b>2002</b>    | <b>2001</b>    |
| Restricted equity   | 1,161.5        | 1,130.2        |
| <u>Unrestricted equity</u>                                    | <u>672.5</u>   | <u>1,188.6</u> |
| <b>Total equity <sup>4)</sup></b>                             | <b>1,834.0</b> | <b>2,318.8</b> |
| Minority interest   | 0.6            | 2.2            |
| Provisions  | 83.7           | 127.8          |
| <b>Long-term liabilities</b>                                  |                |                |
| Interest-bearing liabilities                                  | 460.0          | 1,080.0        |
| <b>Current liabilities</b>                                    |                |                |
| Interest-bearing liabilities                                  | 4,535.7        | 4,394.1        |
| <u>Non-interest-bearing liabilities</u>                       | <u>705.0</u>   | <u>645.3</u>   |
| <b>Total current liabilities</b>                              | <b>5,240.7</b> | <b>5,039.4</b> |
| <b>Total liabilities</b>                                      | <b>5,700.7</b> | <b>6,119.4</b> |
| <b>Total equity, provisions and liabilities</b>               | <b>7,619.0</b> | <b>8,568.2</b> |
| <sup>3)</sup> Financial assets according to the equity method | 4,186.1        | 5,515.3        |
| <sup>4)</sup> Total equity according to the equity method     | 2,955.9        | 4,337.3        |

| <b>Change to Group equity</b>                    | <b>Full year Full year</b> |                |
|--|----------------------------|----------------|
| <b>(SEK million)</b>                             | <b>2002</b>                | <b>2001</b>    |
| Opening balance as per balance sheet December 31 | 2,318.8                    | 2,319.4        |
| Exchange rate differences                        | -6.2                       | 7.9            |
| Dividend   | -23.3                      | -46.5          |
| <u>Profit/loss for the period</u>                | <u>-455.3</u>              | <u>38.0</u>    |
| <b>Closing balance</b>                           | <b>1,834.0</b>             | <b>2,318.8</b> |

| <b>CASH FLOW ANALYSIS</b>                      | <b>Full year Full year</b> |               |
|--|----------------------------|---------------|
| <b>(SEK million)</b>                           | <b>2002</b>                | <b>2001</b>   |
| Cash flow from current operations              | -183.0                     | -84.3         |
| <u>Change in working capital</u>               | <u>100.0</u>               | <u>-34.2</u>  |
| <b>Total cash flow from current operations</b> | <b>-83.0</b>               | <b>-118.5</b> |
| Cash flow from investment operations           | 198.2                      | -171.8        |
| <u>Cash flow from financing operations</u>     | <u>-17.7</u>               | <u>442.9</u>  |
| <b>Change in liquid funds</b>                  | <b>97.5</b>                | <b>152.6</b>  |
| <u>Liquid funds at opening of year</u>         | <u>297.8</u>               | <u>145.2</u>  |
| <b>Liquid funds at close of period</b>         | <b>395.3</b>               | <b>297.8</b>  |

| <b>FINANCIAL HIGHLIGHTS</b>      | <b>31 Dec 31 Dec</b> |             |
|----------------------------------|----------------------|-------------|
|                                  | <b>2002</b>          | <b>2001</b> |
| Equity, SEK million              | 1,834                | 2,319       |
| Balance sheet total, SEK million | 7,619                | 8,568       |
| Net asset value, SEK million     | 3,065                | 6,960       |
| Equity ratio I, %                | 24.1                 | 27.1        |
| Equity ratio II, %               | 34.6                 | 52.7        |
| Debt/equity ratio, multiple      | 2.7                  | 2.6         |

#### 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. |