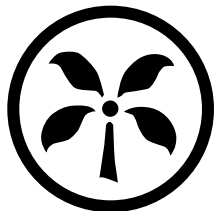


*Industrieförvaltnings AB*  
*Kinnevik*



*Interim Report 2001*  
*January 1 - September 30*

## ADMINISTRATION

At the Annual General Meeting held on May 18, the shareholders approved the Board's proposal that all the shares in Transcom WorldWide S.A. (Transcom) be distributed to Kinnevik's shareholders. The date of record for the distribution of Transcom was September 4 and trading began on Nasdaq in New York and on Stockholmsbörsen's "O" list on September 6. Shareholders received one Series "A" share in Transcom for each Series "A" share in Kinnevik, and 0.65 of a Series "B" share and 0.35 of a Series "A" share in Transcom for each Series "B" share in Kinnevik. Transcom's income statement is not included in the Kinnevik Group's consolidated figures for the first nine months of 2001 or in the proforma comparative figures for 2000.

Since 1976 Kinnevik's shares have generated an average effective yield of 22% 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 20% per year.

The value of the Group's holdings of listed securities amounted to MSEK 9,051 at September 30, 2001. On October 24, 2001 the value was MSEK 11,962, which means that book value exceeds market value of the Group's listed portfolio with MSEK 936 on that date.

## RESULT FOR THE FIRST NINE MONTHS OF 2001

Net turnover for the first nine months of 2001 amounted to MSEK 4,668 (4,030). The Korsnäs Holding group's net turnover amounted to MSEK 4,460 (3,814). The net turnover of Other subsidiaries amounted to MSEK 208 (216).

Operating income amounted to MSEK 747 (1,164). This figure includes income from corporate development and income from sales of securities amounting to MSEK 146 (774). Excluding these items operating income increased to MSEK 601 (390), or by 54%.

Kinnevik's interest in the earnings of affiliated companies amounted to a net loss of MSEK 201 (loss 595), of which Millicom International Cellular S.A. (MIC) accounted for a loss of MSEK 173.

With effect from the start of the year, MIC's holding in Tele2 has been classified as long term and is in Kinnevik accounted for at acquisition value. Kinnevik's interest in MIC's write-down of MSEK

475 for the first half of 2001 is therefore no longer charged against its participation in the earnings of MIC.

## RESULT FOR THE THIRD QUARTER OF 2001

Net turnover for the third quarter of 2001 amounted to MSEK 1,481 (1,316). The Korsnäs Holding group's net turnover amounted to MSEK 1,420 (1,265). The net turnover of Other subsidiaries amounted to MSEK 61 (51).

Operating income amounted to MSEK 203 (187). This figure includes a loss of MSEK 4 (income 24) on corporate development and sales of securities. Excluding these items, operating income increased to MSEK 207 (163), or by 27%.

Kinnevik's interest in the earnings of affiliated companies amounted to a net loss of MSEK 27 (income 85), of which MIC accounted for a loss of MSEK 7.

## MELLERSTA SVERIGES LANTBRUKS AB

A generally warm and dry summer did not provide the best conditions for a good harvest. Shortages of water caused a drop in the harvest. However, we can note that overall the quality is good, which should give rise to satisfactory prices at the time of sale. The yield from the ecologically cultivated crops has also been good. The rainy autumn has, on the other hand, caused problems in completing the autumn sowing. This was finally done, but a fair and warm autumn is desirable for the crops to develop well. AB Russelbacka and Svedberga Lantbruks AB were divested during the third quarter for a capital gain of MSEK 42 at Group level.

Rolnyvik, our affiliated company in Poland, has experienced similar developments. A dry summer left its mark on the size of the harvest, although this was partly offset by firm prices on the domestic market. The rainy autumn has meant that the planned autumn sowing was not completed. The land in question will be sown in the spring instead. Milk production is in accordance with plan. The estates in Poland cover a total of 4,676 hectares with 750 dairy cattle and 900 young animals.

Net turnover for the first nine months of the year amounted to MSEK 10 (12) and the operating income was MSEK 4 (6).

The net turnover of the affiliated company, Rolnyvik, during the June-September 2001 period amounted to MSEK 12 and its operating result was a loss of MSEK 2.

---

## **KORSNÄS HOLDING AB**

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiary companies, makes up the Korsnäs group. The Korsnäs group's net turnover for the January-September period amounted to MSEK 4,460 (3,814) and its operating income was MSEK 680 (478). The operating margin was 15% (13). Income after financial net amounted to MSEK 625 (407).

### **Korsnäs Forestry**

The wood market is still characterised by falling pulpwood and saw timber prices. Raw material stocks in Sweden are high and we are taking measures to reduce levels. Korsnäs continued to focus on harvesting its own forests after having concentrated on drawing on felling rights in the first quarter. This contributed to an improvement in the result for the second and third quarter.

Korsnäs has been marginally affected by the attacks of gremmeniella fungus, but the attacks will make some harvesting necessary so that the damage is not aggravated.

The organisational development has moved onto the next phase with the creation of Regions instead of the current division between Administrations and Districts. The new organisation will become operational on January 1, 2002.

Net turnover for the first nine months of the year amounted to MSEK 1,156 (1,057) and operating income was MSEK 174 (152).

### **Korsnäs Industrial**

During the third quarter the market was characterised by slacker demand in all product areas. Overall, deliveries of paper, pulp and paperboard products for the first nine months of the year were almost 3% higher than in the corresponding period last year. Price levels are relatively stable, which, combined with the weakness of the Swedish krona, means that the average price of products from Korsnäsverken is some 6% higher than for the corresponding period last year. Total revenue is thus some 9% higher than for the January-September period of last year.

On the cost side, the effects of manning reviews are continuing to show through in the form of lower payroll expense. Measures intended to reduce costs are being implemented, and manning and capacity

levels in individual product areas are being adjusted. Korsnäs Industrial has also benefited from falling commodity prices, but at the same time high energy prices during the period have had a marked, adverse effect on income.

At Korsnäsverken, production for January-September 2001 amounted to 506,000 tonnes, an increase of 2% in relation to the same period last year. At the end of September the extensive rebuilding of PM4 began, which will raise production capacity for paperboard products.

The improved price level, combined with cost-reduction measures, has generated a significant improvement in Korsnäsverken's operating result.

Korsnäs Packaging's net turnover increased by 39% in relation to the first nine months of last year, mainly due to the acquisition of Walki Sack, UPM Kymmene's sack business. Despite the deterioration in market conditions the operating loss has decreased, which is primarily explained by extensive restructuring in the form of personnel cutbacks and other cost savings. In all, the number of employees has been reduced by 14% so far this year. Owing to slackening demand and improved productivity, negotiations are currently taking place for further cuts in the workforce. The business has been reorganised into six regions with the aim of accelerating the current process of restructuring the production units. The division's results have improved in relation to the corresponding period last year but they are still running at an unsatisfactory level.

During the third quarter the market for redwood products showed signs of improving. The market for sawn timber is expected to strengthen slowly during the remainder of the year. Production is 10% below the last year's level, which is mainly attributable to the running-in of new production units. Measures have been taken to reduce production disturbances. Deliveries are 8% down on last year at an average price that is the same as last year's.

Korsnäs Industrial's net turnover for the first nine months of the year amounted to MSEK 4,093 (3,523) and operating income was MSEK 526 (343).

### **WORLDWIDE LOYALTY B.V.**

The business of Worldwide Loyalty B.V. is to provide loyalty programs and targeted market activities for its customers through the "Collect" bonus club. The company commenced operations in Sweden in

---

April 1998 in order to improve customer loyalty to companies in the Kinnevik sphere. In the fall of 1998 a bonus program under the "Collect" name was launched on behalf of Comviq, Kabelvision, Tele2 and Viasat. In 1999 and 2000, Sydkraft, an electricity and power supplier, Big Travel, a chain of travel agents, Moderna Fonder, a fund management company, and Hertz car hire also became affiliated. During 2001 First Hotels and Flygvaruhuset (replaces Big Travel) have affiliated to Collect. The business is conducted mainly in Sweden and Denmark, as well as in Norway through Trumf, an affiliated company. Trumf's largest clients are Norska Shell and the convenience goods company Norgesgruppen. Last year Tele2 and Viasat also affiliated to Trumf, which has been re-launched under the name "Collect Trumf".

"Collect" has 2,410,000 members, of whom 850,000 are in Sweden, 60,000 in Denmark and 1,500,000 in Norway.

Net turnover for the first nine months of the year amounted to MSEK 31 (38). The decline in turnover is due to a reduction in the number of countries being canvassed on the Continent. The operating result was a loss of MSEK 24 (loss 4). Collect Trumf had a turnover of MSEK 60 (47) for the period and operating income of MSEK 4 (0).

#### **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 receivable and accounts payable ledgers, accounting and credit information. CIS also offers a complete range of services within payroll and debt collection.

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. This enables customers to offer higher quality at a lower cost and the opportunity to sharpen the focus on their core business.

CIS's customers include MTG, Tele2, Carlsberg, Nordea, SCA and the Swedish Judiciary Administration.

Net turnover for the first nine months of the year amounted to MSEK 121 (78), an increase of 55%. At September 30, 2001, CIS had 279 (229) employees, an increase of 22%. Operating income amounted to MSEK 2 (loss 1).

#### **OTHER SUBSIDIARIES**

Other subsidiaries include the operative company AirTime (AT) AB (55% interest).

AirTime's net turnover during the first nine months of the year amounted to MSEK 32 (70). The operating result was a loss of MSEK 14 (loss 2). The main reason for the reduction in net turnover is that TV3, the company's largest customer, terminated the sales agreement as of December 31, 2000. The background to the notice of termination was the bad publicity created around AirTime by TV4's legal action and campaigns in the media. Another factor contributing to the reduction in net turnover is the weakening market for radio advertising sales. As the cost cuts made have not offset TV3's lost revenue or the reduction in sales of radio advertising, the company's operating result deteriorated sharply.

During the summer Kinnevik made an offer to shareholders in Goodguy for them to sell their shares to Kinnevik. Shareholders representing 99.8% of Goodguy's share capital have accepted the offer. Efforts are still being made to induce the remaining shareholders accept the offer on the same terms. During the year Goodguy's business has been discontinued in accordance with the plan presented in the takeover offer.

#### **AFFILIATED COMPANIES AND OTHER INVESTMENTS**

At September 30, 2001, Kinnevik's long-term holdings comprised the following listed securities:

- Millicom International Cellular S.A. ("MIC"), 16,383,224 shares, corresponding to 33.5% of the votes and capital.
- Tele2 AB ("Tele2"), 22,966,558 shares, corresponding to 19.6% of the votes and 15.9% of the capital.
- Modern Times Group MTG AB ("MTG"), 5,554,718 shares, corresponding to 14.1% of the votes and 8.4% of the capital.
- Metro International S.A. ("Metro"), 5,625,157 shares, corresponding to 13.8% of the votes and 7.4% of the capital. On October 4, 2001, Metro carried out a new share issue. Kinnevik participated in the new issue and acquired a further 10,236,138 Series "A" shares in Metro at an issue price of SEK 21 per share. Kinnevik's holding in Metro thereafter amounts to 27.8% of the votes

and 14.5% of the capital.

- Viking Telekom AB ("Viking"), 4,657,000 shares, corresponding to 23.9% of the votes and capital.
- Cherryföretagen AB ("Cherry"), 5,853,833 shares, corresponding to 26.4% of the votes and 28.7% of the capital.

The holdings in MTG, Metro and Invik have been reclassified as long-term with effect from July 1, 2001.

#### **MILICOM INTERNATIONAL CELLULAR S.A. (MIC) 34%**

The market value of Kinnevik's holding in MIC was MSEK 1,851 as of September 30, 2001. On October 24, 2001 the market value was MSEK 2,145. MIC is listed on Nasdaq in New York and on the Luxembourg Stock Exchange.

MIC is one of the world's leading providers of mobile telecom services with operations in Asia, Latin America, Russia and Africa. MACH, the main GSM clearing company in the world, is also a member of the MIC group.

The number of subscribers to MIC on September 30, 2001 was 3,709,058 (2,653,684), which represents an increase of 40% over the past 12-month period. On a pro rata basis in relation to MIC's equity holdings, the number of subscribers was 2,656,947 (1,735,388), an increase of 53%. The subscriber base of Tele2, in which MIC has a minority interest, is not included in the above figures.

MIC is currently a shareholder in 33 companies in 20 countries that together represent a market of 578 million people.

Net turnover for the first nine months of 2001 amounted to MUSD 519 (411). Operating income was a profit of MUSD 66 (loss 72). The company's income after financial net was a loss of MUSD 352 (income 410). This figure include gains on exchange and disposal of investments of MUSD 29 (666). In accordance with IAS (International Accounting Standards), write-downs of MUSD 288 in the value of listed shares in Tele2 has been charged against MIC's income in 2001. Excluding these items income after financial net improved to MUSD -93 (-256).

From this quarter, the holding in Tele2 is classified as long-term in MIC's accounts. Since the decline in value is judged to be temporary, Kinnevik, in accordance with Swedish accounting principles, has stated the holding in Tele2 at MIC's acquisition

value in the calculation of its interest in the earnings of affiliated companies.

The change in accounting also affects Kinnevik's previously reported results for the first and second quarter of 2001. Participations in affiliated companies for the January-June 2001 period has thus increased by MSEK 475 from the previously reported figure. At September 30, 2001, Kinnevik's holding in MIC had a book value of MSEK 1,041, compared with a market value of MSEK 1,851.

#### **FINANCIAL POSITION**

The Group's liquid funds, including undrawn credit facilities, amounted to MSEK 1,771 (2,290) at September 30, 2001.

The Group's net interest-bearing debt amounted to MSEK 7,316 (7,230). As of September 30, 2001, short-term investments are excluded from the calculation of the Group's net interest-bearing debt.

The average cost of interest for the first nine months of the year was 5.0% (4.9%), (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 period amounted to MSEK 264 (440).

The equity ratio was 55% (35%) at September 30, 2001. After taking into account the premium over the book value (2001 deficiency) of listed securities, the equity ratio was 51% (67%). Based on the quoted price of listed shares at October 24 the equity ratio was 54%.

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

#### **NEXT FINANCIAL REPORT**

It is expected that the year-end release for 2001 will be published on February 19, 2002.

Stockholm, October 25, 2001.

Chief Executive Officer and President

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

## CONSOLIDATED INCOME STATEMENT

(MSEK)	2000 Full year	2000 Jan. 1-Sept. 30	2000 Jan. 1-Sept. 30 proforma*	2001 Jan. 1-Sept. 30
Net turnover	7,019	5,037	4,030	4,668
Cost of sales	- 5,687	- 4,139	- 3,332	- 3,630
<b>Gross result</b>	<u>1,332</u>	<u>898</u>	<u>698</u>	<u>1,038</u>
Expenses for selling, administration, research and development	- 959	- 602	- 416	- 488
Income from corporate development	8,471	855	855	- 4
Income from sales of securities	- 81	- 81	- 81	150
Other operating income	248	182	182	171
Other operating expenses	- 423	- 74	- 74	- 120
<b>Operating income</b>	<u>8,588</u>	<u>1,178</u>	<u>1,164</u>	<u>747</u>
Participations in affiliated companies	534	- 595	- 595	- 201
Net financial items	- 257	- 334	- 329	- 277
<b>Income after net financial items</b>	<u>8,865</u>	<u>249</u>	<u>240</u>	<u>269</u>
Taxes	- 86	- 22	- 22	- 122
Minority share in income	- 2	- 7	- 7	- 1
<b>Net result for the period</b>	<u>8,777</u>	<u>220</u>	<u>211</u>	<u>146</u>
Earnings per share before/after dilution, SEK	139.45	3.49	3.36	2.32
Total number of shares before/after dilution	62,938,677	62,938,677	62,938,677	62,938,677

## REVIEW OF THE GROUP (MSEK)

	2000 Jan. 1-Sept. 30	2000 Jan. 1-Sept. 30 proforma*	2001 Jan. 1-Sept. 30
<b>Breakdown of net turnover by business area</b>			
Mellersta Sveriges Lantbruks AB	12	12	10
Korsnäs Holding AB	3,814	3,814	4,460
Transcom WorldWide S.A.	1,007	-	-
Worldwide Loyalty B.V.	38	38	31
CIS Credit International Services AB	78	78	121
Other subsidiaries	96	96	47
Parent company, holding companies and eliminations	- 8	- 8	- 1
<b>Total</b>	<u>5,037</u>	<u>4,030</u>	<u>4,668</u>
<b>Breakdown of operating income/loss by business area</b>			
Mellersta Sveriges Lantbruks AB	6	6	4
Korsnäs Holding AB	478	478	680
Transcom WorldWide S.A.	14	-	-
Worldwide Loyalty B.V.	- 4	- 4	- 24
CIS Credit International Services AB	- 1	- 1	2
Other subsidiaries	857 **	857 **	- 23
Parent company, holding companies and eliminations	- 172	- 172	108
<b>Total</b>	<u>1,178</u>	<u>1,164</u>	<u>747</u>
<b>Breakdown of income/loss after net financial items by business area</b>			
Mellersta Sveriges Lantbruks AB	6	6	43
Korsnäs Holding AB	407	407	625
Transcom WorldWide S.A.	9	-	-
Worldwide Loyalty B.V.	- 4	- 4	- 24
CIS Credit International Services AB	- 3	- 3	0
Other subsidiaries	859 **	859 **	- 23
Affiliated companies	- 581	- 581	- 212
Parent company, holding companies and eliminations	- 444	- 444	- 140
<b>Total</b>	<u>249</u>	<u>240</u>	<u>269</u>

\* The comparative figures for the first nine months of 2000 are proforma and exclude Transcom WorldWide S.A.

\*\* Capital gain of MSEK 751 for the sale of TV1000 operations is included.

## CONSOLIDATED INCOME STATEMENT

(MSEK)

	2000 July 1-Sept. 30	2000 July 1-Sept. 30 proforma*	2001 July 1-Sept. 30
Net turnover	1,701	1,316	1,481
Cost of sales	- 1,372	- 1,063	- 1,123
<b>Gross result</b>	<u>329</u>	<u>253</u>	<u>358</u>
Expenses for selling, administration, research and development	- 171	- 105	- 159
Income from corporate development	- 5	- 5	- 4
Income from sales of securities	29	29	0
Other operating income	33	33	50
Other operating expenses	- 18	- 18	- 42
<b>Operating income</b>	<u>197</u>	<u>187</u>	<u>203</u>
Participations in affiliated companies	85	85	- 27
Net financial items	- 125	- 125	- 121
<b>Income after net financial items</b>	<u>157</u>	<u>147</u>	<u>55</u>
Taxes	- 4	- 4	- 1
Minority share in income	- 5	- 5	- 1
<b>Net result for the period</b>	<u>148</u>	<u>138</u>	<u>53</u>
Earnings per share before/after dilution, SEK	2.35	2.19	0.84
Total number of shares before/after dilution	62,938,677	62,938,677	62,938,677

## REVIEW OF THE GROUP (MSEK)

	2000 July 1-Sept. 30	2000 July 1-Sept. 30 proforma*	2001 July 1-Sept. 30
<b>Breakdown of net turnover by business area</b>			
Mellersta Sveriges Lantbruks AB	3	3	0
Korsnäs Holding AB	1,265	1,265	1,420
Transcom WorldWide S.A.	385	-	-
Worldwide Loyalty B.V.	4	4	4
CIS Credit International Services AB	24	24	41
Other subsidiaries	22	22	17
Parent company, holding companies and eliminations	- 2	- 2	- 1
<b>Total</b>	<u>1,701</u>	<u>1,316</u>	<u>1,481</u>
<b>Breakdown of operating income/loss by business area</b>			
Mellersta Sveriges Lantbruks AB	3	3	- 2
Korsnäs Holding AB	203	203	232
Transcom WorldWide S.A.	10	-	-
Worldwide Loyalty B.V.	- 1	- 1	- 6
CIS Credit International Services AB	- 4	- 4	2
Other subsidiaries	86	86	- 7
Parent company, holding companies and eliminations	- 100	- 100	- 16
<b>Total</b>	<u>197</u>	<u>187</u>	<u>203</u>
<b>Breakdown of income/loss after net financial items by business area</b>			
Mellersta Sveriges Lantbruks AB	3	3	38
Korsnäs Holding AB	181	181	185
Transcom WorldWide S.A.	10	-	-
Worldwide Loyalty B.V.	- 2	- 2	- 4
CIS Credit International Services AB	- 5	- 5	2
Other subsidiaries	86	86	- 8
Affiliated companies	88	88	- 29
Parent company, holding companies and eliminations	- 204	- 204	- 129
<b>Total</b>	<u>157</u>	<u>147</u>	<u>55</u>

\* The comparative figures for the third quarter of 2000 are proforma and exclude Transcom WorldWide S.A.

<b>CONSOLIDATED BALANCE SHEET (MSEK)</b>	<b>Dec. 31, 2000</b>	<b>Sept. 30, 2000</b>	<b>Sept. 30, 2001</b>
<b>Fixed assets</b>			
Capitalized development costs	75	85	53
Goodwill	149	151	136
Machinery, equipment, property etc	8,581	8,397	8,393
Other stocks and participations	11,669	1,868	13,783
Long-term receivables	<u>916</u>	<u>882</u>	<u>1,443</u>
	21,390	11,383	23,808
<b>Current assets</b>			
Inventories	1,158	1,058	1,215
Short-term receivables	1,898	2,115	1,552
Cash, bank and short-term investments	<u>2,046</u>	<u>2,614</u>	<u>624</u>
	5,102	5,787	3,391
<b>Total assets</b>	<u>26,492</u>	<u>17,170</u>	<u>27,199</u>
<b>Stockholders' equity</b>			
Restricted equity	3,968	4,516	4,522
Unrestricted equity	<u>10,742</u>	<u>1,178</u>	<u>10,524</u>
	14,710	5,694	15,046
<b>Minority interests in equity</b>	134	131	5
<b>Provisions</b>			
Provisions for pensions	630	636	636
Deferred tax liabilities	740	740	877
Other provisions	<u>730</u>	<u>373</u>	<u>606</u>
	2,100	1,749	2,119
<b>Long-term liabilities</b>			
Non-interest bearing liabilities	30	1	126
Interest-bearing liabilities	<u>7,916</u>	<u>7,933</u>	<u>8,141</u>
	7,946	7,934	8,267
<b>Short-term liabilities</b>			
Non-interest bearing liabilities	1,388	1,357	1,386
Interest-bearing liabilities	<u>214</u>	<u>305</u>	<u>376</u>
	1,602	1,662	1,762
<b>Total stockholders' equity and liabilities</b>	<u>26,492</u>	<u>17,170</u>	<u>27,199</u>



---

**CONSOLIDATED STATEMENT OF CASHFLOWS (MSEK)**

	2000	2000	2001
	Full year	Jan. 1-Sept. 30	Jan. 1-Sept. 30
Cashflow from			
operations	763	498	423
investing activities	- 1,227	- 855	- 608
financing activities	<u>447</u>	<u>615</u>	<u>99</u>
Cash flow for the period	- 17	258	- 86
Opening liquid funds	507	507	495
Translation differences in liquid funds	<u>6</u>	<u>- 2</u>	<u>29</u>
Closing liquid funds	496	763	438

**STOCKHOLDERS' EQUITY (MSEK)**

	2000	2000	2001
	Full year	Jan. 1-Sept. 30	Jan. 1-Sept. 30
<b>Group</b>			
Opening balance	5,743	5,743	14,710
Translation differences	415	- 44	752
Net income for the period	8,777	220	146
Dividend	- 13	- 13	- 63
De-consolidation of Transcom WorldWide S.A.	-	-	- 499
Write-off against equity in MIC	<u>- 212</u>	<u>- 212</u>	<u>-</u>
Closing balance	<u>14,710</u>	<u>5,694</u>	<u>15,046</u>

This Interim Report has been drawn up in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR20 governing interim reporting. The Group's financial statements have been prepared in accordance with previously applied principles.