



**Enskilda Securities  
Nordic Media Seminar 2002**

**Kjell Aamot  
President and CEO**

## **Schibsted's Vision** (2001)

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**Schibsted's vision is to be a leading Scandinavian media company by being the preferred supplier of content for consumers and advertisers, irrespective of the choice of media.**



# Strategy

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- **Strengthen and develop the established media and simultaneously seek growth and development opportunities within new media**
- **Take advantage of the key position as main supplier of content in connection with the changes that influences the industry**
- **Scandinavia as domestic market with a gradually internationalisation as ambition**
- **Primarily growth where the Group has strategic control**



# Financial goals

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## Average over a business cycle

- |   |                |
|---|----------------|
| ● Operating margin (EBITA)  | 11% *          |
| ● Return on total assets  | 12%            |
| ● Equity ratio  | 35% (min. 30%) |
| ● Net cashflow from operations NOK 500 million per year after maintenance investments |                |

- Goal for EBITA-margin 2002: 6-7%



# Schibsted - Historical Development

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- 1839 Chr. Schibsted Publishing House founded
- 1860 Aftenposten launched in Oslo
- 1966 Takeover of VG
- 1989 Reorganisation from a private family company to a limited company
- 1992 Listing at the Oslo Stock Exchange  
with a growth strategy declaration
- 1992 First TV and Film investments
- 1995 First New Media/Internet investments
- 1996 Acquisition of Aftonbladet
- 1998 Acquisition of Svenska Dagbladet
- 1999 The free newspaper concept 20 Minutes launched



# The Marketplace

## Newspaper Readership

### Worldwide

Sweden	88%
Norway	86%
Finland	86%
Hong Kong	81%
Japan	80%
USA	57%

## Inhabitants

Norway	4.5m
Sweden	8.9m
Denmark	5.3m

## Penetration rates

Norway mobile	75%	-	Internet	68%
Sweden mobile	71%	-	Internet	64%
Denmark mobile	68%	-	Internet	49%



# Schibsted

Figures as of  
June 30<sup>th</sup>, 2002

Operating revenues NOK 3 954 million  
Profit before taxes NOK 233 million

**Newspapers**

**Multimedia**

**TV, Film &  
Publishing**

Op. revenues NOK 3 061 million  
Op. profit NOK 281 million

Op. revenues NOK 741 million  
Op. profit NOK 17 million

Number of employees: Approx. 5 000  
Market cap as of Sept 16<sup>th</sup>, 2002: NOK 5.4 billion



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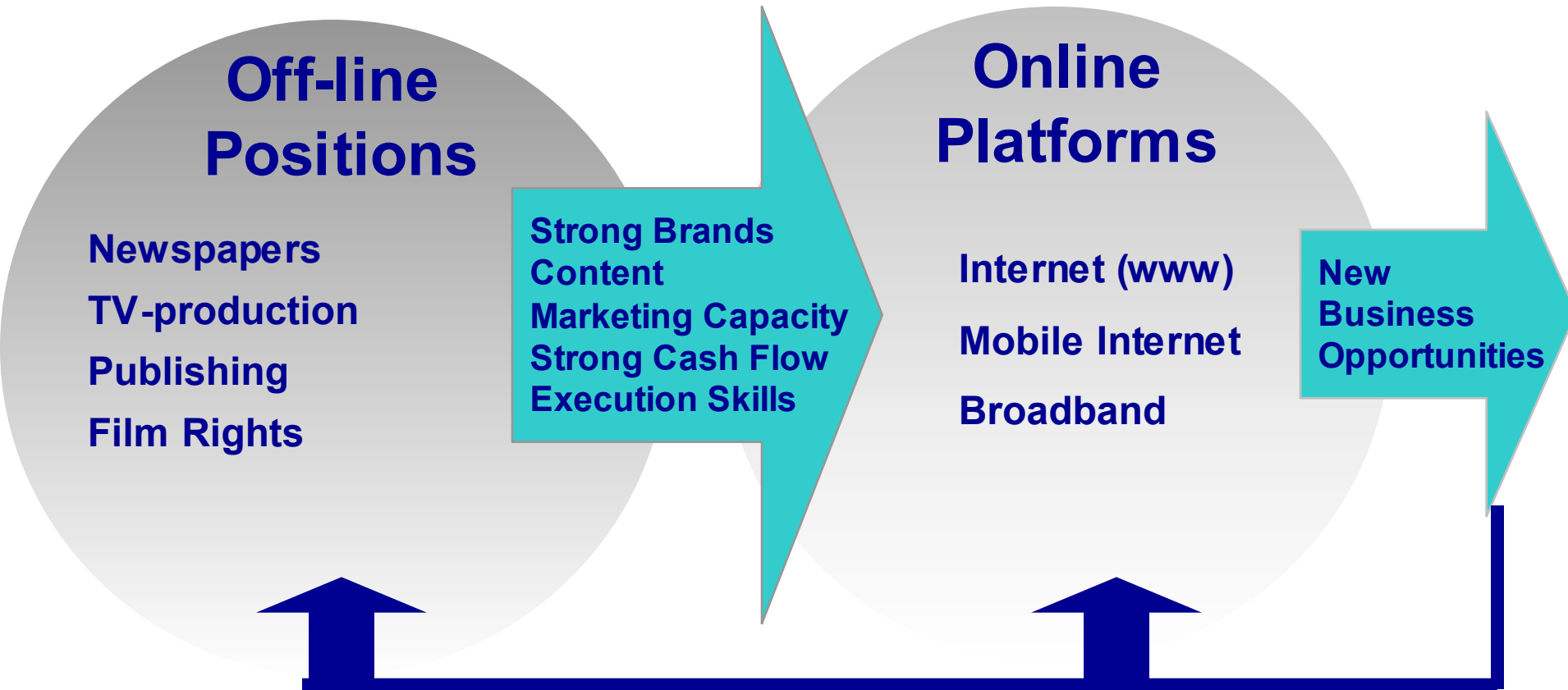
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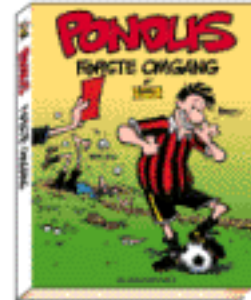
Approx. 5 000  
NOK 5.4 billion





# Strong Position in Old and New Economy





Aftenposten



Esti Meedia

SVENSKA DAGBLADET



# Highlights Q2 2002

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- **Cost reductions and positive circulation development compensate for weak advertising revenues from newspapers and Internet**
- **Productivity and Profitability Program progresses according to plan - EBITA goal for 2002 of 6-7% maintained**
- **VG with record high circulation in July – 417,333 copies**
- **Schibsted newspapers' Internet activities show positive result in Q2**
- **Avis1 is the winner of the battle of the free newspaper market in the Oslo area**
- **20 Minutes Paris established as biggest free newspaper in Paris**
- **The journalist strike that lasted for nine days affected Group result negatively by NOK 43 million in Q2**
- **New processes to improve operating result in addition to the existing program will be implemented**



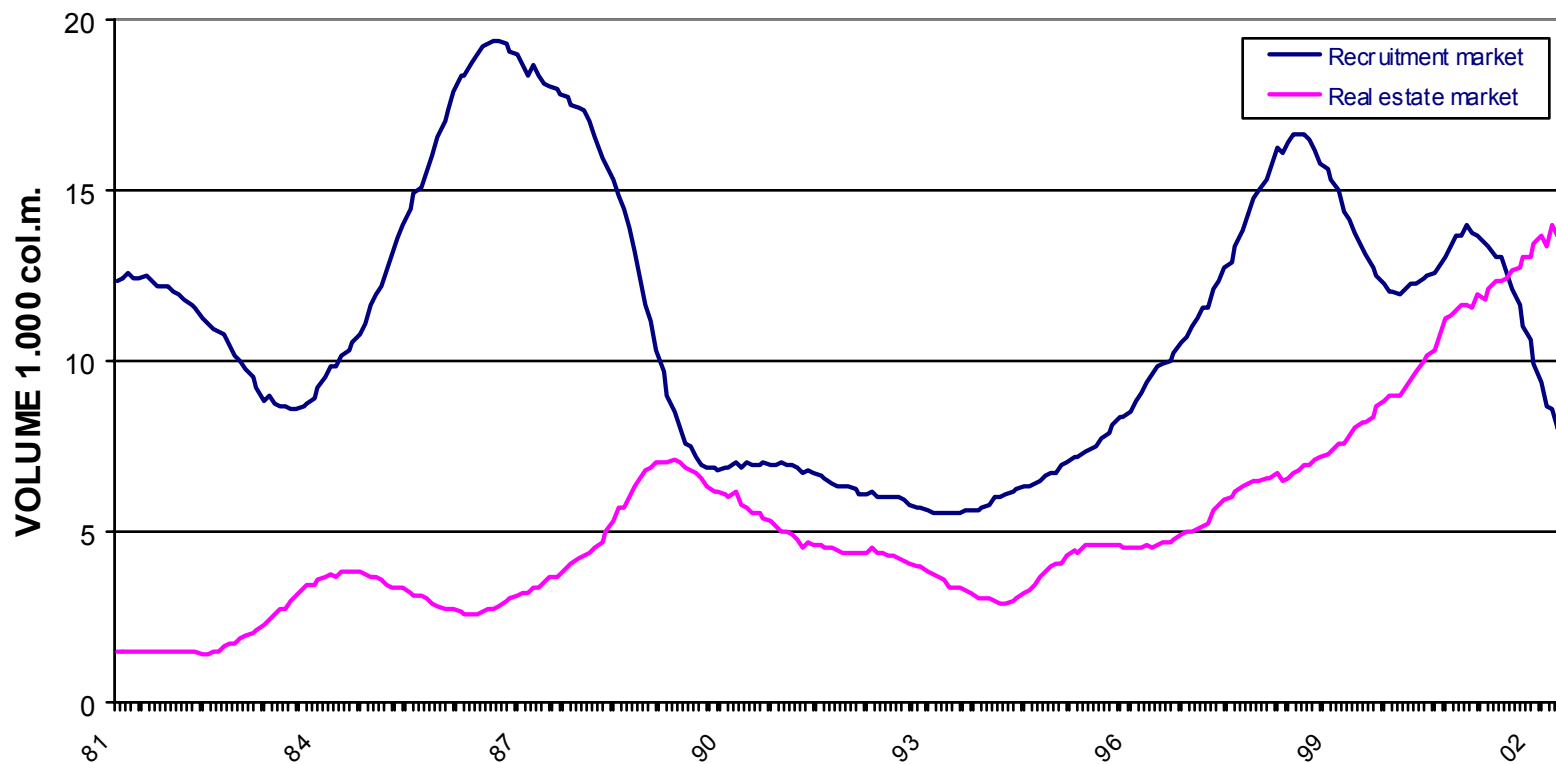
# Advertising - Paper Editions

As of June 30	Volume 2002	Change 2001-2002	Revenues (m NOK)	Change 2001-2002
Aftenposten	30 784	(3.1)%	659	(13.4)%
Verdens Gang	3 438	(8.2)%	172	(12.9)%
Aftonbladet <sup>2)</sup>	4 004	(14.7)%	146	4.3%
Svenska Dagbladet <sup>2)</sup>	10 110	(1.7)%	197	(12.2)%

1) Column meters  
2) SEK



## Development real estate and recruitment markets, rolling 12 months



# Circulation development

	Circulation 2002	Change 2001-2002	Change	Circulation revenue 1)	Change 2001-2002
Aftenposten morning ed.	266 100	(2 600)	(1.0)%	}	309
Aftenposten evening ed.	168 000	(3 800)	(2.2)%		
Aftenposten Sunday	237 700	4 500	1.9%		
Verdens Gang weekdays	388 788	4 335	1.1%	}	569
Verdens Gang Sunday	310 300	(379)	(0.1)%		
Aftonbladet weekdays	439 600	66 567	17.8%	}	721
Aftonbladet Sunday	490 200	56 217	13.0%		
Svenska Dagbladet weekdays	184 300	11 264	6.5%	}	162
Svenska Dagbladet Sunday	193 200	6 347	3.4%		

1) NOK/SEK mill.



## ● **Costs under control while revenues continue to fall**

- Operating profit in first six months of NOK 84 million (NOK 121 million in first six months of 2001)
- Operating expenses NOK 65 million lower during first six months compared to same period last year
- Advertising revenues in first six months reduced by 13% compared to same period in 2001
- Net circulation increase expected next six months
  - A minor downturn on weekdays first six months to 266,100 copies
- Avis1 is the winner in the battle for the free newspaper market in the Oslo region
- Finn.no increases operating revenues by 48% in first six months compared to same period last year
- In addition to the existing program, new processes has started to secure adequate profitability





## ● **Still high circulation, but strike and weak advertising market puts some pressure on results**

- Operating profit in Q2 of NOK 75 million and in first six months of NOK 139 million, compared to NOK 83 million and NOK 157 million in respective periods last year
- Circulation increase in first six months by 4,335 on weekdays, compared to same period last year. Sundays show decrease by 379 compared to same period last year
- New record-high circulation in July - 417,333 copies
- Downturn in advertising revenues by 13% in first six months compared to first six months in 2001
- Cover price increase from November 1<sup>st</sup> from NOK 9 to NOK 10
- VG Multimedia doubled revenues and managed to get positive result in Q2
- VG is applying for P4 concession





## ● **Costs under control but downturn in advertising revenue**

- Operating profit of SEK -12 million in Q2 and SEK -27 million in first six months compared to SEK -21 and SEK -49 in respective periods last year
- Lower cost level established - costs down SEK 23 million in Q2 and 58 million in first six months compared to the same periods last year
  - Circulation increase brings some additional costs that are not yet compensated by higher circulation revenue
- Circulation on weekdays first six months up from 173,036 last year to 184,300 this year
  - Circulation revenue down due to subscription discounts
  - High degree of subscription renewals gives expectations for circulation revenues in coming periods
- Fall in advertising revenues by 12% in first six months compared to same period last year



- **Doubled operating profit in Q2 compared to same period last year**
  - Operating profit of SEK 47 million in Q2 and SEK 84 million in first six months, compared to SEK 25 million and SEK 33 million in respective periods last year
  - Maintains its strong position vs Expressen/GT/Kvällsposten
    - Circulation on weekdays first six months of 439,600, compared to 373,033 in same period in 2001
    - Gap vs Expressen by the end of June: 102,000 copies
    - Increase in circulation revenues in first six months by SEK 78 million compared to same period last year
  - Advertising revenues 4% higher first six months compared to same period last year
  - Aftonbladet.se increased results due to reduced cost level



## ● Good growth in readership numbers and gains market shares in weak advertising markets

- Switzerland:
  - 18% revenue growth in first six months, despite falling market, compared to same period last year
  - Great success with separate WorldCup edition
  - New distribution agreements give lower costs over time
- Spain:
  - Revenue growth by 78% in first six months in falling market, compared to same period last year
  - New readership numbers confirm reader interest (892,000 readers daily)
  - Established players oppose all free newspapers
- France:
  - Production conditions normalised after agreement with Le Monde
  - Reader success - nearly 1 million readers daily



## ● Operations further improved

- Q2 this year is the first quarter with surplus in Estonia
- Operating profit (EBITA) in first six months NOK 6 million, an increase by 5 million compared to same period last year
- Operating revenues in first six months of NOK 115 million, an increase by 6% compared to same period in 2001
- Eesti Meedia (print)
  - EBITA margin of 14% in Q2 (11% in 2001)
  - Increased advertising revenue in weak advertising market
  - Increase in circulation revenue
- Kanal 2 (TV)
  - Number of advertisement-based TV channels reduced from four to two (TV1 bankrupt autumn 2001 and state channel disallowed using advertising as of July 1<sup>st</sup> 2002)



## ● **Market position further strengthened, but weaker profits in a tighter Nordic TV production market**

- Turnover growth by 22% in first six months, compared to same period last year, due to take over of European Film Group in Q4 2001
- Operating profit (EBITA) down from SEK 15 million in Q2 last year to SEK 4 million in Q2 this year. Operating profit for first six months was SEK 9 million this year, compared to SEK 19 million in first six months of 2001
- Digital content development lower profits by SEK 7.6 million - limited demand results in strong decrease in activity
- Weak advertising market and cost cutting in Scandinavian TV-channels affect the whole production business - structural changes are likely



- **Strong revenue growth, but a weak first six months in the cinema business weakens results**
  - Operating revenue increased by 50% in Q2 and 22% in first six months, compared to corresponding periods last year
  - Operating profit (EBITA) of SEK –9 million in Q2 and SEK 2 million in first six months, compared to SEK –5 million and SEK 12 million in corresponding periods in 2001
  - Successful Scandinavian launch of the "Harry Potter" movie on video and DVD in Q2 represents the major share of revenue growth
  - Lack of film successes at cinemas the first six months gives weak development for cinema operations - "Harry Potter II" at cinemas in Q4 2002



## ● **Successful profit development for TV 2**

- TV 2 Group's profit before taxes NOK 26 million in first six months, an improvement from NOK 7 million in same period last year
- Cost improvements in TVNorge contributes to improved results in the TV 2 Group
- Schibsted reached negative control after acquiring a small block of shares – approved by unanimous TV 2 Board
- Concession for national radio (P4) announced with deadline Sept 4<sup>th</sup> – TV 2 is applying
- Concession for digital terrestrial television with deadline Oct 1<sup>st</sup> – Norges Television (joint venture NRK/TV 2) plans to apply



# Schibsted-Forlagene (Publishing)

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- **All companies within the publishing area show better results in first six months, compared to same period last year**
  - Operating revenue at same level as last year (both compared to Q2 and first six months of 2001)
  - Improved operating profit (EBITA) from 0 in Q2 last year to NOK 4 million this year. For first six months operating profit was NOK 9 million, compared to 1 million last year
  - Bladkompaniet's products successful in both paperback and comics sectors
  - Dagens Medisin increases advertising revenue by 25%
  - Increased sales of foreign literature provides positive development for Schibsted Internasjonale Bøker
  - Dine Penger-results on last year's level despite weak advertising market
  - Maison with more pages than ever before (296 pages) and record-high ad sales
  - Tique - first edition by Schibsted, distributed by Bladcentralen on Sept 9<sup>th</sup>





# Key figures 2<sup>nd</sup> quarter 2002

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	<u>06/30/02</u>	<u>06/30/01</u>
● <b>Operating revenues</b>	3 954	4 044
● <b>Operating profit (EBITA)</b>	332	270
● <b>Income from associated companies</b>	(41)	(223)
● <b>Profit before taxes</b>	233	2



# Financial Key Figures

(%)	As of June 30						
	2002	2001	2001	2000	1999	1998	1997
<b>Operating margin (EBITA)<sup>1)</sup></b>	8.4	6.7	3.4	6.2	4.0	7.7	12.0
<b>EBITDA margin<sup>1)</sup></b>	13.1	11.5	8.3	11.1	9.4	11.9	16.3
<b>Interest bearing debt ratio</b>	32.5	30.4	29.9	23.3	31.5	23.8	9.1
<b>Equity ratio</b>	35.5	36.7	32.0	37.8	33.3	37.3	50.6
<b>Net income (loss) attr. to maj. interests</b>	133	(104)	(431)	608	42	172	517
<b>Average numbers of shares</b>	68.293	68.973	68.689	69.250	69.250	69.250	69.250
<b>EPS</b>	1.94	(1.51)	(6.28)	8.78	0.61	2.48	7.47
<b>Cash flow per share</b>	4.93	5.25	5.44	15.15	8.76	9.95	10.00

1) Not recalculated according to new classification of operating result 1997



# Associated companies

Schibsted's share:

Q2 01	Q2 02	(NOK million)	As of June 30		
			2002	2001	2001
(48)	(29)	20 Mnutter	(60)	(79)	(154)
14	15	Regional newspapers	13	17	7
12	15	TV 2	4	(2)	(11)
(120)	0	SOL	0	(153)	(172)
(3)	0	Others	2	(6)	(8)
<b>(145)</b>	<b>1</b>	<b>Income from associated companies</b>	<b>(41)</b>	<b>(223)</b>	<b>(338)</b>



# Result - Schibsted's Online Newspapers

Q2 01	Q2 02 (NOK million)		As of June 30		
			2002	2001	2001
43	52	Advertising revenues	97	79	154
8	10	Other revenues	22	19	31
<b>51</b>	<b>62</b>	<b>Total operating revenues</b>	<b>119</b>	<b>98</b>	<b>185</b>
(78)	(60)	Operating costs <sup>1)</sup>	(120)	(148)	(304)
0	0	Other revenues and expenses	0	0	(52)
<b>(27)</b>	<b>2</b>	<b>Operating profit (loss)</b>	<b>(1)</b>	<b>(50)</b>	<b>(171)</b>

FINN Norway is included in the figures  
 1) Includes all costs except editorial content



# Outlook core business

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- **VG and Aftonbladet expect to maintain their clear leader positions**
- **Positive circulation development for subscription newspapers expected**
- **Limited expectations to newspaper results in the near future due to weak advertising markets**
- **Limited expectations when it comes to results within TV/Film area**
- **New processes and actions will be implemented in order to improve profitability on a short and long term basis**



# Triggers for possible structural changes

- **Weak markets and poor financial performance among several media companies**
- **The ownership structure in A-pressen**
- **Possible privatisation of Danish TV2**
- **The death of Jan Stenbeck**
- **The media strategy of Orkla**
- **Changes in Norwegian ownership legislation**



# Priorities within the group executive management

- To reach the financial goal of EBITA 6-7% for 2002
- New cost reduction initiatives to meet continuing weak advertising markets
- Prepare for structural changes within the Nordic media industry
- Improve the financial power and flexibility



# Ambitions

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**“In order to improve financial performance and increase our market shares within the offline and online media markets in the Nordic countries.”**





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**[www.schibsted.no](http://www.schibsted.no)**

