

Delårsrapport INTERIM REPORT

June 30, 1996

Statement

JUNE 30, 1996

The 2. quarter was marked by the acquisition of Aftonbladet, Sweden's second largest newspaper. This acquisition is Schibsted's largest to date, and is in line with the strategy defining Scandinavia as the home market. The acquisition has been very well received in Sweden - both within and outside Aftonbladet. Several joint projects have been initiated between Aftonbladet and other companies in the group.

The development in the Norwegian economy confirms the impression of continued strong growth in the domestic demand. The forecast for domestic production and demand for the present year are adjusted upwards. Housing investments are increasing, and new car sales are strong.

PRINT MEDIA

Circulation has developed differently for the casual sales papers and the subscription news papers. The negative circulation trend for VG continues, with weekday circulation in the first six months at 352,900 copies (-21,500), a decrease of 5.7%. Sunday circulation was 272,300 copies (-700). Aftenposten's circulation development is according to expectations, with a circulation of 287,800 copies (+1,800) for the morning edition. The evening edition increased to 191,900 copies (+2,000), and the Sunday edition increased to 226,500 copies (+5,400). Aftonbladet increased its weekday circulation to 371,000 copies (+17,900), and the Sunday circulation ended at 479,300 copies (+10,600).

The advertising market has remained strong. Aftenposten had a volume increase of 10.6%, while advertising revenues increased by 18.2% during the 1. half year. Aftenposten's position as Norway's largest advertising medium is further confirmed by the newspaper's increased market share compared to other Oslo newspapers. VG's success as a national advertising medium continues, with advertising volumes up by 8.1% the first six months. Advertising revenues increased with 14.5%.

Aftonbladet is consolidated into Schibsted's accounts as of the month of May. The development for Aftonbladet has also been positive in the first six months, with an increase in advertising revenues of 40.7%.

TV/FILM

This business area's results are strongly influenced by the development of the three TV channels TV 2, TvNorge and TV+. TV 2 continued its progress through the first six months, with increased market shares in the viewer and advertising markets. The operating profit for the first six months were NOK 93.2 million (84.9). TV 2's contribution to Schibsted's net result was reduced to NOK 22.5 million (28.9) due to a change in TV 2's tax position. The 2. half of the year is expected to show stronger competition, both from the two NRK channels and from TvNorge.

TvNorge's reorganization process continues, with a new program profile and a new operational model in place during the autumn. TvNorge has entered into agreements with 16 local TV channels. Distribution has increased from approximately 51% at the start of the year to approximately 60% by June 30, and is expected to increase further during the autumn and next year. The

channel did show, as expected, a considerable deficit in the second quarter, and contributes negatively with totally NOK 11,0 million to Schibsted's result for the first six months.

TV+ had an unsatisfactory result for the first six months, contributing negatively with approximately NOK 18 million. The channel was managed as a joint venture between Schibsted and the other TvNorge shareholders. Schibsted's ownership share in TV+ is as of July 1 this year reduced to 1/3. The channel will now be transformed into an associated channel with TvNorge, and will become the network channel for a number of local TV stations. The constellation TvNorge/TV+ will obtain a distribution of between 85% and 90% when the local TV stations' distribution networks are fully developed.

The production companies' activity has been somewhat lower than expected, in Sweden due to TV 4's cost reduction program. The activity is expected to increase in the last half year, partly due to seasonality, and partly due to new production contracts.

The film laboratories, of which Schibsted owns 33.3%, have developed as expected. The Swedish competition authority has, however, decided to rule against the joint venture agreement between Schibsted, Egmont and Sveriges Television. The parties will try the case legally.

MULTI MEDIA

The activity level within the Multi Media area is still in rapid growth. Schibsted Nett increased its number of subscribers from approximately 10,000 at year end to approximately 23,300 as of June 30. The competition in the Internet access market is intense, and with new subscribers being offered free subscription up to 6 months before the start of the paid subscription period. This implies that the revenues materialize several months after the recruitment of new subscribers, and that the negative result increases in periods of rapid subscriber growth. For the first six months the revenues were NOK 12.8 million, while the operating loss was NOK 35.5 million. For the second half year an operating loss somewhat higher than for the first half year is expected, but this will depend on the growth rate and the market's competitive situation.

The number of partners in the content area is increasing. During the second half year Aftenposten and the major regional papers will jointly launch Norway's largest classified advertisement data base on the Internet.

ORGANIZATION

Olav Mugaas was appointed Managing Director of Aftenposten, following his period as acting Managing Director since May 1. Anita Roarsen was appointed Group Controller as of August 5.

FINANCIAL HIGHLIGHTS

The group's turnover during the first half year was NOK 1,943.0 (1,653,1) million, an increase of 17.5% compared with last year. The 2. quarter's turnover was NOK 1,074.2 (828.5) million, an increase of a healthy 29.6%, due in part to the consolidation of Aftonbladet as of May 1. this year. The operating profit for the first half remained unchanged at NOK 258.2 million, while the

BOOK PUBLISHING
PHOTO AGENCY

Chr. Schibsteds Forlag AS
Scan-Foto AS

NTB (21 %)

NEWSPAPERS

Aftenposten AS
Verdens Gang AS
*Aftonbladet Hierta AB**
Schibsted Trykk AS
Avisretur AS (51 %)

REGIONAL NEWSPAPERS

AS Adresseavisen (32 %)
AS Stavanger Aftenblad (31 %)
Fædrelandsvennen AS (25 %)
Bergens Tidende AS (22 %)
Harstad Tidende AS (15 %)
AS Asker og
Bærums Budstikke (10 %)

* 49.999 % of share capital;
100 % of ordinary shares.

SCHIBSTED

Schibsted Finans AS
Schibsted Eiendom AS
Schibsted Drift AS

MULTI MEDIA

Schibsted Nett AS
Imedia Norge AS (50%)
Hugin AS (34 %)

TV/FILM

TV/FILM

RIGHTS
Schibsted Film AS
Norsk FilmDistribusjon AS

DISTRIBUTION

TV 2 AS (32%)
TvNorge AS (29 %)
TV Pluss AS
Kanal 2 (Estonia) (27 %)

PRODUCTION

TV/Commercials
Mutter Film & Television AB (95 %)

Technical

Skandinaviska Filmlaboratorier Holding AB (33%)
FilmTeknikk Norge AS (45%)
Nydalen Studios AS (50 %)
ScanCam AS (50 %)
Eventyrkanalen AS (100 %)

operating profit for the 2. quarter isolated increased from NOK 126.5 million last year to 138.3 million. Net operating margin decreased from 15.6% last year to 13.3% this year, mainly due to the consolidation of Aftonbladet with an operating margin of 5.7%, but also due to increased newsprint prices, circulation reduction in VG as well as the operating loss in Schibsted Nett.

Net financial items ended at NOK 44.1 million, a reduction of almost NOK 15 million compared to last year's NOK 58.5 million. The main reasons for the reduced net financial items are a reduction in the group's own net financial items of approximately NOK 3.5 million, as well as a reduction in the contribution from associated companies of approximately NOK 11 million.

The pre-tax profit for the first six months was NOK 301.0 million compared to NOK 316.3 million last year. The pre-tax profit for the 2. quarter ended at NOK 161.1 (168.6).

The improved operating profit for the 2. quarter is considered satisfactory, given increased newsprint prices and the planned expansion in multimedia. The negative development in contribution from associated companies, and in particular TvNorge, is not satisfactory, but is expected to improve towards year end.

The key figures for each business area are reported separately.

INVESTMENTS

Investments during the first half year totalled approximately NOK 737 million, of which NOK 440 million were in the 2. quarter. Share purchases in TvNorge and Bergens Tidende accounted for approximately NOK 160 million, while approximately NOK 360 million was invested in the acquisition of Aftonbladet. Investments in the new printing facility during the period were approximately NOK

120 million.

SHAREHOLDER STRUCTURE

The liquidity in the Schibsted share improved in the 2. quarter, and approximately 100 new institutional investors have become shareholders. The company's Chairman and major shareholder, Tinius Nagell-Erichsen, transferred the control of his shareholding to a trust, which main purpose is to ensure the editorial freedom and integrity of Schibsted's newspapers and other businesses.

FUTURE PROSPECTS

The positive macro-economic situation in Norway gives reason to expect a continued satisfactory advertising market in the second half year, while the negative development in the casual sales market seems to continue. A stabilization of the circulation might possibly be achieved as the comparison basis reflects the circulation reduction last year. Aftonbladet is successful in the circulation and advertising markets, and a positive net profit development is expected in the second half year. The newsprint prices for the group's newspapers is fixed for the rest of the year, but recent developments suggest that the price increases experienced the last few years may have reached their peak.

The commercial TV market is expected to develop in line with the advertising market in general. TvNorge is expected to improve its market share as its distribution increases and the effect of the new program profile is felt. The negative contribution from TV+ will be reduced during the second half year.

The growth within the multi media sector is expected to continue, with a substantial operating loss due to the investment and expansionary phase of the business.

Oslo, August 15, 1996.

Web site: <http://schibsted.sn.no>

Profit & Loss Account

SCHIBSTED – CONSOLIDATED

2. QUARTER

1995	1996		30.06.96	30.06.95	1995
REVENUES					
117 647	128 459	Subscription revenues	251 108	237 389	464 859
262 824	424 672	Retail sales revenues	688 767	533 921	1 097 307
326 041	429 976	Advertising revenues	812 694	656 215	1 283 924
122 026	91 065	Other revenues	190 453	225 543	501 730
828 538	1 074 172	Total revenues	1 943 022	1 653 068	3 347 820
OPERATING EXPENSES					
64 087	122 339	Raw materials	209 148	130 445	280 744
71 509	48 403	TV/film production expenses	91 488	106 195	215 535
251 528	303 688	Personnel expenses	592 236	526 980	1 188 906
273 653	409 909	Other operating expenses	700 013	550 446	1 080 161
3 465	4 470	Losses on accounts receivables	7 078	6 143	13 200
37 821	47 029	Ordinary depreciation	84 827	74 571	160 267
702 063	935 838	Total operating expenses	1 684 790	1 394 780	2 938 813
126 475	138 334	OPERATING PROFIT	258 232	258 288	409 007
FINANCIAL ITEMS					
16 688	14 183	Financial income	27 403	25 698	47 764
(3 678)	(11 903)	Financial expenses	(14 678)	(9 466)	(17 368)
29 614	21 419	Share of associated companies	31 375	42 261	59 530
42 624	23 700	Net financial items	44 101	58 493	89 926
(485)	(899)	Minority interests	(1 287)	(458)	(673)
168 614	161 135	PRE-TAX PROFIT	301 046	316 323	498 260
47 211	45 118	Taxes	84 293	88 570	152 466
121 403	116 017	NET PROFIT	216 753	227 753	345 794

Balance Sheet

SCHIBSTED – CONSOLIDATED

(NOK 1,000)	30.06.96	30.06.95	31.12.95
ASSETS			
Cash and deposits	350 712	265 703	491 645
Debtors	411 379	295 789	326 350
Short term receivables	116 378	87 457	75 083
<i>Total current assets</i>	<i>878 469</i>	<i>648 949</i>	<i>893 078</i>
Other shares and interests	661 892	397 406	442 218
Long-term receivables	314 388	140 903	97 112
Work in progress	27 203	21 887	8 770
Machinery, equipment and goodwill	759 140	405 430	429 195
Buildings and land	793 387	740 130	781 660
Net pension assets	25 474	51 166	34 713
<i>Total fixed assets</i>	<i>2 581 484</i>	<i>1 756 922</i>	<i>1 793 668</i>
TOTAL ASSETS	3 459 954	2 405 871	2 686 746
LIABILITIES/SHAREHOLDERS EQUITY			
Creditors	145 904	92 401	115 005
National insurance, accrued wages	225 178	172 773	229 895
Taxes payable	134 209	111 530	151 001
Other current liabilities	343 547	250 176	269 095
Proposed dividend			90 025
<i>Total current liabilities</i>	<i>848 838</i>	<i>626 880</i>	<i>855 021</i>
Other long-term debt	418 463	11 667	13 522
Deferred tax	16 765	3 013	4 944
Pension liabilities	297 047	192 291	211 174
<i>Total long-term debt</i>	<i>732 275</i>	<i>206 971</i>	<i>229 640</i>
Minority interests	61 935	2 181	2 176
Share capital (69,250,000 shares of NOK 1)	69 250	69 250	69 250
Legal reserves	331 148	289 590	331 152
Temporarily non distributable reserves	47 877	97 307	47 876
Retained earnings	1 151 877	885 939	1 151 631
Net profit	216 753	227 753	
<i>Total equity</i>	<i>1 816 905</i>	<i>1 569 839</i>	<i>1 599 909</i>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3 459 954	2 405 871	2 686 746

Key Figures

SCHIBSTED – CONSOLIDATED

	30.6.96	30.6.95	1995
Total revenues (NOK 1,000)	1 943 022	1 653 068	3 347 820
Depreciation (NOK 1,000)	84 827	74 571	160 267
Royalty (NOK 1,000)	29 440	26 259	51 881
Operating profit (NOK 1,000)	258 232	258 288	409 007
Pre-tax profit (NOK 1,000)	301 046	316 323	498 260
Net operating margin	13,3%	15,6%	12,2%
Gross profit ratio	15,5%	19,1%	14,9%
Profit ratio	11,2%	13,8%	10,3%
Equity ratio	52,5%	65,3%	59,5%
Current ratio	1,03	1,04	1,04
EPS (NOK)	3,13	3,29	4,99
Cash flow per share (NOK)	4,26	4,19	8,01
CIRCULATION - YEAR-TO-YEAR			
Aftenposten morning edition, weekdays	287 772	285 989	282 018
Aftenposten evening edition, weekdays	191 923	189 966	186 003
Aftenposten Sunday	226 512	221 158	218 384
VG, weekdays	352 900	374 400	371 238
VG, Sunday	272 300	273 000	279 362
Aftonbladet, weekdays	370 981	353 037	362 000
Aftonbladet, Sunday	479 266	468 697	473 400
ADVERTISING VOLUMES - YEAR-TO-YEAR			
Aftenposten	26 373	23 849	48 062
VG	3 730	3 450	6 802
Aftonbladet	5 571	4 124	9 367
PRINT			
Total revenues (NOK 1,000)	1 808 038	1 489 611	2 976 693
Operating profit (NOK 1,000)	293 515	262 809	422 676
Pre-tax profit (NOK 1,000)	343 934	307 725	523 934
Net operating margin	16,2%	17,6%	14,2%
Gross profit ratio	19,0%	20,7%	17,6%
Profit ratio	13,7%	14,9%	14,5%
TV/FILM			
Total revenues (NOK 1,000)	121 417	158 899	347 040
Operating profit (NOK 1,000)	(17 397)	(28 248)	(44 970)
Pre-tax profit (NOK 1,000)	(9 371)	(6 313)	(24 044)
Net operating margin	(14,3%)	(17,8%)	(13,0%)
Gross profit ratio	(7,7%)	(4,0%)	(6,9%)
Profit ratio	(7,7%)	(4,0%)	(9,1%)
MULTI MEDIA			
Total revenues (NOK 1,000)	12 818		13 739
Operating profit (NOK 1,000)	(35 484)		(15 655)
Pre-tax profit (NOK 1,000)	(36 836)		(15 822)