



ANNUAL STATEMENT
ANNUAL RESULT 1996

1996 was yet another eventful year for Schibsted, in line with the dynamics in the media industry in Norway and worldwide. The important events throughout the year, be they in the Print Media, TV/Film or Multimedia business areas, all had their origin in the group's strategy of focusing on content within all types of media, and with a pan-Scandinavian perspective.

For most activities within the group 1996 was a year with growth in revenues and profits compared to 1995. As a whole the year was marked by substantial acquisition activity: through the purchase of a shareholding in TvNorge in February, the group strengthened its position in the Norwegian commercial television market; the purchase of a controlling interest in the Swedish newspaper Aftonbladet represented the first substantial step outside Norway within the Printed Media area; the agreements with Telenor encompassing the sale of the Internet access business in Schibsted Nett and the establishment of the jointly held gateway company Scandinavia Online AS, reflects a clearer focus on online content; whereas the acquisition of the Danish Metronome group strengthened the group's position within Scandinavian film and television production and rights.

THE BUSINESS AREAS

The Printed Media area had a very positive year in terms of revenue and profit growth. Aftenposten's very strong position both in the circulation and advertisement markets enabled it to reap benefits from the growth in the overall advertisement market. Concurrently the paper has been able to increase its market share at the expense of television and competing newspapers. Aftenposten's 1996 profit is therefore at a record level. For the second year in a row VG experienced a reduction in circulation, totalling 4% in 1996. An active approach to the advertisement market resulted in record volumes and the highest advertisement revenues ever. Aftonbladet succeeded in becoming Sweden's, and Scandinavia's, largest newspaper in 1996. Circulation success was accompanied by advertisement growth, with an increase in advertisement revenues of 28%. In December Chr. Schibsteds Forlag published the book "Gift med Gro", which became the bestselling book in Norway in 1996. The book ran up sales of 96,000 copies in two weeks.

The TV/film area experienced a year of considerable change and development, but with mixed results. TV 2 retained its strong position in the viewer and advertisement market, and achieved an increase of 18% in its pre-tax profit. TvNorge experienced a poor year, with lower market shares in the viewer and advertisement market. Concurrently the channel has been building its local television network, and in sum this resulted in a considerable operating loss for the year. TV+ discontinued its operation as an independent channel, and now is part of the planned TvNorge network.

The Multimedia business area was characterized by the costly and rapid expansion of the Internet access and content activities, with Schibsted Nett increasing its subscriber base

from 10,000 at the beginning of the year to more than 50,000 by year end. The number of employees increased to 115 by year end. The Internet market is still characterized by a large degree of research and development which cannot immediately be transformed into payable products, and the year's operating loss reflects this.

Schibsted Nett was sold to Telenor on December 31, 1996. The Multimedia business area achieved an operating profit of NOK 3 million, including the gain of NOK 91.5 million on the sale of Schibsted Nett. As of 1997, the group's principal activities in the Internet marked are channelled through Scandinavia Online, which is jointly held with Telenor.

FINANCIAL HIGHLIGHTS

The group's turnover increased by 35% from 1995 to 1996, ending at NOK 4,524 million. The operating profit was NOK 569 million, as compared to NOK 409 million the preceding year. The operating margin was roughly unchanged at 12.6 (12.2) %. Aftenposten's operating margin increased considerably to 15.9%, whereas Aftonbladet's lower margins contributed to keeping the operating margin for the group at the same level. The TV/film area's operating margin is still negative, but improved compared to the previous year. Multimedia contributed with a positive operating profit, but this has to be seen in light of the restructuring that took place at year end. Considering increased news-print costs of NOK 50 million at Aftenposten and VG compared to the preceding year, the year's operating margin and profit is considered satisfactory.

The group's financial items were NOK 14 million, down from NOK 90 million in 1995. This is mainly due to increased borrowing in order to finance investments, as well as the negative contribution from TvNorge.

The group's tax rate is roughly unchanged at slightly less than 31%.

The net profit was NOK 401 million, an increase of 16% compared to NOK 346 million in 1995.

Investments totalled NOK 1,424 million, as compared to 300 million in 1995. NOK 735 million were invested in acquisitions and other share purchases, NOK 335 million in maintenance investments and NOK 354 million in the new printing plant.

The group's equity ratio is 49.4%, down from 59.6% at year end 1995. The group's liquid assets and committed loan facilities were NOK 900 million at year end.

OWNERSHIP STRUCTURE AND SHAREHOLDER POLICY

The Schibsted share traded at NOK 86 in the beginning of the year, and at NOK 117.50 at year end, an increase of 36.6%. The Oslo Stock Exchange All Share Index increased by 32.1% during the same period.

The group's shareholder structure has changed considerably during the year. In March a group of family shareholders sold most of their shareholdings, and the family's position has been even further reduced during the year. At the end of the year the family shareholders controlled 36% of the share capital.

The board's policy is to maintain the dividend policy which was established at the time of the listing of the company, with a stable growth in dividends subject to the ambition of financing the group's expansion without recurring to share capital increases. The board will propose a dividend of NOK 1,50 per share to the shareholders' meeting.

In 1996, Mr. Tinius Nagell-Erichsen, the group's largest shareholder, established "The Tinius Trust", which shall manage his shareholding in Schibsted. The trust was established in order to ensure Schibsted's future as a media company, managed pursuant to the same editorial and commercial principles as today.

FUTURE PROSPECTS

The prospects for the Norwegian economy for 1997 are good. Growth is expected to be somewhat lower than in the preceding years, but with a higher risk of wage and price increases due to a tight labour market.

The advertisement market was strong in 1996, and a positive year is expected also in 1997. Only small changes are expected in the market shares for the different types of media. Advertisement growth in the electronic media is expected to be very strong, but this segment still represents only a small part of the market.

The stable circulation situation for most subscription-based newspapers is expected to prevail also in 1997. While the casual sales papers experienced a decline in circulation also in 1996, there is good reason to believe that circulation will stabilize in 1997. The introduction of a free-sheet in Oslo in the spring will create a new competitive situation for both Aftenposten and VG, and both newspapers view this as one of their main challenges during this year.

The printing plant at Nydalen is proceeding according to the initial time-schedule and budget, and is expected to be operational during the first quarter of 1999.

Within the TV/film area focus will be on improving TvNorge's performance, as well as integrating the Metronome companies into the group's existing structure. Both the operating profit and the pre-tax profit for the area is expected to improve.

The commercialization of products and services through Scandinavia Online, both in Norway and Sweden, is the number one task for the Multimedia area. An operating loss must be anticipated for this area in 1997.

The Board of Directors considers the group's prospects to be positive both for 1997 and the following years.

Oslo, March 5, 1997



PROFIT AND LOSS ACCOUNT
SCHIBSTED - CONSOLIDATED

| 4. QUARTER | | | 1996 | 1995 | 1994 |
|----------------|------------------|---------------------------------|------------------|------------------|------------------|
| 1995 | 1996 | | | | |
| | | REVENUES | | | |
| 116 954 | 137 505 | Subscription revenues | 511 205 | 464 859 | 457 810 |
| 270 649 | 546 453 | Retail sales revenues | 1 793 345 | 1 097 307 | 1 122 192 |
| 342 572 | 457 465 | Advertising revenues | 1 640 165 | 1 283 924 | 1 167 176 |
| 146 073 | 283 686 | Other revenues | 579 632 | 501 730 | 294 619 |
| 876 248 | 1 425 109 | Total revenues | 4 524 347 | 3 347 820 | 3 041 797 |
| | | OPERATING EXPENSES | | | |
| 77 656 | 145 256 | Raw materials | 485 426 | 280 744 | 224 829 |
| 51 728 | 85 888 | TV/film production expenses | 216 473 | 215 535 | 71 703 |
| 354 895 | 400 104 | Personnel expenses | 1 353 539 | 1 188 906 | 1 106 606 |
| 249 174 | 515 396 | Other operating expenses | 1 698 873 | 1 080 161 | 1 087 913 |
| 4 019 | (157) | Losses on accounts receivables | 9 397 | 13 200 | 11 080 |
| 45 394 | 54 791 | Ordinary depreciation | 191 354 | 160 267 | 123 712 |
| 782 866 | 1 201 278 | Total operating expenses | 3 955 062 | 2 938 813 | 2 625 843 |
| 93 382 | 223 830 | Operating profit | 569 284 | 409 007 | 415 954 |
| | | FINANCIAL ITEMS | | | |
| 11 407 | 12 486 | Financial income | 49 876 | 47 764 | 41 741 |
| (4 456) | (10 651) | Financial expenses | (37 397) | (17 367) | (25 360) |
| 18 096 | (11 569) | Share of associated companies | 1 545 | 59 530 | 28 598 |
| 25 047 | (9 734) | Net financial items | 14 024 | 89 927 | 44 979 |
| 345 | (1 953) | Minority interests | (4 094) | (673) | (53) |
| 118 774 | 212 144 | Pre-tax profit | 579 215 | 498 261 | 460 880 |
| 46 210 | 75 242 | Taxes | 178 022 | 152 466 | 144 772 |
| 72 564 | 136 902 | Net profit | 401 193 | 345 795 | 316 108 |



BALANCE SHEET
SCHIBSTED - CONSOLIDATED

| (TALL I 1000 KRONER) | 31.12.96 | 31.12.95 | 31.12.94 |
|---|------------------|------------------|------------------|
| ASSETS | | | |
| Cash and deposits | 311 490 | 491 645 | 341 279 |
| Debtors | 460 708 | 326 350 | 300 312 |
| Short term receivables | 241 140 | 75 083 | 59 257 |
| Total current assets | 1 013 338 | 893 078 | 700 848 |
| Other shares and interests | 723 333 | 442 218 | 361 447 |
| Long-term receivables | 455 823 | 97 112 | 165 254 |
| Work in progress | 169 728 | 8 770 | 4 100 |
| Machinery, equipment and goodwill | 757 782 | 429 195 | 356 234 |
| Buildings and land | 822 699 | 781 660 | 744 359 |
| Net pension assets | 13 148 | 34 713 | 65 719 |
| Total fixed assets | 2 942 513 | 1 793 668 | 1 697 113 |
| Total assets | 3 955 852 | 2 686 746 | 2 397 961 |
| LIABILITIES/SHAREHOLDERS EQUITY | | | |
| Creditors | 193 256 | 115 005 | 104 848 |
| National insurance, accrued wages | 284 258 | 229 895 | 205 838 |
| Taxes payable | 173 630 | 151 001 | 144 019 |
| Other current liabilities | 366 752 | 269 095 | 207 561 |
| Proposed dividend | 103 875 | 90 025 | 79 638 |
| Total current liabilities | 1 121 772 | 855 021 | 741 904 |
| Other long-term debt | 561 724 | 13 522 | 107 088 |
| Deferred tax | 16 685 | 4 944 | 1 704 |
| Pension liabilities | 300 113 | 211 174 | 202 937 |
| Total long-term debt | 878 522 | 229 640 | 311 729 |
| <i>Minority interests</i> | <i>65 448</i> | <i>2 176</i> | <i>1 477</i> |
| Share capital (69,250,000 shares of NOK 1) | 69 250 | 69 250 | 69 250 |
| Legal reserves | 384 537 | 331 152 | 289 588 |
| Temporarily non distributable reserves | | 47 876 | 97 306 |
| Total restricted equity | 453 787 | 448 278 | 456 144 |
| Retained earnings | 1 436 323 | 1 151 631 | 886 707 |
| Unrestricted equity | 1 436 323 | 1 151 631 | 886 707 |
| Total equity | 1 890 110 | 1 599 909 | 1 342 851 |
| Total liabilities and shareholders' equity | 3 955 852 | 2 686 746 | 2 397 961 |
| Assets provided as collateral | | | 94 894 |
| Guarantees | | 37 503 | 37 768 |



KEY FIGURES
SCHIBSTED - CONSOLIDATED

| | 1996 | 1995 | 1994 | 1993 | 1992 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total revenues (NOK 1,000) | 4 524 347 | 3 347 820 | 3 041 797 | 2 752 823 | 2 625 496 |
| Operating profit (NOK 1,000) | 569 284 | 409 007 | 415 954 | 317 524 | 170 702 |
| Pre-tax profit (NOK 1,000) | 579 215 | 498 260 | 460 880 | 427 457 | 230 669 |
| Net operating margin | 12,6% | 12,2% | 13,7% | 11,5% | 6,5% |
| Gross profit ratio | 12,8% | 14,9% | 15,2% | 15,5% | 8,8% |
| Profit ratio | 8,9% | 10,3% | 10,4% | 11,5% | 6,4% |
| Equity ratio | 49,4% | 59,6% | 56,0% | 50,6% | 46,5% |
| Return on equity | 23,0% | 23,5% | 25,8% | 27,6% | 18,1% |
| Return on total assets | 18,6% | 20,3% | 21,6% | 19,2% | 11,4% |
| Current ratio | 0,90 | 1,04 | 0,94 | 0,84 | 0,87 |
| EPS (NOK) | 5,79 | 4,99 | 4,56 | 4,55 | 2,47 |
| Cash flow per share (NOK) | 9,50 | 8,01 | 7,47 | 6,71 | 5,23 |
| CIRCULATION | | | | | |
| Aftenposten morning edition, weekdays | 283 915 | 282 018 | 279 965 | 278 669 | 274 870 |
| Aftenposten evening edition, weekdays | 188 635 | 186 003 | 188 544 | 198 647 | 197 738 |
| Aftenposten Sunday | 223 501 | 218 384 | 217 766 | 225 575 | 219 001 |
| VG, weekdays | 356 861 | 371 238 | 386 137 | 377 575 | 374 092 |
| VG, Sunday | 279 571 | 279 362 | 279 030 | 255 809 | 234 955 |
| Aftonbladet morning edition, weekdays | 381 200 | 362 000 | | | |
| Aftonbladet Sunday | 484 400 | 473 400 | | | |
| ADVERTISING VOLUMES | | | | | |
| Aftenposten | 52 126 | 48 062 | 41 663 | 38 488 | 40 937 |
| VG | 7 419 | 6 802 | 6 522 | 6 068 | 5 610 |
| Aftonbladet | 11 143 | 9 367 | | | |
| PRINT | | | | | |
| Total revenues (NOK 1,000) | | | 1996 | 1995 | 1994 |
| Operating profit (NOK 1,000) | | | 4 079 345 | 2 976 693 | 2 872 345 |
| Pre-tax profit (NOK 1,000) | | | 501 843 | 422 676 | 402 231 |
| Net operating margin | | | 598 136 | 523 934 | 480 145 |
| Gross profit ratio | | | 12,3% | 14,2% | 14,0% |
| Profit ratio | | | 14,7% | 17,6% | 16,7% |
| Return on total assets | | | 12,2% | 14,5% | 13,9% |
| | | | 22,5% | 25,6% | 24,9% |
| TV/FILM | | | | | |
| Total revenues (NOK 1,000) | | | 308 429 | 347 040 | 159 177 |
| Operating profit (NOK 1,000) | | | (13 867) | (44 970) | (28 665) |
| Pre-tax profit (NOK 1,000) | | | (48 840) | (24 044) | (31 014) |
| Net operating margin | | | (4,5%) | (13,0%) | (18,0%) |
| Gross profit ratio | | | (15,8%) | (6,9%) | (19,5%) |
| Profit ratio | | | (17,8%) | (9,1%) | (20,1%) |
| Return on total assets | | | (8,4%) | (3,3%) | (8,8%) |
| MULTI MEDIA | | | | | |
| Total revenues (NOK 1,000) | | | 131 876 | 13 739 | |
| Operating profit (NOK 1,000) | | | 2 541 | (15 655) | |
| Pre-tax profit (NOK 1,000) | | | (1 726) | (15 822) | |
| Net operating margin | | | 1,9% | | |
| Gross profit ratio | | | (1,3%) | | |
| Profit ratio | | | (1,3%) | | |