



## Annual Statement 1997

1997 was a very good year for the traditional activities of the Schibsted Group. The strong Norwegian economy contributed to continued growth in the advertising market for print and broadcast media while circulation continued to increase for the Group's newspapers. The year was dedicated to the consolidation and further development of corporate strategy which focuses on content within all types of media within Scandinavia. In Norway, the personal finance magazine "Dine Penger" was acquired. In Sweden and Denmark, Scandinavia Online (SOL) was established. The Group also expanded into the East European markets through additional acquisition of interests in Channel 2 in Estonia. To secure a coordinated development of the Group's interests in Norwegian television channels, the Group's ownership in TVNorge was sold to TV 2.

### The Business Areas

The Print Media business area has traditionally included all companies producing print media in addition to companies with activities closely related to the newspapers. At the end of 1997 the Print Media business area's name was changed to Newspaper and all niche oriented companies have been transferred to the Multimedia business area. This makes it possible to better focus on developments within the individual companies while opening up for wider co-operation between the niche companies and the typical online companies. As a result the 1997 activities of Chr. Schibsted Forlag, SMS, Scan-Foto and Dine Penger have been transferred to the Multimedia business area. The results for the online companies will continue to be reported separately.

The Newspaper business area experienced a positive year in 1997, both in terms of revenues and profits. The position of Aftenposten is strong in both the readership and the advertising markets and the newspaper continues to benefit from a strong advertising market in general and from a strong growth in classified advertising specifically. The establishment of vis@visen in co-operation with the regional newspapers and SOL, is expected to contribute to a strong position in the classified advertising market on the Internet in the future. Aftenposten once more produced the best result in the history of the company. VG had a very good year with growth in both circulation and advertising revenues. As a result, VG was able to report the best result in the history of the company. In 1997, Aftonbladet confirmed its position as the largest daily newspaper in Sweden and in Scandinavia. However, the position as the largest newspaper has, so far, not met expectations in terms of increased advertising revenues.

Within the TV/Film business area, TVNorge became the established network channel for the privately owned local television stations in Norway. This has resulted in

TVNorge currently reaching more than 75% of the Norwegian population. Schibsted sold its share of TVNorge to TV 2 in 1997, and TV 2 now owns 49.3% of TVNorge. At the same time, a co-operation agreement was signed between the two channels, transferring the programming responsibilities for TVNorge to TV 2. TV 2 maintained its strong position in the viewer and advertising markets throughout 1997. The TV 2 group (including its share of TVNorge) increased its pre-tax profit by 22%. Schibsted increased its interests in Channel 2 in Estonia and by the end of 1997 Schibsted controlled 86% of the capital interests in this company. Schibsted's television production company, Metronome Film & Television, continued the expansion within Scandinavia and the number of production assignments increased considerably. However, due to more intense competition, the profits for 1997 were lower than anticipated. In early 1998, an agreement was reached between Metronome Film & Television, the Swedish production company Spartacus and TV 2 for the production of a daily drama series for TV 2. In early 1998, TV 2 acquired Nydalen Studios and Eventyrkanalen from Schibsted/Egmont and Schibsted, respectively.

At the start of 1998, Schibsted entered into an agreement with Sandrew of Sweden regarding a merger of the two companies' interests within film rights and film distribution in Scandinavia. The activities of the new company will include the acquisition of film rights and the distribution of film rights for TV in all the Nordic countries, video distribution and film distribution to movie theatres in all the Nordic countries, as well as movie theatre operations in all the countries except Norway. The transaction also includes an agreement with TeleDanmark whereby Schibsted acquires TeleDanmark's businesses within film rights and video distribution in Denmark. The establishment of the new company involves an investment by Schibsted of about NOK 150 mill.

The Multimedia business area continued to expand in 1997 through the establishment of SOL in both Sweden and Denmark. In Norway, SOL is in the process of cementing its position as the largest Norwegian content provider on the Internet and several new membership services were introduced during the year. The traffic on SOL's sites increased from approx. 1.5 mill. page views per week at the beginning of the year to approx. 4 mill. page views per week by the end of the year. The Internet market continues to be in a research and development phase which cannot be translated into revenue generating products in the short term. The negative operating profit for 1997 reflects this fact. In addition, the advertising revenues did not develop satisfactorily, due in part to the fact that the large brand advertisers are still hesitant in their use of the Internet as an advertising medium.

In 1998, an agreement was reached between Telia, Telenor and Schibsted whereby the three companies will co-operate on Internet activities in Sweden and the rest of Scandinavia.

### Financial Highlights

The Group's revenues for 1997 were NOK 5,360 mill., an increase of 17.3% compared to 1996. Operating profit was NOK 645 mill., compared to NOK 578 mill. for 1996. The operating margin was 12%, down from 12.6% in 1996. Within the Newspaper business area, Aftenposten's operating margin increased considerably in 1997 to 17.8% while VG and Aftenbladet also contributed to an improved operating margin overall. The operating margin for the TV/Film business area was slightly positive while the Multimedia business area contributed with a negative operating result as expected. Considering the continued offensive investments within Multimedia, the operating margin and net profit for the year are satisfactory.

Net financial income and expenses was NOK 86 mill., a substantial increase from NOK 5 mill. in 1996. The main reason for this improvement is the sale of the Group's ownership in TVNorge to TV 2.

The tax rate for 1997 was 33% compared to 31% in 1996. This is mainly due to the large amount of tax losses in the less than 90% owned multimedia companies. These tax losses will contribute to reduced taxes for the Group when these companies start generating profits. The net profit after taxes were NOK 488 mill. up from NOK 401 mill. in 1996, an increase of 21.6%.

The Group's investments in 1997 totalled NOK 669 mill., compared to NOK 1,424 mill. in 1996. NOK 249 mill. was invested in the new printing plant, NOK 72 mill. in a new office building, NOK 187 mill. represent maintenance and operational investments and NOK 161 mill. were investments relating to acquisitions and the purchase of shares in other companies.

In the autumn of 1997 Schibsted signed a 7-year USD 300 mill. multicurrency revolving credit agreement which replaced the NOK 700 mill. revolving credit established in 1996. The revolving credit will be used in connection with the Group's future expansion. Operating cash flow in 1997 amounted to NOK 691 mill. The Group's total liquidity reserves of cash, short term financial investments and unused available credit facilities were approximately NOK 2,480 mill. at the end of 1997.

The Group's equity as a percentage of total assets was 49.8% at year end, up from 48.1% in 1996. To ensure flexibility in the Group's ability to manage the capital structure, the Board will propose that the Annual Shareholders' Meeting authorises a stock repurchase program.

The quoted value of the Schibsted shares on the Oslo Stock Exchange at the beginning of 1997 was NOK 117.50. At the end of the year, the value was NOK 126.50, an increase of 8.9%, adjusted for dividends. The Oslo Stock Exchange All Share Index increased by 31.5% during the same period.

The Board of Directors' aim is to maintain the dividend policy established when Schibsted was listed on

the Oslo Stock Exchange in 1992; a steady growth in dividends subject to the goal of financing the Group's expansion without the need for new equity. In line with this goal, the Board of Directors proposes to the Annual Shareholders' Meeting a dividend of NOK 1.75 per share.

### Future Prospects

The Norwegian economy is still very strong and the rate of unemployment is low and declining. The danger of an overheating of the economy is substantial and the interest and currency markets have already discounted increased prices and wages during the next few years compared to the past. Growth in private consumption continues and the sale of new cars has reached record levels. It is still uncertain what impact the recent disturbances in the international financial markets will have on the Norwegian economy. However, overall, it is expected that the revenues generated by the Group's Norwegian activities will remain at a high level for some time to come.

The growth in advertising revenues for 1997 was stronger than anticipated. The development for 1998 is also expected to be positive, but at a lower growth rate. Changes in relative market share for the different types of media is expected to be small. Growth of advertising in the electronic media will continue to be very strong, but its share will still only represent a small part of the total media market.

Circulation developments for both subscription and casual sales newspapers were good in 1997. The stable and positive trend for subscription newspapers is expected to continue in 1998. It is more difficult to forecast circulation developments for the casual sales newspapers.

A priority in the TV/Film business area will be to continue the development of the Scandinavian strategy. The focus will be on the consolidation of the Group's ownership within the film rights areas and improvement of margins in the production companies.

The Group's investments in multimedia is based on a view of a future where communication and distribution of information will take place electronically to a much greater extent than today. In this view of the future, current Schibsted activities, both print and broadcast products, will be strongly affected. In the short and medium term, a prioritised task is the improvement and commercialisation of products and services under the SOL umbrella in all the Scandinavian countries. The agreement with Telia and the planned merger in Sweden between SOL AB and Telia's Internet activities represents a major challenge both in terms of the organisation and the integration of all activities on SOL's technology platform. There continues to be considerable uncertainty with respect to the growth rate in online advertising and subscription revenues and Schibsted anticipates continued substantial operating losses in these areas of activities for all the Scandinavian countries.

Overall, the Board of Directors consider the Group's prospects for 1998 and the following years to be positive.

Oslo, February 26, 1998.

# Balanse ~ Balance Sheet

(NOK 1 000)	31.12.97	31.12.96	31.12.95
<b>EIENDELER/ASSETS</b>			
Kasse, bank, plasseringer / <i>Cash and deposits</i>	521 327	317 504	491 645
Kundefordringer / <i>Accounts receivable</i>	477 150	473 477	326 350
Andre omløpsmidler / <i>Other current assets</i>	219 150	253 558	75 083
<b>Sum omløpsmidler / Total current assets</b>	<b>1 217 627</b>	<b>1 044 539</b>	<b>893 078</b>
Andre aksjer og andeler / <i>Other shares and interests</i>	664 528	708 818	442 218
Langsiktige fordringer / <i>Long-term receivables</i>	484 099	402 090	97 112
Anlegg under utførelse / <i>Construction in progress</i>	343 913	169 728	8 770
Maskiner, inventar, transportmidler, goodwill/ <i>Machinery, equipment and goodwill</i>	820 331	764 638	429 195
Bygninger og tomter / <i>Buildings and land</i>	1 122 331	958 950	781 660
Netto pensjonsmidler / <i>Net pension assets</i>	8 899	13 148	34 713
<b>Sum anleggsmidler / Total fixed assets</b>	<b>3 444 101</b>	<b>3 017 372</b>	<b>1 793 668</b>
<b>Sum eiendeler / Total assets</b>	<b>4 661 728</b>	<b>4 061 911</b>	<b>2 686 746</b>
<b>GJELD OG EGENKAPITAL /</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Leverandørgjeld / <i>Accounts payable</i>	402 797	205 531	115 005
Skyldig offentlige avgifter, påløpt lønn / <i>Accrued public dues and wages</i>	302 386	284 258	229 895
Betalbare skatter / <i>Taxes payable</i>	222 497	173 730	151 001
Skyldig utbytte / <i>Proposed dividend</i>	121 188	103 875	90 025
Annen kortsiktig gjeld / <i>Other current liabilities</i>	440 229	381 297	269 095
<b>Sum kortsiktig gjeld / Total current liabilities</b>	<b>1 489 097</b>	<b>1 148 691</b>	<b>855 021</b>
Annen langsiktig gjeld / <i>Other long-term debt</i>	511 471	636 589	13 522
Utsatt skatt / <i>Deferred tax</i>	18 426	20 960	4 944
Pensjonsforpliktelse / <i>Pension liabilities</i>	321 130	300 113	211 174
<b>Sum langsiktig gjeld / Total long-term debt</b>	<b>851 027</b>	<b>957 662</b>	<b>229 640</b>
Minoritetsinteresser / <i>Minority interests</i>	68 831	65 448	2 176
Aksjekapital / <i>Share capital (69,250,000 shares of NOK 1)</i>	69 250	69 250	69 250
Reservefond / <i>Legal reserves</i>	450 300	384 537	331 152
Tilbakeføringsfond / <i>Temporarily non-distributable reserves</i>			47 876
<b>Sum bunden egenkapital / Total restricted equity</b>	<b>519 550</b>	<b>453 787</b>	<b>448 278</b>
Annen egenkapital / <i>Retained earnings</i>	1 733 223	1 436 323	1 151 631
<b>Sum egenkapital / Total equity</b>	<b>2 252 773</b>	<b>1 890 110</b>	<b>1 599 909</b>
<b>Sum gjeld og egenkapital /</b>			
<b>Total liabilities and shareholders' equity</b>	<b>4 661 728</b>	<b>4 061 911</b>	<b>2 686 746</b>

## Nøkkeltall ~ Key figures

(NOK 1 000)	1997	1996	1995	1994	1993
Driftsinntekter / Total revenues (NOK 1,000)	5 359 886	4 569 156	3 347 820	3 041 797	2 752 823
Driftsresultat / Operating profit (NOK 1,000)	644 722	577 962	409 007	415 954	317 524
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	728 218	579 215	498 260	460 880	427 457
Driftsmargin / Net operating margin	12,0%	12,6%	12,2%	13,7%	11,5%
Fortjenestemargin / Profit ratio	9,1%	8,9%	10,3%	10,4%	11,5%
Egenkapitalandel / Equity ratio	49,8%	48,1%	59,6%	56,0%	50,6%
Egenkapitalrentabilitet / Return on equity	23,6%	23,0%	23,5%	25,8%	27,6%
Totalkapitalrentabilitet / Return on total assets	18,0%	18,3%	20,3%	21,6%	19,2%
Likviditetsgrad / Current ratio	0,82	0,91	1,04	0,94	0,84
EPS / EPS (NOK)	7,05	5,79	4,99	4,56	4,55
Cash flow pr. aksje / Cash flow per share (NOK)	10,00	9,50	8,01	7,47	6,71
<b>OPPLAG - AKKUMULERTE TALL / CIRCULATION ACCUMULATED</b>					
Aftenposten morgen, hverdager / morning weekdays	286 163	283 915	282 018	279 965	278 669
Aftenposten aften, hverdager / evening weekdays	191 269	188 635	186 003	188 544	198 647
Aftenposten søndag / Sunday	230 118	223 501	218 384	217 766	225 575
VG hverdager / weekdays	370 115	356 861	371 238	386 137	377 575
VG søndag / Sunday	294 019	279 571	279 362	279 030	255 809
Aftenbladet, hverdager / weekdays	407 900	381 200	362 000	359 000	342 000
Aftenbladet søndag / Sunday	510 183	484 400	473 400	462 000	430 000
<b>ANNONSEVOLUM - AKKUMULERTE TALL / ADVERTISING VOLUME - ACCUMULATED</b>					
Spaltemeter/Column meters					
Aftenposten	57 859	52 126	48 062	41 663	38 488
VG	7 901	7 419	6 802	6 522	6 068
Aftenbladet	11 072	11 143	9 367	8 612	8 295

	1997	1996	1995
<b>AVIS / NEWSPAPER</b>			
Driftsinntekter / Total revenues (NOK 1,000)	4 820 429	4 046 096	2 915 900
Driftsresultat / Operating profit (NOK 1,000)	632 698	502 067	420 951
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	723 627	590 034	522 469
Driftsmargin / Operating margin	13,1%	12,3%	14,4%
Fortjenestemargin / Profit ratio	12,5%	12,2%	14,8%
Totalkapitalrentabilitet / Return on total assets	22,8%	22,2%	26,0%
<b>TV/FILM</b>			
Driftsinntekter / Total revenues (NOK 1,000)	364 463	308 429	347 040
Driftsresultat / Operating profit (NOK 1,000)	654	(13 867)	(44 970)
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	35 220	(48 840)	(24 044)
Driftsmargin / Operating margin	0,2%	(4,5%)	(13,0%)
<b>MULTIMEDIA</b>			
Driftsinntekter / Total revenues (NOK 1,000)	188 507	209 934	74 532
Driftsresultat / Operating profit (NOK 1,000)	(90 371)	10 995	(13 930)
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	(103 882)	6 376	(14 357)
Driftsmargin / Operating margin	(47,9%)	5,2%	(18,7%)

# Resultatregnskap ~ Profit and Loss Account

1996	1997		1997	1996	1995
4. kvartal / 4th quarter					
<b>DRIFTSINNEKTER/REVENUES</b>					
137 505	131 652	Abonnementsinntekter / <i>Subscription revenues</i>	512 369	511 205	464 859
546 453	580 736	Løssalgsinntekter / <i>Retail sales revenues</i>	2 225 459	1 793 345	1 097 307
457 465	537 543	Annonseinntekter / <i>Advertising revenues</i>	1 906 611	1 640 165	1 283 924
283 686	282 828	Øvrige driftsinntekter / <i>Other revenues</i>	715 447	624 441	501 730
<b>1 425 109</b>	<b>1 532 759</b>	<b>Sum driftsinntekter / Total revenues</b>	<b>5 359 886</b>	<b>4 569 156</b>	<b>3 347 820</b>
<b>DRIFTSKOSTNADER / OPERATING EXPENSES</b>					
145 256	142 481	Forbruk av råvarer / <i>Raw materials</i>	526 051	485 426	280 744
85 888	65 705	Produksjonskostnader TV/Film/ <i>Production expenses</i>	240 706	216 473	215 535
400 104	511 090	Lønnskostnader / <i>Personnel expenses</i>	1 659 953	1 386 307	1 188 906
515 396	566 517	Øvrige driftskostnader / <i>Other operating expenses</i>	2 044 633	1 696 757	1 080 161
(157)	3 969	Tap på fordringer / <i>Losses on accounts receivables</i>	12 252	9 397	13 200
54 791	75 609	Ordinære avskrivninger / <i>Ordinary depreciation</i>	231 569	196 834	160 267
<b>1 201 278</b>	<b>1 365 371</b>	<b>Sum driftskostnader / Total operating expenses</b>	<b>4 715 164</b>	<b>3 991 194</b>	<b>2 938 813</b>
<b>223 830</b>	<b>167 388</b>	<b>Driftsresultat / Operating profit</b>	<b>644 722</b>	<b>577 962</b>	<b>409 007</b>
<b>FINANS / FINANCIAL ITEMS</b>					
12 486	11 847	Finansinntekter / <i>Financial income</i>	59 933	46 506	47 764
(10 651)	(21 343)	Finanskostnader / <i>Financial expenses</i>	(56 587)	(42 703)	(17 367)
(11 569)	3 705	Andel tilknyttede selskaper / <i>Share ass. companies</i>	82 662	1 545	59 530
<b>(9 734)</b>	<b>(5 791)</b>	<b>Finansresultat / Net financial items</b>	<b>86 008</b>	<b>5 348</b>	<b>89 927</b>
<i>(1 953)</i>	<i>(1 312)</i>	<i>Minoritetsinteresser / Minority interests</i>	<i>(2 512)</i>	<i>(4 094)</i>	<i>(673)</i>
<b>212 144</b>	<b>160 285</b>	<b>Resultat før skattekostnad / Pre-tax profit</b>	<b>728 218</b>	<b>579 215</b>	<b>498 261</b>
75 242	75 620	Skattekostnad / <i>Taxes</i>	240 321	178 022	152 466
<b>136 902</b>	<b>84 665</b>	<b>Resultat / Net profit</b>	<b>487 897</b>	<b>401 193</b>	<b>345 795</b>