

## STATEMENT FIRST HALF YEAR 1998

The Norwegian newspapers and TV channels are still benefiting from the strong Norwegian economy while Aftonbladet is gaining market share in the Swedish advertising market. Within the Newspaper business area Schibsted is growing through the acquisitions of Postimees and Sõnumileht in Estonia and Svenska Dagbladet in Sweden. The investments within Multimedia have been further expanded through the establishment of an online bookstore and a city guide in Copenhagen.

### Newspapers

The circulation of Aftenposten's morning edition declined slightly during the first six months by some 200 copies compared to the same period in 1997 to 289,900 copies. The evening edition declined by approximately 6,100 copies to 188,800, while the circulation of the Sunday edition increased by 6,600 copies to 239,700. Due to the tight labour market, Aftenposten continues to experience difficulties in the recruitment and retention of sales personnel.

In the first half of 1998 circulation figures for VG on weekdays increased by 2,000 copies compared to 1997 to 363,800 copies. Sales of the Sunday edition increased by 17,300 copies to 297,300. For the remainder of the year, VG will be facing strong circulation figures from the second half of 1997. Starting on July 4, 1998, VG increased the cover price on Saturdays to NOK 10. The effect on the 1998 operating profit will be approximately NOK 18 million.

Weekday sales of Aftonbladet declined by 10,800 to 394,800 copies, and figures for the Sunday edition were also lower, showing a reduction of 4,000 copies to 497,400. The reduction in circulation is due to a general decline in the market and the gap to Expressen is stable at about 80,000 copies. As of July 3, 1998 Aftonbladet ceased the publication of its costly evening edition.

Advertising revenues for Norwegian newspapers remain high. Aftenposten's advertising volume increased by 9% compared with the same period last year, mainly due to increased volumes in the employment classified section. Revenues increased by 12.3% to NOK 762.8 million. VG has also had a strong demand for advertising and finished the period with an increase in volume of 2.5% and in revenues of 11.7%. Aftonbladet had an increase in advertising volume of 10.1% and in revenues of 24.8% to SEK 150.9 million in the first half of 1998. This indicates that Aftonbladet's position as the number one casual sales newspaper in Sweden is resulting in increased demand for advertising space.

Aftenposten's operating profit for the first half of 1998 amounted to NOK 217.6 million, compared to 220.6 million for the same period in 1997. The reduction is to a large degree due to one-off payments related to the 1998 wage settlements. The payment of NOK 17 million took place during the first six months while the 1997 bonus totalling NOK 21 million was charged to income monthly. VG's operating profit increased by NOK 12.6 million to NOK 124.7 million, while Aftonbladet's operating profit increased by SEK 9.2 million to SEK 35.8 million. Aftonbladet's operating profit is positively impacted by the increased weekday cover price from April 20 and negatively impacted by the reduction in circulation.

During the summer, Schibsted Trykk has commenced test printing at the new printing plant in Nydalen and the project is on schedule. The Group's profit for the first half of 1998 has been impacted negatively by a NOK 40 million charge related to an early retirement plan which will be implemented during the first quarter in 1999.

The final agreements regarding the investments in the Estonian newspapers Postimees and Sõnumileht were signed in June. The ownership stakes amount to 34% in Postimees and 79% in Sõnumileht. As the final ownership structure has not been decided, both these investments have been treated as associated companies at the end of the first half.

In July Schibsted entered into a letter of intent regarding the acquisition of 61.6% of the shares in Svenska Dagbladet, the second largest morning newspaper in Stockholm. A final agreement is subject to Schibsted obtaining at least 70% of the shares and Schibsted intends to invite the Finnish media group Sanoma Corporation and a group of Swedish regional newspapers as minority shareholders. The foundation, Stiftelsen Svenska Dagbladet, will retain its 19.6% stake in the newspaper. The agreement values the company at SEK 30 million. In addition, Schibsted will release the sellers from their guarantees regarding the printing facility which is owned 50/50 by Aftonbladet and Svenska Dagbladet.

The Newspaper business area had an increase in revenues of NOK 214 million to NOK 2,554 million. The operating profit amounted to NOK 314 million, which is NOK 36 million lower than for the same period in 1997 due to the NOK 40 million charge related to early retirement and start up costs related to the new printing facility amounting to approximately NOK 17 million.

#### TV/Film

During the first half of 1998 the main events in the TV/Film business area have been the merger of the activities within film rights and film distribution, a positive development for the TV and film production companies and increased advertising revenues for the TV channels.

Sandrew Metronome had a negative result of NOK 9.7 million for the first six months as a result of weak results both within sale of rights and movie theatre operations. In connection with the sale of Norsk Filmdistribusjon to the new jointly controlled company, Schibsted has recorded a gain of NOK 8.5 million.

Metronome Film & Television had an increase in revenues of 26% to NOK 175 million during the first six months and the pre-tax profit was NOK 8.2 million compared to NOK 2.2 million during the same period in 1997. The increased profit is mainly due to improvement in the TV production companies in all the three Scandinavian countries. Kanal 2 in Estonia had a 300% increase in revenues in the first half of 1998 to NOK 19.8 million and a pre-tax profit of NOK 5.6 million compared to a loss of NOK 0.8 million for the same period in 1997. The total advertising market for TV in Norway increased by 18.6% and TV 2 and TVNorge experienced an increase in advertising revenues of 15% and 49%, respectively.

The TV/Film business area had an operating profit of NOK 4.7 million for the first half compared to a loss of 2.1 million for the first half of 1997. The profit from associated companies was NOK 21 million compared to NOK 53.9 million for the same period in 1997. In 1997, TVNorge had a NOK 28.7 million negative impact on profit while the gain on the sale of TVNorge to TV 2 was NOK 58.7 million, a net impact of NOK 30 million. Schibsted's share of TV 2's result including TVNorge amounted to NOK 23 million for the first half of 1998. The business area's pre-tax profit was NOK 15.6 million.

#### Multimedia

Schibsted's activities within Multimedia were more extensive in the first half of 1998 than in 1997. This is due both to the expansion into Denmark and a more rapid establishment of city guides in the Scandinavian capitals with launch of services in Stockholm and Copenhagen in the second half of 1998.

In May the EU competition authority approved the co-operation agreement between Telia, Telenor and Schibsted and, with effect from June 1 1998, a «new» SOL was launched in Sweden.

A comprehensive travel service on the Internet, SOL Reiseferber, was recently launched in the three Scandinavian countries. Through this service travellers can, amongst other, order and pay tickets via the Internet.

The multimedia activities in Sweden and Denmark contributed negatively to the Group's pre-tax profit for the first half with NOK 43.7 million and NOK 12.9 million respectively, compared to a negative impact of NOK 9.5 million for the Swedish activities for the same period in 1997. Schibsted's share of the restructuring charges in Sweden amounted to NOK 8 million. The business area recorded a NOK 13.7 million gain from the sale of 10% in SOL AS to Telia.

SOL in Norway is now focused around two main activities; a gateway to the Internet based on the current search engine and a member based online service. The changed focus of SOL Norway has resulted in some activities being sold to Telenor Nextel effective during the second half of 1998. The pre-tax profit for the first half of 1998 amounted to a loss of NOK 35.2 million compared to a loss of NOK 35.9 million for the same period in 1997. Schibsted's share of the loss for the first half was NOK 21.6 million.

The Multimedia business area showed an operating loss of NOK 58.5 million in the first half, compared with a loss of NOK 28.5 million for the same period in 1997.

#### Financial Highlights

The Group's revenues for the first half of 1998 amounted to NOK 3,025 million, an increase of 16.6%, or NOK 430 million compared to the same period last year. The operating profit was NOK 323 million, compared to NOK 375 million for the corresponding period in 1997. The result is positively impacted by higher advertising revenues for the newspapers, the improved results in the TV/Film business area and the sale of the property at the printing plant at Linderud and negatively impacted by the expansion of the Internet activities to all the Scandinavian countries, provisions for early retirement in connection with the new printing plant and increased cost levels at the newspapers.

The financial result was NOK 18.6 million, compared to NOK 88.4 million for the same period in 1997. The Group's own financial income declined from NOK 34.8 million to NOK 18.8 million due to a gain from the sale of non-core shares in 1997 and lower cash balances in 1998. The Group's own financial expenses increased from NOK 24.8 million to NOK 39.1 million as a result of an unrealised foreign exchange loss of NOK 10 million on long term debt denominated in SEK and increased interest bearing debt. The result from associated companies declined from NOK 78.3 million to NOK 38.9 million mainly due to the gain on sale of the shares in TVNorge in the first half of 1997. Operating cash flow amounted to NOK 406 million in the first half, compared to NOK 394 million for the same period in 1997.

As of June 30, 1998 long term debt amounted to NOK 895 million, up from NOK 688 million at the end of 1997 while liquidity reserves comprising cash and unused available credit facilities amounted to NOK 2,244 million compared to NOK 2,480 million at year end.

Pre-tax profit was NOK 338 million in the first half, compared to NOK 463 million for the same period in 1997. The tax rate for 1998, which is estimated at 30%, is influenced by the fact that the Group's share of losses in partly owned multimedia companies is not tax-deductible for the Group.

#### Investments

The Group's investments during the first six months amounted to NOK 611 million. NOK 194 million was invested in the new printing plant, NOK 307 million in shares and approximately NOK 103 million represent maintenance and operational investments.

#### Future Prospects

With the exception of price increases in VG and Aftenbladet, the discontinuation of the Stockholm evening edition and the negative effects from the wage settlements in Aftenposten and VG, there is not expected any significant changes in the profitability for the Norwegian and Swedish newspapers in the second half.

The Norwegian economy continues to be healthy but a weaker NOK and increased interest rates have resulted in a levelling off in the real estate and automobile markets which may have an impact on the advertising volume for Aftenposten in particular. In order to be prepared for a possible downturn in the economy, resources will be allocated to the development of cost reduction programs at Aftenposten. Any significant changes in Aftenpostens circulation compared to the development seen in the first half is not expected. However, VG will be facing strong circulation figures from the second half of 1997. The competition between Aftenbladet and Expressen in Sweden is expected to continue unabated. The investment in Svenska Dagbladet is not expected to have any significant impact on the Group's results for the second half of 1998.

Within the TV/Film business area we expect that the TV production companies will produce a strong second half but the development within the production of TV commercials is more uncertain. The markets for film rights and movie theatre operations are in general significantly better in the second half of the year and the result in this area is expected to improve. The consolidation and development of the Group's activities within the TV/Film business area in the Nordic countries will continue.

Within the online activities, the losses for the second half will be significantly higher than previously announced. The increased loss is due to continued restructurings, investment in new activities and limited revenues from existing operations.

Oslo, 18 August 1998

RESULTATREGNSKAP ~  
PROFIT & LOSS ACCOUNT

2. kv. 97	2. kv. 98 (NOK 1 000)	30.6.98	30.6.97	1997
	Driftsinntekter / Revenues			
128 745	136 329 Abonnementsinntekter / Subscription revenues	276 696	259 607	512 369
525 108	557 268 Løssalgssinntekter / Casual sales revenues	1 102 284	1 051 097	2 225 459
518 320	575 072 Annonseinntekter / Advertising revenues	1 102 981	953 466	1 906 611
164 568	250 474 Øvrige driftsinntekter / Other revenues	542 559	330 436	715 447
1 336 741	1 519 143 Sum driftsinntekter / Total revenues	3 024 520	2 594 606	5 359 886
	Driftskostnader / Operating expenses			
129 817	147 401 Forbruk av råvarer / Raw materials	283 940	253 701	526 051
55 404	82 370 Produksjonskostnader TV/Film production expenses	186 036	119 979	240 706
375 188	480 370 Lønnskostnader / Personnel expenses	951 250	759 290	1 659 953
506 199	581 571 Øvrige driftskostnader / Other operating expenses	1 137 656	972 701	2 044 633
2 954	3 575 Tap på fordringer / Losses on accounts receivable	6 593	5 704	12 252
55 390	71 690 Ordinære avskrivninger / Ordinary depreciation	136 400	108 367	231 569
1 124 952	1 366 977 Sum driftskostnader / Total operating expenses	2 701 875	2 219 742	4 715 164
211 789	152 166 Driftsresultat / Operating profit	322 645	374 864	644 722
	Finans / Financial items			
12 810	8 740 Finansinntekter / Financial income	18 770	34 840	59 933
(11 460)	(23 146) Finanskostnader / Financial expenses	(39 066)	(24 753)	(56 587)
83 711	27 587 Andel tilknyttede selskaper / Share of associated companies	38 869	78 291	82 662
85 061	13 181 Finansresultat / Net financial items	18 573	88 378	86 008
(191)	(1 421) Minoritetsinteresser / Minority interests	(3 688)	(549)	(2 512)
296 659	163 926 Resultat før skattekostnad / Pre-tax profit	337 530	462 693	728 218
83 151	49 177 Skattekostnad / Taxes	101 259	134 181	240 321
213 508	114 749 Resultat / Net profit	236 271	328 512	487 897

## NØKKELTALL ~ KEY FIGURES

(NOK 1 000)	30. 6.98	30. 6.97	1997
Driftsinntekter / Total revenues (NOK 1,000)	3 024 519	2 594 606	5 359 886
Driftsresultat / Operating profit (NOK 1,000)	322 645	374 864	644 722
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	337 530	462 693	728 218
Driftsmargin / Net operating margin	10,7%	14,4%	12,0%
Fortjenestemargin / Profit ratio	7,8%	12,7%	9,1%
Egenkapitalandel / Equity ratio	51,5%	53,1%	49,8%
Likviditetsgrad / Current ratio	0,95	1,20	0,82
EPS etter skatt / EPS (NOK)	3,41	4,74	7,05
Cash flow pr. aksje / Cash flow per share (NOK)	5,86	5,69	10,00

## OPPLAG-AKKUMULERTE TALL / CIRCULATION

Aftenposten morgen, hverdager / weekdays	289 857	290 105	286 163
Aftenposten aften, hverdager / weekdays	188 854	194 950	191 269
Aftenposten, søndag / Sunday	239 720	233 077	230 118
VG, hverdager / weekdays	363 800	361 815	370 115
VG, søndag / Sunday	297 300	279 991	294 019
Aftonbladet, hverdager / weekdays	394 762	405 550	407 900
Aftonbladet, søndag / Sunday	497 383	501 450	510 183

## ANNONSEVOLUM-AKKUMULERTE TALL / ADVERTISING VOLUMES ACCUMULATED

Aftenposten	31 404	28 800	57 859
VG	3 834	3 740	7 901
Aftonbladet	6 028	5 477	11 072

## AVIS / NEWSPAPERS

Driftsinntekter / Total revenues (NOK 1,000)	2 553 557	2 339 700	4 820 429
Driftsresultat / Operating profit (NOK 1,000)	313 882	350 327	632 698
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	339 231	405 600	723 627
Driftsmargin / Net operating margin	12,3%	15,0%	13,1%

## TV/FILM

Driftsinntekter / Total revenues (NOK 1,000)	325 035	172 937	364 463
Driftsresultat / Operating profit (NOK 1,000)	4 708	(2 095)	654
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	15 553	47 246	35 220
Driftsmargin / Net operating margin	1,4%	(1,2%)	0,2%

## MULTIMEDIA

Driftsinntekter / Total revenues (NOK 1,000)	125 375	84 668	188 507
Driftsresultat / Operating profit (NOK 1,000)	(58 483)	(28 521)	(90 371)
Resultat før skattekostnad / Pre-tax profit (NOK 1,000)	(72 108)	(32 927)	(103 882)
Driftsmargin / Net operating margin	(46,6%)	(33,7%)	(47,9%)

## BALANSE ~ BALANCE SHEET

(NOK 1 000) 30.6.98    30.6.97    31.12.97

## EIENDELER / ASSETS

Kasse, bank, plasseringer / Cash and deposits	333 971	507 837	521 327
Kundefordringer / Accounts receivables	483 629	408 701	477 150
Andre omløpsmidler / Other current assets	244 155	283 970	219 150
Sum omløpsmidler / Total current assets	1 061 755	1 200 508	1 217 627
Andre aksjer og andeler / Other shares and interests	837 522	632 135	664 528
Langsiktige fordringer / Long-term receivables	564 463	362 902	484 099
Anlegg under utførelse / Construction in progress	524 009	317 119	343 913
Maskiner, inventar, transportmidler, goodwill/ Machinery, equipment and goodwill	963 716	771 167	820 331
Bygninger og tomter / Buildings and land	1 025 275	1 000 441	1 122 331
Netto pensjonsmidler / Net pension assets	12 612	10 823	8 899
Sum anleggsmidler / Total fixed assets	3 927 598	3 094 588	3 444 101
Sum eiendeler / Total assets	4 989 353	4 295 096	4 661 728

## GJELD OG EGENKAPITAL / LIABILITIES AND SHAREHOLDERS' EQUITY

Leverandørgjeld / Accounts payables	229 227	161 773	402 797
Skyldig offentlige avgifter, påløpt lønn / Accrued public dues and wages	245 423	259 312	302 386
Betalbare skatter / Taxes payable	187 911	167 449	222 497
Skyldig utbytte / Proposed dividend			121 188
Annen kortsiktig gjeld / Other current liabilities	460 969	415 399	440 229
Sum kortsiktig gjeld / Total current liabilities	1 123 530	1 003 933	1 489 097
Annen langsiktig gjeld / Other long-term debt	895 148	688 437	511 471
Utsatt skatt / Deferred tax	21 396	19 955	18 426
Pensjonsforpliktelser / Pension obligations	381 519	300 697	321 130
Sum langsiktig gjeld / Total long-term debt	1 298 063	1 009 089	851 027
Minoritetsinteresser / Minority interests	68 980	72 262	68 831
Aksjekapital (69.250.000 á kr. 1,-)/ Share capital (69,250,000 shares of NOK 1)	69 250	69 250	69 250
Reservefond / Legal reserves	450 300	384 537	450 300
Annen egenkapital / Retained earnings	1 742 960	1 427 512	1 733 223
Resultat / Net profit	236 271	328 513	
Sum egenkapital / Total equity	2 498 781	2 209 812	2 252 773
Sum gjeld og egenkapital/ Total liabilities and shareholders' equity	4 989 353	4 295 096	4 661 728