

BONNIER AB

Interim Report January-August 2003

In total, the Group's earnings were significantly better than in the year-earlier period, despite the advertising climate remaining very weak. Bonnier Books, Bonnier Magazine Group, Bonnier Entertainment, Bonnier Business Press and Bonnier Newspapers all reported improved earnings. Bonnier Business Information's earnings declined slightly.

BONNIER GROUP IN BRIEF

- Sales rose by about 5 percent, with approximately the same growth rates noted in Sweden and international markets. Including associated companies, international sales accounted for 45 percent (46) of the total.
- Before items affecting comparability and goodwill amortization pertaining to the Marieberg acquisition, profit of SEK 149 M was reported, an improvement of SEK 606 M compared with the year-earlier period. The fact that restructuring costs were posted in the year-earlier period, while no such costs were required during the first eight months of the current year, accounted for slightly more than 20 percent of the improvement. For the most recent 12-month period, profit amounted to SEK 540 M. The result after taxes improved by SEK 639 M to a loss of SEK 114 M. For seasonal reasons, most of the Group's earnings are generated during the third four-month period of the year.
- **Books** reported operating profit of SEK 143 M, up 52 percent compared with the year-earlier period. German operations were particularly successful and reported improved earnings, as did Bonnierförlagen in Sweden.
- **Magazine Group** posted record-breaking earnings of SEK 218 M, 51 percent better than in the year-earlier period. The successful earnings derived mainly from established magazines such as *Illustrerad Vetenskap*, *Gör Så Här*, *Allt om Mat* and *Amelia*.
- **Entertainment** more than doubled its operating profit to SEK 114 M. The improvement was mainly attributable to SF's film and video distribution operations in the Nordic region.
- **Business Press's** earnings improved by SEK 95 M, of which slightly more than half derived from the fact that earnings no longer include charges for the now terminated Scottish operations.
- **Newspapers'** operating profit improved by SEK 282 M, mainly as a result of sharply reduced costs. The circulation trend for *Expressen* remained favorable, with rises noted during 13 consecutive months.
- **Business Information** reported operating profit of SEK 22 M. The main reason for the SEK 15 M decline was a weaker market for Financial Information and changes in accounting principles for accruals.
- During the most recent 12-month period, net debt has been reduced by SEK 0.3 billion to SEK 3.3 billion.

Earnings	January-August		Most recent	Full-year
SEK M	2003	2002	12 months	2002
Net sales	11,245	10,744	17,999	17,498
Operating profit/loss	251	-331	710	128
Net financial items	-102	-126	-170	-194
Profit/loss after net financial items	149	-457	540	-66
Other items affecting comparability	44	-14	-51	-109
Profit/loss after items affecting comparability	193	-471	489	-175
Goodwill amortization on Marieberg	-189	-250	-313	-374
Profit/loss before tax	4	-721	176	-549
Net loss for the period	-114	-753	-3	-642

ITEMS AFFECTING COMPARABILITY

Net items affecting comparability amounted to income of SEK 44 M (expense: 14), which derived mainly from capital gains on the sale of Bonnier's remaining shareholding in Bonnier Hachette of France.

ACQUISITIONS AND DIVESTMENTS

There were no major acquisitions during the period. The net of acquisitions and divestments was SEK 48 M (318). The largest transactions were as follows:

- The operations of Brimax, a UK children's book publisher, were acquired. Brimax's books are mainly targeted at a slightly older age group among young children and will broaden the publishing activities of Autumn Publishing Ltd, which is now a wholly owned Bonnier subsidiary.
- Medicine Today International AB has become a wholly owned subsidiary following the acquisition of the outstanding 50 percent of the share capital. The company's operations consist of *Dagens Medicin*, which is published in Sweden, Norway, Denmark, Finland and Poland. These publications, a number of which are partly owned, focus mainly on senior position holders in the healthcare sector.
- The shareholding in AS Diena, which publishes the leading morning newspaper and regional newspapers in Latvia, has been increased by 15.3 percentage points to 83.5 percent.
- Bonnier's remaining 50 percent of the share capital in Bonnier Hachette Publications SA, a French magazine publisher, was sold during the year, generating a not insignificant capital gain.
- The Mastiff Media Holding AB production company was merged with MTV Produktion AB. The Bonnier Group has a 36-percent interest in the new company.
- Bonnier Radio AB has reached an agreement in principle with SBS regarding the merger of radio operations in Sweden. The Bonnier AB Group will have a 49-percent shareholding in SBS Radio AB, the new jointly owned company whose radio stations include Mix Megapol, Radio City, Vinyl, Rockklassiker and E-FM.

- Teknik i Media i Sverige AB, which was sold to a company within the Albert Bonnier Group that is not part of the Bonnier AB media group, will henceforth be reported as an associated company.
- In September, meaning following the close of the report period, an agreement was concluded regarding the acquisition of Econ/Ullstein/List, one of the major publishing houses in Germany, with annual revenues of approximately EUR 60 M. The acquisition is subject to the approval of the German Competition Authority, Kartellamt.
- In October, that is after the close of the report period, Bonnier Business Information signed an agreement with Dun & Bradstreet of the US to acquire 100 percent of Dun & Bradstreet's operations in Sweden, Denmark, Norway and Finland. Dun & Bradstreet in the Nordic region has annual sales of SEK 400 M. The acquisition is subject to the approval of the Competition Authority.

BUSINESS AREAS

<i>Net sales by business area</i> SEK M	January-August			Most recent	Full-year
	2003	2002	%	12 months	2002
Bonnier Books	2,423	2,372	2.2	4,071	4,020
Bonnier Magazine Group	1,915	1,686	13.6	2,988	2,759
Bonnier Entertainment	2,204	1,993	10.6	3,618	3,407
Bonnier Business Press	767	782	-1.9	1,252	1,267
Bonnier Newspapers	2,930	2,848	2.9	4,545	4,463
Bonnier Business Information	1,090	1,217	-10.4	1,722	1,849
Other	-84	-154	-45.5	-197	-267
Bonnier AB total	11,245	10,744	4.7	17,999	17,498

<i>Operating profit by business area</i> SEK M	January-August			Most recent	Full-year
	2003	2002		12 months	2002
Bonnier Books	143	94		376	327
Bonnier Magazine Group	218	144		377	303
Bonnier Entertainment	114	48		266	200
Bonnier Business Press	41	-54		94	-1
Bonnier Newspapers	-192	-474		-310	-592
Bonnier Business Information	22	37		70	85
Other	-95	-126		-163	-194
Bonnier AB total	251	-331		710	128

Bonnier Books comprises the book-publishing operations of Bonnierförlagen of Sweden, Bonnier Forlagene of Denmark, Cappelen of Norway, Tammi of Finland, Bonnier Media of Germany and Autumn Publishing of the UK, as well as Semic, a comic book publisher.

Sales rose by 2 percent and operating profit of SEK 143 M was reported, which was a full SEK 49 M or 52 percent better than in the year-earlier period.

A sharp improvement was noted by German operations, which reported record-breaking earnings. Publishing operations have been exceptionally successful during the year; for example, three titles have topped the German best-seller list.

Bonnierförlagen of Sweden also reported improved earnings, including favorable trends for primarily traditional book sales.

The earnings reported by Cappelen and Tammi remained at the same level as in the year-earlier period. Operations in Denmark, where competition in the book market is razor sharp, reported a loss.

Bonnier Magazine Group publishes magazines in four segments, specialist magazines, lifestyle magazines, business magazines and industry magazines. The magazines are issued in 11 countries, of which publishing operations are conducted in four: Sweden, Denmark, Spain and Poland.

Sales rose by 14 percent and operating profit reached the record level of SEK 218 M, which was SEK 74 M or 51 percent above the year-earlier level.

While the successful earnings derived mainly from established magazines such as *Illustrerad Vetenskap*, *Gör Så Här*, *Allt om Mat* and *Amelia*, *Komputer för alla* and crossword magazines in Sweden also contributed to the earnings improvement. Although Bonnier Responsmedier's market has been more difficult to cultivate compared with the preceding year, the sales trend for *Vi i Villa* remained extremely favorable.

Earnings from business periodicals continued to decline because of the weak advertising market. However, there are currently indications that conditions will brighten during the remainder of the fiscal year.

Project operations were considerable during the period, including the launch of *Bo Bedre Norge*, *Debut*, *DigitalFoto för Alla*, *Leva!*, *mama* and *Ruby*.

Bonnier Entertainment produces and distributes entertainment through the subsidiaries Svensk Filmindustri, SF Bio, Home Entertainment and Bonnier Radio in Sweden, LNK TV in Lithuania and Bonnier Amigo Music Group.

Sales rose by 11 percent and operating profit more than doubled to SEK 114 M.

The improvement in sales and earnings was mainly attributable to SF's film and video distribution operations in the Nordic region.

In addition to Svensk Filmindustri and SF Bio, favorable results trends were also reported by Home Entertainment, Bonnier Amigo Music Group and LNK TV.

The market for radio advertising remains weak, which had an adverse impact on Bonnier Radio's earnings. An agreement in principle has been reached regarding the merger of Bonnier Radio and SBS's radio operations in Sweden. Bonnier Entertainments will have a 49-percent shareholding in the new merged company.

Bonnier Business Press publishes business newspapers in nine countries: *Dagens Industri* in Sweden, *Børsen* in Denmark, *Äripäev* in Estonia, *Dienas Bizness* in Latvia, *Verslo Zinios* in Lithuania, *Delevoj Peterburg* in Russia, *Puls Biznesu* in Poland, *Wirtschafts Blatt* (50%) in Austria and *Finance* (48%) in Slovenia.

Sales declined by 2 percent. Adjusted for the preceding year's closure of *Business a.m.* in Scotland, sales rose by 2 percent. Earnings increased by SEK 95 M to SEK 41 M, with slightly more than half of the improvement deriving from the fact that earnings are no longer being charged with costs for the Scottish operation.

Earnings improvements were posted by all of the business publications, despite the fact that the advertising market remains weak in Sweden and elsewhere. *Dagens Industri's* advertising revenues in Sweden declined by 6 percent. According to TS, *Dagens Industri's* circulation during the first half of the year amounted to 115,400 per day, corresponding to a marginal decline of 2 percent. Operating profit amounted to SEK 52 M (43).

Puls Biznesu of Poland reported a substantially reduced loss.

Bonnier Newspapers consists of *Dagens Nyheter*, *Sydsvenska Dagbladet*, *Expressen* including *GT* and *Kvällsposten*, *Stockholm City*, a free newspaper distributed in Greater Stockholm, and 73 percent of Skånemedia, with *Ystads Allehanda*, *Trelleborgs Allehanda* and *Kristianstadsbladet*. The business area also includes partly owned newspaper holdings in Poland (50 %) and Latvia (83,5 %), as well as Bold Printing Group (a Swedish daily newspaper printing group), Pressens Bild (image service) and 50 percent of Pressens Morgontjänst (newspaper delivery service).

Net sales rose by 3 percent. An operating loss of SEK 192 M was reported, reflecting an improvement of SEK 282 M. The earnings improvement was mainly attributable to sharply reduced costs. Swedish advertising revenues remained at the same low level as in the preceding year.

Dagens Nyheter's advertising revenues were unchanged compared with the year-earlier period. The newspaper's circulation per issue during the first half of the year also remained unchanged at 377,000. An operating profit of SEK 1 M (loss: 186) was reported.

Sydsvenska Dagbladet's advertising revenues declined by 6 percent. The weekday circulation decreased marginally during the first half of the year. An operating profit of SEK 6 M (loss: 21) was reported.

Expressen's circulation trend has remained favorable, with circulation increases noted during 13 consecutive months. The average increase in the net circulation in January-August 2003 was 15,000 per issue, compared with the corresponding months of the preceding year. Advertising revenues rose by 16 percent. An operating loss of SEK 5 M (loss: 205) was reported after costs of SEK 7 M (costs: 7) for goodwill amortization.

A steadily rising number of readers is being noted for *Stockholm City*, which according to Orvesto 2003:1 had a circulation of 343,000 per issue, thus exceeding the targeted level in the launching plan. On the other hand, advertising sales have developed more slowly than expected, although the trend is positive.

Bold Printing Group reported reduced earnings, due to such factors as production disruptions.

In total, a stable trend was noted for the business area's other operations.

Bonnier Business Information provides digital business information. Operations are based on databases for editorial texts and news, as well as stock-market, business, financial and personal

facts, plus analyses. The business area consists of about 80 companies with operations in 18 countries.

Sales declined by SEK 127 M, due mainly to the fact that the IT consultancy TiM is now reported via the associated company Adera AB. In addition, certain accrual principles have been changed. The financial-information market was particularly weak.

Operating profit of SEK 22 M (37) was reported. Weaker market conditions, primarily for Financial Information, plus the changed accounting principles for accruals were also the main reasons for the earnings decline. It is estimated that full-year earnings will be in line with the preceding year.

Other operations mainly consist of Group-wide activities, including the Parent Company. Participations in the results of TV4 and Alma Media, which resulted in a combined profit of SEK 28 M (loss: 12), are also reported among Other operations.

GEOGRAPHICAL DISTRIBUTION

<i>Net sales by geographic markets</i> SEK M	January-August			Most recent	Full-year
	2003	2002	%	12 months	2002
Sweden	6,528	6,252	4.4	10,503	10,227
Denmark	1,293	1,176	9.9	2,089	1,972
Norway	1,214	1,149	5.7	1,903	1,838
Germany	844	838	0.7	1,307	1,301
Finland	543	486	11.7	886	829
UK	203	246	-17.5	322	365
Latvia	149	149	0.0	239	239
Lithuania	96	81	18.5	156	141
Spain	92	94	-2.1	134	136
Poland	52	44	18.2	83	75
Estonia	45	42	7.1	72	69
Netherlands	39	60	-35.0	60	81
France	37	32	15.6	67	62
Russia	31	26	19.2	50	45
Other markets	79	69	14.5	128	118
Bonnier AB total	11,245	10,744	4.7	17,999	17,498

The proportion of sales outside Sweden during January–August 2003 remained unchanged at 42 percent, compared with the year-earlier period. Including associated companies, sales outside Sweden amounted to 45 percent (46).

INVESTMENTS AND NET DEBT

<i>Change in net debt, condensed</i> SEK M	January-August 2003	2002	Most recent 12 months	Full-year 2002
Funds generated internally	276	-51	757	430
Change in working capital ¹⁾	-268	-81	-41	146
	8	-132	716	576
Net investments in operations	-134	-282	-85	-233
Free cash flow	-126	-414	631	343
Net acquisitions and divestments of operations	-48	-318	-42	-312
Cash flow after acquisitions and divestments	-174	-732	589	31
Other items affecting comparability with an impact on net debt		-14	-98	-112
Group contribution, etc.	-129	-123	-183	-177
Change in net debt	-303	-869	308	-258

1) Including accrued and prepaid interest, etc.

Free cash flow after investments in operations was negative at SEK 126 M (neg: 414), reflecting an improvement of SEK 288 M compared with the corresponding period in 2002. The change was mainly attributable to the improved earnings.

After payment of Group contributions, etc. amounting to SEK 129 M (123), net debt increased by SEK 303 M (869) compared with the beginning of the year. During the most recent twelve months, net debt decreased by SEK 308 M.

The Parent Company's investments amounted to SEK 38 M (1,819), of which tangible assets accounted for SEK 1 M (1) and shares and participations for SEK 37 M (1,818). The Parent Company's liquid funds amounted to SEK 0 M (0) at the end of August.

CAPITAL STRUCTURE

<i>Operating capital</i> SEK M	Aug 31 2003	Dec 31 2002	Aug 31 2002
Tangible and intangible fixed assets, excl. goodwill	2,457	2,613	2,862
Working capital	245	-230	-70
Other financial assets	2,082	2,108	2,135
Goodwill	1,146	1,395	1,529
Operating capital	5,930	5,886	6,456
Net debt	3,280	2,977	3,588
Shareholders' equity and minority interests	2,650	2,909	2,868
Financing of operating capital	5,930	5,886	6,456
Net debt/shareholders' equity¹⁾, ratio	1.24	1.02	1.25

1) Including minority interests.

Operating capital increased by SEK 44 M during the period, compared with the preceding year-end.

Shareholders' equity, including minority interests, declined by SEK 259 M. The equity/assets ratio based on total assets amounted to 23.9 percent at the end of August, compared with 24.2 percent at the beginning of the year.

Listed shares with a market value of SEK 2,166 M at August 31, 2003 are owned indirectly through an associated company. Adjusted for deferred taxes, the market value of these shares is SEK 381 M higher than the book value.

PARENT COMPANY

<i>Net sales and profit</i> SEK M	January-August 2003	2002	Most recent 12 months	Full-year 2002
Net sales	2	3	3	4
Of which, sales to other Group companies	2	3	3	4
Loss before appropriations and tax	-270	-216	-523	-469

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. Bonnier AB is not a listed company and thus does not comply with recommendations regarding all the information requirements of the Swedish Financial Accounting Standards Council. However, the Group's valuation principles comply with the recommendations and statements of the Swedish Financial Accounting Standards Council that came into force through 2003. Application of the Swedish Financial Accounting Standards Council's recommendations that became effective on January 1, 2003 had no significant effect on the accounts.

OWNERSHIP STRUCTURE

Bonnier AB is a wholly owned subsidiary of AB Bonnierföretagen, which is a wholly owned subsidiary of Bonnier Holding AB, a subsidiary of Albert Bonnier AB.

ADDRESSES AND CORPORATE IDENTITY NUMBER

The Bonnier AB Group's Parent Company is Bonnier AB, whose corporate identity number is 556508-3663. The Head Office is located on Torsgatan 21 and its postal address is SE-113 90 Stockholm. www.bonnier.se.

OUTLOOK FOR FULL-YEAR 2003

Earnings are expected to continue to improve during the remaining four months of the fiscal year.

Stockholm, October 14, 2003

Bengt Braun
President and Chief Executive Officer

The company's auditors have not examined this report.

CONDENSED INCOME AND BALANCE STATEMENTS

<i>Condensed income statement</i>	January-August		Most recent	Full-year
SEK M	2003	2002	12 months	2002
Net sales	11,245	10,744	17,999	17,498
Advertising tax	-73	-72	-115	-114
Other operating revenues	13	8	55	50
Operating costs ¹⁾	-10,571	-10,417	-16,653	-16,499
Goodwill amortization on Marieberg	-189	-250	-313	-374
Other amortization of goodwill	-104	-96	-156	-148
Depreciation	-266	-314	-416	-464
Personnel reductions		-150	-23	-173
Other items affecting comparability	44	-14	-51	-109
Participation in profit/loss of associated companies	7	-34	19	-22
Operating profit/loss	106	-595	346	-355
Loss from financial investments	-102	-126	-170	-194
Profit/loss after financial items	4	-721	176	-549
Tax on profit/loss for the period	-102	-20	-141	-59
Minority participation in loss for the period	-16	-12	-38	-34
Net loss for the period	-114	-753	-3	-642
1) Of which, personnel costs	-2,999	-3,072	-4,666	-4,739

<i>Condensed balance sheet</i>	Aug 31	Dec 31	Aug 31
SEK M	2003	2002	2002
Goodwill	1,146	1,395	1,529
Other intangible fixed assets	131	131	148
Tangible fixed assets	2,326	2,482	2,714
Interest-bearing long-term receivables	622	646	632
Other financial assets	2,082	2,108	2,135
Deferred tax receivable	585	586	516
Refund from Alecta	3	4	3
Inventories	1,056	1,041	1,041
Accounts receivable – trade	2,025	2,251	2,034
Other current assets	889	918	931
Interest-bearing current receivables	77	95	153
Short-term investments, cash, bank deposits	124	357	431
Total assets	11,066	12,014	12,267
Shareholders' equity	2,477	2,695	2,663
Minority interests	173	214	205
Interest-bearing provisions and liabilities	3,914	3,802	4,550
Restructuring reserve	192	277	257
Accounts payable – trade	1,003	1,283	1,013
Subscription liabilities and other advances from customers	846	927	802
Other noninterest-bearing provisions and liabilities	2,461	2,816	2,777
Total shareholders' equity and liabilities	11,066	12,014	12,267

Condensed cash flow statement	January-August		Most recent	Full-year
SEK M	2003	2002	12 months	2002
Operating activities				
Loss after taxes paid	-168	-792	-162	-786
Items not included in cash flow	462	718	916	1,172
Change in working capital	-268	-81	-71	116
Cash flow from operating activities	26	-155	683	502
Investing activities				
Net investments in operations	-134	-282	-85	-233
Net acquisitions and divestments of operations	-48	-318	-42	-312
Cash flow from investing activities	-182	-600	-127	-545
Cash flow after investing activities	-156	-755	556	-43
Financing activities				
Dividend/Group contributions	-129	-123	-183	-177
Net borrowing/amortization	70	997	-667	260
Cash flow from financing activities	-59	874	-850	83
Cash flow for the period	-215	119	-294	40
Liquid funds				
Liquid funds at beginning of period	357	315	431	315
Cash flow for the period	-215	119	-294	40
Translation difference	-18	-3	-13	2
Liquid funds at end of period	124	431	124	357
Change in shareholders' equity				
SEK M	January-August		Most recent	Full year
	2003	2002	12 months	2002
Shareholders' equity, opening balance	2 695	3,469	2,663	3,469
Translation difference	-61	-17	-68	-24
Group contributions granted	-60	-50	-160	-150
Tax on Group contributions granted	17	14	45	42
Total direct charges to shareholders' equity	-104	-53	-183	-132
Loss for the period	-114	-753	-3	-642
Shareholders' equity, closing balance	2,477	2,663	2,477	2,695