



## **METRO INTERNATIONAL S.A.**

### **FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2008**

Luxembourg, 20<sup>th</sup> October 2008 – Metro International S.A. (“Metro” or the “Group”) (MTROA, MTROB), today announced its financial results for the third quarter ended 30<sup>th</sup> September 2008. Information was submitted for publication on 20<sup>th</sup> October at 8:00 CET A.M.

#### **HIGHLIGHTS FOR Q3 2008**

- Total net sales decreased by 14 percent to € 57.0 million (2007: € 66.2 million). Sales declined by 8 percent excluding closed and divested operations (Stockholm Bostad and Czech Republic) and by 6 percent when adjusting for the operations which did not publish during July and / or August 2008.
- The loss from operations was €13.4 million (2007: €13.5 million loss). Following the capital gain from Schibsted transaction, which was successfully finalised on the 24<sup>th</sup> September 2008, Metro reported an operating profit of €24.0 million (2007: €13.5 million loss) and a net profit of €22.2 million (2007: €14.3 million net loss).
- Year-on-year readership has increased by 8 percent to 17.7 million daily readers (2007: 16.4 million).
- The net profit per share for the third quarter 2008 was €0.05 (2007: loss of €0.03).

#### **FIRST NINE MONTHS RESULTS**

- Operational sales decreased by 9 percent to € 211.9 million (2007: € 233.6 million). Sales declined by 4 percent excluding closed, divested operations and adjustments for the operations which did not publish during July and / or August 2008.
- The loss from operations was €18.4 million (2007: €18.7 million loss). Following the capital gain from Schibsted transaction and the 24 Timer acquisition, Metro reported an operating profit of € 19.2 million (2007: € 18.7 million loss) and a net profit of € 13.8 million (2007: € 24.1 million net loss).

## P&L VARIANCE ANALYSIS

<b>€000s</b>	<b>Q3 '08</b>	<b>Q3 '07</b>	<b>VARIANCE</b>
Contribution from controlled newspaper operations	<b>(8,735)</b>	(5,510)	(3,225)
<b>Total contribution</b>	<b>(8,735)</b>	(5,510)	(3,225)
Joint ventures	549	668	(119)
Franchise Fees	528	463	65
Web & Online	(1,671)	(986)	(685)
Other Activities	(499)	(305)	(194)
HQ	(3,603)	(7,792)	4,189
<b>Profit / (loss) from operations</b>	<b>(13,431)</b>	(13,462)	31
Profit on Sale of Shares in Subsidiaries	37,432	-	37,432
<b>Operating profit / (loss)</b>	<b>24,001</b>	(13,462)	37,463
Financial items	3,520	(813)	4,333
Taxes	(5,349)	(37)	(5,312)
<b>Net result</b>	<b>22,172</b>	(14,312)	36,484

For comments regarding significant deviations, please refer to the sections in this report.

## **OPERATIONAL REVIEW**

Per Mikael Jensen, President & CEO of Metro International, said:

“Metro International’s third quarter is historically the weakest of the year due to a number of seasonal factors. In addition our results were significantly affected by the unfavourable economic environment in both the US and many of our European markets. In the third quarter we also saw significantly higher unit paper prices in all American and Asian markets. Despite the general downturn affecting most media companies it is pleasing to see that we are in fact improving our position in several of our markets by reporting year-on-year readership growth of 8 percent in the third quarter. These results are encouraging and confirm Metro as a high quality product which generates an attractive audience for our customers.

In the third quarter 2008 Metro’s operational sales declined by 8 percent year-on-year excluding divested and closed operations. Unlike in prior years, Sweden, Denmark and Spain did not publish during the popular holiday season of July or August. Sales declined by 6 percent year-on-year against the third quarter 2007 adjusting for operations which did not publish during the holiday seasons. Encouragingly though, we saw a year-on-year local currency sales growth in Boston, Hong Kong, Chile, South Korea, France, Czech Republic, Canada, Mexico and Brazil.

The third quarter operating EBIT loss was € 13.4 million. Southern Europe and the US continue to encounter problems, contributing significantly to the third quarter loss. In the third quarter 2008, HQ costs have decreased by € 4.2 million compared to the third quarter 2007, mainly due to one-off restructuring costs that were incurred in 2007. Contributions from our joint venture operations decreased year-on-year in the third quarter by € 0.1 million but remain positive. Income from our franchise partners increased by € 0.1 million in the third quarter 2008. This includes franchise fees from Metro in Croatia which was closed down in September 2008 due to recent results being below expectations.

Operations which are currently suffering from the economic downturn and with declining advertising prices as a consequence are US, Spain, Italy, France and Portugal. Management is working on strategies in these countries in order to improve their results in the future.

The paper price increases in the US and Far East negatively affected the results in these markets. Nevertheless, Hong Kong managed to maintain double digit profit margins owing to its 10 percent year-on-year sales growth. Our streamlining program which has been underway in our US operations for some time is beginning to yield results with EBIT improving year-on-year in the third quarter 2008 by € 1.7 million. Despite the well documented gloomy outlook for the US economy, our US operations have maintained its sales at last year’s level which is a significant achievement, especially when compared to a number of our competitors.

The performance of Metro Chile has enabled them to continue developing their business in the third quarter. In September Metro Chile acquired a 40 percent equity interest in Diario Pyme S.A. which has developed a B2B online subscriber business offering a variety of services to small and medium size companies as well as government agencies. In the same month, Metro Chile also purchased another 40 percent equity interest in two monthly licensed luxury magazine brands, Golf Digest and El Grafico. It is very encouraging to see the overall growth of our business in Latin America, not only in Chile but also in Mexico and Brazil.

The deal between Metro International and Schibsted in Sweden was successfully finalised in September by way of Schibsted paying SEK 350 million to Metro International in cash for 35 percent of the shares in Metro Sweden. As a result of this transaction, Metro International’s net profit in the third quarter is € 22.2 million. Following the approval of the deal in Sweden by The Swedish Competition Authority we are excited to be able to offer the most powerful advertising package in the Swedish market which is being well received by advertisers. Sales synergies resulting from this deal are expected to be realized in 2009.

In Denmark, MetroXpress and 24 Timer have worked on integrating their operations and synergies are expected in January 2009. MetroXpress has, together with 24 Timer, a daily reach of nearly 1 million readers.

Recently Metro has not only experienced reduced competition in Sweden and Denmark but also in the Netherlands, Czech Republic, Hungary, Boston and Finland. Moreover despite the gloomy economic

outlook which reduces advertising spend in many companies and the increased commodity prices Metro continues to be a cost efficient and therefore very attractive advertising forum. In addition, our unique business model allows us to continually focus on cost minimisation whilst still delivering a high quality product. Metro's market credibility is supported by increased year-on-year readership in 14 out of 17 markets (where readership is measured) and by double digit increases in France, Italy, Czech Republic, St Petersburg and Canada. In addition, the EMS survey published in July reconfirmed Metro's position as the most read print media by affluent Europeans.

**Outlook and Risks**

Conditions for advertising in Europe and North America are gloomy, regardless of the category, and the visibility is short.

Considering the current uncertainty in the global economy which impacts the outlook for the advertising markets in the fourth quarter, we do not believe that Metro International will be able to breakeven for 2008."

Per Mikael Jensen

President & CEO  
Metro International

## **FINANCIAL SUMMARY**

<b>€000s</b>	<b>Q3 2008</b>	<b>Q3 2007</b>	<b>YTD 2008</b>	<b>YTD 2007</b>
Net Sales	<b>57,018</b>	66,215	<b>211,947</b>	233,551
Profit / (loss) from operations	<b>(13,431)</b>	(13,462)	<b>(18,375)</b>	(18,674)
Profit on sale of shares in subsidiaries	<b>37,432</b>	-	<b>37,569</b>	-
Operating profit / (loss)	<b>24,001</b>	(13,462)	<b>19,194</b>	(18,674)
Net interest & other financial items	<b>3,520</b>	(813)	<b>188</b>	(2,125)
Profit / (loss) after financial items and before tax	<b>27,521</b>	(14,275)	<b>19,382</b>	(20,799)
Tax	<b>(5,349)</b>	(37)	<b>(5,551)</b>	(3,285)
Net profit / (loss)	<b>22,172</b>	(14,312)	<b>13,831</b>	(24,084)
Weighted average number of shares outstanding	<b>527,683,465</b>	527,296,944	<b>527,683,465</b>	527,296,944
Basic and diluted earnings / (loss) per share (€)	<b>0.05</b>	(0.03)	<b>0.03</b>	(0.04)

## **GROUP OVERVIEW**

### **Sales**

Total net sales from operations in Q3 2008 were € 57.0 million (2007: € 66.2 million). Sales declined by 8 percent excluding closed and divested operations (Stockholm Bostad and Czech Republic) and by 6 percent when adjusting for the operations which did not publish during July and / or August 2008.

### **Operating & Net Profit**

The operating loss was € 13.4 million (2007: € 13.5 million loss). Following the capital gain from Schibsted transaction, which was successfully finalised on the 24<sup>th</sup> September 2008, Metro International reported a net profit of € 22.2 million (2007: € 14.3 million net loss)

### **Conclusion of Schibsted Deal**

The deal with Schibsted that was announced in May 2008 was concluded on 24<sup>th</sup> September following approval from the Swedish Competition Authority. Schibsted paid Metro SEK 350 million (€ 35.8 million) in cash, implying a value of SEK 1.0 billion for Metro Sweden.

### **HQ costs**

In the third quarter HQ costs have decreased by € 4.2 million compared to the same period last year to € 3.6 million (2007: € 7.8 million). The positive variance is mainly due to restructuring costs incurred in Q3 2007.

### **Closure of Metro Croatia**

Metro's Croatian franchise operation which published the free newspaper Metro Express was closed in September 2008. Metro Express was 99 percent owned by the franchisee, Europapress Holding (EPH). Metro Express was launched in May 2006; unfortunately results during the past six months have fallen below our expectations. The operation was terminated with minimal costs being incurred by Metro.

### **Acquisition of minority stake in Diario Pyme S.A. in Chile**

In September 2008, Metro's subsidiary in Chile, Publimentro, purchased a 40 percent equity interest in Diario Pyme S.A. with an option to acquire the remaining 60 percent. Diario Pyme S.A., has developed a B2B online subscriber business offering a variety of services to small and medium size companies (SME's) as well as government agencies. Publimentro will support Diario Pyme S.A. in all areas of its business but primarily with advertising sales. In September 2008 Metro Chile also purchased a 40 percent equity interest in two monthly licensed luxury magazine brands, Golf Digest and El Grafico.

## Readership

Since June 2008, readership has increased in France, Italy, Canada, Russia, Czech Republic, Chile, Hong Kong and Greece. The number of daily readers decreased in the Netherlands, South Korea and Hungary. According to local official sources, readership increased by 8 percent year-on-year and the total daily readership for Metro International reached 17.7 million (2007: 16.4 million).<sup>1</sup>

<b>Country</b>	<b>Daily Readership '000</b>
France	2,419
Italy	1,934
Spain	1,836
Netherlands	1,831
Sweden	1,608
USA	1,214
Canada	1,092
Denmark*	854
Korea	808
Hong Kong	749
Russia	714
Portugal	648
Hungary	547
Czech Rep.	435
Finland**	408
Chile	372
Greece	280
<b>Total</b>	<b>17,749</b>

\*) Including metroXpress and 24 Timer

\*\*\*) Including Metro and Uutislehti 100

## Circulation

Total average daily newspaper copies printed by Metro's 12 fully consolidated country operations was stable year-on-year in the third quarter (excluding Czech Republic, which was partially divested in December 2007 and the Swedish Stockholm Bostad edition).

The daily circulation in associated newspapers and franchise operations was 2.7 million. This reflects the reclassification of the Czech Republic as an associated company, the closure of Metro Express in Croatia and circulation increase in Canada and Finland. The total daily circulation of titles in which Metro has an interest (subsidiaries, associates, franchise editions and the share investment in Metro Dublin) was 8.5 million copies in the third quarter, making Metro the second largest daily newspaper in the world and the world's largest international newspaper. At the end of September 2008, Metro had the highest circulation newspaper in seven of these markets.

## EMS 2008 Survey

The latest readership EMS 2008 survey released by Synovate (12-months) in July 2008, confirmed Metro's position as the most read print media by affluent Europeans. The survey shows that Metro reaches over 2.5 million affluent Europeans who represent 6.4 percent out of the total of 40 million people covered in the survey. Moreover, Metro reaches 3.4 times more affluent Europeans than all pan European daily newspapers combined<sup>2</sup> and more readers than all weekly pan European magazines.<sup>3</sup>

The EMS survey also showed that every week Metro reaches 26 percent of all young affluent Metropolitans<sup>4</sup> in all western European countries where Metro is published. Metro was also confirmed as the most read pan European print publication among the following target groups predefined by EMS: 'European Elites', 'Decision Makers' and 'Influential Opinion Leaders'.

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<sup>1</sup> Figures available not yet for Mexico, Brazil, Ireland and Halifax. Including commercial partners, Metro reached 22.4m daily readers

<sup>2</sup> This includes the Financial Times, International Herald Tribune, Wall Street Journal Europe and USA Today

<sup>3</sup> This includes BusinessWeek, The Economist, Newsweek and TIME

<sup>4</sup> Metropolitans are defined as 21-44 years old living in urban areas

Since the inclusion of Metro in the EMS survey two years ago, Metro's daily readership has increased by 325,000, making Metro the fastest growing pan European media.

EMS is the largest single source survey of Europe's affluent influencers and the reference for pan European media planning.

## **SEGMENTAL OPERATING REVIEW**

### **Reporting Currency**

From 1<sup>st</sup> January 2008, Metro has been reporting in Euros. This reduces the translation effect of the weakening US dollar on Metro International's results from January to July 2008. However, from August to September the US dollar has strengthened against the Euro.

### **Sweden**

<b>€000s</b>	<b>Q3 2008</b>	Q3 2007	<b>YTD 2008</b>	YTD 2007
Net Sales	<b>11,446</b>	14,642	<b>48,230</b>	53,706
EBIT	<b>(321)</b>	(549)	<b>3,849</b>	1,706
EBIT %	<b>-3%</b>	-4%	<b>8%</b>	3%
Number of Editions at 30 September	<b>6</b>	7	<b>6</b>	7

**Note:** Excludes Online

Metro Sweden publishes daily Metro editions in Stockholm, Gothenburg, Skåne and nationally, covering Sweden's largest cities (together referred to as "Green Metro"), a weekly real estate newspaper 'Metro Bostad' (Metro Property) distributed in Malmö and a weekly technology paper, "Metro Teknik".

Sweden's local currency sales declined by 20 percent year-on-year in the third quarter. This was due to the suspension of the Metro Stockholm Bostad edition and the decision not to publish the Green Metro publication during the month of July. Adjusted for the above, Sweden reported a year-on-year net sales increase of 3 percent for the 3<sup>rd</sup> quarter.

Metro Sweden reported an EBIT loss (excluding non-recurring deal transaction costs) of € 0.3 million in Q3 which is € 0.2 million better than the same period last year.

As reported in the 2007 Annual Report of Metro International, Metro has contested the view of the Swedish Tax Authorities regarding the advertising tax being imposed on Metro. As per 31<sup>st</sup> December 2007 the amount was fully provided for. On 31<sup>st</sup> July 2008, the County Administrative Court gave a verdict that the tax had to be paid. On 21<sup>st</sup> August 2008, Metro appealed against this judgement to the Court of Appeal and requested a deferral of payment of the tax. The Tax Authority granted such deferral on 27<sup>th</sup> August 2008. The deferral is valid until four weeks after the Court of Appeal has reached a judgement in the tax case.

Metro's readership in Sweden has grown by 6.6 percent year-on-year according to the latest official readership survey<sup>5</sup>. With 1.6 million daily readers nationwide, Metro is strengthening its position as the most read newspaper in Sweden. All Green Metro editions in Sweden increased their readership year-on-year in Q3 2008. Metro Teknik readership went up by 7.3 percent since the last survey was performed, with the product now being considered as an important player in that market.

The Schibsted deal was announced in May 2008 and completed on 24<sup>th</sup> September following regulatory approval from the Swedish Competition Authority. Metro International received a cash payment of SEK 350 million (€ 35.8 million) for the 35 percent stake of Metro Sweden sold to Schibsted. Metro Sweden is currently in the process of implementing several advertising collaborations with Schibsted's newspapers – Aftonbladet and Svenska Dagbladet.

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<sup>5</sup> Sifo Orvesto Konsument (2008-2)

The number of returns (i.e. the number of distributed but unread copies) of Green Metro in Stockholm has declined following the closure of Schibsted's free daily newspaper "Punkt.se" in late May. During the summer, the Bonnier Group announced that the Stockholm edition of their free daily newspaper "City" was going to reduce publishing from five to three days per week as of September 2008. Readership for Green Metro in Stockholm is therefore expected to be further improved.

Metro Sweden is continuing to build new revenue streams outside Green Metro. Metro Bostad in Malmö continues as a profitable operation. Metro Custom Publishing published 5 editions in Q3 and 16 editions year to date with strong margins. Revenues from events, Online and sampling are continuing to show a positive development. Online traffic reached an all-time-high during Q3 with more than 300,000 weekly unique visitors.

## Northern Europe

€000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Net Sales	14,063	16,871	48,626	57,814
EBIT	(1,878)	(48)	2,572	4,334
EBIT %	(13%)	(0%)	5%	7%
Number of Editions at 30 September	11	10	11	10

**Note:** Excludes Online

Northern Europe includes the Group's operations in the Netherlands, Denmark and Hungary. Poland was closed in January 2007 and 60 percent of the Group's operation in the Czech Republic was sold in December 2007. The Group's operation in the Czech Republic is now reported as a joint venture.

In Q3 2008, Northern Europe continued to suffer from strong competition. However, there has been a reduction in the number of competitors and consequently readership in these markets have improved.

Northern Europe's sales declined by 17 percent in Q3 although sales in July and September remained at the same level compared to Q3 2007. Excluding the business in the Czech Republic, the comparative sales for Northern Europe declined by 6 percent.

In the Netherlands, sales decreased by 8 percent compared to Q3 2007 mainly due to a decline in demand in the recruitment segment. According to the latest official figures, Metro confirms its position as the second most read newspaper in the Netherlands. Furthermore, Metro is the most read newspaper among key target groups for advertisers – people aged 20-49 and 20-34 years old and people with higher education<sup>6</sup>. The competition in the Netherlands has been reduced following the closure of DAG as at 1<sup>st</sup> October 2008.

In Denmark, local currency sales in MetroXpress decreased by 12 percent versus the same period last year due to the partial closure of the publication in July and August with 13 publishing days less compared to last year. Stiff competition and a difficult advertising market continued to impact volumes and price realisation. Cost cutting measures in print and distribution have helped reduce the impact of the sales drop on EBIT margins. Organisation and systems integration for the 24 Timer acquisition are being completed and cost synergies will take full effect as of January 2009. Following the closure of Nyhedsavisen, MetroXpress regained its position as the most read newspaper in Denmark with 550,000 daily readers<sup>7</sup>. MetroXpress has, together with 24 Timer, a daily reach of nearly 1 million readers.

Hungary had local currency sales growth of 10 percent year-on-year in Q3 2008. This growth has occurred due to a successful launch of a special Olympic edition and the launch of an in-house custom publishing business copying the success in Sweden. Metro is the second most read newspaper in Hungary with 547,000 daily readers<sup>8</sup> and the market leader in terms of circulation and advertising sales.

<sup>6</sup> NOM 2007-08

<sup>7</sup> AktualitetsIndex Danmark/Gallup Sep-2008

<sup>8</sup> Ipsos Szonda (Q1-Q2 2008)

## Southern Europe

€ 000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Net Sales	16,258	18,825	68,773	73,205
EBIT	(5,968)	(3,237)	(8,983)	(4,338)
EBIT %	(37%)	(17%)	(13%)	(6%)
Number of Editions at 30 September	32	33	32	33

**Note:** Excludes Online

Southern Europe consists of the Group's operations in France, Spain, Italy, Greece and Portugal.

Net sales in the region declined in Q3 by 14 percent due to lower sales in Spain, Italy and Portugal. The region's operating margin declined as a result.

In Spain, Q3 2008 EBIT remained stable despite the severe advertising downturn and continued strong competition, due to the implementation of the cost saving plan and a solid July sales period. Q3 sales were 26 percent lower than in Q3 2007 which was mainly due to not publishing during August 2008 and a fragile Spanish economy which continues to have a major impact on sales. If 2007 August sales are excluded, the decrease in sales during the quarter amounted to 16 percent. In Spain, Metro is the 3<sup>rd</sup> most read free daily newspaper with more than 1.8 million daily readers<sup>9</sup>. Year-on-year, readership increased by 9 percent due to several new editorial projects. Spain has successfully launched a new website that has reached 500,000 unique users in only three months.

Last year's strong development of the free press segment has resulted in stronger competition in Portugal. At the same time the economic situation in Spain has also affected the Portuguese market resulting in a sharp decline in advertising. As a result of this, Metro's Q3 sales declined by 21 percent year-on-year. Despite the adverse market conditions however, Metro has strengthened its brand awareness and regained the leading position as the most read free daily newspaper in Portugal<sup>10</sup>.

France's sales decreased by 5 percent year-on-year. This is partly due to a weaker advertising market and increased competition as well as the effect from higher sales in September 2007 driven by special publications in conjunction with the Rugby World Cup. National Sales are showing healthy improvements in volumes although EBIT margins continue to remain under pressure. Metro France's readership increased by 19 percent year-on-year to 2.4 million daily readers, representing 3.3 readers per copy (a year-on-year increase of 0.5 readers per copy)<sup>11</sup>. These new figures confirm the strength of Metro's brand, product and distribution strategy in France. The new Managing Director, Sophie Sachnine, previously a Director at Prisma Press, joined Metro France in late August.

In Greece, sales remained constant compared to last year. Sales were affected by a declining print advertising market and increased competition. Metro remains the second most read daily newspaper in Greece with 280,000 daily readers (growth of a 25 percent year-on-year) and a 20 percent market share.<sup>12</sup>

In Italy, sales decreased by 15 percent year-on-year in this quarter mainly due to a weak advertising market resulting from unfavourable economic conditions affecting Italy. The latest readership figures published in August show a 15 percent year-on-year readership growth making Metro in Italy the 4<sup>th</sup> most read general interest newspaper in the market with almost 2 million daily readers<sup>13</sup>. In both Rome and Milan, Metro is the most read free newspaper and second most read overall to Corriere della Sera and Il Messagero respectively.

<sup>9</sup> EGM 2008-2

<sup>10</sup> Bareme Markttest 2008-2

<sup>11</sup> EPIQ 2007-08, OJD – PGI 2007-08

<sup>12</sup> Focus Bari 2008-A

<sup>13</sup> Audipress 2008-1

## United States

€ 000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Net Sales	5,256	5,774	16,402	19,640
EBIT	(1,499)	(3,234)	(4,259)	(7,025)
EBIT %	(29%)	(56%)	(26%)	(36%)
Number of Editions at 30 September	3	3	3	3

Local currency sales were down 1 percent year-on-year in Q3 2008. Boston reported a 3 percent year-on-year increase in local currency sales whilst New York and Philadelphia reported modest year-on-year sales declines. Metro US's Q3 sales performance can be considered a strong result in comparison to Metro's competitors in its three US markets, most of whom reported double digit sales declines.

The cost cutting programme is starting to realise significant savings, despite a greater than 40 percent rise in unit newsprint prices since the beginning of the year. As a result Metro US succeeded in cutting its EBIT loss year-on-year in the quarter by €1.7 million.

New York reported 6 percent year-on-year local currency sales growth in September. Metro Boston reported an operating profit in September. The operating cost reduction programme is expected to realise further savings in the coming months.

The US editions in New York, Boston and Philadelphia together reach more than 1.2 million readers per day.<sup>14</sup>

## Rest of the World

€ 000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Net Sales	7,770	7,537	21,714	21,423
EBIT	931	1,558	3,128	3,827
EBIT %	12%	21%	14%	18%
Number of Editions at 30 September	2	2	2	2

**Note:** Excludes Online

The Rest of the World segment comprises the operations in Chile and Hong Kong.

Metro Hong Kong reported a 10 percent year-on-year rise in local currency sales in Q3 whilst EBIT fell year-on-year by € 0.4 million. This decline in EBIT is attributable to a sharp rise in unit paper costs (unit paper prices have risen by almost 50 percent since the beginning of the year), start-up losses of the new fashion magazine Metro Box and the negative effect on newspaper advertising of the Beijing Olympics in August. The weekly lifestyle magazine Metro Pop reported its second consecutive quarterly EBIT profit. It increased its sales year-on-year in the quarter by 28 percent. Metro Box is a joint venture between Metro and E-Media, a group with extensive experience in the fashion sector and is developing in accordance with expectations. Advertising sales were up by more than 2.5 times compared to the second quarter. Metro Hong Kong achieved a double digit profit margin in the quarter. Metro is the fourth most read daily newspaper in Hong Kong with 749,000 daily readers<sup>15</sup>.

Metro Chile reported a 10 percent rise in sales in local currency for the quarter which resulted in a modest year-on-year rise in EBIT profits. Metro Chile's new associate operation, SUBTV, in which Metro has a 35 percent equity interest, increased its sales during the quarter by 145 percent year-on-year. This is very encouraging since it shows that Metro Chile is starting to realise the sales synergies which were identified prior to the acquisition. SUBTV was profitable during the quarter and Metro Chile is working closely with SUBTV's management to continue to develop content and further establish awareness of SUBTV amongst

<sup>14</sup> Scarborough 2008 R1

<sup>15</sup> Synovate Media Atlas (Q3 2007 – Q2 2008)

TV and outdoor media buyers. Publmetro, Metro Chile's daily newspaper, is the third most read newspaper in Santiago with 372,000 daily readers.<sup>16</sup>

In September 2008, Metro Chile purchased a 40 percent equity interest in Diario Pyme S.A. as well as an option to acquire the remaining 60 percent. Diario Pyme S.A., based in Santiago, has developed a B2B online subscriber business offering a variety of services to small and medium size companies (SME's) as well as government agencies. Metro Chile will support Diario Pyme S.A. in all areas of its business but primarily with advertising sales.

In September 2008 Metro Chile also purchased a 40 percent equity interest in two monthly licensed luxury magazine brands, Golf Digest and El Grafico. The latter is a sports magazine sold through kiosks and distributed to subscribers. It has an average monthly circulation of approximately 10,000 copies. Metro is working closely with the majority shareholder to increase advertising sales.

### Franchise Income

€000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Franchise Income	528	463	1,661	1,691

Franchise fees in Q3 2008 were received from the Group's franchisees in South Korea, Russia, Brazil, Mexico, Croatia and Finland. Metro International also holds equity interests in its franchise operations in South Korea, Mexico and Brazil. Franchise fee income has increased year-on-year in the quarter by 14 percent to €0.5 million.

On 12<sup>th</sup> September Metro Croatia was closed due to its unsatisfactory development and the Franchise Agreement between Metro International and Europapress Holding has subsequently been terminated with minor costs for Metro International.

### Joint Ventures

Metro owns minority equity interests through its joint ventures in Seoul (South Korea), Brazil, Mexico and Czech Republic. In Canada, Metro has a majority equity stake in the Toronto and Montreal sales companies as well as minority equity stakes in the publication companies in Toronto, Vancouver, Ottawa, Montreal, Calgary and Edmonton. Metro International has an overall financial interest of 50 percent in all of the Canadian Metro operations except for Halifax, in which the group holds an indirect 33 percent financial interest.

#### Metro's share of sales and net profit/ (loss) consolidated in the results

€000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Net Sales	899	1,257	3,892	3,805
Net profit / (loss) - Metro's share	549	668	809	104
Number of Editions	13	10	13	10

#### Joint venture operation sales not consolidated in Metro's results

€000s	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Canada	11,510	10,017	32,854	28,933
Korea	4,448	5,858	14,931	16,706
Brazil	2,674	905	5,971	2,301
Mexico	1,790	765	4,448	2,142
Czech Republic	1,233	1,983	6,230	6,070
<b>TOTAL</b>	<b>21,655</b>	<b>19,528</b>	<b>64,434</b>	<b>56,152</b>

<sup>16</sup> KMR (Apr-Jul 2008)

Metro Canada's local currency sales have increased by 17 percent versus Q3 2007. This includes sales from the Halifax edition which commenced in February 2008. The investment in new editions contributed to an increase in expenses and a lower EBIT contribution. Readership increased by 26 percent year-on-year to nearly 1.1 million adult readers. Metro is the most read national newspaper in Canada<sup>17</sup>.

Metro's 29.99 percent joint venture in Seoul delivered an EBIT profit in Q3 2008, consistent with its performance in 2007. Metro Seoul, like Metro Hong Kong, suffered from a steadily rising unit paper price. Metro Seoul regained its market leader position in September in terms of readership. Local currency sales increased by 12 percent year-on-year in Q3 2008.

Metro exercised its option to increase its stake in the Mexican joint venture from 35 percent to 49 percent in May 2008. The operation continues to enjoy strong sales and profit growth. Local currency sales increased by 139 percent year-on-year in Q3 2008. Metro in Mexico reported a profit in the quarter. Publmetro is the largest newspaper by circulation in Mexico City with 130,000 daily copies.

Metro has a 29.99 percent interest in its Brazilian joint venture. The operation commenced publishing in May 2007 in Sao Paulo and has developed in accordance with expectations. Metro Brazil reported year-on-year sales growth of 164 percent and was profitable in the quarter as well as for the nine months ended 30<sup>th</sup> September 2008.

In April, Metro in the Czech Republic merged with Metropolitni Expres and re-launched in a half-berliner format resulting in a 5 percent increase in daily readership since the last survey. Metro is now the 3<sup>rd</sup> most-read national daily newspaper and the number one newspaper in the city of Prague<sup>18</sup>. Sales in Q3 2008 stayed flat year-on-year. The partial divestment of Metro Czech Republic to MAFRA a.s. has brought synergies in respect of cost savings as well as the creation of various advertising packages resulting in an EBIT improvement of € 0.1 million compared to Q3 2007.

The Group's total share of the net earnings of these associated companies was a profit of € 0.5 million in the third quarter (2007: profit of €0.7 million).

#### Online EBIT

€ 000s	<u>Q3 2008</u>	Q3 2007	<u>YTD 2008</u>	YTD 2007
Web	<b>(792)</b>	(425)	<b>(2,327)</b>	(1,342)
Central Team	<b>(879)</b>	(561)	<b>(1,652)</b>	(1,375)
<b>Total</b>	<b>(1,671)</b>	(986)	<b>(3,979)</b>	(2,717)

Following the re-launch of a new website in Spain at the end of Q2 2008, unique users to the site have trebled from 166,000 in June 2008 to 504,000 in September 2008.

In France, the number of monthly unique visitors and page views increased 10 percent since June 2008 in a quarter where traffic was expected to be low due to a 6 week summer publication break.

The website in Denmark saw a 14 percent increase in unique users during Q3 2008.

Metro is actively engaged in a strategic review of its websites to ensure that the product continues to deliver growth in terms of audience and advertising revenues. Following the implementation of its global strategic commercial advertising platform Metro is now in a better position to exploit the sales opportunities for Online at a lower cost.

The net result in the third quarter of Metro's existing seven websites – Sweden, the Netherlands, Denmark, Hungary, Chile, France and Spain – was a loss of € 1.7 million. This is an increase of €0.7 million over Q3 2007, mainly due to the launch of the French and Spanish websites. The cost of the central development team was €0.9 million for the quarter.

<sup>17</sup> NADbank (2007-08)

<sup>18</sup> Mediaprojekt (Q1-Q2 2008)

Capital investment for the online development aggregated € 2.9 million of which € 0.8 million relates to 2008.

#### Other Activities

<b>€ 000s</b>	<b>Q3 2008</b>	Q3 2007	<b>YTD 2008</b>	YTD 2007
Revenue	<b>684</b>	768	<b>2,239</b>	2,059
Costs	<b>(1,183)</b>	(1,073)	<b>(3,637)</b>	(2,886)
<b>NET</b>	<b>(499)</b>	(305)	<b>(1,398)</b>	(827)

Other activities include Global Sales, Logistics, Metro World News and Metro Life Panel.

Other costs have increased due to a lower paper bonus arising from a drop in paper usage and higher Global Sales headcount.

#### HQ

<b>€ 000s</b>	<b>Q3 2008</b>	Q3 2007	<b>YTD 2008</b>	YTD 2007
Costs	<b>(3,603)</b>	(7,792)	<b>(11,776)</b>	(15,432)
<b>NET</b>	<b>(3,603)</b>	(7,792)	<b>(11,776)</b>	(15,432)

Headquarter costs comprise group senior management and central administration functions; the global advertising research and marketing teams; global IT support and management, and the costs associated with the Group's long-term incentive plans (LTIPs).

In the third quarter HQ costs have decreased by € 4.2 million compared to the same period last year to € 3.6 million (2007: € 7.8 million). This is due to restructuring costs incurred in Q3 2007.

## **FINANCIAL REVIEW**

### **Cash Flow**

From January to September 2008, cash and cash equivalents have increased by € 26.0 million to € 49.1 million. The payment from the Schibsted transaction has resulted in this cash improvement. Cash flow used by operations for the nine months amounted to € 12.5 million (2007: € 6.7 million). Working capital over the nine months has decreased by € 5.3 million.

Group capital expenditure on machinery and equipment amounted to € 1.9 million for the nine months (2007: € 4.7 million) and was equivalent to 1 percent of group sales, whilst depreciation charges totalled € 2.3 million (2007: € 1.8 million).

### **Group Net Debt and Financial Items**

Group net debt amounted to € 8.0 million after nine months, compared to € 27.2 million as at 31<sup>st</sup> December 2007, and comprised cash and cash equivalents of € 49.1 million, € 50.0 million drawn under the Group's multi-currency revolving credit facility, € 5.2 million of loans payable to minority shareholders and other short-term bank loans totalling € 1.9 million. The amount of net debt has reduced significantly due to the receipt of the Schibsted sales proceeds of € 35.8 million on 24<sup>th</sup> September 2008.

Net financial costs were a credit of € 0.2 million (2007: € 2.1 million) in the nine months, and mainly comprised € 0.3 million (2007: € 0.3 million) of interest income on the Group's cash balances and loans outstanding with associated companies, € 2.9 million (2007: € 1.6 million) interest payable on the Group's credit facility and other borrowings; charge of the outstanding prepaid credit facility fees of € 1.2 million relating to the former bank facility as a result of the refinancing in April 2008 (2007: € 1.0 million) and foreign exchange gain of € 4.0 million due to revaluation of the € 50 million credit facility as a result of the strengthening of the US\$ against the € in Q3 2008 (2007: € 0.2m).

The Company repaid € 21.3 million of its € 50 million credit facility from the sales proceeds of the Schibsted deal in Sweden on 6<sup>th</sup> October 2008. The current outstanding balance of the credit facility as a result stands at € 28.7 million.

### **Net Tax Charges and Utilization of Deferred Tax Assets**

The Group reported a € 0.2 million net current tax charge in Q3 2008 (Q3 2007: charge of € 0.3 million). The Company has evaluated its deferred tax asset at 30<sup>th</sup> September 2008 and has taken a net deferred tax charge of € 5.1 million in Q3 2008 (Q3 2007: credit of € 0.3 million). The Group's net deferred tax asset as at 30<sup>th</sup> September 2008 as a result is € 7.9 million (Q3 2007: € 11.3 million).

### **Minority Interests**

The net result for the quarter attributable to minority shareholders in the Group's subsidiaries in France, Denmark, Boston and Portugal was a loss of € 1.8 million (Q3 2007: loss of € 0.8 million). Please be referred to note 5 and 6 to the condensed interim financial statements.

### **Shares Outstanding**

The total number of issued and outstanding shares at 30<sup>th</sup> September 2008 was 527,812,591.

## **DIRECTORS' STATEMENT**

The Board of Directors declare, to the best of our knowledge, that the condensed set of interim financial statements which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of Metro International SA, or undertakings including in the consolidation as a whole as required under Art.4 §3 of the Transparency Law, and that the interim management report includes a fair review of the information required under Art. §4 of the Transparency Law.

The Board of Directors  
Metro International S.A.

Luxembourg, 20 October 2008.

11 Boulevard Royal  
L-2449, Luxembourg  
Registration no: B73790



**To the Shareholders of Metro International S.A.**

Auditors report on review of Condensed  
Consolidated Interim Financial Information

*Introduction*

We have reviewed the accompanying condensed consolidated balance sheet of Metro International S.A. and its subsidiaries (the "Group") as at September 30, 2008 and the related condensed consolidated statements of income, recognised income and expense and cash flows for the nine-month period then ended (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial information ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

*Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Equity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Luxembourg, Oct 20, 2008

KPMG AB

KPMG Audit S.à r.l.  
Réviseurs d'Entreprises

Anders Malmeby

Thierry Ravasio

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **Condensed Consolidated Interim Income Statement**

<b>€000s</b>	<b>Q3 2008</b>	<b>Q3 2007</b>	<b>YTD 2008</b>	<b>YTD 2007</b>
<b>Net Sales</b>	<b>57,018</b>	66,215	<b>211,947</b>	233,551
Cost of production	<b>(39,800)</b>	(44,299)	<b>(135,069)</b>	(146,923)
<b>Gross income</b>	<b>17,218</b>	21,916	<b>76,878</b>	86,628
Selling expenses	<b>(19,263)</b>	(18,003)	<b>(55,916)</b>	(56,790)
Administrative and development expenses	<b>(11,935)</b>	(18,043)	<b>(40,146)</b>	(48,616)
Share of earnings in associated companies	<b>549</b>	668	<b>809</b>	104
<b>Profit / (loss) from operations</b>	<b>(13,431)</b>	(13,462)	<b>(18,375)</b>	(18,674)
Profit on sale of shares in subsidiaries	<b>37,432</b>	-	<b>37,569</b>	-
<b>Operating profit / (loss)</b>	<b>24,001</b>	(13,462)	<b>19,194</b>	(18,674)
Financial items - Interest	<b>(1,021)</b>	(653)	<b>(2,603)</b>	(1,592)
Financial items - Exchange movements	<b>4,803</b>	135	<b>4,019</b>	172
Financial items - other	<b>(262)</b>	(295)	<b>(1,228)</b>	(705)
<b>Profit / (loss) after financial items and before income tax</b>	<b>27,521</b>	(14,275)	<b>19,382</b>	(20,799)
Current tax	<b>(181)</b>	(341)	<b>(439)</b>	(1,538)
Deferred tax	<b>(5,168)</b>	304	<b>(5,112)</b>	(1,747)
	<b>(5,349)</b>	(37)	<b>(5,551)</b>	(3,285)
<b>Net result</b>	<b>22,172</b>	(14,312)	<b>13,831</b>	(24,084)
<b>Attributable to:</b>				
Equity holders of the parent	<b>23,929</b>	(13,515)	<b>16,473</b>	(22,711)
Minority interest	<b>(1,757)</b>	(797)	<b>(2,642)</b>	(1,373)
<b>Net result</b>	<b>22,172</b>	(14,312)	<b>13,831</b>	(24,084)
Basic and diluted earnings/(loss) per share	<b>0.05</b>	(0.03)	<b>0.03</b>	(0.04)
Weighted average number of shares outstanding	527,683,465	527,296,944	527,683,465	527,296,944

### **Condensed Consolidated Interim Statement of Recognized Income and Expense**

<b>€000s</b>	<b>YTD 2008</b>	<b>YTD 2007</b>
Foreign exchange translation differences	<b>(5,957)</b>	1,310
Other recognised income and expenses recognised directly in equity	<b>(5,957)</b>	1,310
Net result for the period	<b>13,831</b>	(24,084)
<b>Total recognised income and expense</b>	<b>7,874</b>	(22,774)
<b>Attributable to:</b>		
Equity holders of the parent	<b>10,873</b>	(21,443)
Minority interest	<b>(2,999)</b>	(1,330)
<b>Total recognised income and expense</b>	<b>7,874</b>	(22,774)

## Condensed Consolidated Interim Balance Sheet

€000s	30 September 2008	30 September 2007	31 December 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Trademarks and licenses	6,478	1,068	1,104
Capitalised development costs	6,087	3,624	4,314
Goodwill	10,549	11,410	10,899
	<u>23,114</u>	<u>16,102</u>	<u>16,317</u>
<i>Property, plant and equipment</i>			
Machinery and equipment	4,841	5,805	5,890
<i>Financial assets</i>			
Shares in associated companies	3,820	3,679	2,075
Other investments	165	168	162
Receivables from associated companies	7,846	6,257	7,725
Long-term receivables	4,914	3,052	3,643
	<u>16,745</u>	<u>13,156</u>	<u>13,605</u>
<i>Deferred tax assets</i>			
Deferred tax assets	7,939	11,329	13,464
<b>Total non-current assets</b>	<u>52,639</u>	<u>46,392</u>	<u>49,276</u>
<b>Current assets</b>			
Accounts receivable	49,017	56,866	67,495
Other current receivables	9,996	8,121	8,083
Prepaid expenses and accrued income	7,300	5,305	5,625
Cash and cash equivalents	49,112	23,926	23,157
<b>Total current assets</b>	<u>115,425</u>	<u>94,218</u>	<u>104,360</u>
<b>TOTAL ASSETS</b>	<u>168,064</u>	<u>140,610</u>	<u>153,636</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the Equity Holders of the Parent</b>	23,380	9,681	12,331
<b>Minority Interest</b>	(1,446)	(1,627)	(801)
<b>TOTAL EQUITY</b>	<u>21,934</u>	<u>8,054</u>	<u>11,530</u>
<b>Non-current liabilities</b>			
Liability to minority partner	5,234	4,267	4,566
Provisions	8,237	-	8,227
Long-term bank loans	48,961	44,717	43,360
<b>Total non-current liabilities</b>	<u>62,432</u>	<u>48,984</u>	<u>56,153</u>
<b>Current liabilities</b>			
Short-term bank loans	1,946	747	2,352
Accounts payable	27,313	27,700	34,049
Other liabilities	21,129	15,736	15,775
Accrued expenses and deferred income	33,310	39,387	33,777
<b>Total current liabilities</b>	<u>83,698</u>	<u>83,570</u>	<u>85,953</u>
<b>TOTAL LIABILITIES</b>	<u>146,130</u>	<u>132,554</u>	<u>142,106</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>168,064</u>	<u>140,610</u>	<u>153,636</u>

## Condensed Consolidated Interim Cash Flow Statement

€000s	Period ended 30 September 2008	Period ended 30 September 2007
<b>Operating activities</b>		
Profit/(loss) before tax	19,382	(19,871)
<b>Adjustments for:</b>		
Depreciation and amortisation	2,287	1,847
Other non-cash items	(1,379)	-
Profit on sale of shares in subsidiaries	(37,569)	-
Financial items, net	(188)	2,125
Share of earnings in associated companies	(809)	(104)
Dividends from associated companies	478	-
<b>Profit/(loss) before change in working capital</b>	<b>(17,798)</b>	<b>(16,003)</b>
<b>Change in working capital:</b>		
Change in current receivables	14,634	5,069
Change in current liabilities	(9,355)	4,238
<b>Working Capital (increase)/decrease</b>	<b>5,279</b>	<b>9,307</b>
<b>Cash flow contributed/(used) by operations</b>	<b>(12,519)</b>	<b>(6,696)</b>
Interest paid, net	(1,864)	(1,618)
Income tax paid	(312)	(417)
<b>Net cash contributed/(used) by operations</b>	<b>(14,695)</b>	<b>(8,731)</b>
<b>Investing activities</b>		
Investment in associated company shares	(1,251)	(1,039)
Sale of shares in Metro Sweden	35,337	-
Cash received - 24 Timer transaction	3,554	-
(Increase)/decrease in long-term receivables	(1,558)	(251)
Investment in intangible assets and equipment	(1,855)	(4,673)
<b>Net cash flow contributed/(used) in investing activities</b>	<b>34,227</b>	<b>(5,963)</b>
<b>Financing activities</b>		
Long term bank loan paid	(42,378)	-
Long term bank loan proceeds	49,243	15,776
Net increase /(decrease) in short term bank loans	(406)	(1,652)
Loan to minority partner	(150)	-
Capital contribution from minority partner	345	-
Loans to joint ventures	-	(979)
<b>Net cash flow contributed/(used) in financing activities</b>	<b>6,654</b>	<b>13,145</b>
Net increase/(decrease) in cash and cash equivalents	26,186	(1,549)
Cash and cash equivalents at beginning of period	23,157	24,922
Currency effects on cash	(231)	553
<b>Cash and cash equivalents at end of the period</b>	<b>49,112</b>	<b>23,926</b>

## **METRO INTERNATIONAL S.A.**

### **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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#### **Note 1 – Background**

Metro International S.A. was formed in December 1999 and was a wholly owned subsidiary of Modern Times Group MTG AB ("MTG"). MTG divested Metro International S.A. to its shareholders through a dividend on 18 August 2000.

Metro International S.A., its subsidiaries (the "Company"), together with its associates, franchise editions and share investments publish free-of-charge newspapers, Monday through Friday and in some cases also on Saturday. As at 30 September 2008, 68 editions of Metro newspapers were distributed in 20 countries. Metro newspapers were distributed on national or "main-cities" level in Sweden, Denmark, The Netherlands, France, Italy, Spain, Portugal, Greece, Hungary, Czech Republic, Canada, Chile and Hong Kong; Metro newspapers were also distributed in Helsinki and surroundings (Finland), St Petersburg (Russia), Dublin (Ireland), Sao Paulo (Brazil), Mexico City (Mexico), New York, Boston, Philadelphia, Seoul and Pusan (South Korea).

Metro's distribution includes: Amsterdam, Athens, Barcelona, Boston, Budapest, Calgary, Copenhagen, Edmonton, Gothenburg, Helsinki, Hong Kong, Lisbon, Madrid, Malmo, Mexico City, Milan, Montreal, New York, Paris, Philadelphia, Prague, Rome, Santiago, Sao Paulo, Seoul, Seville, Stockholm, St Petersburg, Toronto and Vancouver.

Metro mainly derives its revenues from advertising sales.

The Company is domiciled in Luxembourg.

#### **Note 2 – Basis of preparation of financial statements and accounting policies**

The Group's consolidated results are in compliance with IAS 34 (IAS 34.19). Metro's accounting policies have been applied consistently to all periods presented in these financial statements and have been consistently applied by its group entities. In 2008 Metro has changed its presentation currency to Euros € from US \$ (please be referred to note 8).

#### **Note 3 – Seasonality of operations**

The Group's operations are subject to seasonal fluctuations as advertising clients generally reduce advertising activity during the summer holiday period, particularly in Northern and Southern Europe. The group attempts to minimize the impact of this by reducing the number of editions published during the period.

#### **Note 4 – Segment Reporting**

The segment reporting is based on geographic areas for subsidiary newspaper operations – Sweden, Northern Europe, Southern Europe, US and Rest of World. Other reporting segment includes HQ costs, income from equity positions in Joint Ventures, Franchise Income, Web and Online and Other Activities including Global Sales, Logistics, Metro World News and Metro Life Panel.

Northern Europe comprises operations in the Netherlands, Denmark and Hungary.

Southern Europe comprises operations in France, Spain, Italy Greece and Portugal.

Rest of the World comprises operations in Chile and Hong Kong.

## Segment Reporting - Net Sales (External)

<b>2008</b> <b>(€000s)</b>	<b>Q4 2007</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>YTD 2008</b>
Sweden	22,895	17,511	19,273	<b>11,446</b>	<b>48,230</b>
Northern Europe	23,268	16,491	18,072	<b>14,063</b>	<b>48,626</b>
Southern Europe	33,968	23,947	28,568	<b>16,258</b>	<b>68,773</b>
United States	6,366	5,449	5,697	<b>5,256</b>	<b>16,402</b>
Rest of World	8,021	6,855	7,089	<b>7,770</b>	<b>21,714</b>
Other	3,059	3,168	2,809	<b>2,225</b>	<b>8,202</b>
<b>TOTAL</b>	<b>97,577</b>	<b>73,421</b>	<b>81,508</b>	<b>57,018</b>	<b>211,947</b>

<b>2007</b> <b>(€000s)</b>	<b>Q4 2006</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>YTD 2007</b>
Sweden	24,440	18,989	20,075	14,642	53,706
Northern Europe	23,070	18,545	22,398	16,871	57,814
Southern Europe	31,474	24,794	29,586	18,825	73,205
United States	6,945	6,628	7,238	5,774	19,640
Rest of World	7,848	7,075	6,811	7,537	21,423
Other	3,164	2,143	3,054	2,566	7,763
<b>TOTAL</b>	<b>96,941</b>	<b>78,174</b>	<b>89,162</b>	<b>66,215</b>	<b>233,551</b>

Country figures exclude Online and Web. There are no inter-segment sales.

## Segment Reporting - Operating profit/(loss) (excluding sale of subsidiaries)

<b>2008</b> <b>(€000s)</b>	<b>Q4 2007</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>YTD 2008</b>
Sweden	(3,303)	1,468	2,702	<b>(321)</b>	<b>3,849</b>
Northern Europe	4,018	1,909	2,541	<b>(1,878)</b>	<b>2,572</b>
Southern Europe	4,139	(3,068)	53	<b>(5,968)</b>	<b>(8,983)</b>
United States	(1,923)	(2,005)	(755)	<b>(1,499)</b>	<b>(4,259)</b>
Rest of World	1,494	1,338	859	<b>931</b>	<b>3,128</b>
Other	(4,340)	(5,219)	(4,767)	<b>(4,696)</b>	<b>(14,682)</b>
Operating profit/(loss) from operations	<b>85</b>	<b>(5,577)</b>	<b>633</b>	<b>(13,431)</b>	<b>(18,375)</b>

<b>2007</b> <b>(€000s)</b>	<b>Q4 2006</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>YTD 2007</b>
Sweden	4,470	(692)	2,947	(549)	1,706
Northern Europe	4,088	438	3,944	(48)	4,334
Southern Europe	3,645	(1,994)	893	(3,237)	(4,338)
United States	(929)	(2,262)	(1,529)	(3,234)	(7,025)
Rest of World	1,623	1,314	955	1,558	3,827
Other	(4,287)	(5,597)	(3,629)	(7,952)	(17,178)
Operating profit/(loss) from operations	<b>8,610</b>	<b>(8,793)</b>	<b>3,581</b>	<b>(13,462)</b>	<b>(18,674)</b>

Country figures exclude Online and Web

## **Note 5 – Shareholders' equity**

Metro International S.A. was formed on 29th December, 1999.

The authorized share capital of the Company is US\$ 450 million divided into 1,000,000,000 Metro class A Shares (voting shares) and 500,000,000 Metro class B Shares (non-voting) with no par value.

The issued and outstanding share capital of the Company is US\$ 131,537,821 divided into 264,385,212 Metro class A Shares and 263,427,379 Metro class B Shares with no par value. Metro class A Shares carry one vote for every share while Metro class B Shares carry no votes. Dividends may be paid in US\$ or in shares of the Company or otherwise as the Company's Board may determine in accordance with the provisions of the Luxembourg Companies Act. The holders of Metro class B Shares are entitled to the greater of a) a cumulative preferred dividend corresponding to 0.5 percent of the accounting par value of the Metro class B shares in the Company or b) 2 percent of the overall dividend distributions made in a given year. Any balance of dividends must be paid equally on each Metro class A and Metro class B Share.

#### Total shareholders equity

<b>€ 000s</b>	<b>Equity holders of the parent</b>	<b>Minority Interest</b>	<b>Total Equity</b>
<b>Balance at 1 January 2007</b>	29,816	(352)	29,464
Total recognised income and expenses	(18,125)	(449)	(18,574)
Share option program of LTIP scheme	640	-	640
<b>Balance at 31 December 2007</b>	12,331	(801)	11,530
Total recognised income and expenses	<b>10,873</b>	<b>(2,999)</b>	<b>7,874</b>
Contribution from minority partner	<b>176</b>	<b>169</b>	<b>345</b>
Increase in minority interest	-	<b>2,185</b>	<b>2,185</b>
Share option program of LTIP scheme	-	-	-
<b>Balance at 30 September 2008</b>	<b>23,380</b>	<b>(1,446)</b>	<b>21,934</b>

Please be referred to note 6 for details regarding increase in minority interest.

#### **Note 6 – Profit on sale of shares in subsidiaries**

<b>€ 000s</b>	<b>Q3 2008</b>	<b>YTD 2008</b>
<b>Profit on sale of shares in subsidiaries</b>		
Metro Sweden– Schibsted acquiring 35% shares	35,158	35,158
Metro Denmark - JP/Politiken acquiring 24.5% shares	2,274	2,411
	<b>37,432</b>	<b>37,569</b>

#### Sweden

Schibsted has acquired 35 percent of the shares in Metro's Swedish subsidiary at a purchase price of SEK 350 million (€ 35.8 million). The deal with Schibsted was announced in May 2008 and was concluded on 24<sup>th</sup> September following approval from the Swedish Competition Authority.

#### Denmark

JP/Politiken acquired 24.5 percent of MetroXpress Denmark in exchange for transferring the 24 Timer title to MetroXpress Denmark. 24 Timer's results are consolidated in Metro's financial statements in Q3 2008. In the initial (Q2 2008) accounting of the acquisition of 24 Timer and the sale and transfer of 24.5 percent of MetroXpress in Denmark there was an increase in equity of the parent of € 2.3 million. The gain from the sale and transfer of 24.5 percent of MetroXpress has been reclassified from equity of the parent directly to the income statement in the Q3 2008.

#### **Note 7**

##### **Provisions**

As reported in the 2007 Annual Report of Metro International, Metro has contested the view of the Swedish Tax Authorities regarding the advertising tax being imposed on Metro. As per 31<sup>st</sup> December 2007 the amount was fully provided for. On 31<sup>st</sup> July 2008, the County Administrative Court gave a verdict that the tax had to be paid. On 21<sup>st</sup> August 2008, Metro appealed against this judgement to the Court of Appeal and requested a deferral of payment of the tax. The Tax Authority granted such deferral on 27<sup>th</sup> August 2008. The deferral is valid until four weeks after the Court of Appeal has reached a judgement in the tax case.

### **Contingent Liabilities**

Metro Spain is party to a lawsuit from a third party sales agency for termination of a contract without notice and breach of the non-compete clause. Advice from legal counsel is that there is a possible exposure but it is not possible to quantify the risk and possible amount.

### **Note 8 – Voluntary change of the Group’s presentation currency from US\$ to € in 2008**

For reporting periods beginning on 1 January 2008 the presentation currency for the consolidated financial statements has been changed from US Dollars to Euro. The change is due to the fact that the majority of the Group’s revenue streams, expenses, assets and liabilities are denominated in Euro. The comparative financial statements for 2007 have also been re-translated to the Euro. The change of presentation currency affects the allocation of net assets on different categories of equity including foreign exchange translation differences in equity.

## **CONFERENCE CALL**

Metro International will host a conference call today at 10.00 A.M. CET which will be broadcasted live on the internet and as a conference call.

Participants can take part of the call either through the audiocast or the conference call.

### **To view the Internet Audiocast:**

A live audiocast from the presentation will be available on [www.metro.lu](http://www.metro.lu), 20<sup>th</sup> October at 10.00 A.M. CET.

### **To participate in the conference call, please dial in on the following numbers:**

Sweden	Tel: +46 (0)8 505 598 53
UK / International	Tel: +44 (0)20 3043 2436
US free phone number	Tel: +1 866 458 40 87

Conference call participants can access the presentation slides on <http://www.metro.lu/investors/information>.

For those unable to listen to the live broadcast, a replay will be available at Metro's website [www.metro.lu](http://www.metro.lu) approximately one hour after the event.

### **For further information, please visit [www.metro.lu](http://www.metro.lu) or contact:**

Per Mikael Jensen, CEO and President	tel: +44 (0)20 7016 1300
Anders Kronborg, CFO	tel: +44 (0)20 7016 1300
Ingrid Selden, IR contact	tel: +44 (0)20 7016 1300

## **DATE OF NEXT REPORT**

Metro's financial results for the fourth quarter and 12 months ended 31<sup>st</sup> December 2008 will be published on 5<sup>th</sup> February 2009.

Metro's 2008 annual report will be published by end of April 2009 and will be on Metro's website at [www.metro.lu](http://www.metro.lu)

## **METRO INTERNATIONAL S.A ANNUAL GENERAL MEETING 2009**

The 2009 Annual General Meeting will be held on 26<sup>th</sup> May 2009 in Luxembourg. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing to [agm@metro.lu](mailto:agm@metro.lu) or to the Company Secretary, Metro International S.A, 11 Boulevard Royal, L-2449 Luxembourg, at least seven weeks before the Annual General Meeting, in order that the proposal may be included in the notice to the meeting. Further details on how and when to register will be published in advance of the Meeting.

## **NOMINATION COMMITTEE FOR THE 2009 ANNUAL GENERAL MEETING**

A Nomination Committee of major shareholders in Metro International has been formed in accordance with the resolution of the 2008 Annual General Meeting, The Nomination Committee is comprised of Mikael Holmberg on behalf of Investment AB Kinnevik and Emesco AB, Annika Andersson on behalf of the 4th AP Fund and Ole E. Dahl on behalf of Orkla ASA, who together represent more than 50% of the voting rights in Metro International S.A.

Information about the work of the Nomination Committee can be found on Metro International's corporate website at [www.metro.lu](http://www.metro.lu)

Shareholders wishing to propose candidates for election to the Board of Directors of Metro International S.A should submit their proposal in writing to [agm@metro.lu](mailto:agm@metro.lu) or to the Company Secretary, Metro International S.A, 11 Boulevard Royal, L-2449 Luxembourg.

## **ABOUT METRO INTERNATIONAL AND METRO**

Metro is the largest international newspaper in the world. Metro is published in over 150 major cities in 20 countries across Europe, North & South America and Asia. Metro has a unique global reach - attracting a young, active, well-educated Metropolitan audience of over 20 million daily readers. Metro's advertising sales have grown at a compound annual rate of 38 percent since the launch of the first edition in 1995.

Metro International 'A' and 'B' shares are listed on the OMX Nordic Exchange's Nordic List under the symbols MTRO SBD A and MTRO SBD B.