

Interim report for State-owned
Companies, January – March 2002
Issued by the Swedish
Government Offices



State-owned companies encompass companies operating under market conditions as well as companies with special societal interests. The boundaries between the two categories are not always clear. Companies operating under market conditions are characterised by one or both of the following criteria:

- They operate in a fully competitive market.
- The owner, the Swedish government, sets market requirements as to profit and yield based on risk profiles. Evaluation and follow-ups are based on these, and in some cases on certain express ownership requirements.

Companies with special societal interests are characterised by one or more of the following:

- The owner, the Swedish Government, controls operations in an obvious and direct manner.
- They operate in their markets under special conditions.
- Some of the companies operate wholly or partly without competition. Others are fully exposed to competition. Special goals are set. These include the fact that yield requirements differ from those that are the norm in operations carried out completely under market conditions. Evaluations and follow-ups are based on qualitative parameters derived from socio-economic or sectoral policy objectives and on efficiency/earnings requirements. Although much importance is attached to other goals, cost-efficiency requirements may nonetheless be stringent. The degree of societal interest and control by the owner differs greatly between the various companies in this group.

Due to these differences between companies operating under market conditions and companies with special societal interests, the two categories are reported separately by sector in this report. This means that comparisons can be made between companies that operate under market conditions. In addition, a fairer evaluation of companies with special societal interests can be made, taking into account how various societal interests are safeguarded.

- ▶▶ Pre-tax earnings rose by 39 per cent to 7.6 SEK billion.

- ▶▶ Turnover increased by 32 per cent, primarily due to Vattenfall's acquisition in Germany.

- ▶▶ Investment amounted to SEK 27.3 billion.

- ▶▶ Weak development for listed holdings as a result of the low Telia share price.

Earnings for state-owned companies:¹⁾ increased in the first quarter of 2002 compared with the corresponding period in 2001. Pre-tax earnings totalled SEK 7.6 billion (5.5). The increase is primarily due to Vattenfall's earnings of SEK 1.6 billion, but most enterprises increased their first quarter earnings compared with the corresponding period in 2001. In the first quarter, turnover rose by 32 per cent to SEK 84.4 billion (64.1). Here too, Vattenfall was behind much of the increase.

Investment rose by SEK 9.4 billion to SEK 27.3 billion in the first quarter compared with the corresponding period last year. The increase can be attributed to Vattenfall, which increased its first quarter investment by SEK 16.8 billion. Not including Vattenfall, investment fell by 58 per cent, from SEK 12.8 billion to SEK 5.4 billion. Cash flow from operating activities increased considerably in the first quarter and amounted to SEK 7.4 billion (–7.8).

Stockholmsbörsen started the year on a weak note and in the first quarter, Affärsvärlden's General Index (AFGX) fell by 3 per cent. The government's market portfolio performed worse than the index, the value falling by just over 14 per cent. The weak performance of the government's market portfolio is mainly attributable to the Telia share price, which dropped more than 21 per cent during the first quarter.

STATE-OWNED COMPANIES, JANUARY-MARCH 2002

Table 1 Summary	Total, state-owned companies			Companies operating under market conditions		Companies with special societal interests	
	Jan-Mar 2002	Jan-Mar 2001	Change in %	Jan-Mar 2002	Jan-Mar 2001	Jan-Mar 2002	Jan-Mar 2001
Net turnover	84,370	64,115	32%	61,635	42,546	22,735	21,569
Profit/loss before tax and minority share	7,593	5,460	39%	6,283	3,930	1,310	1,530
Investment	27,320	17,932	52%	25,782	16,015	1,538	1,917
Cash flow from operating activities	7,356	–7,766	195%	5,116	–6,797	2,240	–969
	31 Mar 2002	31 Dec 2001		31 Mar 2002	31 Dec 2001	31 Mar 2002	31 Dec 2001
Shareholders equity	209,560	179,718	3%	178,071	148,222	31,489	31,496
Total assets	982,349	786,941	1%	874,323	680,843	108,026	106,098
Number of employees	200,962	195,357	3%	144,530	138,333	56,432	57,024

The turnover figures do not include associated companies.

The government's share of pre-tax earnings includes earnings from associated companies.

For associated companies, shareholders' equity is calculated as the government's proportion of shareholders' equity.

Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (SFS 1995:1559).

¹⁾ See accounting principles on page 11.

Companies operating under market conditions

EARNINGS AND TURNOVER

Base industry In the first quarter, raw steel production in the 64 countries that report to the IISI (International Iron and Steel Institute), covering 98 per cent of the world's production of raw steel, totalled 209 Mt, which is 2 per cent more than the corresponding period last year. China, Africa and Taiwan contributed to this increase, while production fell in Europe and North America.

In the first quarter, the production of pig iron, which is one processing step from iron ore, was 7.5 per cent lower in the EU than the corresponding period the previous year. LKAB, however, enjoyed a 1.5 increase in production in Sweden, and in Finland, a full 9 per cent increase on the first quarter last year.

There are hopes that economic activity is about to improve. OECD's leading indicators have changed from negative to positive. Steel consumers have accepted price hikes of between 5 to 6 per cent from 1 April 2002 and the major steel producers Corus, Thyssen Krupp and Arcelor have announced price hikes of just over 10 per cent from 1 July. However, the trade conflict between the US and the EU concerning steel and the fact that no price agreements have been made between suppliers of iron ore and steel producers for the year 2002 comprise major uncertainty factors as regards the market outlook.

LKAB's pre-tax earnings for the first quarter increased to SEK 80 million (24) and turnover rose to SEK 1,297 million (1,195). The ongoing action programme to cut costs and increase profitability is going according to plan.

The NBSK pulp price, the leading indicator for the forest industry, fell from USD 468/tonne to USD 435/tonne during the first quarter. A price increase of 35 USD/tonne to USD 470/tonne has been announced by Södra as of 1 May, a move which will likely be followed by other major producers. On the other hand, Norscan's stock

levels are still relatively high for a period otherwise characterised by peaking prices, which may be a signal that the announced price hike will be postponed somewhat.

The paper and pulp industry has, to a lesser extent than previously, been affected by the overall recession, which has led to continuing strong demand for coniferous fibre. A more balanced market for sawn goods in the first quarter entailed an increase in the demand for saw timber, and the market situation for liquid and packing cartonboard was relatively satisfactory.

Sveaskog owns just over 99 per cent of the shares in AssiDomän AB. Since the beginning of the year, AssiDomän has been consolidated into the new Sveaskog group. Sveaskog's pre-tax earnings amounted to SEK 231 million (43). The company's first quarter turnover rose to SEK 1,958 million (123).

Industrial goods and services Companies in this sector reported slightly lower turnover and profits compared with the corresponding period last year. In the first quarter, turnover totalled SEK 536 million (554) and pre-tax earnings amounted to SEK 15 million (19). Imego, which was founded in 1999, promotes the quicker implementation of the latest technology (in this case, microtechnology) in industry. Imego has exceeded its targets but is not yet a stable research and commercial enterprise. In the first quarter, the company made additional investments in employees and equipment, quality assurance has entered a new phase, marketing efforts have intensified and the commercial enterprise is going according to plan.

Transport Traffic volumes (Revenue Passenger Kilometer – RPK) for most European airlines since 11 September 2001 had basically recovered by the end of the first quarter of 2002. Many airlines are enjoying passenger volumes more

Table 2 Turnover by sector, January–March 2002, SEK m

Sector	No. of companies	Turnover Jan-Mar 2002	Turnover Jan-Mar 2001	Change in %	Turnover Jan-Dec 2001
Base industry	3	3,261	1,321	147%	5,499
Industrial goods and services	4	536	554	-3%	2,061
Transport	5	9,511	9,466	0%	36,796
Non-durable goods	1	1,937	1,391	39%	6,788
Finance	4	1,852	2,540	-27%	9,232
Real estate	5	2,095	2,000	5%	8,011
Telecom	2	13,998	13,715	2%	57,660
Energy	1	28,445	11,559	146%	69,003
Total	25	61,635	42,546	45%	195,050

The turnover figures do not include associated companies.

Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (SFS 1995:1559).

or less comparable to the corresponding period in 2001.

SAS total passenger traffic (RPK) fell by 5.6 per cent in the first three months of the year compared with the corresponding period in 2001. In the last month of the quarter, SAS Airlines enjoyed a 10.4 per cent increase in economy class traffic compared with the corresponding period last year. Business class traffic, however, has not recovered since the major decline last September, and in March, the reduction was 24.2 per cent on the previous year. The group's earnings amounted to SEK –1,446 million (40), of which SAS Airlines accounted for SEK –1,035 million (–91).

For quite some time now, Green Cargo has been affected by a low inflow of orders within the forest, chemical and energy sectors. The decline in volume at the beginning of the year was greater than forecast. The company has discerned early signs of what may be an upswing in the steel industry. Green Cargo's gross loss for the first quarter amounted to SEK 75 million, compared with a gross profit of SEK 13 million last year.

In the first quarter, Posten AB increased its pre-tax earnings to SEK 108 million (–29). Turnover increased by SEK 388 million to SEK 5,874 million. The increase is primarily attributable to the corporate acquisitions carried out at the end of 2001. Posten's new service network is quickly expanding throughout Sweden. Major initiatives are being undertaken within Posten to decrease absenteeism due to illness.

Non-durable goods The wine/spirits market has been characterised by cyclical consolidation ambitions for a relatively long period of time. In the 1970s, there were 20 or so multinational wine/spirits corporations. Today, only 4 or 5 corporations dominate the market. One of the triggers to the current consolidation phase was the major player Seagram's dissolution and sale of its entire beverage portfolio at the end of 2000. Because of this development, it is difficult to isolate organic growth in turnover from growth as a result of acquisitions. Overall, however, it can be worth mentioning that the growth rate of the beverages market is low. As regards both

wine/spirits and beer producers, a large proportion of sales proceeds – some 20 per cent – is spent on marketing. The beverage industry in general is an industry where true profitability involves owning and marketing strong brands. In the short term, the US and global economies will determine future developments, but in the long term, the current consolidation phase is expected to have a positive effect on the corporations' profitability. V&S Vin och Sprit AB's pre-tax earnings for the first quarter totalled SEK 483 million (310) and its turnover increased to SEK 1,937 million (1,391).

Real estate The effects of the economic slowdown are becoming all the more apparent on the commercial property rental market, particularly in Stockholm. Activity on the commercial property rental market continued to be sluggish in the first quarter of 2002. The supply of vacant premises has continued to rise, which pushes rent levels down. New leases often comprise renegotiated terms. Stockholm is experiencing an ongoing trend involving tenants moving to cheaper locations and smaller premises. Many companies are continuing to move from the most central city locations to other attractive inner city locations. One clear trend on the rental market involves companies 'upgrading' and moving to newer, more practical premises. Efficient workplaces are becoming all the more important to companies. The highest office rents in Stockholm have fallen to SEK 4,500–5,000/m². A few agreements have been signed for rents of over SEK 5,000/m². Rent levels in Gothenburg and Malmö remain relatively stable. In Gothenburg, the highest rents are at the SEK 2,300–2,400/m² level, and in Malmö SEK 1,900–2,000/m². The vacancy rate for offices in central Stockholm and Gothenburg is estimated at 4 to 5 per cent, but varies locally. In central Malmö, the vacancy rate is estimated at 6 to 7 per cent. On the real estate market, predominantly foreign investors have purchased and shown interest in office and shop premises.

For the first quarter of 2002, Vasakronan reported pre-tax earnings of SEK 112 million (120). Its first quarter turnover fell to SEK 724 million (745). Rental income amounted to SEK 712 million (733). The rent incre-

Table 3 Gross profit/loss and net margin by sector, January–March 2002, SEK m

Sector	No. of companies	Gross profit/loss Jan-Mar 2002	Gross profit/loss Jan-Mar 2001	Gross profit/loss Jan-Dec 2001	Net margin Jan-Dec 2001
Base industry	3	300	54	62	1%
Industrial goods and services	4	15	19	20	1%
Transport	6	–308	–606	2,531	7%
Non-durable goods	1	483	310	1,472	22%
Finance	4	380	378	1,531	17%
Real estate	6	420	455	3,257	41%
Telecom	2	549	506	4,777	8%
Energy	1	4,444	2,814	7,454	11%
Total	27	6,283	3,930	21,104	11%

Associated companies have not been included in the net margin.

ase for new and renegotiated leases was 33 per cent (40). The vacancy rate rose to 6 per cent (4). Vasakronan has adjusted its full-year forecast for 2002 downward as a result of rising interest rates and increased uncertainty in the commercial property rental market. Vasakronan forecasts that pre-tax earnings, with existing property holdings prior to proceeds from property sales, will rise to approximately SEK 600 million (418).

Telecom Telia's turnover rose by 2 per cent to SEK 13,885 million in the first quarter of 2002 compared with the corresponding period in 2001. In what Telia has defined as its core operations, first quarter turnover increased by 9 per cent. In the first quarter, Telia has been able to discern the effects of its ongoing cost-cutting measures within the Telia Internet Services and Telia International Carrier business areas. First quarter gross earnings rose by 7 per cent compared with the corresponding period in 2001, amounting to SEK 535 million. After the implemented streamlining measures, Telia is now concentrating on its core operations. Product rationalisation, sales streamlining and Nordic synergies are expected to give results in the second half of 2002.

Energy European structural changes in the energy sector continued in 2002, resulting in fewer and larger firms with cross-border operations. This trend has been apparent in Sweden, where Vattenfall is the only major company still wholly-owned by Swedish interests. Fortum in Finland has owned Birka Energi since the acquisition was finalised in late February this year. Sydkraft is owned by E.ON and the Norwegian firm Statkraft; the predominant shareholding of Gräninge is held by the French company, EdF, German E.ON and Sydkraft. Vattenfall continued its expansion in Germany in the first quarter of 2002 by acquiring a majority share in BEWAG, a company based in Berlin. The four German utilities will be integrated in the new holding company, Vattenfall Europe AG.

Electricity prices on the Nordic Power Exchange (Nord Pool) have fallen steadily since the end of January 2002. From January to March, the price of electricity

on the Exchange was around 11 per cent lower than the corresponding period in 2001. Calculated as an average for the quarter, the spot price was 19.5 öre per kWh, compared with last year's average of 22 öre per kWh. The price decrease was the result of a mild winter, more precipitation than normal and filled reservoirs in both Sweden and Norway at the beginning of the year.

Prices have also fallen considerably in the financial markets. For example, forward contracts for the delivery of electricity in the summer have fallen by approximately 28 per cent, from around NOK 165 per MWh to around NOK 119.

For the first quarter, the average spot price on the Leipzig Power Exchange (LPX) in Germany was EUR 23.2 per MWh, an increase of approximately 4 per cent compared with last year's average of EUR 22.4 per MWh. The price increase is entirely attributable to the month of January, when the price of electricity was some 30 per cent higher than the year before.

Vattenfall's first quarter pre-tax earnings rose to SEK 4,444 million, which is a 58 per cent increase on the SEK 2,814 million of the corresponding period in 2001. Vattenfall's quarter-on-quarter turnover more than doubled, amounting to SEK 28,445 million.

INVESTMENT

Gross investment for the first quarter of 2002 totalled SEK 25,782 million (16,015). The increase is in part due to Vattenfall's SEK 16,828 million increase in investment to SEK 21,920 million.

CASH FLOW

Cash flow from operating activities improved in the first quarter of 2002 compared with the corresponding period in 2001, from SEK –6,797 million to SEK 5,116 million. The improvement is mainly attributable to SBAB, which improved its cash flow from SEK –7,080 million to SEK 3,115 million. Telia improved its first quarter cash flow by SEK 388 million to SEK 874 million compared with the corresponding period last year. Vattenfall's cash flow decreased and amounted to SEK 2,516 million (3,022).

Table 4 Gross investment, investment ratio and cash flow by sector, January–March 2002, SEK m

Sector	No. of companies	Investment		Investment ratio		Cash flow from	Cash flow from
		Jan-Mar 2002	Jan-Mar 2001	Jan-Mar 2002	Jan-Mar 2001	operating activities Jan-Mar 2002	operating activities Jan-Mar 2001
Base industry	3	174	243	5%	18%	171	176
Industrial goods and services	4	14	21	3%	4%	–58	–54
Transport	5	667	5,843	7%	62%	406	503
Non-durable goods	1	135	76	7%	5%	404	130
Finance	4	4	5	0%	0%	1,137	–11,215
Real estate	5	812	1,065	39%	53%	–394	184
Telecom	2	2,056	3,669	15%	27%	934	457
Energy	1	21,920	5,093	77%	44%	2,516	3,022
Total	25	25,782	16,015	42%	38%	5,116	–6,797

The figures do not include investment and cash flow by associated companies.

SIGNIFICANT EVENTS

Sveaskog will eventually sell between 5 to 10 per cent of its land holdings in order to focus on individual forestry operations primarily in sparsely populated areas. In the first quarter of 2002, Sveaskog began planning for the implementation of this programme. Property sales in the first quarter were limited.

Sveaskog has adopted a new environmental policy, which means that a minimum of 20 per cent of productive forest land is to be used for nature conservation purposes.

In the first quarter, **Vattenfall** Vattenfall acquired 44.7 per cent of BEWAG from Hamburgische Electricitäts-Werke AG, making Vattenfall the majority shareholder of BEWAG. On 31 March, the total holdings amounted to 89.5 per cent of the shares.

Vattenfall has sold all its holdings in Hafslund, a Norwegian listed company, to Sydkraft. Sydkraft has also acquired Ostrow Wielkopolski, a Polish district heating company, and has secured a preliminary agreement regarding the sale of Ustka, another district heating company.

On 26 March, **Telia** and Sonera announced their impending merger. The merger will create a leading telecommunications company in the Nordic and Baltic Sea regions, with a total pro forma net turnover of SEK 83 billion for 2001 and with approximately 34,000 employees. A domestic market comprising 31 million residents in the Nordic countries and the Baltic States will offer many opportunities for growth within all fields of communication. The merger will be effected through the exchange of shares, and the new company will 64 per cent owned by Telia's present shareholders and 36 per cent owned by Sonera's present shareholders. The Swedish government will own approximately 45 per cent of the new company, and the Finnish government 19 per cent. A shareholders' agreement has been drawn up by the Swedish and Finnish governments. The merger requires approval by Telia's annual general meeting and the relevant authorities.

In early March, an agreement was entered into regarding the financial reorganisation of Netia Holdings S.A., a Polish company. This primarily entails that lenders' receivables are converted into equity in the company. Telia currently owns 48 per cent of the share capital in Netia. When all transactions have been executed, Telia's participating interest will amount to approximately 3 per cent.

V&S Vin & Sprit and Sinebrychoff, a Finnish company, have begun collaboration in Estonia. V&S's board of directors has taken the decision to acquire the Sinebrychoff Eesti AS sales and marketing company from Finnish Oy Sinebrychoff Ab, which is a part of the Carlsberg group. In addition, V&S has entered into a long-term and exclusive distribution agreement with Oy Sinebrychoff Ab for the company's brands on the Estonian market.

On 21 March 2002, the government passed a resolution regarding **guidelines for external financial reporting** by state-owned companies.

Table 5 Shareholders' equity, balance sheet total and equity/assets ratio by sector, January–March 2002, SEK m

Sector	No. of companies	Shareholders' equity 31 Mar 2002	Shareholders' equity 31 Mar 2001	Shareholders' equity 31 Dec 2001	Balance sheet total, 31 Mar 2002	Balance sheet total, 31 Mar 2001	Balance sheet total, 31 Dec 2001	Equity/assets ratio, 31 Mar 2002
Base industry	3	21,015	9,542	20,736	38,015	13,451	43,589	55%
Industrial goods and services	4	493	493	449	957	947	968	52%
Transport	6	9,659	8,485	6,818	40,576	29,389	42,286	18%
Non-durable goods	1	4,109	3,326	3,694	14,720	5,502	15,040	28%
Finance	4	21,959	11,386	21,801	305,130	332,097	315,000	7%
Real estate	6	20,011	18,263	19,892	62,452	55,284	62,377	32%
Telecom	2	60,018	58,637	60,546	120,025	127,910	129,018	50%
Energy	1	40,807	38,091	39,578	292,448	116,264	259,043	21%
Total	27	178,071	148,222	173,515	874,323	680,843	867,321	

In the case of associated companies, the government's proportion of shareholders' equity includes shareholders' equity and total assets.

Companies with special societal interests

EARNINGS AND TURNOVER

In the first quarter of 2002, companies with special societal interests reported pre-tax earnings amounting to SEK 1,310 million (1,530). The lower earnings can primarily be attributed to the Swedish Civil Aviation Administration, Teracom and Svenska Kraftnät. Turnover rose in the first quarter compared with the corresponding period in 2001, amounting to SEK 22,735 million (21,569).

Industrial goods and services Companies in this sector reported increased turnover and improved pre-tax earnings in the first quarter compared with the corresponding period in 2001. Despite a reduction in turnover, Samhall reported improved earnings. First quarter pre-tax earnings amounted to SEK 7 million (–15) and turnover SEK 2,250 million (2,411).

Transport The Swedish airline market experienced negative growth in the first quarter of 2002. The total number of passengers amounted to 6.4 million, nearly one million less than the first quarter of 2001. No recovery has taken place in Sweden since the economic slowdown and decline in air travel that began in 2001 and was compounded by the terrorist attacks on 11 September that same year.

The Swedish Civil Aviation Administration's pre-tax earnings dropped considerably in the first quarter, to a loss of SEK 33 million (gross profit of SEK 212 m) due to lower passenger volumes, fewer flights and other factors compared with the corresponding period in 2001. In order to adapt to the sluggish airline market, the Swedish Civil Aviation Administration has implemented an action programme, the goal of which is to improve its earnings by SEK 500 million during a three-year period.

Durable goods and services Companies in this sector reported improved pre-tax earnings and increased tur-

nover for the first quarter of 2002 compared with the corresponding period last year. Svensk Bilprovning reported improved pre-tax earnings – a first quarter gross loss of SEK 18 million compared with last year's gross loss of SEK 38 million, an improvement of SEK 20 million. Turnover increased to SEK 325 million (290).

Non-durable goods Companies in this sector reported improved first quarter pre-tax earnings and increased turnover compared with the corresponding period in 2001. Systembolaget's sales continued to rise despite the fact that the extent of border sales in Denmark and Germany is also increasing. This increase in consumption is based on several factors, such as an increase in disposable income, lower wine and beer prices and changes in consumption patterns. Systembolaget's sales of bag-in-box wines is the segment that is growing the most. Systembolaget's turnover rose to SEK 4,140 million (3,735). The company reported a profit of SEK 31 million (95). This change in profits compared with the previous year is primarily the result of a change in the practice of accruing costs over the year.

Apoteket reported a first quarter loss of SEK 35 million (–43). Turnover rose during the same period to SEK 7,819 million (7,398).

Svenska Spel reported a 12 per cent increase in turnover and pre-tax earnings for first quarter of 2002 compared with the corresponding period last year. Pre-tax earnings amounted to SEK 1,101 million (984) and turnover to SEK 4,454 million (3,970). Oddset's turnover was up 30 per cent compared with the corresponding period in 2001. Keno's turnover had also risen and restaurant gaming had grown. The Internet is increasing in importance as a sales channel. In the first quarter of 2002, Svenska Spel's turnover via the Internet was SEK 70 million, which is equivalent to half of its Internet sales for 2001. Svenska Spel AB transfers all of its profit to the central government budget and therefore pays no tax.

Table 6 Turnover and gross profit/loss by sector, January–March 2002, SEK m

Sector	No. of companies	Turnover		Change in %	Gross profit/loss		Gross profit/loss	
		Jan-Mar 2002	Jan-Mar 2001		Jan-Dec 2001	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Industrial goods and services	5	2,663	2,805	–5%	10,757	–24	–41	–532
Transport	3	1,660	1,747	–5%	6,455	42	284	–24
Durable goods and services	4	513	477	8%	1,970	–14	–33	–108
Non-durable goods	3	16,413	15,103	9%	63,739	1,097	1,036	3,895
Finance	3	148	157	–6%	425	215	204	852
Transport/real estate	3	200	164	22%	846	–162	–161	–573
Telecom	1	401	390	3%	1,618	–50	–25	–404
Energy	1	737	726	2%	2,938	206	266	738
Total	23	22,735	21,569	0	88,748	1,310	1,530	3,844

Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (SFS 1995:1559).

Transport/real estate SVEDAB, a transport/real estate company, increased its first quarter turnover by SEK 14 million to SEK 125 million. Its gross loss is in line with that of the previous year, amounting to SEK 163 million (–162). SVE-DAB does not count on making a profit until the year 2020. The company has made a provision in its budget for a deficit in 2002, which will be covered by a conditional contribution of capital by the owners. Income from road traffic is in line with requirements for long-term profitability.

Telecom Teracom's first quarter gross loss amounted to SEK 50 million (–25). Turnover rose to SEK 401 million (390). Teracom is in the midst of reorganisation, the aim of which is to focus on core operations, to strengthen the company's financial position and to provide a long-term, economically sound focus. Teracom is also implementing cost-cutting measures for the parent company.

Energy Svenska Kraftnät's pre-tax earnings for the first quarter of 2002 amounted to SEK 206 million (266). Turnover increased during the same period to SEK 737 million (726). In the first quarter, Svenska Kraftnät wrote down intangible assets by SEK 85 million and financial expenses rose by SEK 10 million compared with the corresponding period in 2001.

CASH FLOW

Cash flow from operating activities improved considerably in the first quarter of 2002, amounting to SEK 2,240

million (–969). The improved cash flow is primarily attributable to Venantius but many other companies also had improved cash flows. Venantius improved its first quarter cash flow from operating activities, from SEK –1,214 million to SEK 1,384 million compared with the corresponding period last year. Apoteket's first quarter cash flow amounted to SEK 426 million (–129). Samhall's first quarter cash flow amounted to SEK 40 million (–360). The Swedish Civil Aviation Administration is among the enterprises that experienced a decline in cash flow. Its cash flow amounted to SEK 80 million (658).

SIGNIFICANT EVENTS

The Swedish Maritime Administration is planning a general increase of the rates of pilotage by 30 per cent from 1 July 2001. After the planned increase, the cost coverage of pilotage is estimated to amount to 47 per cent.

The Swedish Civil Aviation Administration has signed an agreement with Stockholm Municipality regarding air traffic at Bromma Airport. The agreement guarantees the continuation of air traffic at the airport until 2011, when the agreement with the government will expire. This will entail greater opportunities for increased competition on the domestic market.

On 21 March 2002, the government passed a resolution regarding **guidelines for external financial reporting** by state-owned companies.

Table 7 Gross investment and cash flow by sector, January–March 2002, SEK m

Sector	No. of companies	Investment Jan-Mar 2002	Investment Jan-Mar 2001	Investment ratio Jan-Mar 2002	Investment ratio Jan-Mar 2001	Cash flow from operating activities, Jan-Mar 2002	Cash flow from operating activities, Jan-Mar 2001
Industrial goods and services	5	34	82	–183%	3%	218	–169
Transport	3	447	974	157%	56%	112	691
Durable goods and services	4	14	12	–42%	3%	11	20
Non-durable goods	3	175	193	17%	1%	216	–392
Finance	3	77	77	38%	49%	1,384	–1,214
Transport/real estate	3	586	441	–364%	269%	–98	–159
Telecom	1	35	88	350%	26%	–33	–21
Energy	1	170	50	64%	7%	430	275
Total	23	1,538	1,917	98%	9%	2,240	–969

Table 8 Shareholders' equity and balance sheet total by sector, January–March 2002, SEK m

Sector	No. of companies	Shareholders' equity 31 Mar 2002	Shareholders' equity 31 Mar 2001	Shareholders' equity 31 Dec 2001	Balance sheet total, 31 Mar 2002	Balance sheet total, 31 Mar 2001	Balance sheet total, 31 Dec 2001
Industrial goods and services	5	5,676	6,216	5,711	9,103	9,591	8,867
Transport	3	3,721	3,883	3,699	17,427	15,753	17,260
Durable goods and services	4	276	373	295	980	947	982
Non-durable goods	3	7,797	8,039	6,765	17,520	16,218	17,228
Finance	3	6,348	5,051	6,159	21,309	25,996	22,236
Transport/real estate	3	50	38	30	27,833	23,861	28,198
Telecom	1	793	1,153	863	3,247	3,033	3,340
Energy	1	6,828	6,743	6,719	10,607	10,699	10,750
Total	23	31,489	31,496	30,241	108,026	106,098	108,861

THE GOVERNMENT'S MARKET PORTFOLIO

Stockholmsbörsen started the year on a weak note, and in the first quarter, Affärsvärlden's General Index (AFGX) fell by 3 per cent. The decline initially involved companies within IT and telecommunications. For example, the Ericsson share price fell by over 21 per cent in the first quarter.

The government's market portfolio performed worse than the index, the value falling by just over 14 per cent in the first quarter. The value of the government's market portfolio amounted to nearly SEK 114 billion on 28 March 2002, making the Swedish government the biggest shareholder on Stockholmsbörsen.

The poor performance of the government's market portfolio is mainly attributable to the Telia share price, which dropped more than 21 per cent during the first quarter. Handelsbanken's weighted index for eleven former European telecom monopolies fell by 11 per cent during the same period.

The Nordea share price rose during the first quarter by over 6 per cent, and at the same time, SAS' share rose by just over 1 per cent.

EXECUTIVE AND BOARD

APPOINTMENTS AND RESIGNATIONS

AssiDomän AB Bo Dockered will succeed Bernt Magnusson as chairman.

AB Göta kanalbolag Björn Eriksson will succeed Kaj Janérus as chairman.

The Swedish Civil Aviation Administration Göte Bernhardsson will succeed Ulf Adelson as chairman of the board on 1 June 2002.

Posten AB Claes Ånstrand will succeed Göte Bernhardsson as chairman.

SIS Miljömärkning AB Eva Smith will succeed Sven Thiberg as chairman.

SJ AB Ulf Adelson will succeed Claes Ånstrand as chairman. Jan Forsberg took up the post of MD on 2 April 2002, succeeding acting MD Sune Karlsson.

SP Sveriges Provnings- och Forskningsinstitut AB Birgitta Böhlin will succeed Jan-Christer Persson as chairman.

Svenska Skogsplantor AB AB Urban Eriksson took up the post of MD on 1 May 2002, succeeding acting MD Martin Lindell.

Systembolaget AB Olof Johansson will succeed Gunnar Larsson as chairman.

Telia AB Anders Igel will succeed Marianne Nivert as President and CEO on 1 July 2002.

DIVIDENDS

Despite the economic slowdown, state-owned companies have overall been able to maintain their level of dividends

Share price performance of the government's market portfolio compared with AFGX

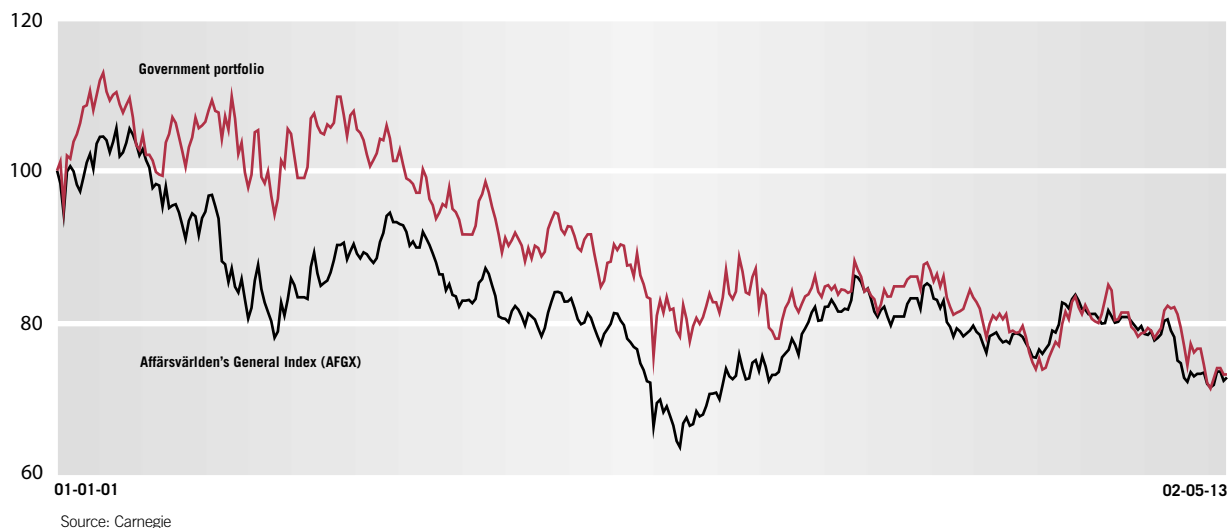


Table 9 Market value of listed state-owned companies, 2000-2002, SEK m

Company	Shareholding 28 March 2002	28 March 2002	28 Dec 2001	28 Sep 2001	29 June 2001	30 March 2001	29 Dec 2000
Celtica AB	38.5%	89	80	75	80	80	62
Nordea AB	18.2%	31,979	30,082	28,185	33,605	34,147	38,754
OM AB ¹⁾	9.4%	1,011	1,103	604	1,103	1,479	1,862
SAS	21.4%	2,697	2,397	1,939	3,578	3,349	3,173
Telia AB	70.6%	35,776	98,824	97,864	116,505	121,801	102,736
Total		113,729	132,586	128,666	154,871	160,856	146,588
Total excl. Telia		35,776	33,662	30,802	38,366	39,055	43,852

¹⁾ The government's participating interest is calculated on the basis of the number of outstanding shares in the OM Group after full conversion and exercising of subscription warrants, i.e. 84,818,818 shares.

to the central government. Twenty-one companies are distributing dividends of a total value of over SEK 9 billion for the financial year 2001.

Dividends for 2001 are expected to total SEK 9,088 million if the annual general meetings vote in favour of proposed dividends. This is 9 per cent lower than in 2000 excluding last year's dividends from Vasallen.

For companies operating under market conditions, the Swedish government requires a dividend policy and thereby dividends. For companies with special societal interests, conditions vary. Some have dividend requirements, for example Svenska Spel, whereas others do not have this requirement.

FINANCIAL CALENDAR

- ▶▶ The annual report for 2001 will be published on 29 May 2002.
- ▶▶ The interim report for Q2 2002 will be published on 10 September 2002.

Table 10 Dividends in state-owned companies, SEK m

Company	Government proportion 2001	Government proportion 2000	Government proportion 1999
Svenska Spel AB ¹⁾	3,806	3,561	3,563
Nordea AB (18.2%)	1,140 ⁴⁾	1,084	949
Vattenfall AB	1,030	990	1,500
Civitas Holding AB	537	2,473 ³⁾	164
V&S Vin & Sprit AB	500	455	230
Svenska kraftnät, affärsverket	474	496	814
Telia AB (70.6%)	424	1,060	1,470
Akademiska Hus AB	270	200	600
AB Svensk Exportkredit (64.7%)	233	259	225
LKAB	231	231	231
SBAB	120	103	89
Förvaltningsaktiebolaget Stattum	114	300	11,400
Systembolaget AB	80	8	50
Specialfastigheter Sverige AB	54	116	60
Swedfund International AB	36	112	0
Vasallen AB	13	8	0
OM AB (9.5%)	8	48	32
Lernia AB	6	0	0
SOS Alarm Sverige AB (50%)	2	4	3
Swedish Civil Aviation Administration	4	52	0
Kasernen Fastighets AB	3	3	2
Svenska rymdaktiebolaget	2	0	9
SAS AB (21.4%) ³⁾	0	158	141
AssiDomän AB	0	200 ²⁾	230 ²⁾
Apoteket AB	0	100	100
Teracom AB	0	13	0
Swedish Maritime Administration	0	8	0
Svenska Skogsplantor AB	0	2	3
Svenska Lagerhusaktiebolaget	0	0	7
Total	9,088	12,116	21,872

Twenty-two companies have proposed dividends for 2001 compared with 25 the previous year.

¹⁾ Svenska Spel's profits are distributed in their entirety, including a minor proportion as contributions to the Swedish Sports Confederation and the Swedish National Board for Youth Affairs, and the remainder to the government.

²⁾ The government shareholding in AssiDomän is 8.9 per cent owned via Förvaltningsaktiebolaget Stattum. SEK 24 m and SEK 22 m, respectively, are therefore not included in total dividends.

³⁾ Includes dividends from Vasallen AB at a value of SEK 2.3 billion.

⁴⁾ Dividends are paid out in euros; the amount has been translated to SEK 1,140 m.

- ▶▶ The interim report for Q3 2002 will be published on 25 November 2002.
- ▶▶ The year-end report for 2002 will be published in March 2003.

ACCOUNTING PRINCIPLES

The report encompasses 50 of a total of 53 state-owned enterprises, excluding liquidation companies and companies in which the government's participating interest does not exceed 20 per cent (OM Gruppen AB, Nordea AB, Sydkraft SAKAB and SIS Miljömärkning AB). The holding company Civitas Holding AB has not been included, although the report does encompass its subsidiary, Vasakronan AB. Associated companies in which the government's holding exceeds 20 per cent have been included according to their participating interest in terms of earnings.

The following companies have not submitted figures and are therefore not included in the report: Norrland Center AB and Voksenåsen A/S.

In the case of real estate companies, rental income has been viewed as turnover. For finance companies, turnover has been defined as the sum of net interest income/expense, commission and other net income.

For enterprises that receive government grants, this grant is included in the turnover. For example, this applies to the compensation paid to Samhall to cover additional costs and to the government grants paid to the Royal Swedish Opera and the Royal Dramatic Theatre of Sweden. AB Svenska Spel is exempt from tax.

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Definitions

Pre-tax earnings/loss stated exclusive of minority share.

Net margin shows the proportion of turnover after costs (before tax) have been covered – profit/loss before tax and minority share as a percentage of turnover.

Investment ratio gross investment as a percentage of turnover.

Equity/assets ratio shareholders' equity including minority share as a percentage of total assets.

The government is the largest owner of enterprises in Sweden. More than 200,000 people are employed by state-owned enterprises. The sector harbours substantial wealth and includes some of Sweden's largest companies. Accordingly, the government has an important responsibility to be an active and professional owner. The overall objective for the government is for the companies to create wealth and, where relevant, to serve specific societal interests. The quarterly interim reports are a tool for increasing the transparency of government-owned enterprises.

Previous interim reports and annual reports are available in Swedish on:
www.naring.regeringen.se/fragor/statliga_foretag

Also available in English on:
www.naring.regeringen.se/inenglish/areas_of/state_owned/index.htm



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