

Quarterly Interim Report for Government-owned Companies

Issued by the Swedish
Government Offices

26 March 2001

- ▶▶ Earnings before tax rose by 88 per cent
- ▶▶ SJ converted into limited companies
at the beginning of January
- ▶▶ e-maturity index indicates large savings potential



Government-owned companies noted an improvement in earnings of 88 per cent to SEK 53 billion in 2000 compared with 1999. This was mainly attributable to improved earnings for Nordea, Vattenfall, Vin & Sprit, AssiDomän, LKAB and Telia. At the same time, turnover rose by 20 per cent to SEK 411 billion during the same period. The year 2000 has been an eventful year in which Telia became listed on the stock exchange, Vattenfall became established as one of the biggest energy companies in northern Europe, and SJ (Swedish Rail) was converted into a limited company and was split up in January 2001.

An eventful quarter with improved earnings

Profit for Government-owned companies before tax and appropriations increased by 88 per cent from SEK 28 billion in 1999 to SEK 53 billion in 2000. This was partly attributable to higher profits for AssiDomän, LKAB, Nordea, Telia, Vin & Sprit and Vattenfall. At the same time, turnover increased by 20 per cent to SEK 411 billion during the year compared with SEK 343 billion in 1999. Large increases in turnover were noted in Vattenfall, Vin & Sprit and LKAB. The value of Vasakronan's property portfolio increased by 26 per cent. The Swedish National Pharmacy Corporation (Apoteket) and The Swedish Alcohol Retailing Company (Systembolaget) monopolies also reported increases in turnover of 6.6 per cent and 4.5 per cent respectively.

An index, comprising companies with Swedish state ownership, fell by 14 per cent during the year. This can be compared with Affärsvärlden's general index (AFGX), which fell by 12 per cent. Discounting Telia, the remaining holdings rose by an average of 28 per cent. During the fourth quarter, the value fell by 17 per cent compared with a fall of 12 per cent in the general index.

The Telia share has increased by 22 per cent from the beginning of the year until March 20, while the index comprising former European telephone monopolies decreased by 17 per cent during the same period.

The single largest business event during the quarter was the acquisition of the German energy companies Veag and Laubag by Vattenfall's subsidiary Hamburgische Electricitäts-Werke AG (HEW) for a total of DEM 2.9 billion, or approximately SEK 13.6 billion. Part of the payment was made in the form of HEW's shares in Sydkraft AB and via an exchange of assets. Veag's owners have invested nearly DEM 17 billion in power stations and grids, resulting in superior environmental standards and a large reduction in emissions from lignite plants.

The largest structural change took place when the former public service company SJ (Swedish Rail) was

converted into several limited companies. From 1 January 2001, operations have been run by three companies under the direct ownership of the Swedish Government: SJ AB which handles passenger transport, GreenCargo AB which handles freight, and the holding company AB Swedcarrier which provides railway service. The reason for the reorganisation was to focus more on core operations and to increase the transparency of the companies.

Around 240 board members of Government-owned companies attended the annual seminar held by the Ministry of Industry, Employment and Communications in February. The theme was the importance of focusing on core operations and the use of new technology as a means of creating value. Prominent speakers included the Riksbank Governor Urban Bäckström, SEB Chairman Jacob Wallenberg and Claes Björk, CEO of Skanska AB.

Due to the major strategic and economic significance represented by the use of new technology, the Ministry of Industry, Employment and Communications has, in conjunction with Bain & Co, developed an index for measuring the e-maturity of Government-owned companies. The index functions as a useful tool for these companies while allowing the owner to stay up-to-date about developments in this area. A rough estimate shows that the savings potential for companies administrated by the Ministry of Industry, Employment and Communications is approximately SEK 28 billion per year.

The Government Offices are currently working on improving financial reporting and transparency with regard to Government-owned companies. Costs of administration, among other things, will henceforth be reported in the annual report, and work continues on shortening lead times for reporting.

Sector analysis of earnings and turnover

BASE INDUSTRY In the base industry, the listed forest company AssiDomän increased its earnings before tax to

make a profit of SEK 688 million in the fourth quarter, compared with a loss of SEK 1.5 billion during the same period in 1999. This improvement was attributable to a combination of higher prices and volumes and lower costs. In the same sector, LKAB turned last year's loss into a pre-tax profit of SEK 591 million. Operating profit amounted to SEK 473 million, compared with a loss of SEK 448 million in 1999. Price increases and increased volumes contributed to the improved result. The result corresponds to an operating margin of 9.7 per cent, which can be compared with a margin of approximately 13 per cent in 1998, the company's last profit year. This can be compared with the Brazilian mining company CVRD, which has an EBITDA margin within iron ore and pellets of approximately 28 per cent. However, CVRD has an open-cast mine. LKAB's operating profit in the fourth quarter amounted to SEK 72 million, compared with a loss of SEK 132 million for the corresponding quarter in 1999. Turnover increased by 15 per cent to SEK 1,326 million during the same period.

Consolidation both on the iron ore side and among steel producers continued during the year. After the close of the period, BHP bought 60 per cent of the voting power in Caemi, entailing that the company, together with CVRD and Rio Tinto, now controls almost 60 per cent of sea-borne trade in iron ore, amounting to almost 455 million tonnes in 2000. LKAB accounts for approximately 2 per cent of global iron ore production.

The world's raw steel production reached a record of approximately 846 million tonnes in 2000. The steel companies Usinor, Arbed and Aceralia merged to form

the world's largest producer of steel with an annual production of around 45 million tonnes, or approximately 5 per cent of the world market.

It is difficult to predict the outlook for 2001 as this will depend on economic growth in Europe. New orders during the first few months have been at a satisfactory level, though during the end of the quarter the company has seen a slight decline.

CONSUMER/NON-DURABLES In the consumer/non-durable goods sector, acquisitions by Vin & Sprit in recent years have significantly increased turnover and earnings. At the end of 1999, De Danske Spritfabrikker was acquired with trademarks such as Aalborg Akvavit and Gammel Dansk. In the beginning of 2000, the British company Coates & Co with the trademark Plymouth Gin was acquired. In 2000, the group's sales increased by 42 per cent to SEK 5,711 million, compared with SEK 4,029 million in 1999. Profit after net financial items amounted to SEK 1,433 million (964).

The V&S group currently operates in eight European countries with sales on a large number of markets worldwide. Of total sales amounting to SEK 5,711 million, SEK 4,482 million originates from markets outside Sweden. ABSOLUT continues to be a success with sales in 2000 amounting to SEK 65.2 million litres, which represents an increase of 9 per cent. This makes ABSOLUT the third largest brand of premium spirits in the world, according to industry statistics from Impact International.

In the same sector, profit before tax for the Swedish National Pharmacy Corporation (Apoteket) fell to SEK

Table 1 Government-owned companies by sector, January – December 2000, SEK million

Sector	Number of companies	Turnover 2000	Change in turnover	Profit/loss before tax, 2000	Profit/loss before tax, 1999	Net margin 2000
Base industry	4	30,181	3%	3,804	-763	13%
Production/investment	4	10,439	8%	275	-374	3%
Producer services	7	3,480	-3%	-40	-68	-1%
Transport	8	91,636	3%	2,223	-2,029	2%
Consumer/durable goods	5	1,911	3%	-6	-107	0%
Consumer/non-durable goods	4	65,188	8%	5,479	5,573	8%
Finance	8	109,794	88%	21,778	13,517	20%
Property	6	7,327	9%	1,440	1,365	20%
Transport-real estate	2	186	29%	3	1	2%
Telecom, IT	3	56,130	4%	12,067	6,165	21%
Energy	2	34,419	14%	5,957	4,828	17%
Total	53	410,691	20%	52,980	28,107	13%

38 million in 2000, compared with SEK 400 million in 1999. Turnover increased by 6.6 per cent to SEK 27,866 million during the same period. Earnings for Systembolaget fell from SEK 470 million in 1999 to SEK 173 million, while turnover increased by 4.5 per cent to SEK 17,368 million during the same period.

Turnover for Svenska Spel rose from SEK 13,342 million in 1999 to SEK 13,949 million in 2000. This represents an increase of 4.6 per cent. Profit for the group increased by 2.6 per cent to SEK 3,836 million. The increase is attributable to the continued success of Triss (lottery) and the Jack Vegas and Miss Vegas slot machines. With a turnover of SEK 2.9 billion, Triss is Sweden's biggest lottery and second largest gaming activity. Turnover for the Jack Vegas and Miss Vegas slot machines has increased by 38 per cent in 2000 and net profit generated from the slot machines amounted to SEK 250 million (116). The entire surplus from slot machines is donated to the Swedish Sports Confederation and the National Board for Youth Affairs. Greyhound Racing has also contributed, generating a turnover of over SEK 356 million since its introduction on 15 April 2000.

TRANSPORT In the transport sector, Sweden Post's (Posten) loss before tax improved from SEK 4,065 million in 1999 to a loss of SEK 1,360 million in 2000. The result for 2000 includes a provision for estimated future deficits of SEK 2,353 million from over-the-counter service. Turnover increased by 2.7 per cent to SEK 24,864 million during the same period.

Sweden Post's operating profit excluding Postgirot and items affecting comparability amounted to SEK 201 mil-

lion, compared with a loss of SEK 2 million in 1999. Profit after financial items, excluding items affecting comparability but including Postgirot, amounted to SEK 788 million in 2000, compared with SEK 236 million in 1999.

Sweden is to date the only country in Europe to have a fully deregulated postal market. Since other markets remain regulated, it is difficult to make comparisons between different mail distributors. However, Sweden Post's mail division had an EBITDA margin of approximately 9 per cent, compared with TNT Mail's margin of around 18 per cent. The mail division has a market share of over 95 per cent, and made an operating profit of SEK 1,069 million.

The parcels market is characterised by consolidation, with national players joining forces to form international constellations. The parcels market has been deregulated for some time in many parts of the world and tough competition prevails from a small number of international players that have built up a global distribution network.

SJ's (Swedish Rail) pre-tax earnings fell by 45 per cent from SEK 239 million in 1999 to SEK 132 million in 2000 as a result of lower turnover and non-recurring costs in connection with the conversion into limited companies. Turnover fell by 14 per cent to SEK 12.76 billion, primarily as a result of the lost contract with Stockholm Transport (SL).

In 2000, SJ divested several business operations, such as Trafikrestauranter (rolling restaurants) and hotel operations, in order to focus more on its core activities. At the beginning of the year, SJ was converted into several limited companies and is now operated by three Government-owned companies: SJ AB, Green Cargo AB

Table 2 Investments (incl. company acquisitions and divestments) by Government-owned companies by sector, 2000, SEK million

Sector	Number of companies	Investments, 2000	Investments, 1999	Investment ratio, 2000	Investment ratio, 1999
Base industry	4	2,590	2,679	9%	9%
Production/investment	4	379	296	4%	3%
Producer services	7	139	164	4%	5%
Transport	8	16,471	5,265	18%	6%
Consumer/durable goods	5	110	100	6%	5%
Consumer/non-durable goods	4	1,655	1,262	3%	2%
Finance	8	11,722	4,884	11%	8%
Property	6	5,006	6,778	68%	100%
Transport-real estate	2	304	2,535	163%	1,753%
Telecom, IT	3	48,588	12,577	87%	23%
Energy	2	24,244	8,266	70%	27%
Total	53	111,207	44,807	27%	13%

and AB Swedcarrier. This reorganisation has increased transparency and totally eliminated the possibility for cross-subsidies between the different business areas. SJ's result has been unsatisfactory, although the reorganisation increases specialisation and boosts prospects for improved earnings.

ENERGY In the energy sector, Vattenfall increased its year-end profit by 21 per cent to SEK 5,189 million compared with last year, while turnover increased by 14 per cent to SEK 31,695 million during the same period. The net profit includes SEK 532 million in the form of a repayment from SPP as well as SEK 2,639 million in compensation for the Barsebäck nuclear power station. The increase in turnover was mainly attributable to acquired units such as Uppsala Energi, while the improvement in profit was mainly due to significant non-recurring items. The company did not achieve its profit goals in 2000. Vattenfall's operating margin was largely unchanged at 20 per cent compared with 1999. Excluding the repayment from SPP and compensation for Barsebäck, the margin is below the sector average, which lies at around 17 per cent. Vattenfall can be compared with the Swedish competitor Sydkraft, whose operating margin excluding the repayment from SPP amounts to around 24 per cent. Among the competitors on the German market, it is worth mentioning that the energy division of RWE has an operating margin that lies around 11 per cent.

The deregulation of the energy market has led to a consolidation which has accelerated during the year, both in the Nordic region and in the rest of Europe. Vattenfall's strategy is to take part in this consolidation primarily by expanding in northern Europe. This will initially require investing a large amount of resources in order to take advantage of future expected returns on investments in Germany, Europe's largest market.

Vattenfall's subsidiary HEW bought the German energy companies Veag and Laubag during the fourth quarter, thus strengthening Vattenfall's position as one of the biggest energy companies in northern Europe. After the close of the period, E.ON, which owns 42.8 per cent of the voting power in Sydkraft, submitted a public bid for the company. Fortum has also confirmed that it is currently holding negotiations with the City of Stockholm regarding the possible purchase of 50 per cent of the shares in Birka Energi AB, in which Fortum does not already hold an ownership stake.

The Swedish National Grid, which is responsible for the roll-out of the national optical fibre backbone network, had connected around 40 per cent of all municipalities by the end of 2000. Turnover for the Swedish National Grid rose by 18 per cent to SEK 2,724 million in 2000 from SEK 2,307 million in 1999. Operating

profit rose by 50 per cent to SEK 842 million during the same period, giving an operating margin of 31 per cent. In a comparison with other backbone network companies, it is worth mentioning that Fingrid, the Finnish national grid, has an operating margin of 37 per cent. According to a study by the European Transmission System Operators (ETSO), the Swedish National Grid and Fingrid are the two most cost-effective backbone network companies in Europe.

PRODUCER SERVICES In the producer services sector, Lernia reported a pre-tax loss of SEK 160 million for 2000 compared with a profit of SEK 6 million in 1999. This can partly be explained by the fall in turnover of 8.3 per cent due to lower demand for labour market training. In order to reverse this trend, Lernia has initiated a restructuring programme aimed at lowering costs and increasing flexibility. Profit has also been affected by restructuring costs to the amount of SEK 97 million. Lernia is also trying to broaden its product range by offering adult education to municipalities and by strengthening its market position in the field of e-learning. At the same time, Lernia Personaluthyrning (temping agency) reported an improved result and continued strong volume growth.

REAL ESTATE In the real estate sector, Vasakronan's profit after net financial items increased to SEK 460 million (437). The profit has been charged with the redemption of future interest expenses amounting to SEK 50 million (0). Rental income rose by 12 per cent to SEK 2,662 million (2,380). Investment in real estate and maintenance of properties amounted to SEK 1,442 million (1,206). The market value of the real estate portfolio has increased by 26 per cent to SEK 34.2 billion. For the existing portfolio, the increase was 20 per cent.

The market for the rental of commercial premises has shown a strong upward trend in 2000. Rent levels have risen primarily in city centres but also on the outskirts. The increase has been greatest in the cities of Stockholm, Malmö and Gothenburg and in the major university towns.

Specialfastigheter Sverige AB's turnover and net profit have not changed appreciably since last year. Turnover for 2000 amounted to SEK 888 million (853) and profit after financial items amounted to SEK 154 million (149).

For Vasallen AB, profit after financial income amounted to SEK 32 million. Approved investments amounted to SEK 900 million at year-end. In 2001, rental income is expected to increase considerably mainly as a result of a large proportion of completed projects in Östersund and Linköping. Tenants are currently in the process of moving into these properties.

Akademiska Hus' turnover for 2000 amounted to

SEK 3,712 million (3,465) and pre-tax profit amounted to SEK 785.8 million (761.7). The book value of the property portfolio, including construction in progress, amounted on the closing day to SEK 22,239 million (21,048). During 2000, several major construction projects have been completed, including parts of a Biomedicine centre for Lund University, a microtechnology centre at Chalmers University of Technology and parts of the Ångström laboratory at Uppsala University.

TELECOM In the telecom sector, the listed company Telia reported that the underlying operating margin, EBITDA excluding items affecting comparability and profit/loss from associated companies, rose by 13 per cent to SEK 3.8 billion during the fourth quarter compared with the corresponding quarter in 1999.

FINANCE In the finance sector, operating profit for the Swedish Housing Finance Corporation (SBAB) amounted to SEK 469 million. New loans amounted to just over SEK 21 billion and the loan portfolio amounted to approximately SEK 140 billion. During the year, two securitisation transactions were undertaken to an approximate value of SEK 9.5 billion. The company has continued its drive to use the Internet as a distribution channel, and the proportion of Internet loan applications on the private market side amounts to 60 per cent. The use of the Internet as a distribution channel is expected to continue to generate positive effects on profits in years to come. Venantius AB reports a loss of SEK 82 million from parent company operations. This improve-

ment on last year's loss amounting to SEK 254 million is mainly due to lower credit losses. The group reports a profit of SEK 366 million, which is an improvement of SEK 207 million compared with last year.

Cash flow and investment

In the energy sector, Vattenfall's cash flow from current operations increased from SEK 3,238 million in 1999 to SEK 6,131 million in 2000. There has been a significant increase in investments as a result of the company's expansion in northern Europe.

In the base industry, LKAB reports a cash flow of SEK 1,289 million during the year compared with a negative cash flow of SEK 738 million in 1999. The improvement is attributable to strong demand and rising prices. Investment has declined slightly during the year from SEK 986 million in 1999 to SEK 943 million.

In the producer services sector, Lernia reported a positive cash flow of SEK 43 million despite the poor earnings trend.

In the consumer/durable goods sector, it can be noted that the Bilprovningen (motor vehicle testing) monopoly has turned last year's negative cash flow of SEK 32.7 million into a positive flow of SEK 1.6 million.

In the consumer/non-durable goods sector, the Swedish National Pharmacy Corporation (Apoteket) reports a 28 per cent increase in cash flow to SEK 555 million during the year compared with 1999. Systembolaget's cash flow was SEK 763 million during 2000. This can be

Table 3 Cash flow and total assets in Government-owned companies by sector, 2000, SEK million

Sector	Number of companies	Cash flow from current operations, 2000	Cash flow from current operations, 1999	Shareholders' equity, 31 December 2000	Total assets, 31 December 2000
Base industry	4	4,539	2,914	34,189	53,567
Production/investment	4	-146	-57	1,681	4,661
Producer services	7	397	240	5,008	6,367
Transport	8	4,452	3,272	27,737	167,030
Consumer/durable goods	5	35	-17	419	1,022
Consumer/non-durable goods	4	5,099	6,332	9,914	22,008
Finance	8	-238,041	-22,049	116,132	2,341,094
Property	6	2,792	2,119	17,935	54,449
Transport-real estate	2	-57	273	26	6,169
Telecom, IT	3	10,972	10,882	57,460	126,712
Energy	2	5,126	3,238	35,132	115,005
Total	53	-204,833	-7,147	305,632	2,898,084

compared with a cash flow of SEK 791 million in 1999. In telecoms, Telia reports a cash flow of SEK 10.2 billion (10.8). Investment rose significantly as a result of the acquisition of the Norwegian company NetCom ASA.

In the transport sector, SJ reports a negative cash flow for 2000 amounting to SEK 529 million (1,036). The item shows an improvement in cash flow to SEK 3,613 million compared with 1,279 million in 1999. This is mainly due to an increase in postal giro deposits.

Akademiska Hus' net investment in fixed assets amounted in 2000 to SEK 1,875 million (3,198). The group's cash flow before investments amounted to SEK 1,487 million (1,230). Investments amounted to SEK 1,890 million (3,197), giving a cash flow after investments of SEK -403 million (-1,966).

Accounting principles

This report encompasses 53 of a total of 62 Government-owned enterprises. Financial information has been provided for all companies apart from:

- Svensk-Danska Broförbindelsen AB (Svedab)
- Sakab (1 share)
- SIS Miljömärkning AB (10 per cent)
- SGAB (currently being wound up)
- SKD Företagen AB (currently being wound up)
- Grängesbergs Gruvor (to be taken over by Ludvika Municipality in 2001)
- Kurortsverksamhet AB (wound up, partially transferred to the County Council of Östergötland)

In addition, the report does not encompass the holding companies Civitas Holding AB and Förvaltningsaktiebolaget Stattum. However, Civita's subsidiaries Vasakronan AB and Vasallen AB have been included.

For some sectors, the reported key ratios are not entirely relevant. For property companies, rental income has been viewed as turnover. For finance companies, turnover has been defined as the net sum of net interest income/expense, commission and other income. For enterprises that receive a government grant, 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 grant paid to the Royal Dramatic Theatre of Sweden. Svenska Spel is exempt from tax.

e-index

For the first time, we are publishing the e-maturity index compiled by the Ministry of Industry, Employment and Communications. The index encompasses 17 companies administered by the Ministry. The index, which stretches from 1 to 100, measured 39 in the fourth quarter of 2000. The index shows the extent to which the surveyed companies have utilised the potential of new information technology in their basic functions.

The savings potential for companies, if they make optimal use of new IT, is estimated at approximately SEK 28 billion per year, or 18 per cent of total costs. The web-based systems that are already fully implemented can generate savings of approximately SEK 8 billion per

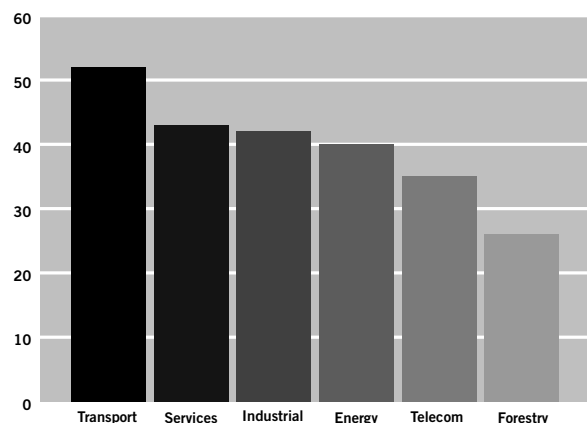
Table 4 Listed Government-owned companies as of 30 December 1999, 29 December 2000, 29 September 2000 and 20 March 2001, SEK million

Sector	Government holding, 20 March 2001	29 December 2000	29 September 2000	30 December 1999	20 March 2001
AssiDomän	35.3	6,385	6,343	5,818	6,788
Celtica	38.5***	62	65	52	74
Nordea	18.2	38,754	37,399	27,101	36,044
OM Gruppen	9.5	1,862	3,268	1,218	1,567
SAS Sverige	50.0 (21.4*)	3,173	2,503	2,679	3,349
Total excluding Telia		50,236	49,578	36,868	4,781
Celsius				1,232	
Telia	70.6	102,736	13,511		124,978
Total including Telia and Celsius		152,973	184,089	38,100	172,800
Eniro	34.7**	5,610	4,935		

*Shareholding in the SAS Group

** Telia owns 49.1 per cent

*** Indirectly owned company

Diagram 1 e-index by Industrial Sector


year when they are fully adopted by customers, suppliers and employees. Of this, approximately SEK 1 billion has been realised to date, and a further SEK 3 billion will be realised in 2002.

There are in general three problems among the surveyed companies that will need to be solved before the companies can reach their full potential with regard to existing investments in this area. Firstly, only a few companies systematically monitor returns on strategic IT

investments. This leads to shortcomings in their ability to prioritise and monitor company investments. Secondly, it is necessary for more customers and suppliers to connect to and use the new systems. Thirdly, it is important that companies continue to develop and expand the use of systems that have been built up to date.

The e-maturity index covers four areas: customer relations, production and supplier contacts, internal administration and financial reporting, and overall issues relating to attitudes and organisational support for IT-usage in the company. The intention is to publish the index on a quarterly basis from now on.

Listed holdings

The Government's market portfolio, which comprises approximately 35 per cent of the value of the entire portfolio, was worth SEK 153 billion at year-end. This makes the Swedish Government the Stockholm Stock Exchange's largest owner, with 4.8 per cent of the total market value. Two thirds of this relates to the Government's 70 per cent ownership stake in Telia. On 20 March, the total value of the portfolio was SEK 173 billion.

In 2000, the portfolio of listed companies with state-

Table 5 Share price performance for listed Government-owned companies, 30 December 1999–20 March 2001

	Closing price, SEK 20 March 2001	Closing price, SEK 29 Dec 2000	Closing price, SEK 29 Sept 2000	Closing price, SEK 30 Dec 1999	Change, 12 months, 30 Dec 1999 – 29 Dec 2000	Change, Q4 29 Dec 1999 29 Dec 2000	Change this year to date, 29 Dec 2000– 26 March 2001
AssiDomän	202	190	151.00	138.50	37	26	6
Celtica*	69	58	61.00	48.50	20	-5	19
Nordea	66.5	71.50	69.00	50.00	43	4	-7
OM Gruppen	19.6	233	414.00	190.00	23	-44	-16
SAS Sverige	95	90	71.00	76.00	18	27	6
Telia	59	48.5	63.5		***	-24	22
Eniro**	108	95					14
Celsius				176.00			
Share price performance of the Government's corporate portfolio excluding Telia and Celsius	128	135	134	100	35	0	-5
Share price performance of the Government's corporate portfolio. Quarterly, 30 Sep	97	86	104	100	-14	-17	13
Affärsvärlden's General Index (AFGX), 29 Dec 1995=100	75	88	100	100	-12	-12	-14

* Indirectly owned company

** Not included in the estimates

***-43 per cent calculated from the issue price on 13 June

ownership developed in line with the Stockholm Stock Exchange. All holdings with the exception of Telia rose during the year, with Nordea and AssiDomän recording the largest upturns of 43 per cent and 37 per cent respectively. The Telia share dropped 43 per cent during the year from its issue price, while Handelsbanken's PTO weighted index decreased by 41 percent. During the fourth quarter, there was a 17 per cent drop in value, while the general index fell by 12 per cent. All share prices apart from OM Gruppen and Telia increased during the quarter.

The portfolio of listed companies with state-ownership have risen by 13 per cent in the first few months of 2001, while Affärsvärlden's index has fallen by 14 per cent. However, if Telia is excluded, the value of the portfolio has fallen by 5 per cent.

During the period from June 2000 until 20 March 2001, the Telia share price fell by 31 per cent compared to its issue price. During the same period, the telecom index fell by 51 per cent. The greatest fall affected the Dutch company KPN, whose shares dropped by 77 per cent. Share prices for both Deutsche Telekom and France Telecom have fallen by 64 per cent and 62 per cent respectively during the period. Only four of the twelve telecom companies have performed better than Telia.

Telia's shareholding in Eniro (49 per cent) has also developed favourably since the company was listed on the stock exchange in October.

AssiDomän From 1 January 2001 onwards, AssiDomän's pulp and paper mills in Karlsborg and Skärblacka have been merged with Stora Enso's Gruvön mill to form a joint company, Billereud AB. A listing on the Stockholm Stock Exchange is planned as soon as possible, although no later than 2002. During the year, AssiDomän has sold its sack operations and several paper mills to the German company Frantschach, and negotiations are currently underway with several external parties regarding a possible sale or merger of the group's packaging operations. The company has also divested its corrugated board operations. Calculated for the full year, the current rationalisation measures are estimated to have improved the result for the remaining units by SEK 800 million. The company sold its subsidiary Por-Pac AB to Fagerdala Industri AB on 31 December 2000 for SEK 135 million. The dividend for 2000 was raised from SEK 6.00 per share to SEK 6.50.

Nordea A leading financial group in the Nordic and Baltic region has been formed through the merger of several Nordic banks and insurance companies. The new group is called Nordea.

Nordea's operating profit for 2000 rose by 17 per

cent to EUR 2,435 million (SEK 20,611 million). Return on equity was 16.1 per cent, or 19.4 per cent excluding goodwill. Earnings per share amounted to EUR 0.58, corresponding to an increase of 5 per cent.

The proposed dividend is SEK 2.00, i.e. an increase of 14.3 per cent.

Nordea is the only Nordic group among the 20 largest financial institutions in Europe. Nordea's electronic banking service Solo is today the most widely used Internet bank in the world, with more than five million log-ons per month. The milestone of 2 million e-customers has also been passed.

OM Gruppen The company reported pre-tax profit of SEK 743 million in 2000, which is a 23 per cent increase since 1999.

SAS The company reported pre-tax profit of SEK 1,705 million (1,245) for the fourth quarter. This represents an increase of 37 per cent. Turnover increased by 4.8 per cent to SEK 12,089 million (11,539) during the same period. A better price structure and the increase in the number of Business Class passengers contributed to the improved result. The share price has also risen by 27 per cent during the fourth quarter, partly as a result of the unanimous decision by the ministers of transport in Denmark, Norway and Sweden to continue with the work on changing the share structure from the current three shares to a single share. After the close of the period, SAS was named the best domestic airline in Norway for the second year running. It also won the category for best international airline in Norway.

Telia Telia's underlying operating margin, EBITDA excluding items affecting comparability and profit/loss from associated companies, rose by 13 per cent to SEK 3.8 billion during the fourth quarter compared with the same period in 1999. Turnover fell by 2 per cent to SEK 14.5 billion during the same period. For the full year, the underlying earnings fell in all five business areas, reducing profits by 6.9 per cent to SEK 13.1 billion. Profits have also been negatively affected by the development of new services, downward pressure on prices and customer acquisition costs. After the close of the period, the company announced the sale of the Brazilian mobile telecom operator Tess. This will have a positive effect on earnings. The company has also resolved to introduce a new group structure from 1 April in order to improve the prerequisites for taking part in structural changes in the sector. The new business areas are Telia Mobile, Telia International Carrier, Telia Internet Services and Telia Equity. During the fourth quarter, Bo Jacobsson was appointed Chief Financial Officer.

Significant events in unlisted companies in the fourth quarter and onwards

Lernia AB The company obtained environmental certification in accordance with ISO 14001 on 6 February 2001.

Posten AB (Sweden Post) In view of the decision by the Swedish Competition Authority to oppose Svenska Giro-t's application to acquire Postgirot Bank AB, the Board of Sweden Post has resolved to pull out of the agreement regarding the sale of Postgirot to Svenska Giro. Sweden Post has subsequently initiated a new sale procedure.

SJ (Swedish Rail) The public service company has been converted into separate subsidiary companies from 1 January 2001 and operations are now run by three Government-owned companies.

The Swedish Maritime Administration They have introduced a new organisation from 1 January 2001. Under the new organisation, authority and sector functions will be more clearly separated from the Administration's duties as a provider of maritime services.

The Swedish Space Corporation The scientific satellite ODIN was launched into orbit on 20 February 2001. The Swedish Space Corporation is the coordinating project leader. The satellite is monitored from Es-range in Kiruna and all systems are functioning according to plan.

Vattenfall Together with ten other European energy companies, Vattenfall has signed an agreement to start an independent marketplace for players in the energy sector. The Internet-based marketplace, named Eutilia, will open in the spring and will offer catalogue-based procurement, auctions and information on purchasing procedures. Matts P Ekman was appointed Chief Financial Officer on 1 February 2001.

Company acquisitions and divestments

AssiDomän The company has sold its corrugated board business to Kappa Alpha Holdings for SEK 10.4 billion, generating a capital gain of approximately SEK 1.6 billion. The business was formally taken over on 1 January 2001.

Table 6 Ranking of Government-owned companies, SEK million

Rank	Company	Government holding, %, 20 March 2001	Net turnover, 2000	Change in turnover, 1999/2000	Profit/loss before tax, 2000	Profit/loss before tax, 1999	Average number of employees, 2000	Change in number of employees, 1999/2000
1	Nordea AB	18.2	103,715	92%	19,006	11,511	32,218	12,916
2	Telia AB	70.6	54,064	4%	11,717	5,980	30,307	761
3	SAS Gruppen AB	21.4	47,540	9%	2,773	1,846	30,939	629
4	Vattenfall AB	100	31,695	14%	5,189	4,297	13,123	5,132
5	Apoteket AB	100	27,866	7%	38	400	9,802	406
6	Posten AB	100	24,864	3%	-1,360	-4,065	41,522	-303
7	AssiDomän AB	35.3	24,643	1%	3,090	-701	14,506	-2,554
8	Systembolaget AB	100	17,368	4%	173	470	3,440	182
9	Svenska Spel, AB	100	14,138	4%	3,835	3,739	531	20
10	SJ (Swedish Railways)	100	12,760	-14%	132	239	11,702	-3,304
11	Samhall AB	100	10,140	8%	251	-386	26,001	-182
12	V&S, Vin & Sprit AB	100	5,711	43%	1,433	964	1,375	604
13	Swedish Civil Aviation Administration	100	5,007	6%	633	18	4,329	86
14	Luossavaara-Kiirunavaara AB, LKAB	100	4,882	23%	591	-244	3,210	-69
15	Akademiska Hus AB	100	3,654	7%	786	762	392	-7
16	OM Gruppen AB	9.5	3,152	61%	743	603	1,354	360
17	Swedish National Grid	100	2,724	18%	768	531	253	10
18	Vasakronan AB *	100	2,662	12%	460	437	351	3
19	Lernia AB	100	1,770	-8%	-160	6	2,497	38
20	Teracom AB	100	1,555	16%	289	83	887	55
21	Swedish Maritime Administration	100	1,358	2%	33	-82	1,362	-141
22	Svensk Bilprovning, AB	50	1,167	3%	-39	-113	2,217	-7

* subsidiary of Civitas Holding AB

The Swedish Space Corporation The subsidiary Satellus AB transferred its operations to Lantmäteriet (the National Land Survey) at the end of 2000.

SAKAB Since 30 November 2000, the previous principal shareholder WM Sellbergs has been included in the new company SITA Sverige AB. SITA has, together with Sydkraft, acquired WM Sellbergs/SAKAB. Sydkraft will be responsible for SAKAB and the name will be changed to Sydkraft SAKAB Aktiebolag. In 2001, SAKAB's operations will be incorporated into the other business activities of Sydkraft. At the same time, an alliance with SITA/Miljöservice will be initiated for the development of recycling energy from waste in Sweden.

Vattenfall In the fourth quarter, Vattenfall's subsidiary HEW acquired the German energy companies Veag and Laubag from the German energy groups REW and E.ON, thus strengthening Vattenfall's position as one of the biggest energy companies in northern Europe. HEW acquired 81.2 per cent of Veag and 92.5 per cent of Laubag for a total of DEM 2.9 billion. Payment was made in part by E.ON acquiring HEW's shares in Sydkraft (15.7 per cent of the capital and 2.6 per cent of the votes).

Vin & Sprit On March 20 the company signed an agreement with the American company Jim Beam Brands and the European distribution company Maxxium regarding V&S's new global distribution.

Appointments of Chief Executive Officers and Chairmen

Marianne Nivert, previously Acting CEO of Telia, has been appointed the new CEO.

Jörgen Lindegaard (born 1948) has been appointed the new President and CEO of the SAS Group. He will take up his duties during the first six months of 2001.

Magnus Ehrenstråhle (born 1932) was appointed the new President of Svensk Bilprovning AB on 14 February.

Daniel Johannesson (born 1943) has been appointed Chairman of SJ AB.

Kjell Nilsson (1943) has been appointed President of SJ AB.

Karl Gunnar Holmqvist (1946) has been appointed Chairman of Green Cargo AB.

Jan Sundling (1947) has been appointed President of Green Cargo AB.

Ingrid Bonde (1959) has been appointed Chairman of AB Swedcarrier.

Arne Berggren (1958) has been appointed President of AB Swedcarrier.

Jan Kluge was appointed the new Chairman of SAKAB from 30 November.

Per-Olof Lindholm was appointed the new President of SAKAB from 30 November.

Industry codes for Government-owned companies

The companies have been classified according to the Global Industry Classification Standard (GICS) developed jointly by Morgan Stanley Capital International

and Standard & Poor's. The OM Stockholm Exchange and the Copenhagen and Oslo Stock Exchanges have introduced GICS for their indices this year. Government-owned companies have been grouped into 11 sectors, mainly at the industry level. Where there are only a few companies, sectors have been divided, and where there are many, they have been classified into industries.

Company	Company
BASE INDUSTRY	Sveriges Rese- & Turistråd AB (The Swedish Travel and Tourism Council AB)
AssiDomän AB	
Grängesbergs Gruvor AB*	
Luossavaara-Kiirunavaara AB (LKAB)	
Sveaskog AB	
Svenska Skogsplantor AB	
PRODUCTION/INVESTMENT	CONSUMER/NON-DURABLES
Imego AB	Apoteket AB (The Swedish National Pharmacy Corporation)
Samhall AB	Svenska Spel AB
Swedesurvey AB	Systembolaget AB (The Swedish Alcohol Retailing Company AB)
Svenska Lagerhusaktiebolaget (SLAB)	V&S Vin & Sprit AB
PRODUCER SERVICES	FINANCE
ALMI Företagspartner AB	Bostadsgaranti AB
IRECO, Institute for Research and Competence Holding AB	Nordea AB
Lernia AB	OM Gruppen AB (OM Group AB)
Norrlands Center AB	Statens Bostadsfinansieringsaktiebolag, SBAB (Swedish National Housing Finance Corporation)
Sakab	Förvaltningsaktiebolaget Stattum (Stattum Holding)
Sveriges Geologiska AB (SGAB)*	Swedfund International AB
SIS Miljömärkning AB (SIS Eco-Labeling AB)	Svensk Exportkredit AB (Swedish Export Credit Corporation)
SKD Företagen AB*	Svenska Skeppshypotekskassan (Swedish Ship Mortgage Bank)
SOS Alarm Sverige AB	Venantius AB
SP Sveriges Provnings- och Forskningsinstitut AB (Swedish Testing and Research Institute AB)	REAL ESTATE
Svenska Miljöstyrningsrådet AB (The Swedish Environmental Management Council AB)	Akademiska Hus AB
TRANSPORT	Civitas AB
Göta Kanalbolag, AB	Dom Shvetsii A/O
Luftfartsverket (Swedish Civil Aviation Administration)	Kasernen Fastighets AB
Posten AB (Sweden Post)	Specialfastigheter Sverige AB
SAS Sverige AB	Vasakronan AB**
SJ (Swedish Rail)	Vasallen AB**
Sjöfartsverket (Swedish Maritime Administration)	TRANSPORT-PROPERTY
Sweroad AB	A-Banan Projekt AB
Zenit Shipping AB*	Statens Väg- och Baninvest AB
CONSUMER/DURABLES	Svedab (Swedish-Danish Bridge Connection AB)
Kungliga Dramatiska Teatern AB (The Royal Dramatic Theatre of Sweden AB)	TELECOM/IT
Kungliga Operan AB (The Royal Swedish Opera AB)	Svenska Rymdaktiebolaget AB (Swedish Space Corporation)
Svensk Bilprovning AB (The Swedish Motor Vehicle Inspection Company)	Telia AB
Voksenåsen A/S	Teracom AB
	ENERGY
	Svenska Kraftnät (Swedish National Grid)
	Vattenfall AB

* Currently being wound up

** Subsidiary of Civitas Holding AB

Calendar of Annual General Meetings

Members of the Riksdag (Swedish parliament) are invited to attend the Annual General Meetings of Government-owned companies. In many cases, the meetings are also open to the press and the general public.

Company	Date	Time	Location
Apoteket (National Pharmacy Corporation)	18/4		
AssiDomän*	22/5	16:00	Cirkus, Stockholm
Celtica*	2/4	17:00	Industrihuset, Stockholm
Eniro*	7/5	17:00	Industrihuset, Stockholm
Lernia	5/4		Head office, Stockholm
LKAB	2/5		Head office, Luleå
Nordea*	10/4	14:00	Aula Magna, Stockholm University
Posten (Sweden Post)	26/4		
SAS Sverige*	17/4	18:00	Wallenbergssalen, IVA Conference Center, Grev Turegatan 16, Stockholm
Systembolaget	17/4	15:00	Systembolaget's head office, Stockholm
Telia AB*	10/5	16:00	Globen, Stockholm
Teracom AB	16/5	12:30	Head office, Medborgarplatsen, Stockholm
Vasakronan	24/4	16:00	Head office, Karlav. 108, 13th floor, Stockholm
Vattenfall	26/4	12:00	Operaterassen, Stockholm

*Listed on the stock exchange

The Government is the largest owner of enterprises in Sweden. More than 200,000 people are employed in Government-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 value and, where relevant, to serve specific social interests. The quarterly interim reports are a tool for increasing the transparency of Government-owned enterprises.

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

Also available in English on:
www.industry.ministry.se/english/areas_of/state_owned



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