

Report for Government-owned
Companies, January – September 2001
Issued by the Swedish Government Offices



Government-owned enterprises encompass companies operating under market conditions as well as companies with special societal interests. The boundaries between these two groups are not always clear. Companies operating under market conditions are characterised by one or more 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 which are the norm in operations carried out completely according to 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 a lot of 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 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 for the third quarter amounted to SEK 6,037 million (6,518).
- ▶▶ Third quarter turnover up 23 per cent to SEK 64,633 million primarily due to Vattenfall's acquisition in Germany.
- ▶▶ Improved cash flow.
- ▶▶ The Swedish Government, through Sveaskog, has made a public offer to the shareholders of AssiDomän. The acquisition will result in a leading forest management company.
- ▶▶ New board appointed in SAS.

The negative economic outlook has been compounded during the third quarter of 2001. The European Commission's monthly business tendency survey for October indicated that confidence in the future has declined in EU countries. Expectations within manufacturing industry continued to fall in October 2001, as was the case in the construction sector, the service sector and retail trade. Consumer confidence also waned somewhat.

After a slight recovery in the second quarter, Stockholmsbörsen (the Stockholm stock exchange) continued its downward trend. Affärsvärlden's General Index (AFGX) dropped 31.4 per cent during the first nine months of the year.

In Government-owned companies¹⁾, third quarter pre-tax earnings fell by 7 per cent to SEK 6,037 million compared with the corresponding period last year. Pre-tax earnings for the first nine months of the year amounted to SEK 18,596 million (19,936), i.e. a fall of 7 per cent. Turnover in the corresponding period increased by 22 per cent to SEK 197,260 million (161,325). Investment was down 23 per cent in the third quarter of 2001 compared with the same period last year. For the first nine months of the year, investment amounted to SEK 89.5 billion, an increase of 35 per cent on the first nine months of last year. Cash flow from operating activities for the period January–September increased by 72 per cent to SEK 26,181 million (15,190).

GOVERNMENT-OWNED COMPANIES, JANUARY–SEPTEMBER 2001

Table 1	Companies operating under market conditions			Companies with special societal interests		
	Jan–Sep 2001	Jan–Sep 2000	Change	Jan–Sep 2001	Jan–Sep 2000	Change
Turnover	136,401	104,527	30%	60,858	56,798	7%
Pre-tax earnings exclusive of minority share	14,994	15,979	–6%	3,602	3,957	–9%
Investment	87,274	64,093	36%	2,257	2,404	–6%
Cash flow from operating activities	19,188	11,074	73%	6,993	4,116	70%
Shareholders' equity	144,572	125,611	15%	26,456	24,490	8%
Total assets	922,985	746,406	24%	73,366	70,852	4%
Employees	149,780	147,576	1%	50,152	50,656	–1%

The turnover figures do not include the associated companies SAS and AssiDomän.

The Government's share of pre-tax earnings includes earnings from the associated companies SAS and AssiDomän.

The Government's proportion of shareholders' equity includes shareholders' equity and total assets in the associated companies SAS and AssiDomän.

For SJ AB, GreenCargo and Swedcarrier, pro forma figures have been given to facilitate comparison with 2000. For GreenCargo, no pro forma figures are available for the number of employees in 2000. For SJ AB, no pro forma figures are available for cash flow, shareholders' equity and total assets.

No gross investment figures have been reported for A/O Dom Shvetsii and Kasernen Fastighets AB.

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

Pre-tax earnings for companies operating under market conditions fell by 8 per cent in the third quarter to SEK 4,702 million compared with the corresponding period in 2000. Earnings for the first nine months of the year were SEK 14,994 million (15,979). The decline in profit is mainly attributable to items affecting comparability from the corresponding period last year, when Vattenfall received compensation from the Swedish Government for Barsebäck. Turnover increased by 32 per cent to SEK 44,593 million (33,814). Discounting Vattenfall's sales in Poland and Germany, turnover increased by 12 per cent.

Base industry LKAB's third quarter turnover amounted to SEK 1,158 million, which is a year-on-year increase of 4 per cent. LKAB reports a pre-tax loss of SEK 1 million, compared with a profit of SEK 235 million for the third quarter of 2000. As a result of changes in market conditions after the summer, demand for LKAB's products has declined. This has in turn meant a fall in production and around a 10 per cent drop in deliveries. An action programme has been introduced for the period until the end of 2001. However, in the autumn forecast from IISI (International Iron and Steel Institute), it is estimated that world steel consumption will increase slightly this year as a result of continued strong growth in China. Excluding China, however, global steel consumption is estimated to fall by 2.5 per cent compared with 2000. However, since the terrorist attacks on 11 September, the uncertainty of the forecast has increased since a slowdown in the global economy has become apparent.

AssiDomän's pre-tax profit for the third quarter amounted to SEK 354 million. For the first nine months of the year, pre-tax profit was SEK 2,741 million, a year-on-year increase of 14 per cent.

Sveaskog reported breakeven results before tax for the third quarter of 2001. Turnover fell from SEK 80 million to SEK 69 million.

Industrial goods and services Companies within this sector report unchanged turnover and earnings compared with the same period last year.

Lernia's markets are always significantly affected by a seasonal decline in July and August. However, this year's seasonal downturn was reinforced during the third quarter by record low volumes of labour market training. Third quarter earnings after tax amounted to a loss of SEK 22 million (loss of SEK 24 million).

Transport In September, passenger traffic for European airlines fell by 12 per cent. In view of the economic downturn worsened after the terrorist attacks on 11 September, SAS AB reported a weak third quarter with a pre-tax loss of SEK 213 million (profit of SEK 343 million). However, turnover increased by 11 per cent to SEK 38,623 million. SAS has initiated an action programme intended to improve annual earnings by SEK 3,500 million. The action programme will be implemented in 2002.

SJ AB reported turnover of SEK 1,178 million (1,179) for the third quarter of 2001. Pre-tax earnings dropped considerably to a loss of SEK 104 million (profit of SEK 17 million), mainly due to increased maintenance costs and the fact that the volume of passengers failed to increase to the extent forecast. The volume of passengers rose by 7–8 per cent, compared with the forecast of 12 per cent. Train maintenance accounted for one-fifth of costs.

In the third quarter, Swedcarrier divested two subsidiary companies – Unigrind and TraffiCare. In its other subsidiaries, streamlining measures and work on clarifying business plans and business focus have continued.

Table 2 Turnover and earnings by sector, January – June 2001, SEK m

Sector	Number of companies	Turnover ¹⁾ Jul–Sep 2001	Turnover ¹⁾ Jul–Sep 2000	Change	Turnover Jan–Sep 2001	Turnover Jan–Sep 2000	Change
Base industry	3	1,237	1,200	3%	4,135	4,043	2%
Industrial goods and services	4	426	425	0%	1,493	1,451	3%
Transport ²⁾	5	8,967	8,254	9%	29,047	26,239	11%
Durable goods and services	1	1,796	1,467	22%	4,920	4,038	22%
Finance ³⁾	4	585	516	13%	1,675	1,485	13%
Real estate	6	1,943	1,843	5%	5,939	5,466	9%
Telecom	2	14,499	13,575	7%	42,426	39,750	7%
Energy	1	15,140	6,534	132%	46,766	22,055	112%
Total	26	44,593	33,814	32%	136,401	104,527	30%

¹⁾ The turnover figures do not include the associated companies SAS and AssiDomän.

²⁾ For SJ AB, GreenCargo AB and AB Swedcarrier, pro forma figures have been given to facilitate comparison with 2000.

³⁾ Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (SFS 1995:1559).

Pre-tax profit for the third quarter amounted to SEK 241 million (loss of SEK 7 million).

Posten's (Sweden Post) net turnover for the first nine months of the year amounted to SEK 17,767 million (17,880). Pre-tax profit for the third quarter increased by 25 per cent to SEK 287 million (230). Earnings for the period January to September amounted to SEK 320 million (730). Excluding Postgirot, pre-tax earnings amounted to a loss of SEK 226 million (profit of SEK 217 million). The lower earnings can primarily be explained by lower letter volumes and increased costs for ambitious ventures such as the service network and the changes made to posten.se, which has been developed into a strategic sales channel.

Non-durable goods V&S Vin och Sprit AB reported pre-tax earnings of SEK 516 million, an increase of 48 per cent compared with the corresponding period in 2000. Turnover increased in the third quarter to SEK 1,796 million (1,467). The increase is partly attributable to the acquisitions carried out to create a new international distribution system.

Finance Demand for products from SEK (Swedish Export Credit Corporation) remains at a high level. Margins have improved. This is reflected in SEK's borrowing costs, which have been relatively stable despite the general trend of rising financing costs. Pre-tax earnings for the third quarter amounted to SEK 190 million (220).

SBAB increased its net interest earnings and profit in the third quarter of 2001. Pre-tax profit amounted to SEK 175 million (161).

Real estate In the commercial property rental market, demand has slowed somewhat due to the uncertain economic outlook. However, this has not affected Government-owned companies since their business is contractual.

Vasakronan AB reported a pre-tax profit of SEK 2,576 million (474) as per September 2001. Excluding capital gains from property sales and costs of future interest expense payments, earnings amounted to SEK 496 million (393), representing an increase of 26 per cent. Rental income was SEK 2,057 million (1,944).

Akademiska Hus AB reports a slight increase in turnover and earnings as per September 2001 compared with last year. This increase is mainly attributable to the acquisition of a new property in Kista.

Telecom Telia reported a strong third quarter with significantly improved earnings and continued sharp growth in core operations. Telia Mobile and Telia Networks have improved their margins considerably. However, the company has yet to reverse the earnings trend in Telia International Carrier. Group turnover was up 7 per cent in the third quarter to SEK 14,431 million (13,487). Pre-tax profit amounted to SEK 2,491 million, an increase of SEK 2.2 billion on the corresponding period in 2000.

Energy Deregulation of the European energy market continues. The trend is towards larger and more integrated energy companies with operations in several countries. The restructuring of the European market is a result of greater demand for efficiency and economies of scale. The Swedish Energy Administration assesses that electricity consumption in the Nordic region will increase by 1 per cent per annum over the next 10 years.

Vattenfall's turnover in the third quarter rose by 132 per cent to SEK 15,140 million (6,534). Of the increase in turnover, SEK 6,716 million is attributable to operations in Germany and Poland. Pre-tax profit fell to SEK 380 million (2,665), including SEK 821 million (2,663) in items affecting comparability. During the first nine months of the year, turnover increased by 112 per cent to SEK 46,766 million (22,055), of which operations in Germany accounted for SEK 18,611 million. Pre-tax profit for the first nine months of the year amounted to SEK 4,736 million, which is SEK 482 million less than in the corresponding period in 2000. During the period January to September of this year, the price of electricity on the Nordic electricity exchange was 124 per cent higher than during the corresponding period in 2000. However, the price dropped 13 per cent in the third quarter and is currently around SEK 200 per MWh. According to Vattenfall, an additional price increase of 20–25 per cent is needed before new investment in energy production will be possible.

Table 3 Turnover and earnings by sector, January – September 2001, SEK m

Sector	Number of companies	Profit/loss before tax Jul–Sep 2001	Profit/loss before tax Jul–Sep 2000	Profit/loss before tax Jan–Sep 2001	Profit/loss before tax Jan–Sep 2000	Net margin ²⁾ Jan–Sep 2001
Base industry	4	113	616	1,097	1,432	3%
Industrial goods and services	4	-23	-20	5	-179	0%
Transport ¹⁾	6	361	259	-683	1,051	-2%
Durable goods and services	1	516	348	1,320	1,069	27%
Finance	4	379	394	1,128	1,859	67%
Real estate	6	483	528	3,496	1,343	59%
Telecom	2	2,493	322	3,895	4,186	9%
Energy	1	380	2,665	4,736	5,218	10%
Total	28	4,702	5,113	14,994	15,979	10%

¹⁾ SJ AB, AB Swedcarrier and Green Cargo AB report pro forma figures as comparative figures for pre-tax earnings for 2000.

²⁾ Associated companies have not been included in the net margin.

COMPANIES IN WHICH THE GOVERNMENT'S PARTICIPATING INTEREST DOES NOT EXCEED 20%

Nordea AB's earnings for January to September of this year fell by 6.6 per cent to SEK 9.6 billion as a result of weak return on capital and rising lending losses. The increase in lending losses can partly be attributed to a general provision of just under SEK 1 billion made in view of the poorer economic outlook. Net interest earnings rose by 37.5 per cent to SEK 25.5 billion (19.2) and total income increased by 1.9 per cent. The Government owns 18.2 per cent of the shares in Nordea.

OM Gruppen AB posted a third quarter pre-tax loss of SEK 577 million (profit of SEK 96 million). For the first nine months of the year, earnings after tax amounted to a loss of SEK 132 million (profit of SEK 544 million). Income for the period January to September increased by 7 per cent to SEK 2,239 million (2,096). For OM, the reporting period was characterised by continued growth in technology operations, lower activity on Stockholmsbörsen and substantial non-recurring expenses for rationalisation measures and the restructuring of Jiway. The Government owns 9.4 per cent of the shares in OM Gruppen AB.

INVESTMENT

Gross investment rose by just over 36 per cent to SEK 87.3 billion during the first nine months of the year. In the third quarter, investment totalled SEK 19.5 billion (25.4), a decline of 23 per cent.

Government-owned property companies continued to increase their gross investment in the third quarter. Investment activities have primarily been carried out by Akademiska Hus AB and Vasakronan AB. During the third quarter, Akademiska Hus AB took possession of the Electrum property in Kista. The purchase sum for the property was SEK 925 million. Vasakronan has geographically restructured and focused its operations in 2001. Property disposals were undertaken to a value of SEK 6,097 million and properties were acquired for a total of SEK 5,204 million in Stockholm, Gothenburg and Malmö. Property holdings are now concentrated to six locations instead of the previous fifteen.

CASH FLOW

Cash flow from operating activities increased overall by SEK 8 billion to SEK 19.2 billion during the first nine months of the year compared with the corresponding period in 2000. This is primarily due to Vattenfall's significantly improved cash flow. Vattenfall reported a cash flow from operating activities of SEK 14,229 million (3,680) for the period January to September 2001. Companies in the transport and real estate sectors also reported an improvement in cash flow. Posten improved its cash flow by SEK 4 billion during the first nine months of the year compared with the corresponding period last year. Enterprises primarily within the telecommunications and finance sectors reported a decline in cash flow. Telia's cash flow from operating activities was SEK 1.5 billion lower than for the corresponding period last year.

SIGNIFICANT EVENTS

The Swedish Government, through Sveaskog, has made a public offer to the shareholders of **AssiDomän**. The acquisition is intended to combine forest land owned by AssiDomän with the forest holdings of Sveaskog. Sveaskog and AssiDomän both conduct modern, rational, profitable and sustainable forestry in their forests. The acquisition will give rise to more rational forest management, a more efficient timber market and greater environmental considerations.

In August, **Telia** sold its properties in Farsta, including its head office, to Nordisk Renting AB for a total of just over SEK 1 billion. In conjunction with the sale, a lease was signed between the two parties. PEAB Sverige AB acquired the building rights to the area. Telia also divested its service provider operation in Spain, Telia Iberia, to the Spanish company, Cableuropa S.A. The sale generated a capital loss of SEK 105 million.

In order to strengthen its broadband investment, Telia acquired Powercom, a Danish network operator, for a sum of SEK 544 million. In September, Telia acquired the Halebop mobile portal and thereby obtained access to a customer base of 800,000 registered users. Telia will also become joint owner of the first ever pan-European mobile operator with access to a market comprising around 120 million users. Telia International Carrier and

Table 4 Gross investment and investment ratio by sector, January – September 2001, SEK m

Sector	Number of companies	Investment Jul–Sep 2001	Investment Jul–Sep 2000	Investment ratio Jul–Sep 2001	Investment ratio Jul–Sep 2000	Investment Jan–Sep 2001	Investment Jan–Sep 2000	Investment ratio Jan–Sep 2001	Investment ratio Jan–Sep 2000
Base industry ²⁾	3	238	264	19%	22%	750	659	18%	16%
Industrial goods and services	4	17	36	4%	8%	61	139	4%	10%
Transport ²⁾	5	659	–267	7%	–3%	9,721	928	33%	4%
Durable goods and services	1	73	759	4%	52%	8,340	922	170%	23%
Finance	4	3	3	1%	1%	13	484	1%	33%
Real estate ¹⁾	6	2,463	973	127%	53%	9,017	3,606	152%	66%
Telecom	2	5,979	16,746	41%	123%	15,605	37,439	37%	94%
Energy	1	10,048	6,902	66%	106%	43,767	19,916	94%	90%
Total	26	19,480	25,416	44%	75%	87,274	64,093	64%	61%

¹⁾ Gross investment figures have not been reported for A/O Dorn Shvetsii and Kasernen Fastighets AB.

²⁾ The figures do not include investment by associated companies.

the Nets operator, owned by the Italian Tiscali Group, have signed a contract worth over EUR 18 million for the delivery of capacity. Telia is also setting up a bank in partnership with KF and Skandia. The new bank will be called Coop Bank. At the end of October, Telia signed an agreement to divest 91 per cent of its shares in the Orbit Group to Flextronics. The sale is estimated to generate a capital gain of approximately SEK 500 million. This is in addition to a purchase sum of a maximum of SEK 2.3 billion depending on the companies' performance in 2002–2004.

The American energy company Mirant has ended its partnership discussions with Vattenfall and the City of Hamburg pertaining to the creation of a new company, Neue Kraft, by the German companies HEW, Veag, Laubag and Bewag. The consequence of this is that Bewag will not be included in Neue Kraft. Mirant and HEW each own 45 per cent of the shares in Bewag.

Arrowhead, which is owned by Vattenfall, is selling its consulting business to Länsförsäkringar Liv and Tieto-Enator in order to focus on broadband operations.

In the third quarter of 2001, **Akademiska Hus AB** merged its subsidiaries in Umeå and Luleå and set up a new subsidiary, Akademiska Hus Utveckling och Support AB, on 1 July 2001.

On 16 October 2001, the Government submitted a bill to the Riksdag in order to obtain authorisation to sell all or parts of the Government's holding in **Svenska Lagerhus AB** at a suitable point in time.

In Government bill 2001/02:4 entitled *En politik för tillväxt och livskraft i hela landet* [Policy for growth and vitality throughout Sweden], the Government assessed that **Vasallen AB** should be given the opportunity to acquire municipal housing companies for conversion into company premises or other suitable purposes. This would entail a new assignment for Vasallen AB, which previously has worked exclusively with regimental property.

SBAB is carrying out an additional securitisation transaction corresponding to EUR 1 billion. The transaction

comprises 50 per cent house mortgages and 50 per cent mortgages for tenant-owned apartments. This is the first time that mortgages for tenant-owned apartments are being securitised in Sweden. The transaction will open up new home financing opportunities for SBAB.

In October, the Norwegian competition authority announced its decision to approve **SAS'** acquisition of Braathens.

At the end of August, **SJ** won its public procurement bid to provide regional rail traffic in western Sweden and on the Skövde-Nässjö line.

In September, the board of **Green Cargo** approved a proposed joint venture in which NSBI (Norwegian Rail) will own 55 per cent of the shares and Green Cargo 45 per cent. The new company will become operational as of 1 January 2002.

On 22 November 2001, **Posten AB** (Sweden Post) took out a summons against Danzas ASG, a subsidiary of the German postal service, for improper use of the company's good name and trademark infringement.

On 8 November, the European Commission approved Nordbanken's acquisition of Postgirot Bank. The purchase sum will amount to SEK 4.1 billion (plus a supplement to take into account profits generated up until the day of taking possession). Nordbanken will officially acquire Postgirot Bank on 30 November 2001. The deal will generate a capital gain of SEK 1.7 billion for Posten.

On 2 October, Posten sold its entire shareholding in Postfastigheter AB to Wihlborgs Fastigheter AB for a purchase sum of SEK 2,725 million. The deal, which is expected to generate around SEK 1 billion in capital gain for Posten, encompasses 73 properties. The properties will be taken into possession in December 2001.

On 10 October, Posten AB signed an agreement with DSV A/S, a Danish transport and logistics company, on the acquisition of parcel operations in Denmark, Finland, Norway and Sweden. Posten has also signed an agreement to acquire the Dutch carriers Starintex Road Cargo N.V. and Gendringen Expeditie B.V.

Table 5 Cash flow and total assets by sector, January – September 2001, SEK m

Sector	Number of companies	Cash flow from operating activities, Jan–Sep 2001	Cash flow from operating activities, Jan–Sep 2000	Shareholders' equity 30 Sep 2001	Shareholders' equity 30 Sep 2000	Total assets 30 Sep 2001	Total assets 30 Sep 2000	Equity/assets ratio 30 Sep 2001
Base industry ^{2) 3)}	4	611	797	17,465	14,631	21,291	18,579	71%
Industrial goods and services	4	–82	–26	464	464	931	822	50%
Transport ^{1) 2) 3)}	6	–909	–3,601	8,667	8,868	115,812	98,029	5%
Durable goods and services	1	205	–677	4,067	2,937	14,999	5,551	27%
Finance	4	–3,994	2,109	11,146	10,837	308,452	339,041	4%
Real estate	6	3,241	1,430	20,004	17,885	61,396	53,205	33%
Telecom	2	5,887	7,362	44,360	34,785	132,265	118,468	48%
Energy	1	14,229	3,680	38,399	35,203	267,839	112,111	21%
Total	28	19,188	11,074	144,572	125,611	922,985	746,406	

¹⁾ Comparative cash flow figures for 2000 have not been reported by SJ AB and AB Swedcarrier. Green Cargo AB has reported pro forma figures to facilitate comparisons of cash flow for 2000. SJ AB, AB Swedcarrier and Green Cargo AB have reported pro forma figures for shareholders' equity in 2000.

²⁾ The Government's proportion of shareholders' equity includes shareholders' equity and total assets in the associated companies SAS and AssiDomän.

³⁾ Associated companies have not been included in the calculation of cash flow and equity/assets.

Companies with special societal interests

EARNINGS AND TURNOVER

Companies with special societal interests reported third quarter pre-tax earnings of SEK 1,335 million (1,406). Profit for the first nine months of the year amounted to SEK 3,602 million (3,957). In the third quarter, turnover increased by approximately 5 per cent to SEK 20,041 million.

Industrial goods and services Companies with special societal interests within this sector reported losses and reduced turnover.

Samhall posted a pre-tax loss of SEK 61 million for the third quarter. During the same period, turnover fell by just over 9 per cent.

Almi halved its turnover during the third quarter and posted a pre-tax loss of SEK 19 million. SBC was commissioned by Almi to analyse the company's operations. The study shows that Almi has contributed to the creation of 35,000 new jobs since the company was set up in 1994. These new jobs have resulted in SEK 2 billion in payroll taxes for the Government.

Non-durable goods Turnover for AB Svenska Spel increased by nearly 12 per cent during the first nine months of the year compared with the corresponding period last year. The biggest increase is attributable to turnover from Jack Vegas and Miss Vegas slot machines, which rose by 57 per cent. The proceeds from Jack Vegas are distributed to popular movements via the Swedish Sports Confederation and the Swedish National Board for Youth Affairs. Profit for the first nine months of the year amounted to SEK 2,805 million (2,785). AB Svenska Spel is exempt from tax.

Apoteket AB (Swedish National Pharmacy Corporation) reported third quarter pre-tax profit of SEK 4 million

(loss of SEK 15 million). Turnover increased by just over 6 per cent during the same period to SEK 7,091 million.

Systembolaget reported third quarter pre-tax earnings of SEK 50 million (103). This decline in earnings for the third quarter is solely the result of a change in the practice of accruing costs over the year. Earnings for the full year 2001 are expected to be at the same level as in 2000. Turnover increased during the third quarter to SEK 4,715 million (4,204).

Finance Venantius reported improved third quarter earnings compared with the corresponding period last year. This improvement is partly due to a reversal of provisions for lending losses.

Telecom Teracom reported a pre-tax loss of SEK 24 million (loss of SEK 47 million) for the third quarter. Turnover amounted to SEK 377 million (384).

Energy Svenska Kraftnät's third quarter turnover increased by just over 8 per cent to SEK 754 million. Third quarter pre-tax earnings were down on the corresponding period last year, from SEK 246 million to SEK 203 million.

CASH FLOW

Government-owned companies with special societal interests reported a 70 per cent improvement in cash flow from operating activities for the first nine months of the year compared with the corresponding period last year. Cash flow from operating activities was SEK 6,993 million (4,116). Companies in the finance and energy sectors improved their cash flow while cash flow deteriorated among companies in the non-durable goods sector. Venantius improved its cash flow during the first nine

Table 6 Turnover and earnings by sector, January – September 2001, SEK m

Sector	Number of companies	Turnover	Turnover ¹⁾	Turnover	Turnover ¹⁾	Profit/loss	Profit/loss	Profit/loss	Profit/loss
		Jul–Sep 2001	Jul–Sep 2000	Jan–Sep 2001	Jan–Sep 2000	before tax Jul–Sep 2001	before tax Jul–Sep 2000	before tax Jan–Sep 2001	before tax Jan–Sep 2000
Industrial goods and services	5	2,354	2,742	7,932	8,632	-77	11	-203	50
Transport	2	290	0	1,071	34	-15	0	20	1
Non-durable goods	4	456	334	1,439	1,114	-19	-20	-75	-65
Durable goods and services	3	15,621	14,277	46,626	43,455	1,041	1,040	2,914	3,100
Finance ²⁾	3	123	171	254	412	224	174	474	191
Transport-property	2	66	46	207	133	2	2	4	5
Telecom	1	377	384	1,177	1,111	-24	-47	-114	27
Energy	1	754	694	2,152	1,908	203	246	582	648
Total	21	20,041	18,647	60,858	56,798	1,335	1,406	3,602	3,957

¹⁾ No comparative figures for 2000 have been submitted by the Swedish Maritime Administration and the Royal Swedish Opera.

²⁾ Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (SFS 1995:1559).

months of the year compared with the corresponding period last year due to a cash payment received for the sale of Haningebostäder.

Svenska Kraftnät reported cash flow from operating activities of SEK 1,041 million (686). In the non-durable goods sector, Apoteket and Systembolaget reported a decline in cash flow to SEK –575 million (+75) and SEK –981 million (–410) respectively.

SIGNIFICANT EVENTS

Svenska Spel is continuing to develop its casino operations, which requires substantial investment. The next casino will be opened in Malmö in December 2001. Casino Cosmopol in Sundsvall, which opened on 1 July 2001, had 55,000 visitors in the first three months and has generated revenues of just over SEK 13.5 million to date.

Samhall During the first six months of 2001, the deepening economic slowdown has meant downward trends on virtually all of Samhall's markets. The drop in demand has been particularly significant in the telecom sector, where the assembly of mobile telephone batteries has been hard hit. The Group's invoicing volumes have declined which has in turn led to considerable underemployment.

In view of this development, the board took a decision on 11 October 2001 to implement a comprehensive action programme and to group the present seven regional companies into one company. The aim is to develop and improve personnel development, which is Samhall's mission, develop business activities and render administrative operations more efficient through a rationalisation programme aimed at saving SEK 200 million.

The organisational change will be effective as of 1 January 2002 and basically entails that the seven regional companies, Samhall Kablage AB, sales companies Samhall IDC AB and Samhall Informationsteknik AB in addition to Samhall Support AB are to be wound up. Samhall AB will instead be organised into two personnel divisions,

four business divisions and geographically in six regions.

SOS Alarm has signed an agreement with Ericsson Com-pitex AB to supply a new technology platform. This is to be used as operational support for the company's centres across Sweden and to increase the SOS centres' capacity and efficiency.

SOS Alarm has launched a new, mobile personal alarm. This is the first alarm telephone to be fully integrated with a built-in GPS receiver. This telephone is mainly intended for helping people that work alone, but also for chauffeurs, home-help employees on call, etc.

Teracom On 29 November 2001, an extraordinary general meeting will be held at Teracom AB. At the general meeting, issues regarding the company's vision of future development and its financial situation will be discussed.

Teracom has plans to build a fifth digital terrestrial network with capacity for another five new channels. This work will begin soon and covers broadcasting stations in Stockholm, Uppsala, Gothenburg, parts of Skåne, Norrköping, Västerås and Örebro. When the first phase has been completed, the new network will reach 50 per cent of Sweden's population. At the end of the year, an estimated 90 per cent of the Swedish population will be reached by the digital broadcasts via the four existing networks.

Teracom will be delivering a broadband community network to Dorotea Municipality, which will make it possible for the municipality to offer broadband connections to individuals and companies in the area. This work began in October 2001 and the agreement covers a 10-year period.

All of **Systembolaget AB's** shops in Sweden will be open on Saturdays as of 1 July 2001.

The Municipality of Mariestad has awarded **AB Göta kanalbolag** an environmental grant for the year 2000 for the company's work on the natural environment along the canal. Pleasure craft traffic on the canal increased by 15 per cent in 2001 and the canal attracted more than 2 million visitors during the 2001 season.

Table 7 Gross investment and cash flow, January – September 2001, SEK m

Sector	Number of companies	Investment Jan–Sep 2001	Investment ¹⁾ Jan–Sep 2000	Investment ratio Jan–Sep 2001	Investment Jul–Sep 2001	Investment ¹⁾ Jul–Sep 2000	Cash flow ²⁾ from operating activities, Jul–Sep 2001	Cash flow ^{1) 2)} from operating activities, Jul–Sep 2000
Base industry	5	203	264	3%	74	103	38	39
Transport	2	82	3	8%	19	0	77	3
Non-durable goods	4	45	71	3%	19	17	4	–33
Durable goods and services	3	556	489	1%	207	180	2,456	3,391
Finance	3	80	80	31%	78	78	3,379	98
Transport-property	2	372	177	180%	149	39	69	–55
Telecom	1	659	489	56%	193	348	–71	–14
Energy	1	259	831	12%	74	367	1,041	686
Total	21	2,257	2,404	4%	813	1,133	6,993	4,116

¹⁾ No comparative figures for 2000 have been submitted by the Swedish Maritime Administration and the Royal Swedish Opera.

²⁾ Swedfund does not report cash flow on a quarterly basis.

THE GOVERNMENT'S MARKET PORTFOLIO

The Government's market portfolio outperformed the index during the year. On 28 September 2001, the portfolio was worth SEK 137.4 billion. From the beginning of the year until 28 September, the value of the Government's market portfolio had fallen by 10.2 per cent. Affärsvärlden's General Index (AFGX) dropped 31.4 per cent during the same period. From 28 September to 26 November, the Swedish Government's market portfolio increased in value by 4.3 per cent. On 28 September, the Swedish Government was Stockholmsbörsen's largest owner, with 5.7 per cent of the total market value.

AssiDomän shares have performed very well during the year and are up 36.6 per cent. Telia has also performed relatively well. Between 1 January and 28 September, Telia shares fell by 5 per cent. This can be compared with Handelsbanken's weighted index for eleven former European telecom monopolies, which fell by 42 per cent during the same period. Between Telia's quotation on the stock exchange and 28 September, shares in Telia fell by 46 per cent, while Handelsbanken's index dropped 66 per cent during the same period.

THE E-INDEX

The e-maturity index encompasses 17 companies within five sectors administered by the Ministry of Industry, Employment and Communications. The index covers four areas: customer relations, production and supplier contacts, internal administration and financial reporting, in addition to overall issues relating to, among other things, attitudes and organisational support for IT-usage in the company.

In the third quarter, the index measured 42, an increase compared with 39 in the fourth quarter of 2000, when the index was introduced. This means that companies on average have implemented and use 42 per cent of the potential of Internet-based systems. For example, it can be mentioned that the companies are now selling on average more than 5 per cent via the Internet (compared to 3 per cent one year ago). Purchases via the Internet have also increased considerably, from less than 1 per cent one year ago to over 2 per cent today.

Diagram 1 Share price performance of the Government's market portfolio compared with AFGX



Diagram 2 E-index by sector (0-100) Q4-00, Q1-01, Q2-01, Q3-01

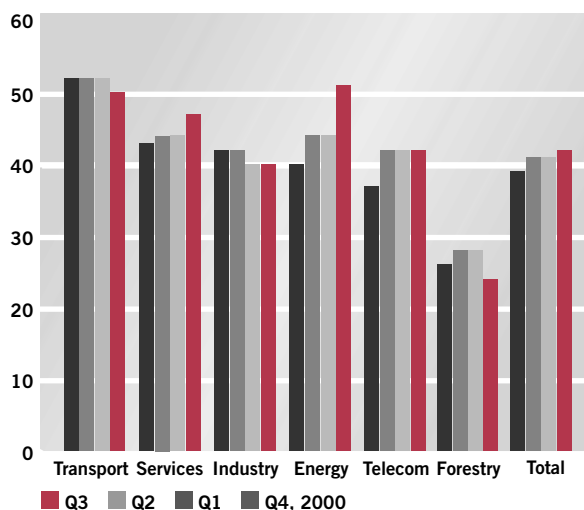


Table 8 Market value of listed Government-owned companies, 2000-2001, SEK m

Company	Government holding		28 Sep 2001	29 Jun 2001	30 Mar 2001	29 Dec 2000
	28 Sep 2001	26 Nov 2001				
AssiDomän AB	35.3 %	9,596 ¹⁾	8,721	7,595	7,023	6,385 ²⁾
Celtica AB	38.5 %	72	75	80	80	62
Nordea AB	18.2 %	28,185	28,185	33,605	34,147	38,754
OM Gruppen AB ³⁾	9.4 %	1,055	604	1,103	1,479	1,862
SAS ⁴⁾	21.4 %	2,468	1,939	3,578	3,349	3,173
Telia AB	70.6 %	101,889	97,864	116,505	121,801	102,736
Total		143,265	137,387	162,466	167,879	152,973
Total excl. Telia		41,376	39,523	45,961	46,078	50,237

¹⁾ Including the Government's 24.7 per cent shareholding in Billerud.

²⁾ Shares redeemed on 29 March 2001 have not been taken into account.

³⁾ 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.

⁴⁾ SAS AB has been a listed company since 9 July 2001.

EXECUTIVE AND BOARD APPOINTMENTS AND RESIGNATIONS

Lernia Ingemar Alserud took over as the new President on 15 October.

Samhall Göran Sevebrant was appointed the new President and CEO on 1 November.

SAS A new board was appointed at the extraordinary general meeting held on 6 November. The chairman of the new board is Egil Myklebust. Board members are Berit Kjöll, Fritz H. Schur, Anitra Steen, Lars Reiben Sørensen and Jacob Wallenberg.

SJ AB Kjell Nilsson resigned as President on 17 September. Sune Karlsson, previously Administrative Director at SJ AB, has been appointed Acting President. Anders Narvinger and Claes Ånstrand were elected to the board at an extraordinary general meeting held on 16 October. They will replace Roland Nilsson and Bertil Åhnberg.

Svenska Skeppshypotekskassan Anna-Lisa Engström has been appointed Vice Chairman.

Svenska Skogsplantor AB Sverker Lidén has resigned from his post as President. Martin Lindell has been appointed Acting President.

LKAB Carl Ameln has announced that he will be stepping down as President after ten years. He will be succeeded by Martin Ivert, the current President of Ovako Steel.

Telia Birgitta Johansson-Hedberg has resigned from the board.

V&S Vin & Sprit AB Bengt Baron has been appointed the new President of The Absolut Company, a business area of V&S. He will take up his new position on 1 January 2002.

Systembolaget AB Ewa Persson Göransson was elected to the board at an extraordinary general meeting held on 16 October. She replaces Claes Ånstrand.

FINANCIAL CALENDAR

- ▶ The interim report for the fourth quarter 2001 will be published on 22 March 2002.
- ▶ The annual report for 2001 will be published in April/May 2002.
- ▶ The interim report for the first quarter 2002 will be published on 27 May 2002.
- ▶ The interim report for the second quarter 2002 will be published on 10 September 2002.
- ▶ The interim report for the third quarter 2002 will be published on 25 November 2002.
- ▶ The interim report for the fourth quarter 2002 will be published on 21 March 2003.

ACCOUNTING PRINCIPLES

The report encompasses 49 of a total of 54 Government-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 subsidiaries, Vasakronan AB and Vasallen 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: Norrlands Center AB, AB Svenska Miljöstyrningsrådet (Swedish Environmental Management Council), Voksenåsen A/S and Svensk-Danska Broförbindelsen AB (SVEDAB). Neither does the report encompass the Swedish Civil Aviation Administration, which submits reports on a four-monthly basis. With regard to the Swedish Maritime Administration, which previously submitted reports on a four-monthly basis, no comparative figures are provided for the corresponding period last year.

In the case of property 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 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 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	stated exclusive of minority share.
Net margin	shows the proportion of turnover after costs (before tax) have been covered – pre-tax earnings 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. Approximately 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 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.industry.ministry.se/english/areas_of/stat_owned



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