



The year in brief

The Swedish government is a major player in the Swedish business sector. State-owned companies carry on business activities of a varied nature, as illustrated by the photographs above. Business activities range from forest industry to theatre, from telecommunications to pharmacy.

The government's overall objective is creating value. State-owned companies can in principle be divided into two groups: companies operating under market conditions and requirements and companies that primarily have special societal interests to fulfil. The companies account for a large part of the domestic economy and their operations have an impact on economic growth and employment. The government therefore has a considerable responsibility to be an active, professional owner.

The annual report is a tool for increasing the transparency of state-owned companies. The following pages contain a selection of important events which have occurred in both large and small state-owned companies during 2001.



Photo: Anette Öhman

Apoteket The National Social Insurance Board decided to raise the margin for prescription pharmaceutical products within the benefit system. The government resolved in December 2001 to present a bill to the Riksdag, which involves the current, essentially automatic subsidy of prescription drugs being replaced by the decisions of a newly established pharmaceutical product benefit committee.

AssiDomän sold the Corrugated & Containerboard business area to the Dutch company Kappa in May 2001. At the beginning of 2001, AssiDomän's divisions in Karlsborg and Skärblacka merged with Stora Enso's Gruvön division in the jointly owned Billerud. AssiDomän distributed shares in Billerud to its shareholders in connection with the stock exchange listing in November.

Civitas Holding distributed shares in the subsidiary Vasallen AB to the owner, the state in 2001.

Dramaten's (the Royal Dramatic Theatre of Sweden) audience capacity of 91 per cent in 2000 rose to 92 per cent in 2001, resulting in continued good ticket revenues. This and other favourable circumstances have improved and stabilised Dramaten's financial situation.

The shareholders of **SAS'** three parent companies exchanged their shares in 2001 for the same number of

new shares in SAS AB, the new parent company of the SAS Group. SAS acquired Braathen's aviation business, excluding Malmö Aviation, for NOK 1,127 million. The European Commission imposed a fine on the SAS Group and Maersk Air of EUR 39,375 million and EUR 13,125 million respectively for non-compliance with the EU's competition regulations. A new board was appointed at an extraordinary general meeting on 6 November.

Statens Väg- och Baninvest's subsidiary Botniabanan revised the main time schedule for the Bothnia Line, due to the fact that Banverket's admissibility hearing under the Environmental Code has taken longer than expected. This means that the line cannot be completed until 2008.

Sveaskog acquired AssiDomän on 28 December 2001. The acquisition was financed by raising external loans of SEK 13,000 million and by a shareholders' contribution comprising SEK 1,600 million in cash, the government's 35.3 per cent shareholding in AssiDomän and the government's holding in Billerud. The forest is one of Sweden's most important natural resources. It is renewable and the forest sector as a whole is one of Sweden's very largest net exporters. The aim of the acquisition is to develop Swedish forestry by reuniting AssiDomän's forests with Sveaskog's. For further information on the acquisition, please see page 113.



Svenska Spel's subsidiary Casino Cosmopol opened casinos in Sundsvall and Malmö in 2001. Casinos will open in Gothenburg in the autumn and in Stockholm in early 2003.

Swedcarrier disposed of Unigridd (formerly SJ Data) to Cap Gemini Ernst & Young in July and TraffiCare (formerly SJ Terminalproduktion) was sold to ISS in August.

Systembolaget The Riksdag decided on permanent Saturday opening of state retail outlets for strong beer, wine and spirits nationwide as from 1 July 2001.

Telia underwent rapid streamlining during the year. Non-core businesses, such as Eniro, and certain support functions for the core business, such as plant and network maintenance, were disposed of. At the same time, operations were concentrated in the Nordic and Baltic Sea regions, as the Brazilian mobile operator Tess and the Irish mobile operator Eircom were disposed of.

Vasakronan concentrated its property holdings in the metropolitan regions. Properties in nine towns were sold to Norrporten in 2001. Vasakronan sold land to Skanska, NCC and JM and purchased attractive prop-

erties in Stockholm, Gothenburg and Malmö from these companies. Three of the Hötorg towers in Stockholm were acquired for Förenande Liv. During 2001, properties were acquired for SEK 5.2 billion and properties were sold for SEK 6.5 billion. During the period 1994–2001, Vasakronan acquired properties for a total of SEK 16.1 billion and disposed of properties for a total of SEK 16.8 billion, with a capital gain of SEK 5.1 billion.

Vattenfall has established a strong market position in Europe through acquisitions. Its base in Europe comprises the four German companies Hamburgische Electricitäts-Werke AG (HEW), VEAG Vereinigte Energiewerke AG (VEAG), Lausitzer Braunkohle AG (LAUBAG) and Bewag AG in Berlin. As a result, the Vattenfall Group is Germany's third largest electricity company and largest district heating company.

V&S Vin & Sprit established a global distribution solution for the group's international brands in 2001, which contributed to a 17 per cent increase in group turnover. For the US market, this resulted in V&S jointly forming a company with Jim Beam Brands. The newly formed company, Future Brands, is the industry's second largest distribution company in the USA. V&S acquired 10 per cent of Jim Beam Brands.



In 2001, V&S also became a part owner of the distribution company Maxxium, which operates in a large part of the world (but not in the USA).

Women accounted for 37 per cent (30) of board members.

EVENTS AFTER THE FINANCIAL YEAR-END

On 26 March 2002, Telia and Sonera announced a merger. The merger will create a leading telecom company in the Nordic region and the Baltic States, with total pro forma net sales for 2001 of SEK 83 billion and approximately 34,000 employees. A domestic market comprising 31 million inhabitants in the Nordic region and the Baltic States will offer good opportunities for growth within all communication areas. The merger will take place through a share swap and the new company will be 64 per cent owned by Telia's shareholders and 36 per cent owned by Sonera's shareholders. The Swedish state will own approximately 45 per cent of the new company. The merger requires the approval of the respective annual general meetings and the government authorities concerned.

On 21 March 2002, the government approved **guidelines for external financial information** for state-owned companies.

FINANCIAL FACTS

State-owned companies 2001

SEK billion	2001	2000
Net turnover	294.2	246.7
Profit before tax	26.1	29.6
Net profit	17.4	20.5
Shareholders' equity	176.0	161.8
Total assets	962.9	859.6
Cash flow from operating activities	31.3	47.4
Gross investment	129.0	89.7
Number of employees	201,059	196,758
Return on equity, %	10.3	12.9
Equity/assets ratio, %	22.0	20.4
Dividend	9.1	12.1



Foreword

During 2001, the deterioration in economic activity had an impact on companies in the state-owned sector. This has highlighted the importance of administering state-owned companies carefully and skilfully. Competitive companies are a strong platform for growth and secure employment.

State-owned companies are located throughout Sweden with widely differing business activities, such as opera, mining, industrial research and property management. With approximately 200,000 employees, state-owned companies are a matter of importance for the whole Swedish population at work, at leisure or in everyday life.

The government assumes its responsibility by exercising active, professional ownership management. The wide range of business activities makes great demands on clarity in exercising the ownership role with regard to formulating objectives, making requirements and evaluating the companies. It also entails a clear division of responsibility between owner, boards of directors and management, the appointment of competent boards and providing the Swedish people, who ultimately own the companies, with correct, continuous information on developments in the companies.

The government's overall objective is creating value. State-owned companies can in principle be divided into two groups: companies operating under market conditions and requirements, and companies that primarily have special societal interests to fulfil. In the first group, market returns are required and the companies are evaluated accordingly. In the second group, value is created from the social benefit produced by the companies, while business activities should be carried on as efficiently as possible. The evaluation of these companies is thus more complex.

The boards should contain a high level of competence given the specific situation of the respective company. The composition of the boards should also be well-balanced with regard to age and gender. The target that women should account for 40 per cent of the board members of state-owned companies is to be met by 2003. External financial reporting by both the company and the owner is a question of democracy, and the information from the government and state-owned companies should therefore be just as detailed as the information provided by listed companies to shareholders, the media and the general public.

This year's annual report has been improved in certain areas. The government has provided a review of the implementation of work on equality and the environment, while the sector sections have been expanded with a more detailed account and analysis.

The state-owned companies are important. The government's intention is to look after what the state owns, in other words to be an active, long-term owner.

Göran Persson
Prime Minister

Björn Rosengren
Minister for Industry,
Employment and Communications



State ownership policy Objective – creating value

The Swedish state is Sweden's largest company owner and employer. The Swedish Government Offices administer 62 companies or groups, of which 47 companies are wholly owned and 15 partly owned by the state. A total of approximately 200,000 people are employed in these companies. In addition, there are the customers, suppliers and lenders who are directly or indirectly affected by state ownership involvement. The state is moreover the largest shareholder on Stockholmsbörsen, the Stockholm stock exchange. Overall, this involves a considerable responsibility and demands long-term, professional administration in order to secure growth and thus employment.

Increased globalisation and deregulation in many sectors mean that the state-owned companies are facing increasingly fierce competition. State ownership administration therefore requires a clear, open ownership policy adapted to the increased demands made in a changing environment.

The state ownership role is complex as the state owns companies with business activities ranging from mining to opera, and from real estate to gambling. The government's overall objective is creating value. State-owned companies can in principle be divided into two groups: companies operating under market conditions and requirements, and companies that primarily have special societal interests to fulfil. In the first group, market returns are required and the companies are evaluated accordingly. In the second group, value is mainly created from the social benefit produced by the companies. The evaluation of these companies is thus complex.

COMPANIES OPERATING UNDER MARKET CONDITIONS

Companies operating under market conditions are characterised by one or both of these criteria:

- They operate in a fully competitive market.
- The owner, the state, makes market requirements for earnings and return based on the risk profile.

The objective of ownership policy in this group is based on market requirements. For a number of these companies, the usual measure of value creation is used, i.e. that the present value of future cash flows should be larger than the company's weighted cost of borrowed capital and shareholders' equity.

During the last four years, the government's administration has focused on a financial transformation of the companies in order to maximise shareholder value. The evaluation of the companies in this group is made

by evaluating the profitability of the company to determine whether the company produces an acceptable return. The required returns must be equivalent to those for other companies in the same sector, not least for competition reasons.

COMPANIES WITH SPECIAL SOCIETAL INTERESTS

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

- The owner, the state, controls the business activities in a tangible, direct way.
- They operate on a market with special conditions.
- Some of the companies operate wholly or partly without competition, others are fully exposed to competition.

Special objectives are set and the required returns deviate from what is usual for businesses operating wholly under market conditions. The evaluation and monitoring are partly based on qualitative parameters derived from socio-economic or sector policy objectives and efficiency or earnings requirements. The requirements for cost effectiveness, etc. may be high even though other objectives are of great importance. The degree of societal interest and the owner's control differ greatly between the various companies in this group.

THREE OWNERSHIP TOOLS

As an owner, the government has three tools available to achieve its objectives: transparency, a focus on core business and effective boards.

TRANSPARENCY

For state-owned companies, the requirement for transparency is a question of democracy since the companies are ultimately owned by the Swedish people. The government therefore considers that these companies should be at least as transparent as listed companies.

Reporting by the companies

From the owner's perspective, financial reporting by the companies is of particular importance since it is an important control instrument in the continuous monitoring and evaluation of the company.

Financial information is the basis of the companies' public reporting and should be supplemented by accounts of market trends, sensitivity analyses, etc. to provide guidance in the interpretation of the factors that create value in the company. The extent to which the special societal interests have been fulfilled,

where applicable, should be regarded as just as important as other reporting. Environment, equal opportunities and diversity-related reporting should also be integrated, as far as possible, in the annual report.

Reporting by the Swedish Government Offices

The objective for external reporting by the Swedish Government Offices is to provide consistent, clear reporting with relevant comparative figures which enable the reader to evaluate how the administration of the state-owned companies is being managed.

The Riksdag originally passed a resolution in February 1982 that the government should submit an annual report on state-owned companies.

Since August 1999, the Swedish Government Offices have published an annual report on state-owned companies. The annual report is targeted at the general public, the media, trade unions and other interested parties, but is also an appendix to the government's official annual report on state-owned companies. The annual report aims to illustrate the government's management and development of ownership matters. Moreover, it includes the consolidated income statements and balance sheets since 2000, which illustrate the development of the state-owned corporate sector.

As from 2000, the Swedish Government Offices have published interim reports describing the development of state-owned companies and the sectors in which they operate. The interim reports are published quarterly and provide readers with continuous monitoring during the year of the development of state-owned companies.

Work is in progress within the Swedish Government Offices to ensure the quality of external reporting. Moreover, the Swedish Government Offices have the ambition to publish the reports more promptly after the end of the reporting period.

Annual general meetings

Annual general meetings of limited companies aim to provide shareholders with an opportunity to decide on the company's affairs. The Swedish Companies Act (SFS 1975:1385) makes no distinction between state-owned companies and private limited companies. The annual general meeting is thus primarily a meeting of shareholders, but there is nothing to prevent the meeting being opened to the general public, if the annual general meeting allows this.

To meet the need for insight and public access to official documents, the companies' articles of associa-

¹⁾ Govt. bill 1980/81:22, Report 1980/81:NU29, rskr. 1980/31:147



Reporting by the companies is an important control instrument in the continuous monitoring of the companies.



Posten (the Swedish post office) is currently implementing one of the largest reorganisations in the company's history.

tion state that members of the Riksdag are entitled to attend the annual general meeting and ask questions. The board is responsible for sending notice of the annual general meeting to the Riksdag Office in good time before the meeting. Members of the Riksdag wishing to attend the meeting should notify the company's board not later than two weeks in advance. This applies to all companies in which the state owns at least 50 per cent of the shares and which have more than 50 employees.

Vattenfall is one of the state-owned companies that have chosen to have open annual general meetings. These are seen as an appropriate occasion to report on the company's operations and objectives to a broader target group.

FOCUS ON CORE BUSINESS

In general, there have been two problems within the state-owned corporate sector: an inefficient capital balance and expansion outside the core business. During the last few years, the Swedish Government Offices have, in consultation with state-owned companies, taken a number of measures to increase the focus on core business and to optimise the capital structure.

Certain state-owned companies still tend to be overcapitalised relative to an optimal capital structure, i.e. they have too much shareholders' equity relative to borrowed capital. Optimising the capital structure entails the owner, in close consultation with the company, trying to achieve a distribution between shareholders' equity and borrowed capital which minimises the cost of total capital without risking the financial position of the company. By reducing the total capital cost, the company has increased opportunities for increasing the return and using the capital more efficiently. Consequently, the value of the company also increases.

One reason that state-owned companies tend to be

overcapitalised is uncertainty as to whether the owner, i.e. the state, is prepared to inject new capital if investment is required. This makes it difficult for the company to increase the dividend to the owner since the company wants to ensure that it has a buffer for any future investment.

Shareholders' equity is more expensive than borrowed capital as other creditors take precedence over the shareholder in the event of insolvency. To compensate for the greater risk entailed, the shareholder generally requires a higher risk premium, which is estimated by external analysts to be in the interval 3.5–5.0 percentage points, based on an average. In addition, from the company's perspective, the profit is taxable, while interest on borrowed capital is tax deductible. When assessing the company's capital structure, the company's long-term strategy and financial position must be taken into account.

The other problem has been that a number of state-owned companies previously expanded in within operations outside the company's core business. In general, this increases the company's risk since the company begins to compete in areas in which it has little or no experience. The management loses its focus on the core business and the owner runs the risk that the company's objectives are not met or are disregarded. A number of state-owned companies have clearly focused on the core business in the last few years. For example, Telia has concentrated its operations to the Nordic and Baltic Sea regions by disposing of Tess and Eircom. Moreover, the holding in Eniro was disposed of.

Vattenfall has disposed of its non-European operations and Posten AB has disposed of Postgirot Bank and Postfastigheter.

EFFECTIVE BOARDS

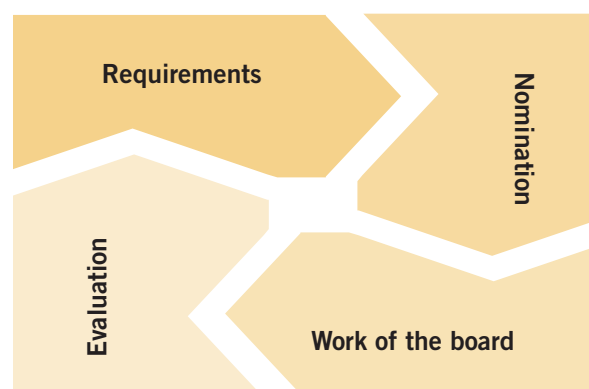
Both the board and auditors are appointed by the company's owner.

The government's objective is that the boards should contain a high level of competence adapted to each company's operations, situation and future challenges. It is therefore important that the board's composition is altered in step with the development of the company and changes in the outside world. Each nomination should thus be based on the competence requirements of each company's board. During the period 1999–2001, 194 new board members were appointed by the government.

Nomination process

The nomination and appointment of new board members are preceded by an ongoing dialogue between the ministry responsible, the chairman of the board, other board members, senior management and any other owners.

The owner or owners are often facilitated in this process if the board has evaluated itself and identified any changes required regarding its composition and future competence requirements.



The government's ambition is that changes in the board should be announced in good time before the annual general meeting. To be considered for board membership, a high level of general competence is required in either day-to-day business activities, business development, sector expertise, financial matters or other relevant areas. The board should have a composition that enables it to make independent assessments of the company's operations.

Chairman of the board

The chairman of the board has a unique position on the company's board. Particularly high demands should therefore be made on the chairman of the board with regard to competence and ability to lead the work of the board.

The chairman of the board should ensure that the work of the board maintains a high standard and takes place with a certain uniformity.

Gender balance

The composition of the boards should also achieve a balance regarding competence, background, age and gender. The target for state-owned unlisted enterprises is equal gender distribution and a sub-target is that, by 2002, at least 40 per cent of board members

should be women. In 2001, 37 per cent (30) of board members were women.

Division of responsibility and evaluation

According to the Swedish Companies Act, responsibility is divided between the Managing Director (MD) and the board, so that the MD is responsible for the day-to-day administration in accordance with the board's guidelines and instructions.

An evaluation of the board, both as a collective entity and as individual members, is valuable. The overall evaluation, which is usually carried out annually, can serve as supporting information for the development of the board's working methods and also as supporting information for the owner.

Size of the board

In order for boards to be effective, they should not be too large. In 2001, the boards of state-owned companies comprised on average 7.3 (7.6 in 2000 and 7.8 in 1999) board members including deputies. The size of the boards varies from a minimum of 3 to a maximum of 11 members. The government's intention is to restrict board membership to directors, unless special reasons demand otherwise, since each member should have the same responsibility, driving force and commitment to the development of the company.

Nomination committees

Board nominations for listed companies in which the state is a shareholder should be made in consultation with other principal shareholders, preferably through a nomination committee. The proposals reached should be published in good time before the annual general meeting and the committee members should attend the meeting to justify their choice of nominees. In listed companies in which the state has a large participating interest, at least one member of the nomination committee should represent the state.

The nomination committee should consist of three to five members, and the majority should represent the principal shareholders. It is appropriate that the nomination committee also proposes the directors' fees.

The role of auditors

The role of auditors in companies includes auditing the board's administration of the company in an impartial, independent way. This is of central importance, and the Swedish Government Offices therefore continuously evaluate the auditors appointed at the annual general meeting and their participation in state-owned companies.

It is appropriate that the auditors meet the board and the owners at least once a year to discuss the accounts, the administration and the risk management of the company. The auditors can, due to their insight into the company's administration, also assist the board in evaluating compliance with the guidelines issued by the government for external financial reporting, incentive schemes and employment terms.

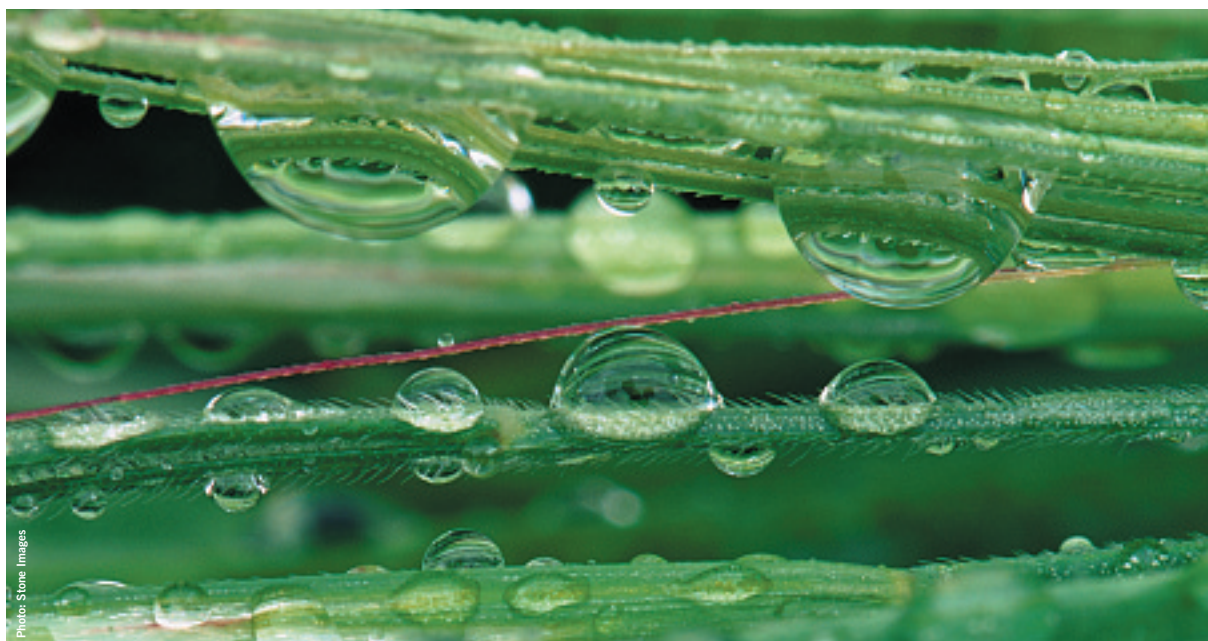


Photo: Stone Images

Important policy matters

Sweden should lead the way in adapting to economically, ecologically and socially sustainable development. All companies have a large responsibility in this process, not least state-owned companies.

The following section contains an account of government policy on certain matters of principle and how they affect state-owned companies. These policy matters express the government's will in areas of vital importance to society as a whole.

ETHICS, MORALS AND GLOBAL RESPONSIBILITY

The board and the management are responsible for ensuring that state-owned companies are managed in an exemplary manner and well within current legislation. Environmental and ethical considerations should be self-evident evaluation parameters for decisions concerning the administration of state-owned companies.

In 1976, the OECD together with 35 governments drew up joint recommendations for good corporate practice on a number of important matters, such as human rights, information, competition and taxation. The guidelines were mainly targeted at multinational companies, but can also to a great extent provide excellent support to companies operating nationally. In 1999, the UN launched "The Global Compact" in which the business world was urged to support and respect nine principles concerning human rights, employment and the environment.¹⁾ In an open letter, the government urged Swedish companies to support and comply with

the OECD's guidelines and the UN's Global Compact.¹⁾

One result of environmental matters being regarded as commercial and strategic matters is that the owner can influence the companies' environmental programme.

Companies with an environmental impact need to have a serious environmental programme and good environmental competence in order to avoid environment-related risks and costs. The costs may consist of both high rectification or decontamination costs and the costs due to a deterioration in the company's reputation with suppliers, customers and the general public.

Environmental adaptation is in many cases a prerequisite for profitability. State-owned companies should therefore, like the rest of the business sector, contribute to the fulfilment of national environmental objectives.

The boards should actively monitor the companies' efforts in matters concerning economically, ecologically and socially sustainable development.

EQUAL OPPORTUNITIES

The government's target for gender distribution on the boards of state-owned companies is equal gender distribution. A sub-target is that, by 2003, at least 40 per cent of board members should be women (Rskr 1999/2000:24). In 2001, 37 per cent of board members were women, compared with 30 per cent in 2000 and 29 per cent in 1999. This may be compared with

¹⁾ See also www.ud.se/ssc.htm

approximately 5 per cent of board members of Swedish listed companies.

Through continuous, systematic nomination efforts with the objective of increasing the proportion of women on the boards of state-owned companies while meeting the current competence requirements of each company, the government can achieve one of its sub-targets for equal opportunities policy in 2003.

DIVERSITY PAYS

Experience from companies in both Sweden and abroad shows that diversity pays. Increasing globalisation and keener competition require employees to have a higher and broader level of competence. Diversity work involves taking advantage of human differences and creating strength from the fact that each employee has his or her personal skills, qualities and characteristics.

The overall objective of diversity work is that the competence and experience of all employees should be utilised in business activities. For example, action plans can be drawn up to take advantage of the human resources available in people from different cultural, ethnic and social environments. The action plans should be used as a tool to broaden the recruitment base in order to recruit the most suitable candidates.

The government considers that diversity work is important and assumes that state-owned companies take this into account in their operations and that this is reflected in their human resources policy.

STATE-OWNED COMPANIES IN THE IT SOCIETY

The government's IT policy objective is that Sweden should be the first country to become an information society for all. The government considers that IT is a tool which facilitates opportunities for achieving objectives in a number of important areas, including growth, employment, regional development and diversity, and for achieving a sustainable society. State-owned companies account for a large part of the domestic corporate sector, and the IT development of these companies will thus also be important for Swedish growth and contribute to job creation and increased productivity.

Many state-owned companies have a well-developed IT strategy, e.g. SJ, SBAB and the Swedish Civil Aviation Administration. As an owner, it is a question of ensuring that the companies create the best conditions for being competitive in the markets in which they operate.

ACTION PROGRAMME FOR ARCHITECTURE, GRAPHICS AND DESIGN

The Riksdag passed a resolution concerning objectives for the government's work on architecture, graphics and design (Govt. bill 1997/98: 117, Report 1997/87:KrU14, rskr. 1997/98:225). The government's involvement in these matters should include the following objectives: quality and aesthetic aspects should not be subordinate to short-term financial considerations, and historical and aesthetic values in existing environments should be preserved and strengthened. Moreover, public and publicly subsidi-

sed construction, decoration and purchasing should treat quality matters in an exemplary manner.

GENDER DISTRIBUTION

Position	Women	Men	Total	Proportion of women
Board members appointed by the annual general meeting				
Chairman	7	48	55	13%
Deputy chairman	5	16	21	24%
Other board members	134	175	318	43%
Deputy members	9	24	33	27%
Total	155	266	421	37%
Employee representatives				
Directors	17	62	79	22%
Deputies	14	51	65	22%
MD/GD	8	45	53	15%
Senior management	84	252	336	25%

Equal opportunities	Yes	No	% yes, total companies	% yes, total employees
Equal opportunities policy	43	12	78%	100%

On 31 December 2001, 37 per cent of members elected to the boards of state-owned companies were women. The outcome is slightly poorer regarding the proportion of women in executive positions in state-owned companies. Only 25 per cent of senior management members are women and 8 women are managing directors.

Virtually all employees of state-owned companies¹⁾ are covered by an equal opportunities policy. Almost all companies that reported that they do not have an equal opportunities policy are companies with fewer than 10 employees.

ENVIRONMENT

	Yes	No	% yes, total companies	% yes, total assets
Environmental policy	37	16	71%	92%
Environmental policy adopted by the board	23	16	61%	85%
Environmental demands stipulated for suppliers	30	17	64%	74%
Environmental training for employees	30	17	64%	60%
Submit separate environmental report	10	40	20%	21%
Have environmental management system	28	24	54%	71%

A review of state-owned companies¹⁾ shows that 37 companies and 92 per cent of total assets in state-owned companies are covered by an environmental policy. Environmental management systems have been introduced in 28 companies with state ownership, representing 71 per cent of total assets.

Of the companies which do not have an environmental management system, four have resolved to introduce such a system and several others conduct operations of a nature that has only a very limited impact on the environment.

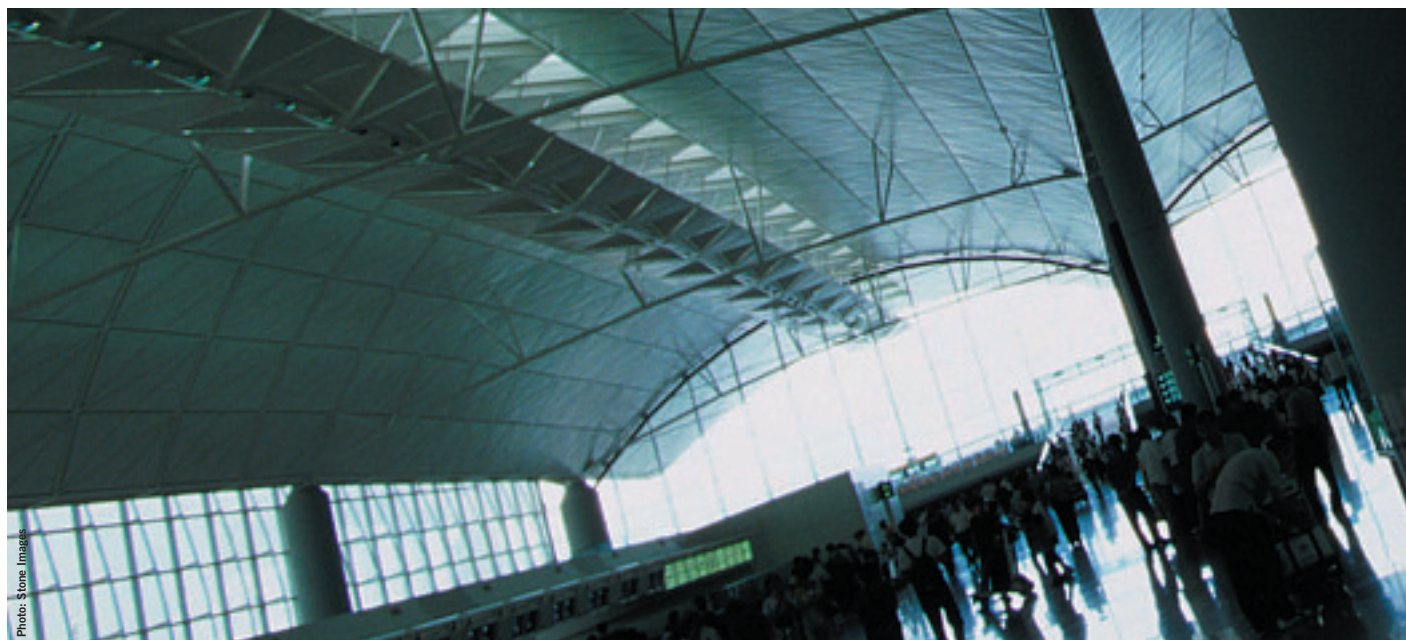
The boards of state-owned companies have demonstrated that environmental issues are important in that 85 per cent of environmental policies in state-owned companies have been resolved upon by the board. Twenty-one of the companies have revised their environmental policy since 1 January 2000.

DIVERSITY

	Yes	No	% yes, total companies	% yes, total employees
Active measures to promote diversity	38	16	70%	98%

Active measures to promote diversity encompass 98 per cent of employees in state-owned companies¹⁾. Companies that do not have a plan for diversity issues mainly comprise companies with fewer than 10 employees.

¹⁾ The evaluation encompasses companies in which the government's stake is at least 20 per cent.



Guidelines

The government may adopt guidelines in cases where there is a need to clarify and inform about the government's position on matters not covered by legislation.

The following section describes the guidelines adopted by the government regarding incentive schemes, terms of employment and external reporting by state-owned companies.

INCENTIVE SCHEMES

On 25 November 1999, the Swedish government adopted guidelines regarding incentive schemes for employees in state-owned companies.

An incentive scheme is a system for rewarding the performance of employees, whereby the reward is dependent on how the employee's performance raises the value of the company. It is the duty of the board of directors to ensure that the company – if an incentive scheme is introduced – complies with the government's guidelines regarding incentive schemes for employees in state-owned companies.

The guidelines pertain to companies that are wholly owned by the Swedish government. In companies where the government is a shareholder, the guidelines should, in accordance with a government decision, be applied as far as possible following a dialogue with the other shareholders.

The fact that the government has worked out guidelines for incentive schemes should not be interpreted such that the government recommends that such schemes be introduced in all enterprises partially or wholly owned by

the Swedish government. The purpose of incentive schemes for employees is to encourage all employees in the company to work towards achieving the overall business goals set for the company. Incentive schemes are often linked to value-based management systems.

These systems are instruments for directing attention towards increasing value through more efficient use of capital.

The guidelines also state that incentive schemes should encompass all employees in a company and that the company is to provide an account of all incentive schemes in its annual report.

TERMS OF EMPLOYMENT IN STATE-OWNED COMPANIES

Negotiation of terms of employment for managing directors is primarily a matter for the chairman of the board in consultation with several other board members.

However, the company's elected board of directors shall jointly take the final decision on the terms of employment for managing directors and shall decide whether these terms of employment comply with the guidelines issued by the government in December 1996.

The board of directors and the managing director shall ensure that these guidelines are also applied to other persons who hold managerial or comparable positions and that the guidelines are applied in an equivalent manner in



other group companies, if such companies exist.

The government's guidelines state, among other things, that company managers shall receive a competitive salary and benefits but that salaries in state-owned companies shall not generally be higher than the salary level in corresponding privately-owned companies.

If notice of termination is given on the part of the company, severance pay may be payable. This severance pay shall not exceed the equivalent of 24 monthly salary payments including the period of notice and shall be paid in monthly instalments.

If the manager takes up new employment or receives income from other business, the severance pay shall be reduced by an amount equivalent to the new income during the 24-month period.

Evaluation

A survey of around 500 employment contracts was carried out in 1996 and followed up in 1997/98 to ensure compliance with the guidelines.

The Standing Committee on Economic Affairs decided in February 2002 to allow the Riksdag's auditors to conduct a new evaluation of bonuses and pension benefits among company managers of state-owned companies.

EXTERNAL FINANCIAL REPORTING

On 21 March 2002, the government adopted guidelines for external financial reporting by state-owned companies.

The purpose of the guidelines is to improve transparency so that state-owned companies are at least as

transparent as listed companies.

The government considers this to be a democracy-related issue since the companies that the guidelines encompass are ultimately owned by the citizens of Sweden.

The guidelines state, among other things, that companies shall publish quarterly reports within two months of the close of the financial period.

All companies should also publish the company's financial information on its home page.

The state-owned corporate sector in 2001

Following a number of years of boom and economic growth, the economic situation deteriorated in 2001. State-owned companies reported a profit of SEK 17.4 billion and total shareholders' equity rose from SEK 161.8 billion to SEK 176.0 billion. Return on equity fell from 13 per cent in 2000 to 10 per cent.

The year 2001 was a difficult year for the Swedish economy. Demand declined on most markets and stock markets fell. The central banks lowered key rates to counteract a substantial, prolonged recession. Economic activity also had an impact on company earnings. The earnings of Swedish listed companies fell by 27 per cent in 2001, excluding Ericsson, ABB, Telia and Skanska whose results were significantly affected by one-off costs and capital gains. If these companies are included, earnings fell by 80 per cent in 2001.

Many companies went into liquidation, large companies gave notice to thousands of employees, industrial output in Sweden fell and households were considerably more cautious in their expectations and investments. Nevertheless, relatively low interest rates combined with a continued expansionary fiscal policy indicate a relatively short downturn in the economy.

An economic upturn is expected to be seen first in the US economy. There are currently (March 2002) signs of an upturn in the US economy, but this is not expected to be reflected in economic activity until the second half of the year. This means in turn that growth for 2002 will probably continue to be low, followed by considerably stronger growth in 2003.

DETERIORATION IN EARNINGS OF STATE-OWNED COMPANIES

Net profit for the year for state-owned companies fell by 15 per cent from SEK 20.5 billion to SEK 17.4 billion. Turnover rose by 19 per cent from SEK 246.7 billion to SEK 294.2 billion, mainly as a result of Vattenfall's acquisitions in Germany. Cash flow from operating activities deteriorated sharply from SEK 47.4 billion to SEK 31.3 billion. The companies' total shareholders' equity rose from SEK 161.8 billion to SEK 176.0 billion. Willingness to invest continued to be good and gross investment amounted to SEK 129.0 billion (89.7).

Companies operating under market conditions increased their turnover from SEK 160.5 billion to SEK 204.5 billion. Profit before tax was SEK 22.2 billion, which is a reduction of approximately SEK 830 million.

Companies with special societal interests met most of their objectives during the year. Turnover rose to SEK 89.7 billion (86.3). However, profit before tax

deteriorated compared with the previous year and amounted to SEK 3.8 billion (6.5).

As a result of the deterioration in the companies' earnings and last year's dividend from Vasallen, dividends to the government fell from SEK 12.1 billion to SEK 9.1 billion. See also page 35.

COMPANIES IN DIFFERENT SECTORS WITH DIFFERENT TARGET REQUIREMENTS

The companies in this annual report are divided into two groups. One group comprises companies operating under market conditions and requirements, the other comprises companies that have special societal interests to fulfil, while operating as efficiently as possible.

The boundary between the two groups is not always self-evident. However, the ambition of the annual report is to make the account of the government's company involvement and the individual companies as clear as possible. The division provides a clearer and thus fairer picture of both the state-owned corporate sector as a whole and of the results and performance of the individual companies.

The results differ in certain areas from those reported in the latest interim report. This is due to the fact that the consolidated income statements and balance sheets prepared contain supplementary data, which was not available when the year-end report was published. The results have been consolidated (or summarised) despite the fact that there is no actual parent company. The principles for accounting and the division of the companies are described in the Accounting Principles section on page 38.

STATE-OWNED COMPANIES, 2001

INCOME STATEMENT, SEK m	All companies		Companies operating under market conditions		Companies with special societal interests	
	2001	2000	2001	2000	2001	2000
Net turnover	294,165	246,749	204,465	160,459	89,700	86,290
Expenses	-274,002	-215,933	-189,114	-135,665	-84,889	-80,267
Items affecting comparability	4,744	219	4,961	-287	-217	505
Profit/loss from participations in associated companies	7,685	1,197	7,545	1,190	140	7
Operating profit/loss	32,592	32,232	27,857	25,697	4,734	6,535
Financial income	6,611	6,170	5,157	4,650	1,454	1,519
Financial expenses	-13,123	-8,819	-10,774	-7,281	-2,349	-1,537
Profit before tax	26,080	29,583	22,240	23,066	3,839	6,517
Tax	-6,961	-5,366	-7,129	-4,734	168	-632
Minority	-1,713	-3,754	-1,856	-3,755	144	1
Net profit/loss for the year	17,406	20,463	13,255	14,577	4,151	5,886

BALANCE SHEET, SEK m	2001	2000	2001	2000	2001	2000
Assets						
Non-interest bearing fixed assets	429,624	297,769	378,623	250,696	51,002	47,073
Interest-bearing fixed assets	311,743	294,019	285,215	269,310	26,528	24,709
Non-interest bearing current assets	82,208	73,186	65,663	53,979	16,545	19,207
Interest-bearing current assets	139,333	194,605	125,648	181,377	13,685	13,229
Total assets	962,908	859,579	855,149	755,362	107,760	104,218
Shareholders' equity, provisions and liabilities						
Shareholders' equity	176,016	161,765	146,015	131,719	30,002	30,046
Minority	38,869	23,681	38,386	23,150	483	531
Interest-bearing provisions	9,271	13,117	4,902	8,561	4,369	4,557
Non-interest bearing provisions	115,754	34,478	113,988	32,423	1,766	2,055
Interest-bearing long-term liabilities	368,248	397,850	319,355	353,003	48,892	44,847
Non-interest bearing long-term liabilities	25,671	26,090	22,890	22,273	2,780	3,817
Interest-bearing current liabilities	150,080	138,689	145,734	135,036	4,346	3,653
Non-interest bearing current liabilities	78,999	63,909	63,879	49,197	15,122	14,712
Total liabilities and shareholders' equity	962,908	859,579	855,149	755,362	107,760	104,218

CASH FLOW, SEK m	2001	2000	2001	2000	2001	2000
Cash flow from operating activities	31,251	47,401	21,810	40,178	9,441	7,223
Cash flow from investment activities	-70,660	-83,633	-61,805	-77,789	-8,856	-5,844
Cash flow from financing activities	37,723	36,725	38,926	38,516	-1,203	-1,791

OTHER INFORMATION, SEK m	2001	2000	2001	2000	2001	2000
Gross investment	128,980	89,726	121,975	82,306	7,005	7,420
Depreciation and write-downs	34,128	21,240	30,655	18,176	3,473	3,063
Turnover from government grants	22,685	21,620	257	400	22,429	21,220
Return on equity (average), %	10.3	12.9	9.5	11.3	13.8	20.2
Equity/assets ratio, %	22.0	20.4	21.3	19.1	28.3	29.3

Companies operating under market conditions

Companies operating under market conditions comprise 29 companies divided into eight sectors. The companies operate in a fully competitive market and/or the government requires a market return.

BASIC INDUSTRY

Companies in this sector reported a reduction in profit before tax of 34 per cent, on unchanged turnover, to SEK 1,185 million (1,809). Return on equity fell from 9.4 per cent to 6.1 per cent.

AssiDomän's group structure changed substantially in 2001 due to the sale and demerger of businesses. AssiDomän's result is included in this annual report at 35.3 per cent (the state's participating interest) but is included at 100 per cent in the balance sheet since AssiDomän was consolidated within Sveaskog as from 28 December 2001.

Profit before tax rose from SEK 3,090 million to SEK 3,122 million. Demand in AssiDomän's product areas was stable, apart from a certain weakening for sawn timber products. Prices of round timber and sawn timber products were forced down as a result of the fall in pulp prices, which are the leading indicator for the forest industry, from USD 700/tonne to USD 470/tonne. The sawmill industry is in a phase of weak profitability and structural changes are expected to continue in 2002. The market for packaging board was favourable. Future economic developments are difficult to assess, but most analysts consider that the global economic downturn has bottomed out and that the demand situation will improve at the end of 2002.

LKAB's profit before tax fell from SEK 591 million to SEK 62 million. The reduction in profit is mainly due to lower delivery volumes but also to higher production costs and increased pension expenses. Following a number of years of stability for the mining industry, a change in the trend was observed in 2001 when mining companies merged to the value of SEK 420 billion. The structural change is largely due to the previous over-establishment, which led to falling prices. Metal prices are expected to stabilise in pace with the structural change.

Despite the fact that raw steel output reached its second highest ever level, 845 Mt, according to preliminary statistics from the International Iron and Steel Institute (IISI), the year 2001 was disappointing for the steel industry in the West. As a result of reduced activity in most steel-consuming industries, the steel industry experienced a reduced inflow of orders, contrary to its previous expectations. Steel prices fell to their lowest level for 20 years. Many steel companies introduced output restrictions at the end of the year to stimulate a price rise.

Global iron ore output for 2001 reached largely

the same level as the previous year. The largest producer countries, Brazil and Australia, increased their output, partly due to the continued sharp rise in China's iron ore imports, which rose by 30 per cent. The moderate fall in raw steel output mainly affected steel companies in North America and Europe, which had a negative impact on iron ore output in countries such as Canada and Sweden.

An upturn for the steel industry is considered possible at the end of 2002 but the timing is difficult to assess.

Basic industry includes: AssiDomän AB, LKAB, Sveaskog AB and Svenska Skogsplantor AB.

INDUSTRIAL GOODS AND SERVICES

Companies in this sector reported an improvement in profit before tax of SEK 156 million to SEK 20 million (-136). Return on equity was 3.4 (negative) per cent.

Lernia turned a loss before tax of SEK 160 million into a profit of SEK 12 million. A strong contributory reason for the improvement in earnings was that the action taken to achieve increased flexibility and efficiency in business activities has yielded results. During the year, labour market training's share of the company's total revenue continued to fall, which was in line with the company's strategy. Leasing operations continued to show very strong growth.

Lernia is the largest player on the Swedish education and training market and the fifth largest company in the employment agency business.

In the future, individuals are expected to have increased opportunities for influencing their skills development, for example through individual learning accounts. The market for contract staff is expected to continue to grow though at a lower rate than during the last few years.

Imego's mission is to carry on the research and development of new products and processes in microelectronics and related areas, in cooperation with companies, universities and industrial research institutes.

Imego has organised its business activities around the problem areas optical/IR systems, micromechanics, material and surface properties, systems design, ASIC design, electromagnetic sensors, fabrication methods and product design. Imego's organisational model with its own research as part of operations enables close cooperation with the universities.

Industrial goods and services includes: Imego AB, Lernia AB, Svenska Lagerhusaktiebolaget and Swedesurvey AB.

COMPANIES OPERATING UNDER MARKET CONDITIONS

INCOME STATEMENT, SEK m	Basic industry		Industrial goods and services	
	2001	2000	2001	2000
Net turnover	5,499	5,538	2,061	2,056
Expenses	-5,339	-4,927	-2,061	-2,215
Items affecting comparability	-33	0	16	18
Profit/loss from participations in associated companies	1,102	1,095	1	0
Operating profit/loss	1,229	1,706	17	-141
Financial income	91	201	9	9
Financial expenses	-135	-98	-6	-4
Profit before tax	1,185	1,809	20	-136
Tax	15	-296	-3	-8
Minority	-7	-9	-1	-1
Net profit/loss for the year	1,193	1,504	16	-145

BALANCE SHEET, SEK m	2001		2000	
	2001	2000	2001	2000
Assets				
Non-interest bearing fixed assets	29,959	8,460	304	329
Interest-bearing fixed assets	42	8,896	7	8
Non-interest bearing current assets	4,521	2,127	427	433
Interest-bearing current assets	9,067	2,926	230	263
Total assets	43,589	22,409	968	1,033
Shareholders' equity, provisions and liabilities				
Shareholders' equity	20,736	18,397	483	467
Minority	46	41	6	5
Interest-bearing provisions	1,684	1,027	3	3
Non-interest bearing provisions	3,804	1,603	44	116
Interest-bearing long-term liabilities	625	133	75	77
Non-interest bearing long-term liabilities	41	64	2	2
Interest-bearing current liabilities	13,146	25	3	3
Non-interest bearing current liabilities	3,507	1,119	352	360
Total liabilities and shareholders' equity	43,589	22,409	968	1,033

CASH FLOW, SEK m	2001		2000	
	2001	2000	2001	2000
Cash flow from operating activities	1,054	1,320	-17	73
Cash flow from investment activities	-18,970	-1,035	-46	-136
Cash flow from financing activities	24,196	-389	-1	117

OTHER INFORMATION, SEK m	2001		2000	
	2001	2000	2001	2000
Gross investment	25,970	1,054	80	153
Depreciation and write-downs	995	942	68	86
Turnover from government grants	0	1	20	15
Return on equity (average), %	6.1	9.4	3.4	neg
Return on total assets (average), %	4.0	9.5	2.6	neg
Return on capital employed (average), %	4.7	11.0	4.6	neg
Return on operating capital (average), %	0.7	7.8	5.2	neg
Net indebtedness (+ net debt)/(- net assets)	6,346	-10,637	-156	-188
Working capital	36,237	19,623	570	555
Operating capital	27,128	7,801	333	284
Equity/assets ratio, %	47.7	70.7	50.5	45.7

TRANSPORT

Companies in this sector improved profit before tax to SEK 2,452 million (-675). Return on equity was 24.3 (negative) per cent.

Posten improved net profit to SEK 3,432 million (-1,082). Operating loss excluding Postgirot, a capital gain from the sale of Postfastigheter and provisions amounted to SEK 150 million (+192).

Posten's operations have been streamlined into two business areas: letters and logistics, and over-the-counter service.

The Swedish letter market is deregulated, while there is fierce competition for parcels and logistics services. Developments are marked by globalisation, increased competition and substantial technological developments. Letters are expected to show weak growth, while the logistics market is expected to grow.

SJ AB took over passenger traffic when SJ (Swedish State Railways) was incorporated. Loss before tax was SEK 49 million (+103) in 2001. The deterioration in earnings was partly due to start-up costs and the resources invested by SJ in measures to raise quality.

The Swedish rail market is one of the most deregulated and open to competition in Europe. Including freight traffic, there are a total of around 20 train operators in Sweden.

SJ operates on two markets with different competitive situations. The contracting sub-market, where the customers are public traffic authorities, has been totally deregulated, which has led to the establishment of a number of competing operators, including Connex, Citypendeln, Svenska Tågkompaniet and BK Tåg. SJ has the sole right for passenger traffic on the main line network, and competition consists of other means of transport, such as car, bus and air.

The car is still the predominant means of transport for domestic travel. The train is, however, the predominant means of public transport for long journeys, with the exception of journeys over 500 kilometres, where air travel is predominant. Factors such as age, income, purpose of the journey and proximity to a railway station also affect the choice of means of transport to a significant extent. Travel with SJ AB rose by 5 per cent during the year. Growth in rail travel, which has been very positive since 1997, continued in 2001 despite the deterioration in economic activity and the unstable global situation. Demand for travel continues to be strong and rail travel is forecast to increase more than other means of travel.

SJ's division for freight traffic and logistics was transferred to Green Cargo. Loss before tax was SEK 76 million (-1,267 pro forma) and excluding items affecting comparability SEK 29 million (-49).

Sweden's total transport volume declined from 2000 to 2001. This was partly due to the impact of the global economic downturn on Swedish exports, with lower demand as a result. All types of transport were hit by reduced volumes. The only exception was domestic shipping. The transport of highly processed goods, which are mainly conveyed by road, declined particu-

larly. Road traffic compensated for its loss by gaining shares of the transport of other goods. This resulted in reduced rail transport, which failed to retain its market shares. In order to strengthen Green Cargo's position in Scandinavia and Europe, a joint company Cargo-Net AS was formed with Norwegian State Railways in 2001. The initiative gives Green Cargo an opportunity for geographical expansion and increased volumes.

During 2001 as a whole, the SAS Group's traffic growth continued to be larger than for the airline business in general. However, a continued marked decline in demand was noted on the Swedish market, due to the general economic slowdown and the weak Swedish krona.

The air traffic market developed relatively strongly during the first quarter of 2001. After that, gradually weaker economic development and demand was noted during the spring and summer. In the aftermath of September 11, the aviation industry entered its worst ever crisis.

During the period 11 September to 31 December, European airlines showed a 17.6 per cent decline in international traffic compared with the previous year. Traffic was most affected on the North Atlantic routes, with a 31 per cent decline. SAS was badly hit by the reduced demand but not as much as its competitors. SAS' international traffic fell by 9 per cent and the company thus gained market shares in the weak aviation market.

Earnings deteriorated substantially to a loss before tax of SEK 1,140 million (+2,829).

Transport includes: Green Cargo AB, Posten AB, SAS AB, SJ AB, AB Swedcarrier and SweRoad AB.

NON-DURABLE GOODS

V&S Vin & Sprit AB increased its profit before tax to SEK 1,472 million (1,433). Return on equity fell from 36.6 per cent to 30.4 per cent.

The international alcoholic beverages industry was dominated in 2001 by the effects of the sale of Seagram Wine and Spirit. In general, the leading companies in the industry continued implementing activities for consolidation and growth. Major changes may be expected in the next few years.

V&S Vin & Sprit AB increased turnover by just under SEK 1 billion in 2001 to SEK 6,788 million (5,816). A contributory reason for the increased turnover was that V&S established a global distribution solution for the group's international brands in 2001. For the US market, this resulted in V&S jointly forming a company with Jim Beam Brands. The newly formed company, Future Brands, is the industry's second largest distribution company in the USA.

The global consumption of spirits was largely unchanged, but the shift towards white spirits continued. Global wine consumption did not experience any major changes, but red wine increased at the expense of white wine.

In the West, the alcoholic beverages market is mature and without real growth. Shifts take place,

COMPANIES OPERATING UNDER MARKET CONDITIONS

INCOME STATEMENT, SEK m	Transport		Non-durable goods	
	2001	2000	2001	2000
Net turnover	39,200	37,332	6,788	5,816
Expenses	-37,815	-36,230	-5,136	-4,413
Items affecting comparability	1,974	-2,151	0	46
Profit/loss from participations in associated companies	-264	594	112	0
Operating profit/loss	3,095	-455	1,764	1,449
Financial income	478	772	90	99
Financial expenses	-1,121	-992	-382	-115
Profit before tax	2,452	-675	1,472	1,433
Tax	-268	252	-462	-437
Minority	3	5	-1	-62
Net profit/loss for the year	2,187	-418	1,009	934

BALANCE SHEET, SEK m	2001	2000	2001	2000
	Assets			
Non-interest bearing fixed assets	21,843	20,090	11,988	3,535
Interest-bearing fixed assets	5,074	23,796	0	0
Non-interest bearing current assets	5,773	5,835	2,803	1,986
Interest-bearing current assets	9,597	57,665	249	191
Total assets	42,287	107,386	15,040	5,712
Shareholders' equity, provisions and liabilities				
Shareholders' equity	10,118	7,918	3,694	2,934
Minority	20	16	11	11
Interest-bearing provisions	423	3,583	80	37
Non-interest bearing provisions	6,364	6,963	566	480
Interest-bearing long-term liabilities	14,028	12,631	8,653	836
Non-interest bearing long-term liabilities	73	64	0	0
Interest-bearing current liabilities	3,177	67,871	0	0
Non-interest bearing current liabilities	8,084	8,340	2,036	1,414
Total liabilities and shareholders' equity	42,287	107,386	15,040	5,712

CASH FLOW, SEK m	2001	2000	2001	2000
	Cash flow from operating activities	564	3,092	1,246
Cash flow from investment activities	-28,456	590	-8,517	-998
Cash flow from financing activities	9,158	-1,960	7,324	-1,465

OTHER INFORMATION, SEK m	2001	2000	2001	2000
	Gross investment	12,748	2,278	8,539
Depreciation and write-downs	2,896	1,904	395	235
Turnover from government grants	200	370	0	0
Return on equity (average), %	24.3	neg	30.4	36.6
Return on total assets (average), %	4.8	0.3	17.9	23.9
Return on capital employed (average), %	6.0	0.4	22.8	37.9
Return on operating capital (average), %	28.4	neg	20.9	55.5
Net indebtedness (+ net debt)/(- net assets)	2,957	2,624	8,484	682
Working capital	27,766	92,019	12,438	3,818
Operating capital	13,095	10,558	12,189	3,627
Equity/assets ratio, %	17.5	3.6	24.6	51.6

however, between different categories of spirits and between price segments, as well as from local brands to international premium brands. Growth will primarily take place in Asia. In Sweden, the decline is expected to continue.

Non-durable goods includes: V&S Vin & Sprit AB.

FINANCE

Companies in this sector reported a reduction in profit before tax to SEK 1,531 million (2,229). Return on equity fell from 9.5 per cent to 6.4 per cent.

The recession deepened in 2001. The central banks lowered key rates to counteract a substantial, prolonged recession. The US Federal Reserve lowered the US key rate from 6.5 to 1.75 per cent in 2001. Swedish interest rates largely followed the global trend, but increased inflation led to an increase in the differential between Swedish and international long-term interest rates. The Swedish krona fell against both the dollar and the euro in 2001. Sweden was hit by the after-effects of the burst telecom bubble, but strong central government finances and the good financial strength of companies and households were stabilising factors.

SBAB increased its operating profit by 15 per cent in 2001 to SEK 541 million, representing a return on equity of 9.5 per cent (8.8). The loan portfolio totalled SEK 137 billion. SBAB increased its market share of the private market to 7.5 per cent and its market share of the corporate market to approximately 21 per cent.

Svensk Exportkredit's (SEK) profit before tax for 2001 was SEK 729 million (830). Return on equity was 15.1 per cent (14.8). State-subsidised export credits contributed to the earnings of the state-subsidised system with a surplus of SEK 168.8 million (93.1).

SEK strengthened its organisation and capacity to offer a broader range of financial solutions, such as leasing and renting. SEK's borrowing on a volatile market was successful.

The European financial market has been characterised by consolidation and globalisation over the past few years. This trend continued in 2001 and a pan-Nordic consolidation of banks and insurance companies is on the way to creating a small number of large financial groups with international offshoots. Consequently, it may be stated that banks and insurance companies no longer only compete in the traditional core markets but also directly with specialists, such as housing finance institutions, stockbrokers, real estate agents, finance companies, etc.

Finance includes: SBAB, Förvaltningsaktiebolaget Statum, AB Svensk Exportkredit and the Swedish Ships Mortgage Bank.

REAL ESTATE

Companies in this sector substantially increased profit before tax to SEK 3,392 million (1,439). Return on equity rose from 5.7 per cent to 12.8 per cent.

The property market and the rental premises market were affected by global anxiety and general economic developments, which led to increased caution on the

rental premises market. There is a reduced tendency to make long-term plans and to sign new leases. The metropolitan areas Stockholm, Gothenburg and Malmö are, however, expected to experience stronger growth than the rest of Sweden. Low vacancy rates contributed to maintaining rents at a high level for prime office and retail premises. There was a large turnover of commercial properties during the year. However, activity slowed as global uncertainty increased. Developments on the stock market may lead to increased activity in the real estate market, as properties offer strong cash flows and low volatility. The Swedish Real Estate Index has improved information to the market over the past few years, while the market has grown with retained liquidity. Larger, more geographically and functionally streamlined companies have been created. Overall, this may attract foreign investors. Foreign direct investment has also risen sharply since the mid-1990s.

During 2001, there was a clear trend towards industrial and service companies choosing to sell their property holdings in order to streamline their operations. These included Vattenfall, Telia, Ericsson and Posten, which sold their respective holdings including head offices. Vasakronan was one of the most active players on the market and participated in one of the largest transactions through the acquisition of three of the Hötorg towers in Stockholm. Wihlborgs, which purchased Postfastigheter's holdings, was another active player.

In Sweden, the real estate sector has traditionally been very fragmented. The division of the sector into residential properties and commercial properties has become more clear-cut, even though many companies own both. Ownership is strongly diversified and there are many different types of property owner.

Vasakronan increased its profit before tax to SEK 2,281 million (460) in 2001. Profit excluding capital gains on property sales and payments in lieu of future interest expenses was SEK 603 million (426), a 42 per cent increase. The rent increase for renewed and new leases was 44 per cent. The financial vacancy rate was 5 per cent (4).

Real estate includes: Akademiska Hus AB, Civitas Holding AB (Vasakronan AB), A/O Dom Shvetsii, Kasernen Fastighets AB, Specialfastigheter Sverige AB and Vasallen AB.

COMPANIES OPERATING UNDER MARKET CONDITIONS

INCOME STATEMENT, SEK m	Finance		Real estate	
	2001	2000	2001	2000
Net turnover	16,289	16,111	7,964	7,364
Expenses	-14,964	-14,759	-4,803	-4,395
Items affecting comparability	0	-8	1,866	63
Profit/loss from participations in associated companies	0	0	9	0
Operating profit/loss	1,325	1,344	5,036	3,032
Financial income	219	891	330	65
Financial expenses	-13	-6	-1,974	-1,658
Profit before tax	1,531	2,229	3,392	1,439
Tax	-372	-600	-968	-418
Minority	-192	-212	1	-1
Net profit/loss for the year	967	1,417	2,425	1,020

BALANCE SHEET, SEK m	2001	2000	2001	2000
	Assets			
Non-interest bearing fixed assets	7,228	4,505	55,272	49,904
Interest-bearing fixed assets	220,830	219,545	1,247	4
Non-interest bearing current assets	4,841	8,276	2,362	1,559
Interest-bearing current assets	82,100	95,623	3,405	1,753
Total assets	314,999	327,949	62,286	53,220
Shareholders' equity, provisions and liabilities				
Shareholders' equity	20,515	9,874	19,916	18,059
Minority	1,386	1,311	1	1
Interest-bearing provisions	0	43	164	156
Non-interest bearing provisions	602	598	1,087	1,038
Interest-bearing long-term liabilities	183,712	260,105	28,773	17,230
Non-interest bearing long-term liabilities	17,453	20,236	673	0
Interest-bearing current liabilities	88,647	31,862	6,720	12,558
Non-interest bearing current liabilities	2,684	3,920	4,952	4,178
Total liabilities and shareholders' equity	314,999	327,949	62,286	53,220

CASH FLOW, SEK m	2001	2000	2001	2000
	Cash flow from operating activities	-4,911	17,149	3,009
Cash flow from investment activities	20,336	-12,798	-6,758	-4,238
Cash flow from financing activities	-15,465	-4,630	5,223	1,294

OTHER INFORMATION, SEK m	2001	2000	2001	2000
	Gross investment	18	852	10,394
Depreciation and write-downs	21	22	1,437	1,261
Turnover from government grants	37	0	0	0
Return on equity (average), %	6.4	9.5	12.8	5.7
Return on total assets (average), %	0.5	0.7	9.3	6.0
Return on capital employed (average), %	-	-	10.4	6.6
Return on operating capital (average), %	-	-	10.3	6.8
Net indebtedness (+ net debt)/(- net assets)	-	-	31,005	28,187
Working capital	-	-	55,574	48,004
Operating capital	-	-	50,922	46,247
Equity/assets ratio, %	7.0	3.4	32.0	33.9

TELECOM

Companies in this sector reported a reduction in profit before tax to SEK 4,734 million (11,778). Return on equity fell from 19.9 per cent to 3.1 per cent.

Telia's net sales rose by 6 per cent to SEK 57,196 million (54,064) during the year, while operating profit before depreciation fell by 1 per cent to SEK 12,915 million (13,087). The company's turnover and earnings were affected by the disposal of non-core business as part of the streamlining of Telia. External net sales in the core business rose by 13 per cent. Telia underwent rapid streamlining during the year. Non-core businesses, such as Eniro, and certain support functions for the core business, such as plant and network maintenance, were disposed of. At the same time, operations were concentrated to the Nordic and Baltic regions, which led to the disposal of Tess and Eircom.

The streamlining strengthened Telia financially. Loans were further repaid and the debt/equity ratio fell from 0.37 to 0.18 during the year. Telia operates in four core areas: mobile communications, broadband and internet, fixed networks and international carrier operations.

Earnings and revenues rose in mobile communications. Telia is the only player that can offer GPRS and UMTS services throughout the Nordic region.

Broadband sales took off in earnest in 2001. Telia supplied a total of 263,000 broadband connections, of which 40,000 were to operators and service providers outside the group.

The international carrier market was marked by turbulence and uncertainty. In view of this, Telia wrote down the book value of assets in Telia International Carrier by SEK 3,027 million. Telia has invested considerable resources in completing the network and establishing an effective sales organisation. The negative earnings trend ceased towards the end of the year.

In the fixed network business, Telia's market shares in fixed telephony declined on the end user market in Sweden. However, the sale of added value services and wholesale services rose, resulting in revenues of the same level as the previous year.

Telecom includes: Telia AB and Swedish Space Corporation.

ENERGY

Vattenfall sharply increased turnover and earnings in 2001, mainly as a result of acquisitions. Operating profit rose to SEK 10.0 billion (6.7) and turnover rose to SEK 69.0 billion (31.7). Return on equity rose to 11.2 per cent (8.6).

The consolidation of the European energy sector continued in 2001, with the aim of achieving larger customer bases and risk differentiation of both production resources and geographical location. The majority of energy companies still operate throughout the value chain and an increasing number of players also include gas in their operations. Mergers in 2001 included E.ON (Germany) and Powergen (UK), Endesa (Spain) and Elettrogen (Italy), EdF (France) and TXU Distribution

(UK), Vattenfall (Sweden) and Bewag (Germany), Fortum (Finland) and Birka Energi (Sweden), and RWE (Germany) and American Water Works (USA).

The European electricity market is increasingly deregulated, creating new conditions, and structural change will probably continue in 2002. Fewer but larger players will operate transnationally, despite the limited physical transmission capacity. To be a leading player, access to a large operational volume is required, allowing the utilisation of economies of scale, diversification of risk, effective capital management and financial strength.

Total electricity production in Sweden was 157.6 TWh in 2001, a record annual production and an increase of 11 per cent compared with 2000. Hydroelectric power accounted for 50 per cent of electricity production, nuclear power for 44 per cent and other thermal power and wind power for 6 per cent. Net exports were 7.4 TWh compared with net imports of 4.8 TWh in 2000.

The year 2001 was a new record year for Nord Pool, the Nordic power exchange, which strengthened its market share and increased its transaction volume by 124 per cent to 1,022 TWh.

During the first years of an open electricity market, electricity prices in the Nordic region were cut substantially. The main explanation was very good access to hydroelectric power, but more efficient utilisation of the total production system was also of importance. Increased electricity demand and more normal precipitation conditions led to an increase in the average price on the Nordic power exchange's spot market to SEK 0.211/kWh compared with SEK 0.12/kWh in 2000. The price increase was also due to the weakened krona exchange rate. The average spot price on the German power exchange, Leipzig Power Exchange (LPX) set up in June 2000, was EUR 2.3/kWh, an increase of 27 per cent. Electricity prices are expected to remain at or slightly below these levels in 2002 in both Sweden and Germany.

Vattenfall has established a strong market position in Europe through acquisitions. Its base in Europe comprises the four German companies Hamburgische Electricitäts-Werke AG (HEW), VEAG Vereinigte Energiewerke AG (VEAG), Lausitzer Braunkohle AG (LAUBAG) and Bewag AG in Berlin. As a result, the Vattenfall Group is Germany's third largest electricity company and largest district heating company.

Energy includes: Vattenfall AB

COMPANIES OPERATING UNDER MARKET CONDITIONS

INCOME STATEMENT, SEK m	Telecom		Energy	
	2001	2000	2001	2000
Net turnover	57,660	54,546	69,003	31,695
Expenses	-58,301	-41,343	-60,692	-27,384
Items affecting comparability	0	27	1,137	1,719
Profit/loss from participations in associated companies	6,075	-1,157	511	658
Operating profit/loss	5,434	12,073	9,959	6,688
Financial income	1,707	1,577	2,232	1,037
Financial expenses	-2,407	-1,872	-4,737	-2,536
Profit before tax	4,734	11,778	7,454	5,189
Tax	-2,904	-1,469	-2,167	-1,757
Minority	-562	-3,014	-1,097	-462
Net profit/loss for the year	1,268	7,295	4,190	2,970

BALANCE SHEET, SEK m	2001	2000	2001	2000
	Assets			
Non-interest bearing fixed assets	77,960	86,946	174,068	76,928
Interest-bearing fixed assets	17,436	4,968	40,929	13,267
Non-interest bearing current assets	20,113	19,106	24,823	14,656
Interest-bearing current assets	13,456	12,547	19,223	10,408
Total assets	128,965	123,567	259,043	115,259
Shareholders' equity, provisions and liabilities				
Shareholders' equity	43,003	39,869	39,578	35,374
Minority	17,837	16,780	19,080	4,985
Interest-bearing provisions	2,358	3,525	190	187
Non-interest bearing provisions	10,754	7,833	90,766	13,792
Interest-bearing long-term liabilities	25,069	20,876	58,420	41,116
Non-interest bearing long-term liabilities	3,049	1,029	1,599	878
Interest-bearing current liabilities	3,929	13,166	30,113	9,551
Non-interest bearing current liabilities	22,966	20,489	19,297	9,376
Total liabilities and shareholders' equity	128,965	123,567	259,043	115,259

CASH FLOW, SEK m	2001	2000	2001	2000
	Cash flow from operating activities	10,423	10,108	10,442
Cash flow from investment activities	3,591	-37,397	-22,984	-21,776
Cash flow from financing activities	-6,608	27,159	15,099	18,390

OTHER INFORMATION, SEK m	2001	2000	2001	2000
	Gross investment	20,784	48,030	43,443
Depreciation and write-downs	14,013	8,250	10,830	5,477
Turnover from government grants	0	14	0	0
Return on equity (average), %	3.1	19.9	11.2	8.6
Return on total assets (average), %	5.7	13.6	6.5	7.7
Return on capital employed (average), %	7.7	18.6	10.2	9.7
Return on operating capital (average), %	neg	22.5	12.2	9.8
Net indebtedness (+ net debt)/(- net assets)	464	20,052	28,571	27,179
Working capital	92,196	94,216	147,381	91,213
Operating capital	61,304	76,701	87,229	67,538
Equity/assets ratio, %	47.2	45.8	22.6	35.0

Companies with special societal interests

Companies with special societal interests comprise 26 companies divided into eight sectors. The companies are characterised by the owner, the state, controlling the operations and conditions in a tangible and direct manner and/or they operate in a market with special conditions. The evaluation and monitoring of these companies are partly based on other parameters than companies operating under market conditions. The qualitative parameters are derived from socio-economic and/or sector policy objectives.

INDUSTRIAL GOODS AND SERVICES

Companies in the industrial goods and services sector had a total turnover of SEK 10.8 billion in 2001, a reduction of approximately SEK 1 billion.

Samhall is to provide meaningful and stimulating employment for people with occupational disabilities. This means that the company carries on operations in widely differing areas and is therefore active on a number of markets. The company is evaluated on the basis of four parameters: the number of hours worked, the proportion of people recruited from prioritised groups, transitions to employment with another employer and the efficient operation of the business. The business has higher costs than its competitors and Samhall therefore receives compensation of SEK 4.3 billion for additional costs from the government. The amount has been unchanged since 1999.

Industrial goods and services includes: ALMI Företagspartner AB, IRECO Holding AB, Norrland Center AB, Samhall AB, SOS Alarm Sverige AB, AB Svenska Miljöstylningsrådet and SP Sveriges Provnings- och Forskningsinstitut AB.

NON-DURABLE GOODS

Businesses in this sector are each regulated by specific legislation and the companies must take account of socio-political objectives.

There are almost 900 pharmacies in Sweden, which have more than 85 million customer visits annually. Apoteket AB has the sole right to sell pharmaceutical products in Sweden and is to meet the general public's need for pharmaceutical products nationwide. The company has a duty to supply all pharmaceutical products available on the Swedish market. The business objective is to create the largest possible benefit from the use of pharmaceutical products at the lowest possible cost. Apoteket has low distribution costs compared with other European pharmacy systems.

Apoteket's revenue rose by 6.5 per cent to almost SEK 30 billion. Prescribed pharmaceutical products, which account for 75 per cent of revenue, rose by 2.9 per cent in volume. Loss before tax was SEK 144 million compared with a small surplus the previous year.

The deterioration in earnings was mainly due to a lower operating margin during the year. However, the National Social Insurance Board decided during the autumn to raise the margin for prescription pharmaceutical products within the benefit system. The government resolved in December 2001 to present a bill to the Riksdag, which involves the current, essentially automatic subsidy of prescription pharmaceutical products being replaced by the decisions of a newly established pharmaceutical product benefit committee.

Svenska Spel is the leader on the Swedish gambling market with a 46 per cent market share. ATG is the second largest player, followed by voluntary organisations. Overall, the gambling market increased by 4 per cent in 2001 to approximately SEK 34 billion. Svenska Spel's mission includes offering a well-developed service in both metropolitan and rural areas, taking account of social protection considerations and aiming at maximum security in gambling management.

Svenska Spel's revenue was SEK 15.8 billion, an increase of 12 per cent during the year. A large proportion of turnover is generated through retailers in the form of agents and restaurants. Profit was unchanged at SEK 3.8 billion. SEK 3.3 billion of the profit for the year is distributed to the government and SEK 0.5 billion to club activities.

Systembolaget is the special company which, under the provisions of the Alcohol Act (SFS 1994: 1738), has the sole right to sell alcoholic beverages to the general public. As a result, high demands are made on the company with regard to social responsibility and service to customers, while the business should be operated efficiently. One of the most important areas of the company's social responsibility is that young people under the age of 20 should not be allowed to purchase alcohol in the state retail outlets for strong beer, wine and spirits. Surveys carried out indicate that age control has become more effective.

Systembolaget's turnover rose by 5 per cent in 2001 to SEK 18.2 billion. Profit before tax of SEK 197 million was in principle unchanged compared with the previous year.

Non-durable goods includes: Apoteket AB, Svenska Spel AB and Systembolaget AB.

COMPANIES WITH SPECIAL SOCIETAL INTERESTS

INCOME STATEMENT, SEK m	Industrial goods and services		Non-durable goods		Transport		Transport-property	
	2001	2000	2001	2000	2001	2000	2001	2000
Net turnover	10,759	11,801	63,739	59,399	6,455	6,406	846	505
Expenses	-11,107	-11,938	-60,007	-55,377	-6,339	-5,447	-753	-397
Items affecting comparability	-208	477	0	0	-26	-53	0	3
Profit/loss from participations in associated companies	0	-6	89	-32	20	-31	0	0
Operating profit/loss	-556	334	3,821	3,990	110	875	93	111
Financial income	38	55	109	137	58	35	1,161	744
Financial expenses	-15	-14	-35	-67	-192	-242	-1,827	-1,023
Profit before tax	-533	375	3,895	4,060	-24	668	-573	-168
Tax	-11	-26	-46	-120	-7	-195	161	45
Minority	-2	-69	0	0	0	0	0	0
Net profit/loss for the year	-546	280	3,849	3,940	-31	473	-412	-123

BALANCE SHEET, SEK m	2001		2000		2001		2000	
	2001	2000	2001	2000	2001	2000	2001	2000
Assets								
Non-interest bearing fixed assets	1,336	1,710	4,234	3,667	14,754	12,633	18,596	17,326
Interest-bearing fixed assets	2,203	2,266	15	21	124	27	6,255	3,603
Non-interest bearing current assets	1,842	2,601	9,621	8,682	1,476	1,319	641	1,030
Interest-bearing current assets	3,491	3,448	3,358	4,045	906	818	2,707	2,333
Total assets	8,872	10,025	17,228	16,415	17,260	14,797	28,199	24,292
Shareholders' equity, provisions and liabilities								
Shareholders' equity	5,635	6,182	6,765	6,932	3,699	3,674	30	85
Minority	221	222	0	0	0	0	0	0
Interest-bearing provisions	56	57	11	810	3,838	3,443	0	0
Non-interest bearing provisions	325	352	686	658	284	291	0	0
Interest-bearing long-term liabilities	27	32	0	0	5,658	3,983	23,729	19,318
Non-interest bearing long-term liabilities	47	47	16	16	1,536	1,529	2,146	2,187
Interest-bearing current liabilities	2	22	2,609	1,849	30	60	1,312	1,578
Non-interest bearing current liabilities	2,559	3,111	7,141	6,150	2,215	1,817	982	1,124
Total liabilities and shareholders' equity	8,872	10,025	17,228	16,415	17,260	14,797	28,199	24,292

CASH FLOW, SEK m	2001		2000		2001		2000	
	2001	2000	2001	2000	2001	2000	2001	2000
Cash flow from operating activities	241	223	4,208	4,939	1,225	1,410	-89	-207
Cash flow from investment activities	-161	-258	-1,261	-892	-3,290	-2,694	-2,864	-1,209
Cash flow from financing activities	73	655	-4,013	-3,889	2,155	1,192	3,254	1,451

OTHER INFORMATION, SEK m	2001		2000		2001		2000	
	2001	2000	2001	2000	2001	2000	2001	2000
Gross investment	349	365	1,283	950	3,357	2,782	655	1,452
Depreciation and write-downs	349	362	618	589	1,073	857	304	189
Turnover from government grants	4,628	4,630	16,781	15,644	135	131	0	0
Return on equity (average), %	neg	4.6	56.2	55.9	neg	13.8	neg	neg
Return on total assets (average), %	neg	4.0	23.4	25.3	1.0	6.5	4.8	3.7
Return on capital employed (average), %	neg	6.1	41.4	44.3	1.4	8.8	5.4	4.1
Return on operating capital (average), %	neg	62.3	64.7	76.7	0.8	9.5	0.6	0.7
Net indebtedness (+ net debt)/(- net assets)	-5,609	-5,603	-753	-1,407	8,496	6,641	16,079	14,960
Working capital	5,941	6,515	9,385	9,591	13,225	11,160	25,071	20,981
Operating capital	247	801	6,012	5,525	12,195	10,315	16,109	15,045
Equity/assets ratio, %	66.0	63.9	39.3	42.2	21.4	24.8	0.1	0.3

TRANSPORT

The Swedish Civil Aviation Administration (LFV) is to create the conditions for safe, efficient and environmentally sustainable aviation. The Swedish Civil Aviation Administration is to contribute to the economically viable and long-term sustainable provision of transport for citizens and the business sector throughout Sweden. Demand for air transport fell sharply in the second half of 2001, leading to loss of income. Profit before tax declined from SEK 0.6 billion to zero. The Swedish Civil Aviation Administration is implementing an extensive investment programme, which is intended to lead to both restructuring and savings. The Swedish Civil Aviation Administration did not meet its objectives in 2001 and will not do so for some years to come.

The Swedish Maritime Administration was affected by the economic downturn in 2001 and reported a loss of SEK 45 million. The Administration is in a phase of extensive investment.

Transport includes: AB Göta Kanalbolag, the Swedish Civil Aviation Administration and the Swedish Maritime Administration.

TRANSPORT-PROPERTY

Svensk-Danska Broförbindelsen, SVEDAB, reported a loss of SEK 0.4 billion. The Öresund Link is of infrastructural importance and is to be wholly financed by direct charges and not by government budgets.

Transport-property includes: A-Banan Projekt AB, Statens Väg- och Baninvest AB and Svensk-Danska Broförbindelsen SVEDAB AB.

DURABLE GOODS AND SERVICES

Dramaten (the Royal Dramatic Theatre of Sweden) and Operan (the Royal Opera) are Sweden's national stages for theatre and opera and ballet respectively. The operations are non-profit making, and requirements are instead made for a varied repertoire with a good balance between classical and modern productions.

An additional objective is high public accessibility and a large audience at performances. In 2001, audience capacity at Dramaten was 92 per cent, while at Operan it was 85 per cent for opera performances and 73 per cent for ballet.

Svensk Bilprovning shall carry out the technical vehicle inspections required under road traffic legislation. The company's mission is to promote traffic safety and to protect the environment. Vehicle inspection services shall be available throughout Sweden. The inspection charges, which are determined by the National Road Administration, should fully cover costs.

During both 2000 and 2001, the company showed a loss and has introduced both structural changes and efficiency measures. Customer availability was too low in 2001, since inspection queues were sometimes long. It should, however, be noted that Svensk Bilprovning carried out 5.3 million inspections in

2001, of which 2.9 million concerned privately-owned cars.

Fifty per cent of privately-owned cars failed the inspection and overall it was necessary to re-inspect one-third of all privately-owned cars inspected.

Durable goods and services includes: Kungliga Dramatiska Teatern AB, Kungliga Operan AB, Svensk Bilprovning AB, Sveriges Rese- och Turistråd AB and Voksenåsen A/S.

FINANCE

The most extensive operations are carried on by Venantius, whose purpose is to take over and responsibly manage credit commitments relating to housing loans where the borrower has become insolvent. There is a special focus on tenant-owner housing associations, which comprise the largest part of the portfolio in volume, but former local authority housing companies are also included. The emphasis is on returning the commitments to the ordinary credit system following restructuring measures.

The companies' profit before tax was SEK 0.9 billion, an increase of 48 per cent. The improvement in earnings was mainly due to the reversal of a previous provision for lending losses.

Finance includes: AB Bostadsgaranti, Swedfund International AB and Venantius AB.

TELECOM

Teracom carries out terrestrial broadcasts and transmissions of radio and TV programmes with a very high national coverage. Teracom is in a strong phase of change and growth, which is a major strain on earnings. The most extensive change is the transition from analogous to digital technology. Loss before tax was SEK 0.4 billion, a deterioration of SEK 0.7 billion. The Riksdag has empowered the government to issue a credit guarantee to secure the company's credit requirements until the long-term capital requirement has been determined.

Telecom includes: Teracom AB.

ENERGY

Svenska Kraftnät shall offer reliable, efficient, environmentally-adapted transmission of power on the national grid, promote an open and competitive electricity market, exercise its system responsibility cost-effectively and work towards a robust and flexible electricity supply. Operations are carried on without competition and cost effectiveness is therefore measured in regular benchmarking studies with other comparable companies. The objectives for 2001 were exceeded, with a largely unchanged profit of SEK 0.7 billion.

Energy includes: Svenska Kraftnät.

THE STATE-OWNED CORPORATE SECTOR IN 2001

COMPANIES WITH SPECIAL SOCIETAL INTERESTS

INCOME STATEMENT, SEK m	Durable goods and services		Finance		Telecom		Energy	
	2001	2000	2001	2000	2001	2000	2001	2000
Net turnover	1,970	1,910	1,408	2,029	1,618	1,549	2,938	2,724
Expenses	-2,085	-1,976	-587	-1,509	-1,951	-1,753	-2,092	-1,903
Items affecting comparability	0	60	17	19	0	0	0	0
Profit/loss from participations in associated companies	0	0	0	0	-6	55	37	21
Operating profit/loss	-115	-6	838	539	-339	-149	883	842
Financial income	13	10	50	52	10	477	14	8
Financial expenses	-11	-14	-35	-14	-75	-81	-159	-82
Profit before tax	-113	-10	853	577	-404	247	738	768
Tax	3	-1	81	-143	-19	-193	6	0
Minority	48	19	-10	-5	122	61	-14	-5
Net profit/loss for the year	-62	8	924	429	-301	115	730	763

BALANCE SHEET, SEK m	2001		2000		2001		2000	
	2001	2000	2001	2000	2001	2000	2001	2000
Assets								
Non-interest bearing fixed assets	644	580	87	98	2,870	2,466	9,583	9,715
Interest-bearing fixed assets	0	45	17,752	18,604	0	14	178	129
Non-interest bearing current assets	158	208	1,588	4,259	442	376	777	735
Interest-bearing current assets	180	189	2,809	2,234	28	29	212	139
Total assets	982	1,022	22,236	25,195	3,340	2,885	10,750	10,718
Shareholders' equity, provisions and liabilities								
Shareholders' equity	171	240	6,125	5,314	863	1,138	6,719	6,485
Minority	133	180	88	79	14	39	27	12
Interest-bearing provisions	199	0	0	0	97	106	168	141
Non-interest bearing provisions	2	252	160	185	309	317	0	0
Interest-bearing long-term liabilities	97	33	15,119	18,607	1,294	718	2,968	3,249
Non-interest bearing long-term liabilities	0	0	4	5	0	1	104	32
Interest-bearing current liabilities	0	0	8	12	247	0	138	132
Non-interest bearing current liabilities	380	317	732	993	516	566	626	667
Total liabilities and shareholders' equity	982	1,022	22,236	25,195	3,340	2,885	10,750	10,718

CASH FLOW, SEK m	2001		2000		2001		2000	
	2001	2000	2001	2000	2001	2000	2001	2000
Cash flow from operating activities	57	-9	2,791	-221	-110	128	1,147	959
Cash flow from investment activities	-134	-83	29	-60	-808	357	-375	-1,005
Cash flow from financing activities	72	-4	-2,983	494	917	-472	-699	-1,219

OTHER INFORMATION, SEK m	2001		2000		2001		2000	
	2001	2000	2001	2000	2001	2000	2001	2000
Gross investment	108	88	80	89	810	697	363	998
Depreciation and write-downs	107	109	159	196	400	359	490	404
Turnover from government grants	602	543	0	0	0	0	283	272
Return on equity (average), %	neg	3.4	16.2	9.0	neg	10.6	11.1	11.7
Return on total assets (average), %	neg	0.4	3.7	2.3	neg	11.4	8.4	7.8
Return on capital employed (average), %	neg	0.9	-	-	neg	15.4	9.0	8.3
Return on operating capital (average), %	neg	neg	-	-	neg	neg	8.7	8.8
Net indebtedness (+ net debt)/(- net assets)	116	-201	-	-	1,610	781	2,884	3,254
Working capital	600	453	-	-	2,515	2,001	10,020	10,019
Operating capital	420	219	-	-	2,487	1,958	9,630	9,751
Equity/assets ratio, %	31.0	41.1	27.9	21.4	26.3	40.8	62.8	60.6

State ownership of listed companies

The government's market portfolio was worth SEK 141.4 billion at the end of the year, making the Swedish government the largest shareholder on Stockholmsbörsen.

Stockholmsbörsen developed negatively in 2001 and Affärsvärlden's General Index (AFGX) fell by 16.7 per cent during the year. In the period up until 28 December 2001, the government's market portfolio had fallen by 7.5 per cent and thereby outperformed Stockholmsbörsen.

At the end of the year, the government owned shares in six listed companies on Stockholmsbörsen. AssiDomän was delisted from the stock exchange on 28 January 2002. Billerud, which was distributed to the shareholders of AssiDomän during the autumn, was used by the government as partial payment for Sveaskog's acquisition of AssiDomän.

With a market value of SEK 99 billion at the end of the year, Telia is the government's biggest single shareholding. Telia's share price fell by 3.7 per cent in 2001, which can be compared with Handelsbanken's weighted index for eleven former European telecom monopolies, which fell by 32.7 per cent during the same period. Since its listing on the stock exchange on 28 December 2001, Telia's share price has fallen by 45 per cent, while Handelsbanken's comparative index has fallen by 60 per cent.

AssiDomän shares performed strongly in 2001, rising by 38 per cent to SEK 263 at the end of the year (excluding the value of the distribution of Billerud shares in November). The index comprising forest companies rose by 29 per cent during the same period.

During the period between AssiDomän's listing in 1994 until its delisting this year, its shares have generated a yield (including dividends and redemption of shares) of around 250 per cent or an average of 17 per cent per year.

The market value of the government's shareholding in SAS dropped by 24 per cent in 2001 to SEK 2.4 bil-

lion. Over the past eleven years, the SAS share has generated an annual total yield of 12.3 per cent. Nordea and OM performed less well in 2001, with shares prices falling by 22 per cent and 41 per cent, respectively.

From 1 January until 17 May 2002, Affärsvärlden's General Index dropped 11.5 per cent and the government's portfolio fell by 27.5 per cent.

SHARE PRICE PERFORMANCE OF THE GOVERNMENT'S MARKET PORTFOLIO COMPARED WITH AFGX



MARKET VALUE OF THE GOVERNMENT PORTFOLIO, 2000–2002, SEK m

Company	Government holding						
	17 May 2002	17 May 2002	28 Dec. 2001	28 Sep. 2001	29 Jun. 2001	30 Mar. 2001	29 Dec. 2000
AssiDomän AB	ca. 100% ⁵⁾	N/A	8,838 ¹⁾	8,721	7,595	7,023	6,385 ²⁾
Celtica AB	38.5%	80	80	75	80	80	62
Nordea AB	18.2%	30,895	30,082	28,185	33,605	34,147	38,754
OM AB ³⁾	9.5%	755	1,103	604	1,103	1,479	1,862
SAS AB ⁴⁾	21.4%	2,485	2,397	1,939	3,578	3,349	3,173
Telia AB	70.6%	61,854	98,924	97,864	116,505	121,801	102,736
Total		96,069	141,424	137,387	162,466	167,879	152,973
Total excl. Telia		34,216	42,500	39,523	45,961	46,078	50,237

¹⁾ In this table, the stake in AssiDomän is reported prior to Sveaskog AB putting in a bid for the outstanding shares. On 28 December 2001, the Swedish government, via Sveaskog, owned approximately 96 per cent of AssiDomän. AssiDomän was delisted from Stockholmsbörsen on 28 January 2002.

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 OM AB after full conversion and exercising of subscription warrants, i.e. 84,040,118 shares.

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

⁵⁾ AssiDomän shares were delisted from Stockholmsbörsen on 28 January 2002.

Investment

Companies with government ownership were relatively eager to invest in 2001 and several structural deals were carried out.

Industrial and trading companies reduced their investment in 2001, while companies within the property and energy sectors stepped up their investment.

Total gross investment (including company acquisitions) rose by SEK 39 billion to SEK 129 billion.

In 2001, Vattenfall took a further step towards realising its international strategy of becoming a leading European energy company. Vattenfall's investment amounted to SEK 43,443 million (23,840). Growth investment – company acquisitions and investment in expansion – accounted for SEK 38,478 million (20,759) of this.

Sveaskog's significant investment increase is largely attributable to the acquisition of AssiDomän.

In 2001, Vasakronan acquired properties for SEK 5,187 million, but also disposed of properties for SEK 6,506 million. Properties were mainly acquired in Stockholm, Gothenburg and Malmö, and property disposals mainly took place outside of these areas. SEK 1 billion was invested in properties and facilities.

Swedcarrier's reported investment in 2001 is mainly attributable to the acquisition of the property holdings of the former public enterprise Statens Järnvägar (Swedish State Railways).

Telia more than halved its investment during the year. However, investment in production facilities increased by 7 per cent. The majority of investment concerned expanding its international carrier network, rolling out broadband and expanding capacity in Sweden and boosting the capacity of the Nordic mobile networks.

Investment by V&S Vin & Sprit increased significantly in 2001 in connection with a global distribution solution for the group's international brands.

V&S acquired 10 per cent of Jim Beam Brands. Together with this company, V&S has formed Future Brands, a distribution company for the U.S. market.

V&S is also the fourth partner in the distribution company Maxxium Worldwide and has acquired 40 per cent of the Finnish company, Nordic Wine Group (formerly the Marli Group).

Posten AB increased its investment in 2001. Several strategic acquisitions have been carried out to secure Posten's position on the Swedish logistics market and its neighbouring countries. Acquisitions include DVS Parcel Holding (Denmark), DPD Finland and half of the Norwegian company, Tollpost Globe.

INVESTMENT BY STATE-OWNED COMPANIES¹⁾, SEK m

The investment concept also embraces company acquisitions and investment in research and development.

Company	Investment	
	2001	2000
Vattenfall AB	43,443	23,840
Sveaskog AB	24,944	95
Telia AB (70.6%)	20,735	47,742
SAS AB (21.4%)	11,676	9,886
V&S Vin & Sprit AB	8,539	1,093
AB Swedcarrier	7,905	112
Civitas Holding AB	6,522	2,949
Posten AB	3,379	1,603
Swedish Civil Aviation Administration	3,224	2,660
Akademiska hus AB	2,832	1,900
SJ AB	1,291	na
AssiDomän AB	1,250	1,536
LKAB	1,015	943
Teracom AB	810	697
Svenska Spel AB	753	273
Vasallen AB	644	475
Statens Väg- och Baninvest AB	537	304
Affärsverket svenska kraftnät	363	998
Systembolaget AB	278	393
Apoteket AB	252	284
Samhall AB	246	273
Specialfastigheter Sverige AB	210	156
Green Cargo AB	174	e.t
Swedish Maritime Administration	128	114
SVEDAB	118	1,148
AB Svensk Bilprovning (52%)	96	98
AB Bostadsgaranti (50%)	77	76
SOS Alarm Sverige AB (50%)	49	22
Swedish Space Corporation	49	288
Kasernen Fastighets AB	44	0
Lernia AB	36	47
SP Sveriges Provnings- och Forskningsinstitut AB	36	53
Svenska Lagerhusaktiebolaget	26	104
ALMI Företagspartner AB	18	17
Imego AB	18	7
SBAB	13	24
Svenska Skogsplantor AB	11	16
Kungliga Dramatiska Teatern AB	6	9
AB Göta kanalbolag	5	8
AB Svensk Exportkredit (64.7%)	5	12
Kungliga Operan AB	3	5
Venantius AB	3	7

¹⁾ Refers to companies in which the government's stake is more than 20 per cent. The figures have not been adjusted in accordance with the size of the government's holding, i.e. part-owned companies are included at 100 per cent.

Employees

State-owned companies are an important employer in Sweden and abroad. In 2001, the total number of employees rose by approximately 4,300 persons.

A total of 201,059 persons were employed in state-owned companies, 79,654 women and 121,405 men. Posten, SAS, Telia, Samhall and Vattenfall all had more than 20,000 employees. A total of 19 state-owned companies had more than 1,000 employees.

Vattenfall accounted for the largest staff increase. The number of employees rose by 10,691 persons, partly as a result of acquisitions.

Telia and AssiDomän accounted for the largest reductions, having disposed of significant areas of their operations during the year.

GENDER DISTRIBUTION

Women accounted for 40 per cent of employees, which is a reduction compared with 2000 when 43 per cent of employees were women.

Distribution varies between companies and some companies have an imbalance. Apoteket is an example of a female-dominated workplace with 91 per cent women, while Green Cargo is an example of a male-dominated workplace with 89 per cent men.

REGIONAL DISTRIBUTION

State-owned companies contribute for a number of reasons to a high service level and equal conditions nationwide. On the map of Sweden, a county is shown as over-represented or under-represented if the proportion of employees in state-owned companies differs from the total number of employees according to Statistics Sweden's statistics for the fourth quarter of 2001.

One of the reasons for the large distribution is that companies such as Apoteket, Systembolaget and AB Svensk Bilprovning are commissioned by the Riksdag to be represented throughout Sweden. A number of the companies such as ALMI Företagspartner, Lernia, Samhall and Vattenfall are located in all counties. Some of the state-owned companies such as Apoteket, Posten and Systembolaget are moreover represented in principle in all municipalities.

Compared with an average of the total number of employees in Sweden, the state-owned companies are more represented in regions such as Norrbotten, Västernorrland, Jämtland, Gotland and Östergötland.

In many cases, the companies' operations are of

EMPLOYEES IN STATE-OWNED COMPANIES

Companies with an average of at least 500 employees, 2001

Company	Total 2001	Of whom in Sweden 2001	Of whom women 2001	Total 2000	Change 2000-2001
Posten AB	41,669	40,959	19,036	41,522	147
SAS AB (21.4%)	31,035	9,310	13,138	30,943	92
Samhall AB	27,726	27,726	11,645	29,236	-1,510
Telia AB (70.6%)	24,979	20,922	9,196	30,307	-5,328
Vattenfall AB	23,814	8,147	5,295	13,123	10,691
Apoteket AB	10,308	10 308	9,422	9,802	506
AssiDomän AB	5,037	2,631	852	14,506	-9,469
Swedish Civil Aviation Administration	4,380	4,380	1,599	4,246	134
Green Cargo AB	3,902	3,816	442	1,332	2,570
SJ AB	3,582	1,352	3,495	N/A	N/A
Systembolaget AB	3,403	3,403	2,123	3,440	-37
LKAB	3,172	2,891	237	3,210	-38
AB Swedcarrier	2,976	2,976	607	N/A	et
Lernia AB	2,521	2,521	853	2,556	-35
AB Svensk Bilprovning (52%)	2,223	2,223	289	2,228	-5
V&S Vin & Sprit AB	1,408	646	493	1,375	33
Swedish Maritime Administration	1,311	1,311	231	1,362	-51
Teracom AB	994	990	199	883	111
SOS Alarm Sverige AB (50%)	756	756	444	744	12
Svenska Spel AB	750	750	375	531	219
Kungliga Operan AB	601	601	276	595	6
SP Sveriges Provnings- och Forskningsinstitut AB	574	574	133	564	10
ALMI Företagspartner AB	520	520	225	535	-15

Refers to companies in which the government's stake is more than 20 per cent.

The figures have not been adjusted in accordance with the size of the government's holding, i.e. part-owned companies are included at 100 per cent.

The government's stake in part-owned companies is given in brackets.

such a nature, for example LKAB and the Swedish Space Corporation, that they are located in places where there are both production resources and competence. Consequently, state-owned companies form an important basis for economic activity in all areas of Sweden.

Many of the state-owned companies have long been operating on markets fully open to competition. Others have recently changed from monopolies to companies fully exposed to competition, as a result of deregulation driven by technological and market developments. These companies establish their operations on a commercial basis.

The government looks very positively at state-owned companies being represented nationwide. As is clearly shown from the map below, state-owned companies are more represented than private companies in large areas of Sweden. The state-owned companies contribute naturally in this way to evening out the balance between different regions with different conditions. This favours the regional development of the whole country. In this light, it is therefore important that state-owned companies also take account of the importance of operations from a regional perspective within the framework of each company's market conditions.

OPERATIONS ABROAD

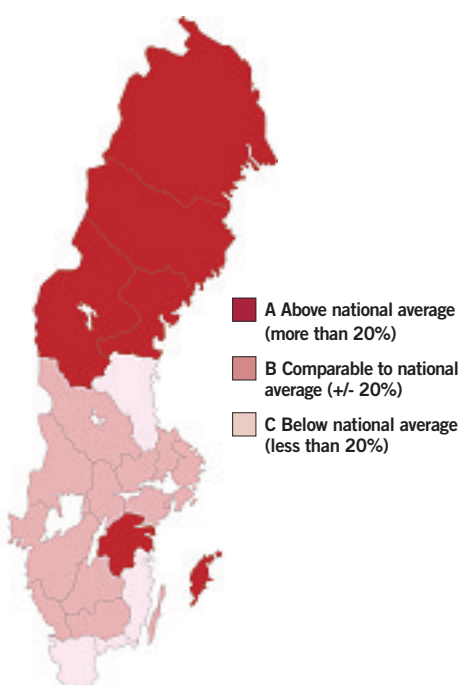
State-owned companies increased both foreign sales and the number of employees abroad in 2001. The number of employees abroad was approximately 45,700, which was equivalent to 23 per cent of the total number of employees. Foreign sales amounted to SEK 70,151 million.

Vattenfall accounted for the largest increase in operations abroad in 2001. Foreign sales and the number of employees rose sharply, mainly as a result of acquisitions in northern Europe. Foreign sales amounted to SEK 38,641 million and accounted for 56 per cent of Vattenfall's total turnover.

AssiDomän disposed of the Corrugated & Containerboard business area to the Dutch company Kappa in 2001. The number of employees abroad fell during the year to 2,406 (9,074) persons and foreign sales fell to SEK 7,412 million.

EMPLOYEES IN STATE-OWNED COMPANIES

Regional distribution¹⁾



FOREIGN OPERATIONS OF STATE-OWNED COMPANIES

Foreign operations include both export and production abroad. As regards SAS and several communications companies, the definition of foreign sales is such that it is not possible to calculate figures.

Company	Foreign sales 2001 turnover	% of Foreign sales turnover	2000 turnover	% of 2000 turnover	Employees abroad 2001	2000
SAS AB (21.4%)	N/A		N/A		21,725	20,937
Vattenfall AB	38,641	56	8,558	27	15,667	5,037
Telia AB (70.6%)	12,741	22	9,602	18	4 057	4,924
AssiDomän AB	7,412	66	20,605	84	2,406	9,074
V&S Vin & Sprit AB	5,437	80	4,437	76	762	704
Posten AB	336	1	180	1	710	552
LKAB	3,399	70	3,134	64	281	273
SweRoad AB	68	97	58	92	40	30
Sveriges Rese- och Turistråd AB	0	0	0	0	22	22
Swedesurvey AB	93	100	101	100	16	9
Svenska Lagerhusaktiebolaget	0	0	0	0	7	5
Teracom AB	0	0	0	0	4	4
Affärsverket svenska kraftnät	372	13	262	10	3	2
A/O Dom Shvetsii (36%)	20	100	21	100	2	2
Swedish Space Corporation	325	70	337	70	1	1
Imego AB	11	31	1	6	0	0
Samhall AB ¹⁾	1,174	13	1,599	16	0	1
SP Sveriges Provnings- och Forskningsinstitut AB	58	13	55	13	0	0
AB Swedcarrier	44	1	N/A	N/A	0	N/A
Svenska Skogsplantor AB	20	10	12	6	0	0
Total	70,151		48,962		45,703	41,577

¹⁾ Refers to companies in which the government's stake is more than 20 per cent. SAS, Telia, AssiDomän and Apoteket are not included, since these have not reported employees by county.

Refers to companies in which the government's stake is more than 20 per cent. The figures have not been adjusted in accordance with the size of the government's holding, i.e. part-owned companies are included at 100 per cent.

The government's stake in part-owned companies is given in brackets.

¹⁾ The figures for Samhall do not include grants for additional costs.

Turnover and earnings

Turnover for state-owned companies rose by 19 per cent in 2001 and 27 companies had a turnover of more than SEK 500 million.

Eight companies had a turnover of more than SEK 10 billion, two fewer than in 2000. This was partly due to the fact that Samhall reduced its turnover and that the public service company Statens Järnvägar SJ is now split into three different limited companies. Vattenfall, Telia, SAS, Apoteket and Posten had the largest turnover and accounted for approximately 80 per cent of total turnover. Eighteen companies had a turnover of between SEK 1 billion and SEK 10 billion in 2001.

Vattenfall increased its turnover by 118 per cent to SEK 69 billion, which was mainly due to the turnover of the companies acquired – HEW, VEAG and LAUBAG. The proportion of net sales abroad rose to 56 per cent (27). AssiDomän reported reduced turnover due to the sale and demerger of businesses, but turnover for the remaining divisions rose by 1 per cent. Telia's turnover rose by 6 per cent in 2001 and the

turnover of the core business rose by 13 per cent.

V&S Vin & Sprit continued to report increased sales revenues. Turnover rose by 43 per cent during the previous year and by 17 per cent in 2001. The global distribution solution created for the group's international brands contributed to this increase.

Companies with a reduction in turnover included Samhall. International competition in industry is severe and many of the simple tasks move to low-cost countries. In 2001, demand fell sharply in the telecommunication component product group.

Vattenfall also had a good year in terms of earnings. Net profit rose by 41 per cent to SEK 4,190 million. Posten and V&S Vin & Sprit were also among companies that improved their earnings. Telia's net profit fell sharply in 2001 to SEK 1,838 million (10,278). Significant write-downs affected earnings. Operating profit was SEK 5,460 million.

TURNOVER AND EARNINGS IN STATE-OWNED COMPANIES, SEK m
Companies with a turnover of at least SEK 500 m in 2001

Company	Turnover			Net profit/loss	
	2001	2000	Change	2001	2000
1 Vattenfall AB	69,003	31,695	118%	4,190	2,970
2 Telia AB (70.6%)	57,196	54,064	6%	1,838	10,278
3 SAS AB (21.4%)	51,433	47,540	8%	-1,064	2,135
4 Apoteket AB	29,699	27,893	6%	-126	-3
5 Posten AB	24,072	24,508	-2%	3,432	-1,082
6 Systembolaget AB	18,241	17,368	5%	133	108
7 Svenska Spel AB	15,799	14,138	12%	3,842	3,835
8 AssiDomän AB	11,284	24,643	-54%	3,266	2,818
9 Samhall AB	9,084	10,090	-10%	-473	244
10 V&S Vin & Sprit AB	6,788	5,816	17%	1,009	934
11 Green Cargo AB	6,303	6,364	-1%	-177	e.t
12 SJ AB	5,546	5,041	10%	-49	74
13 Swedish Civil Aviation Administration	5,088	5,007	2%	13	447
14 LKAB	4,870	4,882	0%	40	403
15 Akademiska Hus AB	4,057	3,712	9%	567	567
16 AB Swedcarrier	3,209	3,092	4%	-790	-8
17 Affärsverket svenska kraftnät	2,938	2,724	8%	730	763
18 Civitas Holding AB (Vasakronan AB)	2,831	2,736	3%	1,767	331
19 Lernia AB	1,746	1,770	-1%	12	-160
20 Teracom AB	1,618	1,549	4%	-301	115
21 Swedish Maritime Administration	1,327	1,358	-2%	-45	24
22 AB Svensk Bilprovning (52%)	1,239	1,165	6%	-99	-43
23 SBAB	1,058	890	19%	388	337
24 Specialfastigheter AB	938	888	6%	107	116
25 SOS Alarm Sverige AB (50%)	583	569	2%	11	27
26 SVEDAB	554	319	74%	-413	-125
27 ALMI Företagspartner AB	536	594	-10%	-85	0

Refers to companies in which the government's stake is more than 20 per cent.

The figures have not been adjusted in accordance with the size of the government's holding, i.e. part-owned companies are included at 100 per cent.

The government's stake in part-owned companies is given in brackets.

Dividends

Despite the economic downturn, state-owned companies were overall able to maintain the level of dividends to the government. Twenty-one companies will pay dividends for the financial year 2001 to a total value of just over SEK 9 billion.

Dividends for 2001 are expected to amount to SEK 9,088 million, providing that the annual general meetings approve the proposed dividends, which is a reduction of 9 per cent compared with 2000, excluding last year's dividend from Vasallen.

Civitas Holding, which owns Vasakronan, will increase its dividend to SEK 537 million. Last year's dividend (SEK 2,473 million) included the dividend from Vasallen AB (SEK 2,300 million), while the annual general meetings of Telia and SAS decided to reduce and abolish their dividends respectively. Last year, a dividend was also received from AssiDomän, which following the government's bid through Svea-

skog will not pay a dividend for 2001. Sveaskog will not pay a dividend. Svenska Spel, Nordea, Vattenfall, Civitas Holding and V&S Vin & Sprit account for 78 per cent of this year's dividends.

Companies operating under market conditions are required by the government to have a dividend policy and thus a dividend. Circumstances vary for companies with special societal interests. Some have a dividend requirement, such as Svenska Spel, while others have no such requirement.

The dividends of just over SEK 9 billion from state-owned companies make an important contribution to central government revenue.

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	80	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
Swedish Space Corporation	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 Skogsplanter AB	0	2	3
Svenska Lagerhusaktiebolaget	0	0	7
Total	9,088	12,116	21,872

In 2001, 22 companies proposed that a dividend be paid, compared with 25 the preceding year.

¹⁾ Profit from Svenska Spel is distributed in full, partly as grants to the Swedish Sports Confederation and the National Board of Youth Affairs, and the remainder to the Swedish government.

²⁾ 8.9 per cent of the government's holding in AssiDomän was owned via Förvaltningsaktiebolaget Stattum. The total dividend therefore does not include SEK 24 million and SEK 22 million respectively.

³⁾ Includes a dividend of SEK 2.3 billion from Vasallen AB.

⁴⁾ Dividend paid in euro. The amount has been recalculated to SEK 1,140 million.

Ownership administration within the Swedish Government Offices

THE GOVERNMENT'S ADMINISTRATION MANDATE

The framework for the administration of state-owned companies is controlled by means of an administration mandate from the Riksdag. In accordance with Chapter 9, Section 8 of the Constitution, the state's funds and its other assets are at the disposal of the government. According to Section 9, the Riksdag shall determine the bases – to the extent required – for the administration and disposal of the state's property.

The government should thus consult the Riksdag in the event of significant changes of direction by companies, dilution of ownership, capital contributions, incorporation and the sale and purchase of shares. Within the Swedish Government Offices, the various ministries are responsible for the administration of the companies. The day-to-day administration comprises monitoring and evaluating the company. In the case of a company with special societal interests, an evaluation is also made as to how the company has fulfilled its mission.

CURRENT POWERS

The Riksdag has empowered the government to phase out ownership of Nordbanken Holding AB, now Nord-ea AB, Svenska Skogsplantor AB¹⁾ and Svenska Lagerhusaktiebolaget²⁾. The Riksdag has also authorised the government to reduce state ownership of Svensk Exportkredit AB³⁾. On the initiative of the Committee on Industry and Commerce (Näringsutskottet), the Riksdag has withdrawn the previous restriction regarding a possible reduction in ownership of Telia AB⁴⁾. The restriction in the previous mandate meant that the government could reduce ownership to a minimum of 51 per cent. The government can now, if it wishes, reduce state ownership of Telia AB to 0 per cent.

Moreover, the State Budget Act (SFS 1996:1059) states that the government can sell the state's shares in companies in which the state has less than half of the voting rights of all shares or participations, unless the Riksdag has decided otherwise. However, the government must not reduce state ownership in companies in which the state has half or more than half of the voting rights of all shares or participations. A Riksdag resolution is not required for additional dividends or close-downs, since this is part of normal administration.

OWNERSHIP ADMINISTRATION

The government has collected resources and competence for the administration of state ownership within special ownership divisions at the Ministry of Industry, Employment and Communications and the Ministry of Finance. This provides the conditions for pursuing a uniform ownership policy with clear objectives and guidelines for the companies.

The Ministry of Industry, Employment and Communications administers the majority of state-owned companies – 31 companies plus two liquidation companies. The majority are companies in the energy, telecom, forestry and transport sectors. The Ministry of Industry, Employment and Communications Division for State Enterprises comprises 10 staff, of whom 5 are company administrators, 3 are analysts also working on ownership control matters, one assistant and one manager.

The Ministry of Finance administers state ownership of 15 companies (including Civitas Holding AB's subsidiary Vasakronan AB and one liquidation company). The companies principally operate in the financial, real estate and gambling sectors as well as V&S Vin & Sprit AB. The Ministry of Finance Division for Companies and Property comprises 7 staff working on corporate matters, of whom 4 are company administrators, 2 are analysts and one is a manager.

The task of both ownership divisions is to actively monitor and manage the state's assets to ensure the best possible growth in value and – where applicable – the fulfilment of special societal interests. The ownership divisions act as an intermediary for the owner's orders and requirements, and monitor the development of the various sectors by means of active analysis. In certain cases, the government employees are members of the companies' boards. The divisions' employees also act as contacts between the companies and the political appointees. The divisions draw up supporting documents and prepare matters in accordance with the Prime Minister's Office's memorandum Forms of Consultation in the Swedish Government Offices. Decisions regarding major strategic changes in the companies' operations, major acquisitions, capital structure matters, dividend policy, mergers, disposals or other decisions involving significant changes in the companies' risk profile or balance sheet should be prepared with the Ministry of Finance's Budget Department.

The Ministry of Health and Social Affairs, the Ministry of Culture, the Ministry of the Environment, the Ministry for Foreign Affairs, the Ministry of Justice and the Ministry of Education and Science administer ownership of 13 companies. The Ministry of Health and Social Affairs administers companies with social policy objectives, while the Ministry of Culture administers

¹⁾ Govt. bill 1991/92:69, Report 1991/92:NU10, Rskr.1991/92: 92

²⁾ Govt. bill 2001/02:39, Report 2001/02:NU08, Rskr.2001/02:112

³⁾ Govt. bill 1995/96:141, Report 1995/96:NU26, Rskr.1995/96: 302

⁴⁾ Report 2000/01:NU11, Rskr.2001/01:272

⁵⁾ Govt. bill 1999/2000:84, Report 1999/2000:NU18, Rskr.1999/2000: 204

companies with cultural and media policy objectives. The Ministry of the Environment administers companies operating in the environmental area.

Approximately 40 employees of the Swedish Government Offices, both political and non-political appointees, are board members. Around ten of these have more than one board assignment.

ADMINISTRATION EXPENSES

There are two company divisions within the Swedish Government Offices, one at the Ministry of Industry, Employment and Communications and one at the Ministry of Finance. These two divisions administer 36 of the 59 companies, excluding the three liquidation companies. The other companies are administered by the staff of several different ministries. The internal administration expenses for the latter are not shown here, as they mainly consist of wage costs which also relate to other duties.

The internal expenses comprise current expenses such as salaries, travel, office supplies, etc. Purchased services mainly comprise consultants' fees for financial and legal advice as well as the production of annu-

al reports and interim reports for state-owned companies. The Ministry of Finance Division for Companies and Property had administration expenses of approximately SEK 3.1 million (3.3). The Ministry of Industry, Employment and Communications Division for State Enterprises had administration expenses of SEK 8.8 million (18.6), of which SEK 6.2 million (9.2) related to internal expenses.

Expenditure on external services for the administration of these companies is accounted for in a joint appropriation for the administration of state-owned companies. A total of SEK 23.3 million (9.4) was utilised for purchased services.

The government's administration expenses for state-owned companies amounted to SEK 35.2 million (22). Overall, total administration expenses were equivalent to approximately 0.01 per cent of the value of the state-owned corporate sector, which has been valued by external analysts at between SEK 350 billion and SEK 400 billion (430 and 500). The estimated value varies and depends on the assumptions made for each respective company.

STATE-OWNED COMPANIES BY PRINCIPAL MINISTRY OF INDUSTRY, EMPLOYMENT AND COMMUNICATIONS

Companies operating under market conditions	State ownership
AssiDomän AB	approx. 100%
Green Cargo AB	100%
Lernia AB	100%
Luossavaara Kirunavaara AB (LKAB)	100%
Posten AB	100%
SAS AB	21.4%
SJ AB	100%
Stattum, Förvaltningsaktiebolaget	100%
Sveaskog AB	100%
Swedish Space Corporation	100%
Swedish Ships Mortgage Bank	100%
Svenska Skogsplantor AB	100%
Swedcarrier AB	100%
SweRoad AB	100%
Telia AB	70.6%
Vattenfall AB	100%

Companies with special social interests	State ownership
A-Banan projekt AB	100%
ALMI Företagspartner AB	100%
Göta kanalbolag, AB	100%
IRECO Holding AB	55%
Swedish Civil Aviation Administration	100%
Norrland Center AB	33.3%
Samhall AB	100%
Swedish Maritime Administration	100%
SOS Alarm Sverige AB	50%
SP Sveriges Provning- och Forskningsinstitut AB	100%
Statens Väg- och Baninvest AB	100%
Svensk Bilprovning, AB	52%
Svenska Kraftnät	100%
Svensk-Danska	
Broförbindelsen SVEDAB AB	100%
Sveriges Rese- och Turistråd AB	50%

¹⁾ Subsidiary of Civitas Holding AB.

Liquidation companies	State ownership
Sveriges Geologiska AB	100%
Zenit Shipping AB	100%

MINISTRY OF JUSTICE

Companies operating under market conditions	State ownership
SIS Miljömärkning AB	10%

MINISTRY OF CULTURE

Companies with special social interests	State ownership
Kungliga Dramatiska Teatern AB	100%
Kungliga Operan AB	100%
Teracom AB	100%
Voksenåsen A/S	100%

MINISTRY OF FINANCE

Companies operating under market conditions	State ownership
Akademiska Hus AB	100%
Civitas Holding AB	100%
Vasakronan AB ¹⁾	100%
Vasallen AB	100%
Dom Shvetsii, A/O	36%
Kasernen Fastighets AB	100%
Nordea AB	18.2%
OM AB	9.5%
Specialfastigheter Sverige AB	100%
Statens Bostads- finansieringsaktiebolag, SBAB	100%
Svenska Lagerhusaktiebolaget	100%
V&S Vin & Sprit AB	100%

Companies with special social interests	State ownership
Bostadsgaranti, AB	50%
Venantius AB	100%
Svenska Spel, AB	100%

Liquidation companies	State ownership
SKD företagen	100%

MINISTRY OF THE ENVIRONMENT

Companies operating under market conditions	State ownership
Swedesurvey AB	100%
Sydskraft SAKAB	1 share

Companies with special social interests	State ownership
Svenska Miljöstyrningsrådet, AB	90%

MINISTRY OF HEALTH AND SOCIAL AFFAIRS

Companies with special social interests	State ownership
Apoteket AB	100%
Systembolaget AB	100%

MINISTRY OF EDUCATION AND SCIENCE

Companies operating under market conditions	State ownership
Imego AB	100%

MINISTRY FOR FOREIGN AFFAIRS

Companies operating under market conditions	State ownership
Svensk Exportkredit, AB	64.7%

Companies with special social interests	State ownership
Swedfund International AB	100%

Other information

ACCOUNTING PRINCIPLES

The companies included in the consolidated accounts are limited companies in which the state's shareholdings were owned by the Swedish Government Offices on 31 December 2001, and the three public service companies: the Swedish Civil Aviation Administration, the Swedish Maritime Administration and Svenska Kraftnät.

Limited companies owned by other government authorities including the Riksbank and by foundations are thus not included in the accounts. On the other hand, the following are included: A-Banan projekt AB, Statens Väg- och Baninvest AB, Svensk-Danska Broförbindelsen AB and Swedish National Road Consulting AB, the shares of which are owned by the Swedish Government Offices but administered by other government authorities.

The reporting of numerical data to the Swedish Government Offices by state-owned companies is based on the usual form of presentation in the business sector. However, the income statement, balance sheet and cash flow statement have been abridged.

Certain adjustments, for which the Swedish Government Offices are responsible, have been made in the reported numerical data for consolidation. As regards the numerical data presented for each company, the company's own data has been used. However, the key ratios may differ from the company's own key ratios due to different calculation methods.

As regards consolidation, the following adjustments have been made:

- 1) The income statement is the same for all companies, including financial companies. This means that the financial companies have reported their operating profit/loss gross in a form that applies to non-financial companies.

The reason for this is that a consolidated income statement can only have one format, and the financial companies have therefore had to adjust their reporting to the format used by the majority of state-owned companies and public service companies.

- 2) Associated companies have been included in accordance with the equity method, so that the result from participations in associated companies, i.e. holdings where the owner's participation in the company is between 20 and 50 per cent, is shown above Operating profit/loss in the consolidated income statement. This procedure complies with generally accepted consolidated accounting practice. Similarly, the owner's share of the associated

company's shareholders' equity has been included in the consolidated balance sheet.

- 3) Subsidiaries in which there is a minority interest have been adjusted in the income statement and balance sheet. The adjustment is made so that the minority owner or the minority owners' share of the subsidiary's result is shown as a deduction above Net profit/loss for the year, and that the minority's share of the subsidiary's capital reduces shareholders' equity in the consolidated balance sheet and is shown as a "liability" to the minority. This procedure complies with generally accepted consolidated accounting practice.

Certain key ratios have not been calculated for the finance sector and thus not for the levels above industry level. The reason for this is primarily that the capital which finance companies tie up in the business is of a different nature than that of the vast majority of other companies. As a result, if the capital of finance companies tied up in the business were taken into account in certain key ratio calculations, these key ratios would be skewed and therefore not relevant.

A number of the companies included in the consolidated income statement and balance sheet have adapted their accounting principles, primarily with regard to the recommendation of the Swedish Financial Accounting Standards Council on income taxes. This has resulted in a number of cases in the adjustment of the companies' historical comparative figures, and the comparative figures in the consolidated income statement and balance sheet have therefore also been restated.

INDUSTRY CLASSIFICATION

The industry classification is based on the Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International and Standard & Poor's for the analysis of companies. GICS has been used by Stockholmsbörsen since January 2001.

The classification of state-owned companies is based on the sector level of GICS. However, Energy and Power have been grouped together as have Non-durable goods and Health care, and IT and Telecoms operators. On the other hand, Transport is accounted for separately from Industrial goods and services, while Finance and Real estate are separated at industry group level. Moreover, Transport-property is separated as a special group.

OTHER INFORMATION

DEGREE OF COMMERCIAL ACTIVITY

Wholly-owned companies	Profit requirement	Category ¹⁾	Competition	Comments	Grant/turnover 2001, SEK m
A-Banan projekt AB	No	S		Partly grant-financed	
Akademiska Hus AB	Yes	M	Partial monopoly		
ALMI Företagspartner AB	No	S		Partly grant-financed	60/536
Apoteket AB	Yes	S	Statutory monopoly		
AssiDomän AB	Yes	M			
Civitas Holding AB	Yes	M			
Green Cargo AB	Yes	M			
Göta kanalbolag, AB	No	S		Partly grant-financed	15/40
Imego AB	Yes	M		Partly grant-financed	20/35
Kasernen Fastighets AB	Yes	M			
Kungliga Dramatiska Teatern AB	No	S		Partly grant-financed	160/229
Kungliga Operan AB	No	S		Partly grant-financed	303/363
Lernia AB	Yes	M			
Swedish Civil Aviation Administration	Yes	S	Partial monopoly		
Luossavaara Kirunavaara AB, LKAB	Yes	M			
Posten AB	Yes	M		Partly grant-financed	200/24,072
Samhall AB	No	S		Partly grant-financed	4,262/9,084
SJ AB	Yes	M			
Swedish Maritime Administration	Yes	S		Partly grant-financed	118/1,327
Sveriges Provnings- och Forskningsinstitut AB, SP	Yes	S		Partly grant-financed	55/452
Specialfastigheter Sverige AB	Yes	M	Partial monopoly		
Statens Bostadsfinansieringsaktiebolag, SBAB	Yes	M			
Statens Väg- och Baninvest AB	No	S			
Stattum, Förvaltningsaktiebolaget	Yes	M	Partial monopoly		
Sveaskog AB	Yes	M			
SVEDAB	No	S		Öresund bridge link	
Swedesurvey AB	Yes	M			
Swedfund International AB	Yes	S			
Svenska Kraftnät	Yes	S	Monopoly		283/2,938
Svenska Lagerhusaktiebolaget	Yes	M			
Swedish Space Corporation	Yes	M			
Swedish Ships Mortgage Bank	Yes	M			
Svenska Skogsplantor AB	Yes	M			
Svenska Spel, AB	Yes	S	Partial monopoly		
Swedcarrier AB	Yes	M			
SweRoad AB		M			
Systembolaget AB	Yes	S	Statutory monopoly		
Teracom AB	Yes	S	Partial monopoly		
Vin & Sprit AB, V&S	Yes	M			
Vasakronan AB	Yes	M			
Vasallen AB	Yes	M			
Vattenfall AB	Yes	M			
Venantius AB	No	S			
Voksenåsen A/S	No	S	Monopoly	Partly grant-financed	

Majority owned or fifty per cent owned companies (government ownership stake in brackets)

Bostadsgaranti, AB (50%)	No	S			
IRECO Holding AB (55%)	No	S			
SOS Alarm Sverige AB (50%)	Yes	S	Partial monopoly		
Svensk Bilprovning, AB (52%)	No	S	Statutory monopoly		
Svensk Exportkredit, AB (64.7%)	Yes	M			36.7/7,878
Svenska Miljöstyrningsrådet, AB (90%)	No	S	Monopoly	Partly grant-financed	1.5/3
Sveriges Rese- och Turistråd AB (50%)	No	S		Partly grant-financed	78/139
Telia AB (70.6%)	Yes	M			

Minority owned companies (government ownership stake in brackets)

Dom Shvetsii, A/O (36%)	Yes	M			
Nordea AB (18.2%)	Yes	N/A			
Norrlands Center AB (33.3%)	No	S			
OM AB (9.5%)	Yes	N/A			
SAS AB (21.4%)	Yes	M			
SIS Miljömärkning AB (10%)	No	N/A			
Sydskraft SAKAB (1 share)	Yes	N/A			

M = Companies operating under market conditions.

S = Companies with special societal interests.

N/A = Government ownership is less than 20 per cent and the company is therefore not included in the consolidated accounts.

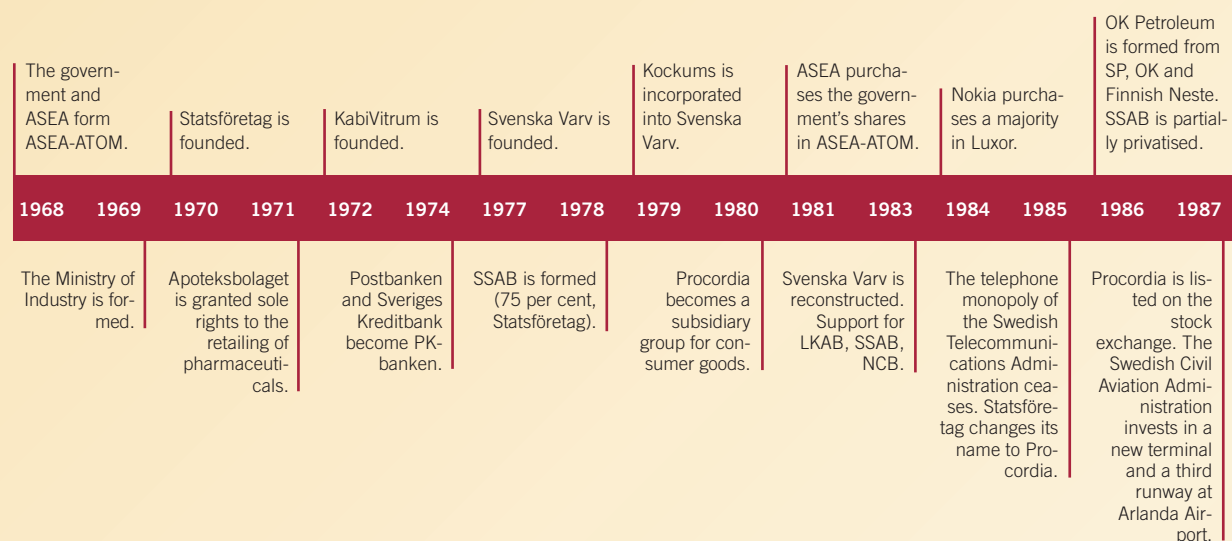
A historical overview

A historical overview of the development of state-owned companies is given below. The account is given in summary form stating interesting and important events, both major and minor. The purpose is not to give an exact and thorough historical description but to give a background to present-day active government ownership.

- 1968** The government initiates co-operation within the nuclear power sector. ASEA-ATOM is formed, owned jointly by ASEA and the government.
- 1969** The Ministry of Industry is formed and the majority of State-owned companies are allocated to it.
- 1970** The Swedish state holding company Statsföretag is set up in order to co-ordinate big limited companies within sectors such as mining, steel, forestry and petro-chemicals. Apoteksbolaget is founded.
- 1971** Värdepapperscentralen (VPC) is set up as a central

service organisation in conjunction with legislation on simplifying share transfers (SFS 1970:596). Apoteksbolaget assumes sole rights in Sweden with regard to the retailing of pharmaceuticals.

- 1972** KabiVitrum is founded.
- 1974** PK-banken is formed through the merger of Postbanken and Sveriges Kreditbank.
- 1977** Svenska Varv is formed in conjunction with the government taking over Salén-Invest's shares in Götaverken. The group also includes Arendal,



Cityvarvet, Finnboda Varf, Karlskronavarvet, Uddevallarvet and Öresundsvarvet. An extensive restructuring programme is commenced.

- 1978** Scandinavia's leading steel producer, SSAB, is formed from a reconstruction of Sweden's three largest producers of commercial steel. The government and Statsföretag own 75 per cent of SSAB and Gränges owns 25 per cent.
- 1979** Kockums is incorporated into Svenska Varv.
- 1980** SSAB and Statsföretag jointly account for 20 per cent of Sweden's industrial investment. Tobaksbolaget forms the basis of the formation of Procordia as a wholly-owned subsidiary group of Statsföretag, focusing on consumer goods.
- 1981** The official communication Redogörelse för företag

med statligt ägande [Report on companies with government ownership] is presented and submitted to the Riksdag for the first time. The government transfers its 50 per cent shareholding in ASEA-ATOM to ASEA. The JAS industrial group is set up, with the government as part owner through the Swedish National Industries Corporation (FFV).

- 1982** Posten (the Swedish Post Office) markets the fax machine as "remote copying". Svenska Varv is reconstructed. Closure of the large shipyards continues.
- 1983** Swedes order a total of 607,900 telephones from the Swedish Telecommunications Administration (Televerket).
- 1984** Nokia acquires 70 per cent of the TV manufacturer Luxor.

New Procordia is formed from Pharmacia and Provendor; the government and Volvo own 42.5 per cent each. SSAB is listed on the stock exchange.

PK-banken acquires Nordbanken. ASG is listed on the stock exchange.

The Swedish Forest Service and Vattenfall are formed into companies. The power grid becomes a government enterprise, Svenska kraftnät. government sells SSAB. SBAB exposed to competition. SAS buys Linjeflyg. Securum is formed.

AssiDomän AB and Pharmacia are sold on the stock market. A-Banan projekt AB is formed in order to co-finance the Arlanda Link.

The electricity market is opened up to full competition.

The Ministry of Industry, Employment and Communications is formed with a special division for state ownership matters. Sveaskog AB is separated from AssiDomän. The government sells SAQ Kontroll and VPC.

SJ is split into SJ AB, Green Cargo AB and AB Swedcarrier. Sveaskog acquires AssiDomän.

Telia and Sonera decide to merge. AssiDomän is delisted from Stockholm's stock exchange on 28 January 2002.

1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002

Swedish State Railways (SJ) is split into Banverket and SJ.

Privatisation of 35 companies is decided by the Riksdag. The public enterprise FFV is made a limited company.

Vasakronan takes over the commercial property of the government. The government becomes majority owner in Pharmacia and releases food and tobacco to Volvo. The Post Office Administration becomes Posten AB, the monopoly for distribution of letters ceases. Celsius is listed. AssiDomän AB is formed.

V&S Vin & Sprit's monopoly ceases. Pharmacia merges with Upjohn.

Penninglotteriet and Tipstjänst become AB Svenska Spel. MeritaNordbanken is formed.

Telia and Telnor decide to merge. Talks are discontinued in the autumn.

Telia's shares are listed on the stock exchange. Celsius is sold. The Öresund Bridge is inaugurated. Vattenfall grows in Germany and Poland. Merita Nordbanken becomes Nordea AB.

- 1985** The monopoly on telephones held by the Swedish Telecommunications Administration is brought to an end. Statsföretag changes its name to Procordia. Procordia is restructured through the sale and acquisition of companies.
- 1986** The 100 per cent state-owned Sveriges Petroleum (SP) merges with Oljekonsumenternas Förbund (OK), the Swedish oil consumers' association, to form OK Petroleum, with the Finnish state-owned company Neste as part owner. The first partial privatisation of SSAB is carried out through the acquisition of Gränges' shareholding and the sale of one third of the shares in SSAB to a small number of institutions.
- 1987** Procordia is listed on the stock exchange in conjunction with a new share issue. The Swedish Civil Aviation Administration resolves on a new programme of investment that includes a new domestic terminal and a third runway at Arlanda Airport. The Swedish Maritime Administration becomes a public enterprise and is permitted to use its depreciation funds to finance investments. The government acquires Grängesbergs Gruvor from SSAB.
- 1988** Swedish State Railways (SJ) is split up. Banverket, the national Swedish rail administration, becomes responsible for the track network and SJ for train services.
- 1989** The centenary of the National Telephone Network (Rikstelefonnätet). Grängesbergs Gruvor ceases operations. LKAB opens up a new main mining level in Malmberget. Procordia, Pharmacia and Volvo's food company Provendora merge to form the new Procordia group. Volvo and the Swedish government are the largest owners, each having 42.5 per cent of the votes. SSAB shares are listed on the A-list of the Stockholm Stock Exchange.
- 1990** PK-banken acquires Nordbanken. The holding company Förvaltningsaktiebolaget Fortia is established. SJ sells substantial property holdings for SEK 1,800 million. The majority-owned company ASG is listed on the stock exchange and the X2000 high-speed train is introduced on the Stockholm-Gothenburg line. The Swedish Civil Aviation Administration group is formed with a clear division between its commercial activities and its role as an administrative authority.
- 1991** The Riksdag resolves to wholly or partially privatise 35 companies and liquidate the holding company Förvaltningsaktiebolaget Fortia. Posten encounters competition in the letter market when CityMail begins operations. The public enterprise FFV is restructured into a limited company.
- 1992** The Swedish Forest Service (Domänverket) becomes Domän AB. Vattenfall becomes Vattenfall AB. In conjunction with this, the grid network and foreign connections are separated to form a new public utility, Svenska Kraftnät. A public offer for the government's shareholding in SSAB is made in the form of a rights issue in combination with government bonds. A new housing loan system is introduced and SBAB becomes fully exposed to competition. SAS acquires 50 per cent of Linjeflyg to form a fully integrated domestic airline. Atle and Bure are set up with some of the money from the defunct wage-earners' investment fund and those companies which had paid in profit-sharing tax become part-owners. Trygg-Hansa acquires Gota. Gota files for bankruptcy and is acquired by the government in December. Securum is set up to deal with the problem loans that arose in Nordbanken as a result of the financial crisis.
- 1993** Government property management undergoes a change when the National Board of Public Building (Byggnadsstyrelsen) ceases to exist and authorities and public enterprises are permitted to operate freely in the property market. Vasakronan takes over the government's commercial properties worth SEK 17.3 billion. Procordia grows by acquiring companies, including Erbamont, an Italian company. Volvo and the Swedish government agree to work to divide Procordia into two parts. Through an exchange of shares with Volvo, the government becomes the majority shareholder of one of these, Pharmacia AB, which focuses on pharmaceuticals. Volvo becomes the majority owner of the other company, AB Procordia, which operates within sectors such as food and tobacco. The Swedish Post Office Administration (Postverket) is converted into Posten AB. Posten's monopoly on the distribution of letters ceases. The government sells 75 per cent of its shares in the defence group Celsius and the share is listed on the A-list of the Stockholm Stock Exchange. Assi AB and Domän AB are merged into AssiDomän AB, which bids for NCB. Fortia is liquidated. Securum contributes SEK 10 billion to save Nordbanken.
- 1994** On 1 January 1994, A-Banan projekt AB is set up in order to construct the Arlanda Link, a train link between Stockholm and Arlanda Airport. This is the

- first infrastructure project in Sweden to be jointly financed by the government and the business sector. Posten is made a limited company. During the year, the remaining shareholdings in SSAB, OKP, and parts of AssiDomän AB and Pharmacia are sold.
- 1995** New alcohol legislation comes into force and V&S Vin & Sprit's monopoly ceases. Pharmacia and the American pharmaceuticals company Upjohn merge.
- 1996** The situation of AmuGruppen becomes critical during the autumn and the government contributes SEK 600 million in order to save the company from bankruptcy. This is the first year of full competition in the electricity market. The disposal of Securum's assets as a result of the realisation of security is almost complete.
- 1997** SBL Vaccin is sold to Active i Malmö AB. Svenska Penninglotteriet (the national lottery) and Tips-tjänst AB merge and become AB Svenska Spel. A ruling by the European Court of Justice allows Systembolaget to retain control of its monopoly on the retail sales of alcohol. Merita and Nordbanken make public their intention to merge to form MeritaNordbanken.
- 1998** The Ministry of Employment and Productivity, the Ministry of Communications and the Ministry of Economics and Trade are combined to form the Ministry of Industry, Employment and Communications. Responsibility for sector policy and ownership issues is separated to a greater extent.
- 1999** The remaining shareholding in Pharmacia and Upjohn is sold. The merger between Telia and Norwegian Telenor is approved during the spring, but at the end of December, the parties decide to terminate the co-operation and Telia and Telenor continue as separate companies. Sveaskog AB is formed through the transfer of forest assets from AssiDomän. The government sells its shares in SAQ Kontroll and VPC.
- 2000** A restructuring of both the Swedish and international defence industries takes place when the stake in Celsius – equivalent to 25 per cent of the share capital and 62 per cent of the votes – is sold to Saab. Telia is listed on the stock exchange in June and becomes Sweden's most popular share. The Öresund Bridge between Malmö and Copenhagen is inaugurated on 1 July and the public utility Svenska Kraftnät is tasked with rolling out broadband infrastructure to all municipalities.
- Vattenfall becomes one of Northern Europe's largest energy companies through the acquisition of the East German energy companies Veag and Laubag for SEK 14 billion. The public utility SJ (Swedish State Railways) is restructured into limited companies. The Ministry of Industry, Employment and Communications introduces an index intended to gauge the e-maturity of State-owned companies.
- Nordea AB becomes a Nordic bank after the mergers with UniDanmark and the Norwegian bank, Kreditkassen. The Swedish government's shareholding is reduced to 18.2 per cent.
- Vasakronan AB wins a prize for the best annual report for the year 2000.
- 2001** At the beginning of the year, SJ is restructured into three operating companies/groups – SJ AB, Green Cargo AB and AB Swedcarrier with subsidiaries.
- V&S Vin & Sprit commences co-operation with Jim Beam Brands and the distribution company Maxxium regarding the group's international products.
- Sveaskog AB acquires AssiDomän AB.
- The shareholders in SAS' three parent companies exchange their shares for an equivalent number of new shares in SAS AB, the newly formed parent company of the SAS group.
- The Riksdag votes in favour of extending the opening hours of Systembolaget's liquor stores to Saturdays on a permanent basis in all of Sweden from 1 July 2001.
- 2002** Telia and the Finnish company Sonera decide to merge. The government's ownership stake in the new company is around 45 per cent. The merger is conditional upon Telia being granted the necessary approval (including approval from the European Commission).

A HISTORICAL OVERVIEW

CHANGE IN GOVERNMENT OWNERSHIP ¹⁾

Company	Activity	Buyer	Date	Change	Government after activity ownership	Transaction amount
AssiDomän AB	Stock exchange introduction	Private buyers	Mar. 94	-37,500,000		5,175,000,000
AssiDomän AB	Stock exchange introduction	Institutions (Swe.)	Mar. 94	-14,000,000		2,142,000,000
AssiDomän AB	Stock exchange introduction	Institutions (for.)	Mar. 94	-2,000,000	50.25%	306,000,000
AssiDomän AB	N/A	N/A	Jan. 97	-178,000		13,350,000
AssiDomän AB	State acquires Sveaskog with Assi shares		1999	-17,466,162		N/A
AssiDomän AB	Redemption of shares	AssiDomän	2000	-8,401,296	35.30%	N/A
AssiDomän AB	Sveaskog acquires AssiDomän	Dec. 02			100%	
Celsius AB	Stock exchange introduction	Private buyers	Apr. 93	-5,500,000		550,000,000
Celsius AB	Stock exchange introduction	Institutions (Swe.)	Apr. 93	-2,500,000		265,000,000
Celsius AB	Stock exchange introduction	Strategic (Swe.)	Apr. 93	-6,000,000		636,000,000
Celsius AB	Stock exchange introduction	Institutions (for.)	Apr. 93	-4,000,000	25%	424,000,000
Celsius AB	Targeted sale	Saab	Mar. 00	-7,000,000	0%	1,253,000,000
Enator AB	Targeted sale	Tieto	Mar. 98	-4 620,000		753,060,000
Enator AB	Targeted sale	Tieto	Mar. 98	-3,780,000	0%	616,140,000
Grängesbergs Gruvor	Sale	Ludvika Municipality	Jan. 00		0%	N/A
Industrikredit AB	Targeted sale	Strategic (Swe.)	May 96			188,000,000
Kurortsverksamhet AB	Liquidation				0%	
Nordbanken	Stock exchange introduction	Private buyers	Oct. 95	-16,125,000		1,370,625,000
Nordbanken	Stock exchange introduction	Institutions (Swe.)	Oct. 95	-16,125,000		1,483,500,000
Nordbanken	Stock exchange introduction	Institutions (for.)	Oct. 95	-32,250,000	65.50%	2,967,000,000
Nordbanken	Redemption/buyback	Private buyers	Oct. 96	N/A		50,000,000
Nordbanken Holding	Merger	Merita	Oct. 97	0	42.60%	0
Nordbanken Holding	Redemption of shares	Share issue	Jan. 00	0	25.92%	0
Nordea AB	Acquisition of UniDanmark	New share issue	Mar. 00	0	18.31%	0
Nordea AB		Share issue	Jun. 00	0	18.19%	0
Nordea AB		Share issue	Aug. 00	0	18.18%	0
Nordea AB		Share issue	Dec. 00	0	18.17%	0
Nordea AB		Share issue	Jan. 01	0	18.17%	0
Nordea AB		Share issue	May 02	0	18.17%	0
Nordea AB		Share issue	Dec. 01	0	18.17%	0
OK Petroleum AB	Sale	Strategic (for.)	Mar. 94	N/A	0%	1,500,000,000
OM AB	Acquisition		1997	0		N/A
OM AB	Acquisition		1998	6,413,154		N/A
OM AB	Acquisition		2000	1,580,312	9.50%	N/A
Pharmacia AB	Sale	Private buyers	Jun. 94	-47,500,000	7%	5,225,000,000
Pharmacia AB	Sale	Institutions (Swe.)	Jun. 94	-12,000,000		1,440,000,000
Pharmacia AB	Sale	Institutions (for.)	Jun. 94	-20,000,000		2,400,000,000
Pharmacia Upjohn	Sale	Strategic	Jan. 99	N/A	0%	15,400,000,000
Sakab	Sale	Strategic (for.)	Aug. 92	N/A	9%	N/A
SAQ Kontrol	Sale	Strategic (for.)	Jun. 99	N/A		270,000,000
SBL Vaccin AB	Sale	Strategic (Swe.)	Jun. 97		0%	100,000,000
SSAB Svenskt Stål AB	Sale	Institutions (Swe.)	Sep. 86	-6,300,000	66.70%	315,000,000
SSAB Svenskt Stål AB	Stock exchange introduction	Private buyers	May 89	-3,571,000	47.80%	499,940,000
SSAB Svenskt Stål AB	Sale	Private buyers	May 92	-6 666,000		1,133,220,000
SSAB Svenskt Stål AB	Sale	Institutions (Swe.)	May 92	-4,500,000		765,000,000
SSAB Svenskt Stål AB	Sale	Institutions (for.)	May 92	-1,500,000	0%	255,000,000
Stadshypotek AB	Sale	Strategic (Swe.)	Feb. 97	N/A	0%	7,707,000,000
Svalöf AB	Sale	Strategic (Swe.)	Jun. 92	N/A	0%	50,000,000
Svensk Exportkredit AB	Redemption of shares		Jun. 00		64.7%	N/A
Swedish Real Estate Valuation Corp.	Sale	MBO	Jun. 92	N/A		4,000,000
Telia AB	Stock exchange introduction	Private buyers	Jun. 00	-174,170,000		14,804,450,000
Telia AB	Stock exchange introduction	Institutions (Swe.)	Jun. 00	-345,500,000		29,367,500,000
Telia AB	Stock exchange introduction	Institutions (for.)	Jun. 00	-225,090,000	70.6%	19,132 650,000
UV Shipping	Sale	Institutions (Swe.)	Nov. 88	N/A	0%	210,000,000
VPC AB	Sale	Strategic (Swe.)	Jul. 99	-300,000	0%	600,000,000

¹⁾ The table mainly covers changes that took place during the period 1986–2001, excluding the holdings in Securum.

