

Interim report for state-owned
companies January – September 2002
Issued by the Swedish
Government Offices



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

- They operate in a fully competitive market.
 - The owner, the state, makes market requirements for earnings and returns based on the risk profile.
- Evaluation and monitoring are based on these criteria and in some cases on specifically expressed ownership requirements.

Companies with special societal interests are characterised by one or more 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 while 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. Evaluation and monitoring are partly based on qualitative parameters derived from socio-economic or sector policy objectives and efficiency or earnings requirements. Requirements for cost efficiency, etc. may be high despite the importance of other objectives. The degree of societal interest and the owner's control differs greatly between the various companies in this group.

Due to these differences between companies operating under market conditions and companies with special societal interests, they will be reported separately in this report.

- ▶▶ Pre-tax earnings for the first nine months of the year fell to SEK 4.9 billion (16.3) primarily due to lower earnings for Telia. Excluding Telia, pre-tax earnings increased by SEK 3.1 billion.
- ▶▶ Turnover up 14 per cent to SEK 238.3 billion.
- ▶▶ Substantial improvement in cash flow.
- ▶▶ Decline in investment.
- ▶▶ Poor performance of the government's market portfolio, but in line with Affärsvärlden's General Index (AFGX).

Third-quarter earnings for state-owned companies¹⁾ fell considerably compared with the corresponding period last year. The pre-tax loss totalled SEK 7.5 billion (pre-tax earnings of SEK 5.7 billion). Earnings for January to September fell compared with the corresponding period last year and totalled SEK 4.9 billion (16.3).

Turnover rose by 15 per cent in the third quarter, to SEK 77.3 billion (67.3). For the first nine months of the year, turnover rose to SEK 238.3 billion (209.9), an increase of 14 per cent.

Cash flow from operating activities increased by 212 per cent from January to September and totalled SEK 45.5 billion (14.6). Investment continued to decline in the third quarter and totalled SEK 15.7 billion (21.3). Investment for January – September 2002 totalled SEK 56.3 billion (92.7).

Stockholmsbörsen performed very weakly in the third quarter and Affärsvärlden's General Index (AFGX) fell by 26 per cent. The government's market portfolio outperformed the index and the market value fell by 15 per cent in the third quarter. From 1 January to 21 November 2002, Affärsvärlden's General Index (AFGX) fell by 30 per cent. The market value of the government's market portfolio fell by 25 per cent in the corresponding period.

STATE-OWNED COMPANIES, JANUARY – SEPTEMBER 2002

Table 1 Survey	State-owned companies, total			Companies operating under market conditions			Companies with special societal interests		
	Jan–Sept 2002	Jan–Sept 2001	Change	Jan–Sept 2002	Jan–Sept 2001	Change	Jan–Sept 2002	Jan–Sept 2001	Change
Net turnover	238,306	209,855	14%	168,626	144,724	17%	69,680	65,132	7%
Earnings before tax and minority share	4,941	16,296	–70%	673	12,718	–95%	4,268	3,578	19%
Investment	56,317	92,656	–39%	50,914	86,545	–41%	5,403	6,111	–12%
Cash flow from operating activities	45,463	14,588	212%	36,979	7,640	384%	8,483	6,948	22%
	30 Sept 2002	31 Dec 2002		30 Sept 2002	31 Dec 2001		30 Sept 2002	31 Dec 2001	
Shareholders' equity	199,181	207,186	–4%	169,071	176,946	–4%	30,110	30,241	0%
Total assets	949,230	976,178	–3%	843,005	867,321	–3%	106,226	108,857	–2%
Employees	199,122	195,747	2%	143,377	138,700	3%	55,745	57,047	–2%

The figures for turnover, cash flow and gross investment do not include associated companies.

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

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

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

¹⁾ See accounting principles on page 11.

Companies operating under market conditions

TURNOVER AND EARNINGS

Turnover for companies operating under market conditions increased by 17 per cent from January to September compared with the previous year, totalling SEK 168.6 billion (144.7). This increase can primarily be explained by Vattenfall's expansion in Germany, among other things, which increased the company's turnover by SEK 25.5 billion. Excluding Vattenfall, turnover decreased by SEK 1.5 billion.

Pre-tax earnings fell considerably in the first nine months of the year compared with the corresponding period last year. Pre-tax earnings totalled SEK 673 m (12,718). This sharp fall can primarily be explained by Telia, which reported pre-tax earnings for January to September totalling SEK 14,409 m less than the corresponding period last year. Telia's lower earnings can be explained by major costs for restructuring and streamlining, primarily at International Carrier and the Danish fixed network company. Excluding Telia, pre-tax earnings increased by SEK 2,364 m.

Vattenfall's turnover for the first nine months of the year totalled SEK 72,241 m (46,766). The operations in Germany and Poland accounted for SEK 48,384 m (20,316). From January to September, Vattenfall sold a total of 163.4 TWh (112.7) of electricity, of which 22.7 TWh (20.2) to electricity exchanges. The price of electricity on the Nordic Power Exchange rose sharply from 15.74 öre per kWh to 23.65 öre per kWh in the third quarter. The higher price of electricity partly compensated for the lower sales volumes caused by warm weather. In Germany, the price of electricity was stable during the period.

Pre-tax earnings totalled SEK 6,278 m (4,736), which is SEK 1,542 m more than the corresponding period last year.

Telia reported much lower pre-tax earnings for January to September compared with the corresponding period last year. Telia's pre-tax losses totalled SEK 10,507 m (3,902). In the first nine months of the year, turnover rose by 1 per cent to SEK 42,727 m (42,226). For a comparable business, the increase was 6 per cent.

The lower earnings can primarily be explained by major costs for restructuring and streamlining at International Carrier and the Danish fixed network company. Write-offs and depreciation totalled SEK 16,768 m (7,690), of which depreciation comprised SEK 8,208 m (149). Items that do not reflect operating activities totalled SEK -4,801 m (-62) and comprise (besides restructuring costs and depreciation for the third quarter for International Carrier and the Danish fixed network company) costs for streamlining of other operations (SEK 370 m), certain pension-related costs (SEK 354 m) and a capital gain (SEK 50 m). Earnings from associated companies totalled SEK 333 m (2,390). Excluding capital gains and depreciation, earnings rose by SEK 2,151 m.

Posten's turnover for January to September increased by 10 per cent compared with the corresponding period last year, totalling SEK 17,314 m (15,792). Pre-tax earnings for the same period totalled SEK 558 m (loss of SEK 226 m). The improvement in earnings can be explained by the reversal of provisions (SEK 916 m) to safeguard against future losses in the over-the-counter network. The expansion of Posten's new service network

Table 2 Turnover of the ten largest companies* operating under market conditions

Company	Turnover Jul-Sept 02	Turnover Jul-Sept 01	Change	Turnover Jan-Sept 02	Turnover Jan-Sept 01	Change
Vattenfall	22,496	15,140	49%	72,241	46,766	54%
Telia	14,496	14,431	0%	42,727	42,226	1%
Posten	5,625	4,990	13%	17,314	15,792	10%
Vin & Sprit	2,106	1,796	17%	6,505	4,920	32%
Sveaskog	1,931	1,704	13%	6,182	9,832	-37%
GreenCargo	1,493	1,459	2%	4,561	4,698	-3%
LKAB	1,331	1,158	15%	3,908	3,654	7%
Svensk exportkredit	1,243	1,661	-25%	3,757	5,447	-31%
Akademiska Hus	1,067	993	7%	3,150	2,905	8%
Vasakronan	726	625	16%	2,162	2,057	5%
Others, 14 companies	1,878	1,880	0%	6,119	6,427	-5%
Total	54,392	45,837	19%	168,626	144,724	17%

* See accounting principles on page 11.

is continuing according to plan. Of Posten's 91 local areas, 65 have introduced the new service network.

Vin & Sprit increased its pre-tax earnings for January to September by SEK 154 m to a total of SEK 1,474 m. Earnings for the third quarter fell to SEK 354 m, a 31 per cent decrease. This is the result of falling demand in the US and greater demand on world markets, leading to a changed product mix with lower margins. The weak dollar also affected earnings. Turnover for January to September increased by 17 per cent, to SEK 2,106 m.

Sveaskog's turnover for January to September totalled SEK 6,182 m (pro forma SEK 9,832 m). Pre-tax earnings totalled SEK 567 m and operating profit for the same period was up 29 per cent compared with the corresponding period last year, totalling SEK 926 m. The improvement is attributable to the Cartonboard and Timber business areas as well as lower group-wide costs. Earnings from property sales fell.

LKAB enjoyed improved earnings and turnover in the first nine months of the year compared with the corresponding period last year, with pre-tax earnings of SEK 288 m (61). The company's profitability is not yet satisfactory and further measures will be necessary.

Despite considerable cuts in the price of ore, the price in Swedish kronor increased due to a stronger dollar as a result of forward cover. As a result of this and higher delivery volumes, group turnover increased by 7 per cent (SEK 254 m), totalling SEK 3,908 m (3,654).

Group investment totalled SEK 416 m (732). The decrease can largely be explained by greater prioritisation and the postponement of several projects. In the ongoing action plan to cut costs, the short-term objective was to cut costs by 5 per cent in 2002 compared with last year. Cost cutting for the year is estimated to total just over 4 per cent.

LKAB's whole-year iron ore shipments for 2002 are

estimated to exceed last year's level of 19 Mt. This increase in volume in conjunction with increased income in Swedish kronor due to a stronger dollar is believed to improve whole-year earnings.

Vasakronan reported pre-tax earnings of SEK 550 m (1,774) for January to September. Earnings excluding capital gains from property sales and payment of future interest expenses came to SEK 553 m (496). The general economic trend has impacted negatively on the commercial market for rental property. The downturn in the telecom sector has contributed to falling rents, primarily in central Stockholm. Vasakronan's rental income totalled SEK 2,162 m (2,057). The rent increase in renegotiated and new contracts amounted to SEK 42 per cent (47). The financial vacancy rate increased to 6 per cent (4).

SAS' pre-tax earnings for the first nine months of the year amounted to SEK 233 m (7), of which Scandinavian Airlines accounted for losses of SEK 377 m (losses of SEK 350 m). Earnings were boosted by SEK 658 m from the acquired airlines Braathens and Spanair. The government's share of these earnings totalled SEK 50 m (1).

Due a continued weak economic outlook with increasing demands on yields and income during the third quarter and which are assessed to continue in the fourth quarter, SAS is forecasting negative pre-tax earnings, excluding restructuring costs and capital gains for the whole year of 2002.

SAS is increasing the scope of structural measures from SEK 4,000 m to SEK 6,400 m. The measures are expected to achieve their full impact in 2005. SEK 1.6 billion is to be raised from increased revenues and the remaining SEK 4.8 billion is to be achieved through cost-cutting measures.

INVESTMENT

Gross investment by companies operating under market conditions fell by 29 per cent from January to September

Table 3 Pre-tax earnings for the ten largest companies* operating under market conditions

Company	Pre-tax earnings Jul–Sept 02	Pre-tax earnings Jul–Sept 01	Pre-tax earnings Jan–Sept 02	Pre-tax earnings Jan–Sept 01
Vattenfall	264	380	6,278	4,736
Telia	-10,964	2,491	-10,507	3,902
Posten	-63	65	558	-226
Vin & Sprit	354	516	1,474	1,320
Sveaskog	61	N/A	567	N/A
GreenCargo	-21	-17	-147	1
LKAB	106	-1	288	61
Svensk exportkredit	162	190	506	566
Akademiska Hus	231	250	686	698
Vasakronan	216	164	550	1,774
Others, 15 companies	471	422	420	-114
Total	-9,183	4,460	673	12,718

* See accounting principles on page 11.

ber compared with the corresponding period last year. Gross investment totalled SEK 50,914 m, to be compared with SEK 86,545 m last year. Telia, Vattenfall and Vin & Sprit are among the companies that have considerably decreased their level of investment.

The investment climate worsened further in the third quarter. Gross investment totalled SEK 13,819 m (19,261). Telia's level of investment fell by 67 per cent, totalling SEK 1,956 m (5,965) thanks to less investment in fixed network production facilities in Sweden, International Carrier and in mobile telephone networks. Vattenfall reported an unchanged level of investment for the third quarter compared with the corresponding period last year.

CASH FLOW

Cash flow was up 265 per cent from January to September compared with the corresponding period last year. Cash flow from operating activities totalled SEK

36,979 m (7,640). The improvement is partly attributable to SBAB, which improved its cash flow from SEK –4,027 m to SEK 7,793 m. SwedCarrier improved its cash flow from operating activities from SEK –1,900 m to SEK 24 m. Telia improved its cash flow from operating activities by SEK 2,608 m to SEK 8,534 m. Vattenfall also improved its cash flow from operating activities from SEK 11,732 m to SEK 12,909 m.

SIGNIFICANT EVENTS

On 20 September, the government resolved to sell its shares in Svenska Lagerhusaktiebolaget to Brambles Industries Limited and LTN Logistiktjenester Norden AS.

In December of last year, the Riksdag authorised the government to sell the government's market portfolio since the reasons for government ownership no longer apply. In 1995, the Riksdag resolved to considerably reduce stockpiles since there is less need for them.

Table 4 Gross investment and cash flow for the ten largest companies* operating under market conditions

Company	Gross investment Jul–Sept		Gross investment Jan–Sept		Cash flow from operating activities Jan–Sept	
	2002	2001	2002	2001	2002	2001
Vattenfall	10,191	10,048	38,413	43,767	12,909	11,732
Telia	1,956	5,965	6,646	15,578	8,534	5,926
Posten	433	239	1,188	773	607	–462
Vin & Sprit	172	73	934	8,340	1,119	205
Sveaskog	60	77	228	255	812	N/A
GreenCargo	84	42	456	115	143	334
LKAB	128	234	416	732	652	524
Svensk exportkredit	7	1	10	4	2,178	–7,913
Akademiska Hus	377	1,355	1,367	2,380	889	–106
Vasakronan	145	861	566	5,975	1,147	1,973
Others, 14 companies	266	366	690	8,626	7,989	–4,573
Total	13,819	19,261	50,914	86,545	36,979	7,640

* See accounting principles on page 11.

Table 5 Shareholders' equity, total assets, equity/assets ratio and return on shareholders' equity for the ten largest companies* operating under market conditions

	Shareholders' equity		Total assets		Equity/assets ratio ¹⁾ 30 Sept 02	Return on shareholders' equity ²⁾ Jan–Sept 02
	30 Sept 02	31 Dec 01	30 Sept 02	31 Dec 01		
Vattenfall	41,347	39,578	287,742	259,043	19%	10%
Telia	50,526	59,885	111,364	128,191	50%	–18%
Posten	3,671	3,299	14,509	17,311	24%	10%
Vin & Sprit	3,986	3,694	15,094	15,040	26%	27%
Sveaskog	12,557	12,083	27,351	31,394	45%	3%
GreenCargo	588	732	3,455	3,679	19%	–22%
LKAB	8,540	8,609	11,864	11,931	73%	2%
Svensk exportkredit	3,649	3,645	134,329	149,541	3%	10%
Akademiska Hus	7,248	7,024	27,215	27,159	26%	7%
Vasakronan	9,050	9,198	27,289	26,660	34%	4%
Others, 15 companies	27,909	47,878	182,793	197,372		
Total	169,071	195,625	843,005	867,321		

¹⁾ The equity/assets ratio has been calculated on the basis of average shareholders' equity including minority share as a percentage of total assets.

²⁾ Return on shareholders' equity has been calculated on the basis of net earnings for January to September as a percentage of average shareholders' equity.

* See accounting principles on page 11.

During the period, **LKAB** acquired all the remaining shares (45 per cent) in Kiruna Grus och Stenförädling AB.

Vattenfall has decided to transfer its shares in Arrowhead AB to Song Networks Holding AB. After the transaction, Vattenfall will own nearly 20 per cent of the shares in the restructured Song company. However, the transaction is conditional on a sufficient number of current Song bondholders approving the restructuring and the approval of the general meeting of shareholders.

On 27 August, Vattenfall acquired the City of Hamburg's remaining shares (25.1 per cent) in HEW.

In September, Vattenfall's board of directors decided to invest SEK 600 m over the course of three years in a system which makes remote reading of electric metres possible. Simplified reading and invoicing processes are expected to entail rationalisation possibilities while increasing customer benefit for Vattenfall customers.

SAS sold its SMART subsidiary to Amadeus, which was authorised by the Swedish Competition Authority in August. The sales price was SEK 995 m and resulted in a capital gain of SEK 826 m.

Telia's extraordinary general meeting held on 4 November approved the share issue required in order to carry out the public offer to Sonera shareholders. After the merger, the Swedish government's stake in the new company will be approximately 45 per cent.

Despite the hesitancy that arose from the deliberations between the Swedish and Finnish governments, 95 per cent of the outstanding shares in Sonera were tendered by 15 November.

According to a previous decision, Sveriges Geologiska AB (SGAB) was wound up in November 2002.

Companies with special societal interests

EARNINGS AND TURNOVER

Earnings for companies with special societal interests rose by 20 per cent during the first nine months of the year compared with the corresponding period last year. Pre-tax earnings totalled SEK 4,268 m (3,578). Samhall, Svensk Bilprovning, Apoteket, Svenska Spel, Venantius and Systembolaget are among the companies reporting improved earnings.

Turnover from January to September increased by 7 per cent compared with the corresponding period last year, from SEK 65,132 m to SEK 69,680 m.

Companies with special societal interests reported a strong third quarter, with pre-tax earnings up 39 per cent to SEK 1,720 m (1,236) compared with the corresponding period last year. In the third quarter, turnover was up 7 per cent to SEK 22,956 m (21,456).

Apoteket reported improved pre-tax earnings, an increase of SEK 144 m to SEK 52 m for the first three quarters compared with the corresponding period last year. Excluding the SEK 101 m in additional compensation from the pension fund last year, earnings improved by SEK 245 m. Turnover rose by 8 per cent to SEK 23,842 m (22,052) from January to September. As a result of developments on stock exchanges around the world in the past year, the value of the assets of Apoteket's pension fund have fallen considerably and as per 30 September did not completely cover Apoteket's pension commitments. If the stock market levels prevailing at the end of the quarter continue to prevail at the turn of the year, this will have a considerable negative impact on earnings.

Systembolaget's pre-tax earnings for the first three quarters were up 35 per cent compared with the correspon-

ding period last year, totalling SEK 272 m (201). Turnover rose by SEK 729 m to SEK 13,855 m.

Svenska Spel's turnover for the first nine months of 2002 rose by 15 per cent compared with the corresponding period last year, totalling SEK 13,192 m (11,448). Turnover from gaming, including Lotto, Keno, Penninglotten and Triss, was up by just over 5 per cent to SEK 6.0 billion. Turnover from the slot machines Jack Vegas and Miss Vegas was up 40.7 per cent, to SEK 4.3 billion.

Pre-tax earnings for the first three quarters rose by 11 per cent compared with the corresponding period last year, to SEK 3,113 m (2,805). Svenska Spel is maintaining good profitability despite major investments in new technology and international casinos in addition to increased competition from international casinos. Internet gaming doubled during the first three quarters, from 1.1 to 2.4 per cent.

The sharp increase in turnover from the slot machines Jack Vegas and Miss Vegas means that Swedish societies and associations can count on bigger contributions for 2002. In 2001, SEK 580 m was donated to sport organisations for children and youth as well as youth organisations in Sweden.

For the first three quarters, Samhall reported improved earnings despite a decrease in turnover compared with the corresponding period last year. The pre-tax loss for the first three quarters was SEK 7 m (-159). Turnover for the same period was SEK 1,794 m (1,976).

For the past ten years, Samhall has replaced 10,000 industrial jobs with service jobs. In the past year, many industrial jobs have disappeared, particularly within the

Table 6 Turnover and pre-tax earnings for the ten largest companies* with special societal interests

Company	Turnover		Turnover		Pre-tax earnings		Pre-tax earnings	
	Jul–Sept 02	Jul–Sept 01	Jan–Sept 02	Jan–Sept 01	Jul–Sept 02	Jul–Sept 01	Jan–Sept 02	Jan–Sept 01
Apoteket	7,830	7,091	23,842	22,052	48	4	52	-92
Systembolaget	4,957	4,715	13,855	13,126	176	50	272	201
Svenska Spel	4,418	3,815	13,192	11,448	1,081	987	3,113	2,805
Samhall	1,794	1,976	6,353	6,746	-4	-61	-7	-159
Luffartsverket	1,293	1,205	3,917	3,849	160	75	271	380
Svenska kraftnät	692	754	2,117	2,152	161	203	466	582
Teracom	492	377	1,323	1,177	4	-24	-119	-114
Sjöfartsverket	311	290	1,112	1,038	-8	-15	52	19
Svensk Bilprovning	296	285	996	905	22	-18	26	-69
SOS Alarm	155	149	460	435	0	6	1	15
Others, 13 companies	717	779	2,513	2,204	79	29	141	10
Total	22,956	21,436	69,680	65,132	1,720	1,236	4,268	3,578

* See accounting principles on page 11.

telecom sector. As the service sector is growing in importance, Samhall has decided to grow within the service sector. Samhall is estimating that 4,000 Samhall employees will be changing jobs in the next few years and these new jobs will above all be created in the service sector.

The Swedish Civil Aviation Administration's (LFV) pre-tax earnings for the third quarter of 2001 totalled SEK 160 m (75). For January – September, the Swedish Civil Aviation Administration reported lower earnings compared with the corresponding period last year. Pre-tax earnings totalled SEK 271 m (380), of which non-recurring items comprised SEK 79 m. Turnover for the first nine months of the year totalled SEK 1,293 m (1,205).

Teracom's turnover was up 12 per cent to SEK 1,323 m (1,177) for January to September compared with the corresponding period last year. The increase is due to an increase in the number of digital television subscriptions and continued promising developments within data communications and telecommunications for Teracom.

Turnover for consumer digital television services totalled SEK 254 m (96). Even if growth has begun to pick up speed since 30 June, the market still has a wait-and-see attitude. There is an uncertainty as regards the political decisions that must be made about the analogue turn-off date, licences and possible government subsidies to stimulate consumer demand.

Teracom reported a pre-tax loss of SEK 119 m (-114) for the first three quarters. The measures undertaken by the company to cut costs and the fact that the level of investment is considerably lower than previously are beginning to produce results. In the third quarter, the company reported pre-tax earnings of SEK 4 m. The action programme to cut costs further will continue.

INVESTMENT

Gross investment for companies with special societal interests was down 12 per cent in the period January to

September compared with the corresponding period last year, totalling SEK 5,403 m (6,111). The drop can partly be explained by the Swedish Civil Aviation Administration, which has nearly halved its investment from SEK 2,327 m to SEK 1,328 m. Teracom has also reduced its investment considerably, from SEK 659 m to SEK 111 m. Statens väg- och baninvest AB has increased its investment by 17 per cent to SEK 2,214 m. Svenska Spel has also increased its investment, from SEK 230 m to SEK 319 m.

CASH FLOW

For companies with special societal interests, cash flow was up 22 per cent for the first three quarters of 2002 compared with the corresponding period last year. Cash flow from operating activities amounted to SEK 8,483 m (6,948). The increase can be primarily explained by the Swedish Civil Aviation Administration, Apoteket, Systembolaget and SVEDAB's improved cash flows. Venantius reported a reduced cash flow from operating activities of SEK 1,923 m (3,379).

SIGNIFICANT EVENTS

In August 2002, Teracom sold its stake in TravelVision and the merger between Senda and Boxer TV-Access has been completed.

On 1 October, pharmacies introduced generic substitution, which means that pharmacies are to actively choose the cheapest generic substitute of prescription drugs. Apoteket, whose costs for preparations totalled SEK 24 m, has actively developed the IT systems and secured routines and expertise for these efforts during the year.

Table 7 Gross investment and cash flow from operating activities for the ten largest companies* with special societal interests

Company	Gross investment Jan-Sept 02	Gross investment Jan-Sept 01	Cash flow from operating activities Jan-Sept 02	Cash flow from operating activities Jan-Sept 01
Apoteket	159	192	399	-571
Systembolaget	138	134	-502	-981
Svenska Spel	319	230	4,112	4,008
Samhall	67	151	66	-80
Luffartsverket	1,328	2,327	735	148
Svenska kraftnät	355	259	896	920
Teracom	111	659	129	-71
Sjöfartsverket	79	77	69	69
Svensk Bilprovning	126	40	30	7
SOS Alarm	39	22	109	94
Others, 13 companies	2,683	2,020	2,441	3,406
Total	5,403	6,111	8,483	6,948

* See accounting principles on page 11.

THE GOVERNMENT'S MARKET PORTFOLIO

Stockholmsbörsen started the year on a weak note and Affärsvärlden's General Index (AFGX) fell by 23 per cent during the first six months. The decline continued during the third quarter and Affärsvärlden's General Index fell by 26 per cent. Since the turn of the year, Affärsvärlden's General Index has fallen by 44 per cent.

The government's market portfolio outperformed the index in the third quarter, its value falling by 15 per cent during this period. For the first nine months of the year, the value of the government's market portfolio fell by 46 per cent, basically in line with Affärsvärlden's General Index. The value of the government's market portfolio was just under SEK 72 billion on 30 September 2002, making the Swedish government the largest shareholder on Stockholmsbörsen.

From 1 January until 21 November 2002, Affärsvärlden's General Index lost 30 per cent of its value. The market value of the government's market portfolio fell by 25 per cent during the same period.

During the period 1 January – 21 November 2002, Telia's share price fell by approximately 25 per cent and

OM, Nordea and SAS' share prices fell by 57, 24 and 14 per cent, respectively.

EXECUTIVE AND BOARD APPOINTMENTS

Posten: In August, Ulf Spång voluntarily resigned from the board of directors. Börge Österholm was appointed as the acting president and CEO when Lennart Grabe resigned on 18 November. Marianne Nivert, the previous president and CEO of Telia, was nominated to the board of directors. The final decision will be made during the extraordinary shareholders' meeting on 11 December.

SJ: Gunilla Berg has resigned from the board of directors.

SAS: In September, two new members joined SAS Group Management: Gunilla Berg as CFO and John Dueholm, who will be responsible for the business areas Airline Support and Airline-Related Businesses.

Pär Nuder has been appointed as minister and is thereby resigning from the boards of Vasallen and Vin & Sprit.

Diagram 1 Performance of the government's market portfolio compared with AFGX



Source: Carnegie

Table 8 Market value of the government portfolio, 2000–2002, SEK m

Company	Government holding									
	21 Nov 02	21 Nov 02	30 Sept 02	28 June 02	28 March 02	28 Dec 01	28 Sept 01	29 June 01	30 March 01	29 Dec 00
Celtica AB	38.5 %	55	76	89	90	80	75	80	80	62
Nordea AB	18.2 %	22,873	19,946	27,101	31,979	30,082	28,185	33,605	34,147	38,754
OM AB	9.5 %	472	256	552	1,011	1,103	604	1,103	1,479	1,862
SAS	21.4 %	2,062	1,851	2,238	2,697	2,397	1,939	3,578	3,349	3,173
Telia AB	70.6 %	74,561	49,778	54,226	77,950	98,920	97,861	116,501	121,796	102,733
Total		100,022	71,906	84,206	113,727	132,582	128,664	154,867	160,851	146,584
Total excl. Telia		25,461	22,129	29,980	35,777	33,662	30,803	38,366	39,055	43,852

FINANCIAL CALENDAR

- » The year-end report for 2002 will be published on 24 March 2003.
- » The annual report for 2002 will be published in May 2003.
- » The interim report for Q1 2003 will be published on 27 May 2003.
- » The interim report for Q2 2003 will be published on 10 September 2003.
- » The interim report for Q3 2003 will be published on 25 November 2003.

ACCOUNTING PRINCIPLES

As of this interim report, government-owned companies will be divided into two main groups: companies operating under market conditions and companies with special societal interests. This will replace reporting by sector. The ten largest companies as regards turnover will be presented in the tables. Associated companies, of which SAS is the largest, are not included in the turnover figures. This explains why SAS is not presented in the tables but is only commented on in the report.

The report covers 48 of 52 state-owned companies, excluding liquidation companies and companies in which the government's participating interest does not exceed 20 per cent (OM Gruppen AB, Nordea AB, Sydkraft SAKAB and SIS Miljömärkning AB). The holding company Civitas Holding AB has not been included, although the report does encompass its subsidiary, Vasakronan AB.

Associated companies in which the government's holding exceeds 20 per cent have been included according to

the participating interest in terms of earnings.

The following companies are not included in the report: Norrland Center AB, Swedish Environment Management Council, SJ AB and Voksenåsen A/S.

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

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

Definitions

Pre-tax earnings	stated exclusive of minority share
Equity/assets ratio	shareholders' equity including minority share as a percentage of total assets
Return on shareholders' equity	net earnings as a percentage of average shareholders' equity

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

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

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



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