

## Interim Report for Government-owned Companies, January – June 2001 Issued by the Swedish Government Offices

- ▶▶ Second quarter earnings up 76 per cent compared with last year
- ▶▶ Significant capital gains from property sales
- ▶▶ Turnover up 28 per cent
- ▶▶ Significant increase in investment



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Profit before tax grew strongly during the second quarter of 2001. However, the improvement in profit includes several substantial capital gains within Vasakronan. Turnover also increased, partly due to acquisitions. The Government's market portfolio outperformed Affärsvärlden's General Index (AFGX) considerably during the first half of 2001.

The second quarter of 2001 was characterised by increasing uncertainty regarding the development of the economy. The Swedish krona depreciated, but has strengthened slightly since the close of the period. The downturn that characterised the Stockholm Stock Exchange during the first quarter was halted during the second quarter and the index recovered somewhat. However, the accumulated effect was that Affärsvärlden's General Index (AFGX) fell by 15 per cent during the first half of 2001. In Government-owned companies, pre-tax earnings fell by 16 per cent during the first six months of 2001 compared with the corresponding period last year. Profit before tax amounted to SEK 11,911 million (SEK 14,238 million). Last year's half-year result included significant one-off items within Telia amounting to SEK 4,395 million.

During the second quarter of this year, profit before tax rose by 76 per cent, from SEK 3,609 million to SEK 6,355 million. The result includes substantial capital gains totalling SEK 2,201 million from property sales by Vasakronan. Adjusted for these items, earnings rose by 15 per cent during the second quarter.

The market value of the Government's listed shares increased by 6.2 per cent to SEK 162.5 billion from 1 January to 29 June.

## The quarter in brief

AssiDomän's general meeting of shareholders resolved to distribute all of the company's shares in Billerud to the shareholders. This is estimated to take place during the second half of 2001.

Vattenfall acquired 21.8 per cent of the shares in HEW from Sydkraft and 15.4 per cent from E.ON. Together with previous acquisitions, this makes Vattenfall the majority shareholder in the North German corporation.

Vasakronan carried out structural deals to a total value of SEK 14 billion. These involved selling properties in nine

locations and acquiring additional properties in the metropolitan regions.

After the close of the period, the European Commission fined SAS and Maersk Air EUR 39 million and EUR 13 million respectively for violating EU competition rules.

As a step in its strategy of focusing on core operations, Posten (Sweden Post) is selling Postgirot Bank to Nord-ea, thus strengthening the company's competitiveness in important growth areas such as payments and cash management. The deal, which was made public in July, is subject to approval by the relevant authorities.

## Earnings and turnover

Turnover for Government-owned companies rose by 18 per cent to SEK 132,872 million during the first six months of 2001. Second quarter revenues amounted to SEK 71,173 million, an increase of 28 per cent compared with last year. The rate of increase has thus accelerated during the year, primarily due to increased turnover in Vattenfall AB as a result of acquisitions.

Base industry AssiDomän AB's turnover fell heavily following the divestment of Corrugated & Containerboard. The sale generated a capital gain of SEK 1,870 million. Including this capital gain, Corrugated & Containerboard contributed SEK 1,319 million to profits for the second quarter. The Government's share of this non-recurring profit in the second quarter amounted to SEK 465 million. Sveaskog is reducing its felling volumes since the previous volumes are not judged to be sustainable in the long term.

Profits for LKAB fell from SEK 266 million to SEK 62 million for the first six months of the year compared with last year. The decline is due to falling volumes and a lower return on shares. Earnings for the second quarter amounted to SEK 38 million. Profits are estimated to be lower than last year due to a lower volume of iron ore deliveries.

<sup>9</sup> See accounting principles on page 10.

**Industrial goods and services** Despite the fact that total earnings for the Government's twelve companies in this sector remain largely unchanged, major changes have nonetheless taken place. Lernia AB has improved its earnings from a significant deficit for the second quarter and the second half of last year to a positive result. The company has turned its SEK 133 million loss for the second quarter of 2000 to a SEK 1 million profit this year.

Samhall AB, which accounts for approximately 70 per cent of the turnover from the companies in this sector, reports a decline in earnings primarily in the second quarter. The company reported a loss of SEK 83 million for the second quarter of 2001, compared with a loss of SEK 15 million in the first quarter. This poorer result compared with previous years is due to the accelerating economic slowdown, particularly within the telecom sector. Samhall is limiting the negative earnings trend by reducing its costs.

Almi AB also reports a loss in 2001 compared with a profit last year. The decline is attributable to a fall in income which has not been possible to fully compensate through cost reductions.

**Transport** Government-owned enterprises within this sector show a substantial deficit for the second quarter and the first six months of 2001. This deficit is primarily attributable to SwedCarrier AB, which reported a loss of SEK 524 million for the first quarter and a loss of SEK 1,140 million for the first six months of 2001. The loss is entirely attributable to items affecting comparability relating to financial commitments for properties taken over from the former public enterprise SJ (Swedish State Railways) and written down to market value. Operating profit excluding items affecting comparability and goodwill amortisation

rose by 13 per cent to SEK 241 million (SEK 214 million) for the first half of the year. SwedCarrier is currently undergoing extensive reorganisation, which is expected to produce results within the next twelve months.

SAS AB improved its earnings in the second quarter compared with the first quarter of this year, but is still below last year's levels.

During the second quarter of 2001, earnings for SJ AB amounted to a loss of SEK 23 million, compared with a pro forma loss of SEK 47 million for the corresponding period in 2000. If a comparison is made on a half-yearly basis, however, earnings for 2001 are poorer than the pro forma result for 2000, i.e. a loss of SEK 4 million compared to a profit of SEK 22 million. Turnover for SJ AB amounts to SEK 2,833 million for the first half of the year and earnings fluctuate between +/- 1 per cent of revenues.

Profits for Posten AB (Sweden Post) fell during the half year to SEK 32 million (SEK 500 million) as a result of lower letter volumes and higher costs for advanced initiatives such as the introduction of the new service network. Excluding Postgirot, Posten AB made a loss of SEK 291 million, compared with a profit of SEK 203 million during the same period last year. The equity/assets ratio for the group was 0.8 per cent on 30 June 2001. The board of Posten AB has decided on extensive cost-cutting measures to reduce short-term and long-term costs. Postgirot's earnings will be included in Posten's results until the company has been taken over by Nordea.

**Durable goods and services** Total earnings from the companies in this sector declined somewhat.

**Non-durable goods** (companies with special societal interests) Earnings for Apoteket AB (Swedish National Phar-

**Table 1 Turnover and earnings by sector, January – June 2001, SEK m**

Sector	Number of companies	Turnover Q2 2001	Turnover Q2 2000	Turnover Q1+2 2001	Turnover Q1+2 2000	Profit/loss before tax Q2 2001	Profit/loss before tax Q2 2000	Profit/loss before tax Q1+2 2001	Profit/loss before tax Q1+2 2000
Base industry	4	2,653	3,811	5,710	7,589	690	445	989	816
Industrial goods and services	9	3,318	3,587	6,662	7,106	-75	-114	-97	-110
Transport <sup>1)</sup>	8	13,322	12,521	26,551	24,533	-667	399	-1,016	2,740
Durable goods and services	4	512	487	984	955	-42	-17	-56	-47
Non-durable goods	4	17,579	16,117	34,129	31,749	1,341	1,462	2,677	2,780
Finance <sup>2)</sup>	7	354	515	895	931	376	324	994	1,461
Real estate	6	1,974	1,816	3,972	3,605	2,558	428	3,013	816
Transport-property	3	225	49	390	86	-66	2	-226	3
Telecom <sup>3)</sup>	3	10,497	9,774	20,555	19,247	585	362	898	2,823
Energy	2	20,067	7,008	33,024	16,735	1,655	318	4,735	2,955
<b>Total</b>	<b>50</b>	<b>71,173</b>	<b>55,685</b>	<b>132,872</b>	<b>112,536</b>	<b>6,355</b>	<b>3,609</b>	<b>11,911</b>	<b>14,238</b>

<sup>1)</sup> As comparison data, the former public enterprise SJ (Swedish State Railways) has been used for the companies SJ, Green Cargo and SwedCarrier for the first half of 2000. In Q1 2000, SJ received SEK 1,900 million in compensation for SL.

<sup>2)</sup> Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies.

<sup>3)</sup> Telia reported one-off items of SEK 4,395 million in the first half of 2000.

macy Corporation) were lower in the first half of 2001 than in the corresponding period last year. The corporation reports a loss of SEK 55 million for the second quarter, compared with a profit of SEK 41 million for the same period in 2000. In the first six months of 2001, Apoteket AB made a loss of SEK 96 million (profit of SEK 15 million). However, turnover for Apoteket AB amounts to SEK 14,961 million for the first half of the year and earnings fluctuate between +/- 1 per cent of revenues.

Apoteket AB has the sole right to sell pharmaceuticals to the general public and is responsible for the satisfactory provision of pharmaceuticals at minimum cost.

Systembolaget AB reported no change in turnover but a 29 per cent fall in profit during the first half of 2001 compared with the same period last year. This decrease in profit is due to a shift towards the sale of products with a lower retail mark-up (beer and bag-in-box wine). Costs were more or less unchanged during the half-year period compared with the first six months of 2000.

The company has a monopoly on the retailing of spirits, wine and strong beer in Sweden. This exclusive right of sale has a socio-political aim and limits the availability of alcohol. Under the Alcohol Act and the provisions of an agreement with the Swedish Government, the company controls the establishment and opening hours of liquor stores, ensures that alcoholic beverages are not sold to people below the age of 20 or who are noticeably under the influence of alcohol, or are sold when there is reason to believe that the goods will be illegally supplied to a third party. On the basis of this mandate, the business shall be run as a profit-making enterprise.

Turnover and earnings for Svenska Spel AB continued to show steady growth. Turnover from the Jack Vegas and Miss Vegas slot machines was up 63 per cent during

the first six months of 2001 compared with the same period last year. An increase in turnover from the Jack Vegas and Miss Vegas slot machines entails a greater contribution to the Swedish Sports Confederation and the Swedish National Board for Youth Affairs.

(Market requirements) V&S Vin & Sprit AB reported steady growth in turnover and earnings, partly as a result of company acquisitions.

Real estate Government-owned property companies improved their earnings by SEK 2,197 million during the first half of 2001 compared with the first half of 2000. The improvement in profit in the second quarter was mainly due to capital gains within Vasakronan AB.

Rental income for Vasakronan AB increased by 13 per cent during the first six months of the year. Profit after financial items rose to SEK 2,409 million (SEK 256 million). Earnings include SEK 2,201 million (SEK 43 million) in capital gains from property sales and SEK 124 million (SEK 0 million) in costs of future interest expense payments. Profit after financial items excluding property sales and the future interest expense payments increased to SEK 332 million (SEK 213 million).

Telecom Government holdings in this sector are dominated by Telia AB. The company tripled its profits during the second quarter compared with the corresponding period last year, from SEK 356 million to SEK 909 million. The Government's share of Telia's profits amounted to SEK 251 million for the second quarter of last year and SEK 642 million for the second quarter of this year. Telia's quarterly result includes SEK 271 million in one-off items. Net turnover was up 8 per cent, mainly due to

Table 2 Gross investment by sector, January – June 2001, SEK m

Sector	Number of companies	Investment Q2 2001	Investment Q2 2000	Investment Q1+2 2001	Investment Q1+2 2000	Investment ratio Q2 2001	Investment ratio Q2 2000
Base industry	4	268	237	665	668	10 %	6 %
Industrial goods and services	9	82	169	188	268	2 %	5 %
Transport <sup>1)</sup>	8	818	243	7,275	1,817	6 %	2 %
Durable goods and services	4	16	45	27	56	3 %	9 %
Non-durable goods	4	8,352	137	8,568	388	48 %	1 %
Finance <sup>2)</sup>	7	85	92	91	577	24 %	18 %
Real estate	6	5,473	1,597	6,577	2,639	277 %	88 %
Transport-property	3	128	87	329	1,084	57 %	178 %
Telecom	3	4,585	11,434	7,266	14,752	44 %	117 %
Energy	2	28,491	8,368	33,534	12,550	146 %	119 %
<b>Total</b>	<b>50</b>	<b>48,298</b>	<b>22,409</b>	<b>64,520</b>	<b>34,799</b>	<b>69 %</b>	<b>40 %</b>

<sup>1)</sup> As comparison data, the former public enterprise SJ (Swedish State Railways) has been used for the companies SJ, Green Cargo and SwedCarrier for the first half of 2000. In Q1 2000, SJ received SEK 1,900 million in compensation for SL.

<sup>2)</sup> Turnover for finance companies is reported in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies.

a sharp improvement in the Mobile business area which showed a 59 per cent increase in net turnover. The Mobile business area now accounts for almost 30 per cent of Telia's total net turnover.

Earnings for the Swedish Space Corporation (Rymdbolaget AB) and Teracom AB developed negatively, with both companies reporting losses totalling SEK 98 million for the first six months of the year.

Energy Vattenfall AB reports a strong improvement in second quarter earnings, with profits rising from SEK 143 million for the second quarter of 2000 to SEK 1,542 million for the corresponding period this year. Profits for the first half of the year amounted to SEK 4,356 million (SEK 2,553 million), an increase of 71 per cent. Turnover during the second quarter was SEK 20,067 million, an increase of SEK 13,652 million compared with the corresponding period in 2000. The rise in turnover is mainly attributable to the consolidation of HEW in Germany. HEW is Germany's fifth largest power group, with an annual turnover of over SEK 20 billion.

Profits for Svenska Kraftnät (Swedish National Grid) fell to SEK 113 million (SEK 175 million) in the second quarter. Profit for the first six months of the year amounted to SEK 379 million (SEK 402 million).

## Companies in which the Government's participating interest does not exceed 20 per cent

For the second quarter of 2001, Nordea AB posted an operating profit of EUR 677 million, equivalent to

approximately SEK 6.2 billion. Excluding capital yields, which largely follow market fluctuations, operating profit for the first half of the year was EUR 1,174 million (SEK 10.8 billion), a 20 per cent improvement compared with 2000. Excluding capital yields, the company has shown a positive earnings trend. The Government owns 18.2 per cent of the shares in Nordea.

OM Gruppen AB reported a SEK 36 million loss during the first half of the year, compared with a profit of SEK 473 million in the corresponding period last year. This was partly attributable to losses in Jiway. The company has initiated a cost reduction programme which should have full effect in the first quarter of next year. The Government owns 9.4 per cent of the shares in OM Gruppen AB.

## Investment

Gross investment rose strongly to SEK 64.5 billion during the first half of 2001. This represents a SEK 29.7 billion increase compared with the corresponding period in 2000. The second quarter was a particularly expansionary period in the Government's company sphere, with gross investment amounting to SEK 48.3 billion, more than double the level of investment during the equivalent period in 2000. The investment ratio, i.e. investment as a percentage of turnover, was 69 per cent during the second quarter of 2001.

The rise in investment is mainly attributable to companies in the energy, real estate and non-durable goods sectors. The telecom sector halved its investment during the second quarter of 2001 compared with the corresponding period last year. However, excluding Telia's

Table 3 Cash flow and balance sheet by sector, January - June 2001, SEK m

Sector	Number of companies	Cash flow from current operations Q2 2001	Cash flow from current operations Q2 2000	Cash flow from current operations Q1+2 2001	Cash flow from current operations Q1+2 2000	Shareholders' equity 30 June 2001	Balance sheet total 30 June 2001
Base industry	4	162	231	1,042	939	32,023	45,002
Industrial goods and services	9	165	-49	-86	117	6,610	10,498
Transport <sup>1)</sup>	8	-10,083	-2,973	-5,224	4,457	22,641	168,326
Durable goods and services	4	42	28	46	4	354	952
Non-durable goods	4	2,366	3,072	3,520	3,992	8,298	27,877
Finance	7	-2,394	-5,364	-10,688	-11,892	16,627	341,573
Real estate	6	4,046	768	5,030	1,333	19,631	59,843
Transport-property	3	12	-72	-61	-510	37	24,775
Telecom	3	1,862	2,162	1,959	3,453	59,961	134,645
Energy	2	4,403	2,497	7,700	4,879	44,914	196,262
<b>Total</b>	<b>50</b>	<b>581</b>	<b>300</b>	<b>3,238</b>	<b>6,772</b>	<b>211,096</b>	<b>1,009,753</b>

<sup>1)</sup> As comparison data, the former public enterprise SJ (Swedish State Railways) has been used for the companies SJ, Green Cargo and SwedCarrier for the first half of 2000. In Q1 2000, SJ received SEK 1,900 million in compensation for SL.

goodwill amortisation of SEK 11 billion in connection with the acquisition of NetCom ASA in the second quarter of 2000, investment within the telecom sector actually increased during the second quarter of 2001.

As part of Vattenfall's strategy of focusing on core business and concentrating on the northern European market, the company acquired a majority stake (71.3 per cent) in Hamburgische Electricitäts-Werke AG (HEW) during the first half of 2001. HEW is Germany's fifth largest power group.

## Cash flow

Cash flow from current operations decreased overall by just over SEK 3.5 billion to SEK 3.2 billion during the first half of 2001 compared with the corresponding period in 2000. Excluding the poorer cash flow in the transport sector, total cash flow has risen by SEK 6.2 billion.

The biggest improvement in cash flow was attained by companies in the real estate sector, where cash flow increased by SEK 3.7 billion to just over SEK 5 billion during the first half of 2001. Vattenfall increased its cash flow by more than 50 per cent during the first half of the year compared with the corresponding period in 2000.

In the non-durable goods sector, Svenska Spel and Vin & Sprit improved their cash flows, while Apoteket AB's cash flow deteriorated to a negative cash flow of SEK 641 million. Telia's cash flow during the first half of 2001 was also down on the corresponding period in 2000, from SEK 3,405 million to SEK 1,984 million.

## Significant events

During the first half of 2001, agreements worth approximately SEK 14 billion were signed in connection with

Vasakronan's reorganisation. By selling properties in nine locations to Norrporten, Vasakronan has concentrated its operations to metropolitan regions. In order to sell development land and at the same time be able to acquire attractive properties, deals have been signed with Skanska, NCC and JM. To strengthen its position in central Stockholm, Vasakronan has acquired three of the high-rise buildings at Hötorget from Förenade Liv.

Nordea AB is acquiring Postgirot Bank in order to strengthen its competitiveness in important growth areas such as payments and cash management. In so doing, Nordea will also obtain access to Postgirot Bank's 1.3 million customers and will therefore be able to expand its customer base. The acquisition will be paid in cash. The purchase price is SEK 4.1 billion plus any income earned from 1 January 2001 until the date of the acquisition. The acquisition is subject to the approval of relevant authorities.

Vattenfall AB's subsidiary, Nordic Power Invest AB, has sold its assets in South America (participating interests in two companies in Bolivia and a company in Brazil) to the American company NRG Energy Inc. Vattenfall has divested its 51 per cent stake in Swedish Vattenfall Naturgas AB. The other four minority owners have acquired shares from Vattenfall in proportion to their ownership stake. Vattenfall has sold its wholly-owned subsidiary Oslo Energi to the Norwegian power group Hafslund ASA, and in so doing has become a shareholder in the new Norwegian power group that is being formed.

During the summer, Venantius AB's subsidiary, Haninge Bostäder AB, sold the majority of its residential properties for a total of SEK 2,405 million. Properties comprising 2,274 apartments have been sold to the NewSec group for SEK 700 million. Approximately 4,200 apartments have been sold for SEK 1,365 million to a consortium comprising Länsförsäkringar, Mandamus and the Federation of Swedish Farmers (LRF). Properti-

Table 4 Market value of listed Government-owned companies, 2000-2001, SEK m

Company	Government holding				
	31 Aug 2001	31 Aug 2001	29 Jun 2001	30 Mar 2001	29 Dec 2000
AssiDomän AB	35.3 %	7,847	7,595	7,023	6,385 <sup>1)</sup>
Celtica AB	38.5 %	80	80	80	62
Nordea AB	18.2 %	34,418	33,605	34,147	38,754
OM Gruppen AB <sup>2)</sup>	9.4 %	743	1,103	1,479	1,862
SAS <sup>3)</sup>	21.4 %	2,855	3,578	3,349	3,173
Telia AB	70.6 %	91,721	116,505	121,801	102,736
<b>Total</b>		<b>137,665</b>	<b>162,466</b>	<b>167,879</b>	<b>152,973</b>
<b>Total excl. Telia</b>		<b>45,944</b>	<b>45,961</b>	<b>46,078</b>	<b>50,237</b>

<sup>1)</sup> Shares redeemed on 29 March 2001 have not been taken into account in the figures.

<sup>2)</sup> The Government's participating interest is calculated on the basis of the number of outstanding shares in OM Gruppen after full conversion and exercising of subscription warrants, i.e. 84,818,818 shares.

<sup>3)</sup> SAS AB has been a listed company since 9 July 2001.

es comprising 1,171 apartments have been sold to Stena Fastigheter for SEK 340 million. Haninge Municipality has obtained an option to acquire 34 properties comprising a total of approximately 2,000 apartments.

During the first half of 2001, V&S Vin & Sprit AB set up a jointly owned distribution company together with Jim Beam Brands for the American market. Furthermore, V&S acquired 10 per cent of the shares in Jim Beam Brands as well as a 25 per cent stake in the European distribution company, Maxxium. The deals are worth a total of SEK 8 billion.

V&S has also acquired the Marli Group, a Finnish beverages company with wine operations in Finland, Denmark and Sweden.

In agreement with the principal owners of Norwegian Braathens, SAS AB announced its intention to acquire Braathens' airline operations, excluding Malmö Aviation, for NOK 1,127 million. In a preliminary decision, the Norwegian Competition Authority stated that it would not approve the deal on the grounds that there is insufficient documentation to prove that Braathens is on the verge of bankruptcy. SAS is considering whether or not to appeal the decision.

During the second quarter, Telia AB completed its sale of parts of the Enterprise business area to Industri Kapital. On 4 July 2001, Telia sold 40 million shares in the catalogue company Eniro AB to institutional investors through an accelerated book-building process. The transaction is expected to generate SEK 4.16 billion in sales proceeds as well as a capital gain of just over SEK 3 billion for the Telia group. Telia's stake in Eniro AB after the sale amounts to approximately 25.5 per cent. During the second quarter, Telia also divested its remaining 66.5 million shares in Vodafone. Sales proceeds from this transaction amount to approximately SEK 1.6

billion. After the close of the quarter, Telia acquired a participating interest in the first pan-Russian mobile operator. This new company will be one of Russia's largest mobile operators, with access to a market comprising around 120 million inhabitants.

SwedCarrier has sold Unigrig (formerly SJ Data) to Cap Gemini Ernst & Young. Together with Norwegian EDB Teamco, Cap Gemini Ernst & Young plans to expand the operations.

In August, SwedCarrier sold its TrafficCare service company (previously owned by SJ) to ISS Sverige AB, which intends to develop the company's operations. The sale gives TrafficCare new owners that invest extensively in the travel and transport market. Both TrafficCare and ISS are service-based companies with extensive experience of management and entrepreneurship.

Moody's Investors Service has upgraded SBAB's outlook from a negative outlook to A1 stable. Moody's has based the upgrade on SBAB's improved margins in the private market segment and on lower expenses following the company's investment programmes in previous years. The credit risk profile has improved in conjunction with increased sales in the private market. The company's lending capacity has been improved through two securitisation transactions.

## The Government's market portfolio

The Government's market portfolio outperformed the index during the year. On 29 June 2001, the portfolio was worth SEK 162 billion. The 6.2 per cent increase is attributable to higher share prices for Telia, AssiDomän and

Table 5 Share price performance for listed Government-owned companies

Company	Closing price (SEK) 31 Aug 2001	Closing price (SEK) 29 Jun 2001	Closing price (SEK) 29 Dec 2000	Closing price (SEK) 30 Jun 2000	Change Q2	Change, 12 months 30 Jun 00 –29 Jun 01	Change this year 29 Dec. 00 –31 Aug 01
AssiDomän AB	233.50	226.00	190.00	125.50	8 %	80 %	23 %
Celtica AB	75 <sup>1)</sup>	75.00	58.00	52.50	0 %	43 %	29 %
Nordea AB	63.50	62.00	71.50	66.50	–2 %	–7 %	–11 %
OM Gruppen AB	93.00	138.00	233.00	394.00	–25 %	–65 %	–60 %
SAS Sverige AB	81.00	101.50	90.00	65.50	7 %	55 %	–10 %
Telia AB	43.30	55.00	48.50	83.00	–4 %	–34 %	–11 %
Eniro AB	78.00	107.50	95.00		1 %		–18 %
<b>Government corporate portfolio excl Telia</b>	<b>131</b>	<b>131</b>	<b>142</b>	<b>126</b>	<b>0 %</b>	<b>4 %</b>	<b>–8 %</b>
<b>Government corporate portfolio incl Telia</b>	<b>73</b>	<b>86</b>	<b>81</b>	<b>116</b>	<b>–3 %</b>	<b>–26 %</b>	<b>–11 %</b>
Affärsvärlden's General Index (AFGX) <sup>2)</sup>	68	75	88	106	4 %	–29 %	–23 %

<sup>1)</sup> Closing price on 21 August 2001

<sup>2)</sup> Index on 30 Dec 1999 = 100

SAS. At the same time, Affärsvärlden's General Index (AFGX) dropped 15 per cent during the period. On 29 June 2001, the Swedish Government was the Stockholm Stock Exchange's largest owner, with 5.3 per cent of the total market value. Even in a 12-month comparison (29 June 2000–29 June 2001), the Government's portfolio has performed better than the index. The value of the Government's market portfolio has fallen 26 per cent over the past 12 months, while the index has dropped 29 per cent.

All holdings apart from Nordea and OM Gruppen rose in value during the first six months of 2001. AssiDomän performed well, rising 19 per cent since 1 January 2001. Celtica was up a full 29 per cent during the same period. Shares in Telia rose by 13 per cent during the period. This can be compared with Handelsbanken's weighted index for eleven former European telecom monopolies, which fell by 20 per cent during the same period. Since Telia's quotation on the stock exchange, shares in Telia have fallen by 49 per cent, while Handelsbanken's index dropped 64 per cent during the same period.

## Executive and board appointments and resignations

- » Civitas AB: Georg Danell and Maria Lilja have been elected as new members of the board. Mats Israelsson resigned.
- » Svenska Kraftnät: Pia Nilsson, Bengt Söderström and Christer Berggren have resigned from the board and Christer Samuelsson, Christel Nettelvik and Viktoria

Aastrup have been elected as new members.

- » The Swedish National Testing and Research Institute AB (SP): Viktoria Aastrup has been elected to the board.
- » Statum AB: Lars Rekke, Per Olof Eriksson, Björn Sprängare, Bernt Magnusson, Jan Stenberg and Lennart Nilsson have resigned from the board. Claes Ånstrand, Per Erik Lindeberg, Fredrik Ahlén, Lars Johan Cederlund and Viktoria Aastrup have been elected as new members.

## Dividends

In total, Government-owned enterprises paid out approximately SEK 17 billion in dividends. The Government's share of these dividends amounted to nearly SEK 10 billion. Dividends payable to the Government therefore comprised around 4 per cent of consolidated turnover in 2000, or around 21 per cent of the cash flow from current operations. For the financial year 1999, the Government also received approximately SEK 10 billion in dividends (excluding the dividend from the sale of shares in Pharmacia & Upjohn), corresponding to around 4 per cent of turnover and approximately one third of cash flow. For the years 1996 to 1998, the dividend fluctuated between SEK 10.5 billion and SEK 13.5 billion.

## The e-index

The index, which encompasses 17 companies administered by the Ministry of Industry, Employment and Communica-

### Dividends have been accrued from the year in which they were earned to the following year

Company	2000 Total dividend	2000 Gov- ernment's share of dividend	1999 Total dividend	1999 Gov- ernment's share of dividend	1998 Total dividend	1998 Gov- ernment's share of dividend	1997 Total dividend	1997 Gov- ernment's share of dividend	1996 Total dividend	1996 Gov- ernment's share of dividend
Nordea AB <sup>1)</sup>	5,965	1,084	3,659	949	3,381	889	3,200	813	1,736	1,031
Svenska Spel AB <sup>2)</sup>	3,871	3,561	3,739	3,563	3,937	3,818	3,612	3,552	3,591	3,531
Telia AB	1,501	1,060	1,470	1,470	1,400	1,400	1,210	1,210	1,152	1,152
Vattenfall AB	990	990	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
SAS Gruppen <sup>3)</sup>	770	158	658	141	658	141	494	106	225	48
AssiDomän AB <sup>4)</sup>	619	220	710	252	651	231	621	312	592	297
V&S, Vin&Sprit AB	455	455	230	230	840	840	415	415	270	270
AB Svensk Exportkredit <sup>5)</sup>	401	259	1,725	225	667	333	709	355	658	329
LKAB	231	231	231	231	231	231	290	290	429	429
<b>Total: 9 large corporations</b>	<b>14,803</b>	<b>8,018</b>	<b>13,922</b>	<b>8,561</b>	<b>13,265</b>	<b>9,383</b>	<b>12,051</b>	<b>8,553</b>	<b>10,152</b>	<b>8,588</b>
<b>Total</b>	<b>16,895</b>	<b>9,630</b>	<b>27,646</b>	<b>21,872</b>	<b>22,830</b>	<b>13,524</b>	<b>20,883</b>	<b>12,170</b>	<b>16,812</b>	<b>10,516</b>

<sup>1)</sup> For Nordea, the dividend has been calculated on a pro forma basis for MeritaNordbanken from 1997 onwards. The figures for 1996 are pro forma for Nordbanken.

<sup>2)</sup> The dividend from Svenska Spel comprises tax-exempt profit. Each year, SEK 60 million is contributed to the Swedish Sports Confederation and profits from Jack Vegas slot machines go to the National Board for Youth Affairs. Details regarding contributions for 1996 and 1997 have not been confirmed with sources.

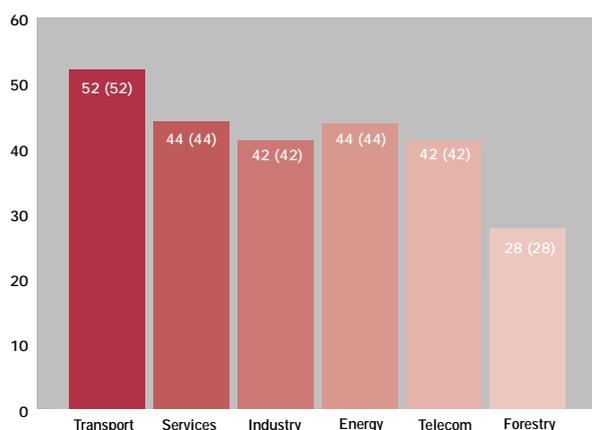
<sup>3)</sup> Dividends paid by the three parent companies are reported at the company level. The Swedish Government receives 3/14 of these dividends.

<sup>4)</sup> The figures for AssiDomän also include the dividend received by Förvaltningsaktieföretaget Statum (2000 = SEK 20 million; 1999 = SEK 22 million; 1998 = SEK 21 million).

<sup>5)</sup> In 1999, Svensk Exportkredit paid a special dividend to holders of Class B shares in connection with the acquisition of the banks' ownership stakes by ABB.

tions, remained unchanged at 41 during the second quarter. This means that companies have implemented different Internet-based systems which can provide overall cost savings of 41 per cent of the maximum potential cost saving. The estimated total saving for these companies is around 20 per cent of their total costs, i.e. approximately SEK 28 billion. This rate of implementation is unsatisfactory.

Diagram 1: e-index by sector (0-100)



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

## Accounting principles

The report encompasses 50 of a total of 54 Government-owned enterprises, excluding liquidation companies and companies in which the Government's participating interest does not exceed 20 per cent (OM Gruppen AB,

Nordea AB, Sydkraft SAKAB and SIS Miljömärkning AB). The holding company Civitas Holding AB has not been included, although the report does encompass its subsidiaries, Vasakronan AB and Vasallen AB.

Part-owned companies in which the Government's holding exceeds 20 per cent have been included according to their participating interest in terms of earnings, turnover, investment and cash flow.

Norrlands Center AB, AB Svenska Miljöstyrningsrådet (Swedish Environmental Management Council) and Voksenåsen A/S have not submitted figures and are therefore not included in the report: Neither does the report encompass the Swedish Civil Aviation Administration, which submits reports on a four-monthly basis.

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

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

When interpreting the tables, please note that they include both companies operating under market conditions and companies with special societal interests.

## Financial information

- ▶ The interim report for the third quarter will be published on 28 November 2001.
- ▶ The annual report for 2001 will be published in April/May 2002.



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

Previous interim reports and annual reports are available on:  
[www.naring.regeringen.se/fragor/statliga\\_foretag](http://www.naring.regeringen.se/fragor/statliga_foretag)

Also available in English on:  
[www.industry.ministry.se/english/areas\\_of/stat\\_owned](http://www.industry.ministry.se/english/areas_of/stat_owned)



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