



Press Release

Stockholm, 30 August 2001

Alecta Group, January-June 2001

In the first half of 2001, premium income rose 18 per cent compared with the first half of 2000 and amounted to SEK 7.9 bn (6.7). (Figures in parentheses show the result for first half of 2000 recalculated according to the present group structure). Invoiced premiums increased by 25 per cent to SEK 5.0 bn (4.0) and other reversionary bonus amounted to SEK 2.9 bn (2.7).

At 30 June 2001, the market value of investments amounted to SEK 343.4 bn (369.8). At year-end 2000, the market value was SEK 353.3 bn. The decrease in 2001 is mainly due to the negative trend on the Swedish stock market.

A total of SEK 14.6 bn was utilised from client company funds, of which SEK 11.8 bn was paid out in cash and SEK 2.8 bn used for premium payments in Alecta.

The total return on investments amounted to -0.4 per cent (5.0). During the year net purchases were made of Swedish equities while net sales were carried out of Swedish and foreign fixed-income investments.

The collective reserve amounted to SEK 73.6 bn (79.9) at 30 June, an increase of SEK 1.7 bn since 31 December 2000. The collective solvency margin was 129 per cent (129), 2 percentage points higher than at year-end 2000.

Operating expenses for the insurance business amounted to SEK 266 m (156). Operating expenses for 2000 were reported net taking into account Alecta's own SEK 98 m share from client company funds. The expense ratio amounted to 3.4 per cent (3.8) and the management expense ratio to 0.22 per cent (0.18).

The sale of SPP Liv, SPP Fonder and the SPP brand was completed on 7 March when Svenska Handelsbanken paid the purchase price of SEK 7.1 bn. Celexa Fastighetskapital, which manages most of the properties in Alecta's real estate portfolio, was sold to Aberdeen Asset Management in June. The sale also included Celexa's operations outside Sweden. The purchase price totalled SEK 254 m. The net capital gain on these sales was approximately SEK 6.9 bn and is reported as other income.

An agreement on the sale of Björnbo, which provides sheltered housing for the elderly, was signed in June with the care services company Actica who will take over in October. The property housing these operations will be sold separately.

Profit after tax amounted to SEK 0.2 bn (10.8). This decline in earnings was mainly due to lower investment income. The reduction of the premium reserve interest rate in 1999 meant that the premium reserve had to be raised. According to interim rules applying at the time, this has resulted in a planned charge against earnings of SEK 3.1 bn. Since the interim rules cease to apply on 1 January 2002, the remaining reserve strengthening of SEK 15.0 bn will be recognised as income on that date at the latest.

Alecta develops, offers and manages collectively agreed pension plans. The company's core business is the ITP occupational pension, which is based on an agreement between the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK). Alecta is the largest manager of pension assets in the Nordic region with SEK 340 bn in assets under management. In recent years, Alecta has developed extensive competence in the field of health and rehabilitation. Alecta has 700 employees who provide service to 27,000 companies and administer 1.4 million insurance contracts. Annual premium income amounts to more than SEK 15 bn.

President's comments

Successful changes at a fast pace

When they read our six-month report, the 27,000 companies who have their employees' collectively agreed occupational pension with Alecta will be able to see that return on capital was negative. Losses are never good. However, Alecta's portfolio outperformed the industry average in a period of falling asset values on the capital markets. For this and many other reasons there is justification for continued optimism about the future.

In the past six months, Alecta strengthened its ability to offer customers efficient service at low costs, and successful, long term asset management. At the same time, the sale of the subsidiaries SPP Liv and SPP Fonder in the first quarter allows Alecta to focus its strengths around our core business, the ITP Plan.

Following further divestments in the second quarter, of the property management company Celexa and of Björnbo with its sheltered housing for the elderly, the entire organisation is concentrated on a single task, providing Swedish business with the most cost efficient collective pension plans.

Excluding non-recurring expenses, our cost base is today at the 1999 level and we are now implementing an extensive savings programme designed to reduce costs by at least a further 5 per cent in the current year. We want to continuously defend and sharpen our image as a pure play supplier of the best solutions for a large number of companies and employees.

On 1 January 2002 we are reducing current premiums for our customers by 15 per cent. Already this year we are enhancing the efficiency of our service and making it easier for companies to handle pension matters, among other things through improved web-based solutions.

Our investment management is still characterised by a distinct long-term approach, where the balance between fixed-income investments, equities and real estate provides security. We are not looking to outperform managers whose customers accept high risk in exchange for fast appreciation. Nevertheless, our size, experience and competence enable us to consistently provide a return that outperforms the index, as is shown in this and previous reports.

Alecta's surplus funds, which fell towards the end of 2000 and early this year, were at 30 June back at the same level as one year ago. The fact that we can carry out the planned premium reductions and that we now have a consolidation policy that better satisfies customer wishes, makes me feel comfortable about the size of our surplus. Alecta pensionsförsäkring, ömsesidigt, will continue to be able to provide pension supplements, make adjustments to paid-up values and reduce premiums.

The labour market parties, the Confederation of Swedish Enterprise and PTK, are currently negotiating a new ITP agreement. The results of these negotiations can have a powerful impact on Alecta's future.

Lars Otterbeck,
President of Alecta

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Alecta Group and Alecta (parent company), Summary Profit and Loss Account and Balance Sheet

Profit and Loss Account		Alecta Group		Alecta (parent company)	
SEK m	Jan-June 2001	Jan-June 2000	Jan-June 2001	Jan-June 2000	
Premiums written	7,949	6,740	7,949	6,740	
Investment income	-1,831	16,648	-2,162	16,041	
Claims incurred	-4,619	-4,314	-4,619	-4,314	
Change in other technical provisions	-6,661	-6,704	-6,661	-6,704	
Operating expenses	-266	-156	-266	-156	
Other	-23	-	-23	-	
Balance on the technical account, Life Insurance Business	-5,451	12,214	-5,782	11,607	
NON-TECHNICAL ACCOUNT					
Balance on the technical account, Life Insurance Business	-5,451	12,214	-5,782	11,607	
Other	6,961	-42	6,732	-1	
Tax on profit for the year	-1,261	-1,357	-1,255	-1,356	
Net profit for the period	249	10,815	-305	10,250	

Balance Sheet		Alecta Group		Alecta (parent company)	
SEK m	30 June 2001	31 Dec 2000	30 June 2001	31 Dec 2000	
Investments	364,856	350,235	363,410	348,921	
Other assets	7,822	10,880	7,090	9,808	
Total assets	372,678	361,115	370,500	358,729	
Untaxed reserves	-	-	501	501	
Bonus funds	137,543	155,880	134,420	153,791	
Technical provisions	206,663	198,757	206,663	198,757	
Other liabilities	28,472	6,478	28,916	5,680	
Total shareholders' equity, provisions and liabilities	372,678	361,115	370,500	358,729	

Investment Income

Alecta Group	Market value 30 Jun 2001		Net invest. 30 Jun 2001	Change in value		Market value 31 Dec 2000		Total return %	
	SEK bn	%	SEK bn	SEK bn	%	SEK bn	%	Jan-June 2001	Jan-June 2000
Fixed-income excl. direct loans	158.0	46.0%	-7.3	-2.2	-1.4%	167.5	47.4%	1.4%	3.5%
Swedish	112.4	32.7%	-4.9	-2.5	-2.2%	119.8	33.9%	0.6%	3.5%
Foreign	45.6	13.3%	-2.4	0.3	0.6%	47.7	13.5%	3.3%	3.4%
Direct loans	4.4	1.3%	-0.1	0.0	0.3%	4.4	1.2%	3.6%	3.4%
Equities	144.8	42.2%	8.2	-9.8	-6.5%	146.5	41.5%	-5.1%	6.7%
Swedish	78.0	22.7%	8.4	-10.5	-12.5%	80.1	22.7%	-10.4%	11.3%
Foreign	66.8	19.5%	-0.2	0.7	1.0%	66.4	18.8%	1.7%	1.4%
Real estate	36.2	10.5%	-1.5	2.8	8.7%	34.9	9.9%	12.1%	6.0%
Total investments	343.4	100.0%	-0.7	-9.2	-2.6%	353.3	100.0%	-0.4%	5.0%

This interim report has been prepared in accordance with instructions from the Swedish Financial Supervisory Authority. The interim report has been prepared according to the same accounting principles as the 2000 Annual Report

The interim report has not been reviewed by the company's auditors.