

Communiqué from Industrivärden's Annual General Meeting on April 17, 2002

Industrivärden's Annual General Meeting was held on April 17 at the Grand Hotel in Stockholm, at which the following decisions were made.

- The AGM approved an unchanged dividend of SEK 5.00 per share and decided to pay a bonus of SEK 3.35 (3.40) per share, for a total dividend of SEK 8.35 per share. CPN interest is thus SEK 9.60 (9.66). The record date for payment of the dividend was set at April 22, and thus dividends and CPN interest are expected to be paid via VPC on April 25.
- Tom Hedelius, Finn Johnsson, Lennart Nilsson, Anders Nyrén and Clas Reuterskiöld were reelected as directors on Industrivärden's board, and Boel Flodgren, Sverker Martin-Löf and Arne Mårtensson were elected as new directors on the Board. Inga-Britt Ahlenius and Bo Rydin had declined re-election.
- The registered auditing firm Öhrlings PricewaterhouseCoopers was re-elected as auditor for the time up to and including the 2006 Annual General Meeting.

CEO Anders Nyrén's address to Industrivärden's Annual General Meeting

Honored shareholders, guests, ladies and gentlemen:

This is my first Annual General Meeting as CEO of Industrivärden. I stand here today after a turbulent year, to say the least – in the stock markets as well as in the international social arena. The terrorist attacks on September 11th, the chilling of the telecom industry, Enron's bankruptcy and weak economic development have all had global impact. Together these events made 2001 an unfavorable year for investing in stocks.

I have two main purposes in my address today. First, I would like to give you a brief review of the year that has passed. I will then describe the background to and the main points of the strategy that Industrivärden has developed during the year.

Industrivärden's performance in 2001

Industrivärden's stock fell by 20% in 2001, compared with a 17% decline for the Stockholm Stock Exchange. Our total return, i.e., the return to shareholders including the dividend, was –16%, compared with –15% for the Stockholm Stock Exchange.

Our net asset value decreased by 15 billion kronor, to 39 billion kronor. Of these 15 billion kronor, Ericsson accounted for 10 billion and Skandia for 4 billion. The holding that made the most positive value contribution during the year was SCA – a trend that has continued into this year.

Without a doubt, the performance of Industrivärden's stock last year was unsatisfactory. But even if our performance should obviously be judged from the short-term perspective, our overall *goal fulfillment* should be evaluated from a longer time perspective.

From this perspective we see that Industrivärden has delivered favorable growth to its shareholders over 3, 5 and 10 years.

Our net asset value is dependent on the performance of Ericsson's stock. When Ericsson was at its peak in March 2000, the holding accounted for 54% of our portfolio's value. Today this portion has fallen to approximately 22%. Even though we do not know today when the telecom market will recover, I want to stress that we continue to hold strong confidence in Ericsson over the long term. It is gratifying to note that, despite a tough year in 2001, Ericsson managed to strengthen its position during the year as a market leader. We are convinced that Ericsson is well-equipped to meet growing demand with profitability when the market finally does rebound.

I would like to stay with Ericsson a moment, since our involvement in this holding is a good illustration of a central part of our strategy. We work with a long-term perspective in the companies we believe in and thereby take active ownership responsibility for these companies. In this context it is worth pointing out that our investment in Ericsson has been very favorable from a historical perspective. During the last ten-year period, Ericsson's stock has increased in value by over 1,600%, which is clearly the best of *all* companies on the Stockholm Stock Exchange's list for most actively traded issues.

Using this as a backdrop, I would now like to describe a number of changes in our business environment that have contributed strongly to demands for further refinement of Industrivärden's strategy.

In 1980 there were 103 companies on the Stockholm Stock Exchange, with a combined value of SEK 57 billion. Foreign ownership was 4%, while mutual funds owned about 15%. Trading volume that year was SEK 8 billion, or SEK 32 M per day of trading. There was no equity derivatives market. The economy was closed, we had credit and currency regulations, and the concept of corporate governance was unheard of.

Just over 20 years later, in 2001, there were 305 companies on the Stockholm Stock Exchange with a combined market capitalization of SEK 2,856 billion. Foreign ownership had risen to 34%, and mutual funds owned 25%. Daily trading volume was SEK 16 billion. This corresponds to a full two years of trading volume in the early 1980s! Trading in the derivatives market was many times more in underlying value.

We have gained an entirely open, global economy in which capital moves freely in and out of the country. Corporate governance matters such as voting rights differentiation, incentive programs, board composition and pension benefits, have advanced from being concepts that most people are unfamiliar with, to being part of the focus of the general societal debate.

This dramatic trend on the Stockholm Stock Exchange has been driven by changes in our business environment. Side by side this, Industrivärden's conditions for doing business have changed radically.

This puts greater demands on Industrivärden. Mutual funds have grown in number and their ownership activity is increasing. The conditions for exercising ownership influence have also changed as a result of new legislation and new demands for openness and transparency. In the last couple of decades, holding companies have gone from being the only diversification alternative in the market to being one of many. Altogether this is making it more difficult for holding companies in general to create more value than the market, and the competition to do so has intensified.

These changes put demands on Industrivärden's strategy in two key dimensions:

- We must be even better owners with greater clarity of purpose
- And we must appear as a clear and well defined investment alternative to other investment forms – above all, stock funds.

Industrivärden's strategy in the context of this business environment

Given this description of our business environment, we have formulated as our goal to generate high growth in net asset value over time. Only through favorable growth in our assets can we provide a high total return to our shareholders.

To achieve this goal we have built our strategy on three cornerstones, namely:

- a professional investment operation,
- confidence-inspiring active ownership,
- and a project-oriented investment organization.

Our new-investment activities will be focused on large and medium-sized listed Nordic companies, where our investments will be evaluated on a continuous basis with a time horizon of 3-8 years. However, there is nothing to prevent an even longer period of ownership if our assessment were to show that a company has more to give, at the same time that we may have a shorter time horizon if a good business opportunity turns up. An important prerequisite for this, however, is that we can position ourselves as influential owners in the companies we invest in. Active ownership is and will continue to be a central component in Industrivärden's strategy.

A second cornerstone is confidence-inspiring active ownership. Our view of value-creating ownership is at the heart of active ownership. For each holding we formulate an action plan based on Industrivärden's idea of how to generate and realize value in the holding. This action plan also outlines when we believe we have done what we can and should therefore exit the company. Knowing when to divest a holding is just as important as knowing when to hold it. Building consensus between us and other major owners is another important condition for being able to utilize the full potential of a holding.

At Industrivärden we will be working from now on in a more project-oriented investment organization, where each investment is handled by a special team. Each team's action plan is based on Industrivärden's view of how value can be created in the holding. In this context it is important to distinguish between Industrivärden's ownership role and our board role. The board members nominated by us carry on a dialog with Industrivärden's team, however, it is their duty to act in the interests of all shareholders and for the company's best. This distinction is important and puts high demands on a structured and well thought out involvement.

We do not deny the position of power that our business concept entails; on the contrary, we see it as a prerequisite for our strategy and at the same time feel a great sense of responsibility for what it entails. Power is not a goal in itself, but a means that enables us to create value for our shareholders. But more important than the power aspect is to create confidence-inspiring ownership influence. By inspiring confidence in our work among other owners and management in the companies we invest in, over time we can create the excess returns we are striving for. Opportunities for value creation emerge through cooperation, not confrontation. We believe and assert that there is a need for this type of owner in the Nordic region. Through a long-term approach and clarity of purpose we can make good deals and create value-added over time.

Some current activities

In early March we disclosed that a process has been started to find a new ownership environment for our wholly owned subsidiary Besam. Industrivärden has been working actively for several years on developing Besam from a local supplier into a global player in door automation. The divestment process is in progress and I have high hopes for a favorable outcome.

In early April we sold our holding in the Danish pharmaceutical company Lundbeck. Since Lundbeck's introduction on the Copenhagen Stock Exchange in 1999 Industrivärden had built up a holding corresponding to 3.6%. We felt our opportunities for having active ownership influence were limited. At the same time we saw an opportunity to carry out a good deal and therefore sold our entire holding. Industrivärden's investment in Lundbeck was fortunate indeed. The sales price of SEK 2.4 billion generated a capital gain of SEK 1.5 billion.

Working together with my colleagues and the Board to find ways of delivering returns according to the strategy I described above is an exciting task. We are convinced that through our refined strategy, combined with a strong organization, we will do well in this challenge. Our vision is to be perceived as the leading holding company with a focus on large and medium-sized listed Nordic companies. Assuming that we succeed in this it is my hope that in the coming ten-year period as well, Industrivärden will stand out as an attractive investment alternative.

Thank you for your attention!