

# Year-End Report 2002

## ■ *Industrivärden's stock*

Total return 2002:	-36%, Total Return Index -36%
Average total return during five years:	2%/yr., Total Return Index -1%/yr.
ten years:	17%/yr., Total Return Index 13%/yr.

## ■ *Net asset value*

As per February 11, 2003:	SEK 118 per share
As per December 31, 2002:	SEK 126 per share
Change in 2002:	-38%
Average change during five years:	-3%/year
ten years:	10%/year

■ *During the year listed holdings were sold for a total of SEK 3,375 M, with a capital gain of SEK 1,480 M, and unlisted holdings were sold for a total of SEK 3,098 M with a capital gain of SEK 2,270 M. Purchases of listed holdings totaled SEK 2,355 M.*

■ *During the year net debt decreased by SEK 3.2 billion to SEK 1.9 billion, corresponding to a net debt-equity ratio of 7%.*

■ *The Board of Directors proposes a dividend of SEK 5.00 (5.00), plus a bonus of SEK 0.80 (3.35), for a total of SEK 5.80 (8.35) per share.*

Industrivärden is one of the Nordic region's leading holding companies, with ownership in a concentrated selection of listed Nordic companies with good development potential. Industrivärden's mission is to create shareholder value based on a professional investment operation and active ownership. The goal is to generate high growth in net asset value over time. High growth in asset values enables Industrivärden to deliver a total return which, over a long period of time, is higher than the average for the Stockholm Stock Exchange. For more information about Industrivärden, visit our website: [www.industrivarden.net](http://www.industrivarden.net).



## CEO's COMMENTS

The world's stock markets have fallen sharply for the third year in a row. In Sweden the General Index fell by 37%, and since the peak in March 2000 through the end of 2002, the General Index has dropped by 64%. Industrivärden's net asset value has decreased in pace with this trend and was SEK 126 per share at year-end 2002, compared with SEK 355 in March 2000. It is important to remember, however, that the major price decline that we have experienced is largely a correction of fast, sharp price rises in the end of the 1990's for primarily telecom companies and companies involved in the Internet and media.

This correction to more sound values that we have seen during the past year has made it possible for us to once again look for attractive investment alternatives. Therefore, I am happy to note that we have continued our resolute work in accordance with the shift in Industrivärden's strategy that was initiated during the previous financial year. Our goal of generating high growth in net asset value through a professional investment operation and active ownership remains. However, due to the stock market decline, we have exercised considerable restraint with respect to new investments. Therefore, our activities during the year were focused primarily in two areas:

- the realization of built-up value and, consequently, the improvement of our financial preparedness and position as a result of a couple of very successful sales – Lundbeck and Besam – together totaling SEK 5.3 billion, and
- the development of new working methods and the build-up of information systems, closely adapted to our new strategy.

We also made two offensive moves during the year through the subscription of our share in Ericsson's rights issue, for slightly more than SEK 750 M, and the acquisition of a 16% stake in the orthopedics company Össur, for SEK 275 M. The net effect of our transactions during the year, taking into account our dividend payout of SEK 1.6 billion, is that we have reduced our net debt by SEK 3.2 billion. We have thereby created favorable scope for new investments regardless of any future changes in the composition of our portfolio.

The Board's proposal for a total dividend of SEK 5.80 per share entails that we will be distributing a historically large portion of our net asset value, which is in line with our policy of nullifying our taxable income with the help of our right to deduct dividends paid. One consequence of this is that Industrivärden's portfolio management surplus does not cover the full value of the dividend. However, our tax situation will likely improve as a result of the proposal to change the taxation of business-related shares. It is expected that holding companies will be able to use the new legislation starting in 2004.

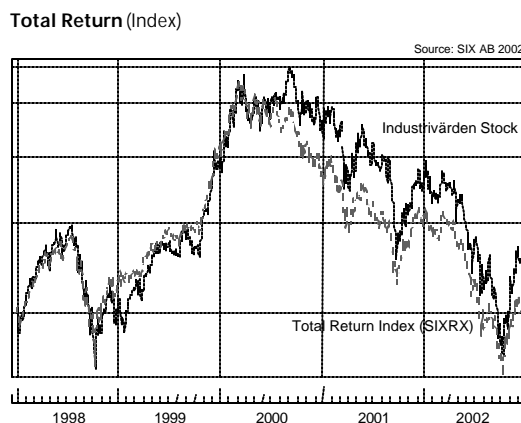
*Anders Nyren*



## INDUSTRIVÄRDEN'S STOCK

The total return<sup>1</sup> for IndustriVärden's stock was -36%, compared with an equivalent -36% return for the Findata Total Return Index.

From the end of 1997 through December 31, 2002, the average total return for IndustriVärden's stock was 2% per year, compared with -1% for the Total Return Index. During the ten-year period starting at year-end 1992, IndustriVärden's stock delivered an average total return of 17% per year, compared with 13% for the Total Return Index.

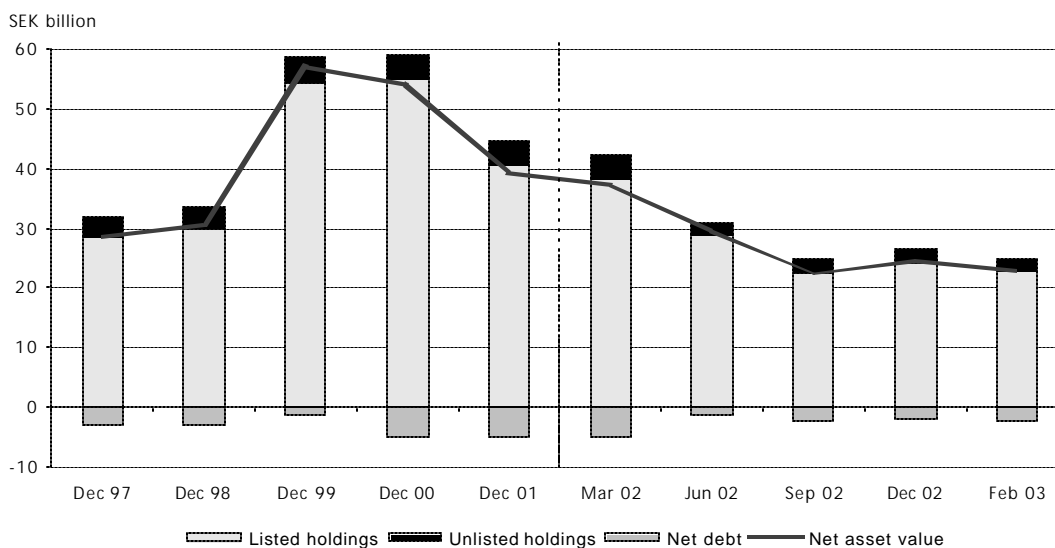


The average annual dividend growth during the five-year period 1998-2002 will be 9% (if the Annual General Meeting votes in favor of the Board's proposal for 2002). The average dividend yield during the five-year period would thus be 4.5%, or more than double the average for the Stockholm Stock Exchange.

## NET ASSET VALUE

Net asset value, which is a measure of IndustriVärden's wealth, is defined as the actual market value of the listed holdings, the calculated value of the wholly owned subsidiaries, and the book value of other unlisted holdings, less other assets and liabilities, net.

Net asset value<sup>2</sup> on December 31, 2002, was calculated at SEK 24.4 billion, or SEK 126 per share, which is a decrease of SEK 78 per share since year-end 2001. At February 11, 2003, net asset value was SEK 118 per share. The average annual change in net asset value from year-end 1997 through December 31, 2002, was -3%. During the ten-year period starting at year-end 1992, the average annual growth in net asset value was 10%. The trend in net asset value is shown in the chart below.



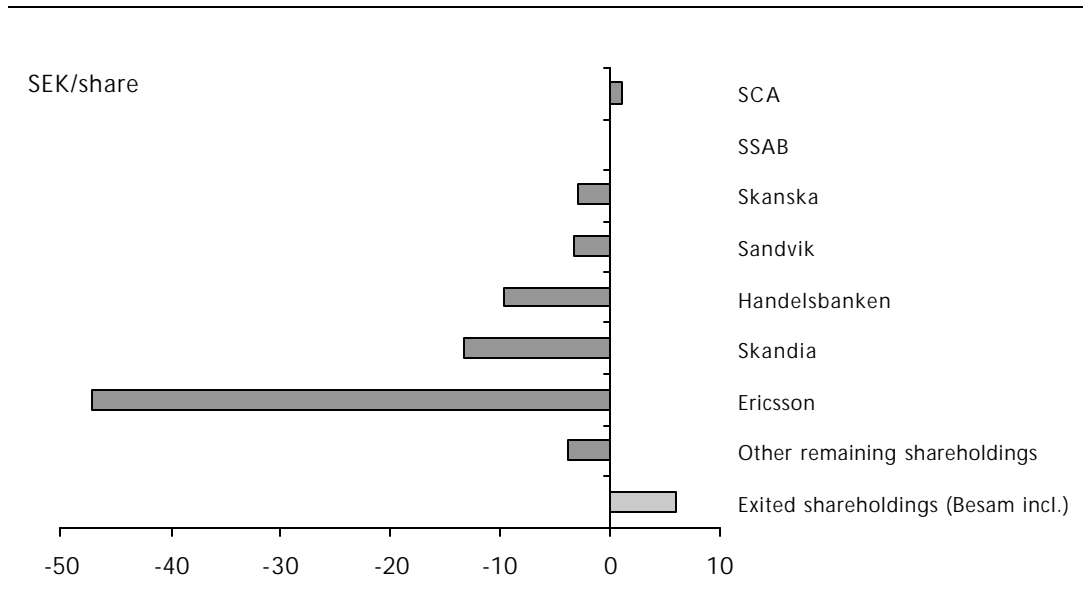
<sup>1</sup> Price trend plus reinvested dividends.

<sup>2</sup> Total number of shares: 193,135,612. The wholly owned subsidiaries Indutrade and Isaberg Rapid have been assigned a calculated value using a P/E multiple of 13 (the same as at December 31, 2001), based on their respective earnings in 2002.



## Change in Net Asset Value per Share

The change in net asset value during 2002 was SEK -78 per Industrivärden share. A specification of the impact on net asset value of the major shareholdings during the year is presented in the diagram below.



Purchases and sales during the year have been taken into account in calculating the change in net asset value. The sale of Besam had a positive impact on net asset value in the amount of SEK 5 per share.

## Composition of Net Asset Value

A breakdown of the various components making up net asset value as per February 11, 2003 and at the end of 2002 and 2001, is shown in the table below.

	SEK billion			SEK per share		
	2003 Feb. 11	2002 Dec. 31	2001 Dec. 31	2003 Feb. 11	2002 Dec. 31	2001 Dec. 31
Parent Company <sup>2</sup>						
Listed holdings	22.9	24.3	40.5	119	126	210
Unlisted holdings	2.1	2.1	4.1	10	10	21
Equities portfolio	25.0	26.4	44.6	129	136	231
Net debt <sup>3</sup>	-2.2	-2.0	-5.2	-11	-10	-27
<b>Net asset value</b>	<b>22.8</b>	<b>24.4</b>	<b>39.4</b>	<b>118</b>	<b>126</b>	<b>204</b>

<sup>3</sup> Pertains to all of the Parent Company's assets and liabilities, with the exception of the book value of shares in listed companies, shares in subsidiaries, and other unlisted holdings.



## INDUSTRIVÄRDEN'S EQUITIES PORTFOLIO

Industrivärden's equities portfolio consists of listed holdings, which accounted for 92% of the total portfolio value on December 31, 2002, and unlisted holdings, which accounted for 8%.

### *LISTED HOLDINGS*<sup>4</sup>

The listed holdings had a market value of SEK 24,329 M on December 31, 2002 (SEK 40,535 M at the start of the year), and the surplus value was SEK 6,648 M (SEK 23,207 M at the start of the year). Taking into account purchases and sales during the year, the change in value since the start of the year was -39%.

During the fourth quarter, purchases of listed stocks totaled SEK 106 M and sales totaled SEK 397 M. Major purchases consisted of 1,000,000 shares of Skanska B, while major sales consisted of 701,600 shares of Pharmacia Corp.

---

#### Major transactions during the year

---

January 1 - December 31, 2002

<u>Purchases</u>	<u>Number</u>	<u>SEK M</u>	<u>Sales</u>	<u>Number</u>	<u>SEK M</u>
Ericsson B	210,539,276	955	Lundbeck A/S	8,427,400	2,363
Skanska B	5,000,000	292	Pharmacia Corp.	701,600	283
Össur	52,000,000	275	Pfizer Inc.	982,500	258
Pharmacia Corp.	701,600	255	Other		277
<u>Other</u>		<u>310</u>	<u>Total</u>		<u>3,181</u>
<u>Total</u>		<u>2,087</u>			

---

The result of sales of listed holdings was a capital gain of SEK 1,494 M. A specification of the result of sales of listed holdings is provided on page 12.

---

<sup>4</sup> Listed holdings pertain to the Parent Company. Limited asset management is conducted by Nordinvest, which purchased listed stocks for SEK 268 M and sold listed stocks for SEK 194 M.



## Portfolio of Listed Holdings as per December 31, 2002

Stock	Number	Market value		% of portfolio value	% of capital in company	% of votes in company
		SEK M	SEK/share			
Handelsbanken	48,655,900	5,644	29	23	6.8	7.4
SCA	18,982,000	5,572	29	23	8.1	28.1
Sandvik	21,000,000	4,085	21	17	8.0	8.0
Ericsson	399,539,276	2,902	15	12	2.5	27.7
Skanska	33,302,756	1,698	9	7	8.0	31.6
SSAB	12,065,600	1,243	6	5	12.0	15.6
Skandia	48,846,800	1,133	6	5	4.6	4.6
Pfizer Inc.	2,017,500	540	3	2	0.0	0.0
Scania	3,000,000	501	3	2	1.5	1.8
Össur	52,000,000	304	2	1	15.8	15.8
Other (<SEK 300 M)		707	3	3		
<b>Total</b>		<b>24,329</b>	<b>126</b>	<b>100</b>		

No stocks were out on loan as per December 31, 2002.

### Price Trend for the Largest Listed Shareholdings

The price trend in 2002 for the largest listed shareholdings, which accounted for 92% of the value of the listed portfolio on December 31, was as follows:

Stock	Share of portf. value as per Dec. 31, %	Value change,	Price change,	Yearly average total return, %	
		SEK M	%	Five years	Ten years
		Jan. 1 - Dec. 31, 2002			
Handelsbanken	23	-1,872	-25	8	34
SCA	23	238	4	15	14
Sandvik	17	-630	-13	1	12
Ericsson	12	-9,105	-81	-21	8
Skanska	7	-532	-26	-1	16
SSAB	5	6	0	1	18
Skandia	5	-2,517	-69	-9	12
General Index			-37		
Total Return Index				-1	13

Purchases and sales during the year have been taken into account in calculating changes in value.



*Handelsbanken's* expansion outside the Nordic region continued according to plan. The branch activities showed record earnings. Handelsbanken's earnings for the first nine months decreased, however, mainly due to the negative impact on commission and net trading income of lower volumes of equity trading. Loan losses remained low. The change in the value of Industrivärden's shareholding in 2002 was SEK -1.9 billion. Handelsbanken's stock performed better than the General Index<sup>5</sup> as well as the bank & insurance index. Handelsbanken's year-end report will be released on February 18.

*SCA* benefited from continued high demand for hygiene products. Earnings for these products improved significantly, while earnings for packaging and forest industry products decreased. The strategy of developing SCA's core businesses through acquisitions led to acquisitions totaling SEK 6.5 billion of companies active in the areas of hygiene products and packaging. The change in the value of Industrivärden's shareholding in 2002 was SEK 0.2 billion. SCA's stock performed better than the General Index.

*Sandvik's* earnings improved for its Mining and Construction unit but decreased for the Tooling and Materials Technology units. The company's market position strengthened as a result of several strategic acquisitions, including the American tool company Valenite. The change in the value of Industrivärden's shareholding in 2002 was SEK -0.6 billion. Sandvik's stock performed better than both the industrial index and the General Index.

*Ericsson's* earnings were hurt by lower demand for mobile systems, stemming from the low level of investment by telecom operators. Substantial cost cutting measures are currently being taken in the aim of achieving a profit some time in 2003. Cost cutting programs during the period 2001 to year-end 2003 are expected to lower the costs with approximately SEK 50 billion on a yearly basis. The change in the value of Industrivärden's shareholding in 2002 was SEK -9.1 billion. Ericsson's stock performed below the General Index, but largely on a par with other major international manufacturers of telecom systems.

*Skanska's* earnings for the first nine months of the year improved in the company's three main markets – the U.S., Europe and Scandinavia. Following a strong phase of expansion, a strategic overview was performed in late autumn 2002. In order to consolidate operations and enhance profitability, Skanska will improve its efficiency and focus on its home markets. The change in the value of Industrivärden's shareholding in 2002 was SEK -0.5 billion. Skanska's stock performed better than the General Index. Skanska's year-end report will be released on February 13.

*SSAB's* deliveries increased slightly, but earnings for the first nine months of 2002 were hurt by lower market prices. At year-end the value of Industrivärden's shareholding was unchanged compared with the start of the year. SSAB's stock performed better than the industrial index as well as the General Index. SSAB's year-end report will be released on February 12.

*Skandia's* earnings decreased as a result of the decline in the world's stock markets. In December an agreement was reached on the sale of American Skandia. The sale, which is expected to be completed during the first half of 2003, resulted in a capital loss after tax of SEK 4.4 billion at the same time as Skandia will be essentially debt-free. The change in the value of Industrivärden's shareholding in 2002 was SEK -2.5 billion. Skandia's stock performed below the General Index. Skandia's year-end report will be released on February 12.

*Össur's* earnings for the first nine months improved. Growth in the prosthetics segment remained favorable. In the area of orthotics, the company's market position was strengthened through the acquisition of the Swedish CAD/CAM company Capod Systems, whose technology will create a platform for continued expansion. Growth in the value of Industrivärden's shareholding in 2002 was SEK 29 M or 11%. Össur will be releasing its year-end report on February 12.

---

<sup>5</sup> All index comparisons pertain to Affärsvärlden's sector breakdown.



### Trend for the Listed Holdings Through February 11, 2003

The market value of the listed holdings on February 11, 2003, was SEK 22,925 M, and the surplus value was SEK 5,017 M.

#### Portfolio of Listed Holdings as per February 11, 2003

Stock	Number	Market value		% of port- folio value	Price change, % Jan. 1-Feb. 11
		SEK M	SEK/share		
Handelsbanken	49,655,900	5,338	28	23	-7
SCA	18,982,000	5,160	27	22	-7
Sandvik	21,000,000	3,917	20	17	-4
Ericsson	399,539,276	2,909	15	13	-3
Skanska	33,302,756	1,485	8	7	-13
SSAB	12,065,600	1,237	6	5	0
Skandia	48,846,800	884	5	4	-22
Other		1,995	10	9	
<b>Total</b>		<b>22,925</b>	<b>119</b>	<b>100</b>	<b>-7</b>

#### UNLISTED HOLDINGS

The door automation company *Besam* was sold to the Assa Abloy lock group on June 30 and is included in consolidated earnings for the year based on its results for the first half of the year. The sales price was SEK 3,050 M, with a capital gain of SEK 2,334 M. Net sales amounted to SEK 963 M for the first six months of 2002 (SEK 2,108 M for the full year 2001), and earnings after financial items for the same period amounted to SEK 50 M (SEK 201 M for the full year 2001).

Net sales for *Indutrade*, which is one of the leading industrial trading companies in the Nordic region, totaled SEK 3,078 M (3,109). Earnings after financial items totaled SEK 181 M (176).

*Isaberg Rapid*, which manufactures stapling tools, grew its net sales to SEK 873 M (763), and earnings after financial items totaled SEK 32 M (28).

The shareholdings in *Biodisk*, *DHJ Media* and *Ericsson Finans* were divested during the first half of the year. The shareholdings in *Establish* and investments related to *Ericsson Venture Partners* have been written down to their estimated market values. The combined earnings impact of divestments and reserve provisions related to minority holdings was SEK -94 M.





## GROUP

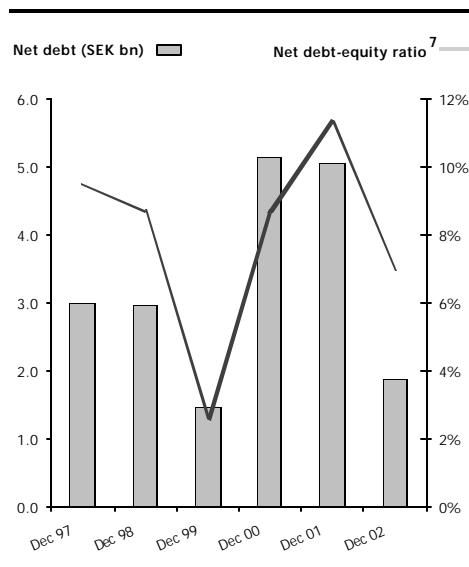
### NET SALES AND EARNINGS<sup>6</sup>

Consolidated net sales amounted to SEK 4,915 M (5,981). Operating earnings totaled SEK 4,712 M (1,919), of which earnings from portfolio management SEK 4,497 M (1,549), earnings from operating companies SEK 300 M (485) and management costs SEK -85 M (-115). The earnings from portfolio management include the sale of Besam with SEK 2,334 M. Net financial items amounted to SEK -236 M (-409). Earnings after financial items totaled SEK 4,476 M (1,510).

### FINANCING AND NET DEBT

The Group's interest-bearing net debt decreased from SEK 5.7 billion to SEK 2.4 billion, mainly due to net sales of stocks.

From a portfolio perspective, without taking into account interest-bearing liabilities of subsidiaries, net debt decreased by SEK 3.2 billion, to SEK 1.9 billion. The net debt-equity ratio<sup>7</sup> improved, despite the weak stock market trend, from 11% at year-end 2001 to 7% as per December 31, 2002.



### PARENT COMPANY

Earnings after net financial items for the Parent Company amounted to SEK 4,518 M (1,190) and included SEK 820 M (918) in dividend income, SEK 1,494 M (799) in capital gains from sales of listed stocks, and SEK 2,559 M (-79) in capital gains from sales of other stocks, of which the sale of Besam accounted for the most part. The Parent Company's earnings also include SEK 85 M in management costs (a decrease of SEK 30 M), SEK -28 M (-5) in other income and expense, and SEK -242 M (-328) in net financial items.

### PROPOSED DIVIDEND

The Board proposes a dividend of SEK 5.00 per share (5.00), plus a bonus of SEK 0.80 per share (3.35), for a total of SEK 5.80 per share (8.35). The proposal entails that no tax will be paid by the Parent Company. The total dividend payout will thus amount to SEK 1,120 M.

<sup>6</sup> IndustriVärden has ownership stakes in Ericsson, SCA, Skanska, and other companies which amount to at least 20% of the number of votes after full dilution (i.e., associated companies). The consolidated income statement and balance sheet presented in this report have been prepared in accordance with the acquisition value method. Once complete information from all associated companies is available – however, not later than two months after the end of the reporting period – a complementary income statement and balance sheet, prepared in accordance with the equity method, will be available upon request from IndustriVärden and can be obtained from the Company's website.

<sup>7</sup> The Parent Company's interest-bearing net debt in relation to the market-valued equities portfolio.



## **ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Wednesday, April 2, 2003, at 2 p.m., at the Grand Hotel, Vinterträdgården, in Stockholm.

Industrivärden's nominating committee for the election of board members consists of Christer Elmehagen (AMF Pension), Thomas Halvorsen (Fourth AP Fund), Tom Hedelius (Chairman of Industrivärden), Curt Källströmer (Handelsbanken), and Fredrik Lundberg (L E Lundbergföretagen).

## **ACCOUNTING PRINCIPLES**

This year-end report has been prepared in accordance with recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. The recommendations of the Swedish Financial Accounting Standards Council that took effect on January 1, 2002, have been applied in this report but have not had any impact on earnings for the year. In other respects, the year-end report has been prepared using the same accounting principles and calculation methods used in the 2001 Annual Report.

Stockholm, February 12, 2003

The Board of Directors

## **AUDITOR'S EXAMINATION REPORT**

We have conducted a limited review of the accompanying year-end report in accordance with the recommendation issued by FAR (the Swedish Institute of Authorized Public Accountants). A limited review is considerably less in scope than an audit. Nothing has come to our attention that indicates that the year-end report does not fulfill the requirements of the Swedish Annual Accounts Act.

Stockholm, February 12, 2003

Öhrlings PricewaterhouseCoopers AB

Ingvar Pramhäll  
Authorized Public Accountant

## **FINANCIAL CALENDAR**

The 2002 Annual Report will be published in mid-March 2003.

The interim report for the period January– March 2003 will be released on May 5, 2003.

The interim report for the period January– June 2003 will be released on August 29, 2003.

The interim report for the period January– September 2003 will be released on October 31, 2003.



## Industrivärden Consolidated Income Statement

SEK M	2002 Oct.-Dec.	2001 Oct.-Dec.	2002 Jan.-Dec.	2001 Jan.-Dec.
<b>PORTFOLIO MANAGEMENT</b>				
Dividend income from stocks	3	6	820	918
Result of sales of listed stocks	17	239	1,480	713
Result of sales of other stocks	-43	-	2,270	-69
Other income and expenses	-41	-5	-73	-13
<b>Earnings from portfolio management</b>	<b>-64</b>	240	<b>4,497</b>	1,549
<b>OPERATING COMPANIES</b>				
Net sales	1,013	1,601	4,915	5,981
Cost of goods sold	-679	-1,068	-3,261	-3,999
Development costs	-6	-19	-46	-63
Selling costs	-215	-280	-961	-1,023
Administrative costs	-65	-111	-347	-438
Other operating income and expenses	0	6	0	27
<b>Earnings from operating companies</b>	<b>48</b>	129	<b>300</b>	485
<b>Management costs</b>	<b>-19</b>	-35	<b>-85</b>	-115
<b>Operating earnings</b>	<b>-35</b>	334	<b>4,712</b>	1,919
Interest income	22	14	75	48
Interest expenses (excl. CPN interest)	-54	-102	-289	-385
Other financial items	8	-22	-22	-72
<b>Earnings after financial items</b>	<b>-59</b>	224	<b>4,476</b>	1,510
CPN interest	-	-20	-	-161
<b>Earnings before taxes</b>	<b>-59</b>	204	<b>4,476</b>	1,349
Tax on earnings for the year	-17	-11	-111	-126
Minority share in earnings for the year	0	-2	0	0
<b>Net earnings for the year</b>	<b>-76</b>	191	<b>4,365</b>	1,223
Depreciation included in operating earnings	-34	-47	-150	-173
Net earnings per share, SEK <sup>8</sup>	-0.39	1.09	22.60	7.17

*Besam which was sold on June 30, 2002, has been included in the consolidated income statement based on its results for the first six months of the year.*

<sup>8</sup>Earnings after tax, excluding CPN interest, divided by 193,135,612 shares.



## Breakdown by Business Unit

### Net sales

SEK M	2002 Oct.-Dec.	2001 Oct.-Dec.	2002 Jan.-Dec.	2001 Jan.-Dec.
Indutrade	791	796	3,078	3,109
Isaberg Rapid	222	220	873	763
Besam (sold holding)	-	585	963	2,108
Other, net	0	0	1	1
<b>Total, operating companies</b>	<b>1,013</b>	<b>1,601</b>	<b>4,915</b>	<b>5,981</b>

### Earnings after financial items

SEK M	2002 Oct.-Dec.	2001 Oct.-Dec.	2002 Jan.-Dec.	2001 Jan.-Dec.
Portfolio management <sup>9</sup>	-104	116	4,185	1,104
Indutrade	34	36	181	176
Isaberg Rapid	5	0	32	28
Besam (sold holding)	-	73	50	201
Other, net	6	-1	28	1
<b>Total, operating companies</b>	<b>45</b>	<b>108</b>	<b>291</b>	<b>406</b>
<b>Group</b>	<b>-59</b>	<b>224</b>	<b>4,476</b>	<b>1,510</b>

## Result of Sales of Stocks

### Listed Stocks

SEK M

#### January-December

Lundbeck A/S	1,498	
Other	<u>-18</u>	1,480 <sup>10</sup>

#### October-December

Other	<u>17</u>	17 <sup>10</sup>
-------	-----------	------------------

### Other Stocks

SEK M

#### January-December

Besam	2,334	
Biodisk	109	
Other	<u>-173</u>	2,270

#### October-December

Other	<u>-43</u>	-43
-------	------------	-----

<sup>9</sup> Parent Company and other portfolio management companies.

<sup>10</sup> Of the total amount reported for result of sales of listed stocks, SEK 1,494 M pertains to the Parent Company for January-December and SEK 17 M for October-December, while SEK -14 M and SEK 0 M respectively, pertains to other portfolio management companies.



## Industrivärden Consolidated Balance Sheet

SEK M	Dec. 31 2002	Dec. 31 2001
Intangible assets	226	252
Tangible assets	561	713
Shares and participations	17,775	17,621
Other financial assets	30	147
Inventories	737	1,027
Accounts receivable, trade	585	1,100
Other current assets	134	214
Cash and cash equivalents	2,127	1,034
<b>Total assets</b>	<b>22,175</b>	22,108
Shareholders' equity	16,639	13,355
Minority shares	1	0
CPN loans	-	398
Provisions	239	361
Long-term liabilities, noninterest-bearing	9	12
Long-term liabilities, interest-bearing	2,547	3,624
Current liabilities, noninterest-bearing	932	1,416
Current liabilities, interest-bearing	1,808	2,942
<b>Total shareholders' equity and liabilities</b>	<b>22,175</b>	22,108

### Change in shareholders' equity

SEK M	Capital stock	Restricted reserves	Unrestricted shareholders' equity	Total share- holders' equity
Opening shareholders' equity according to adopted balance sheet as per December 31, 2001	871	967	11,517	13,355
Conversion of CPNs	95	303	-	398
Dividend to shareholders	-	-	-1,458	-1,458
Transfers between unrestricted and restricted shareholders' equity	-	-5	5	-
Translation differences	-	0	-21	-21
Net earnings for the year	-	-	4,365	4,365
<b>December 31, 2002</b>	<b>966</b>	<b>1,265</b>	<b>14,408</b>	<b>16,639</b>
Opening shareholders' equity according to adopted balance sheet as per December 31, 2000	859	928	11,715	13,502
Effect of new accounting principles	-	-	2	2
Dividend to shareholders	-	-	-1,442	-1,442
Conversion of CPNs	12	37	-	49
Transfers between unrestricted and restricted shareholders' equity	-	-4	4	-
Translation differences	-	6	15	21
Net earnings for the year	-	-	1,223	1,223
December 31, 2001	871	967	11,517	13,355



## Industrivärden Consolidated Statement of Cash Flows

SEK M	2002 Jan.-Dec.	2001 Jan.-Dec.
<b>OPERATING ACTIVITIES</b>		
<i>Portfolio management</i>		
Dividend income from stocks	820	918
Tax received	14	21
Cash flow from changes in working capital	-27	51
<b>Operating cash flow from portfolio management</b>	<b>807</b>	<b>990</b>
<i>Operating companies</i>		
Earnings from operating companies	300	485
Adjustment of non-cash items:		
Depreciation	150	173
Other non-cash items	3	9
Tax paid	-115	-179
Cash flow from changes in working capital	13	-151
<b>Operating cash flow from operating companies</b>	<b>351</b>	<b>337</b>
Management costs paid	-97	-107
Interest received	87	49
Interest paid	-314	-369
Other financial items	-9	-72
<b>Net cash flow from operating activities</b>	<b>825</b>	<b>828</b>
<b>INVESTING ACTIVITIES</b>		
<i>Portfolio management</i>		
Purchases of listed stocks	-2,355 <sup>11</sup>	-1,589
Sales of listed stocks	3,375 <sup>12</sup>	2,975
Net purchase/sale of stock options	12	45
Net purchase/sale of other stocks	122	-123
Net purchase/sale of subsidiaries	2,886	-
<b>Cash flow from investments in portfolio management</b>	<b>4,040</b>	<b>1,308</b>
<i>Operating companies</i>		
Net purchase/sale of sub-subsidiaries	-2	-452
Net purchase/sale of other fixed assets	-113	-107
<b>Cash flow from investments in operating companies</b>	<b>-115</b>	<b>-559</b>
<b>Net cash flow from investing activities</b>	<b>3,925</b>	<b>749</b>
<b>FINANCING ACTIVITIES</b>		
Sale of long-term fixed-income securities	-	100
Loans raised and amortization of debt	-2,034	502
Dividends and CPN interest paid out	-1,620	-1,631
<b>Net cash flow from financing activities</b>	<b>-3,654</b>	<b>-1,029</b>
<b>Net cash flow for the year</b>	<b>1,096</b>	<b>548</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,034</b>	<b>473</b>
<b>Exchange-rate difference in cash</b>	<b>-3</b>	<b>13</b>
<b>Cash and cash equivalents at end of year</b>	<b>2,127</b>	<b>1,034</b>

Change in interest-bearing net debt SEK M	Dec. 31 2001	Cash flow	Change in loans	Other changes	Dec. 31 2002
Cash and cash equivalents	1,034	1,096	-	-3	2,127
Long-term liabilities, interest-bearing	3,624	-	-1,056	-21	2,547
Current liabilities, interest-bearing	2,942	-	-978	-156	1,808
Interest-bearing pension provisions	204	-	-	-55	149
<b>Interest-bearing net debt</b>	<b>5,736</b>	<b>-1,096</b>	<b>-2,034</b>	<b>-229</b>	<b>2,377</b>

**FOR FURTHER INFORMATION, PLEASE CONTACT :**  
 Anders Nyren, CEO, +46-8-666 64 00  
 Carl-Olof By, Vice President, +46-8-666 64 00  
 Sverker Sivall, IR, +46-8-666 64 19

AB Industrivärden (publ) Org no 556043-4200  
 Box 5403, SE-114 84 Stockholm, Sweden  
 Phone +46-8-666 64 00, Fax +46-8-661 46 28  
[www.industrivarden.net](http://www.industrivarden.net) [info@industrivarden.se](mailto:info@industrivarden.se)

<sup>11</sup> Of which, SEK 2,087 M for the Parent Company and SEK 268 M for other portfolio management companies.

<sup>12</sup> Of which, SEK 3,181 M for the Parent Company and SEK 194 M for other portfolio management companies.