



IndustriVärden is one of the Nordic region's leading industrial development companies

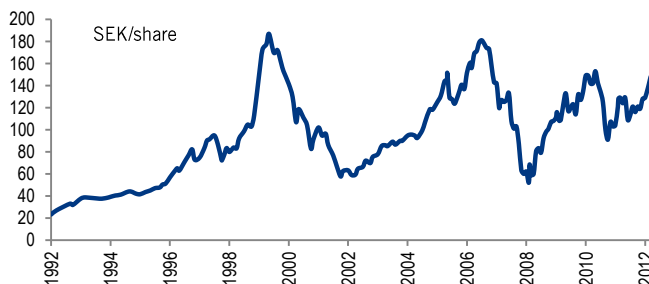
www.industrivarden.net

Interim Report

January 1–June 30, 2013

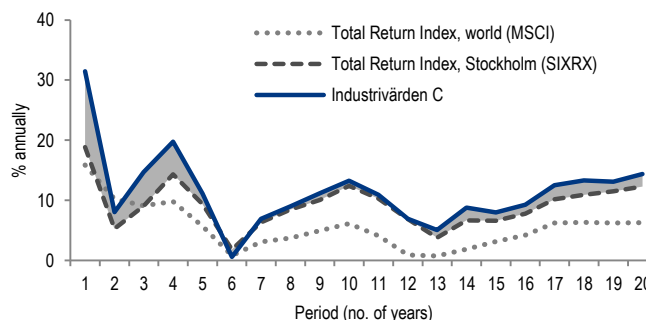
- > **The total return** for the first half of the year was 12% for the Class A shares and 8% for the Class C shares, compared with 9% for the SIXRX total return index. For the longer ten-year period, the Class C shares generated an excess return of +1 percentage point per year above the total return index.
- > **Net asset value** on June 30, 2013, was SEK 135/share, an increase of SEK 6/share, or 8% including reinvested dividends of SEK 5/share. Earnings per share for the first half of the year were SEK 11.58 (13.08).
- > **The new investment in ICA Gruppen** of SEK 2.4 billion had a market value of SEK 3.6 billion at mid-year.
- > **12% of the Convertible loan 2015**, amounting to EUR 500 M, was converted to new Class C shares.

NET ASSET VALUE



During the last twenty-year period, net asset value, incl. reinvested dividends, has increased by 12% per year.

AVERAGE ANNUAL TOTAL RETURN FOR EACH TIME PERIOD



For the longer 5-, 10-, 15- and 20-year periods, IndustriVärden's Class C shares generated a higher total return than the Stockholm Stock Exchange's total return index. This performance is even stronger in comparison with a European or world index.

CEO's message

More positive climate

The global economy continues to improve, albeit at a slow pace. Increasingly the U.S. stands out to be a key future engine of growth for the global economy, not least through its access to cheap energy from the production of shale gas and oil. Europe is wrestling with continued problems and is

“To balance the equities portfolio's exposure to cyclical businesses, a number of transactions were carried out during the first half of the year.”

being weighed down by negative growth in southern Europe. Development is strong in China, although there are concerns that the anticipated growth figures will not be met. This, together with uncertainty surrounding the Chinese central bank's actions, has created anxiety in the Chinese capital market. Although several questions remain, the world economy is gradually improving. This is illustrated by the fact that the IMF adjusted its recent GDP forecast for 2013 downward while leaving the forecast for 2014 unchanged. Global growth is now expected to rise from 3.3% in 2013 to 4.0% in 2014.

Sweden is performing relatively well, although with continued high unemployment and a low level of industrial investment. The strong Swedish krona has had a negative impact on companies' international competitiveness, especially companies with a large capital base in Sweden, such as SSAB.

The world's financial markets are experiencing yet another period of turbulence and uncertainty. This time the worries are coming from indications from the U.S. Federal Reserve Bank that it is prepared to take actions to reduce the scope of its QE bond buying programs and to phase these out in 2014. This is rooted in positive development, since the Fed is now beginning to see that growth in the economy has attained such strength that it no longer needs to be stimulated through abnormally low long-term interest rates. Rising long-term rates also mean that the more than ten-year bond rally that the U.S. and world in general have experienced will come to an end.

A large share of global liquidity has migrated to the bond market, which is the world's largest. This capital will now be reallocated and adapted to more normal levels of interest rates and risk in the world economy. Against this backdrop, all indications are that equities as an asset class will see a resurgence. This would benefit Industrivärden in our capacity as a long-term investor in well-positioned listed companies.

Stable performance for Industrivärden during first half of the year

Industrivärden's stock has had stable performance during 2013 on par with the index. The total return for the Class A and C shares during the first half was 12% and 8%, respectively, compared with 9% for the total return index.

To balance the equities portfolio's exposure to cyclical businesses, a number of transactions were carried out during the first half of the year. The entire holding in Höganäs was sold for SEK 1.4 billion, and a new investment of SEK 2.4 billion was made in ICA Gruppen, including a new issue of SEK 0.5 billion. As part of the reweightings above, we have also opted to reduce our holding in Indutrade by SEK 1.7 billion.

Continued conversion of convertible loans

During the spring Industrivärden's Class C shares reached prices that make it attractive for holders of our convertible loans to convert to new Class C shares. Such was also the case, and during the first half of the year, 5,498,739 new Class C shares in Industrivärden were issued.

Anders Nyrén

Overview

COMPOSITION OF NET ASSET VALUE AND TOTAL RETURN FOR THE PORTFOLIO COMPANIES

Portfolio companies	6/30/2013						6M: 2013	
	No. of shares	Ownership in company, %		Share of value, %	Market value		Total return	
		Capital, %	Votes, %		SEK M	SEK/share	SEK M	%
Handelsbanken A	64 351 679	10.1	10.3	25	17 323	44	3 028	20
Sandvik	149 474 257	11.9	11.9	17	11 988	31	-2 975	-20
SCA A	42 000 000	10.0	29.6	17	7 073	30	2 278	23
SCA B	28 800 000				4 847			
Volvo A	131 506 918	6.2	18.9	17	11 717	30	339	3
Ericsson A	86 052 615	2.6	15.2	9	6 286	16	995	19
ICA Gruppen	20 125 000	10.0	10.0	5	3 643	9	1 247	53
Skanska A	12 667 500	7.1	24.0	5	1 410	9	379	11
Skanska B	17 343 995				1 930			
SSAB A	58 105 972	18.2	23.4	3	2 326	6	-903	-28
SSAB B	754 985				26			
Indutrade	6 551 817	16.4	16.4	2	1 360	3	282	9
Höganäs B	-	-	-	-	-	-	315	29
Other				1	648	2	36	12
Equities portfolio				100	70 577	180	5 021	7
Interest-bearing net debt					-17 876	-46	Index:	9
of which, convertible loans					-8 143	-21		
Net asset value					52 701	135		
Net debt-equities ratio						25%		
Net asset value after full conversion						131		
Net debt-equities ratio after full conversion						14%		

DEVELOPMENT OF NET ASSET VALUE DURING THE PAST YEAR

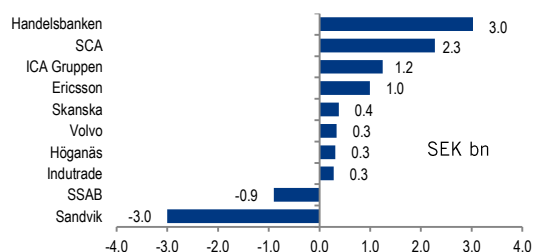
SEK/share	6/30/2013	3/31/2013	12/31/2012	9/30/2012	6/30/2012
Equities portfolio	180	198	176	164	155
Interest-bearing net debt	-46	-48	-47	-43	-42
of which, convertible loans	-21	-21	-22	-21	-22
Net asset value	135	150	129	121	113
Net debt-equities ratio	25%	24%	27%	26%	27%
Net asset value after full conversion	131	144	126	119	113
Net debt-equities ratio after full conversion	14%	13%	14%	13%	13%

Performance

Net asset value

Net asset value increased by SEK 2.8 billion during the first half of the year, to SEK 52.7 billion. Net asset value per share increased by SEK 6 to SEK 135, or 8% including reinvested dividends, compared with a 9% rise in the SIXRX total return index. At the same point in time, net asset value amounted to SEK 131 per share after full conversion of the convertible loans.

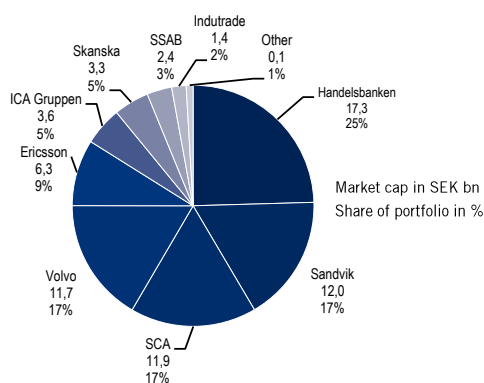
DEVELOPMENT OF EQUITIES PORTFOLIO INCL. REINVESTED DIVIDEND, 6M:2013



Equities portfolio

During the first half of 2013 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 2.6 billion to 70.6 billion. The shareholdings in ICA Gruppen, SCA, Handelsbanken, Ericsson and Skanska generated higher returns than the total return index. The total return for the portfolio was 7%, compared with 9% for the total return index.

SPLIT OF EQUITIES PORTFOLIO AS PER JUNE 30, 2013



Investment activities

During the first half of 2013, stocks were purchased for SEK 5 617 M and sold for SEK 5 717 M. The largest sales were in Indutrade, for SEK 1 734 M, and Höganäs, for SEK 1 411 M. The largest purchases were in ICA Gruppen, for SEK 2 395 M, followed by Sandvik, for SEK 644 M.

To balance the equities portfolio's exposure to cyclical businesses, a number of transactions were carried out during the first half of the year.

In February 2013 it was announced that Industrivärden will become a new, long-term owner with 10% of the votes and capital in the new ICA Gruppen, one of the leading retail companies in the Nordic region. The investment amounts to SEK 2.4 billion, including SEK 0.5 billion in the completed new issue, in which Industrivärden subscribed for its share. At mid-year the market value of the holding was SEK 3.6 billion.

In February 2013 Industrivärden also sold its entire holding in Höganäs to H Intressenter, a company jointly owned by Lindéngruppen and FAM, which at the same time made a public offer for Höganäs. Including dividends received and stock repurchases during the holding period since 2004, Industrivärden's total return was 11% per year, compared with 10% per year for the total return index.

During the first half of 2013 Industrivärden down-weighted its holding in Indutrade from 36.8% to 16.4% of the capital and votes. The proceeds from the sale amounted to approximately SEK 1.7 billion, with a capital gain of approximately SEK 1.6 billion.

Dividends

Dividends received from portfolio companies amounted to SEK 2.5 bn during the first half of 2013. Industrivärden distributed SEK 2.0 billion in dividends to the shareholders during 2013. The dividend of SEK 5.00 per share corresponded to a dividend yield of 4.6% for the Class C shares at year-end 2012. The estimated dividend yield for the Stockholm Stock Exchange was 3.7% at the same point in time.

Net debt

Industrivärden's interest-bearing net debt amounted to SEK 17.9 billion on June 30, 2013. The debt-equities ratio was 25%, and the equity ratio was 72% (71%). Assuming full conversion of outstanding convertible loans, totaling SEK 8.1 billion, interest-bearing net debt amounted to SEK 9.7 billion, and the debt-equities ratio was 14%.

At mid-year 2013, interest-bearing liabilities had an average fixed interest period and capital duration of approximately 2.5 years and carried an average interest rate of 3.3%. No part of the Group's borrowings is conditional on a certain credit rating or actual debt-equities ratio. Industrivärden's current credit rating is A-/Stable/A-2 (S&P).

Convertible loans

For the convertible loan that matures in 2015, the conversion price has been adjusted from SEK 112.87 to SEK 111.39 (corresponding to EUR 10.89/share), whereby a maximum of 45.9 million Class C shares would be added upon full conversion. For the convertible loan that matures in 2017, the conversion price is unchanged at SEK 159.91 (corresponding to EUR 18.01/share), whereby a maximum of 30.5 million Class C shares would be added upon full conversion.

Conversion is done at a fixed exchange rate of SEK 10.2258/EUR 1, entailing that at an actual exchange rate of SEK 8.71/EUR 1, it is profitable to convert when the share price exceeds SEK 95/share. For the convertible loan that matures in 2017, the fixed exchange rate is SEK 8.8803/EUR 1, and in the corresponding manner, it is profitable to convert when the share price exceeds SEK 157/share.

During the first half of 2013, 5,498,739 new Class C shares, corresponding to 12% of the convertible loan, were issued as a result of requests to convert convertibles to shares within the scope of Industrivärden's convertible loan 2010–2015. Following these conversions, the number of votes in the Company is 280,854,572, and the total number of registered shares in the Company is 391,769,963, of which 268 530 640 are Class A shares and 123,239,323 are Class C shares.

Upon conversion of the loans, the debt is converted to equity, and the number of shares outstanding increases. Net asset value per share will therefore decrease; however, it would have been lower if the shareholders had not benefited from the leverage effect provided by the convertible loans. Conversion does not give rise to any financial dilution, since the loans are invested in the equities portfolio, and the conversion price has been set at a premium to net asset value.

Short-term trading and management costs

During the first half of 2013, Industrivärden's short-term trading generated a profit of SEK 16 M (51). Management costs amounted to SEK 67 M (58). Industrivärden's management cost was 0.19% of managed assets, which is considerably lower than for most comparable investment alternatives.

Financial statements

INDUSTRIVÄRDEN GROUP

SEK M	2013 April-June	2012 April-June	2013 Jan.-June	2012 Jan.-June	2012 Jan.-Dec.
INCOME STATEMENT					
Dividend income from stocks	1 796	1 348	2 487	2 391	2 391
Change in value of stocks, etc.	-5 235	-3 951	2 338	2 962	9 205
Other income and expenses*	-44	-31	-51	-7	-5
Operating income	-3 483	-2 634	4 774	5 346	11 591
Financial items	-145	-143	-289	-294	-583
Income after financial items	-3 628	-2 777	4 485	5 052	11 008
Tax	-	-	-	-	-
Net income for the period	-3 628	-2 777	4 485	5 052	11 008
Earnings per share, SEK	-9.34	-7.19	11.58	13.08	28.50
Earnings per share after dilution, SEK	-9.34	-7.19	10.58	11.75	25.83
STATEMENT OF COMPREHENSIVE INCOME					
Income for the period	-3 628	-2 777	4 485	5 052	11 008
<i>Items that are not to be reversed in the inc. statement</i>					
Actuarial gains and losses on pensions	-	-	-	-	-39
<i>Items that can later be reversed in the inc. statement</i>					
Change in hedging reserve	5	7	74	20	27
Comprehensive income for the period	-3 623	-2 770	4 559	5 072	10 996
BALANCE SHEET as per end of period					
Equities			70 577	59 753	68 077
Other non-current assets			86	64	85
Total non-current assets			70 663	59 817	68 162
Short-term equity investments			579	61	86
Cash and cash equivalents			70	44	55
Other current assets			220	100	299
Total current assets			869	205	440
Total assets			71 532	60 022	68 602
Shareholders' equity			51 616	42 474	48 378
Non-current interest-bearing liabilities			15 550	14 708	14 235
Non-current non interest-bearing liabilities**			1 513	906	1 285
Total non-current liabilities			17 063	15 614	15 520
Current interest-bearing liabilities			2 501	1 479	4 305
Other liabilities			352	455	399
Total current liabilities			2 853	1 934	4 704
Total shareholders' equity and liabilities			71 532	60 022	68 602
CASH FLOW					
Cash flow from operating activities			1 785	2 192	1 809
Cash flow from investing activities			100	432	-1 114
Cash flow from financing activities***			-1 870	-2 639	-699
Cash flow for the period			15	-15	-4
Exchange rate difference in cash and cash equivalents			0	2	2
Cash and cash equivalents at end of period			70	44	55

* Including short-term trading and management costs.

** Of which, the option portion of the convertible loans, totaling SEK 1 175 M (707), which at the times of issue amounted to a combined total of SEK 982 M.

*** Of which, dividends of SEK 1 738 M paid to the shareholders in 2012 and SEK 1 950 M in 2013.

SEK M	2013 Jan.-June	2012 Jan.-June	2012 Jan.-Dec
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	48 378	39 140	39 120
Comprehensive income for the period	4 559	5 072	10 996
Conversion	629	-	-
Dividend	-1 950	-1 738	-1 738
Closing shareholders' equity as per balance sheet	51 616	42 474	48 378
KEY DATA as per end of the period			
Net asset value per share, SEK	135	113	129
Net asset value per share after full conversion, SEK	131	113	126
Share price (Class A), SEK	120	94	111
Share price (Class C), SEK	112	89	108
Number of shares (thousands)*	391 770	386 271	386 271
INTEREST-BEARING NET DEBT at end of the period			
Cash and cash equivalents	70	44	55
Interest-bearing assets	105	63	190
Non-current interest-bearing liabilities**	15 550	14 708	14 235
Current interest-bearing liabilities	2 501	1 479	4 305
Interest-bearing net debt	17 876	16 080	18 295

* Number of shares upon full conversion (thousands), 462 715.

**Of which, convertible loans SEK 8 143 M (8 472).

INDUSTRIVÄRDEN PARENT COMPANY

SEK M	2013 Jan.-June	2012 Jan.-June	2012 Jan.-Dec.
INCOME STATEMENT			
Operating income	-904	978	4 100
Income after financial items	-1 092	836	3 849
Income for the period	-1 092	836	3 849
Comprehensive income for the period	-1 078	836	3 846
BALANCE SHEET AS PER END OF THE PERIOD			
Non-current assets	44 337	39 859	44 889
Current assets	110	1 796	1 830
Total assets	44 447	41 655	46 719
SHAREHOLDERS' EQUITY			
Non-current liabilities	12 805	10 867	13 238
Current liabilities	2 581	2 279	2 021
Total shareholders' equity and liabilities	44 447	41 655	46 719

Accounting policies and notes

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2 – Accounting for Legal Entities, and the Swedish Annual Accounts Act.

Effective January 1, 2013, the amendments to IAS 19 Employee Benefits took effect. The amendments entail elimination of the opportunity to use the corridor method, and that the expected return is no longer used for calculating the return on plan assets. All changes in the pension liability are recognized in the period in which they were incurred. Service and interest costs are recognized in the income statement, while remeasurements of actuarial gains and losses are recognized in other comprehensive income. The revised standard is applied retrospectively, and the reported amounts for 2012 have been recalculated. An actuarial computation is performed once a year, and the effects are reported in the fourth quarter.

In accordance with IAS 19 (revised), in the opening balance for 2012, the reported pension liability has increased by SEK 16 M, since the unrecognized portion of the pension liability cannot be recognized off the balance sheet. Shareholders' equity has decreased by SEK 20 M. Comprehensive income for 2012 has decreased by SEK 39 M.

Application of the new IFRS 13 and the amendments in IFRS 7 entails that additional disclosures have been provided. Other new or amended IFRSs and IFRIC interpretations have not had any effect on the Group's or Parent Company's results of operations or financial position.

Risks and uncertainties

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a decrease in value caused by changes in share prices.

A 1% change in the share price of the holdings in the equities portfolio as per June 30, 2013, would have affected its market value by approximately +/- SEK 700 M.

Fair value measurement of financial instruments

In accordance with IFRS 7, financial instruments are measured at fair value according to a three level hierarchy. Classification is based on input data that is used in measuring the instruments. Level 1 uses quoted prices in an active market, such as stocks listed on the Stockholm Stock Exchange. Level 2 uses other observable market data for the asset or liability than quoted prices, such as volatility. For level 3, fair value is determined according to a valuation technique that is based on assumptions that are not based on prices or observable data.

Responsibility for fair value measurement, which is based on documentation produced by the Company's risk manager, rests with management. ISDA agreements exist with the pertinent counterparties.

6/30/2013	Level 1	Level 2	Level 3	Total
Assets				
Equities	71 023	-	40	71 063
Equity derivatives	108	-	-	108
Derivative instruments used for hedging	-	7	-	7
Other derivatives	77	-	-	77
Total assets	71 208	7	40	71 255
	Level 1	Level 2	Level 3	Total
Liabilities				
<i>Other non-current liabilities</i>				
Option portion of conv. loans	-	1 175	-	1 175
Equity derivatives	13	254	-	267
<i>Other current liabilities</i>				
Equities	24	-	-	24
Equity derivatives, etc.	76	-	-	76
Other derivatives	34	51	-	85
Total liabilities	147	1 480	-	1 627

No changes have been made between levels compared with the preceding year.

Related party transactions

During the first half of 2013, dividend income was received from associated companies.

Other

Resolutions at Annual General Meeting

The 2013 Annual General Meeting was held on May 7, at which the following resolutions, among others, were made. The dividend was set at SEK 5.00 per share (4.50). Christian Caspar, Boel Flodgren, Stuart Graham, Fredrik Lundberg, Sverker Martin-Löf and Anders Nyrén were re-elected as directors on the Board. Hans Larsson declined re-election. Pär Boman, President and CEO of Handelsbanken, was elected as a new director. He has served in various positions at Handelsbanken since 1991. The Annual General Meeting voted in favor of the Board's proposal for a long-term share savings program for a maximum of 28 employees of the Industrivärden Group, with a maximum scope of 150,000 Industrivärden Class C shares.

Board's assurance

The Board of Directors and President certify that the half-year interim report gives a true and fair presentation of the Parent Company's and Group's business, financial position and result of operations, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, July 5, 2013
AB Industrivärden (publ)

Sverker Martin-Löf Chairman	Pär Boman Director	Christian Caspar Director
Boel Flodgren Director	Stuart Graham Director	Fredrik Lundberg Director

Anders Nyrén, President and CEO, director

Financial calendar 2013

Interim report January–September: October 7

Publication

The information provided in this interim report is such that AB Industrivärden (publ) is obligated to publish pursuant to the Securities Market Act. Submitted for publication at 10.00 a.m. on July 5, 2013.

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Contacts and further information

Industrivärden's complete contact information can be found on page 1. For further information, please visit Industrivärden's website: www.industrivarden.net.

Auditors' Review Report

Following is the auditors' review report of interim financial information prepared in accordance with IAS 34 and Ch. 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the interim report for AB Industrivärden (publ) for the period January 1–June 30, 2013. The Board of Directors and President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Focus and scope of review

We conducted our review in accordance with the Swedish standard for such reviews, SÖG 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing (IAS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, July 5, 2013
PricewaterhouseCoopers AB

Magnus Svensson Henryson,
Authorized Public Accountant

Value creation

Active ownership – business concept and strategy

Industrivärden's business concept is to contribute to growth in the value of the portfolio companies through long-term active ownership, which enhances Industrivärden's net asset value and enables a total return for the shareholders which, over time, is higher than the average for the Stockholm Stock Exchange. The business is built upon substantial ownership influence, involvement, extensive

experience, knowledgeable employees, a strong business model and a large network. Active ownership is exercised primarily through board representation and emanates from strategic issues of significance for the companies' long-term growth in value. Our portfolio companies are leaders in their respective areas and have extensive geographic coverage.

Our view of Handelsbanken – case study



Handelsbanken, which is the largest holding in Industrivärden's equities portfolio, has shown high profitability and favorable growth for many years. Its success is based on a unique organizational model in which overall responsibility for each customer rests with the local branch that serves the customer. This model has created a strong company culture distinguished by first-hand knowledge about the customers' needs, genuine involvement, cost efficiency and low loan losses. Altogether this has enabled a years-long tradition of the most satisfied banking customers in the bank's home markets. For the 41st year in a row, Handelsbanken has generated higher profitability than the average for its

peer competitors. The bank's model has been proven to work well also outside Sweden, and newly opened branches are quickly achieving good profitability. Handelsbanken has developed a successful growth model and is growing organically – among other places in the UK, where 133 branches have been opened, and in the Netherlands, with 15 branches. Handelsbanken has a strong and stable financial position, which is illustrated by the fact that Handelsbanken continues to have the lowest funding costs among European banks. During the last five-year period, which has been a challenging time for many European banks, Handelsbanken's stock has generated a total return of 18%, compared with 9% for the Stockholm Stock Exchange and 2% for MSCI Europe.

Further information on the portfolio companies

Handelsbanken High customer satisfaction through local customer responsibility. www.handelsbanken.com



Unique know-how in customer-adapted materials technology. www.sandvik.com



Innovative hygiene and forest products. www.sca.com



Leading position in modern transport solutions. www.volvo.com



Leadership in telecom. www.ericsson.com



Market-leading retail chain with local entrepreneurship. www.icagruppen.se



International construction and project development operation. www.skanska.com



Niche focus on high-strength steel. www.ssab.com



Customer-focused technology sales with successful growth model. www.indutrade.se
