



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

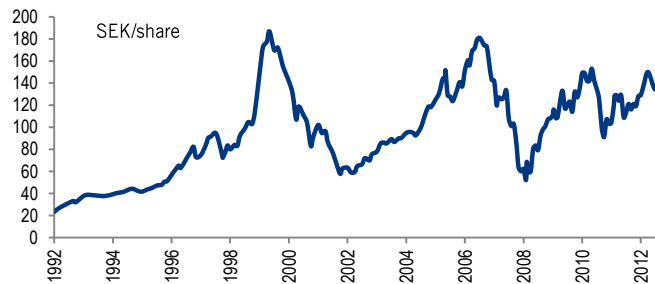
[www.industrivarden.net](http://www.industrivarden.net)

# Interim Report

January 1–September 30, 2013

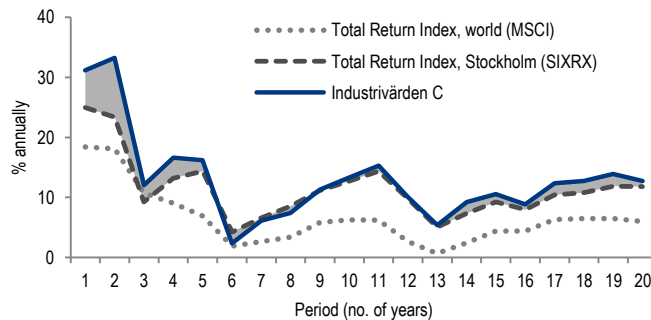
- > **The total return** for the first nine months of the year was 17% for the Class A shares and 15% for the Class C shares, compared with 20% for the SIXRX total return index. For the longer ten-year period, the Class C shares generated an excess return of +1 percentage point per year above the total return index.
- > **Net asset value** on September 30, 2013, was SEK 145/share, an increase of SEK 16/share, or 16% including reinvested dividends of SEK 5/share. Earnings per share for the first nine months of the year were SEK 21.31 (21.30).
- > **Divestment of holding in Indutrade for SEK 3.3 bn**, at an average selling price of SEK 222/share. Aggregate cash-flow during the holding time was approximately SEK 6.7 billion.

## NET ASSET VALUE



During the last twenty-year period, net asset value, incl. reinvested dividends, has increased by 11% 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

### Signs of a turnaround, albeit with concerns in the near term

The economic improvement that we have been able to see in the U.S., but also in Japan and China, is now becoming increasingly more evident. The U.S. is once again in a political deadlock over the budget, which has resulted in a

**”During the 24 years that we served as an active owner of Indutrade, the company's sales grew from SEK 0.9 billion to more than SEK 8 billion, with good profitability.”, “Our aggregate cash flow during the holding period was approximately SEK 6.7 billion...”**

partial shutdown of the federal government. There is a clear risk that, without congressional accord, the U.S. will reach its debt ceiling at the end of October, which would have negative effects on the perceptible but not particularly strong economic recovery in the U.S. In the euro zone we are seeing some signs of stabilization, albeit at a low level. Northern Europe continues to perform relatively strongly, however. The turbulence caused by the uncertainty over when the U.S. Federal Reserve Bank will begin tapering its QE bond purchasing program, will likely continue in the near term.

However, it is growing increasingly clear that, over the longer term, the U.S. has gained a very important competitive advantage – cheap energy. Owing to the so-called shale oil and gas revolution, natural gas and electricity prices are now considerably lower in the U.S., to the benefit of energy-intensive industries like steel and petrochemicals. For Europe, this presents yet another competitive disadvantage as the EU, led by Germany, is in the midst of a costly energy transformation. It will take time for Europe to compensate for this disadvantage absent any expansion of nuclear power. Strong measures will be needed to support basic industry in this new competitive climate. It is therefore unfortunate that the competitiveness of Swedish industry is being undermined by an unnecessarily strong krona as a result of the country's interest rate policies.

### Efficiency improvement measures for the future

Our portfolio companies continue to implement ongoing structural and efficiency improvement measures to boost profitability. Parallel with this, continuous activities are under way to strengthen the portfolio companies' positions in key growth markets. SCA's cash offer for Asia-based

Vinda and Volvo's launch of a new series of so-called value trucks, UD Trucks Quester brand, that are specially designed for emerging markets are good examples of this. Overall, this work is creating favorable conditions for strengthened competitiveness and higher profitability once growth gains momentum again.

### Successful transactions during the year

During the first nine months of the year we carried out a number of changes in the portfolio with good results. Through the sales of our holdings in Höganäs and Indutrade for SEK 1.5 billion and SEK 3.3 billion, respectively, we have freed up a total of SEK 4.8 billion. Of these funds, we have invested SEK 2.4 billion including SEK 0.5 billion in the new issue by ICA Gruppen – a holding that today is worth SEK 4.0 billion. Owing to its stable cash flow generation, our investment in ICA Gruppen is a valuable complement to our industrial portfolio.

Indutrade was built up as a wholly owned subsidiary of Industrivärden and was introduced on the stock market in 2005, when we stayed on as the principal owner. During the 24 years that we served as an active owner of Indutrade, the company's sales grew from SEK 0.9 billion to more than SEK 8 billion, with good profitability. Our original investment was modest and amounted to approximately SEK 300 M. Our aggregate cash flow during the holding period was approximately SEK 6.7 billion, of which roughly SEK 1.7 billion consisted of received dividends and Group contributions, etc.

We have also built up a small holding in the Finnish elevator manufacturer Kone – a quality company that matches our investment criteria in many respects. The investment has been made in consensus with Kone's principal owner.

At the close of the third quarter, Industrivärden's net asset value amounted to SEK 56.8 billion, an increase of SEK 7.0 billion during 2013, or 16% including reinvested dividends. The total return was 17% for the Class A shares and 15% for the Class C shares, compared with 20% for the total return index.

During the year to date, our short-term trading has generated a profit of SEK 83 M (86), which is on a par with Industrivärden's management costs.

*Anders Nyrén*

# Overview

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

Portfolio companies	9/30/2013						9M: 2013	
	No. of shares	Ownership in company, %			Market value		Total return	
		Capital, %	Votes, %	Share of value, %	SEK M	SEK/share	SEK M	%
Handelsbanken A	64 351 679	10.1	10.3	24	17 690	45	3 409	23
Sandvik	151 574 257	12.1	12.1	18	13 460	34	-1 630	-11
Volvo A	131 506 918	6.2	19.3	17	12 651	32	1 305	11
SCA A	40 500 000	10.0	29.1	16	6 585	29	1 840	18
SCA B	30 300 000				4 909			
Ericsson A	86 052 615	2.6	15.2	10	7 013	18	1 748	32
Skanska A	12 667 500	7.9	24.5	6	1 566	10	771	23
Skanska B	20 343 995				2 515			
ICA Gruppen	20 125 000	10.0	10.0	5	3 981	10	1 586	66
SSAB A	58 105 972	18.2	23.4	3	2 438	6	-789	-24
SSAB B	754 985				27			
Kone	1 450 000	0.6	0.2	1	830	2	81	22
Indutrade	-	-	-	-	-	-	464	16
Höganäs B	-	-	-	-	-	-	436	40
Other				0	121	0	16	13
<b>Equities portfolio</b>				<b>100</b>	<b>73 784</b>	<b>188</b>	<b>9 237</b>	<b>14</b>
<b>Interest-bearing net debt</b>					<b>-16 969</b>	<b>-43</b>	Index:	20
of which, convertible loans					-8 111	-21		
<b>Net asset value</b>					<b>56 815</b>	<b>145</b>		
Net debt-equities ratio						23%		
<b>Net asset value after full conversion</b>						<b>140</b>		
Net debt-equities ratio after full conversion						12%		

## DEVELOPMENT OF NET ASSET VALUE DURING THE PAST YEAR

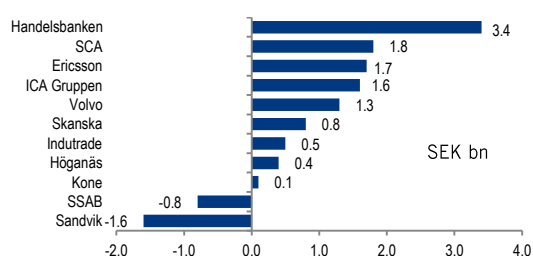
SEK/share	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012
<b>Equities portfolio</b>	<b>188</b>	180	198	176	164
<b>Interest-bearing net debt</b>	<b>-43</b>	-46	-48	-47	-43
of which, convertible loans	-21	-21	-21	-22	-21
<b>Net asset value</b>	<b>145</b>	135	150	129	121
Net debt-equities ratio	23%	25%	24%	27%	26%
<b>Net asset value after full conversion</b>	<b>140</b>	131	144	126	119
Net debt-equities ratio after full conversion	12%	14%	13%	14%	13%

# Performance

## Net asset value

Net asset value increased by SEK 7.0 billion during the first nine months of the year, to SEK 56.8 billion. Net asset value per share increased by SEK 16 to SEK 145, or 16% including reinvested dividends, compared with a 20% rise in the SIXRX total return index. At the same point in time, net asset value amounted to SEK 140 per share after full conversion of the convertible loans.

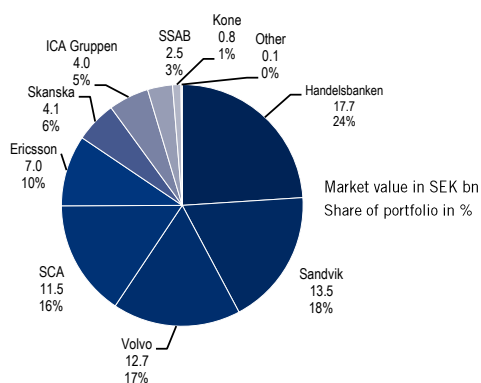
### DEVELOPMENT OF EQUITIES PORTFOLIO INCL. REINVESTED DIVIDENDS, 9M:2013



## Equities portfolio

During the first nine months of 2013 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 6.7 billion to 73.8 billion. The shareholdings in ICA Gruppen, Ericsson, Handelsbanken, Skanska and Kone generated higher returns than the total return index. The total return for the portfolio was 14%, compared with 20% for the total return index.

### SPLIT OF EQUITIES PORTFOLIO AS PER SEPTEMBER 30, 2013



## Investment activities

During the first nine months of 2013, stocks were purchased for SEK 6 409 M and sold for SEK 7 374 M. The largest sales were in Indutrade, for SEK 3 269 M, and Höganäs, for SEK 1 532 M. The largest purchases were in ICA Gruppen, for SEK 2 395 M, followed by Sandvik, for SEK 818 M.

To balance the equities portfolio's exposure to cyclical businesses, a number of transactions were carried out during the first nine months 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 amounted to SEK 2.4 billion, including SEK 0.5 billion in the completed new issue, in which Industrivärden subscribed for its share. At the end of the first nine months of the year the market value of the holding was SEK 4.0 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.

In addition, during the first nine months of 2013 Industrivärden downweighted and finally divested its entire holding in Indutrade. The divestments in 2013 totaled SEK 14.7 million shares for slightly less than SEK 3.3 billion, at an average selling price of SEK 222 per share. Industrivärden's aggregate cash flow during the time it held Indutrade amounted to approximately SEK 6.7 billion, including approximately SEK 1.7 billion in dividend payments and Group contributions, etc. Industrivärden's original investment was approximately SEK 0.3 billion.

## Dividends

Dividends received from portfolio companies amounted to SEK 2.5 billion during the first nine months 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 17.0 billion on September 30, 2013. The debt-equities ratio was 23%, and the equity ratio was 74% (71%). Assuming full conversion of outstanding convertible loans, totaling SEK 8.1 billion, interest-bearing net debt amounted to SEK 8.9 billion, and the debt-equities ratio was 12%.

At the end of the first nine months 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 3.2%. 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 8.68/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 156/share.

During the first nine months 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 nine months of 2013, Industrivärden's short-term trading generated a profit of SEK 83 M (86).

Management costs amounted to SEK 99 M (88). Industrivärden's management cost was 0.18% of managed assets, which is considerably lower than for most comparable investment alternatives.

**Financial statements**

## INDUSTRIVÄRDEN GROUP

SEK M	2013 July-Sept.	2012 July-Sept.	2013 Jan.-Sept.	2012 Jan.-Sept.	2012 Jan.-Dec.
<b>INCOME STATEMENT</b>					
Dividend income from stocks	0	0	2 487	2 391	2 391
Change in value of stocks, etc.	3 919	3 307	6 257	6 269	9 205
Other income and expenses*	35	8	-16	1	-5
<b>Operating income</b>	<b>3 954</b>	<b>3 315</b>	<b>8 728</b>	<b>8 661</b>	<b>11 591</b>
Financial items	-150	-141	-439	-435	-583
<b>Income after financial items</b>	<b>3 804</b>	<b>3 174</b>	<b>8 289</b>	<b>8 226</b>	<b>11 008</b>
Tax	-	-	-	-	-
<b>Net income for the period</b>	<b>3 804</b>	<b>3 174</b>	<b>8 289</b>	<b>8 226</b>	<b>11 008</b>
Earnings per share, SEK	9.71	8.22	21.31	21.30	28.50
Earnings per share after dilution, SEK	8.91	7.24	19.49	18.99	25.83
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Income for the period	3 804	3 174	8 289	8 226	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	0	7	74	27	27
<b>Comprehensive income for the period</b>	<b>3 804</b>	<b>3 181</b>	<b>8 363</b>	<b>8 253</b>	<b>10 996</b>
<b>BALANCE SHEET as per end of period</b>					
Equities			73 784	63 429	68 077
Other non-current assets			86	75	85
Total non-current assets			73 870	63 504	68 162
Short-term equity investments			646	237	86
Cash and cash equivalents			168	85	55
Other current assets			282	52	299
Total current assets			1 096	374	440
<b>Total assets</b>			<b>74 966</b>	<b>63 878</b>	<b>68 602</b>
Shareholders' equity			55 420	45 635	48 378
Non-current interest-bearing liabilities			14 522	12 217	14 235
Non-current non interest-bearing liabilities**			1 729	993	1 285
Total non-current liabilities			16 251	13 210	15 520
Current interest-bearing liabilities			2 864	4 467	4 305
Other liabilities			431	566	399
Total current liabilities			3 295	5 033	4 704
<b>Total shareholders' equity and liabilities</b>			<b>74 966</b>	<b>63 878</b>	<b>68 602</b>
<b>CASH FLOW</b>					
Cash flow from operating activities			1 924	1 943	1 809
Cash flow from investing activities			965	272	-1 114
Cash flow from financing activities***			-2 776	-2 186	-699
<b>Cash flow for the period</b>			<b>113</b>	<b>29</b>	<b>-4</b>
Exchange rate difference in cash and cash equivalents			0	-1	2
<b>Cash and cash equivalents at end of period</b>			<b>168</b>	<b>85</b>	<b>55</b>

\* Including short-term trading and management costs.

\*\* Of which, the option portion of the convertible loans, totaling SEK 1 413 M (790), 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.-Sept.	2012 Jan.-Sept.	2012 Jan.-Dec.
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>			
Opening shareholders' equity as per balance sheet	48 378	39 120	39 120
Comprehensive income for the period	8 363	8 253	10 996
Conversion	629	-	-
Dividend	-1 950	-1 738	-1 738
<b>Closing shareholders' equity as per balance sheet</b>	<b>55 420</b>	<b>45 635</b>	<b>48 378</b>
<b>KEY DATA as per end of period</b>			
Net asset value per share, SEK	145	121	129
Net asset value per share after full conversion, SEK	140	119	126
Share price (Class A), SEK	125	98	111
Share price (Class C), SEK	118	94	108
Number of shares (thousands)*	391 770	386 271	386 271
<b>INTEREST-BEARING NET DEBT at end of period</b>			
Cash and cash equivalents	168	85	55
Interest-bearing assets	249	0	190
Non-current interest-bearing liabilities**	14 522	12 217	14 235
Current interest-bearing liabilities	2 864	4 467	4 305
<b>Interest-bearing net debt</b>	<b>16 969</b>	<b>16 599</b>	<b>18 295</b>

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

\*\*Of which, convertible loans SEK 8 111 M (8 197).

## INDUSTRIVÄRDEN PARENT COMPANY

SEK M	2013 Jan.-Sept.	2012 Jan.-Sept.	2012 Jan.-Dec.
<b>INCOME STATEMENT</b>			
Operating income	2 870	1 626	4 100
Income after financial items	2 627	1 412	3 849
<b>Income for the period</b>	<b>2 627</b>	<b>1 412</b>	<b>3 849</b>
<b>Comprehensive income for the period</b>	<b>2 641</b>	<b>1 409</b>	<b>3 846</b>
<b>BALANCE SHEET AS PER END OF PERIOD</b>			
Non-current assets	48 638	41 027	44 889
Current assets	24	1 740	1 830
<b>Total assets</b>	<b>48 662</b>	<b>42 767</b>	<b>46 719</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>32 781</b>	<b>29 062</b>	<b>31 460</b>
Non-current liabilities	12 998	10 397	13 238
Current liabilities	2 883	3 308	2 021
<b>Total shareholders' equity and liabilities</b>	<b>48 662</b>	<b>42 767</b>	<b>46 719</b>

# 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 September 30, 2013, would have affected its market value by approximately +/- SEK 750 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.

9/30/2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	74 284	-	40	74 324
Equity derivatives	76	30	-	106
Derivative instruments used for hedging	-	7	-	7
Other derivatives	7	-	-	7
<b>Total assets</b>	<b>74 367</b>	<b>37</b>	<b>40</b>	<b>74 444</b>
	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
<i>Other non-current liabilities</i>				
Option portion of conv. loans	-	1 413	-	1 413
Equity derivatives	-	321	-	321
<i>Other current liabilities</i>				
Equities	0	-	-	0
Equity derivatives, etc.	106	-	-	106
Other derivatives	11	10	-	21
<b>Total liabilities</b>	<b>117</b>	<b>1 744</b>	<b>-</b>	<b>1 861</b>

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

## Related party transactions

During the first nine months of 2013, dividend income was received from associated companies and 4 000 000 shares in Indutrade were sold to L E Lundbergföretagen.



## Other

### Nominating committee ahead of Industrivärden's 2014 AGM

Industrivärden's 2013 Annual General Meeting assigned the Chairman of the Board with the task of contacting four shareholders from among the largest registered shareholders in terms of votes in Euroclear Sweden AB's printout of the shareholder register as per the last business day in August, who each appoints one representative who is not a director on the Company's board, to form together with the Chairman of the Board a nominating committee for the time until a new nominating committee has been appointed based on the mandate from the next year's Annual General Meeting. The Nominating Committee appoints a committee chair from among its members. The composition of the Nominating Committee shall be made public not later than six months before the next Annual General Meeting. No fee is payable for work on the Nominating Committee.

Accordingly, the Nominating Committee has the following composition: Bo Damberg (Jan Wallanders & Tom Hedelius Foundation and others), Ulf Lundahl (L E Lundbergföretagen), Sverker Martin-Löf (Chairman of the Board of Industrivärden), Mikael Schmidt (SCA Pension Foundations and others), and Håkan Sandberg (Handelsbanken Pension Foundation and Handelsbanken Pension Fund). The members of the Nominating Committee have been appointed by shareholders who together represent approximately two-thirds of the total number of votes.

If a member leaves the Nominating Committee before its work has been completed, and if the Nominating Committee is of the opinion that there is a need to replace said member, the Nominating Committee shall appoint a new member. Any change in the Nominating Committee's composition shall be announced immediately.

Industrivärden's Annual General Meeting will be held on May 6, 2014, in Stockholm.

### Financial calendar

Year-end report January–December: February 7, 2014  
 Interim report January–March: April 7, 2014  
 Annual General Meeting: May 6, 2014  
 Interim report January–June: July 4, 2014  
 Interim report January–September: October 6, 2014

### 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 October 7, 2013.

### Contact persons

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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](http://www.industrivarden.net).

Stockholm, October 7, 2013

Anders Nyrén, President and CEO

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

## Value creation

### Active ownership – business concept and strategy

Industrivärden's business concept is to contribute to growth in the value of its 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 Volvo – case study



Industrivärden is today the largest shareholder of the Volvo Group following a concerted effort to build up an active ownership position since 2007. The company is a leader in commercial transport solutions and the world's largest manufacturer of heavy duty trucks. Its business concept is to offer reliable, customer-adapted and safe products that are highly efficient and have low environmental impact. In the key diesel engines segment, Volvo's production and R&D are coordinated based on a joint architecture and shared technologies.

Since the start of 2012 Volvo has a new management team that has been conducting a strategic refocusing aimed at boosting the Volvo Group's overall profitability. As part of this work, a new organization was created to further improve coordination in the truck operations and to sharpen the Group's focus on development in markets, sales and

brands. The Volvo Group is also working toward new strategic and financial targets. This change process is well on track.

Following the acquisitions of the Japanese company UD Trucks and the Chinese construction machinery manufacturer Lingong, the cooperation in trucks and buses with the Indian company Eicher, and the alliance with the Chinese company Dongfeng, Volvo's positions have strengthened in many markets across Asia. The Volvo Group also has strong positions in emerging markets in Eastern Europe and South America. Markets outside Western Europe and North America account for roughly half of the company's total sales.

The Volvo Group is now in a period of renewal and expansion of its product portfolios. A good example is the new FH series (see photo), where Volvo offers the world's most modern heavy duty trucks.

## Further information on the portfolio companies

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