

Interim Report 6M:2021

January 1–June 30, 2021

- Net asset value on June 30, 2021, was SEK 135.4 billion, or SEK 311 per share, an increase during the first half of the year of SEK 32 per share. Including reinvested dividend, net asset value increased by 14%.
- The total return for the first six months 2021 was 24% for the Class A shares and 21% for the Class C shares, compared with 22% for the Stockholm Stock Exchange's total return index (SIXRX).
- Earnings per share for the period were SEK 40.58.
- During the first half of 2021, shares were purchased in Sandvik for SEK 1.5 billion, in Essity for 0.5 billion and in Handelsbanken for 0.3 billion.
- The debt-equities ratio as per June 30, 2021, was 3%.
- The shareholding in SSAB was divested in May for SEK 2.0 billion.

Value performance

Average annual change as per June 30, 2021

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
6M:2021	14%	21%	22%
1 year	30%	52%	47%
3 years	14%	24%	20%
5 years	16%	21%	18%
7 years	13%	16%	14%
10 years	12%	15%	14%

*Including reinvested dividend.

CEO's message

The ongoing pandemic continues to affect society to a high degree. Vaccinations for Covid-19 continues, and with a steadily higher level of immunity, parts of the world are now successively opening up their societies. The easing of restrictions, substantial stimulus packages and large savings surpluses are expected to drive aggregated demand during the rest of 2021 and possibly also into early 2022. Overall this is creating conditions for continued favorable development of the real economy. At the same time, it poses a risk for economic overheating. On the supply side, the growing demand has resulted in shortages of semiconductors and a number of other essential input goods. Given the strong development, there are concerns for growing inflation and rising interest rates, which is putting focus on the actions of central banks going forward. Furthermore, the spread of the so-called Delta variant of Covid-19 raises some concerns.

Against the backdrop of the favorable development of the real economy and positive future outlook, the stock market has performed strongly in 2021. As of the end of June the Stockholm Stock Exchange was up a full 19%. Even though volatility is higher than before the pandemic, it has recently decreased as a result of reduced uncertainty about the future.

On the whole, the portfolio companies had positive development and it is gratifying to see how highly adept the companies have been at managing the effects of the global Covid-19 pandemic. Our companies have a structured approach to managing risks, taking advantage of opportunities and executing their strategies in order to achieve their long-term targets over time. On this point I would like to share a few examples of activities in the portfolio companies during the second quarter.

Sandvik continues to execute its strategy to grow in selected areas in which it has a strong position. During the second quarter it signed an agreement to acquire the South African company Kwatani, a supplier of screens and feeders for the mining industry. An agreement was also signed for the acquisition of American Cambrio, which offers integrated solutions in CAM software for the manufacturing industry. At the start of the second quarter *Volvo* completed its sale of UD Trucks, and at an Extraordinary General Meeting Volvo's board of directors proposed that the proceeds of the sale be distributed to the shareholders, which took place at the end of June. In early July Volvo, Daimler Truck and the Traton Group announced that they plan to pioneer a European high-performance charging network for heavy-duty trucks.

Essity has strengthened its positions in several partly owned businesses in key growth areas. During the second quarter the company increased its ownership in the Colombian hygiene company Productos Familia and acquired the remaining shares in the Swedish medical solutions company ABIGO Medical as well as in the Australian hygiene company Asaleo Care. *Ericsson* continued to announce new 5G contracts and collaborations, and has unveiled new solutions in 5G. The company also signed a global patent license agreement with Samsung. *Skanska* has signed a number of new contracts, including on the important U.S. market, and completed the previously announced sale of infrastructure services business in the UK.

In April 2018 we sold slightly more than half of our shareholding in SSAB, after which the remaining holding accounted for only 1% of Industrivärden's total portfolio value. SSAB's stock has performed well in recent time, and in May 2021 we sold our remaining shareholding for slightly more than SEK 2 billion. Industrivärden has been an engaged owner in SSAB since 1994 and participated in a number of key development steps, such as for example, a successful specialization strategy, numerous value-creating acquisitions and the venture into fossil-free steel. Through this sale we have freed up capital for new alternative investments.

On June 30, 2021, Industrivärden's net asset value amounted to SEK 135.4 billion, or SEK 311 per share, which represents an increase of 14% during the first half of the year including reinvested dividend. The total return for Industrivärden's shares during the first half was 24% for the Class A shares and 21% of the Class C shares, compared with 22% for the total return index (SIXRX).

During the period we invested approximately SEK 2.3 billion in existing portfolio companies. Shares were bought in Sandvik for SEK 1.5 billion, in Essity for SEK 0.5 billion, and in Handelsbanken for SEK 0.3 billion. This is a clear expression of our conviction about the continued long-term value potential in our portfolio companies.

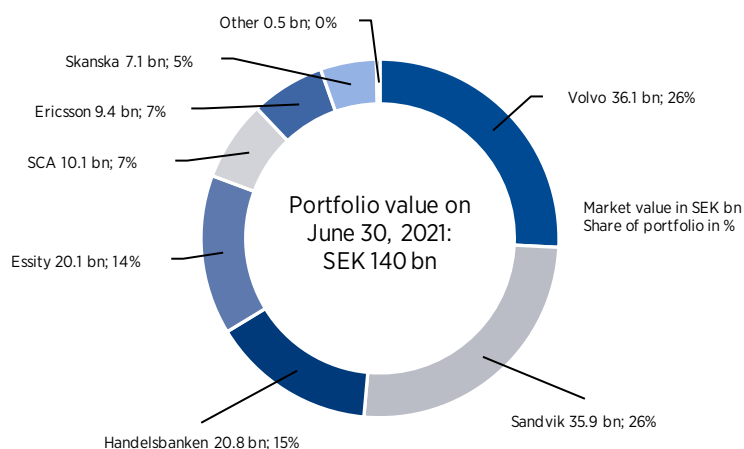
Helena Stjernholm
Chief Executive Officer

Overview

Equities portfolio

The equities portfolio is made up of large shareholdings in seven portfolio companies with strong market positions and a good value potential, in which Industrivärden exercises long-term active ownership.

A significant share of the equities portfolio is exposed to the industrial equipment, commercial vehicles, banking and consumer products sectors.



Composition of the equities portfolio and net asset value

	06/30/2021						6M:2021	
	No. of shares	Share of ownership, %		Market value		Share of value, %	Total return, holdings	
Capital		Votes	SEK M	SEK/share	SEK M		%	
Portfolio companies								
Volvo A	166,600,000	8.4	27.6	35,353	83	26	7,059	21
Volvo B	3,600,000			741				
Sandvik	164,200,000	13.1	13.1	35,894	82	26	3,736	12
Handelsbanken A	215,200,000	10.9	11.0	20,780	48	15	3,823	22
Essity A	33,257,000	10.1	29.4	9,478	46	14	1,664	9
Essity B	37,600,000			10,671				
SCA A	33,785,290	10.3	29.3	4,764	23	7	-217	-2
SCA B	38,300,000			5,372				
Ericsson A	86,052,615	2.6	15.1	9,259	22	7	278	3
Ericsson B	1,000,000			108				
Skanska A	12,667,500	7.4	24.3	2,876	16	5	843	13
Skanska B	18,500,000			4,200				
Other				454	1	0	706	
Equities portfolio				139,948	322	100	17,893	14
Interest-bearing net debt				-4,550	-10			
Net asset value				135,398	311			
Debt-equities ratio				3%				

Industrivärden is a long-term asset manager that invests in listed Nordic companies with good value potential. Shareholder value is created through a professional investment operation and active ownership aimed at contributing to the portfolio companies' strategic development and long-term value creation.

For further information, visit www.industrivarden.net

Performance

Net asset value

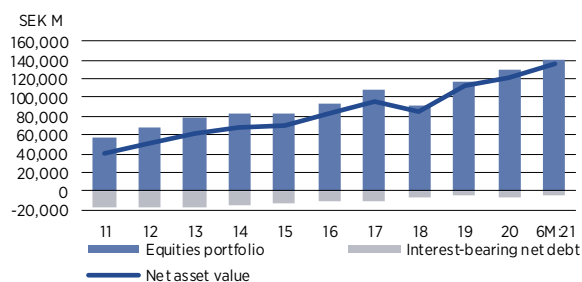
Net asset value on June 30, 2021, was SEK 135.4 billion, or SEK 311 per share, an increase of SEK 32 per share during the first half of 2021. Including reinvested dividend, net asset value increased by 14%. The total return index (SIXRX) increased by 22% during the same period.

During the last three-, five- and ten-year periods, net asset value grew annually by 14%, 16% and 12%, respectively, including reinvested dividend. The total return index (SIXRX) increased by 20%, 18% and 14%, respectively, during the same periods.

Net asset value

	06/30/2021		12/31/2020	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	139.9	322	128.9	296
Interest-bearing net debt	-4.6	-10	-7.7	-18
Net asset value	135.4	311	121.2	279

Growth in net asset value, 10 years



Equities portfolio

During the first half of 2021 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 10.8 billion. On June 30, 2021, the equities portfolio was worth SEK 139.9 billion, or SEK 322 per share.

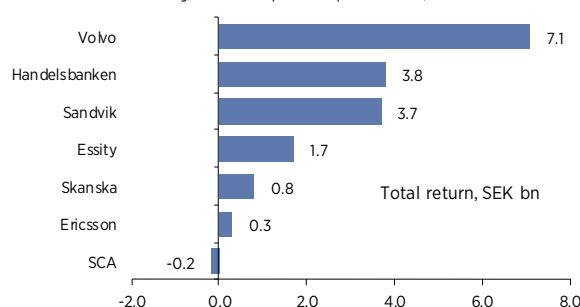
On May 10, 2021, the entire shareholding in SSAB of 44,334,933 Class A shares was divested for SEK 45.53 per share, corresponding to total proceeds of SEK 2,0 billion.

The largest contributors in value in Industrivärden's equities portfolio during the first half of the year were Volvo with SEK 7.1 billion, Handelsbanken with SEK 3.8 billion and Sandvik with SEK 3.7 billion. Handelsbanken and Volvo showed a total return in line with the total return index (SIXRX). The other portfolio companies showed a lower total return than the total return index (SIXRX), as shown in the table on page 3.

During the first half of 2021 dividend income from the equities portfolio totaled SEK 7.1 billion.

The total return for the shareholdings for the last three-year period is shown in the table to the right.

Contribution analysis of equities portfolio, 6M:2021



Performance of shareholdings, 3 years

Class of shares	Annual average total return, %
Volvo A	21
Total return index (SIXRX)	20
Volvo B	20
Ericsson A	18
Ericsson B	17
Skanska B	15
SCA B	14
SCA A	14
Sandvik	13
Essity A	11
Essity B	11
Handelsbanken A	2

Cash flow

Investment activities

During the first half of 2021 shares were purchased in Sandvik for SEK 1,506 M, in Essity B for SEK 482 M and in Handelsbanken A for SEK 295 M. Furthermore, the entire shareholding in SSAB A was divested for SEK 2,004 M.

Dividend paid out

The Annual General Meeting on April 21, 2021 decided in accordance with the Board's proposal on an ordinary dividend of SEK 6.25 (0.00) per share and an extra dividend of SEK 2.00 per share. In total, the dividend amounted to SEK 3,590 M (0).

Dividends received

During the first half of 2021, dividends received amounted to SEK 5,455 M (65).

Management cost

The management cost during the first half of 2021 was SEK 70 M (70), which on a yearly basis corresponds to 0.10% (0.13) of the equities portfolio's value on June 30, 2021.

Financing

Interest-bearing net debt

Interest-bearing net debt amounted to SEK 4.6 billion (5.1) on June 30, 2021. The debt-equities ratio was 3% (5), and the equity ratio was 95% (94). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

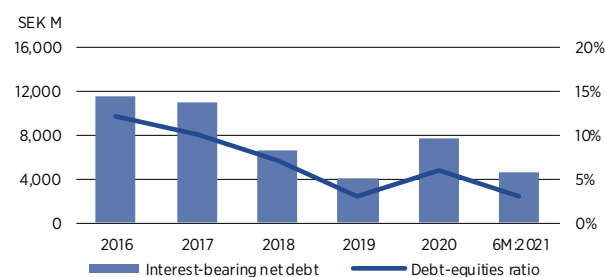
During the first quarter of 2021, a new bond was issued of SEK 1.5 billion within the framework of the existing MTN program. The bond pertains mainly to refinancing and has a five-year maturity. The terms of the loan are available on the Company's website.

No part of Industrivärden's borrowings is conditional upon any covenants.

Interest-bearing net debt

	06/30/2021	12/31/2020
MTN program	6,000	5,751
Commercial paper	1,000	1,800
Provisions for pensions	28	42
Other interest-bearing liabilities	200	225
Total interest-bearing liabilities	7,228	7,818
Less:		
Interest-bearing receivables	-1,657	-164
Cash and cash equivalents	-1,021	0
Total	4,550	7,654

Development of interest-bearing net debt, 5 years



Credit rating

S&P Global Ratings has assigned Industrivärden a credit rating of A+/Stable/A-1. The rating was confirmed on May 27, 2021.

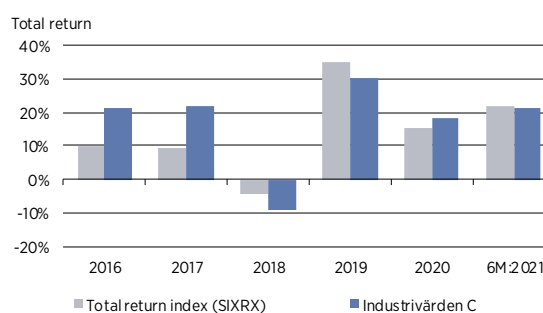
Industrivärden share data

Share performance

The market prices for Industrivärden's Class A and C shares on June 30, 2021, were SEK 332.80 and SEK 313.20, respectively. The corresponding prices on December 31, 2020, were SEK 274.20 and SEK 265.50, respectively.

The total return during the first half of 2021 was 24% for the Class A shares and 21% for the Class C shares. The Stockholm Stock Exchange's total return index (SIXRX) was 22% during the same period. The total return for longer periods of time are shown in the table on page 1 and for specific years in the chart below.

Value performance for respective years



At the 2011 Annual General Meeting, a share conversion clause was added to the Articles of Association. Shareholders have the right at any time to request conversion of Class A shares to Class C shares. During the first half of 2021, 73 shares were converted.

Share structure, June 30, 2021

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	267,111,711	267,111,711	61.4	94.1
C (1/10 vote)	168,098,166	16,809,816	38.6	5.9
Total	435,209,877	283,921,527	100.0	100.0

Annual General Meeting

The 2021 Annual General Meeting was held on April 21. In light of the Covid-19 pandemic and in order to minimize any risk of spreading of the corona virus, the Annual General Meeting was held only through postal voting in accordance with temporary legislation being in effect in 2021. At the meeting, the following resolutions were made, among others:

- The AGM voted in favor of the proposal to pay an ordinary dividend of SEK 6.25 per share (0.00) and an extra dividend of SEK 2.00 per share.
- Pär Boman, Christian Caspar, Marika Fredriksson, Bengt Kjell, Fredrik Lundberg, Annika Lundius, Lars Pettersson and Helena Stjernholm were re-elected as directors on Industrivärden's Board. In addition, Fredrik Lundberg was re-elected as Chairman of the Board.
- The AGM voted on directors' fees in accordance with the Nominating Committee's proposal.
- The AGM resolved to re-elect Deloitte AB as auditing firm for a term until the end of the 2022 AGM.
- The AGM approved the Board of Directors' report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.
- The AGM voted in favor of the Board's proposal for a long-term share savings program for employees of Industrivärden.
- The AGM resolved, in accordance with the Board of Directors' proposal, to amend the Articles of Association.

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34.16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report. 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. New or amended IFRSs and IFRIC interpretations have not had any material effect on the Group's or Parent Company's earnings or financial position.

Risks and uncertainties

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a change 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, 2021, would have affected its market value by approximately +/- SEK 1,400 M. Further information about risks and uncertainties is provided in the 2020 Annual Report.

Impact of Covid-19 pandemic

During the ongoing Covid-19 pandemic, Industrivärden's operations have been managed without major disruptions. The company has continued low debt level and a good financial position.

The portfolio companies' have been impacted in various ways and successively taken measures to deal with the situation.

Related party transactions

During the first half of 2021, dividend income was received from associated companies.

Events after the balance sheet date

No significant events have occurred after June 30, 2021.

This interim report has been reviewed by the company's auditors.

Board's assurance and review report

Board's assurance

The Board of Directors and CEO 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 6, 2021
AB Industrivärden (publ)

Fredrik Lundberg Chairman	Pär Boman Vice Chairman	Christian Caspar Director
Marika Fredriksson Director	Bengt Kjell Director	Annika Lundius Director
Lars Pettersson Director	Helena Stjernholm CEO and director	

Review report

Introduction

We have reviewed the interim report for AB Industrivärden (publ) for the period January 1 - June 30, 2021. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 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 has a different focus and is substantially less in scope than an audit conducted in accordance with ISA 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, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm July 6, 2021
Deloitte AB

Hans Warén
Authorized Public Accountant

Financial statements

Group, condensed

SEK M	2021 Apr.-Jun.	2020 Apr.-Jun.	2021 Jan.-Jun.	2020 Jan.-Jun.	2020 Jan.-Dec.
INCOME STATEMENT					
Dividend income	5,352	65	7,072	65	657
Change in value of shares, etc.	-5,878	12,633	10,758	-5,922	8,008
Management cost	-37	-31	-70	-70	-130
Operating income	-563	12,667	17,760	-5,927	8,535
Financial items	-12	-13	-26	-22	-48
Income after financial items	-575	12,654	17,734	-5,949	8,487
Tax	-14	-41	-74	28	-47
Net income for the period	-589	12,613	17,660	-5,921	8,440
Earnings per share (there is no dilution effect), SEK	-1.35	28.98	40.58	-13.60	19.39
STATEMENT OF COMPREHENSIVE INCOME					
Net income for the period	-589	12,613	17,660	-5,921	8,440
<i>Items that are not to be reversed in the inc. statement</i>					
Actuarial gains and losses on pensions	-	-	-	-	0
Comprehensive income for the period	-589	12,613	17,660	-5,921	8,440
BALANCE SHEET as per end of period					
Equities			139,948	111,838	128,893
Other non-current assets			19	11	21
Total non-current assets			139,967	111,849	128,914
Cash and cash equivalents			1,021	798	0
Other current assets			1,696	207	196
Total current assets			2,717	1,005	196
Total assets			142,684	112,854	129,110
Shareholders' equity			135,047	106,607	120,976
Non-current interest-bearing liabilities			4,533	4,554	4,549
Non-current non interest-bearing liabilities			247	115	213
Total non-current liabilities			4,780	4,669	4,762
Current interest-bearing liabilities			2,695	1,487	3,269
Other liabilities			162	91	103
Total current liabilities			2,857	1,578	3,372
Total shareholders' equity and liabilities			142,684	112,854	129,110
CASH FLOW					
Dividend income			5,455	65	657
Other			-101	-97	-166
Cash flow from operating activities			5,354	-32	491
Purchases/sales of shares			-279	-1,004	-4,106
Cash flow from investing activities			-279	-1,004	-4,106
Change interest-bearing liabilities			-589	1,778	3,559
Dividend paid			-3,590	-	-
Other			125	-	-
Cash flow from financing activities			-4,054	1,778	3,559
Cash flow for the period			1,021	742	-56
Cash and cash equivalents at end of period			1,021	798	0

Group, condensed (cont.)

SEK M	2021	2020	2020
	Jan.-Jun.	Jan.-Jun.	Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	120,976	112,528	112,528
Net income for the period	17,660	-5,921	8,440
Other comprehensive income	-	-	0
Dividend to shareholders	-3,590	-	-
Share-savings programme	1	-	8
Closing shareholders' equity as per balance sheet	135,047	106,607	120,976
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	1,021	798	0
Interest-bearing assets	1,657	166	164
Non-current interest-bearing liabilities	4,533	4,554	4,549
Current interest-bearing liabilities	2,695	1,487	3,269
Interest-bearing net debt	4,550	5,077	7,654

Fair value measurement of financial instruments

In accordance with IFRS 13, 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. Instruments in Level 1 are valued according to quoted prices for identical instruments in an active market. Instruments in Level 2 are measured in a valuation model which uses input data that are directly or indirectly observable in the market. Instruments in Level 3 are measured using a valuation technique based on input data that are not observable in a market. No changes have been made between levels compared with the preceding year.

06/30/2021	Level 1	Level 2	Level 3	Total
Assets				
Equities	139,494	-	454	139,948
Derivatives, etc.	-	1	-	1
Total assets	139,494	1	454	139,949
Liabilities				
Derivatives, etc.	-	91	-	91
Total liabilities	-	91	-	91

Parent Company, condensed

SEK M	2021	2020	2020
	Jan.-Jun.	Jan.-Jun.	Jan.-Dec.
INCOME STATEMENT			
Operating income	12,136	-3,894	10,457
Income after financial items	12,110	-3,917	10,409
Income for the period	12,110	-3,917	10,409
Comprehensive income for the period	12,110	-3,917	10,409
BALANCE SHEET as per end of period			
Non-current assets	88,653	65,873	82,138
Current assets	1,597	365	156
Total assets	90,250	66,238	82,294
Shareholders' equity	82,565	59,710	74,044
Non-current liabilities	4,624	4,604	4,622
Current liabilities	3,061	1,924	3,628
Total shareholders' equity and liabilities	90,250	66,238	82,294

Alternative Performance Measures and definitions

This report includes financial key ratios that are based on IFRS (earnings per share). In addition, other key ratios (Alternative Performance Measures – APMs) are used by the Company and other interests to describe the Group's operations and which cannot be discerned or derived from the financial statements. These APMs are to be regarded as a complement to the financial reporting presented in accordance with IFRS. It should be noted that the APMs defined below may differ somewhat from other companies' definitions of the same terms.

Change in value of shares

For shares held at both the start and end of the year, the change in market value consists of the difference in value between these two points in time. For shares sold during the year, the change in market value consists of the difference between the sales price of the shares and their value at the start of the year. For shares acquired during the year, the change in market value consists of the difference between the cost of the shares and their value at the end of the year.

Debt-equities ratio

Interest-bearing net debt in relation to the market value of the equities portfolio.

Earnings per share

Net income for the year divided by the total number of shares outstanding.

Equity ratio

Shareholders' equity as a share of total assets.

Interest-bearing net debt

Interest-bearing liabilities including pension liabilities less cash and cash equivalents and interest-bearing receivables.

Market value of equities portfolio (Portfolio value)

The value of the equities portfolio based on market prices on the balance sheet date.

Net asset value

The market value of the equities portfolio less interest-bearing net debt.

Net asset value including reinvested dividend

To calculate the development of net asset value before dividends paid out, the dividends paid out by the Company are recalculated to take into account the performance of the listed portfolio. This gives a measure of how net asset value would have developed if Industrivärden had not paid any dividend.

Total return, shares

Change in the share price taking into account reinvested dividends. The total return is compared against the total return index (SIXRX), which indicates the price development including reinvested dividends for stocks listed on the Stockholm Stock Exchange.

Total return, shareholding

Change in value of a shareholding included reinvested dividend. Reported only for the current reporting period.

Information

Financial calendar

Interim report January-September: October 11, 2021

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Ticker codes, Class C shares

INDUC:SS in Bloomberg

INDUc.ST in Reuters

INDU C in NASDAQ OMX

Publication

This information is such that AB Industrivärden is required to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the Head of Corporate Communication and Sustainability stated above, at 10:00 a.m. CET on July 6, 2021.

