



INDUSTRI  VÄRDEN

ANNUAL REPORT 2015

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» Long-term asset manager and active owner in listed Nordic companies «

Industrivärden's mission is to conduct long-term asset management that creates value through active ownership. The long-term goal is to increase net asset value and thereby generate a return for Industrivärden's shareholders that exceeds the market cost of capital. Taking into account the risk profile of the portfolio's investments, the shareholders are to be given a total return which over time is higher than the average for the Stockholm Stock Exchange.

Operations are built upon a structured process of continuous analysis and evaluation of existing and potential new holdings. Active ownership is exercised primarily through involvement in nomination processes for board elections, through board representation, through evaluation of company boards, CEOs and executive managements, and by monitoring and – where necessary, through a company's board – influencing the portfolio companies' overall development. Through these measures Industrivärden contributes to the portfolio companies' growth in value over time.

Industrivärden is a major investor in and active owner of Handelsbanken, SCA, Volvo, Sandvik, Ericsson, ICA Gruppen, Skanska and SSAB.



Annual Report 2015

Board of Directors' report including financial statements for AB Industrivärden (publ), reg. no. SE 556043-4200. The company applies the Swedish Corporate Governance Code. The Corporate Governance Report for 2015, which is an integral part of the Board of Directors' report, has been reviewed by the Company's auditor.

Financial calendar 2016

Interim reports

January–March: April 5

January–June: July 6

January–September: October 6

Annual General Meeting: May 9

All reports are published on Industrivärden's website: www.industrivarden.net.

This Annual Report is a translation of the Swedish original.

Highlights 2015

Equities portfolio

Adjusted for purchases and sales, the value of the equities portfolio increased by 1% to SEK 81.8 billion (83.1). During the year, the entire holding in the Finnish company Kone was sold for SEK 1.2 billion.

Net asset value

Net asset value at year-end was SEK 160 per share (158), an increase of 1% for the year and 5% including reinvested dividend.

Total return

The total return was 15% for Industrivärden's Class A shares and 11% for the Class C shares, compared with 10% for the Stockholm Stock Exchange's total return index (SIXRX).

Fredrik Lundberg new Chairman of the Board in May 2015

At the Annual General Meeting on May 6, 2015, Fredrik Lundberg was elected as new Chairman of the Board. Fredrik Lundberg has been a director on Industrivärden's board since 2004.

Helena Stjernholm new CEO in September 2015

On September 1, 2015, Helena Stjernholm took office as CEO of Industrivärden. She has served in various positions within the private equity firm IK Investment Partners since 1998, and prior to that worked as a consultant for Bain & Company.

Strategic review

A review was conducted of Industrivärden's strategy in an effort to strengthen operations. Development steps and changes were carried out on a continuing basis during the autumn of 2015 and will continue in spring 2016.

Proposed dividend

The Board of Directors proposes a dividend of SEK 5.00 (6.25) per share, which corresponds to a dividend yield of 3.4% for the Class C shares.



Industrivärden at a glance

Industrivärden is a long-term asset manager and active owner in listed Nordic companies.

History

Industrivärden was established by Handelsbanken in 1944 as a means of gathering shareholdings that the bank had acquired following the market crash in the 1930s and distributing them to the bank's shareholders. This business proved to be successful and evolved over time into an effective asset management business. Through Industrivärden's proven ability to create enduring shareholder value at a low cost and low risk, its ownership broadened over time to include a large number of public and private pension managers, foundations, other long-term investors and a large number of personal investors.

Preconditions

Many international listed companies lack engaged owners with influence and a long-term investment perspective. Industrivärden is a knowledgeable, responsible and financially stable owner that takes a clear, active ownership role and in doing so gives its portfolio companies a competitive edge to the benefit of their and thus Industrivärden's growth in value.

Mission

To conduct long-term asset management that creates value through active ownership. This mission is based on Industrivärden's relative strength factors, including a long-term investment perspective, depth of knowledge and experience in active ownership, a strong position of influence, financial strength and an extensive network.

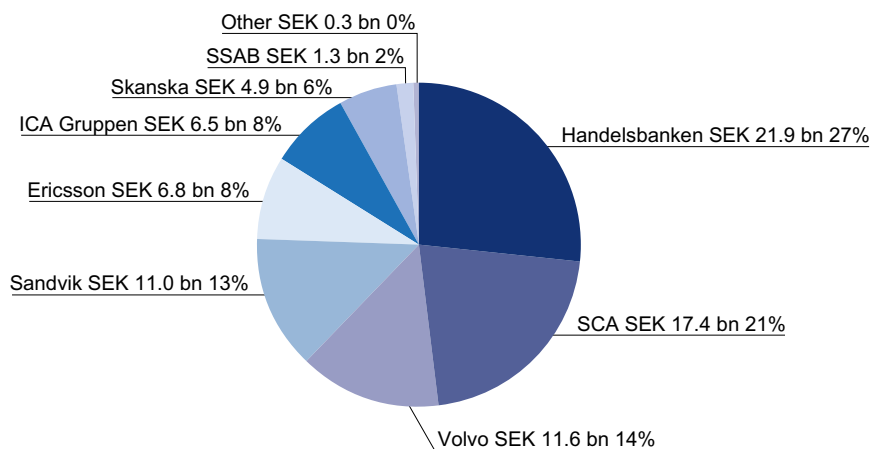
Objective

The long-term objective is to grow net asset value by generating a return for Industrivärden's shareholders that exceeds the market cost of capital. Taking into account the risk profile of the portfolio's investments, the shareholders are to be given a total return which over time is higher than the average for the Stockholm Stock Exchange (NASDAQ Stockholm).

Strategy

The asset management operations are built upon a structured investment process of continuous analysis and evaluation of existing and potential new holdings. Taking into account continuity and long-term perspective, the expected return potential for existing investments is to be weighed against the return potential for prospective new investments. Operations are to include evaluation and timing/execution processes for entire portfolio companies as well as parts of holdings. Moreover, Industrivärden strives to take a distinct and active ownership role in order to increase the value of its shareholdings. A decisive success factor is that Industrivärden's analysis leads to practicable changes and/or value-creating transactions.

Equities portfolio



Portfolio value: SEK 81.8 bn

Investment focus

Industrivärden invests in listed Nordic companies with distinct return potential, where it can exercise active influence through a strong position of trust and ownership-based positions of influence. The share of ownership should therefore amount to at least 10% of the number of votes and enable board representation. For new investments, the portfolio company should have a minimum market cap of approximately SEK 3 billion.

Industrivärden's investment criteria are to invest in companies with proven business models and clear potential for profitable growth. Investments must also have an attractive valuation and provide a good balance between risk and return.

Active ownership in practice

In its role as active owner, Industrivärden provides:

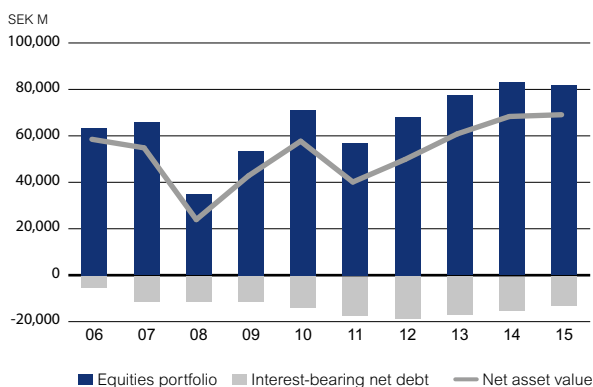
- Long-term perspective with focus on competitive growth in value over time
- Knowledge and experience with bearing on the portfolio company, its competitors and its external operating environment
- Genuine involvement and the ability to evaluate, lend support and make clear demands
- Ownership collaboration by discussing and anchoring important matters with other owners
- Resources in the form of financial strength and an extensive network

Value creation

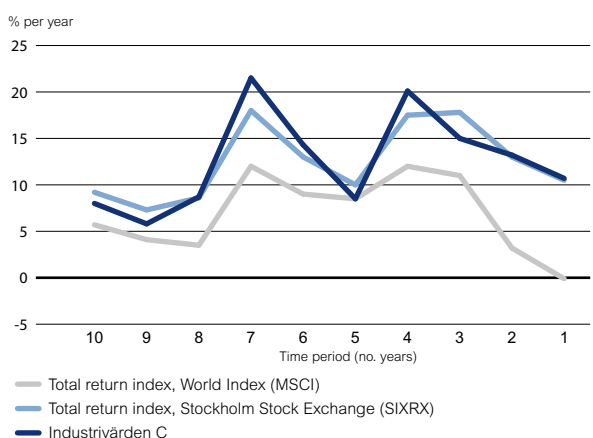
During the last ten-year period Industrivärden's net asset value, including reinvested dividends, has grown by an average of 6% per year. The Class A and C shares have each generated average annual total returns of 8%, compared with 9% for the Stockholm Stock Exchange's total return index (SIXRX). During the same period the MSCI World Index generated an annual total return of 6%.

In 2015 Industrivärden's net asset value, including reinvested dividend, grew 5%, and the total return for the Class A shares was 15%. The Class C shares delivered a total return of 11%, compared with 10% for the Stockholm Stock Exchange as a whole (SIXRX).

Growth of net asset value



Total return for different periods of time



Industrivärden total return – annual excess return for different periods of time

	10 years	7 years	5 years	3 years	1 year
Industrivärden A vs. Stockholm Stock Exchange (SIXRX)	-1% pt.	+2% pts.	-1% pt.	-1% pt.	+5% pts.
Industrivärden C vs. Stockholm Stock Exchange (SIXRX)	-1% pt.	+3% pts.	-2% pts.	-3% pts.	0% pts.
Industrivärden A vs. World Index (MSCI)	+2% pts.	+8% pts.	+1% pt.	+6% pts.	+16% pts.
Industrivärden C vs. World Index (MSCI)	+2% pts.	+9% pts.	0% pts.	+4% pts.	+11% pts.



» Industrivärden works with long-term asset management – a business that requires strong positions of trust «

Industrivärden well equipped for the future

At the Annual General Meeting on May 6, 2015, I was elected as the new Chairman of Industrivärden.

During the winter and spring of 2015 Industrivärden came under great focus as a result of the debate that arose surrounding various trust and compensation issues. Industrivärden works with long-term asset management – a business that requires strong positions of trust. One of the Board's most important duties after the AGM was therefore to restore trust in Industrivärden. Towards this end, we have subsequently taken a number of actions that I hope have contributed to a building of this trust.

In connection with the 2015 AGM, Bengt Kjell took over as acting CEO. Bengt very commendably took hold of a number of operational matters that needed attention. Parallel with this, we set out to find a permanent successor for the CEO position. In August we announced that the Board had appointed Helena Stjernholm as Industrivärden's new CEO, effective September 1. Helena has a solid background in the private equity business and is thereby accustomed with many of the issues one is faced with as CEO of Industrivärden. I want to express sincere gratitude to Bengt Kjell for his good work during the summer months and at the same time express my satisfaction that he will continue to serve on the Board.

Under Helena's leadership, during the autumn we conducted a review of our strategy and objectives. It has been a valuable exercise that has clarified a number of questions and challenges.

The Board's view is that we, at our core, should work with value-creating asset management. We will do this through long-term active ownership. This ownership is exercised in many different ways. We attach great importance to the election of directors and the chairmen of our portfolio companies. In this effort we work together with other major shareholders on the respective companies' nominating committees. From our side we are represented either by our CEO or by a director on Industrivärden's board. We believe it is important to raise this issue to the top decision-making level in Industrivärden.

We attach especially great importance to the position of board chairman. Through good knowledge about our portfolio companies we can have discussions with the respective chairmen and the directors of the portfolio companies who have ties to Industrivärden.

Naturally, this dialog with the portfolio companies aims to enhance value creation. We will continuously evaluate opportunities for value creation that we see. If such are lacking, we should reassess our involvement in the company. We are also interested in broadening our investments to companies that are new to us.

An investment company like Industrivärden should not carry too much debt, since this restricts flexibility over time. To be able to support our portfolio companies when needed, such as in new issues, and to build capacity for new investments, we must have a positive cash flow after payment of dividends to our shareholders. Otherwise we will be powerless and unable to carry out our mission. The Board's decision on new policies for debt and dividend create this important room to maneuver.

Against this background, the Board proposes that the 2016 Annual General Meeting resolve in favor of a reduced dividend, from SEK 6.25 per share to SEK 5.00.

Esteemed shareholders, I personally feel that we are well equipped to meet the challenges that we will face. Our CEO, Helena Stjernholm, has in a short time familiarized herself with Industrivärden and its portfolio companies, and done an excellent job at settling into her role.

However, economic swings in various parts of the world and in various sectors are something that we have no control over. It is therefore necessary, from this angle as well, to have a long-term perspective of our business.

Stockholm, February 2016

Fredrik Lundberg
Chairman of the Board



» Long-termism is a strength that gives us the opportunity to support short-term, difficult development steps that can generate high returns over time «

Continuous improvement creates value

A distinguishing quality of successful companies is their ability to continuously improve their operations and strengthen their market positions. It is a matter of adapting to new conditions, but just as much about strengthening the offering and increasing competitiveness.

As a long-term investor and engaged owner, Industrivärden therefore puts great emphasis on ensuring that its portfolio companies continuously develop their businesses and strengthen their capacities with a distinct focus on value creation. As a long-term asset manager, we encounter the same challenges in our own work on generating a competitive return. It is therefore important that we continuously improve our asset management model in order to capitalize on our full potential.

Since taking office as CEO nearly a half-year ago I have dedicated myself primarily to learning more about Industrivärden and our investments. A great deal of time has also been spent on the review of Industrivärden's strategy. This work has been conducted in close dialog with Industrivärden's board of directors. I have also benefited greatly from all of the meetings I have had with shareholders, co-investors and other key stakeholder groups as well as with my new colleagues. A couple of important insights that I have gained from this review are that there are no direct synergies between the portfolio companies, and that every investment must be evaluated on its own merits. It is also important that we increase our room to maneuver by achieving a lower level of debt over time. Last, but not least, Industrivärden should have a dividend policy that ensures a positive cash flow and gives us flexibility to adapt to external circumstances.

Based on my analysis of the operations and on my previous, professional experience, I can say that Industrivärden stands on firm ground. We have substantial knowledge and experience as an owner, a long-term asset management perspective, strong positions of influence, and investments with good value potential. At the same time, there are areas in need of development. Industrivärden's overall strategy – to be a long-term, value-creating asset manager through active ownership in Nordic companies – remains firm. Within this strategy we are now taking a number of

important steps to strengthen our ability to create shareholder value. Some are more concrete measures, while others entail a changed approach that will bear effect over time. In short, it is a matter of bringing about an accelerated pace of change and having less patience with low-performing investments.

A stronger Industrivärden

These steps are summarized in the following points:

- ***We are sharpening our focus on returns and clarifying our active ownership***

Industrivärden invests with a long-term perspective. This is a natural consequence of the fact that we have chosen an asset management strategy that builds upon involvement through active ownership. Long-termism is a strength that enables us to support short-term, difficult development steps that can generate high returns over time. At the same time, it is a challenge to know when to exit or reduce a holding in favor of another alternative. We are now sharpening our focus on returns, which will likely affect the pace of change in the portfolio over time.

As an active owner with substantial shareholdings, we can influence our investments. It is therefore important that we become clearer in exercising our ownership role. One way we are doing this is by strengthening our involvement in nominating committees. Industrivärden is to be represented by individuals from the Company's board or management. I personally have the benefit of participating in this important work as chair of the nominating committees of Handelsbanken, SCA, Skanska and SSAB. Through this work we are continuously broadening our network with talented individuals who we can nominate for board election. This is having an impact already during the current board nomination season.

We will also work in various ways to bring about a faster pace of change in companies facing substantial challenges. The appointments of new CEOs at Sandvik and Volvo are good examples of important changes that we support in our role as an engaged owner. Finally, steps have been taken to strengthen Industrivärden's

governance structure, among other things by preventing so-called personal constellations.

- **We are strengthening our relationships with other owners and various capital market actors**

By developing our relationships and cooperation with other owners and important actors, we can increase our influence. We will be a responsive and professional investor that is perceived as being an attractive business partner. This must permeate the entire organization, and for my own part, I have already met a large number of representatives in the areas I mentioned above, and this work continues.

- **We are broadening our investment universe**

Industrivärden will continue to invest in listed Nordic companies with good return potential. Our active ownership will build upon a foundation of trust and ownership-based influence. Our share of ownership should therefore be at least 10% of the votes. We are now broadening our investment universe by also looking at slightly smaller companies. For new investments, a candidate should have a minimum market cap of roughly SEK 3 billion. If we invest in a company with a market cap of SEK 3–10 billion, a 20%–30% equity stake is desirable. The idea is to have a genuine position of influence and that the investment's potential return will make a tangible contribution to the equities portfolio as a whole.

Active owners play an important role in society

To create long-term favorable returns for our shareholders, we must be a responsible and appreciated owner that looks after the portfolio companies' long-term development. We do this best by helping to build companies that continuously develop and strengthen their competitiveness in increasingly global and competitive markets. Like our portfolio companies, we are part of the environment we work in and must always strive to be a good force in society that contributes to sustainable development through our operations. This also benefits the communities that the companies work in. Our overarching approach in society is described in the Code of Conduct that was adopted by the Board in 2015.

Modest growth with large regional differences

Global rate of growth slowed in 2015, but remained on par with a year earlier and the IMF's forecast for 2016–2017. From a five-year perspective, the rate of growth has slowed steadily in emerging countries, while it bottomed in 2012 for the world's developed economies. During the second half of 2015 and start of 2016, uncertainty has risen, and there is a risk that the year's forecasts will be adjusted downward. Key causes are falling commodity prices, continued low productivity growth, and major exchange rate movements resulting from regional imbalances and geopolitical tensions. This includes China, but also several Latin American economies, which are also being weighed down by political uncertainty. It is positive to note, however,

that the slow recoveries of developed economies – the U.S. and Europe – appear to be continuing.

From a broader perspective, demographic changes, low productivity growth and high debt point to low growth, low inflation, and low interest rates for a long time to come. For Industrivärden's portfolio companies this requires continued adaptation to the prevailing market conditions and strong focus on efficiency and costs. At the same time, it is important to work with a longer perspective and create favorable conditions for profitable growth initiatives over time.

Relatively good growth in value in 2015

Despite the uncertain outlook, the stock market continued to perform well, and in 2015 the Stockholm Stock Exchange gained 7%, after reaching a peak of 19% in April. Performance of the equities portfolio was mixed, with SCA generating a solid total return of nearly 50%. For other portfolio companies the total return was below the market, and SSAB showed a clear negative return. From a three-year perspective, ICA Gruppen and SCA have clearly outperformed, while Volvo, Sandvik and SSAB have performed considerably worse than the market. Other companies have generated returns that are level with the market's return index.

During the year, net asset value grew by SEK 0.7 billion to SEK 69.1 billion, or 5% including reinvested dividend, compared with 10% for the total return index. The total return was 15% for the Class A shares and 11% for the Class C shares. The considerably higher growth in the share price during the year than growth in net asset value points to a sharp narrowing in the discount to net asset value during the year. During 2015 stocks were sold for SEK 1.9 billion, net. The single largest stock sale was in Kone, where the entire holding was sold for SEK 1.2 billion.

Investments with favorable return potential

During 2015 our portfolio companies had mixed performance. Handelsbanken, SCA, Ericsson, ICA Gruppen and Skanska showed favorable, stable performance, while Sandvik and Volvo are undergoing major, strategic change processes. Following its merger with Ruukki, SSAB is developing in the right direction, but is affected by very difficult market conditions.

Handelsbanken continues to perform well and is growing organically primarily in the UK. Like other banks, its business is adapting to changed regulations and digitalization in society. During the year Frank Vang-Jensen took office as new CEO, and Pär Boman was elected as new Chairman of the Board.

SCA is performing very well both operationally and in terms of value. Over several years the company has focused its business, carried out a number of product portfolio changes, and strengthened its positions in its core businesses, hygiene and forest products. A split into two divisions is therefore a natural step in SCA's ongoing development. In 2015 Magnus Groth took office as new CEO, and Pär Boman was elected as new Chairman of the Board.

The *Volvo Group* is currently in a process of change and is facing major challenges. This work is being led by CEO Martin Lundstedt, who newly took office and has many years of experience from the heavy automotive industry. An extensive process is now being carried out to simplify the company's structure, increase profitability and strengthen its presence in key growth markets. Volvo has overall strong market positions and favorable conditions to develop well over time.

Significant management changes were also carried out at *Sandvik* in 2015. Johan Molin was elected as new Chairman of the Board, and Björn Rosengren took office as new CEO. The company has been carrying out a transformation process for the past couple of years, but a number of important steps remain before Sandvik will be able to realize its full potential. With a foundation in the company's exceptional products, dedicated employees and strong brand, I feel that Sandvik has good prospects for future value creation.

Ericsson is showing an impressive ability to adapt and build strong positions in a rapidly changing industry with continuously shifting technology. Ericsson's strategic partnership with the IP company Cisco is a good example. At the same time, Ericsson must gain a better financial outcome from its positions of strength and increase profitability in several areas of its business.

During 2015 *ICA Gruppen* made several important structural deals, including the divestment of ICA Norway and the acquisition of Apotek Hjärtat. The company has an impressive market position and is showing favorable, stable performance.

Skanska continued to deliver growth in its profitable construction business and value-creating project development business. At the end of 2015 a new, strategic plan was presented for the coming five years. Skanska's business plan and financial targets have been updated, but its strategic direction remains firm. The company's nominating committee has proposed Hans Biörck for election as Chairman of the Board ahead of the 2016 Annual General Meeting.

For *SSAB*, 2015 largely involved creating continued synergies following its merger with Ruukki as well as improving the efficiency of operations and adapting to the difficult market situation. At its 2015 Annual General Meeting, Bengt Kjell was elected as the new Chairman of the Board.

Strong position for competitive returns over time

Industrivärden is in a favorable position to conduct successful, long-term asset management based on active ownership. Starting from our strengths, a professional organization and the development steps we are now taking, I look forward to leading the business to generate competitive shareholder value over time.

Stockholm, February 2016

Helena Stjernholm
CEO



Operations

Industrivärden creates shareholder value through long-term asset management based on active ownership. The chosen management strategy – active ownership – requires significant positions of influence and entails a long-term commitment.

The asset management operations are built upon a structured process of continuous analysis of existing and potential new holdings, from both investment and influence perspectives. Active ownership is exercised mainly through involvement in nomination processes for board elections, through board representation, evaluations of boards, CEOs and company managements, and by monitoring and – where necessary – influencing the portfolio companies' overall development.

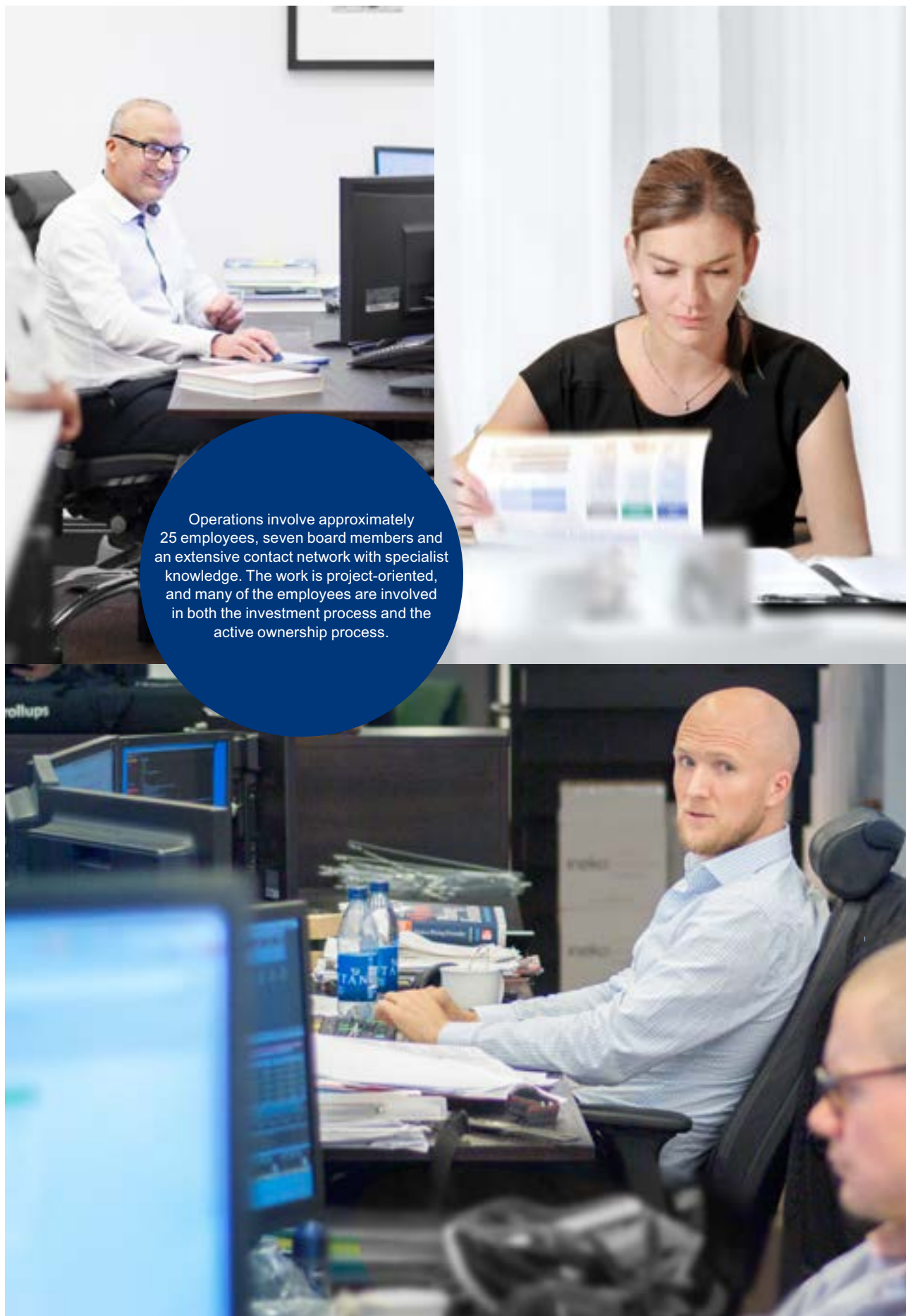
Business model

Operations are based on Industrivärden's relative strength factors, including a long-term investment perspective, depth of knowledge and experience in active ownership, a strong position of influence, financial strength and an extensive network.

Investment operations and active ownership

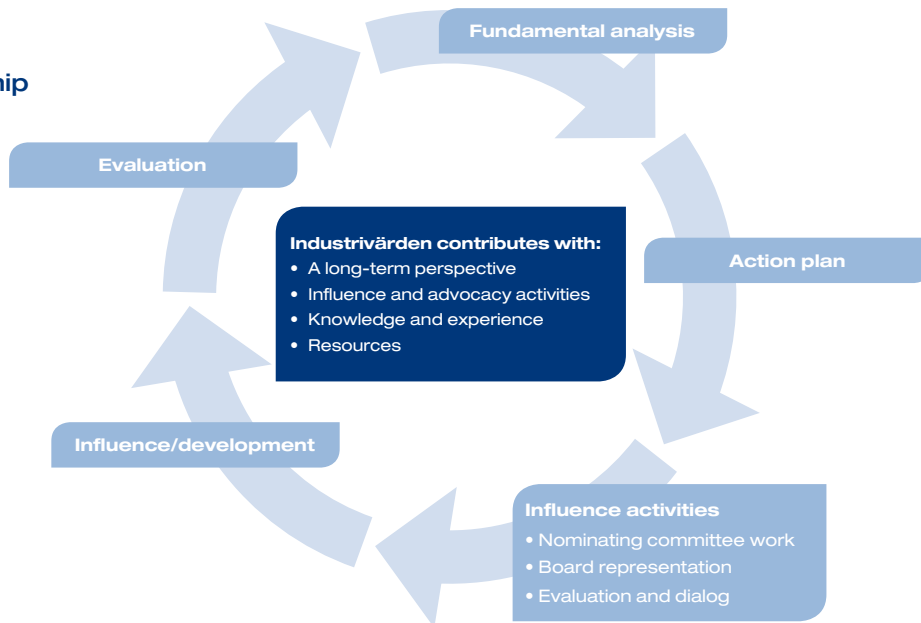
Work is conducted through two main processes – investment operations and active ownership. The investment operations aim to maximize Industrivärden's long-term return and are based on internal analysis, external documentation, and business intelligence. Based on these analyses, decisions are made on a regular basis on marginal transactions in existing investments, divestments of an entire holding, or new investments. A significant part of the work is focused on value-creating active ownership in existing investments – the so-called portfolio companies. Active ownership aims to gain depth of knowledge about the companies and their business environments, and where necessary to influence their strategic development. These two main processes are tightly interwoven.





Operations involve approximately 25 employees, seven board members and an extensive contact network with specialist knowledge. The work is project-oriented, and many of the employees are involved in both the investment process and the active ownership process.

Active ownership



Organization

Industrivärden has a professional and cost-efficient organization that is characterized by high flexibility and short decision-making channels. Operations involve approximately 25 employees, seven board members and an extensive network with specialist knowledge. The work is project-oriented, and many employees are involved in both the investment process and the active ownership process.

Board of Directors

The Board of Directors makes decisions on major investments, continuously monitors the portfolio companies' performance and decides on matters related to the exercise of active ownership in the portfolio companies. Individual directors on Industrivärden's board are represented on portfolio companies' boards and participate actively in portfolio companies' board nomination processes.

Executive Management

The Executive Management handles the Company's day-to-day administration, which includes – among other things – strategic, organizational and finance matters as well as control and follow-up. It also serves as an investment committee for investment decisions and adopts Industrivärden's action plans for value creation in the portfolio companies. Representatives from the Executive Management serve as members of the investment teams and can contribute specialist expertise.

Investment organization

The investment organization continuously revises Industrivärden's fundamental analysis of existing and new investments, and continuously updates the Company's action plans. Operations are organized into teams, which monitor all current and potential new investments. The teams continuously perform investment and

company analyses that culminate in the so-called fundamental analysis. Each investment team has deep knowledge about its respective portfolio company, as well as about external influences and the company's business environment in general. Important external factors include the market, competitors, customers and megatrends. Based on this fundamental analysis, an action plan is continuously updated and forms the foundation for the design, execution and evaluation of Industrivärden's active ownership. The aim is primarily to identify and describe various opportunities for value growth as well as strategic measures for creating these values. Fundamental analysis is a key component in the overall assessment that forms the basis of Industrivärden's day-to-day investment decisions. All action plans are set on a continuous basis by Industrivärden's investment committee, which is made up by the members of the Executive Management. The investment teams present, on a regular basis, the respective, adopted action plan to Industrivärden's board. In this way the directors on the Board gain a current and in-depth picture of the opportunities and measures that have been identified. When necessary, Industrivärden communicates its views first with the chairman of the respective portfolio company's board. After such a consultation, discussions may even be held with the company's CEO.

Equities market function

The equities market function executes investment decisions, contributes market information and executes transactions.

Approach

Operations are distinctively trust-based and therefore require that Industrivärden works with a professional and transparent corporate governance model in collaboration with other major shareholders.

Investment operations

General

The investment operations are built upon a structured process of continuous analysis of existing and potential new holdings. This is based on Industrivärden's internal analysis (the so-called fundamental analysis), external research and on business intelligence in the form of macro, megatrend and capital market analyses.

Qualitative and quantitative goals as well as the investments' long-term return potential are evaluated continuously. The investment operations continuously update transaction plans which aim to optimize long- and short-term timing and the forms of potential stock purchases and sales. Corresponding plans are drawn up for new investments or complete divestments.

Investment universe

Industrivärden aims to invest in listed Nordic companies with clear return potential, where it can exercise active influence through a strong, ownership-based position of trust. Industrivärden's share of ownership should amount to at least 10% of the number of votes and enable board representation. For new investments, the portfolio company should have a minimum market cap of around SEK 3 billion, and for investments in companies with a market cap ranging from SEK 3-10 billion, an ownership stake of 20%-30% of the capital is preferable. This is to ensure that the investment's potential return will make a tangible contribution to the equities portfolio as a whole.

Industrivärden continuously evaluates listed companies on the major Nordic stock markets and monitors all relevant IPOs in the Nordic region.

Investment criteria

Investments are to be made in established companies in which Industrivärden can identify long-term, attractive return potential. The overarching investment criteria are:

- Clear potential for profitable growth
- Proven business model
- Good balance between risk and return
- Attractive valuation

Current investments – portfolio companies

The return potential for investments in the portfolio companies is evaluated on a continuous basis with a 3-5 year time horizon. Major emphasis is put on comparisons against a presumptive return potential for other investment alternatives, taking into account continuity and long-termism.

Stock market function

To enable professional asset management, Industrivärden has a stock market function that executes investment decisions, contributes market information and executes transactions. To capitalize on this resource and on Industrivärden long-term shareholdings, trading is conducted in equities and derivatives.

Active ownership

General

Industrivärden's influence in its portfolio companies is based on sizable ownership stakes and a strong position of trust. From this foundation, Industrivärden takes an active ownership role in collaboration with other major owners to build value in the shareholdings.

Active ownership is conducted from a foundation in Industrivärden's ownership strategy, continuous evaluation of the composition of the respective portfolio companies' boards, and the action plans for value creation. This work is conducted from an overarching ownership perspective and focuses on the portfolio companies' boards and management as well as on strategic matters such as corporate governance, company strategy and company structure etc.

Through significant influence, depth of knowledge and long-term involvement, Industrivärden can evaluate performance, lend support and make clear demands for future value creation.

Nominating committee work

Active ownership is exercised, among other things, through involvement in the nomination processes for board elections and elections of the chairman of the board of the respective portfolio companies. A well composed board with competent directors is crucial for a company's success. Industrivärden therefore puts strong emphasis on participating on its portfolio companies' nominating committees and is represented by members from Industrivärden's executive management and board.

Access to qualified, potential board members is a central success factor, which is why Industrivärden must have own resources to be able to build, structure and utilize a qualified network. Industrivärden invests in portfolio companies with varying types of operations and shifting needs, which requires a broad network of individuals.

Board representation

Active ownership is also exercised through board representation. Directors on Industrivärden's board and executives of Industrivärden, who are also AGM-elected directors of Industrivärden's portfolio companies, must have a current and clear picture of Industrivärden's views of the respective companies. These directors can also give Industrivärden, in its capacity as owner, a good picture of how the board work is conducted in the respective portfolio companies.

Continuous evaluation and influence where needed

Industrivärden also continuously evaluates the portfolio companies' boards, CEOs and management, and monitors and – where needed – influences the portfolio companies' overall development. When necessary, Industrivärden communicates its views first with the chairman of the respective portfolio company's board. After such a consultation, discussions may also be held with the company's CEO.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a key prerequisite for long-term value creation, and matters such as protecting the environment, human rights, diversity and business ethics are therefore regarded as key aspects of the portfolio companies' operations. Industrivärden monitors and takes a long-term involvement in the strategic development of its portfolio companies. A fundamental principle is that sustainability work, in the form of social and environmental responsibility, is a strategic investment that strengthens the company and its product offering, which contributes to enduring shareholder value over time. Against this background, major emphasis is put on ensuring that the portfolio companies have the boards, leadership, organization and resources required to integrate sustainable value creation in their business models, processes and product offerings. Industrivärden's portfolio companies are active in a wide range of industries, and thus their conditions and actions naturally differ from each other. However, Industrivärden's overall ambition from a long-term ownership perspective is the same for all of the portfolio companies.

Industrivärden's ambitions as active owner

As an active owner, Industrivärden strives to ensure that its portfolio companies:

- regard sustainability as an important strategic opportunity,
- integrate sustainability aspects in their business models, strategies, processes and product offerings,
- comply with applicable laws, rules and regulations, and generally accepted principles,
- continuously strive to improve their positions with the support of relevant guidelines and measurable results, and
- communicate their sustainability work.

Industrivärden's portfolio companies have all made great progress in capitalizing on the value potential provided by long-term corporate sustainability and score highly in various industry peer comparisons. More detailed information can be found in the portfolio companies' annual and sustainability reports.

Sustainability aspects are handled in a structured manner within the framework of Industrivärden's processes for exercising active ownership.

Own operations should serve as a model

Industrivärden aspires to adhere to the same CSR principles in its own operations that it advocates for in its portfolio companies. The company should serve as a model and demonstrate that it puts great emphasis on sustainability, among other things by carrying on an ongoing dialog about sustainability aspects with representatives of existing and potential shareholders.

In December 2015 Industrivärden adopted a Code of Conduct that lays out the Company's ethical values foundation and serves as guidance for how individuals who are active in Industrivärden are to act in the performance of their duties. Other initiatives include membership in the UN Global Compact and reporting within the CDP framework. In our internal operations we make environmentally smart choices in purchasing, we recycle, and we strive to use mass transit or bicycles for shorter travel. Industrivärden climate compensates the corporate offices' climate impact from energy, business travel and use of paper.

Examples of Industrivärden's Corporate Social Responsibility



WE SUPPORT

UN Global Compact

Industrivärden joined the UN Global Compact in 2015. Participation entails a pledge to adhere to and annually report on the Company's alignment with the UN Global Compact's ten principles in the areas of human rights, anti-corruption, labor and the environment.



CDP

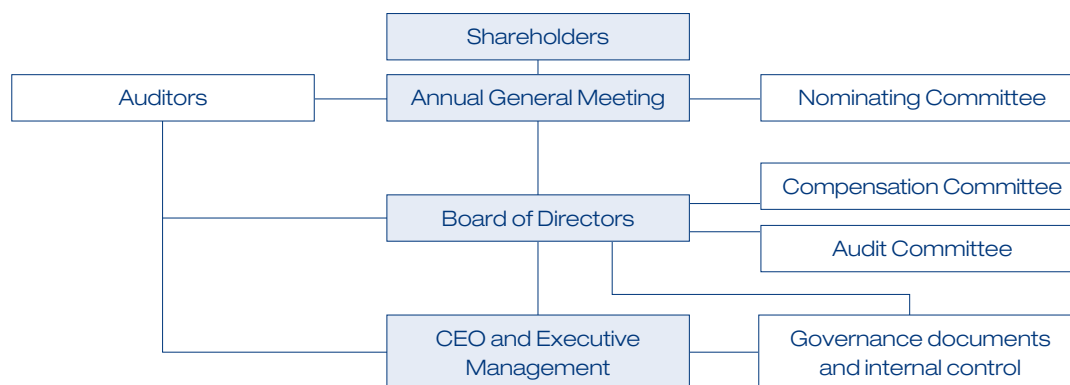
For the fifth consecutive year, in 2015 Industrivärden reported within the framework of CDP (formerly the Carbon Disclosure Project). CDP is dedicated to providing investors information on listed companies' strategies, goals, risks and opportunities regarding climate change. In the 2015 ranking Industrivärden scored 93 out of 100 points.

» Corporate Social Responsibility is a prerequisite for long-term value creation. Matters such as protecting the environment, human rights, diversity and business ethics are key aspects «



Corporate Governance

Good corporate governance, risk management and internal control are central parts of a successful business and decisive for a company's ability to uphold the trust of its stakeholders. Industrivärden has high ambitions in its corporate governance.



General meetings

General meetings of shareholders are Industrivärden's highest governing body. At the Annual General Meeting (AGM), which is held within six months after the end of the fiscal year, resolutions are made concerning recommendations and proposals set forth by the Nominating Committee, the Board of Directors and the shareholders. Among other things, the income statements and balance sheets are adopted, a decision is made regarding the dividend, and the Board of Directors are elected, which according to the Articles of Association shall consist of a minimum of three and a maximum of nine members. In addition, the auditor is elected and the auditor's fee is determined, and other items of legally ordained business are conducted.

Nominating Committee

The members of the Nominating Committee for election of directors, etc., ahead of the 2015 Annual General Meeting were Bo Damberg (the Jan Wallander and Tom Hedelius Foundation, and others), Mats Guldbrand (L E Lundberg-företagen), Sverker Martin-Löf (former Chairman of the Board of Industrivärden), Mikael Schmidt (SCA Pension Foundations and others), and Håkan Sandberg, committee chair (Handelsbanken Pension Foundation and Handelsbanken Pension Fund and others).

The following members have been appointed for the Nominating Committee for election of directors, etc., ahead of the 2016 Annual General Meeting: Bo Damberg (the Jan Wallander and Tom Hedelius Foundation, and others), Mats Guldbrand (L E Lundberg-företagen), Fredrik Lundberg (Chairman of the Board of Industrivärden), Mikael Schmidt (SCA Pension Foundations and others), and Håkan Sandberg, committee chair (Handelsbanken Pension Foundation and Handelsbanken Pension Fund and others).

Board of Directors

The Board of Directors has a central role in Industrivärden's business model for long-term asset management and active ownership. It is responsible for, among other things, issues related to major purchases and sales of listed stocks, the design and execution of active ownership, and overarching ownership matters concerning the portfolio companies. See also page 10. The Board has ultimate responsibility for Industrivärden's organization and administration.

The Board's duties are laid out in the Board's Rules of Procedure and follow a yearly plan. Every board meeting follows an agenda supported by relevant background documentation.

In addition to the statutory board meeting, which is

held in conjunction with the Annual General Meeting, the Board normally meets eight times per year (regular meetings, including meetings in connection with the publication of interim and year-end reports). Extra meetings are convened when necessary. In 2015 the Board met a total of 14 times.

The statutory meeting deals with adoption of the Board's Rules of Procedure, designation of the Company's signatories, appointment of persons to check the minutes of board meetings, and appointment of committee members.

Each year the Board evaluates Industrivärden's financial reporting and makes demands on its content and structure to ensure it maintains a high level of quality. In connection with the board meeting that deals with the annual financial statements, the Board of Directors' Report, the proposed distribution of earnings and the year-end report, the Company's auditor submits a report on the auditors' observations and remarks from their audit.

The regular board meetings cover a number of set items for presentation. These include, among other things, a report on the current financial result of operations, the development of net asset value and performance of the equities portfolio, and on equity transactions that have been carried out. Reporting also includes a description of the portfolio companies' performance and macroeconomic conditions. In addition, a special review is normally conducted of one or more of the portfolio companies and of potential investments or divestments. At several board meetings during the year, management representatives from a portfolio company make

a presentation on their company's development.

All board decisions are based on extensive documentation and are made following a discussion that is led by the Chairman. The Board's work is evaluated yearly in a structured process conducted under the direction of the Chairman of the Board. The 2015 evaluation was conducted by means of a questionnaire that each board member was requested to complete, in the aim of gaining an idea about the directors' views on, among other things, how the board work has been conducted and which measures could be taken to improve the board work as well as which matters the directors feel should be given more attention and in which areas it could possibly be suitable to have additional expertise on the Board. The results of this evaluation were reported on by the Chairman, followed by a discussion within the Board. In addition, the Chairman's work on the Board was evaluated with him not being present. The Chairman of the Board reported on the conclusions of these evaluations and discussions to the Nominating Committee.

Board committees

At its statutory meeting in conjunction with the 2015 AGM the Board appointed a compensation committee and an audit committee, which are tasked with conducting drafting work for compensation and audit issues, respectively, for decision by the Board. The composition of the committees is shown in the table below. Previously the entire board, with the exception of the CEO, performed the duties that are incumbent upon the Compensation Committee and Audit Committee.

Attendance, fees and independence conditions

The table pertains to the board members elected at the 2015 Annual General Meeting.

Name	Year elected	Board	Audit Committee	Compensation Committee	Attendance at meetings			Fee 2015, SEK 000s
					Board	Audit Committee	Compensation Committee	
Fredrik Lundberg	2004	Chairman	Member	Chair	All	All	All	2,000
Pär Boman	2013	Vice Chairman	Chair	–	All	All	–	1,200
Christian Caspar	2011	Member	Member	–	All	All	–	600
Bengt Kjell	2015	Member	–	–	*9/14	–	–	250
Nina Linander	2014	Member	Member	–	All	All	–	600
Annika Lundius	2014	Member	–	Member	All	–	All	600
Lars Pettersson	2015	Member	–	Member	*9/14	–	*3/3	600
Total								5,850

The Nominating Committee made, prior to the Annual General Meeting 2015, the following determination regarding directors' independence: Pär Boman and Lars Pettersson have not been found to be independent in relation to the Company and the Executive Management. Nor have they been found to be independent in relation to major shareholders of the Company. Due to Bengt Kjell's employment as acting CEO of the Company, he has not been found to be independent in relation to the Company and the Executive Management. All other board members have been found to be independent in relation to the Company and the Executive Management. Of these, Christian Caspar, Nina Linander and Annika Lundius have been found to be independent in relation to major shareholders of the Company. *Bengt Kjell and Lars Pettersson were elected as new directors on the Board at the Annual General Meeting in May 2015.

Audit Committee

The Audit Committee serves in an oversight role with respect to the Company's risk management, governance and control, and financial reporting. This entails maintaining regular contact with the auditor to ensure that the Company's internal and external reporting meet the requirements placed on a listed company and to discuss the scope and focus of the audit work. The auditor reports his observations to the Audit Committee on a regular basis and attended two board meetings during the year. The Audit Committee held three meetings in 2015. No fees have been paid to the board members for their work on the committee.

Compensation Committee

The Compensation Committee addresses matters concerning principles for compensation and other terms of employment for the CEO and members of the Executive Management, monitors variable compensation programs for Company executives, and monitors and evaluates application of the compensation guidelines that have been set by the Annual General Meeting. The Compensation Committee held three meetings in 2015. No fees have been paid to the board members for their work on the committee. The composition of the Compensation Committee in 2015 departed from point 9.2 of the Code, which stipulates that the committee's members are to be independent in relation to the company and company management. As shown in the table above, Lars Pettersson is member of the Compensation Committee. Prior to the 2015 AGM the Nominating Committee determined that Lars is non-independent in relation to the Company and its Executive Management, since during the last-five year period he has served as CEO of Sandvik, which according to the Code is a related party to Industrivärden.

The following explanation for the departure from the Code is provided. The Board has determined that Lars Pettersson is particularly suitable for membership on the Compensation Committee in view of his long experience with compensation matters. In this context the Board has also noted that, at the time of the Compensation Committee's appointment in May 2015, it had been over four years since Pettersson left his position as CEO of Sandvik. Any non-independence relationship at this point in time can therefore be considered to have expired. At the time of publication of this corporate governance report, more than five years have passed since Pettersson was CEO of Sandvik, which is why this former position should no longer be regarded in the assessment of whether a non-independent relationship exists.

Chief Executive Officer

The CEO is responsible for Industrivärden's operative activities in accordance with the adopted strategy and the CEO's instructions set by the Board. These cover, among other things, investment rules for equities and derivative instruments which indicate the maximum amounts for the CEO's authority between board meetings to decide on purchases and sales of stocks and derivative instruments.

Auditor

The auditor audits the annual report, the bookkeeping and the Board's and CEO's administration, and reports to the Annual General Meeting. At the 2015 Annual General Meeting, PricewaterhouseCoopers AB was elected as auditor for a term lasting through the 2016 Annual General Meeting. The chief auditor is Magnus Svensson Henryson (b. 1969), Authorized Public Accountant. In 2015 he was also chief auditor of the listed company SSAB. In 2015 the half-year interim report and year-end report were reviewed by the Company's auditor.

Governance documents and internal control

Industrivärden has transparent operations and established control systems. Each year the Board adopts governance documents in the form of the CEO's instructions, investment rules for equities and derivative instruments, and a finance policy. The CEO's instructions lay out central guidelines and clarify which decisions are to be made by the Board and which may be made by the CEO. The investment rules specify and set the framework for all investments in financial instruments, and the finance policy sets the framework for financing and management of financial risks.

Against the background of Industrivärden's operations, organizational structure and how the financial reporting has been organized in general, the Board finds no need for a dedicated review function in the form of an internal audit unit. The Board regularly evaluates the financial reporting that is received in connection with board meetings and which pertains to the equities portfolio, the Company's debt and other important conditions. The Audit Committee carries on a continuous dialog with the Company's auditor about the scope and quality of the Company's financial reporting.

Internal control over financial reporting is described in more detail on page 40. Further information about corporate governance at Industrivärden can be found on the Company's website.

Value creation

Net asset value

Industrivärden's long-term goal is to increase net asset value and thereby generate a return for Industrivärden's shareholders that exceeds the market cost of capital. Taking into account the risk profile of portfolio investments, the shareholders will be given a total return which over time is higher than the average for the Stockholm Stock Exchange (SIXRX).

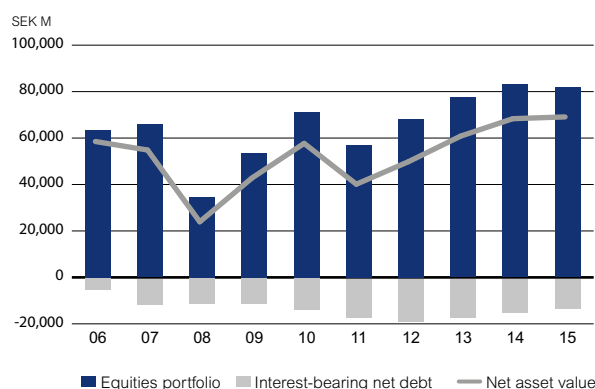
Net asset value is a measure of the shareholders' total net worth in the Company, defined as the market value of the equities portfolio less interest-bearing net debt. Net asset value at year-end 2015 was SEK 69.1 billion (68.3), or SEK 160 per share (158). After full conversion of the convertible bond maturing in 2017, net asset value was SEK 160 per share (158).

Growth of net asset value

Net asset value grew 1% in 2015, and 5% including reinvested dividend, compared with a 10% increase for the Stockholm Stock Exchange's total return index (SIXRX).

During the last 10-year period, net asset value including reinvested dividends grew by an average of 6% per year, compared with 9% for the Stockholm Stock Exchange's total return index (SIXRX).

Growth of net asset value over time



Net asset value

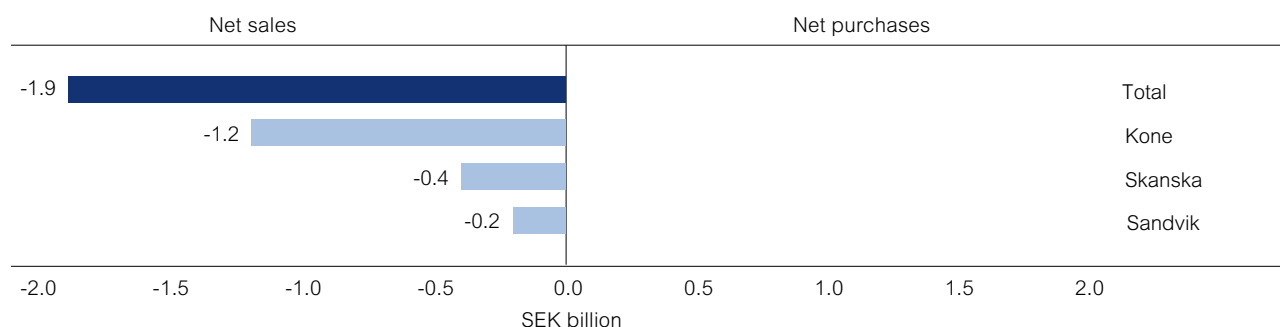
SEK billion	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012 ³	Dec. 31, 2011 ³
Equities portfolio	81.8	83.1	78.0	68.1	56.9
Interest-bearing net debt	-12.6	-14.6	-17.1	-18.2	-16.8
of which, convertible bond	-4.9	-5.0	-8.4	-8.4	-8.6
Adjustment pertaining to exchangeable bond	-0.1	-0.1	-	-	-
Net asset value	69.1	68.3	60.9	49.8	40.1
Net asset value per share, SEK	160	158	155	129	104
Yearly growth, %	1	6 ²	20	24	-30
Yearly growth incl. reinvested dividend, % ¹	5	9 ²	24	29	-28
Debt-equities ratio, %	15.5	17.6	21.9	26.8	29.5
Net asset value per share, SEK after full conversion	160	158	150	126	106
Debt-equities ratio, % after full conversion	9.5	11.6	11.1	14.4	14.5

1) The value assumes reinvestment of the dividend to enable a comparison with the Stockholm Stock Exchange's total return index (SIXRX).

2) Adjusted for conversions.

3) The comparison figures for the years 2011-2012 have not been restated in accordance with the principles for investment entities.

Major transactions per holding 2015



Equities portfolio

The equities portfolio comprises large shareholdings in Handelsbanken, SCA, Volvo, Sandvik, Ericsson, ICA Gruppen, Skanska and SSAB, all of in which Industrivärden serves as a long-term active owner.

The equities portfolio, which is valued at the companies' market prices as per December 31, 2015, had a market value of SEK 81,835 M (83,062). The market value of the equities portfolio corresponded to SEK 189 (192) per Industrivärden share.

Performance of the equities portfolio in 2015

Adjusted for purchases and sales, the value of the equities portfolio increased by 1% during the year, compared with the Stockholm Stock Exchange's market index (OMXSPI), which increased by 7%.

Dividends received from portfolio companies during the year amounted to a combined total of SEK 3,184 M (2,984). Industrivärden distributed SEK 2,702 M (2,282) in dividends to the shareholders during the year.

Investment activities 2015

During the year, stocks were sold for a net total of SEK 1,894 M.

The largest net sales pertained to Kone, for SEK 1,208 M, Skanska, for SEK 354 M, and Sandvik, for SEK 196 M.

Borrowing

Through available borrowing, Industrivärden increases its flexibility over time.

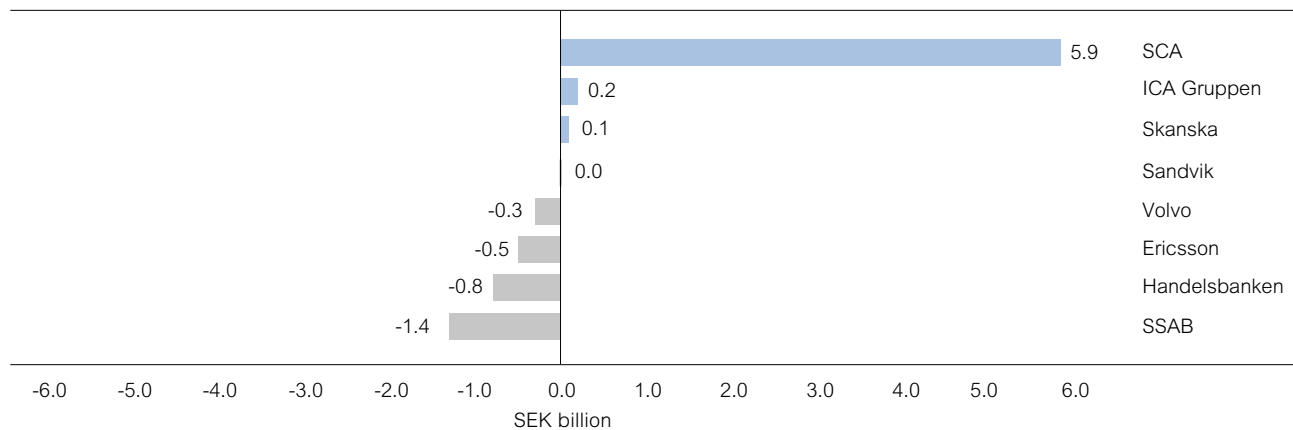
Debt policy

Industrivärden's debt policy is that the debt-equities ratio shall be in the range of 0%-10%, but may periodically exceed or fall below this interval.

Interest-bearing net debt

The debt portfolio consists primarily of a convertible bond, an exchangeable bond, bank borrowings, an MTN program and commercial paper. Interest-bearing net debt amounted to SEK 12.6 billion at year-end 2015, corresponding to SEK 29 per Industrivärden share. The

Total return for equities portfolio 2015



loan portion of the convertible bond that matures in 2017 accounts for SEK 4.9 billion of the total net debt. Upon conversion of the bond, the debt is converted to equity.

The debt-equities ratio at year-end 2015 was 15%, or 9% after full conversion of the convertible bond.

Interest-bearing liabilities had an average capital duration of approximately 2 years, and carried an average interest rate of 1.8%.

Convertible bond and exchangeable bond

In January 2011 Industrivärden issued a six-year convertible bond of EUR 550 M (maturing in 2017). The aim was to take advantage of strong market conditions and good credit quality to obtain attractive financing with the opportunity to issue new equity. The capital has been used for investments in portfolio companies.

In 2014 an exchangeable bond of SEK 4.4 billion was issued as part of the continuous refinancing of the equities portfolio. The bond matures in 2019 and was issued at a premium of approximately 38% to ICA Gruppen's share price at the time of issue and carries no interest.

See Note 15 for further information about the convertible and exchangeable bonds.

Stock market function

To be able to conduct professional asset management, Industrivärden has a stock market function that contributes market information, market contacts and executes transactions. To capitalize on this resource and on Industrivärden's long-term shareholdings, trading is conducted in equities and derivatives. Profit from trading in 2015 amounted to SEK 167 M (178).

Management cost

Industrivärden's management cost in 2015 amounted to SEK 229 M (146). The increase during the year is attributable mainly to one-off costs of approximately SEK 90 M for organizational changes, including a reduction in executives and certain other employees, and cancellation of consultancy/partner contracts. The management cost excluding these one-off costs of approximately SEK 90 M corresponded to 0.17% (0.18%) of the equities portfolio's value on December 31, 2015.

Composition of net asset value and total return for portfolio companies as per December 31, 2015

Holding	No. shares	Ownership, %		Share of value, %	Market value		Total return, SEK M	Net purchases/net sales per holding, SEK M	Total return for the stock, %
		Capital	Votes		SEK M	SEK/share			
Handelsbanken A	193,985,037	10.2	10.3	27	21,901	51	-841	-4	-4
SCA A	35,250,000	10.0	29.6	21	8,661	40	5,904	0	49
SCA B	35,550,000				8,763				
Volvo A	142,154,571	6.7	21.3	14	11,507	27	-287	-46	-2
Volvo B	1,500,000				119				
Sandvik	148,584,257	11.8	11.8	13	11,003	25	37	-196	0
Ericsson A	86,052,615	2.6	15.2	8	6,828	16	-543	0	-7
ICA Gruppen	21,125,000	10.5	10.5	8	6,494	15	236	0	4
Skanska A	12,667,500	7.1	24.1	6	2,088	11	100	-354	2
Skanska B	17,343,995				2,858				
SSAB A	58,105,972	10.7	17.7	2	1,314	3	-1,353	0	-50
SSAB B	754,985				14				
Other					286	1	188	-1,294	
Equities portfolio				100	81,835¹	189	3,438	-1,894	4
Interest-bearing net debt					-12,648	-29			
- of which, convertible bond					-4,891	-11			
Adjustment pertaining to exchangeable bond					-131	0			
Net asset value					69,056	160			
Debt-equities ratio						15			
Net asset value after full conversion						160			
Debt-equities ratio after full conversion						9			

1) The Group's total cost as per 12/31/2015 was SEK 45,759 M.

Industrivärden share data

Industrivärden's stock and shareholders

Industrivärden's Class A and Class C shares are listed on the Stockholm Stock Exchange. Industrivärden's stock is listed in the large cap segment, consisting of companies with a market capitalization in excess of EUR 1 billion. Industrivärden has 63,000 shareholders (60,000). Foreign ownership in the Company is 18% (15%). Each A-share carries entitlement to one vote, and each C-share carries entitlement to 1/10 of a vote. All shares carry equal entitlement to the Company's assets, earnings and dividends.

Trading volume of Industrivärden shares in 2015 totaled SEK 48 billion (49), of which the Stockholm Stock Exchange accounted for 48%, BATS Chi-X for 17%, BATS OTC for 14%, LSE for 13%, and other marketplaces for 8%. Trading volume of Industrivärden shares on the Stockholm Stock Exchange totaled SEK 23 billion (24), corresponding to a turnover rate of 12% (19%) for the Class A shares and 68% (90%) for the Class C shares. Average daily trading volume was 130,000 Class A shares and 445,000 Class C shares.

Return

During the last ten-year period, Industrivärden's Class A and C shares each delivered an average annual total return of 8%, compared with 9% for the Stockholm Stock Exchange's total return index. During the same period, the MSCI World Index generated an annualized total return of 6%. In 2015 the total return was 15% for the Class A shares and 11% for the Class C shares, compared with 10% for the Stockholm Stock Exchange's total return index (SIXRX).

Dividend

Industrivärden's dividend policy is that the company shall generate a positive cash flow before portfolio changes and after dividends paid, in order to build investment capacity over time and be able to support portfolio companies when needed. The dividend is to be well-balanced with respect to the goals, scope and risk of operations.

The Board of Directors has proposed that the 2016 Annual General Meeting declare a dividend of SEK 5.00 (6.25) per share, corresponding to a dividend yield of 3.1% for the Class A shares and 3.4% for the Class C shares. The estimated, average dividend yield for the Stockholm Stock Exchange was 3.8% at December 31, 2015.

Employee ownership in Industrivärden

Information on shareholdings of board members, members of the Executive Management and other senior executives is provided on pages 50–52.

Conversion of A-shares to C-shares

At the 2011 Annual General Meeting, a share conversion clause was added to Industrivärden's Articles of Association in the aim of giving shareholders greater flexibility. Shareholders have the right at any time to request conversion of Class A shares to Class C shares. Conversion forms are available on Industrivärden's website under the "Share data" menu. A total of 770 Class A shares were converted to Class C shares in 2015.

Conversion to Class C shares

No conversions were made in 2015 of Industrivärden's convertible bond maturing in 2017.

Industrivärden's stock as per December 31, 2015

Number of shares	Capital stock, SEK M	Percentage of	
		Votes	Shares
268,185,430 Class A shares	670.5	94	62
164,155,841 Class C shares	410.4	6	38
432,341,271 shares	1,080.9	100	100

Upon full conversion, 31.0 million Class C shares will be added.

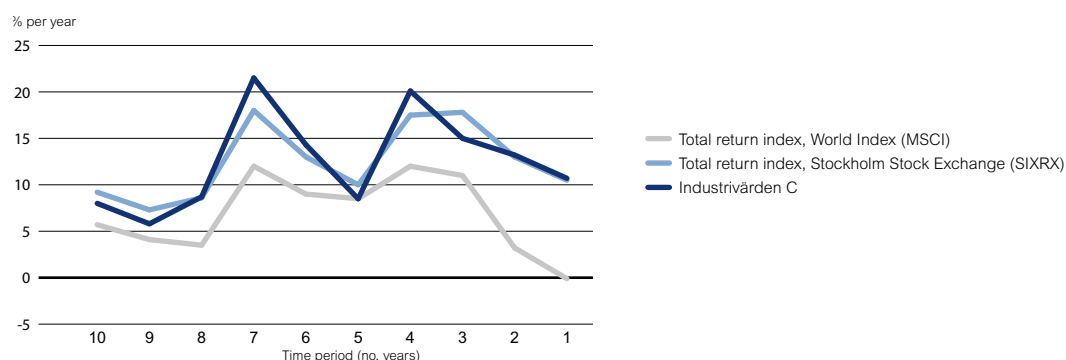
Dividend

SEK	2015	2014	2013	2012	2011
Dividend	5.00¹	6.25	5.50	5.00	4.50
Annual growth in dividend, %	neg.	14	10	11	13
Dividend yield, Class A shares, %	3.1	4.4	4.2	4.5	5.2
Dividend yield, Class C shares, %	3.4	4.6	4.5	4.6	5.5
Dividend yield for Stockholm Stock Exchange, %	3.8²	3.5	3.2	3.5	3.8

1) Proposed by the Board of Directors.

2) Source: Bloomberg. Preliminary data for 2015 as per December 31, 2015.

Total return for different periods of time



Total return – annual excess return for different periods of time

	10 years	7 years	5 years	3 years	1 year
Industrivärden A vs. Stockholm Stock Exchange (SIXRX)	-1% pt.	+2% pts.	-1% pts.	-1% pt.	+5% pts.
Industrivärden C vs. Stockholm Stock Exchange (SIXRX)	-1% pt.	+3% pts.	-2% pts.	-3% pts.	0% pts.
Industrivärden A vs. World Index (MSCI)	+2% pts.	+8% pts.	+1% pt.	+6% pts.	+16% pts.
Industrivärden C vs. World Index (MSCI)	+2% pts.	+9% pts.	0% pts.	+4% pts.	+11% pts.

Industrivärden's stock is included in MSCI's World Index.

Ownership structure on December 31, 2015¹

Largest shareholders	Number of shares	Share, percentage of	
		Capital	Votes
L E Lundbergföretagen	59,000,000	13.6	19.8
Handelsbanken Pension Foundation	32,047,097	7.4	11.3
Svenska Handelsbanken	29,585,175	6.8	10.3
Jan Wallander and Tom Hedelius Foundation	26,500,000	6.1	9.3
SCA Pension Foundation	17,526,642	4.1	6.2
Swedbank Robur funds	17,520,825	4.1	0.9
SCA Vorsorge-Treuhand	9,514,630	2.2	3.3
Handelsbanken Pension Fund	8,661,626	2.0	3.0
SEB funds	8,263,573	1.9	0.7
Carnegie funds	7,250,000	1.7	0.3
Fredrik Lundberg	7,190,000	1.7	2.3
SCA Pension Foundation for salaried employees and foremen	6,969,682	1.6	2.4
Norges Bank Investment Management	6,312,140	1.5	1.4
Spiltan Aktiefond Investmentbolag	4,647,233	1.1	0.2
J P Morgan Chase Bank	4,245,192	1.0	0.8
Total above	245,233,815	56.7	72.1
Other shareholders	187,107,456	43.3	27.9
Total Industrivärden	432,341,271	100.0	100.0

1) Source: Euroclear.

Equities portfolio

The equities portfolio comprises large shareholdings in Handelsbanken, SCA, Volvo, Sandvik, Ericsson, ICA Gruppen, Skanska and SSAB, all of in which Industrivärden serves as a long-term active owner.

The equities portfolio, which is valued at the companies' market prices as per December 31, 2015, had a market value of SEK 81,835 M (83,062). The market value of the equities portfolio corresponded to SEK 189 (192) per Industrivärden share.

Adjusted for purchases and sales, the value of the equities portfolio increased by 1% during the year,

compared with the Stockholm Stock Exchange's market index (OMXSPI), which increased by 7%.

Dividends received from portfolio companies during the year amounted to a combined total of SEK 3,184 M (2,984). The portfolio's total return, i.e., growth in value including reinvested dividends, was 4%, compared with 10% for the Stockholm Stock Exchange's total return index (SIXRX).

The total returns for the respective portfolio companies as well as their contribution to the performance of the equities portfolio as a whole are shown in the table below.

Total return on portfolio companies

Stock	2015	Average annual total return			
		3 years	5 years	7 years	10 years
Handelsbanken	-4%	18%	14%	20%	10%
SCA	49%	24%	22%	25%	13%
Volvo	-2%	0%	-4%	12%	5%
Sandvik	0%	-7%	-8%	10%	4%
Ericsson	-7%	11%	5%	8%	-2%
ICA Gruppen	4%	44%	27%	26%	18%
Skanska	2%	21%	10%	18%	9%
SSAB	-50%	-26%	-26%	-13%	-11%
Total return index (SIXRX)	10%	18%	11%	18%	9%

Handelsbanken



HOLDING

Shares: 193,985,037 Class A shares

Market value: SEK 21,901 M

Share of votes: 10.3%

Share of capital: 10.2%

Share of equities portfolio: 27%

Total return 2015: SEK -0.8 billion

Operations

Handelsbanken is a full-service bank with a business concept to offer a comprehensive range of high quality financial services to private and corporate customers in the Nordic countries, the U.K. and the Netherlands. The bank has nationwide branch networks in its respective home markets.

Handelsbanken has a decentralized work model in which a fundamental idea is that responsibility for each customer rests with the local branch where the customer lives or does business. This enables close and enduring customer relationships that are characterized by accessibility, simplicity and a high standard of service. The branches set locally adapted priorities with respect to their customer categories and product areas. Handelsbanken's service offering is evolving to accommodate emerging digital platforms as well as local customer interfaces, which complement each other. Through consistent application of this highly effective business model, Handelsbanken has established a strong financial position, high customer satisfaction and stronger market positions over time. Low risk appetite has contributed to considerably lower loan losses than the industry as a whole and favorable dividends even during financial crises, without the need for new issues and/or government support. The business is growing internationally in pace with establishment and development of the business model in selected markets.

Handelsbanken has the most satisfied customers (according to SKI) while achieving higher cost effectiveness than its peer competitors. Profitability is always prioritized above volume, and for the 44th year in a row, Handelsbanken had higher profitability than the average for its competitors in its home markets.

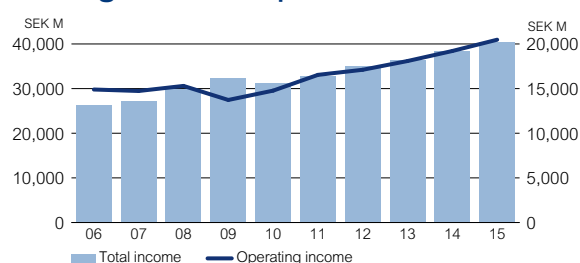
CEO: Frank Vang-Jensen

Chairman: Pär Boman

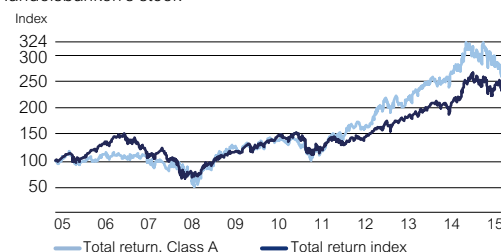
Focus areas for value creation

- Continued organic growth in existing home markets
- Increased cost and capital efficiency
- Capitalize on digitalization opportunities
- Adaptation to regulatory changes

Earnings and value performance



Handelsbanken's stock



Key data	2015	2014 ²
Earnings per share, SEK	8.57	7.96
Dividend per share, SEK	6.00¹	5.83
Share price on December 31, SEK		
Class A shares	112.90	122.20
Class B shares	116.30	117.67

1) Proposed by the board of directors, incl. extra dividend of SEK 1.50.

2) Comparison figures in the table have been adjusted for a 3:1 split that was carried out in May 2015.

Important events in 2015

- Frank Vang-Jensen new President and Group Chief Executive effective March 25
- Pär Boman new Chairman effective March 25

www.handelsbanken.com



Holding

Shares: 35,250,000 Class A shares, 35,550,000 Class B shares

Market value: SEK 17,424 M

Share of votes: 29.6%

Share of capital: 10.0%

Share of equities portfolio: 21%

Total return 2015: SEK 5.9 billion

Operations

SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care products, tissue and forest products. Value is created by combining good customer and consumer insight and knowledge about local market conditions with global experience, strong brands, efficient production and innovation. SCA is Europe's largest private forest owner.

Operations are global, with sales in approximately 100 countries. Approximately 85% of sales are hygiene products such as toilet paper, kitchen rolls, facial tissue, incontinence care products, feminine care products and baby diapers, which are sold under SCA's own brands as well as under retailers' private labels. SCA has a strong brand portfolio with two global brands – TENA for incontinence care products and Tork for Away-from-Home (AfH) tissue – each generating more than SEK 10 billion in annual sales. SCA is the global market leader in these segments.

SCA is carrying out a concerted expansion of its operations in key emerging markets. Since 2013 the company has been a majority owner in Vinda, one of the largest hygiene products companies in China. In that same year SCA established operations in India, and in 2015 the company inaugurated its first production plant in the country. In 2015 SCA decided to invest in a new production plant in Brazil. The company has also expanded in AfH tissue through the acquisition of Wausau in the U.S.

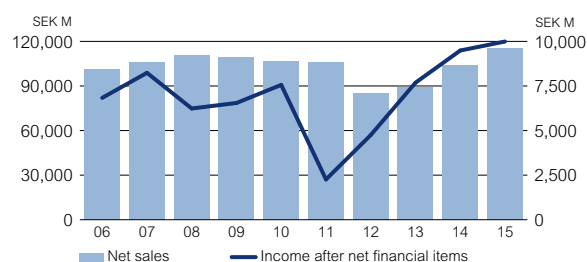
CEO: Magnus Groth

Chairman: Pär Boman

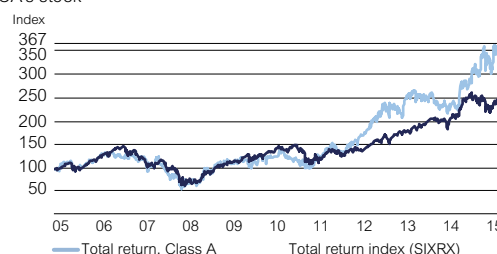
Focus areas for value creation

- Greater efficiency and faster pace of innovation for profitable growth
- Organic and acquisition-based growth in selected growth markets and segments
- Strategic deals and investments
- Restructured product portfolio with focus on growth in hygiene segment

Earnings and value performance



SCA's stock



Key data	2015	2014
Earnings per share, SEK	9.97	9.40
Dividend per share, SEK	5.75 ¹⁾	5.25
Share price, December 31, SEK		
Class A shares	245.70	169.00
Class B shares	246.50	168.90

1) Proposed by the board of directors.

Important events in 2015

- Magnus Groth new CEO effective March 1
- Pär Boman new Chairman effective April 15
- Decision made to make a public offer for Wausau Paper Corp., one of the largest makers of Away-from-Home tissue in the North American market. The deal was completed on January 21, 2016.
- Decision to invest in greater capacity for pulp production
- Decision to split Group into a Hygiene division and a Forest Products division

www.sca.com



Holding

Shares: 142,154,571 Class A shares, 1,500,000 Class B shares
Market value: SEK 11,626 M
Share of votes: 21.3%
Share of capital: 6.7%
Share of equities portfolio: 14%
Total return 2015: SEK -0.3 billion

Operations

The Volvo Group is a world-leading provider of commercial transport solutions, with sales in more than 190 markets. The business model focuses on creating customer value by leveraging the Group’s strong brands, technical expertise, effective products and services, and distribution. In the core diesel engines business, the Group coordinates its production and R&D based on a joint architecture and shared technology. During the past decade the Volvo Group has grown into a leading player in heavy trucks and construction equipment.

Business is conducted under several leading brands, which enables the Group to penetrate many different customer and market segments in mature as well as in emerging markets. Trucks are sold under the Volvo, Renault Trucks, Mack and UD Trucks brands, under the Eicher brand by an Indian joint-venture company, and under the Dongfeng brand through a strategic alliance with China’s Dongfeng Group. The Volvo Group also sells construction equipment through Volvo Construction Equipment, under the Volvo and SDLG brands. The Group also manufactures and sells buses and engines for marine and industrial applications, and offers financing and service solutions.

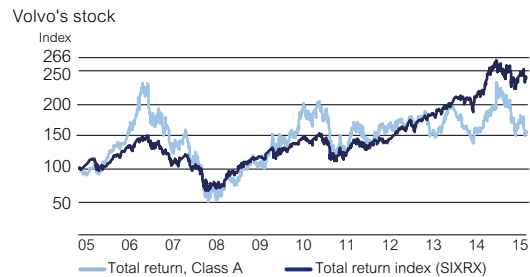
In recent years the Volvo Group has undergone a sweeping transformation through reorganization, a broad product renewal and programs for promoting greater efficiency. These put pressure on profitability during their implementation, but are strengthening future competitiveness. The cost-cutting programs have now begun generating results.

CEO: Martin Lundstedt
Chairman: Carl-Henric Svanberg

Focus areas for value creation

- Continued focus on organic growth and greater profitability
- Improved productivity and cost effectiveness
- Stronger presence in emerging markets through collaborations

Earnings and value performance



Key data	2015	2014
Earnings per share, SEK	7.41	1.03
Dividend per share, SEK	3.00 ¹⁾	3.00
Share price on December 31, SEK		
Class A shares	80.95	85.40
Class B shares	79.10	84.70

1) Proposed by the board of directors.

Important events in 2015

- Martin Lundstedt new CEO effective October 22
- Acquisition of 45% of Dongfeng Commercial Vehicles completed
- External IT operations for sale. Final agreement signed with HCL Technologies, where the transaction is expected to be implemented on March 31, 2016
- Shares in Eicher Motors Limited sold

www.volvogroup.com



Holding

Shares: 148,584,257 shares
Market value: SEK 11,003 M
Share of votes: 11.8%
Share of capital: 11.8%
Share of equities portfolio: 13%
Total return 2015: SEK 0.0 billion

Operations

Sandvik is a high-technology global engineering group with sales in more than 150 countries. Sandvik offers products and services that improve customers' productivity, profitability and safety. The company has leading positions in cemented carbide tools and components, machinery and tools for the mining and construction industries, and high value-added products in advanced metals and ceramics.

Operations are structured into five business areas. Sandvik Machining Solutions specializes in productivity-enhancing ceramic carbide products and solutions for advanced industrial metal cutting. Sandvik Mining supplies machinery, equipment and service to the mining industry, and Sandvik Construction offers corresponding products in selected niches in the construction industry. Sandvik Materials Technology manufactures products made from advanced stainless steels and special alloys for the most demanding industries. The fifth business area, Sandvik Venture, creates value through profitable growth of small to mid-sized businesses of particular interest for the Sandvik Group.

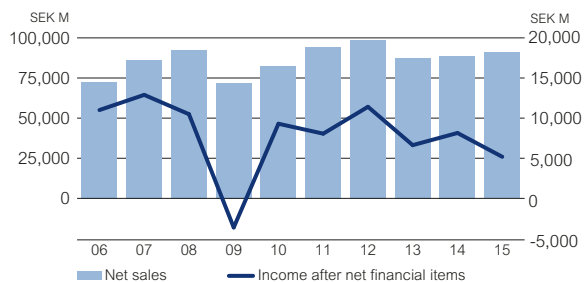
Sandvik has a long history of successful, value-based sales with a focus on customers' processes and efficiency improvement opportunities. The company's strength factors include extensive knowledge about materials technology and industrial processes and applications based on close cooperation with customers, a distinct innovative ability and a strong company culture. Sandvik aspires to be a world leader in its core businesses, to be a technological leader, to increase its exposure to fast-growing markets and segments, to increase flexibility, and to achieve a more global approach with strong local ties.

CEO: Björn Rosengren
Chairman: Johan Molin

Focus areas for value creation

- Continued cost and capital efficiencies
- Stronger aftermarket offering
- Review of company structure

Earnings and value performance



Key data	2015	2014
Earnings per share, SEK	1.79	4.79
Dividend per share, SEK	2.50 ¹⁾	3.50
Share price on December 31, SEK	74.05	76.40

1) Proposed by the board of directors.

Important events in 2015

- Björn Rosengren new CEO effective November 1
- Johan Molin new Chairman effective May 7
- Decision to divest Mining Systems project business
- Continued optimization of supply chain and focus on cost-cutting



Holding

Shares: 86,052,615 Class A shares
Market value: SEK 6,828 M
Share of votes: 15.2%
Share of capital: 2.6%
Share of equities portfolio: 8%
Total return 2015: SEK -0.5 billion

Operations

Ericsson is a world leader in communications technology and services, providing services, software and infrastructure – especially in mobility, broadband and the cloud – enabling the telecom industry and other sectors to do better business, increase efficiency and capture new opportunities. Ericsson is a global actor with customers in more than 180 countries, and supports more than 500 operator customers. Through long-term relationships with all major operators, Ericsson has a strong market position. The company has a broad product portfolio in mobile systems, telecom services, operating support systems and business support systems. Ericsson competes through its most important assets: leadership in technology and services, global economies of scale and the company’s expertise, with a major installed base to build further upon. In addition, with more than 37,000 granted patents, the company is an industry-leading innovator and driving force in the Networked Society.

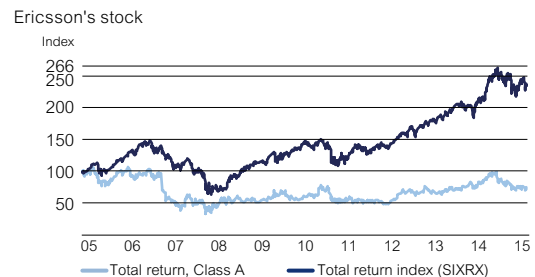
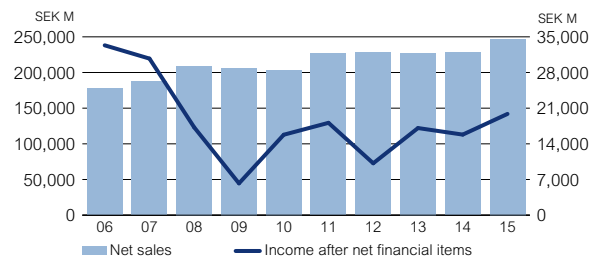
Ericsson has the ambition to remain successful in its core businesses, Radio, Core and Transmission networks, along with telecom services, at the same time that it is investing in five selected growth areas: IP networks, Cloud technology, Operating support and business support systems, TV & Media, and Industry & Society. Operations are conducted primarily in three segments. Networks develops products and solutions required for communication via mobile networks, including 2G, 3G and 4G radio networks, IP and transmission networks, core networks and cloud services. Support Solutions develops and supplies software-based solutions for TV, media applications, mobile commerce, and operating and support systems. Global Services offers services in installation, integration, operation, consulting and support.

CEO: Hans Vestberg
Chairman: Leif Johansson

Focus areas for value creation

- Focus on improved profitability and use of capital
- Stronger market position in new growth areas through ongoing technology shift
- Further capitalization of value in the patent portfolio
- Developed IP strategy through partnership with Cisco

Earnings and value performance



Key data	2015	2014
Earnings per share, SEK	4.13	3.54
Dividend per share, SEK	3.70 ¹⁾	3.40
Share price on December 31, SEK		
Class A shares	79.35	88.25
Class B shares	82.30	94.35

1) Proposed by the board of directors.

Important events in 2015

- Strategic partnership with Cisco
- Global agreement with Apple on patent licenses and technology development

www.ericsson.com



Holding

Shares: 21,125,000 shares
Market value: SEK 6,494 M
Share of votes: 10.5%
Share of capital: 10.5%
Share of equities portfolio: 8%
Total return 2015: SEK 0.2 billion

Operations

ICA Gruppen is a leading retail company, with focus on food and health. The core business is grocery retail, with grocery retail operations conducted in Sweden and the Baltic countries through 1,550 own and retailer-owned stores. Other operations in the Group support the core business and include Apotek Hjärtat, ICA Real Estate and ICA Bank. Through the acquisition of Apotek Hjärtat, ICA Gruppen has become the second-largest actor in Sweden's pharmacy market, with 390 pharmacies.

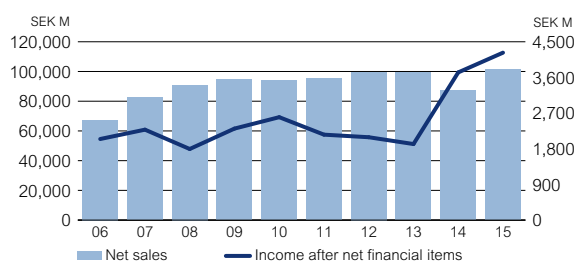
The ICA idea is based on individual retailers working in cooperation. The retailers each own and operate their own store and in that way can interact with customers through locally adapted concepts and offerings. This idea entails that the individual retailers cooperate in areas such as sourcing and logistics to achieve the same economies of scale and efficiency as wholly owned chains. Basically this involves utilizing synergies while adapting to local needs. Through this model, ICA has built up substantial customer trust, good profitability and a leading position in the Swedish market.

CEO: Per Strömberg
Chairman: Claes-Göran Sylvén

Focus areas for value creation

- Divestment of properties in Norway
- Realize synergies from the acquisition of Apotek Hjärtat
- Continued engagement in online business
- Investments in the Baltic region for continued growth

Earnings and value performance



Net sales and Income for 05–11 are based on ICA, for 12–13 on ICA Gruppen pro forma and from 14 excl. ICA Norge. ICA Gruppen's stock consists of Hakon Invest's share price up to the ICA Gruppen's stock market listing in May 2013.

Key data	2015	2014
Earnings per share, SEK	24.14	12.53
Dividend per share, SEK	10.00¹	9.50
Share price on December 31, SEK	307.40	305.80

1) Proposed by the board of directors.

Important events in 2015

- Divestment of ICA Norway to Coop Norway completed
- Acquisition of Apotek Hjärtat completed
- New joint venture property company with The First Public Pension Fund

www.icagruppen.se




Skanska

Shares: 12,667,500 Class A shares,
17,343,995 Class B shares

Market value: SEK 4,946 M

Share of votes: 24.1%

Share of capital: 7.1%

Share of equities portfolio: 6%

Total return 2015: SEK 0.1 billion

Operations

Skanska is one of the world's leading construction and project development companies, focusing on selected home markets of the Nordic countries, the rest of Europe and North America. Its mission is to develop, build and maintain the physical environment for living, traveling and working. The company strives to be an industry leader in sustainable development, particularly with respect to work environment, ethics, green building, social investment, diversity and inclusion. Skanska's overall goals are to generate customer and shareholder value, to be a market-leading builder in its home markets in terms of profitability, and to be a leading project developer in selected areas.

Skanska's size and global presence create opportunities for operational synergies through economies of scale and coordination. Financial synergies are created by investing cash flow from the construction operations in the company's project development business, generating a favorable return on capital. Operations are conducted through four business units: Construction, Residential Development, Commercial Property Development and Infrastructure Development. Construction involves residential and non-residential building construction and is Skanska's largest business stream. The other business units work with value-creating project development. Residential Development builds homes for sale primarily to private consumers. Commercial Property Development initiates, develops, invests in, leases out and sells commercial property projects, with a primary focus on office buildings, shopping centers and logistics. Infrastructure Development develops, invests in, operates and sells public-private partnership infrastructure projects, such as highways, hospitals, schools and power plants.

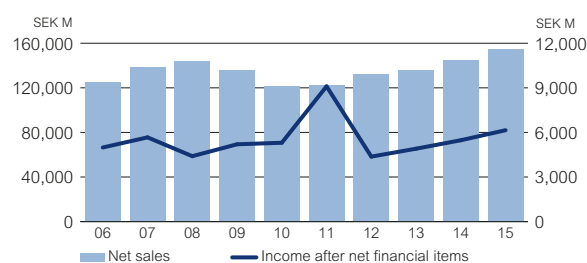
CEO: Johan Karlström

Chairman: Stuart Graham (Hans Björck has been nominated as new Chairman at the 2016 AGM)

Focus areas for value creation

- Controlled growth of construction operations in existing home markets
- Expanded project development operations

Earnings and value performance



Key data	2015	2014
Earnings per share, SEK	11.96	9.98
Dividend per share, SEK	7.50 ¹⁾	6.75
Share price on December 31, SEK		
Class B share price	164.80	167.90

1) Proposed by the board of directors.

Important events in 2015

- New business plan for 2016–2020
- New chairman nominated for election at the 2016 AGM

www.skanska.com

SSAB



Holding

Shares: 58,105,972 Class A shares, 754,985 Class B shares

Market value: SEK 1,328 M

Share of votes: 17.7%

Share of capital: 10.7%

Share of equities portfolio: 2%

Total return 2015: SEK -1.4 billion

Operations

SSAB is a highly specialized global steel company that produces advanced high strength steels (AHSS) and quenched & tempered Steels (Q&T), strip, plate and tubular products, as well as structural solutions for the construction industry. The products are sold as a total solution in close cooperation with customers, encompassing development, design, processing, logistics and service. Operations have their production bases in the Nordic countries, where production is integrated into a blast furnace process, and in the U.S., where production is scrap-based and is conducted in modern, highly efficient electric arc furnaces.

SSAB has chosen a specialization strategy aimed at consolidating the company’s position as a leading producer of high-strength steels. SSAB’s steel enhances productivity and environmental benefits by making customers’ products lighter, stronger and more durable. SSAB has achieved strong market positions in several of its selected product segments. In the strip segment, SSAB specializes in advanced high-strength strip, which is used primarily in the automotive industry and by container manufacturers, for example. In the plate segment, SSAB is the world’s leading producer of quenched steels, i.e., plate with extra high strength and durability, with good weldability and formability. Quenched steels are used in construction equipment, mining equipment and cranes, for example.

The acquisition of the Finnish steel maker Ruukki in 2014 strengthens SSAB’s opportunities to pursue its strategy to be a market leader in its home markets, a global market leader in high-strength steel, and a leader in value-added services, where the Hardox Wearparts network is an important component.

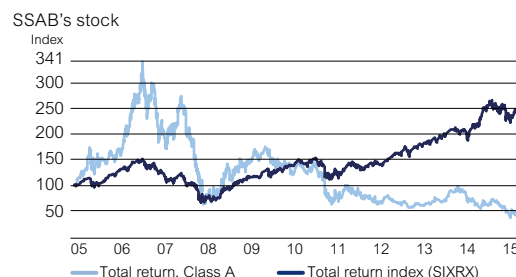
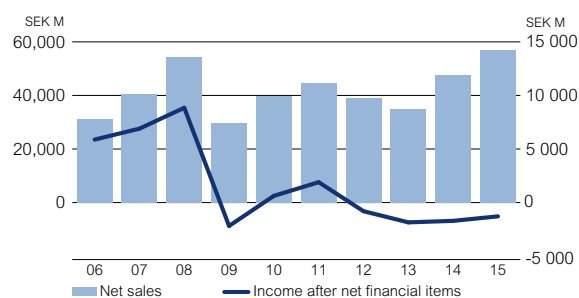
CEO: Martin Lindqvist

Chairman: Bengt Kjell

Focus areas for value creation

- Continue to gain synergies from the merger with Ruukki as per plan
- Efficiency improvements and adaptation to market situation
- Focus on growing in advanced high-strength steel and increase service content in the offering – among other things through growth in the aftermarket segment

Earnings and value performance



Key data	2015	2014
Earnings per share, SEK	-0.93	-3.33
Dividend per share, SEK	0.00¹	0.00
Share price on December 31, SEK		
Class A share price	22.61	45.62
Class B share price	19.00	40.21

1) Proposed by the board of directors.

Important events in 2015

- Bengt Kjell new Chairman as from April 8
- Realizing synergies following the merger with Ruukki
- Remaining assets designated for divestment as a result of the merger with Ruukki were sold

www.ssab.com

Financial statements

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Financial statements

Income statements

SEK M	Note	Group		Parent Company	
		2015	2014	2015	2014
Dividend income from stocks	1	3,184	2,984	1,608	1,546
Change in value of stocks, etc.	2	239	2,627	-1,580	1,562
Short-term derivative transactions and equity trading		167	178	58	82
Management cost	5, 6, 7	-229	-146	-229	-146
Operating income		3,361	5,643	-143	3,044
Financial income	4	27	33	25	19
Financial expenses	4	-284	-411	-143	-247
Income after financial items		3,104	5,265	-261	2,816
Tax	8	-	-	-	-
Net income for the year		3,104	5,265	-261	2,816
Earnings per share, SEK	9	7.18	12.62		
Earnings per share after dilution, SEK	9	7.18	11.39		

Statement of comprehensive income

Net income for the year		3,104	5,265	-261	2,816
<i>Items that are not to be reclassified in the income statement</i>					
Actuarial gains and losses pertaining to pensions		30	-24	30	-24
<i>Items that can subsequently be reclassified in the income statement</i>					
Change in hedging reserve		12	-11	12	-11
Comprehensive income for the year		3,146	5,230	-219	2,781

Balance sheets

SEK M	Note	Group		Parent Company	
		2015	2014	2015	2014
ASSETS					
Equities	10, 13	81,835	83,062	25,197	27,628
Shares in associated companies	10, 11, 13	-	-	15,996	17,033
Shares in subsidiaries	12, 13	-	-	1,944	3,056
Non-current receivables		466	375	466	375
Total non-current assets		82,301	83,437	43,603	48,092
Other current receivables	14	231	622	3,034	2,813
Cash and cash equivalents		5	0	5	0
Total current assets		236	622	3,039	2,813
TOTAL ASSETS		82,537	84,059	46,642	50,905
SHAREHOLDERS' EQUITY AND LIABILITIES					
Capital stock		1,081	1,081	1,081	1,081
Statutory reserve/Share premium reserve		6,754	6,754	6,754	6,754
Fair value reserve		0	-12	0	-12
Retained earnings		56,911	54,318	26,669	26,525
Net income for the year		3,104	5,265	-261	2,816
Total shareholders' equity		67,850	67,406	34,243	37,164
Convertible bond/Exchangeable bond	15, 17	9,058	9,046	9,058	9,046
Other non-current interest-bearing liabilities	16, 17	2,105	2,620	105	1,120
Non-current noninterest-bearing liabilities	18	1,122	858	1,122	858
Total non-current liabilities		12,285	12,524	10,285	11,024
Current interest-bearing liabilities	19	2,149	3,905	1,900	2,536
Other current liabilities	20	253	224	214	181
Total current liabilities		2,402	4,129	2,114	2,717
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		82,537	84,059	46,642	50,905

Information about the Group's pledged assets and contingent liabilities can be found in Note 21.

Shareholders' equity

Group

	Capital stock ¹	Statutory reserve/ share premium reserve	Fair value reserve ²	Retained earnings	Net income for the year	Total share- holders' equity
Shareholders' equity as per adopted balance sheet at Dec. 31, 2013	979	1,678	-1	44,484	12,140	59,280
Net income for the year	-	-	-	-	5,265	5,265
Actuarial gains and losses on pensions	-	-	-	-24	-	-24
Change in hedging reserve, fair value losses	-	-	-11	-	-	-11
Total comprehensive income	-	-	-11	-24	5,265	5,230
Transfer of previous year's net income	-	-	-	12,140	-12,140	-
Conversion of convertible bonds	102	5,067	-	-	-	5,169
Other	-	9	-	-	-	9
Dividend to shareholders ³	-	-	-	-2,282	-	-2,282
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2014	1,081	6,754	-12	54,318	5,265	67,406
Net income for the year	-	-	-	-	3,104	3,104
Actuarial gains and losses on pension	-	-	-	30	-	30
Change in hedging reserve, fair value losses	-	-	12	-	-	12
Total comprehensive income	-	-	12	30	3,104	3,146
Transfer of previous year's net income	-	-	-	5,265	-5,265	-
Dividend to shareholders ³	-	-	-	-2,702	-	-2,702
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2015	1,081	6,754	0	56,911	3,104	67,850

Parent Company

	Capital stock	Statutory reserve/ share premium reserve	Fair value reserve	Retained earnings	Net income for the year	Total share- holders' equity
Shareholders' equity as per adopted balance sheet at Dec. 31, 2013	979	1,678	-1	27,506	1,325	31,487
Net income for the year	-	-	-	-	2,816	2,816
Actuarial gains and losses on pensions	-	-	-	-24	-	-24
Change in hedging reserve, fair value losses	-	-	-11	-	-	-11
Total comprehensive income	-	-	-11	-24	2,816	2,781
Transfer of previous year's net income	-	-	-	1,325	-1,325	-
Conversion of convertible bonds	102	5,067	-	-	-	5,169
Other	-	9	-	-	-	9
Dividend to shareholders	-	-	-	-2,282	-	-2,282
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2014	1,081	6,754	-12	26,525	2,816	37,164
Net income for the year	-	-	-	-	-261	-261
Actuarial gains and losses on pensions	-	-	-	30	-	30
Change in hedging reserve, fair value losses	-	-	12	-	-	12
Total comprehensive income	-	-	12	30	-261	-219
Transfer of previous year's net income	-	-	-	2,816	-2,816	-
Dividend to shareholders	-	-	-	-2,702	-	-2,702
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2015	1,081	6,754	0	26,669	-261	34,243 ⁴

1) As per December 31, 2015, there were 432,341,271 shares outstanding, of which 268,185,430 were Class A shares and 164,155,841 were Class C shares. The share quota value is SEK 2.50.

2) The hedging reserve pertains to fair valuation of interest swaps used for cash flow hedging.

3) The dividend in 2015 was SEK 6.25 per share.

4) Unrestricted equity in the Parent Company amounts to SEK 32,100 M.

Statements of cash flows

SEK M	Note	Group		Parent Company	
		2015	2014	2015	2014
OPERATING ACTIVITIES					
Dividend income from stocks	1	3,184	2,984	1,608	1,546
Cash flow from derivative transactions and equity trading		72	80	-81	71
Management cost paid		-183	-139	-183	-139
Other items affecting cash flow		-34	11	-20	11
Cash flow from operating activities before financial items		3,039	2,936	1,324	1,489
Interest received		20	16	20	12
Interest paid		-286	-494	-146	-243
Other financial items		2	-	2	-
CASH FLOW FROM OPERATING ACTIVITIES		2,775	2,458	1,200	1,258
INVESTING ACTIVITIES					
Purchases/sales of stocks	3, 13	1,894	-1,561	3,421	1,563
CASH FLOW FROM INVESTING ACTIVITIES		1,894	-1,561	3,421	1,563
FINANCING ACTIVITIES					
Loans raised and amortization of debt		-1,841	-3,097	-1,570	-1,360
Exchangeable bond		-	4,354	-	4,354
Investments		-121	-362	-121	-362
Change in financing of subsidiaries		-	-	-223	-3,171
Dividend paid		-2,702	-2,282	-2,702	-2,282
CASH FLOW FROM FINANCING ACTIVITIES		-4,664	-1,387	-4,616	-2,821
NET CASH FLOW FOR THE YEAR		5	-490	5	0
Cash and cash equivalents at start of year		0	490	0	0
CASH AND CASH EQUIVALENTS AT END OF YEAR		5	0	5	0

Proposed distribution of earnings

The Board of Directors proposes a dividend of SEK 5.00 per share (6.25). The proposed dividend corresponds to 6.3% of the Parent Company's equity and 3.2% of the Group's equity. Of shareholders' equity, 21%, or SEK 7.3 billion in the Parent Company, and 53%, or SEK 35.7 billion in the Group, is attributable to market valuation of assets and liabilities. The Board is of the opinion that the proposed dividend is well balanced in view of the objectives, scope and risks of the business as well as with respect to the ability to meet the Company's future obligations. The total amount to be paid out according to the proposed dividend, with the current number of shares, is SEK 2,162 M (2,702).

According to the Parent Company balance sheet, profits totaling SEK 32,100 M are at the disposal of the Annual General Meeting.

The Board of Directors and CEO propose that the earnings be disposed of as follows:

To the shareholders, a dividend of SEK 5.00 per share, totaling	SEK 2,162 M
<u>Balance carried forward</u>	<u>SEK 29,938 M</u>
	SEK 32,100 M

The Board of Directors and CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting principles, that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of July 19, 2002, on application of International Financial Reporting Standards, that disclosures herein give a true and fair view of the Parent Company's and Group's financial position and results of operations, and that the statutory Administration Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Group's and Parent Company's earnings and position in general are shown in the income statements, balance sheets, statements of changes in shareholders' equity, statements of cash flows and notes to the financial statements. Adoption of the Consolidated and Parent Company Income Statements and Balance Sheets will take place at the Annual General Meeting on May 9, 2016.

Stockholm, February 5, 2016

Fredrik Lundberg
Chairman

Pär Boman
Vice Chairman

Christian Caspar
Director

Bengt Kjell
Director

Nina Linander
Director

Annika Lundius
Director

Lars Pettersson
Director

Helena Stjernholm
CEO

Our Audit Report was submitted on February 22, 2016

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Accounting policies

Applied rules

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU and with application of RFR 1. The annual report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and with application of RFR 2. The most important accounting policies applied are specified below. Unless stated otherwise, these are unchanged compared with preceding years. New or revised IFRSs and IFRIC interpretations have not had any effect on the Group's or Parent Company's result of operations or position.

Basis of presentation

Industrivärden applies the cost method except for equity investments and derivative instruments, which are mainly stated at fair value in the income statement. Industrivärden has elected to report continuing changes in the market value of all holdings of listed stocks and equity derivatives in the income statement.

Principles of consolidation

Industrivärden is classified as an Investment Entity, and as such does not consolidate certain subsidiaries.

Subsidiaries that serve in a supporting function to the Parent Company are consolidated in accordance with the acquisition method, while subsidiaries and associated companies that are investments (portfolio companies) are not consolidated, but are stated at fair value.

Parent Company accounting

The Parent Company reports shares in subsidiaries at cost, while associated companies and other holdings are carried at market value. The capital gain or loss generated upon the sale of shares is calculated accordingly.

Recognition of income

Dividend income from stocks is recognized from the day on which trading takes place ex-rights. Changes in value of financial assets and derivative instruments are recognized on a current basis in the income statement under the heading Change in value of stocks, etc.

Reporting of financial assets and liabilities

Financial assets and liabilities are classified in the following categories: financial assets and liabilities at fair value through profit or loss, loan receivables, and other financial liabilities. The classification depends on the purpose for which the financial item was acquired. Purchases and sales of financial instruments are reported as per the transaction date.

Reporting of convertible bonds

Convertible bonds, which are issued in euros, consist of a host contract in the form of a bond and an issued option to convert a set number of shares in Swedish kronor to a set amount in euros. The host contract was initially measured at fair value and thereafter at amortized cost using the effective interest method, in accordance with IAS 39. This entails that the loan is indexed over its term at nominal value. This indexing is reported as a change in value in the income statement, while the coupon

interest is reported as an interest expense. The conversion right is classified as an imbedded derivative, in accordance with IAS 39. The option component is reported as a liability instead of as an equity instrument, since the conversion price is in a currency that is different from the functional currency. The option is measured on a continuous basis at fair value through profit or loss in the item Change in value of stocks, etc. The value of the option portion is based on the current market price of the convertible. Transaction costs are allocated over the term of the convertible bond and are included in the change in value reported in the income statement.

Assets and liabilities in foreign currency

Transactions, assets and liabilities in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date or on the day the items were restated. The Parent Company's functional currency is Swedish kronor (SEK).

Issued stock options

Option premiums received are booked as a liability and are deducted from premiums paid upon repurchase. If an issued option expires without being exercised, the premium is recognized as income. Upon exercise of an issued option, the premium increases the exercise price upon the sale of shares or reduces the exercise price upon the purchase of shares. On the balance sheet date, the market value of issued options is determined, and the difference between the market value and provisioned premiums is recognized in income. The outstanding options are carried on the balance sheet as other current liabilities.

Hedging of fixed interest rates through cash flow hedges

The interest coupon portion is reported as a continuing interest expense, while other market value changes of the hedge (the swap) are reported directly against the hedging reserve in shareholders' equity, under the condition that the hedge is effective.

Cash and cash equivalents

Cash and cash equivalents include – in addition to cash and bank balances – short-term financial investments with remaining terms of less than three months.

Borrowings

Borrowings are carried initially at fair value net of transaction costs and thereafter at amortized cost using the effective interest rate method.

Pensions

The Group has both defined contribution and defined benefit pension plans. Costs for defined contribution pension plans are expensed in pace with payment of premiums. Defined benefit pension plans with Alecta are reported as defined contribution plans, since insufficient information is available to report these as defined benefit plans.

Pension liability refers to defined benefit pension obligations, calculated annually for the Group in accordance with IAS 19 with the assistance of an external actuary.

All changes in the net pension liability are recognized immediately when they arise. Service and interest costs are recognized in profit or loss, while remeasurements such as of actuarial gains and losses are recognized in other comprehensive income.

Trading

Industrivärden's trading consists of trading in stock options, short-term equity investments and financial instruments coupled to short-term equity investments.

Long-term incentive program

Industrivärden's long-term incentive program 2015 is a share savings program in which the employees could invest a certain portion of their fixed salary in Industrivärden stock, and after three years receive matching shares, provided that they are still employed. For more information about the program, see Note 6.

The cost of the program is allocated over a three-year period and is reported under the heading Management cost. Industrivärden has entered into a share swap in order to limit the cost. The share swap's change in value and cash flows are reported under Management cost.

Financial risk management

General

The types of financial risks that the Industrivärden Group encounters in its business consist primarily of equities risk and – to a limited extent – other financial risks in the form of e.g., interest rate risk and liquidity risk.

Equities risk

Equities risk pertains mainly to share price risk, which is the entirely dominant risk in Industrivärden's operations. By share price risk is meant the risk of a decline in value caused by changes in prices in the stock market. Industrivärden's active ownership should reduce the relative equities risk in the portfolio companies and thus also in Industrivärden's portfolio. Moreover, the active ownership role provides good insight into the portfolio companies' operations, external operating environment and continuing development. Having a diversification of equities in the portfolio reduces volatility and contributes to a more stable return over time. Share price risk can be illustrated as such that a 1% change in the price of all listed shareholdings in Industrivärden's equities portfolio as per December 31, 2015, would have affected the market value by +/- SEK 800 M. The option portion of issued convertible bonds is reported as a noninterest-bearing liability and is stated at market value during the term of the loans. If the price of Industrivärden Class C shares rises, so does the carrying amount of the liability. A price increase of 10% is estimated to increase the liability by SEK 193 M and the value of the equities portfolio by SEK 8,200 M. Upon conversion, the liability is transferred from both the loan and option portions to shareholders' equity. The option portion does not affect Industrivärden's net asset value.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market interest rates. The financial instruments that are exposed to interest rate risk consist of loans with variable interest rates. Swap agreements may be used to limit interest expenses and to adjust maturities. Industrivärden's interest rate risk and its effect on earnings are judged to be low. At year-end 2015, two interest rate swap agreements were in effect under which a variable interest rate was swapped against a fixed interest rate. The agreements pertain to borrowings totaling SEK 1,250 M with a term of 33

to 44 months. At year-end 2015 the market value of the swap agreements was SEK –73 M. A parallel shift up or down in the interest rate curve by 1 percentage point would affect income after financial items in 2016 by approximately +/- SEK 7 M.

Liquidity risk and refinancing risk

Liquidity risk is the risk of encountering difficulties in accessing liquid assets in order to meet obligations associated with financial instruments. In accordance with Industrivärden's finance policy, at any given time the Group has a minimum of SEK 2 billion in committed credit facilities at its disposal. Refinancing risk is the risk of the Company being unable to obtain financing or that financing can only be obtained at a considerably higher cost. In the aim of minimizing refinancing risk, the loans' maturities are distributed evenly over time to lower the likelihood of a large portion of loans being refinanced at the same date. Industrivärden's liquidity risk and refinancing risk are judged to be low. With an equity ratio of 82% (80%) and an A-rating (S&P), Industrivärden has considerable financial flexibility.

Currency risk

Currency risk is the risk that the value of assets and liabilities will vary due to changes in exchange rates. Industrivärden's currency risk is mainly coupled to the outstanding convertible bond of EUR 550 M. The bond was partly hedged during the year. A 1% change in the value of the Swedish krona against EUR, all else unchanged, would affect income by approximately SEK 30 M.

Counterparty risk

Counterparty risk is the risk of a party in a transaction with a financial instrument not being able to meet its obligations and thereby causing loss to the other party. Internal rules set by Industrivärden prescribe high creditworthiness of counterparties with respect to investments, derivative transactions, etc., which is why counterparty risk is considered to be low. Where applicable, ISDA master agreements are used.

Operational risk

Operational risk is the risk of incurring a loss due to defects in internal routines and systems. Industrivärden's risk manage-

ment rests on a foundation of internally adopted guidelines and rules, and of policies adopted by the Board of Directors. Important rules include investment rules, the risk policy and the finance policy. Matters pertaining to confidentiality and information security are of major importance for Industrivärden and are regulated by internal guidelines.

Internal control over financial reporting

Against the background of the share price risk described above, the most important control process in Industrivärden's business consists of the continuous monitoring of value exposure in the equities portfolio. Industrivärden's internal control is therefore primarily focused on ensuring the reliability of valuations of outstanding equity and derivative positions and of the reporting of purchases and sales of stocks and other securities.

According to the Swedish Companies Act, the Board is responsible for internal control. The instructions regulating the division of duties between the Board and the CEO lay out investment rules for equities and derivative instruments as well as a finance policy. Decision-making channels, authority and responsibility are defined by a set of investment rules and by a finance policy. Industrivärden has a specially appointed investment committee that makes regular decisions on investment

matters within the framework of the CEO's mandate. Other processes with a bearing on the financial reporting are regulated by Industrivärden's insider rules, information policy and confidentiality policy. Industrivärden's greatest risk consists of value exposure in the equities portfolio. The predominant risk in work processes pertains to potential errors in the accounting and reporting of equity transactions. Industrivärden continuously assesses the risks in the handling of equity transactions, which are discussed with the auditor and affect the structure of internal risk control.

Control activities pertaining to the equities portfolio include, among other things, approval of all business transactions, registration in internal systems in real time, follow-up of equity transactions to ensure that they are in accordance with decisions made by the Investment Committee, and checks to make sure that the value of purchases and sales of stocks and of underlying stocks in derivative transactions is within the scope of established exposure limits. All equity positions are followed up on a continuous basis in real time. The Investment Committee, which is made up of the Executive Management, continuously follows up investment decisions that have been made and checks to ensure that they have been executed correctly. Minutes are recorded of Investment Committee meetings.

Financing

Organization

Industrivärden's financing and management of financial risks are conducted in accordance with guidelines set by the Board of Directors. Industrivärden's finance function works primarily with financing and investment of surplus liquidity.

Financing

Industrivärden's financing is arranged through both short- and long-term borrowing. The credit facilities give Industrivärden the ability to act on attractive investment opportunities at short notice. No part of the financing is conditional upon any covenants.

Credit facilities as per December 31, 2015

	Amount, SEK M	Utilized amount, SEK M	Term
Convertible bond	4,891	4,891	2017
Exchangeable bond	4,167	4,167	2019
Bank loans	2,000	2,000	2017
Total long-term borrowing		11,058	
MTN program	8,000	500	
Commercial paper	2,000	1,400	
Bank overdraft facility	1,000	72	
Total short-term borrowing		1,972	

In addition, Industrivärden has unutilized committed bank loans totaling SEK 2,000 M.

Average interest rate and capital duration

The average interest rate for Industrivärden's debt portfolio as per December 31, 2015, was 1.8% (2.0%). The average capital duration was 26 months (30).

Liquidity analysis

Maturity structure for undiscounted, contracted interest-bearing liabilities along with future interest payments accruing therewith and derivative instruments with negative market values:

SEK M	2016	2017–2018	After 2019	Total
Interest-bearing liabilities	2,163	7,079	4,505	13,747
Derivative instruments	54	55	64	173
Total as per December 31, 2015	2,217	7,134	4,569	13,920

SEK M	2015	2016–2017	After 2017	Total
Interest-bearing liabilities	3,642	7,984	4,520	16,146
Derivative instruments	42	–	126	168
Total as per December 31, 2014	3,684	7,984	4,646	16,314

Industrivärden's convertible bond

	Nominal value, EUR M	Conversion price, SEK	Fixed conversion price, EUR/SEK	Max. no. of additional Class C shares, millions
Convertible bond 2011–2017	550	157.57	8.8803	31.0

Change in the Group's interest-bearing net debt

SEK M	Dec. 31, 2015	Change in borrowing	Other changes	Dec. 31, 2014
Cash and cash equivalents	5	–	5	0
Interest-bearing receivables	659	–	–280	939
Non-current interest-bearing liabilities	11,163	–503	–	11,666
Current interest-bearing liabilities	2,149	–1,756	–	3,905
Interest-bearing net debt	12,648	–2,259	275	14,632

Ratings

Industrivärden has been assigned an international corporate credit rating of A/Stable/A-1 by Standard & Poor's (as of February 2016), which has also assigned the commercial paper program a credit rating of K–1.

Financial instruments by category

SEK M	December 31, 2015				December 31, 2014			
	Assets at fair value in the income statement	Loan receivables	Investments held to maturity	Total	Assets at fair value in the income statement	Loan receivables	Investments held to maturity	Total
ASSETS								
– Equities	81,835	–	–	81,835	83,062	–	–	83,062
– Derivatives	10	–	–	10	37	–	–	37
– Non-current receivables	–	–	466	466	–	–	375	375
– Current receivables	–	193	–	193	–	564	–	564
– Cash and cash equivalents	–	5	–	5	–	–	–	–
Total assets	81,845	198	466	82,509	83,099	564	375	84,038

Financial instruments by category, cont.

SEK M	December 31, 2015			December 31, 2014		
	Liabilities at fair value in the income statement	Other financial liabilities	Total	Liabilities at fair value in the income statement	Other financial liabilities	Total
LIABILITIES						
– Non-current interest-bearing liabilities	–	11,163	11,163	–	11,666	11,666
– Other non-current liabilities	1,123	–	1,123	858	–	858
– Current interest-bearing liabilities	–	2,149	2,149	–	3,905	3,905
– Other current liabilities	54	26	80	59	34	93
Total liabilities	1,177	13,338	14,515	917	15,605	16,522

Fair value of financial instruments

SEK M	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
– Equities	81,574	–	261	81,835	82,918	–	144	83,062
– Derivatives	0	10	–	10	–	37	–	37
Total assets	81,574	10	261	81,845	82,918	37	144	83,099

SEK M	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
LIABILITIES								
Non-current liabilities								
– Option portion of convertible and exchangeable	–	1,013	–	1,013	–	744	–	744
– Other derivatives	–	110	–	110	–	114	–	114
Current liabilities								
Derivatives	51	3	–	54	30	30	–	60
Total liabilities	51	1,126	–	1,177	30	888	–	918

In accordance with IFRS 13, financial instruments are carried at fair value based on a 3-level hierarchy. The classification is based on the input data used in the valuation of the instruments.

Instruments in Level 1 are valued at quoted prices for identical instruments in an active market. Instruments in Level 2 are valued in a valuation model which uses input data that are directly or indirectly observable in the market. Input data used in the valuation models include interest rates, volatility and dividend estimates. Instruments in Level 3 are valued using a valuation technique based on input data which are not observable in a market.

Netting agreements for financial assets and liabilities

SEK M	December 31, 2015	
	Financial assets	Financial liabilities
Reported gross and amounts	8	118
Amount covered by netting agreements	–8	–8
Received/pledged collateral	–	–72
Net amount after netting agreements	0	38

ISDA master agreements exist between the affected counterparties. All financial assets and liabilities have been reported in gross amounts on the balance sheet.

Notes

Amounts in millions of Swedish kronor (SEK M) unless stated otherwise.

NOTE 1. Dividend income from stocks

	2015	2014
Ericsson	293	258
Handelsbanken	1,132	1,067
ICA Gruppen	201	169
Kone	33	33
Sandvik	517	498
SCA	372	336
Skanska	203	200
SSAB	0	0
Volvo	435	422
Group	3,184	2,984

NOTE 2. Change in value of stocks, etc.

	2015	2014
Ericsson	-766	1,189
Handelsbanken	-1,800	3,271
ICA Gruppen	34	2,175
Kone	7	159
Sandvik	-352	-2,168
SCA	5,462	-2,056
Skanska	-75	1,154
SSAB	-1,353	-260
Volvo	-637	-76
Other	147	83
Stocks	668	3,471
Transfer – short-term derivative transactions and equity trading	-101	-87
Option portion's change in value, convertible bond and exchangeable bond	-269	-319
Transaction costs and revaluation of convertible loan and exchangeable bond	-214	-197
Other, net	155	-241
Group	239	2,627

NOTE 3. Net purchases and sales (-) per holding

	2015	2014
Ericsson	0	-45
Handelsbanken	-4	99
ICA Gruppen	0	240
Kone	-1,208	151
Sandvik	-196	542
SCA	0	0
Skanska	-354	-117
SSAB	0	45
Volvo	-46	1,188
Other	-86	-542
Group	-1,894	1,561

NOTE 4. Financial income and expenses

	Group		Parent Company	
	2015	2014	2015	2014
Financial income				
Interest income				
– other	27	33	25	19
Total	27	33	25	19

	Group		Parent Company	
	2015	2014	2015	2014
Financial expenses				
Interest expenses				
– subsidiaries	–	–	-3	-8
Interest expenses				
– other	-284	-411	-139	-239
Other financial items	0	0	-1	0
Total	-284	-411	-143	-247

NOTE 5. Average number of employees

	2015		2014	
	Number of employees	Of whom, women	Number of employees	Of whom, women
Parent Company	21	9	23	9

NOTE 6. Wages, salaries and other remuneration; social security costs

	2015				2014			
	Directors' fees	Wages, salaries and other remuneration	Social security costs	Of which, pension costs	Directors' fees	Wages, salaries and other remuneration	Social security costs	Of which, pension costs
Parent Company	6	92	60	24	6	50	36	15

Executive Management's compensation and pension costs for 2015

	Base salary	Variable salary	Share savings program	Other benefits	Pension cost
CEO Helena Stjernholm, from September 1	2.9	0.8	0.2	0	1.2
Other members of Executive Management (3 persons)	10.0	5.3	2.9	0.3	3.5
Total	12.9	6.1	3.1	0.3	4.7

Former CEOs and members of Executive Management

	Base salary	Variable salary	Share savings program	Other benefits	Pension cost
CEO Anders Nyrén, until May 6	25.7	–	6.4	0.5	–
Acting CEO Bengt Kjell, May 6–September 1	3.7	–	–	–	1.4
Other members of Executive Management (2 persons)	23.0	0.8	2.1	0.5	11.8
Total¹	52.4	0.8	8.5	1.0	13.2

1) Includes contractual payments during the period 2015-2017.

Directors' fees and executive compensation

- The Nominating Committee, which has been appointed in the manner decided by the Annual General Meeting (AGM), submits recommendations for directors' fees to the AGM. Fees have been paid to the Chairman of the Board and other directors in accordance with an AGM resolution. In accordance with the AGM's resolution in 2015, directors' fees totaling SEK 5.85 M were paid out. Of this amount, the Chairman of the Board received SEK 2.0 M, and the Vice Chairman received SEK 1.2 M. Other directors each received SEK 0.6 M. Bengt Kjell, who served as acting CEO and as a director during the year, received SEK 0.25 M in directors' fees for the period in which he was not employed by the Company. No fee is paid for committee work. Directors' fees were unchanged compared with the preceding year. The position of Vice Chairman was new for the year, however.
- Compensation of the CEO and other members of the Executive Management is based on the guidelines adopted by the 2015 AGM. The Compensation Committee submits a recommendation to the Board on the CEO's compensation and draws up, in consultation with the CEO, criteria for compensation for the other members of the Executive Management. The members of the Executive Management receive a base salary, long-term and short-term variable salary, customary employment benefits and pension benefits.

Current CEO and members of the Executive Management

Helena Stjernholm took office as President and CEO on September 1 and received a base salary of SEK 2.9 M. Her variable salary for 2015 amounted to SEK 0.8 M, which will be paid in 2016. Her vested portion of the ongoing share savings program was SEK 0.2 M for 2015. The cost for defined contribution pension premiums was SEK 1.2 M for 2015. Other benefits pertain to a company car. In the event of termination of her employment contract by the Company, a two-year notice period applies. In the event of termination by the CEO's initiative, a six-month notice period applies.

Three other members of the Executive Management together received base salaries of SEK 10.0 M. The other members of the Executive Management are entitled to long-term and short-term variable salary. The outcome is based on the achievement of individually set goals as well as on joint targets for growth in net asset value. Variable salary for 2015 amounted to SEK 5.3 M and will be paid out in 2016. The vested portion of the ongoing share savings program amounted to SEK 2.9 M for 2015. The share savings program that expired in 2015 resulted in grants of 21,360 Industrivärden Class C shares to other members of the Executive Management, for a value of SEK 3.2 M. The combined cost of defined contribution pension premiums in 2015 was SEK 3.5 M. Other benefits pertain to company cars. In the event of termination of an executive's

employment contract by the Company, a two-year notice period applies. In the event of termination by the executive's initiative, a six-month notice period applies.

Former CEOs and members of the Executive Management

Anders Nyrén was dismissed as CEO on May 6, whereby a notice period of 24 months with unchanged employment benefits commenced. Anders Nyrén receives a fixed salary of SEK 25.7 M for the period January 1, 2015 through May 6, 2017, when his employment ends. The Company's cost is reduced by SEK 3.5 M for directors' fees paid by portfolio companies for 2015 and 2016. The estimated cost for the ongoing share savings program up until the end of employment in 2017 was SEK 6.4 M. The share savings program that expired in 2015 resulted in the grant of 31,800 Industrivärden Class C shares, for a value of SEK 4.8 M.

Anders Nyrén has a fully vested defined benefit pension consisting mainly of a lifetime retirement pension which, after 65 years of age, corresponds to approximately 60% of his average base salary during the three years prior to retirement, indexed from the date of retirement in the same manner that would apply for a pension from Alecta. His survivors are entitled to survivorship benefits equivalent to 35% of his base salary. The capital value of this obligation was SEK 146 M as per December 31, 2015.

Bengt Kjell served as acting CEO during the period May 6–September 1, after which time he was at the Company's disposal during a notice period of three months, and received a base salary of SEK 3.7 M in 2015. The cost of defined contribution pension premiums was SEK 1.4 M for 2015.

Two other members of the Executive Management are together entitled to base salary of SEK 23.0 M for employment during 2015 as well as during an 18-month notice period for one executive, and for the other executive, after terminated employment, 24 months' severance pay. Variable salary for 2015 pursuant to contracts amounted to SEK 0.8 M, which will be paid in 2016. The estimated cost for the ongoing share savings program up until the end of employment amounted to SEK 2.1 M for 2015. The share savings program that expired in 2015 resulted in grants of 11,818 Industrivärden Class C shares, worth SEK 1.8 M. Two other former members of the Executive Management are covered by defined contribution and defined benefit pension plans. The combined cost of these pensions for 2015 and up until the end of these executives' employment was SEK 11.8 M.

Long-term incentive program 2015

The 2015 AGM resolved to offer a long-term share savings program for a maximum of 30 employees in the Industrivärden Group. The Share Savings Program, which in its construction corresponds to previous programs, constitutes a long-term variable salary. The program is part of a competitive total compensation package in which the employee receives matching shares after three years, subject to investment of part of the employee's base salary in Industrivärden shares and subject to the employee remaining employed when matching occurs. The program aims to encourage Industrivärden's employees to increase their ownership of stock in the Company and thereby further emphasize long-term shareholder value. The Share Savings Program is expected to increase Industrivärden's opportunities to recruit and retain competent employees as well as the participants' interest in and commitment to Industrivärden's business and development. Against this background, the program is judged to have a positive impact on Industrivärden's continued development and thereby be beneficial for both the shareholders and Industrivärden's employees. During 2015, 20,900 shares were bought within the program, which can qualify for up to 51,000 matching shares.

Long-term incentive program 2012

The Share Savings Program from 2012 expired in October 2015. In connection with this, a total of 91,984 Industrivärden Class C shares were granted, for a value of SEK 13.9 M.

NOTE 7. Auditors' fees

	Group ¹		Parent Company ¹	
	2015	2014	2015	2014
PWC				
Audit assignment	0.9	0.9	0.9	0.9
Auditing activities in addition to audit assignment	0.1	0.1	0.1	0.1
Tax consulting	0.6	0.9	0.6	0.9
Total	1.6	1.9	1.6	1.9

1) Including value-added tax (since investment companies are not subject to value-added tax and thereby cannot deduct value-added tax).

NOTE 8. Condensed tax computation for the Parent Company (see page 53)

	2015	2014
Market value of equities portfolio on January 1	44,661	42,102
Less: business-related shares	-44,134	-37,493
Basis for standardized income	527	4,609
Standardized income 1.5%	8	69
Dividends received during the respective years	1,608	1,546
Management cost, net financial items, etc.	-280	-399
Dividend paid out ¹	-2,162 ²	-2,702
Taxable income	-826	-1,486
Tax-loss carryforwards from previous years	-6,228	-4,742
Accumulated tax-loss carryforward	-7,054	-6,228

1) Payment is made during the following year, in accordance with an AGM decision.
2) Proposed by the Board of Directors.

NOTE 9. Earnings per share

	Group	
	2015	2014
Income attributable to equity holders of the Parent Company		
Net income for the year	3,104	5,265
Change in value of convertible options	200	-189
Convertible interest	97	94
Indexing of convertible	112	103
Income attributable to equity holders of the Parent Company after dilution	3,513	5,273

Earnings per share before dilution

The calculation of earnings per share before dilution is based on reported income attributable to equity holders of the Parent Company, amounting to SEK 3,104 M (5,265), and a weighted average number of shares outstanding, amounting to 432,341,271 (417,320,006).

Earnings per share after dilution

Calculation of earnings per share after dilution is based on reported income attributable to equity holders of the Parent Company after dilution, amounting to SEK 3,513 M (5,273), and a weighted average number of shares outstanding after the effect of the convertible bond, amounting to 463,338,066 (463,112,855). For the periods during which the convertible bond gives rise to a dilutive effect, they are assumed to have been converted to common shares, and earnings are adjusted to eliminate the earnings that the convertibles have generated. For calculation of earnings per share after dilution, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares with a dilutive effect – in Industrivärden's case the convertible bond. As per December 31, 2015, the number of potential common shares that would be created upon a future full conversion of the convertible bond is 31.0 million.

NOTE 10. Equities

	2015				2014	
	Number of shares	Share of capital, %	Share of votes, %	Market value ¹	Market value ¹	
Ericsson A	86,052,615	2.6	15.2	6,828	7,594	
Handelsbanken A	193,985,037	10.2	10.3	21,901	23,705	
ICA Gruppen	21,125,000	10.5	10.5	6,494	6,460	
Kone	–	–	–	–	1,228	
Sandvik	148,584,257	11.8	11.8	11,003	11,550	
SCA A	35,250,000	10.0	29.6	8,661	6,845	
SCA B	35,550,000	–	–	8,763	5,118	
Skanska A	12,667,500	7.1	24.1	2,088	2,127	
Skanska B	17,343,995	–	–	2,858	3,248	
SSAB A	58,105,972	10.7	17.7	1,314	2,651	
SSAB B	754,985	–	–	14	30	
Volvo A	142,154,571	6.7	21.3	11,507	12,140	
Volvo B	1,500,000	–	–	119	169	
Total, portfolio companies				81,550	82,865	
Other				286	196	
Group's holdings of equities				81,835²	83,062	
Less: associated companies				–15,996	–17,033	
Less: non-consolidated companies				–261	–144	
Less: holdings owned via subsidiaries				–40,382	–38,257	
Parent Company's holdings of equities, excluding shares in associated companies and subsidiaries				25,197	27,628	

1) The market value corresponds to the book value.

2) The Group's total cost as per December 31, 2015, was SEK 45,759 M.

NOTE 11. Shares in associated companies

	Reg. no	Domicile	Shareholders' equity	Income after tax	Parent Company			Market value
					Share of capital, %	Share of votes, %	No. shares, million	
Skanska	556000-4615	Stockholm	24,206	4,791	7.1	24.1	30.0	4,946
Volvo	556013-9700	Gothenburg	85,610	15,099	6.4	20.4	136.5	11,050
Total								15,996

NOTE 12. Shares in subsidiaries

	Reg. no	Domicile	Share of capital, %	No. shares	Shareholders' equity	Parent Company	
						Book value	Book value
Industrivården Invest AB (publ) ¹	556775-6126	Stockholm	100	1,000	18,838	330	
Industrivården Förvaltning AB ¹	556777-8260	Stockholm	100	1,000	16,059	1,010	
Investment AB Promotion ¹	556833-0525	Stockholm	100	100,000	506	395	
Industrivården Service AB	556364-7758	Stockholm	100	100,000	25	42	
Investment AB Nils Dacke	556833-0558	Stockholm	100	500	2	2	
Perbastra AB	556833-0533	Stockholm	100	500	10	10	
Floras Kulle AB	556364-8137	Stockholm	100	10,000	86	155	
Total						1,944	

1) The subsidiaries serve in a supporting function for the Parent Company and are consolidated in the Group in accordance with the acquisition method.

NOTE 13. Change in equities

	Group	
	Equities	
	2015	2014
Opening value	83,062	77,992
Disposals at sales value	-1,894	-704
Purchases	-	2,265
Change in value	668	3,509
Closing value	81,835	83,062

	Parent Company							
	Equities		Shares in associated companies		Shares in subsidiaries		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening value	27,628	34,868	17,033	7,234	3,056	4,961	47,717	47,063
Reclassification SSAB	-	3,936	-	-3,936	-	-	-	-
Reclassification Volvo	-	-13,344	-	13,344	-	-	-	-
Disposals at sales value	-	-47	-353	-185	-7	-	-360	-232
Purchases	-	557	-	-	395	-	395	557
Change in value	-2,431	1,658	-684	576	-	-	-3,115	2,234
Shareholder contributions	-	-	-	-	-1,500	-1,888	-1,500	-1,888
Other	-	-	-	-	-	-17	-	-17
Closing value	25,197	27,628	15,996	17,033	1,944	3,056	43,137	47,717

NOTE 14. Other current receivables

	Group		Parent Company	
	2015	2014	2015	2014
Interest-bearing receivables	193	564	6	9
Receivables from subsidiaries	-	-	2,996	2,776
Prepaid expenses and accrued income	21	13	21	13
Other current receivables	17	45	11	15
Total	231	622	3,034	2,813

NOTE 15. Convertible bond and exchangeable bond

In January 2011 Industrivärden issued a convertible bond of EUR 550 M with a term of six years. The conversion price was set at a premium in relation to the share price and exceeded net asset value at the time of issue.

As per December 31, 2015, the convertible bond was "out of the money," and taking into account an actual exchange rate of SEK 9.14/EUR 1, it was profitable to convert when Industrivärden's share price exceeded SEK 162 per share. At the same point in time, the share price for Industrivärden's Class C shares was SEK 145.10.

Convertible bond 2011–2017	
Nominal amount, EUR M	550
Conversion price, SEK	157.57
Fixed exchange rate, EUR/SEK	8.8803
Coupon, %	1.875
Maximum number of additional Class C shares, millions	31.0

If the dividend yield for Industrivärden's Class C shares exceeds 4.0%, the conversion price will be adjusted using a standard formula. The conversion price is SEK 157.57, whereby a maximum of 31.0 million Class C shares will be added upon full conversion.

Industrivärden has the right to call early redemption of the bond if the value of the convertible exceeds the nominal value by 30% over a 20-day period. Upon maturity, Industrivärden has an opportunity to convert part or all of the bond even if the current share price has not reached the conversion price. In such case, the bondholders would be guaranteed to receive shares or cash corresponding to the nominal amount of the bond. The bond matures on February 27, 2017.

The complete terms and conditions of the convertible bond are provided on Industrivärden's website under the menu Financial information/Credit matters.

In 2014 an exchangeable bond of SEK 4.4 billion was issued as part of the continuous refinancing of the equities portfolio. The bond matures in 2019 and was issued at a premium of approximately 38% to ICA Gruppen's share price at the time and carries no interest. During 2015 the conversion price was adjusted from SEK 300 to SEK 298.52, to compensate the exchangeable bondholders for dividends exceeding a stated dividend level at issuance. In the event of a potential future conversion there is a possibility to pay either with shares or with cash equivalents.

NOTE 16. Pensions

The Group's total reported pension costs amount to SEK 24 M (15). Interest on pension obligations of SEK 2 M (3) are reported in the income statement as Financial items. For 2016, the Group's pension costs are estimated to be approximately SEK 11 M.

Defined contribution plans

Defined contribution plans include retirement pensions, disability pensions and family pensions, and entail payment of premiums on a regular basis during the year to independent legal entities.

Defined benefit plans

Industrivården's defined benefit plans include retirement pensions, disability pensions and family pensions, and ordinarily entail an obligation to pay lifetime benefits. Earning of pension entitlement is based on the number of years of service and increases the employee's pension entitlement each year. The obligation is reported on a continuing basis through profit or loss and as a pension provision on the balance sheet.

The pension obligation as per December 31, 2015, was SEK 166 M (181), the value of plan assets was SEK 61 M (61), and the net pension liability was SEK 105 M (120).

	Group	
	2015	2014
Actuarial assumptions		
Discount rate, ¹ %	2.75	2.0
Future salary increases, %	2.0	3.6
Anticipated inflation, %	1.6	1.6

1) Swedish home mortgage bonds are used as a benchmark for the discount rate with a duration corresponding to the pension obligation.

NOTE 17. Non-current interest-bearing liabilities

	Group		Parent Company	
	2015	2014	2015	2014
Convertible bond	4,891	4,971	4,891	4,971
Exchangeable bond	4,167	4,075	4,167	4,075
MTN program	–	500	–	500
Bank loans	2,000	2,000	–	500
Pension liability (see Note 16)	105	120	105	120
Total	11,163	11,666	9,163	10,166

Market valuation of current and long-term interest-bearing liabilities as per 12/31/2015 would increase current interest-bearing liabilities by SEK 0 M (26) and non-current interest-bearing liabilities by SEK 194 M (234).

Due dates for loans	Group		Parent Company	
	2015	2014	2015	2014
– 2016	–	500	–	500
– 2017	6,891	6,971	4,891	5,471
– 2018 or later ¹	4,272	4,195	4,272	4,195
Total	11,163	11,666	9,163	10,166

1) Of which, pension liability

	Group	Parent Company
	105	120
		105
		120

NOTE 18. Non-current noninterest-bearing liabilities

	2015	2014
Option portion of convertible bond and exchangeable bond	1,013	744
Other	109	114
Group	1,122	858

NOTE 19. Current interest-bearing liabilities

	Group		Parent Company	
	2015	2014	2015	2014
Commercial paper	1,400	1,229	1,400	1,229
MTN program	500	1,300	500	1,300
Bank loans	–	500	–	–
Bank overdraft facility	72	358	–	–
Interim payments	–	7	–	7
Other	177	511	–	–
Total	2,149	3,905	1,900	2,536

NOTE 20. Other current liabilities

	Group		Parent Company	
	2015	2014	2015	2014
Equity derivatives etc.	13	39	13	36
Other derivatives	41	20	41	20
Other current liabilities	11	9	10	8
Accrued interest	25	29	25	29
Other accrued expenses	162	122	124	84
Accounts payable, trade	1	5	1	5
Total	253	224	214	181

NOTE 21. Pledged assets and contingent liabilities

	Group		Parent Company	
	2015	2014	2015	2014
Shares	626	588	626	588
Other	9	5	8	4
Total	635	592	634	592

Contingent liabilities of the Group amount to SEK 1,000 M (1,000). Contingent liabilities of the Parent Company amount to SEK 3,000 M (3,000) and pertain to bank loans in subsidiaries.

NOTE 22. Obligations to board members and CEOs

The Group's non-current interest-bearing liabilities include SEK 105 M (120) in pension obligations and similar benefits for current and former board members and CEOs. The corresponding amount for the Parent Company is SEK 105 M (120), as shown in the item Pension liability in Notes 16 and 17.

NOTE 23. Related-party transactions**Transactions with subsidiaries**

Certain transactions have been made with wholly owned subsidiaries, such as rents for premises at market terms and internal loans. The size of these transactions as per 12/31/2015 is shown in the balance sheet and accompanying notes.

Transactions with associated companies

Dividends have been received from listed associated companies.

Auditor's report

To the annual meeting of the shareholders of AB Industrivärden (publ), corporate identity number 556043-4200

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of AB Industrivärden (publ) for the year 2015, except for the corporate governance statement. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 2–55.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2015, and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders

adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of AB Industrivärden (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act and for ensuring that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, February 22, 2016
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Board of Directors



FREDRIK LUNDBERG

B.Sc. Eng., B.Sc. Econ., Honorary Ph.D. in Economics, Honorary Ph.D. in Technology.
Born 1951, place of residence: Djursholm.
Chairman of the Board since 2015. Director since 2004. President and CEO of L E Lundbergföretagen. Chairman of Holmen, Hufvudstaden and Indutrade. Vice Chairman of Svenska Handelsbanken. Director of L E Lundbergföretagen and Skanska.
Active in L E Lundbergföretagen since 1977.
Shareholding: Own 7,210,000; related party 59,000,000.



PÄR BOMAN

Engineering and Business/Economics degree, Honorary Ph.D. in Economics.
Born 1961, place of residence: Stockholm.
Vice Chairman since 2015. Director since 2013. Chairman of Svenska Handelsbanken and SCA. Director of Skanska.
Former President and Group Chief Executive of Svenska Handelsbanken.
Shareholding: 1,000.



CHRISTIAN CASPAR

B.Sc. Econ.
Born 1951, place of residence: Feusisberg, Switzerland.
Director since 2011.
Director of Stena and Bonnier.
More than 30 years of experience from leading positions at McKinsey & Company.
Shareholding: 1,000.



BENGT KJELL

B.Sc. Econ.
Born 1954, place of residence: Stockholm.
Chairman of SSAB and Hemfosa Fastigheter. Vice Chairman of Indutrade. Director of ICA Gruppen and Pandox.
Previously served as acting President and as an Executive Vice President of Industrivärden, President of AB Handel och Industri and partner of Navet.
Shareholding: 15,000.



NINA LINANDER

B.Sc. Econ., MBA
Born 1959, place of residence: Stockholm.
Director since 2014.
Director of TeliaSonera, Skanska, Awapatent, Specialfastigheter Sverige, Castellum and OneMed Holding.
Co-founder and former partner of Stanton Chase International. Prior to this she served in executive positions at Vattenfall and Electrolux.
Shareholding: 20,950.



ANNIKA LUNDIUS

LL.M.
Born 1951, place of residence: Stockholm.
Director since 2014. Director of SSAB and AMF Pension.
Former Deputy Director General of the Confederation of Swedish Enterprise, Legal Director and Financial Counselor in the Swedish Ministry of Finance, and CEO of Insurance Sweden and the Swedish Insurance Employers Association (FAO).
Shareholding: 1,954, related party 1,500.



LARS PETERSSON

M.Sc. Eng., Hon. Ph.D.
Born 1954, place of residence: Sandviken.
Director since 2015.
Chairman of KP Komponenter A/S. Director of L E Lundbergföretagen, Indutrade, Husqvarna AB, Festo A.G. and LKAB.
Former President and CEO of Sandviken, and previously held executive positions in the Sandvik Group.
Shareholding: 5,000.

Executive Management



Martin Hamner, Fredric Calles, Helena Stjernholm and Sverker Sivall.

HELENA STJERNHOLM

Chief Executive Officer, Chief Investment Officer, Industrivärden employee since 2015.

M.Sc. Business Administration, born 1970.

1998–2015 employed by IK Investment Partners, as partner 2008–2015, and Chief Investment Officer 1998–2008; 1997–1998 Consultant at Bain & Company.

Shareholding: 15,000.

MARTIN HAMNER

Chief Financial Officer, Industrivärden employee since 2008.

M.Sc. Business Administration, born 1964.

1999–2007 Group Controller and Head of Investor Relations for ASSA ABLOY; 1987–1999 Authorized Public Accountant for PricewaterhouseCoopers.

Shareholding: 8,950.

SVERKER SIVALL

Head of Corporate Communications, Industrivärden employee since 1997.

M.Sc. Business Administration, born 1970.

1997–2010 Head of Investor Relations for Industrivärden; 1994–1997 Investment Controller at AstraZeneca.

Shareholding: 11,000.

FREDRIC CALLES

Head of Equities Market Function, Industrivärden employee since 2003.

M.Sc. Business Administration, born 1966.

1996–2003 Head of Trading for Alfred Berg Fondkommission; 1993–1996 Assistant Trading Manager at UBS Sweden.

Shareholding: 9,000.

Team managers



PETER NYSTRÖM

Industrivärden employee since 2002.

M.Sc. Eng., CFA, born 1960.
Responsible for Ericsson and SSAB.

Shareholding: 2,381.

PETER SIGFRID

Industrivärden employee since 2005.

LL.M, M.Sc. L.A., born 1974.
Responsible for Sandvik and ICA Gruppen.

Shareholding: 3,000 shares.

BENIAM POUTIAINEN

Industrivärden employee since 2013.

M.Sc. Business Administration, born 1987.

Shareholding: 1,000.

MADELEINE WALLMARK

Industrivärden employee since 2006.

M.Sc. Business Administration, born 1982.

Responsible for SCA and Volvo.
Shareholding: 4,090.

ERIK RÖJVALL

Industrivärden employee since 2000.

M.Sc. Business Administration, born 1973.

Responsible for Handelsbanken and Skanska.
Shareholding: 4,500.

Stock market information

Industrivärden aspires to meet high demands for continuous communication with its shareholders and the stock market as a whole. Information provided to the market shall maintain a high standard of quality and be made quickly available to all recipients. Through a close dialog with market actors, Industrivärden strives to continuously develop and improve its communication.

Reporting dates 2016

Interim reports will be published on the following dates:

- April 5 for the period January–March
- July 6 for the period January–June
- October 6 for the period January–September

2016 Annual General Meeting

- Monday, May 9, in Stockholm

Information channels

Printed documents

Interim reports, year-end reports, annual reports and press re-releases can be ordered using any of the following alternatives:

- by post from AB Industrivärden (publ),
Box 5403, SE-114 84 Stockholm, Sweden
- by phone, at +46-8-666 64 00
- by registration on www.industrivarden.net
- by e-mail at: info@industrivarden.se

A printed version of the Annual Report will be distributed to shareholders upon request.

Subscribing for publications

Subscriptions for Industrivärden's press releases, interim reports, year-end reports and annual reports can be arranged through registration of an e-mail address on Industrivärden's website.

Industrivärden online

All reports are published on Industrivärden's website, www.industrivarden.net, which is a central information channel for communicating with parties interested in the Company. The website is a convenient source of current and historic information about Industrivärden.

Investor Relations Officer



ANDERS GUSTAVSSON

IRO, Industrivärden employee since 2012.

M.Sc. Business Administration, born 1981.

Anders Gustavsson served as a business controller for H&M in 2011, and from 2007 to 2010 he worked for Caterpillar as a strategic analyst.

Shareholding: 2,280.

Tel. +46-8-666 64 00, e-mail: info@industrivarden.se

Tax rules

Tax rules for investment companies

To be defined as an investment company for tax purposes, the requirements are that the company is engaged exclusively or almost exclusively in the management of securities, that the company's stock is spread among a large number of shareholders, and that the portfolio of securities is well distributed.

Intermediaries

Investment companies, along with mutual funds, are usually classified as intermediaries. The principles of legislation in this area are:

- that neutrality between direct and indirect ownership requires that the intermediary shall not be subject to taxation,
- that indirect ownership shall not be more advantageous than direct ownership, and
- that taxation shall enable reinvestment of the intermediary's shareholding.

Tax rules

The main principles concerning taxation of investment companies are:

- that interest income is taxable, while interest expenses and management costs are tax deductible,
- that dividends received are taxable, while dividends rendered are tax deductible, and
- that capital gains on sales of stocks are tax exempt, but in return, a standardized level of income, which amounts to 1.5% of the market value of the equities portfolio at the start of the fiscal year, is taxed. The basis for calculating the standardized level of income does not include business-related shares, by which is meant unlisted shares as well as listed shares in which the holding corresponds to at least 10% of the number of votes. In order for listed business-related shares to be excluded from the standardized income calculation, they must have been held for at least one year.

Tax deficits

Tax-loss carryforwards are deductible and may be accumulated in order to be deducted from future taxable surpluses.

Calculation of taxes

See Note 8 on page 45.

Key ratios

Value at December 31	2015	2014	2013	2012 ¹	2011 ¹
Industrivärden shares					
Industrivärden's market cap, (SEK M)	66,434	60,638	50,357	42,461	33,069
Number of shares outstanding					
Class A shares (thousands)	268,185	268,186	268,531	268,531	268,531
Class C shares (thousands)	164,156	164,155	123,239	117,741	117,741
Dividend yield A-/C-shares (%)	3.1/3.4	4.4/4.6	4.2/4.5	4.5/4.6	5.2/5.5
Total return A-/C-shares (%)	15/11	13/16	23/18	33/37	-25/-28
Total return indexes					
SIXRX (%)	10	16	28	16	-14
MSCI World (%)	0	7	28	16	-5
Net asset value					
Equities portfolio					
market value (SEK M)	81,835	83,062	77,992	68,077	56,903
total return (%)	4	8	20	22	-23
Interest-bearing net debt					
value (SEK M)	-12,648	-14,632	-17,094	-18,248	-16,780
of which, convertible bond (SEK M)	-4,891	-4,971	-8,410	-8,418	-8,555
debt-equities ratio (%)	15	18	22	27	29
debt-equities ratio after full conversion (%)	9	12	11	14	14
Other					
adjustment pertaining to exchangeable	-131	-85	-	-	-
Net asset value					
value (SEK M)	69,056	68,345	60,898	49,829	40,123
NAV per share (SEK)	160	158	155	129	104
NAV after full conversion (SEK M)	73,947	73,316	69,308	58,247	48,678
NAV per share after full conversion (SEK)	160	158	150	126	106
Trading and management cost					
Profit from trading (SEK M)	167	178	140	118	152
Management cost					
cost (SEK M)	229	146	130	123	105
share of managed assets (%)	0.17²	0.18	0.17	0.18	0.18

1) The comparative figures for the years 2011-2012 have not been restated in accordance with the principle for investment entities.

2) Adjusted for non-recurring costs of approximately SEK 90 M.

Definitions

Change in value of stocks – For stocks 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 stocks 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 stocks 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.

Dividend yield – Dividend per share in relation to the share price on December 31.

Earnings per share – Net income for the year divided by the total number of shares outstanding.

Interest-bearing net debt – Interest-bearing liabilities and pension liabilities less cash and cash equivalents and interest-bearing receivables.

Market value of equities portfolio – 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 reinvestment of the 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 – Change in the share price taking into account reinvested dividends. The total return is compared against the return index (SIXRX), which indicates the price trend including reinvested dividends for stocks listed on the Stockholm Stock Exchange.

Annual General Meeting 2016

Time and place

The Annual General Meeting will be held at 2 p.m. on Monday, May 9, 2016, at the Grand Hotel, Vinterträdgården room (entrance at the corner of Stalgatan/Blasieholmsgatan), in Stockholm, Sweden. The doors will open at 1 p.m., and registration will be open until 2 p.m., at which time the doors will be closed.

Who is entitled to participate?

To be entitled to participate at the Annual General Meeting, shareholders must be listed in the shareholder register printed out by Euroclear Sweden on May 2, 2016, and notify their intention to participate in the Meeting no later than May 2, 2016.

How to become registered in the shareholder register

Shares may be registered in the shareholder register maintained by Euroclear Sweden in the name of either the owner or the owner's nominee. For a shareholder who has arranged to have his or her shares registered in a nominee's name, in order to be able to participate in the Meeting, he/she must request that the nominee registers the shares in the shareholder's own name, so that the shareholder is listed in the shareholder register on May 2, 2016. Such listing may be temporary. The shareholder should contact the nominee well in advance before May 2, 2016.

Notification of attendance

Notification of intention to participate at the Meeting may be made using one of the following alternatives:

- by post to AB Industrivärden, "AGM 2016", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden
- by phone +46-8-402 92 86 (as from March 31, 2016)
- by filling in an electronic form on Industrivärden's website, www.industrivarden.net

Upon notification, shareholders must indicate their:

- name
- personal identity number/corporate identity number
- complete postal address and phone number
- where applicable, the number of assistants (max. two)

Notifications must be received by the Company no later than May 2, 2016.

Proxies

Shareholders may exercise their right to participate at the Meeting by proxy. Please use the proxy statement provided on the proxy form, which is available on Industrivärden's website. Proxy may also be arranged by providing the application information above for the shareholder as well as his/her representative.

The proxy statement must also include the date and location for signature as well as the shareholder's signature and name printed out. For representation of legal entities by proxy, the proxy must be signed by an authorized signatory of the company/organization, and a copy of the registration certificate, which indicates the company's/organization's authorized signatories, must be attached. Proxy statements must be sent in or shown in original.

Proposed dividend

The Board of Directors proposes that the Annual General Meeting resolve in favor of a dividend of SEK 5.00 per share. The dividend will be paid to shareholders who are listed in the shareholder register on the record date. The Board of Directors proposes May 11, 2016, as the record date. Provided that the Annual General Meeting approves the Board's proposal, this entails Industrivärden shares purchased not later than the day of the AGM, May 9, 2016, will normally carry entitlement to the dividend (provided that the purchase was recorded in the shareholder register on May 11, 2016). Payment of the dividend is expected to take place via Euroclear Sweden on May 16, 2016.

Proposed guidelines for compensation of senior executives

The Board of Directors proposes that the 2016 Annual General Meeting resolve in favor of the following guidelines: Compensation paid to the CEO and other members of the Executive Management shall consist of a base salary, a variable salary, other benefits and pension. The total compensation should be competitive and in line with the going rate in the market, and shall be commensurate with the executive's responsibilities and authority. The variable salary portion consists of a short-term variable salary component (yearly) and a long-term variable salary component. The short-term variable salary component is based on individual performance, shall have a cap, and never exceed the base salary. The long-term variable salary component is based on the long-term performance of the Company's stock and shall have a cap. None of the variable components shall be pensionable. Upon termination of an executive's employment contract by the Company, a two-year notice period applies. No severance pay should be payable. Pension benefits shall be defined-contribution in all essential respects and give the members of the Executive Management the right to receive benefits from 60 or 65 years of age, depending on their position. The Board may depart from these guidelines if there are special reasons for doing so in individual cases. The proposal is consistent in all essential respects with the guidelines approved by the 2015 Annual General Meeting.



