

Annual Report

INDUSTRI  VÄRDEN

2001



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Financial Calendar 2002

An interim report will be issued on May 2 for the period January–March, on August 19 for the period January–June, and on October 31 for the period January–September 2002. All reports will also be published on Industrivärden's website: www.industrivarden.se. See also the section Market Communication, page 88.

This Annual Report is
a translation of the
Swedish original.



Annual General Meeting

Time and place

The Annual General Meeting will be held at 2 p.m. on Wednesday, April 17, 2002, at the Grand Hôtel, Vinterträdgården (entrance at the corner of Stallgatan/Blasieholmsgatan), in Stockholm. The doors will open at 1 p.m., and registration will take place until 2 p.m., at which time the doors will be closed. Participants will be required to show identification in order to gain entrance to the Meeting. Coffee will be served before the Meeting.

Who is entitled to participate?

To be entitled to participate in the Annual General Meeting, shareholders must be listed on the printout of the shareholder register maintained by the Swedish Securities Register (VPC AB) on April 5, 2002, and give notice of their intention to participate in the Meeting no later than 3 p.m. on Monday, April 15, 2002.

How to become registered in the shareholder register

Shares are registered in the shareholder register maintained by VPC AB in the name of either the owner or the owner's nominee. Shareholders who have not arranged to have their shares registered in the nominee's name are registered in their own names. Shareholders whose shares are managed by a third party may have chosen to have their shares registered in the nominee's name. In order to be able to participate in the Meeting, such shareholders who own nominee-registered shares must request in advance that their shares be temporarily registered in their own names as per April 5, 2002.

Notice of attendance

Notice of intention to participate in the Meeting can be given using one of the following alternatives:

- by mail to AB Industrivärden (publ), Box 5403, SE-114 84 Stockholm, Sweden (see attached notification form)
- by phone at +46-8-666 64 00
- by fax at +46-8-661 46 28 (see attached notification form)
- by e-mail at agm@industrivarden.se, which requires the Company's confirmation by e-mail (within 24 hours) that notification has been registered.

Notice of attendance must be received by the Company not later than 3 p.m. on Monday, April 15, 2002.

Proxies

Shareholders may exercise their entitlement to participate in the Meeting by proxy. Please use the power of attorney statement provided on the notification form. For representation of legal persons by proxy, the power of attorney 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.

Dividend

The dividend for 2001 will be paid to shareholders who are recorded in the shareholder register on the record date. The Board of Directors proposes April 22, 2002, as the record date. Provided that the Annual General Meeting approves the Board's proposal, dividend payments and CPN interest are expected to be made via VPC on April 25, 2002.

Highlights



A pictorial presentation of selected Industrivärden holdings, from top: Ericsson, Skanska, SCA and Sandvik.

¹Net asset value per share for 2000 was SEK 283, based on 191,206,984 shares and CPNs at year-end 2000. After completion of the cancellation of the CPN loan, net asset value for both 2000 and 2001 has been calculated on the basis of 193,135,612 shares.

- The total return for Industrivärden's stock was -16%, compared with -15% for the Findata Total Return Index. The share price fell by 20%, compared with a drop of 17% for the General Index.
- Net asset value at year-end was SEK 204 (280¹) per share, broken down into SEK 210 (284) for the listed portfolio, SEK 21 (22) for unlisted holdings, and SEK -27 (-26) for other assets and liabilities.
- The value of the portfolio of listed stocks on December 31, 2001, was SEK 40,535 M (54,961). Adjusted for purchases and sales, the portfolio's value decreased by 24% from the beginning of the year, while the General Index fell by 17%. The total return for the listed portfolio was -22%, compared with -15% for the Findata Total Return Index.
- The entire holding in Pharmacia was sold during the fourth quarter. During the year listed stocks were sold for a total of SEK 2,975 M, for a capital gain of SEK 713 M. Stock purchases amounted to SEK 1,506 M.
- The three wholly owned industrial and trading companies all expanded during the year through company acquisitions or new establishment.
- Consolidated earnings after financial items were SEK 1,510 M (1,364). Of this total, gains on sales of stocks accounted for SEK 644 M (366), dividends from stocks for SEK 918 M (839), and other earnings items for SEK -52 M (159).
- The Board of Directors proposes a dividend of SEK 5.00 per share (5.00), plus a bonus dividend of SEK 3.35 per share (3.40), for a total dividend of SEK 8.35 per share (8.40). Interest per CPN would thus be SEK 9.60 (9.66).
- In October an extraordinary general meeting resolved to prematurely cancel Industrivärden's CPN loan 1988/2028 in order to simplify the share structure, facilitate valuation of the Company and enhance the liquidity of Industrivärden's stock. In accordance with the terms of the loan, CPN owners received one and one-tenth shares (1.1) per CPN upon conversions made after October 25, 2001. As a result of the cancellation of the CPN loan, the total number of shares increased by 21.4 million to 193.1 million.

To Our Shareholders

THE PAST YEAR has entailed major changes – for the world, for the economic climate, and for me personally.

When I took office as CEO of Industrivärden at the Annual General Meeting last May, the stock market was enjoying a relatively good recovery from the plunge that had taken place primarily during the first quarter of the year. However, the course of events during the summer and autumn was far more dramatic than any of us could imagine. On September 11 our view of the future as well as our sense of security changed forever. The terrorist attacks against the World Trade Center in New York and the Pentagon in Washington were not only attacks against the United States, but against the entire lifestyle that the U.S. represents – and thereby an attack against the entire Western world in general and Sweden in particular.

An open society – free of trade barriers and with effective and safe transportation – is a prerequisite for the favorable development of a small country like Sweden, with a large base of foreign trade. In the longer perspective, what happened in New York could have just as large consequences for us as for the U.S. It is therefore a sign of hope that the world community has so strongly taken up the fight against terrorism, not only in Afghanistan, but all around the world.

I was in the World Trade Center on the morning of September 10 and was scheduled to return there for additional meetings on September 13. Getting stranded in New York and witnessing the New Yorkers' sense of solidarity, generosity and decisiveness first-hand in Manhattan is a vivid memory that I will always carry with me. The way in which the people of New York dealt with this almost incomprehensible crisis sheds a bright ray of hope for the future.

In addition to getting to know Industrivärden, its organization, and its major holdings, I have dedicated a great amount of energy working together with my colleagues on defining Industrivärden's role in an increasingly global

economy. We are part of a market in which an almost unfathomable amount of financial resources are gathered in the hands of various professional asset managers. In a world in which most everyone is continuously striving to outperform the index, in my view there is a clear need of a player like Industrivärden. Our goal is to generate high growth in net asset value over time by combining a professional investment operation with long-term active ownership. This also means that the total return for Industrivärden's stock should be analyzed from a long-term perspective. From this perspective Industrivärden's stock has delivered solid returns, and it is my hope that we will be able to build upon this positive track record in a world of changed market conditions that are being created by a deregulated and globalized capital market.

Our continued favorable development requires that we take a number of steps aimed at further strengthening Industrivärden's position and ability.

The key to our success can be found in a professional investment operation and our active ownership. As a logical consequence, we will work with a concentrated portfolio. Our investments will essentially be targeted at large and medium-sized listed companies with the potential for long-term profitability and a strong cash flow.

This means that for new investments, we will propose clear expectations on anticipated value in connection with our initial investment, which will then form the basis of decisions on an exit strategy. This strategy for new investments will be applied with a base in the Nordic countries.

Our adopted strategy entails that ordinarily we will not be directly involved in venture capital investments. However, in spring 2001 Industrivärden gained a window on this market by taking a 25% stake in Ericsson Venture Partners, where our commitment is to contribute up to USD 75 million in venture capital.

Industrivärden today has three wholly owned subsidiaries. They are all managed very well, with



CEO ANDERS NYRÉN

good profitability and strong cash flows generated by good market positions and well-executed strategies. Industrivärden will sell all or parts of the holdings in these companies when the conditions emerge in which they will be able to continue developing well in another ownership arrangement, for example by an industrial owner.

A change toward being more of an active investment company rather than a holding company in the practical sense will entail a different way of working and thus a changed organization. We will be focusing our activity on investing rather than on pure equities analysis. We will also have a structured market presence whereby, through various market activities, we will convey market

information in a structured manner and create value-added – above all – in the derivatives market. The work on building up this new organization, which will consist roughly of the same number of employees as today, is currently in progress.

It should be possible to increase our borrowing, which at present is conservative, assuming that our investment opportunities are apparent and have a return potential that amply exceeds Industrivärden's cost of capital. However, so as not to jeopardize Industrivärden's sound finances, our borrowing will not exceed 20% of our market-valued assets. Since our business concept is to create long-term growth in value through active ownership, and the discount to net asset value presents an obstacle to new issues, we are currently not planning any stock repurchase programs.

Our work will henceforth continue to be characterized by the factors that have been so successfully applied to date, namely, responsible, active ownership and a long-term approach. We do not deny the position of power that this business concept entails; on the contrary, we see it as a prerequisite for our strategy and feel a great

sense of responsibility for what it entails. Power is not a goal in itself, but a necessary means that enables us to live up to our business concept of creating value through active ownership.

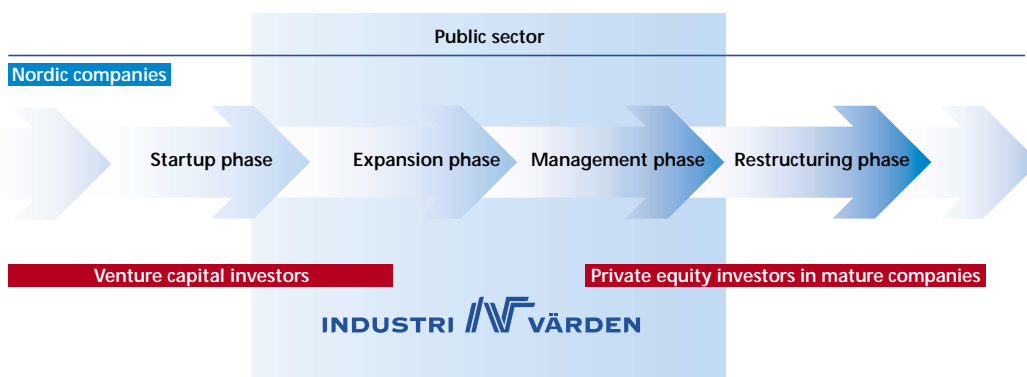
It is very pleasing that an Extraordinary General Meeting on October 25, 2001, decided to prematurely cancel the convertible participating notes in accordance with the original terms of the CPN loan in 1988. This redemption effectively reduces the number of securities classes in Industrivärden to two – Class A and Class C shares – and will facilitate valuations of Industrivärden.

It is our hope that this simplification will improve the liquidity of our stock and make Industrivärden even more transparent and easy to analyze, which should benefit all investors – particularly foreign investors who have shown an interest in Industrivärden.

Another prerequisite is that Industrivärden's tax situation is not disadvantageous relative to other investment alternatives. It is therefore gratifying to note that the standard income assumption used by the tax authorities is being reduced from 2.0% to 1.5%, starting in fiscal 2002. However, if and when the new act governing taxation of business-related shares takes effect, I am count-

Vision

Industrivärden's vision is to be the leading holding company with a focus on large and medium-sized listed Nordic companies.



ing on an additional adjustment of the standard-income assumption, since holding companies will otherwise be put at a disadvantage in relation to operating companies. Even with the 1.5% standard-income assumption, we would be paying out more in dividends than we have in our current cash flow. This situation is not acceptable in the long run if we are to deliver on our long-term ownership mission particularly in Sweden.

In light of the 27% drop in our net asset value and the -16% total return for Industrivärden's stock, compared with -15% for the Total Return Index, it cannot be said that our performance during the past year was satisfactory. Industrivärden's exposure to growth stocks in the form of Ericsson and Skandia dealt a severe blow to our net asset value. As a result of the measures now taken by Ericsson, together with the company's considerably strengthened position in the systems business, we have a confident view of the future.

Our involvement in the pharmaceutical sector has been a successful undertaking which, together with the strong performance of SCA, in particular, helped moderate the negative impact of Ericsson's stock price.

I want to underscore the importance of adopting a correct time perspective in conducting a valuation. We work as long-term active owners, and consequently our own performance should be studied over the span of several years. From this slightly longer time perspective, we measure up well against the Total Return Index. Despite the unsatisfactory development during the past year, in the longer perspective Industrivärden's stock has enjoyed an annual average growth that has far outpaced the Stockholm Stock Exchange in both the five- and ten-year perspectives. It is my hope that Industrivärden's stock will continue to show this satisfactory level of returns.

Finally, I would like to extend a warm thanks to all employees of the Industrivärden Group – including my colleagues in the Parent Company as well as the employees of the wholly owned subsidiaries. Without their exceptional performance and loyalty, not only would our result have been worse, but my work at Industrivärden would also have been considerably more difficult and far less stimulating!

Industrivärden's chairman, Bo Rydin, who has served as a director on Industrivärden's board since 1973 and as chairman since 1988, has announced that for reasons of age he will decline re-election at Industrivärden's 2002 Annual General Meeting, and will thereby leave Industrivärden's board. On behalf of all the shareholders and employees, I would like to extend a warm thanks to Bo for the outstanding contribution he has made to Industrivärden. Bo is a very wise, knowledgeable, experienced and well-read person with a high level of integrity. Industrivärden has benefited greatly from his contribution.

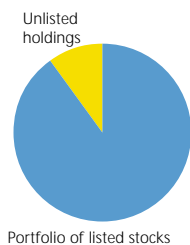
Stockholm, Sweden, February 2002



ANDERS NYRÉN
President and CEO

Industrivärden – An Overview

Share of Industrivärden's Total Equities Portfolio



INDUSTRIVÄRDEN is one of the Nordic region's leading holding companies, with ownership in a concentrated selection of listed companies with good development potential. Industrivärden's business mission is to deliver a high total return based on a professional investment operation and active ownership. Investments are targeted primarily at large and medium-sized listed Nordic companies, although they can also be made in unlisted companies with good potential.

The goal is to generate favorable growth in net asset value over time. High growth in asset values enables Industrivärden to deliver a total return which, over time, is higher than the average for the Stockholm Stock Exchange. Assessing Industrivärden's stock and the Company's performance as an active owner requires a long-term perspective. During the last five- and ten-year periods, Industrivärden has achieved this goal by a good margin.

Industrivärden's Vision, Mission, Objectives and Strategy in Brief

Vision

Industrivärden's vision is to be the leading holding company with a focus on large and medium-sized listed Nordic companies.

Mission

- Growth in value based on a professional investment operation and active ownership
- Investments primarily in large and medium-sized listed Nordic companies

Goals

- Generate high growth in net asset value over time
- Through growth in net asset value, to enable a total return which, over time, is higher than the average for the Stockholm Stock Exchange
- Pay a higher dividend than the average for the Stockholm Stock Exchange

Strategy

EQUITIES PORTFOLIO

- Concentrated equities portfolio
- Large and medium-sized Nordic companies
- Clear investment agendas for the holdings

HOLDINGS IN

THE EQUITIES PORTFOLIO

- Investments in the range of SEK 0.5 billion to SEK 5 billion per individual holding
- Significant influence, enabling active ownership
- Companies with major opportunities for value creation
- Long-term investment horizon – 3–8 years

LIMITED DEBT:

- Maximum 20% debt-equity ratio for market-valued assets



Financial Objectives and Dividend Policy

Industrivärden's financial objective is to generate solid growth in net asset value. High growth in assets enables Industrivärden to deliver a total return to shareholders which, over the long-term, is higher than the average for the Stockholm Stock Exchange.

In addition, Industrivärden's goal is to pay a dividend that gives shareholders a higher yield than the average for the Stockholm Stock Exchange.

Goal Performance

Industrivärden's share price fell by 20% in 2001, while the General Index fell by 17%. The total return in 2001 was -16%, compared with -15% for the Total Return Index.

From year-end 1996 through December 31, 2001, Industrivärden's total return averaged 20% per year, while the Findata Total Return Index rose by 13% during the same period.

Average annual dividend growth during the five-year period 1997-2001 will be 21%. The average dividend yield during the period will be 4.0%, or twice as high as the average for the Stockholm Stock Exchange.

Composition of the Listed Portfolio at December 31, 2001

At year-end 2001 the listed portfolio consisted primarily of eight major holdings in companies in which Industrivärden is the largest or one of the largest shareholders. These were: Ericsson, Handelsbanken, SCA, Sandvik, Skandia, Lundbeck A/S, Skanska and SSAB. The combined market value of these major holdings on December 31, 2001, was SEK 37,671 M.

In addition to these major holdings, as per December 31, 2001, the listed portfolio also included a number of other shareholdings in companies in which Industrivärden is not one of the largest shareholders. During the year, five of the 15 other shareholdings held by Industrivärden at the start of the year were sold. At year-end 2001 the market value of these other holdings was SEK 2,864 M.

The combined market value of the listed portfolio on December 31, 2001, was SEK 40,535 M, corresponding to 91% of the calculated value of the total equities portfolio.

Unlisted Holdings

Complement the Listed Portfolio

At year-end 2001, 9% of Industrivärden's equities portfolio consisted of investments in unlisted companies – mainly wholly owned companies active in trading and light engineering.

Net Asset Value

Net asset value, which is a measure of Industrivärden's wealth, is defined as the actual market value of the stocks in the listed portfolio, the calculated value of the industrial and trading companies, and the book value of other, unlisted holdings, less other assets and liabilities, net.

Industrivärden's net asset value on December 31, 2001, was calculated at SEK 39.4 billion, or SEK 204 per share. At year-end 2000, net asset value was calculated at SEK 280 per share.

Total net asset value has risen from SEK 21.7 billion at year-end 1996 to SEK 39.4 billion at year-end 2001, or by 82%. Including reinvested dividends, adjusted net asset value has risen by 103% since year-end 1996. By comparison, the Findata Total Return Index rose by 87% during the same period.

The chart on page 8 shows the size and composition of net asset value at the end of 1996 and 2001, respectively.

Composition of Net Asset Value

A breakdown of the various components making up net asset value at the end of 2001 and 2000 is shown in the table on page 8.

Industrivärden's Equities Portfolio

Listed Portfolio (91%)¹

Ericsson
Handelsbanken
SCA
Sandvik
Skandia
Lundbeck A/S
Skanska
Pfizer Inc.
SSAB
Scania
Volvo
Eniro
Others (<SEK 300 M per holding)

Unlisted Holdings (9%)¹

Indutrade
Besam
Isaberg Rapid

Ericsson Venture Partners
Biodisk
Establish
DHJ Media
Others

¹Share of total equities portfolio.

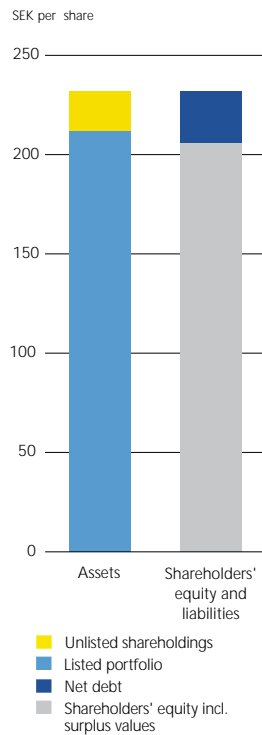
Composition of Net Asset Value

Parent Company	SEK billion		SEK per share ¹	
	12/31/2001	12/31/2000	12/31/2001	12/31/2000
Listed portfolio	40.5	55.0	210	284
Unlisted shareholdings	4.1	4.1	21	22
Equities portfolio	44.6	59.1	231	306
Other assets and liabilities ²	-5.2	-5.0	-27	-26
Net asset value	39.4	54.1	204	280

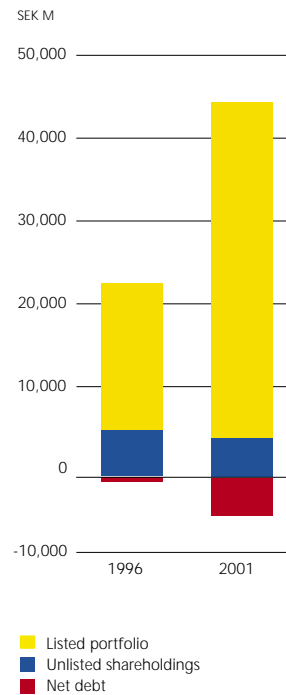
¹Net asset value in 2000 amounted to SEK 283 per share, based on 191,206,984 shares and CPNs at year-end 2000. Following the cancellation of the Company's CPN loan, net asset value for 2000 and 2001 is based on 193,135,612 shares. The industrial and trading companies have been assigned a calculated value based on a P/E multiple of 13 (the same as at year-end 2000), based on the companies' earnings for 2001.

²Pertains to all of the Parent Company's assets and liabilities, with the exception of the book value of shares in listed companies, shares in subsidiaries and shares in other unlisted companies.

Market-Valued Assets and Capital Structure December 31, 2001



Net Asset Value December 31, 1996 och 2001



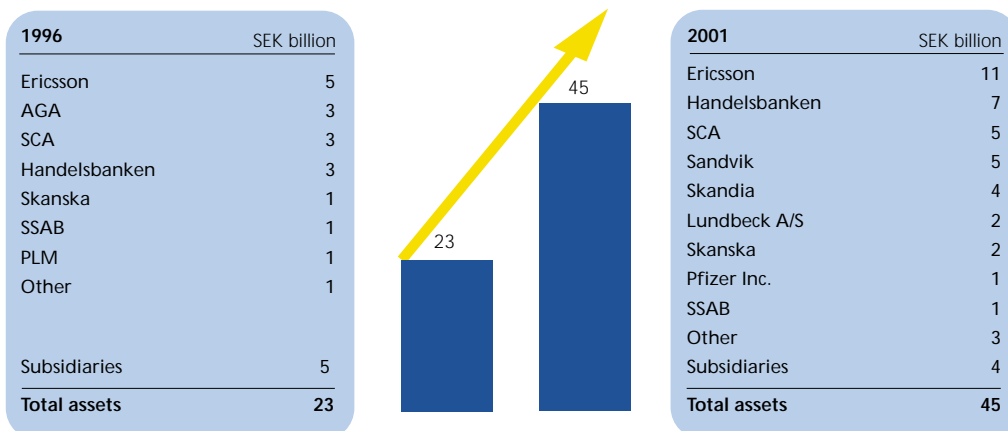
A number of major deals have been carried out during the past five years:

- The remaining shareholding in PLM, which corresponded to 23% of the capital stock after the divestments made in 1995 and 1996, was sold in 1998 for SEK 1.2 billion and a capital gain of SEK 0.7 billion.
- New shareholdings were acquired – primarily in Skandia and the pharmaceutical companies Lundbeck A/S and Pfizer Inc. – worth SEK 7.1 billion at year-end 2001. Of this total, Skandia accounted for SEK 3.6 billion and the two pharmaceutical companies for SEK 3.5 billion.
- A new, major shareholding was added in 1997 through the purchase of SEK 4.1 billion in stock in Sandvik.
- The subsidiaries Thorsman and Fundament were sold in 1997, for a combined capital gain of SEK 1.6 billion.
- The shareholdings in the property companies Balder, Drott and Näckebro were sold in 1998 and 1999.
- The shareholding in Skanska was doubled in 1998 through the purchase of SEK 1.2 billion in stock. Industrivärden thereby became Skanska's largest shareholder.
- The shareholding in Ericsson was increased in 1999 through the purchase of SEK 0.6 billion in stock.
- The shareholding in AGA was sold in 1999 for SEK 4.0 billion and a capital gain of SEK 3.3 billion.
- Net investments of SEK 3.1 billion were made in 2000 in pharmaceutical and financial services companies.
- The shareholding in Pharmacia and four minor shareholdings were sold in 2001. Sales of stocks during the year totaled SEK 3.0 billion, generating capital gains of SEK 0.7 billion.

Major Activity Since Mid-Nineties

Activity during the last five-year period, when Industrivärden underwent major changes, is summarized in the figure below.

Market Values as per December 1996 and December 2001



Industrivärden's Role in Society

Social Responsibility

A fundamental value held by Industrivärden is that the creation of shareholder value should be pursued hand-in-hand with social responsibility. Industrivärden strives to be a good citizen by accepting the responsibility that is inherent in its active ownership role. Like other companies, Industrivärden works in a world in which companies are expected to be aware of their societal impact, based on environmental, economic and social factors. Industrivärden has had an environment policy in place for many years.

Key aspects of social responsibility include sound business ethics, respect for the individual, and the Company's commitment to environmental, health, safety and civic concerns. Industrivärden strives on a continuing basis to ensure that it lives up to its social responsibility – internally within the Group itself as well as in the listed companies making up its major holdings.

Naturally, exercising our social responsibility entails having respect for national laws and regulations. On top of this our ambition is to ensure that the companies in our portfolio observe the OECD guidelines for multinational corporations in all their business activities. In 2002 Industrivärden will be initiating a dialog with the major portfolio companies in the aim of drafting action plans in this area.

Environmental Responsibility

Industrivärden acts to ensure that its major portfolio companies adopt environmental policies – based on their respective operating conditions – that put special emphasis on the following areas:

THE MARKET

The companies shall be responsive to customers' preferences and to the market's environmental demands.

ENVIRONMENTAL IMPACT

The companies shall be aware of their environmental impact and work actively to reduce this impact and their use of resources.

LEGISLATION

Legal regulations shall be viewed as a minimum requirement.

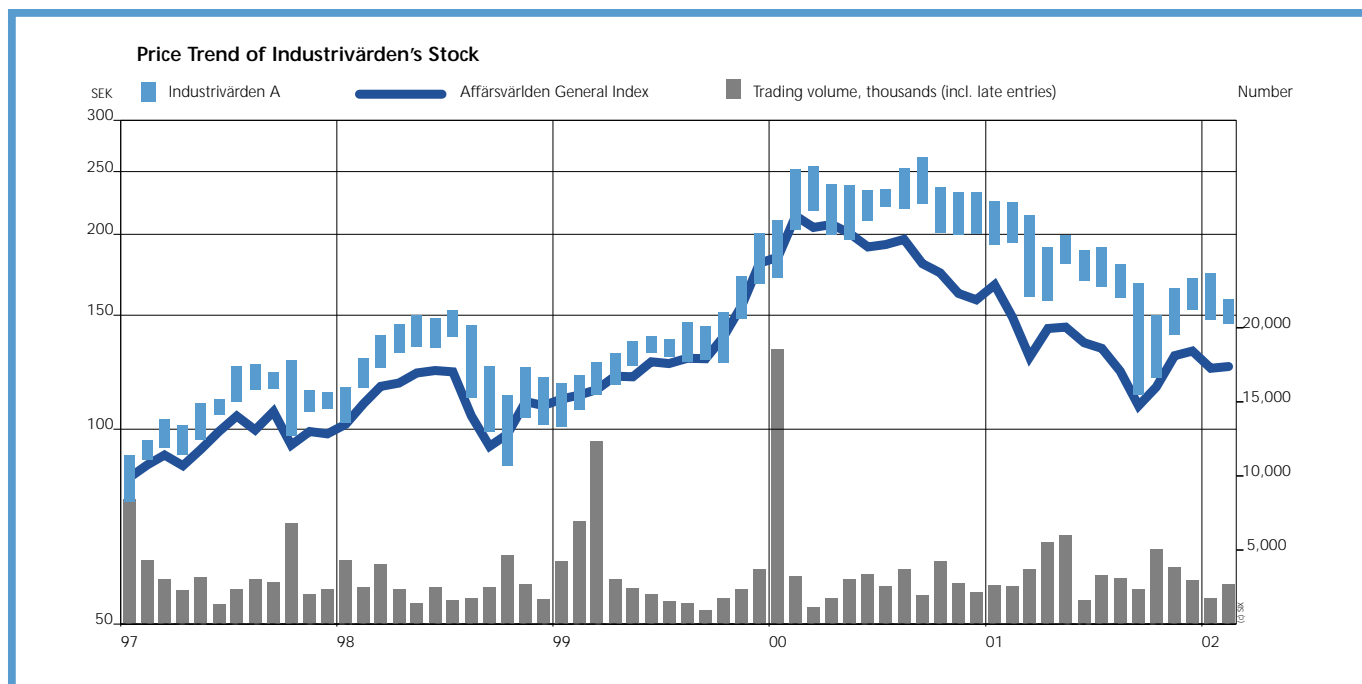
ENVIRONMENTAL MANAGEMENT

Targets must be quantifiable and followed up on a continuous basis.

Industrivärden's wholly owned subsidiaries all have their own detailed environmental plans. Checks to ensure that set targets are achieved are conducted on a continuous basis. Priorities for environmental work are set in various environmental areas, depending on the focus and operating conditions of the individual subsidiary. Priority areas within the Group are: products and their recycling, energy consumption, handling and choice of chemicals, emissions to water and the air, waste management, and transports.

Legal regulations shall be viewed as a minimum requirement, and the companies should apply a more stringent set of standards in the true spirit of the law.

Industrivärden's Stock and CPNs



INDUSTRIVÄRDEN'S STOCK is quoted on the Stockholm Stock Exchange's list of most actively traded issues. The price of Industrivärden's Class A shares fell by 20% during the year. Trading volume in Industrivärden shares and CPNs totaled SEK 10 billion. At year-end Industrivärden's market capitalization was SEK 31 billion, including CPNs with a total market value of SEK 3 billion.

Industrivärden's Stock

The number of shares and their breakdown by class is shown in the table at right.

Each A-share carries entitlement to one vote, and each C-share carries entitlement to one-tenth of a vote. All shares carry equal entitlement to a share of the Company's assets and profits. The shares have a par value of SEK 5 each. Both classes of stock are registered on the Stockholm Stock Exchange.

Industrivärden's stock performed slightly worse than the market average in 2001. The General Index fell during the year by 17%, while

Industrivärden's Stock as per December 31, 2001

Number of shares	Par value, SEK M	Percentage of	
		votes	shares
125,921,947 Class A shares	629.6	96	72
48,175,084 Class C shares	240.9	4	28
174,097,031	870.5	100	100

Total Return, Industrivärden's Stock

	2001	2000	1999	1998	1997
Total return for Class A shares, %	-16	14	76	1	48
Index (base: Dec. 31, 1996)	252	300	263	149	148
Findata Total Return Index, %	-15	-11	70	13	28
Index (base: Dec. 31, 1996)	186	219	246	145	128

Codes Assigned to Industrivärden's Stock

Industrivärden's Class A shares are traded under the following codes:
 INDUa.ST (Reuters)
 INDUA SS (Bloomberg)

¹ Beta as per December 2001, based on moving 48-month values.

Industrivärden's Class A shares fell by 20%, from SEK 205 to SEK 165 per share. The total return, including reinvested dividends, was -16% in 2001, compared with -15% for the Stockholm Stock Exchange.

A comparison of Industrivärden's total return with the Findata Total Return Index during the period 1997–2001 is shown in the table on page 11.

The Class A shares' beta coefficient was 1.1¹ in 2001. If a stock has a beta that is greater than one, this suggests that it is more sensitive to market fluctuations than the average issue, and if it has a beta that is less than one, it suggests that the stock is less sensitive than the average issue. Industrivärden's concentrated equities portfolio, in which the five largest shareholdings accounted for 79% of the portfolio value at year-end 2001, entails a beta for Industrivärden's stock that is slightly higher than the average stock.

Trading volume for Industrivärden's stock on the Stockholm Stock Exchange during 2001 amounted to SEK 10 billion, corresponding to a turnover rate of 34% for the A-shares and 32% for the C-shares.

shares outstanding increased by 12.4%, to 193,135,612 shares, as per January 31, 2002.

A calculation shows that the dilutive effect of the premium that CPN owners received in connection with the cancellation of the CPN loan was negligible. The positive effects that have been achieved have thus justified the dilution.

Following the cancellation of the loan, Industrivärden has two types of listed securities: Class A and Class C shares. Class A and Class C convertible participating notes were registered on the Stockholm Stock Exchange until January 29, 2002.

The yield on CPNs was paid in the form of interest per CPN, corresponding to 115% of the dividend per share decided by the Annual General Meeting for the previous fiscal year.

In connection with the premature cancellation of the CPN loan, the conversion price was changed from SEK 23 to SEK 20.90, in accordance with the terms of the loan. CPNs had a nominal value of SEK 23 each, which was the amount CPN holders received in cash for each of the 12,132 CPNs in total that had not been notified for conversion to stock by January 31, 2002. In total 99.9% of the CPN loan was converted to stock.

Trading in Industrivärden's CPNs on the Stockholm Stock Exchange during 2001 amounted to SEK 0.2 billion, corresponding to a turnover rate of 7%.

Industrivärden's CPNs at December 31, 2001

Number of CPNs	Par value, SEK M	Percentage of number of CPNs
7,595,168 A-CPNs	174.7	44
9,725,156 C-CPNs	223.7	56
17,320,324	398.4	100

Premature Cancellation of CPN Loan

On October 25, 2001, an extraordinary general meeting resolved in accordance with the Board's proposal to prematurely cancel Industrivärden's convertible participating note (CPN) loan 1988/2028, on February 28, 2002. The original terms of the loan contained a provision allowing for premature cancellation. The motives for the cancellation were to simplify Industrivärden's share structure, facilitate valuation of the Company and enhance the liquidity of Industrivärden's stock.

In accordance with the terms of the loan, CPN owners received one and one-tenth (1.1) shares per CPN upon conversion from October 26, 2001, through January 31, 2002. Conversions which took place through January 20, 2002, carried entitlement to the dividend, while conversions which took place during the period January 21–January 31, 2002, carried entitlement to CPN interest for 2001. As a result of the cancellation of the CPN loan, the total number of

Capital Stock Development

From the record date on January 20, 2001, through October 25, 2001, 2,520 CPNs were converted to an equal number of shares. Through the record date on January 20, 2002, an additional 2,632,407 CPNs were converted to 2,895,081 shares. The number of shares that carry entitlement to the dividend for 2001 is thus 174,673,921. A total of 16,783,605 CPNs were converted to 18,461,691 shares during the period January 21–January 31, 2002, after which the right to convert CPNs to stock ceased.

The growth in capital stock during the last ten years is shown in the table on page 13.

Stock Repurchases

The Board was authorized by the 2001 Annual General Meeting to decide on repurchases of up to 5 million shares of the Company's own stock during the period up until the next Annual General Meeting. This mandate was not exercised during the year.

Capital Stock Development

SEK M		Capital stock	Number of shares
1992	Conversion of CPNs	761.0	38,051,694
1993	Conversion of CPNs	778.7	38,935,870
1994	Conversion of CPNs	858.2	42,911,222
1995	Conversion of CPNs	858.3	42,912,781
1996	Conversion of CPNs	858.3	42,912,813
1997	No change during the year	858.3	42,912,813
1998	Stock split 4:1	858.3	171,651,252
	Conversion of CPNs	858.6	171,711,252
1999	Conversion of CPNs	858.6	171,711,952
2000	Conversion of CPNs	858.9	171,776,320
2001	Conversion of CPNs	870.5	174,097,031
2002	Conversion of CPNs (through the record date, January 20)	873.4	174,673,921
2002	Conversion of CPNs (from January 21 through the final conversion date, January 31)	965.7	193,135,612

Dividend and CPN Interest

Industrivärden's dividend policy is to give shareholders a dividend yield that is higher than the average for the Stockholm Stock Exchange. This goal has been achieved every year during the past five-year period.

The Board of Directors has proposed that the Annual General Meeting declare a dividend of SEK 5.00 per share (5.00), plus a bonus dividend of SEK 3.35 per share (3.40), for a total of SEK 8.35 per share (8.40). If the AGM resolves in accordance with the Board's proposal, CPN interest will amount to SEK 9.60 per CPN (9.66) that had not been converted to stock by January 20, 2002. The proposal entails that the Parent Company will not need to pay any tax for 2001. If the Annual General Meeting votes in favor of the Board's proposal, average annual dividend growth during the past five years will amount to 21%. The trend for the dividend and CPN interest is shown in the table below.

Warrants for Class A Shares

Since early 1998 UBS Warburg has been issuing warrants for Industrivärden Class A shares. In March 2001, warrants were issued which entitle the holders to purchase 0.1 Class A shares at a price of SEK 275 per share. The holders have the right to exercise their options during the entire exercise period through June 14, 2002.

In May 2001 Handelsbanken issued two warrants for Industrivärden Class A shares. One of the warrants gives the holders the right to purchase 0.1 shares at a price of SEK 160 per share. The other warrant gives holders the right to purchase 0.1 shares at a price of SEK 220 per share.

Holders are entitled in both cases to exercise their options during the entire exercise period through September 20, 2002.

All three warrants are quoted on the Stockholm Stock Exchange.

Calculated Net Asset Value

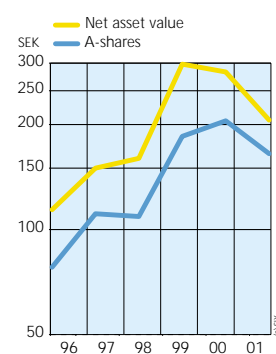
Net asset value is a measure of the shareholders' combined net wealth, which is defined as the assets' actual or calculated market values less liabilities. The principles that form the basis of calculating the Company's net wealth are presented below.

Net asset value at December 31, 2001, was calculated at SEK 39.4 billion, or SEK 204 per share. The development of net asset value during the past five years is shown in the table on page 14.

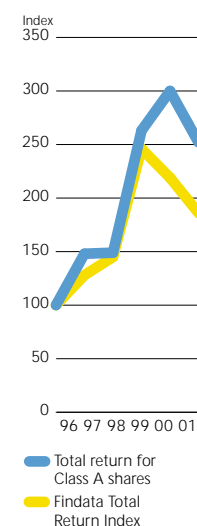
Calculating the Market Value of Industrivärden's Assets

To show the breakdown of net asset value from a Group perspective, in the Parent Company's balance sheet the book values of listed stocks and stocks in subsidiaries have been replaced by the

Net Asset Value per Share and CPN, and Market Price of Industrivärden's Stock



Total Return of Industrivärden's Stock



Dividends and CPN Interest

SEK	2001	2000	1999	1998	1997
Dividend	8.35 ¹	8.40	6.20	4.50	3.75
Annual growth in dividend, % ²	-1	35	38	20	15
CPN interest	9.60 ¹	9.66	7.13	5.18	4.31
Dividend yield, %	5.1	4.1	3.4	4.1	3.4
Dividend yield for Stockholm Stock Exchange, % ³	1.9	1.9	1.4	2.0	2.3

¹ Proposed by the Board of Directors.

² Average annual dividend growth during the past five years was 21%.

³ Source: SIX Findata. Preliminary figures for 2001.

Composition and Development of Net Asset Value

SEK/share and CPN

Parent Company	2001	2000	1999	1998	1997
Assets					
Listed portfolio	210	284	284	157	150
Unlisted shareholdings	21	22	21	19	16
	231	306	305	176	166
Liabilities and shareholders' equity					
Net debt	27	26	7	16	16
Shareholders' equity ¹	204	280 ²	298	160	150
	231	306	305	176	166
Net asset value	204	280 ²	298	160	150
Change in net asset value, %	-27	-5	86	7	32
Market price, Dec. 31, Class A shares	165	205	185	109	111
Discount to net asset value, % ³	19	27	38	32	26

¹ Reported shareholders' equity, CPN loans and surplus values.

² Net asset value for 2000 was SEK 283, calculated on the basis of 191,206,984 shares and CPNs at year-end 2000. Following the completed cancellation of the CPN loan, net asset value for 2000 as well as 2001 has been calculated on the basis of 193,135,612 shares.

³ The difference between net asset value and the share price, expressed as a percentage of net asset value.

On February 28, 2002, the discount to net asset value for the Class A shares was 19%.

actual market value of the stocks in the listed portfolio and the calculated values of the industrial and trading companies, and the book value of other unlisted holdings. Net asset value has been calculated as the difference between the values of assets and net liabilities calculated in this manner.

An alternative approach would be to start with the Group's adjusted shareholders' equity as reported in the consolidated balance sheet and add the calculated surplus values (the difference between the calculated market values and the book values reported by the Group).

In this way, an estimate can be obtained of what the Group's shareholders' equity would amount to if the assets could be divested on a particular date. Since holding companies are exempt from capital gains taxes on sales of stocks, the calculations are not charged with any standard tax charge.

Valuation of the Portfolio of Listed Stocks

The listed portfolio has been reported at its actual market value as per the accounting date. The holding of Skanska A-shares, which have strong voting power and are not listed, has been valued at the same price as the B-shares.

Valuation of the Industrial and Trading Operations

The industrial and trading operations have been assigned a calculated market value for a conceived future stock market introduction by multiplying the year's earnings after net financial items – less a standard 28% tax rate – by a P/E multiple of 13.

Largest Shareholders

Industrivärden has approximately 29,000 shareholders (27,000). Institutional investors, such as pension foundations, insurance companies and investment companies, own approximately 83% of the shares (84). Foreign ownership in the Company is approximately 7% (6).

Ownership Structure at December 31, 2001¹

	Number of shares	Percentage of	
		votes	shares
Handelsbanken Pension Foundation	12,900,000	9.9	7.4
Wallander & Hedelius Foundation	11,100,000	8.5	6.4
Handelsbanken Pension Fund	8,500,000	6.5	4.9
Oktogonen	6,500,000	5.0	3.7
SCA ²	6,459,916	4.9	3.7
SCA convertible owners ²	5,805,858	4.4	3.3
AMF Pension	14,498,500	4.1	8.3
Inter IKEA Investment AB	4,643,204	3.5	2.7
Euroclear Bank SA	7,301,924	2.8	4.2
SCA Pension Foundation	3,531,692	2.7	2.0
Fourth AP Fund	3,175,500	2.4	1.8
Handelsbanken mutual funds	2,783,000	2.1	1.6
Alecta Pension (formerly SPP)	7,472,994	1.6	4.3
Sixth AP Fund	1,971,200	1.5	1.1

¹ Direct and nominee shareholdings. Source: VPC. The share of votes and the number of shares held are calculated after conversion of the CPN loan to stock.

² In 1997 SCA issued five-year DEM-denominated debt instruments (exchangeables), which can be exchanged for a total of 7,320,000 shares in Industrivärden. During the term of the debentures SCA intends to waive its voting rights for the underlying shares.

Ownership Statistics on December 31, 2001¹

Size class	Number of shareholders as % of total	Total holding as % of capital
1 – 500	62.5	1.9
501 – 1,000	16.1	2.1
1,001 – 10,000	19.4	8.9
10,001 – 50,000	1.5	5.3
50,001 –	0.5	81.8
	100.0	100.0

¹ Direct and nominee shareholders. Source: VPC.

The text on the information folder says:
 Last opportunity for conversion!
 Industrivärden cancels its convertible
 participating note loan 1988/2028
 (the CPN loan).



Selection of Analysts Who Monitor Industrivärden

STOCKBROKER FIRMS

Alfred Berg Fondkommission	John Hernander	+46-8-723 58 00
Aragon Fondkommission	Håkan Persson	+46-8-791 35 00
Carnegie Fondkommission	Christian Brunlid	+46-8-676 88 00
Credit Agricole Indosuez Cheuvreux	Tomas Ramsalv	+46-8-796 69 00
Danske Securities	Rikard Österman & Fredrik Grevelius	+46-8-568 807 00
Enskilda Securities	Anders Westin	+44-207 796 7350
Handelsbanken Markets	Henrik Kronqvist	+46-8-701 10 00
Nordea Securities	Esbjörn Lundevall	+46-8-407 90 00
Nordiska Fondkommission	Thomas Johansson	+46-8-791 48 00
Swedbank Fondkommission	Anders Björkman	+46-8-585 920 00
Öhman Fondkommission/ Nordic Partners	Anders Roslund	+46-8-402 50 00

INTERNATIONAL CORPORATE CREDIT RATING AND RATING OF COMMERCIAL PAPER PROGRAM

Standard & Poor's	Peter Tuving	+46-8-440 59 00
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EQUITIES PORTFOLIO

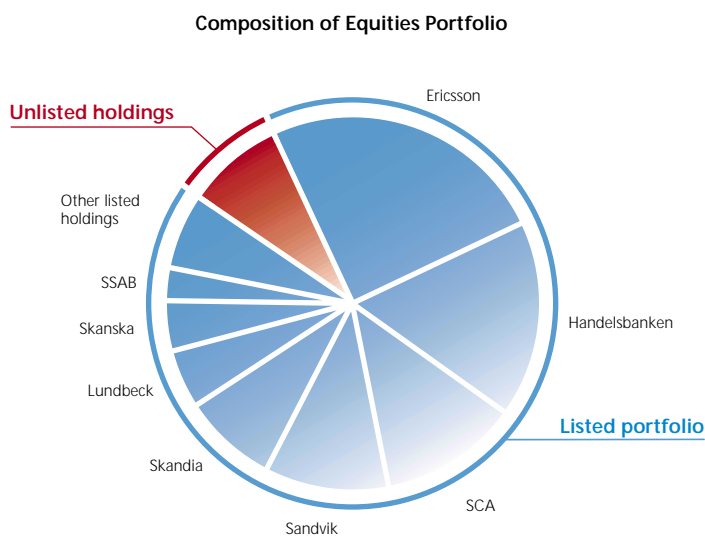
INDUSTRIVÄRDEN'S EQUITIES PORTFOLIO consists of the listed portfolio, which accounted for 91% of Industrivärden's total holdings at year-end 2001, and unlisted holdings, which together accounted for 9%. The market value of the listed portfolio at year-end 2001 was SEK 40.5 billion.

The unlisted holdings consist of the wholly owned industrial and trading companies, and

minority holdings in a number of other companies. The calculated value of the industrial and trading companies, and the book value of the other unlisted shareholdings, amounted to a combined total of SEK 4.1 billion at year-end 2001.

A breakdown of the constituent components of the equities portfolio at year-end 2001 and 2000 is shown in the table below.

	SEK billion		SEK per share	
	12/31/2001	12/31/2000	12/31/2001	12/31/2000
Listed portfolio	40.5	55.0	210	284
Unlisted shareholdings	4.1	4.1	21	22
Equities portfolio	44.6	59.1	231	306



Portfolio of Listed Stocks

Composition of Listed Portfolio

Industrivården's listed portfolio consists almost entirely of a limited number of major holdings: Ericsson, Handelsbanken, SCA, Sandvik, Skandia, Lundbeck A/S, Skanska and SSAB. The combined market value of the investments in these companies was SEK 37.6 billion at year-end 2001, corresponding to 93% of the value of the listed portfolio, or 85% of the total equities portfolio. Industrivården takes an active ownership role in these companies.

These major holdings are complemented by a small number of investments in other companies with good potential for value growth and high liquidity. Industrivården does not take an active ownership role in these companies. Altogether these other holdings include ten investments with a combined value of SEK 2.9 billion at year-end 2001, corresponding to 7% of the value of the listed portfolio, or 6% of the total equities portfolio. In terms of value the largest investment among these other holdings was the pharmaceutical company Pfizer Inc.

The listed portfolio contains a limited number of shareholdings with potential for favorable growth in value. The concentration of these holdings is a result of Industrivården's strategy of taking an active ownership role in its major holdings, which limits the scope of the portfolio.

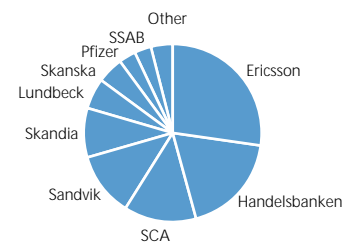
Falling Share Prices During First Quarter

Following a short-lived, positive start of the year, the stock market decline from 2000 continued into the first quarter of 2001. The Stockholm Stock Exchange fell by 18%, and the World Index decreased by 12%. The technology sector was hit hardest as many corporations reported poorer earnings growth and issued forecasts for lower earnings. The decline came across a broad front, however, and even defensive sectors backed. Despite a surprising half-percentage point cut in the key lending rate by the U.S. Federal Reserve Bank at the start of the year, which was followed up with an equally large cut a month later, the markets were not convinced that an economic recovery would be achieved in the near future.

Macroeconomic reports that indicated a decline in both the U.S. and Europe continued to be released, which put a damper on investors' willingness to take risks and prompted analysts to lower their earnings prognoses. On the other hand, the declining economy led to a drop in bond rates, and additional interest-rate cuts were expected.

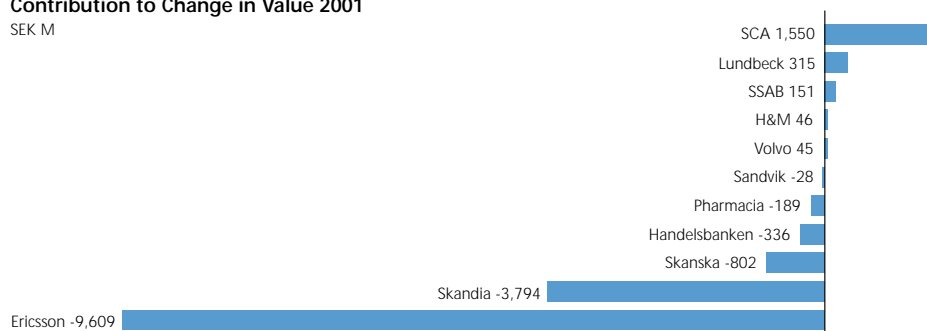
Although the stock market decline during the first quarter resulted in valuation levels which were considered to be attractive, uncertainty about corporate earnings remained high. On the Stockholm Stock Exchange, companies were valued at 25 times forecast earnings for 2001 (source: Enskilda Securities).

Portfolio of Listed Stocks

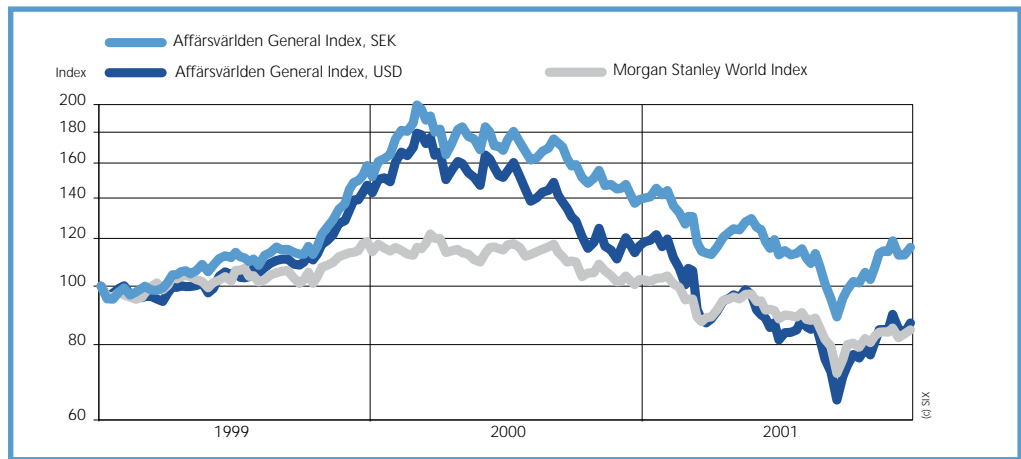


Contribution to Change in Value 2001

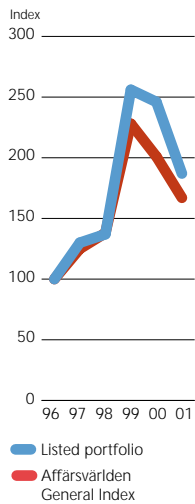
SEK M



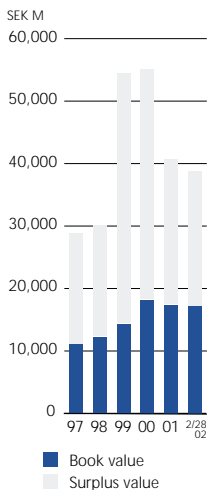
Stockholm Stock Exchange vs. World Index



Price Trend for Listed Portfolio



Market Value of Listed Portfolio and Surplus Value



Recovery During Second Quarter

The stock markets posted a recovery during the second quarter – the first rise in five quarters. The combination of eased monetary policies and a pause in corporate profit warnings contributed to a positive market from April to mid-June. The Stockholm Stock Exchange gained 5%, while the World Index rose 3%. Technology was the best sector, with a gain of 8%. The telecom sector, however, continued to suffer from the aftereffects of overinvestment in recent years, and fell by 9%. Cyclical sectors such as engineering and durables performed better (+6%) than defensive sectors like health care and food retailing (unchanged).

During the second quarter the European Central Bank also cut its key lending rate. Eventually it was considered to be more important to counteract the deteriorating growth outlook than to keep the presumed inflation pressure in check. At the same time, the economic indicators were interpreted by many market watchers to point to an approaching upturn in the U.S. economy. Bond rates rose in the U.S., but were essentially unchanged in Europe and the rest of the world. The U.S. economy teetered between falling into a recession and remaining at the low point shown by the leading indicators.

Economic statistics from Europe were distinguished by a slowdown in manufacturing, with job cuts and subsequent consumer concerns. Many analysts were skeptical as to whether lower interest rates would be able to buoy private consumption during a corporate phase of decline. The stock market gains during the second quarter brought valuations back up to strained levels, especially for technology shares. On the Stock-

holm Stock Exchange, companies were valued at 29 times forecast earnings for 2001.

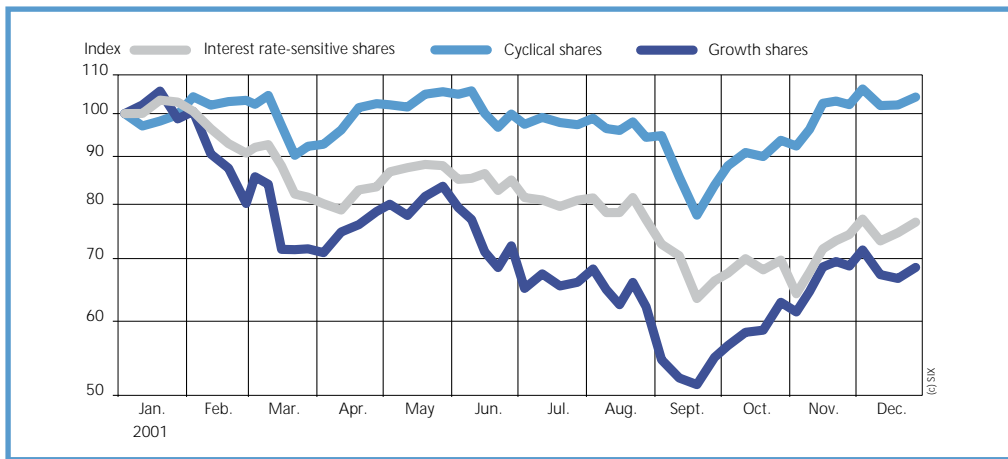
Weak Third Quarter

During the third quarter the markets suffered sharp declines under signs of mounting macroeconomic weakness. Share prices fell in July and August, when employment figures, industrial production, resource utilization and falling profits pointed to a deeper decline than what was previously forecast. Uncertainty about the depth and duration of the economic decline increased investors' risk premium. Economists and equity analysts were in the process of lowering their forecasts when the terrorist attacks against the U.S. occurred on September 11. Even though the stock markets posted a strong recovery from the low point that was reached ten days after the attack, the development on the whole was weak during the third quarter.

The Stockholm Stock Exchange lost 20% of its value, and the World Index fell 17%. Defensive sectors fared the best during the third quarter. Health care (unchanged) was the strongest, followed by the retail food sector. Information technology posted the weakest performance, declining 33%.

The terrorist attacks shook the already weak world economy, and companies once again lowered their sales and earnings forecasts. In a coordinated attempt to bolster confidence in the financial markets and the global economy, central banks around the world cut their key lending rates in September. Additional monetary policy stimuli were aimed at shoring up liquidity in the markets, but instead, profit expectations and GNP forecasts were lowered substantially.

Price Trend for Various Segments on the Stockholm Stock Exchange



A global recession was considered unavoidable. Bond rates fell in both the U.S. and Europe. Falling stock prices pressed down valuations to levels not seen since late autumn 1998. On the Stockholm Stock Exchange, companies were valued at 26 times forecast earnings for 2001.

Recovery in Fourth Quarter

During the fourth quarter, growing numbers of investors became convinced that the financial markets had reached their bottom point on September 21 and that the massive stimulus measures, in the form of interest rate cuts and tax breaks, would lead to an economic recovery in the coming two to three quarters.

A greater willingness to accept risk and high liquidity pushed up prices in October, November and December, despite continued weak macroeconomic statistics and weak corporate reports. The price of oil fell back to a level below USD 20 a barrel. Due to the subsequent effects this would have on fuel and energy costs, an added stimulus to households and companies was expected. Bond rates, especially in the U.S., began rising again.

The Stockholm Stock Exchange rose during the fourth quarter by 21%, while the World Index posted a gain of 12%. Technology stocks developed strongest, (+39%) together with engineering and basic industries (+13% and +12%, respectively). The health care sector showed the weakest performance, remaining unchanged. The P/E multiple for the Stockholm Stock Exchange was 34 at year-end 2001, based on earnings forecasts for 2001.

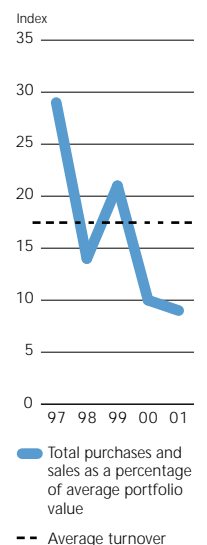
Looking Ahead at the Stock Market in 2002 from the Perspective of 2001

For 2001 as a whole, we thus recorded a 17% decline for the Stockholm Stock Exchange. Expressed in U.S. dollars the decline was -25%, compared with -13% for the S&P 500, -22% for the Eurotop 300, and -18% for the World Index. We also could see that the declines for the world's stock markets in 2001 took place in parallel with falling interest rates, continued low inflation, and steadily poorer economic and earnings forecasts.

Expansive financial and monetary policies are expected to pave the way for demand growth in 2002. In addition, real interest rates around the world are quite low from a historical perspective, which has a stimulating effect. Low oil prices should also help. It should be assumed, however, that a cyclical recovery during the coming year has been factored relatively well into stock prices.

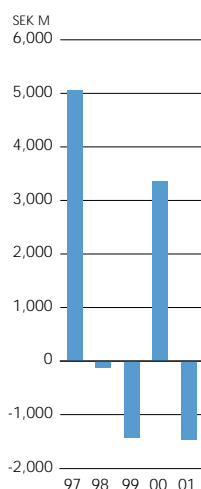
In the long-term perspective, there is reason to carry a continued positive view of stock market investments. The fundamental driving forces behind an expansion of the world economy with stable price development remain. Productivity improvements are being driven by technological development, deregulation and global competition. Increasingly liberalized trade and the opening of entirely new markets are enabling continued favorable growth. Changes in the demographic structure and necessary overhauls of the pension systems in most industrialized countries also point in favor of a positive view of equity investments.

Turnover of Listed Portfolio



The turnover rate was affected by the acquisition of Sandvik in 1997, and the sale of PLM in 1998 and AGA in 1999.

Net Investments in Listed Portfolio



Investment Activity in 2001

The declining stock markets and the uncertain situation during the year were reflected in low investment activity by Industrivärden during 2001. The combined value of equity purchases was SEK 1.5 billion, which was considerably lower than a year earlier, when stock purchases totaled SEK 4.4 billion. The combined value of sales was SEK 3.0 billion, compared with SEK 1.1 billion in 2000. Together the combined value of purchases and sales corresponded to 9% of the average portfolio value during the year. The turnover rate for the listed portfolio since 1997 is shown in the chart on page 19.

Most equity purchases were made from March to July, with the yellow pages media company Eniro as the largest single new investment. In addition to the sale of four million Skanska B-shares at the beginning of the year for SEK 409 M, the bulk of equity sales were made in October and November. Among the major holdings, stock in Sandvik and SCA was sold for SEK 464 M and SEK 272 M, respectively. Among other holdings, the investments in Pharmacia, Karo Bio and Song Networks were sold for a combined sales price of SEK 950 M. Total capital gains on sales of stocks amounted to SEK 713 M. A specification of capital gains is shown in note 1 on page 68.

Transactions in derivatives were also made during the year, in both call and put options. Due to falling prices, however, most of the transactions involved the issuance of call options. By issuing options Industrivärden can enhance the portfolio's return. Booked and unrealized option premiums in 2001, less repurchase premiums, generated a liquidity surplus of SEK 45 M.

Stock lending is another activity aimed at enhancing the portfolio's return. Stock lending is conducted only through the major commercial banks. The total premium for loaned-out shares during 2001 was SEK 1 M. At year-end 2001 stocks with a combined market value of SEK 382 M in four companies were out on loan.

During the year Industrivärden issued call options to SSAB's executive management. The options entitle the bearers to purchase 55,637 Class A shares in SSAB through May 2006 at a price of SEK 141 per share.

Industrivärden participated in incentive programs at Ericsson and SCA by subscribing for shares at par value in directed cash issues. The issued shares were sold to Ericsson and SCA for subsequent transfer to the employees included in the respective incentive programs.

Performance of the Listed Portfolio in 2001

At year-end 2001 the market value of the listed portfolio was SEK 40,535 M, compared with the shares' book value of SEK 17,328 M. The surplus value thus amounted to SEK 23,207 M, compared with SEK 36,935 M at the start of the year. The portfolio's value, adjusted for purchases and sales, decreased by 24% during the year, which was 7 percentage points worse than the Stockholm Stock Exchange's General Index, which fell by 17%.

Dividends received during the year totaled SEK 905 M. The total return of the portfolio, i.e., growth in value including reinvested dividends, was -22%, compared with -15% for the Findata Total Return Index.

The total return for the major portfolio holdings and their contribution to the performance of the total portfolio are shown in the tables on pages 17 and 22.

From year-end 2001 through February 28, 2002, the listed portfolio's value, adjusted for purchases and sales, decreased by 4%, compared with a decline of 5% for the General Index during the same period.

Total Return and Risk of the Listed Portfolio

Industrivärden's listed portfolio is concentrated, which is a natural result of Industrivärden's business mission, strategy and work approach. The five largest shareholdings account for 79% of the

portfolio, compared with the five largest stocks in the OMX index, which accounted for 51% of the index's value. As shown in the table below, the listed portfolio is heavily overweighted in the major holdings compared with those companies' weighting on the Stockholm Stock Exchange.

Share	Percentage of listed portfolio		Stockholm Stock Exchange, %	
	2001	2000	2001	2000
Ericsson	27	37	16	23
Handelsbanken	18	15	4	3
SCA	13	7	2	1
Sandvik	12	10	2	2
Skandia	9	13	3	4

The return on a stock portfolio is made up of both the price change and dividends. To gain an idea of relative performance, the Findata Total Return Index for the Stockholm Stock Exchange serves as a suitable benchmark for comparing the return of Industrivärden's listed portfolio. During the five-year period from 1997–2001, Industrivärden's listed portfolio generated an average annual return of 15.8%, or 2.6 percentage points better per year than the Findata Total Return Index. During the last three-year period, from 1999–2001, the excess return was 4.4 percentage points per year. In 2001 the return from the equities portfolio was 7.1 percentage points lower than the Total Return Index. In judging whether the achieved return is satisfactory, the risk associated with Industrivärden's investments, in relation to the benchmark index, should be taken into account.

During the five-year period from 1997–2001, the standard deviation in the total return for Industrivärden's listed portfolio was 28.4%, compared with 24.0% for the Findata Total Return Index. The total variation in the return for Industrivärden's listed portfolio is thus higher than for a broad market index, which is logical given the philosophy of concentration described above.

By comparing the coefficient between the listed portfolio's annual return and the standard deviation with the corresponding coefficient for the Findata Total Return Index, a measure of the portfolio's relative return – taking into account the level of risk – can be arrived at. A coefficient of less than 1 means that the portfolio has generated a lower return per risk unit compared with the index, while a coefficient of over 1 indicates a higher return per risk unit. For the last three- and five-year periods, this coefficient for Industrivärden's listed portfolio was 1.2 and 1.0, respectively.

In a comparison of the portfolio's achieved return with how much it "should" be – given the rate of return on the market and the portfolio's market risk (beta) – an alpha coefficient is arrived at. A coefficient of zero indicates an achieved return for the risk taken. A coefficient of less than zero indicates that risks have been taken that do not pay off in the form of higher returns, and vice versa. For the last three- and five-year periods, the listed portfolio had an average alpha of +4.1 and +1.8 percentage points per year, respectively.

Listed Portfolio, December 31, 2001

Share	Number	Market value		Percentage of		
		SEK M	SEK per share	Port- folio value	Capital in company	Votes in company
Ericsson	189,000,000	11,052	57	27	2.3	28.0
Handelsbanken	48,655,900	7,493	38	18	6.8	7.4
SCA	18,982,000	5,334	28	13	8.1	29.3
Sandvik	21,000,000	4,715	25	12	8.0	8.0
Skandia	47,846,800	3,636	19	9	4.5	4.5
Lundbeck A/S	8,427,400	2,265	12	6	3.6	3.6
Skanska ¹	28,302,756	1,939	10	5	6.8	30.9
Pfizer Inc.	3,000,000	1,255	6	3	0.0	0.0
SSAB	12,065,600	1,237	6	3	12.0	15.6
Scania	3,000,000	571	3	1	1.5	1.8
Volvo	1,800,000	309	2	1	0.4	0.8
Eniro	4,000,000	300	2	1	2.3	2.3
Other holdings (<SEK 300 M)		429	2	1		
Total		40,535	210	100		

¹Skanska's Class A shares, which are not listed on the Stockholm Stock Exchange, have been assigned the same value as the Class B shares.

Price Trend for Listed Portfolio

Share	Price change 2001, %	Total return, %	Share of port- folio, %
Ericsson	-47	-46	27
Handelsbanken	-5	-2	18
SCA	39	44	13
Sandvik	-1	3	12
Skandia	-50	-50	9
Lundbeck A/S	10	17 ¹	6
Skanska	-30	-27	5
Pfizer Inc.	-13	-2 ¹	3
SSAB	14	20	3
Scania	-8	-5	1
Volvo	9	15	1
Eniro	-21	-21	1
Other holdings (<SEK 300 M)			1
Total	-24	-22	100

¹Calculated in Swedish kronor. In local currency the total return was 11% for Lundbeck and -12% for Pfizer.

Price Trend for Listed Portfolio, 1997-2001

	2001	2000	1999	1998	1997
Price trend of portfolio, %	-24	-4	87	5	30
Index (1996 as base)	187	246	256	137	130
Affärsvärlden General Index, %	-17	-12	66	10	25
Index (1996 as base)	167	201	228	138	125

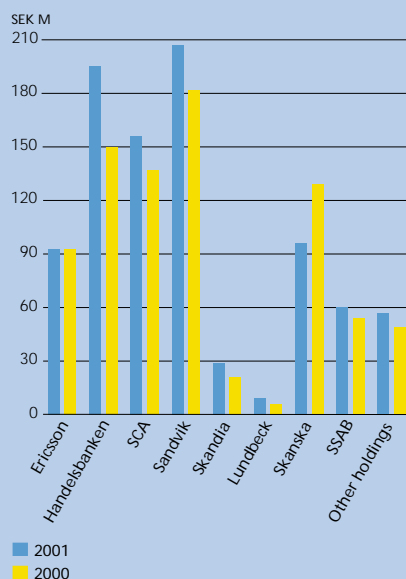
Major Holdings in the Listed Portfolio

THE FOLLOWING PAGES include a description of the companies that make up the major holdings in Industrivärden's listed portfolio. These are, by size: Ericsson, Handelsbanken, SCA, Sandvik, Skandia, Lundbeck A/S, Skanska and SSAB.

The market value of these major holdings on December 31, 2001, was SEK 37.6 billion, accounting for 93% of Industrivärden's listed portfolio. The combined market capitalization of the major companies listed on the Stockholm Stock Exchange at that same date was SEK 811 billion, or 28% of the total value of the Stockholm Stock Exchange.

The chart at right shows dividend income from the listed portfolio, which totaled SEK 905 M in 2001 (821).

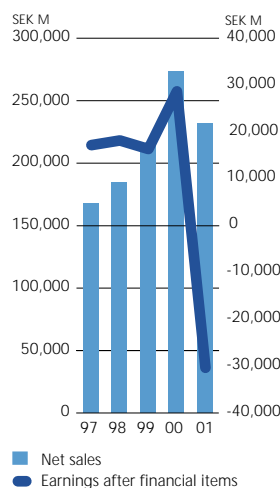
Dividends Received from Listed Companies



In 2000 an extra dividend was received from Skanska.



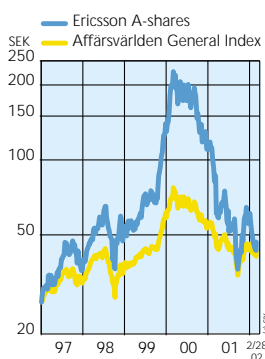
Ericsson 1997–2001



Earnings for 2000 included a total of SEK 14,416 M in nonoperational capital gains and other items affecting comparability.

Earnings for 2001 included a total of SEK -9,200 M in nonoperational capital gains/losses and other items affecting comparability.

Ericsson's Stock



During the past five-year period, Ericsson's stock on the whole has performed better than the index. From October 1999 to March 2000 the stock rose by more than 200%, followed by a decline of 70% through December 2001.

ERICSSON IS A GLOBAL leader in mobile telephony and the world's largest supplier of mobile systems.

With operations in more than 140 countries, Ericsson has the widest global reach of any player in the telecom industry. The company's local presence gives it knowledge about specific market conditions, enables good relations with customers and suppliers, and forms the backbone of its local service organization.

Recent years have seen a sharp acceleration of growth in mobile telephony and an equally rapid expansion in the use of the Internet. Ericsson's goal is to be the leading company in tomorrow's integrated data and telecommunications market by focusing on mobile Internet and mobile telephony solutions.

Ericsson is a leader in the development of third-generation mobile systems. Technologies such as WCDMA and GPRS are forming the platform for further development of mobile Internet applications.

The key areas in focus for mobile Internet development are location services (such as tourist guides for specific areas); infotainment, including everything from transmission of logistics information and news bulletins to live games; transactions, with access to banking and stock trading; and messaging, including e-mail, SMS, voice mail and the transfer of video and images.

Operations were restructured in autumn 2001, forming five business units with four support units. The five business units are: Multi-Service Networks & Data Backbone, Mobile Systems WCDMA & GSM, Mobile Systems CDMA, Transport/Transmission, and Global Services. In the area of mobile systems Ericsson is at least twice as large as each of its competitors.

The most important markets, ranked by size, are China, the U.S., Mexico, Italy, the U.K., Brazil, Japan, Spain, Sweden and Turkey.

Highlights 2001

- Earnings after net financial items totaled SEK -30,309 M, including SEK -9,200 M in non-operational capital gains/losses (SEK 28,692 M, including SEK 14,416 M in nonoperational capital gains and other items affecting comparability).
- Earnings were charged with restructuring costs of SEK 15 billion (8) stemming from weak demand for mobile systems and phones.
- An extensive efficiency improvement program was carried out in order to cut costs by at least SEK 20 billion on a yearly basis. The program is expected to have a pronounced earnings impact in 2002.
- A positive cash flow of SEK 4 billion, before financial activities, was achieved despite the large operating loss.
- Sony Ericsson Mobile Communication commenced operations on October 1, a joint venture to which Ericsson and Sony have transferred their respective mobile phone businesses.
- Michael Treschow succeeded Lars Ramqvist as Chairman in March 2002.

Assessment of the Company from an Ownership Perspective

Overcapacity and mounting price pressure in the telecom industry, combined with continued high development costs for third-generation mobile systems (3G), led to a substantial operating loss in 2001. Delayed investments in 3G have also led to substantial structural costs for capacity adaptation.

Ericsson has aligned its organization and capacity to the changed market conditions. The collaboration with Sony creates favorable conditions to achieve good profitability in the mobile phone segment. Ericsson's stock performance has been unsatisfactory in the short-term perspective. Industrivärden considers Ericsson to be a continued good investment in the long-term perspective.



Share of Votes: 28.0%

Share of Capital: 2.3%

Holding: 186,000,000 A-shares
and 3,000,000 B-shares

Market value on Dec. 31, 2001:

SEK 11,052 M

Share of portfolio value: 27%

27%

Key Figures

	2001	2000
Net sales, SEK M	231,839	273,569
Earnings after financial items, excl. minority interests, SEK M	-30,309	28,692
Earnings per share, SEK	-2.69	2.65
Dividend per share, SEK	None ¹	0.50

¹ Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001

	% of votes
Investor	38.7
Industrivärden	28.0
Handelsbanken Pension Foundation	5.3
Skandia Life Insurance Company	5.0
Handelsbanken Pension Fund	4.8

Chairman of the Board: Lars Ramqvist

CEO: Kurt Hellström

Board Members with Ties to Industrivärden:

Tom Hedelius and Clas Reuterskiöld

Ericsson's Stock

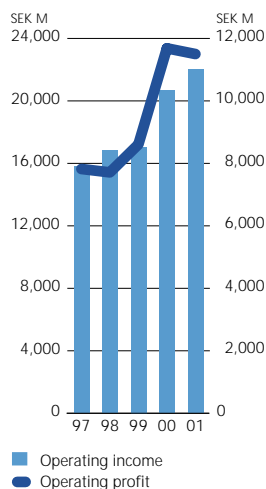
Ericsson's stock is listed on the Stockholm Stock Exchange and seven other bourses in Europe and the U.S. Ericsson's Class A shares fell by 47% in 2001, and trading volume on the Stockholm Stock Exchange was approximately SEK 1,326 billion. Ericsson's market capitalization at year-end 2001 was SEK 461 billion.



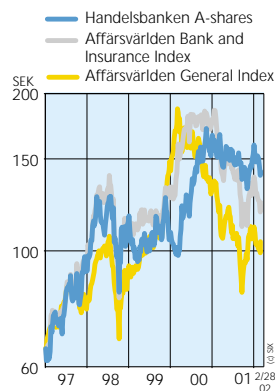
Equipped with an Ericsson wireless headset and mobile phone, bike messengers can improve their personal safety on the job while improving delivery quality.

Handelsbanken

Handelsbanken 1997–2001



Handelsbanken's Stock



During the past five-year period, Handelsbanken's stock has outperformed the General Index as well as the Bank and Insurance Index, while performing the best among the Swedish commercial banks.

HANDELSBANKEN IS A NORDIC, universal bank with a highly decentralized organization. The heart of the bank is its network of branches, which have total responsibility for all customers in their respective geographic areas, including major corporate clients. The branches coordinate the central and regional resources needed to give customers the best possible service. Handelsbanken prioritizes high service along with the goal of having the lowest costs of all the other Nordic banks.

As a universal bank, Handelsbanken aims to cover the entire range of banking services: traditional corporate transactions, investment banking and trading, and retail banking, including life insurance.

Handelsbanken conducts a comprehensive universal banking operation throughout the Nordic region. The branch activities are conducted via ten regional banks – seven in Sweden and one each in Finland, Norway and Denmark. With its 460 branches, Handelsbanken covers the Swedish market better than any other commercial bank. Handelsbanken has some eighty branches in the other Nordic countries, plus banking and representative offices in another fifteen or so countries.

Aside from the branch organization, the operating units consist of Markets (which conducts trading in the money and foreign exchange markets, etc.), Securities (responsible for corporate finance and equity trading), Asset Management, Pensions and Insurance, Finance (offering finance company services such as leasing and factoring), Stadshypotek Bank, and Central Treasury.

Handelsbanken's overall objective is to have higher profitability than a weighted average of other listed Nordic banks. Priority is always given to profitability before volume. Credit quality may thus never be set aside in favor of high credit volume.

Highlights 2001

- Profit, excluding nonrecurring items, was essentially unchanged, amounting to SEK 11.2 billion (11.3). Net interest income and trading income from currency and fixed-income trading developed well, mainly due to higher business volume. However, net commissions weakened as a result of a decline in equities trading and falling stock prices.
- The Danish bank Midtbank was acquired, adding 24 branches in Jutland.
- The Swedish personal investment magazine *Privata Affärer* named Handelsbanken Bank of the Year 2001, citing the bank for good personal service combined with free online services.
- A survey conducted by Swedish Quality Index showed that Handelsbanken has consolidated its position as the bank with the most satisfied customers.
- For the thirtieth year in a row, Handelsbanken reported a better return on equity than the weighted average of the other, listed commercial banks in Sweden.
- Lars O. Grönstedt took over as CEO.

Assessment of the Company from an Ownership Perspective

Handelsbanken has consistently developed its business concept of decentralized responsibility for customers, which has given the bank the industry's best average profitability for several years running. The bank has broadened its geographic base through ventures in Denmark and the U.K., where operations have developed according to the same principles applied by the Swedish operations. Industrivärden expects continued favorable development for Handelsbanken.



Share of Votes: 7.4%¹

Share of Capital: 6.8%¹

Holding: 48,655,900 A-shares

Market value on Dec. 31, 2001:

SEK 7,493 M

Share of portfolio value: 18%

18%

Key Figures

	2001	2000
Operating income, SEK M	21,654	20,680
Operating profit, SEK M	11,208	11,683
Earnings per share, SEK	11.99	12.89
Dividend per share, SEK	4.50 ²	4.00

¹ Handelsbanken repurchased 3% of its shares, net, in 2000 and 2001, but it has not reduced its capital stock. Industrivärden's share of votes and capital is based on all shares outstanding, including those repurchased.

² Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001 % of votes

Oktogonen Foundation	10.1
Industrivärden	7.4
Föreningsbanken mutual funds	4.5
Alecta Pension (formerly SPP)	3.4
AMF Pension	3.2

Chairman of the Board: Arne Mårtensson

CEO: Lars O. Grönstedt

Board Members with Ties to Industrivärden:

Bo Rydin and Anders Nyrén

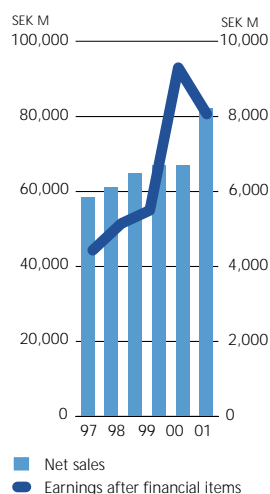
Handelsbanken's Stock

Handelsbanken's stock is listed on the Stockholm Stock Exchange. The share price decreased by 5% in 2001, and trading volume was SEK 77 billion. Share repurchases totaled SEK 49 million, net. Handelsbanken's market capitalization was SEK 110 billion at year-end 2001.



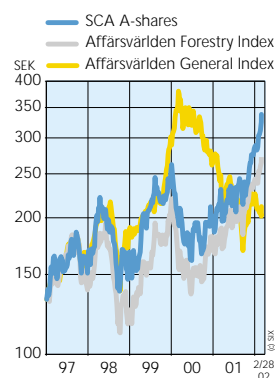
Planning for the future is like a game of chess: it requires a broad perspective and foresight.

SCA 1997–2001



2000 earnings included a capital gain of SEK 2,656 M on the sale of Modo Paper and provisions of SEK 625 M for restructuring measures in the tissue segment.

SCA's Stock



During the past five years SCA's stock has performed better than the General Index and the Forestry Index.

SCA SELLS HYGIENE PRODUCTS, packaging solutions and printing paper. The company offers high-quality products and services based on its knowledge about the needs of end-users and the properties of various types of paper. Products are adapted to meet demands for moisture absorption (hygiene products), strength (packaging) and quality printing surfaces (printing paper and packaging).

Europe is SCA's principal market, where the Group has strengthened its market positions in recent years through a series of acquisitions. Expansion is also taking place in North America and through joint ventures in Asia and South America. SCA is striving to increase the share of high value-added products in order to achieve favorable, sustained profitability.

SCA also strives to minimize the use of natural resources. More than 95% of the company's products are made of renewable and recyclable material. SCA uses equal quantities of recycled fiber and fresh wood fiber in its production.

SCA's overall objective is to create shareholder value and pay steadily higher dividends. The performance of current operations as well as of the company's strategic development is measured by the company's cash flow. All investments must generate a cash flow that amounts, as a minimum, to the Group's basic return requirement, which for Sweden has been calculated as 7% of the initial investment.

SCA's long-term financial target is that approximately 40% of the Group's capital should be financed through loans, corresponding to a debt-equity ratio of 0.7. Further, cash flow should amount to 30–35% of net debt. Based on this target debt-equity ratio, in 2001 the required rate of return was 11% for shareholders' equity and 12% for capital employed.

SCA's most important geographic markets are Europe and North America, with a concentration

in Europe on the U.K., Germany, France and Sweden. Sales outside Sweden accounted for more than 90% of total.

Highlights 2001

- Sales increased by 1% for comparable units, calculated at 2000 exchange rates.
- Earnings after financial items, excluding non-recurring items, improved by 11% to SEK 8,090 M. Greater volume, higher sales prices and an improved product mix had a positive earnings impact. Earnings improved for all business units.
- Operating cash flow, i.e., cash flow before strategic investments and dividends, increased by 69% to SEK 11,249 M.
- An important breakthrough was made in the North American market with the acquisition of a tissue paper operation and a packaging operation, together worth SEK 10 billion. Integration of the acquired operations proceeded according to plan.
- Complementary acquisitions of packaging paper companies and tissue paper businesses were carried out in the U.S.
- Jan Åström will take office as CEO at the Annual General Meeting in April 2002. At the same time, Sverker Martin-Löf will succeed Bo Rydin as Chairman.

Assessment of the Company from an Ownership Perspective

SCA's strategy of gradually increasing the share of highly processed products has contributed to a positive earnings trend during the past five years. Industrivärden expects that SCA will continue to stick to this strategy through additional acquisitions in the areas of hygiene products and packaging paper, giving the company continued strong potential for improvement in earnings and its stock price.



Share of Votes: 29.3%

Share of Capital: 8.1%

Holding: 18,982,000 A-shares

Market value on Dec. 31, 2001:

SEK 5,334 M

Share of portfolio value: 13%

13%

Key Figures	2001	2000
Net sales, SEK M	82,380	67,157
Earnings after financial items, SEK M	8,090	9,327
Earnings per share, SEK	24.05	30.64
Dividend per share, SEK	8.75 ¹	7.75

¹ Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001 % of votes

Industrivärden	29.3
Handelsbanken ²	12.8
SEB ²	7.0
Öresund	3.1
Fourth AP Fund	2.8

² Pension foundations, employee foundations and funds.

Chairman of the Board: Bo Rydin

CEO: Sverker Martin-Löf

Board Members with Ties to Industrivärden:

Bo Rydin, Tom Hedelius and Anders Nyrén

SCA's Stock

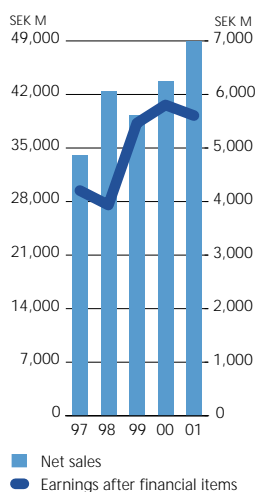
SCA's stock is listed on the Stockholm Stock Exchange and the London Stock Exchange. The stock is also traded in the U.S. through an American Depositary Receipt program. The share price rose 39% in 2001, and trading volume was SEK 69 billion, of which SEK 44 billion was on the Stockholm Stock Exchange. SCA's market capitalization was SEK 67 billion at year-end 2001.



Shapeable corrugated packaging is lightweight, strong and recyclable.

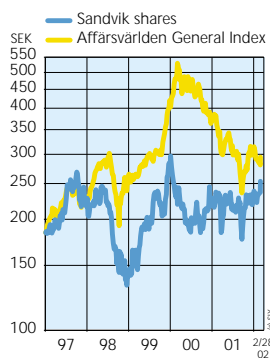


Sandvik 1997–2001



1999 earnings included a capital gain of SEK 1.6 billion on the sale of the Saws and Tools business area.

Sandvik's Stock



Industrivärden acquired the Sandvik holding in April 1997. Since then Sandvik's stock has performed below the index, except for in 1999 and 2001.

SANDVIK IS A high-technology engineering group with operations in 130 countries. The Group holds a world-leading position in three selected core areas:

Tooling specializes in cemented carbide and high-speed steel tools for metalworking. Mining and Construction concentrates on machinery, tools and service for rock excavation. Specialty Steels focuses on products made of stainless steel, special alloys and resistance materials. The Sandvik Group also includes Seco Tools, an independent, publicly listed company (61%).

About two-thirds of the Group's products consist of industrial consumption goods and one-third investment goods. Sandvik is one of Sweden's largest export companies, with operations spanning the globe.

Sandvik markets its products in close cooperation with customers, mainly by its own staff, but also through a number of selected industrial distributors and other complementary channels, such as e-commerce.

Sandvik's research and development activities are conducted mainly in the areas of material and surface coating technologies, product and application solutions, production and process technologies, and information, communication and logistics systems. Annual R&D outlays amount to approximately 4% of sales.

Manufacturing of highly refined products is conducted primarily in the Group's own plants. The coordination of product development with Sandvik's proprietary production technology ensures the highest quality, availability and cost effectiveness.

Sandvik has made great progress in the use of the Internet in its business. Coromant, the largest division of the Tooling business area, sells about 35% of its deliveries in the Nordic region online. The Group's logistics system is largely based on the Internet.

Sandvik's financial goal is average organic volume growth of 6% per year, plus acquisitions. The profitability target is an average annual return on capital employed of 20%. The dividend should amount to at least half of earnings per share over a business cycle. The total return for Sandvik's stock shall exceed the industry average. The net debt/equity ratio is today 0.4 and is expected to rise to 0.6–0.8 by year-end 2003.

Highlights 2001

- Invoiced sales increased by 3% for comparable units, calculated at 2000 exchange rates.
- Earnings after financial items, excluding non-recurring items, rose 2% to SEK 5,266 M (5,144). Higher volumes and good capacity utilization made the strongest contribution to the earnings improvement.
- Adjustment of capacity to weaker demand entailed a reduction in the work force of 1,000 employees.
- Lars Pettersson will take office as CEO at the Annual General Meeting in May 2002. At the same time Clas Åke Hedström will succeed Percy Barnevik as Chairman.

Assessment of the Company from an Ownership Perspective

Industrivärden looks positively on the focus of Sandvik's business in the three core areas – Tooling, Mining and Construction, and Specialty Steels. Rationalization measures taken in 2001 to meet a difficult business situation are expected to lead to a gradual earnings improvement.



Share of Capital and Votes: 8.0%¹

Holding: 21,000,000 shares
 Market value on Dec. 31, 2001:
 SEK 4,715 M
 Share of portfolio value: 12%



Key Figures	2001	2000
Net sales, SEK M	48,900	43,750
Earnings after financial items, SEK M	5,606	5,804
Earnings per share, SEK	14.40	14.30
Dividend per share, SEK	9.50²	9.00

¹ Sandvik repurchased 3% of its shares in 2001, but has not reduced its capital stock. Industrivärden's shares of the votes and capital are based on all the shares outstanding, including those repurchased.

² Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001 % of votes

Industrivärden	8.0
Föreningssparbanken mutual funds	4.9
Alecta Pension (formerly SPP)	3.6
Handelsbanken Pension Foundation	3.3
Handelsbanken mutual funds	2.5

Chairman of the Board: Percy Barnevik

CEO: Clas Åke Hedström

Board Member with Ties to Industrivärden:

Clas Reuterskiöld

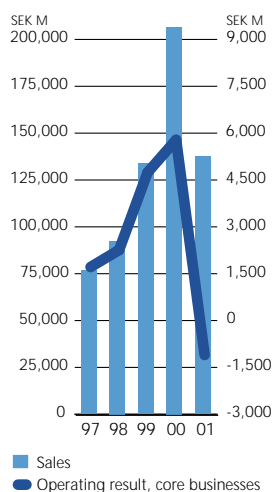
Sandvik's Stock

Sandvik's stock is listed on the Stockholm Stock Exchange and is also traded in the U.S. through an American Depositary Receipt program. The share price decreased by 1% in 2001, and trading volume was approximately SEK 68 billion. Stock repurchases totaled SEK 1.7 billion during the year. Sandvik's market capitalization was SEK 58 billion at year-end 2001.

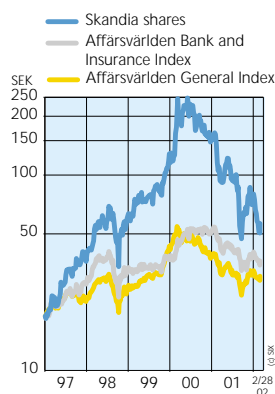


A close shave requires high quality steel with special dimensions and material properties.

Skandia 1997–2001



Skandia's Stock



During the last five years Skandia has performed better than the General Index as well as the Bank and Insurance Index. A substantial international operation has been built up in the Insurance and Savings Products business unit.

SKANDIA IS A GLOBAL savings company with operations in more than 20 countries. Its core business is long-term savings products.

Skandia's business concept is to meet customers' savings needs by offering innovative, world-class products and services. Operations are focused on Skandia's core competencies, namely, the development of high-quality savings products, marketing, market support and fund analysis.

Skandia's operations in the area of insurance and savings products are conducted primarily in Europe, North and South America, and Asia.

The largest product group is unit linked assurance, which is adapted to the legislation and market conditions of each country. Skandia cooperates with some 100 of the world's foremost fund companies, which together represent an offering of more than a thousand different mutual funds. The aim is to be able to offer the best funds on the market and thereby give customers the best return on their invested assets.

The most important markets for Skandia, ranked by size, are the U.S., the U.K. and Sweden.

Skandia's financial target is to achieve a minimum, sustained rate of return after taxes that at least corresponds to the interest rate for ten-year government bonds plus eight percentage points.

Highlights 2001

- Sales decreased to SEK 138 billion (207) as a result of depressed stock markets around the world, which led to a decline in savings and the value of managed assets.
- In the New Markets unit, comprising operations outside the main markets in the U.S., the U.K. and Sweden, new sales were level with the preceding year.
- The operating result was SEK -2,104 M (8,029).
- In early 2002 Skandia sold its asset management operation, Skandia Asset Management, to Den norske Bank, for a capital gain of approximately SEK 2 billion.

Assessment of the Company from an Ownership Perspective

As a result of the combined effect of Skandia's heavy exposure to the savings market in the U.S., where competition for savings capital is growing increasingly fierce, and falling stock prices, an expected growth scenario has been replaced by stagnation in a key market. Skandia's other markets have developed well, however.

Once the U.S. market recovers, Skandia will be well positioned to once again show favorable growth, with a stronger offering of services than when the stock market decline started.

Industrivärden has built up its holding in Skandia gradually since 1995 and foresees good growth opportunities for Skandia's long-term savings business.



Share of Votes and Capital: 4.5%

Holding: 47,846,800 shares
 Market value on Dec. 31, 2001:
 SEK 3,636 M
 Share of portfolio value: 9%



Key Figures	2001	2000
Sales, SEK M	137,584	206,687
Operating result, core businesses, SEK M	-1,089	5,798
Operating result, SEK M	-2,104	8,029
Earnings per share, SEK	-0.05	2.76
Dividend per share, SEK	0.30 ¹	0.60

¹ Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001

	% of votes
Pohjola	4.5
Industrivärden	4.5
Föreningssparbanken mutual funds	3.9
Suomi Life Assurance	3.4
AMF Pension	3.3

Chairman of the Board: Lars Ramqvist

CEO: Lars-Eric Petersson

Board Member with Ties to Industrivärden:

Clas Reuterskiöld

Skandia's Stock

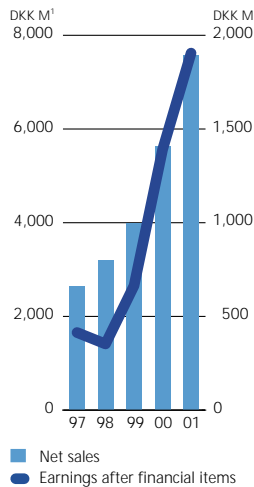
Skandia's stock is listed on the Stockholm Stock Exchange. The share price fell by 50% in 2001, and trading volume was SEK 264 billion. Skandia's market capitalization was SEK 78 billion at year-end 2001.



Long-term savings enhance financial security and can make dreams come true.

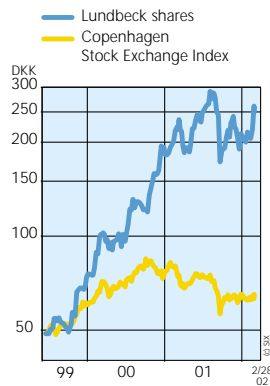


Lundbeck 1997–2001



¹DKK M = million Danish kroner.

Lundbeck A/S



Since its IPO in June 1999, Lundbeck has performed considerably better than the Copenhagen Stock Exchange Index.

LUNDBECK IS A Danish pharmaceutical company engaged in the development, manufacture and marketing of drugs for central nervous system diseases. The company's flagship product is the antidepressive drug citalopram, which is marketed under the names Cipramil and Celexa, among others. Celexa has been launched in the U.S. with major success.

Lundbeck's goal is to be one of the world's leading pharmaceutical companies in the fields of psychiatry and neurology – regarding research as well as marketing. Lundbeck's R&D is currently focused entirely on developing novel medicines for combating central nervous system diseases, including primarily depression, anxiety, schizophrenia, Alzheimer's disease and Parkinson's disease. The company also collaborates with other pharmaceutical companies in new drug development. R&D expenditures correspond to more than 20% of sales, which is a prerequisite for the successful development of new medicines. The new antidepressive drug CipraleX, which began to be developed in 1997 and which shows a positive effect after only a short period of use, received regulatory clearance in Sweden at year-end 2001.

Highlights 2001

- Net sales rose 36% to DKK 7,656 M (5,623). Sales of Celexa, sold only in the U.S., rose 44%, while sales of Cipramil, mainly in Europe, rose 31%.
- Earnings after net financial items rose 37%, to DKK 1,905 M (1,390). The profit margin before tax was unchanged at 25%.
- The first licensing revenues for CipraleX, totaling DKK 259 M, were received from the American cooperation partner, Forest Labs.
- CipraleX gained its first country approval in Sweden, for treatment of depression and panic anxiety.

Assessment of the Company from an Ownership Perspective

The antidepressive drugs Celexa and Cipramil are performing well. A successful launch of the new, antidepressive drug CipraleX is a prerequisite for the company's continued favorable development.



Share of Capital and Votes: 3.6%

Holding: 8,427,400 shares
 Market value on Dec. 31, 2001:
 SEK 2,265 M
 Share of portfolio value: 6%



Key Figures

	2001	2000
Net sales, DKK M	7,656	5,623
Earnings after financial items, DKK M	1,905	1,390
Earnings per share, DKK	5.63	4.23 ¹
Dividend per share, DKK	1.14²	0.86 ¹

¹ The number of shares quadrupled in March 2001 as a result of a 4:1 split. Earnings and dividend per share for 2000 have been adjusted accordingly.

² Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001

	% of votes
LFI A/S (Lundbeck fund)	73.6
Industrivärden	3.6
Capital Research & Management	2.8

Chairman of the Board: Arne V. Jensen

CEO: Erik Sprunk-Jansen

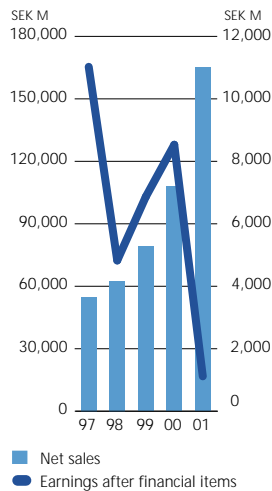
Lundbeck's Stock

Lundbeck's stock is listed on the Copenhagen Stock Exchange. The share price rose 10% in 2001, and trading volume was DKK 13 billion. At year-end Lundbeck had a market capitalization of DKK 50 billion, corresponding to SEK 63 billion.



Lundbeck produces and markets drugs for treating diseases of the central nervous system.

Skanska 1997–2001

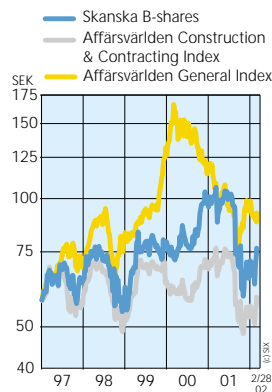


1997 earnings included a capital gain of SEK 9.1 billion on the sale of most of the shares in Sandvik.

1999 earnings included a capital gain of SEK 3.3 billion on the sale of the shareholding in Scancem.

2000 earnings included combined capital gains totaling SEK 3.3 billion on the sales of the shareholdings in SKF, JM, Norrporten, Piren, and other companies.

Skanska's Stock



During the past five years Skanska's stock has performed better than the Construction & Contracting Index but below the General Index.

SKANSKA IS one of the five largest construction companies in Europe and North America, and one of Sweden's largest private property owners. Skanska's mission is to develop, build and maintain the physical environment for living, working and traveling. Its vision is to be the world leader in construction services and project development.

Skanska is a global name in construction, with operations in some 50 countries, normally through local subsidiaries. Skanska has eleven principal markets. The most important of these are Sweden, the U.S., Finland, Norway, Poland, the Czech Republic and the U.K. The share of foreign revenues has risen from about 10% at the end of the 1980s to approximately 80% today. The U.S. is now Skanska's largest market, accounting for 42% of sales and 51% of earnings in 2001.

Operations are conducted in a total of 18 business areas, consisting primarily of construction services companies in various regions as well as project development units. Two business areas are focused on the telecom and service sectors. Most of Skanska's operations consist of construction-related services and are organized in four geographic regions: Scandinavia, Europe, the U.S. and Other Markets.

Skanska's goal is to be a leader in its principal markets. Its financial targets are to achieve an average 15% annual growth in net sales and a minimum 16% average annual return on capital employed and on shareholders' equity.

Skanska's strategy is to strengthen its international position, with the vision of being the world leader in construction-related services and project development. The North American operations will continue to expand organically as well as through acquisitions. In Sweden, Skanska is focusing its resources on regions with the greatest development opportunities. Elsewhere in Europe, Skanska is focusing on strengthening its position and in making the company a leading player in the industry.

Skanska's strength is its ability to offer a comprehensive range of services in the construction process – everything from planning and construction to taking responsibility for building maintenance.

Highlights 2001

- Net sales rose 53% to SEK 164,937 M, of which 13 percentage points were derived from organic growth and 40 percentage points from acquisitions and currency effects.
- Operating earnings for the core businesses totaled SEK 2,458 M (4,416).
- Earnings were charged with SEK 2.6 billion in restructuring costs and project provisions, mainly for the operations in Denmark, Poland and the U.K.
- A new organizational structure was adopted for better control and efficiency.

Assessment of the Company from an Ownership Perspective

Skanska's favorable growth trend in recent years was broken due to substantial operating losses, mainly from the newly acquired operations in Poland and from a number of projects in Denmark and the U.K. The company's other operations, including the U.S., performed well. Provided that the current economic downturn is not deep and prolonged, Industrivärden has a positive view of Skanska's ability to achieve satisfactory earnings growth.



Share of Votes: 30.9%¹

Share of Capital: 6.8%¹

Holding: 22,302,756 A-shares
and 6,000,000 B-shares

Market value on Dec. 31, 2001:

SEK 1,939 M

Share of portfolio value: 5%

5%

Key Figures

	2001	2000
Net sales, SEK M	164,937	108,022
Earnings after financial items, SEK M	1,116	8,531
Earnings per share, SEK	0.05	13.40 ²
Dividend per share, SEK	3.00 ³	3.38 ²

¹ Skanska repurchased 8.1% of its shares in 2000 and 2001 and reduced its capital stock to a corresponding degree. Industrivärden's share of votes and capital is based on the lowered capital stock.

² The number of shares was quadrupled in June 2001 as a result of a 4:1 split. Earnings and dividend per share for 2000 have been adjusted accordingly.

³ Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001 % of votes

Industrivärden	30.9
Inter Ikea Investment	10.7
Handelsbanken ⁴	6.8
AMF Pension	4.3
Föreningsparbanken mutual funds	3.8

⁴ Pension foundations and funds.

Chairman of the Board: Bo Rydin

CEO: Claes Björk

Board Members with Ties to Industrivärden:

Bo Rydin and Finn Johnsson

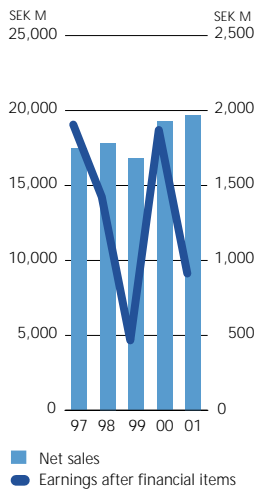
Skanska's Stock

Skanska's stock is listed on the Stockholm Stock Exchange. The share price fell by 30% in 2001, and trading volume was SEK 32 billion. Stock repurchases during the year totaled SEK 0.7 billion. Skanska's market capitalization was approximately SEK 29 billion at year-end 2001.

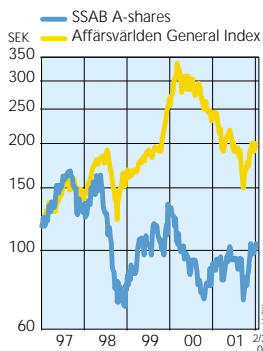


Public facilities such as sport and swimming halls are built with very high demands on quality, safety and overall design.

SSAB 1997–2001



SSAB's Stock



During the past five-year period SSAB's stock has performed below the index, mainly due to the weak steel market in 1998 and 1999. Despite good earnings, stocks of cyclical companies like SSAB were generally weak in 2000, however, a recovery took place in 2001.

SSAB IS A medium-sized European steel company. Its steel operations have developed well as the result of a distinct niche strategy aimed at consolidating the company's position as one of the leading producers of high-strength sheet and quenched steel. Growth in these niches has been higher than for the steel market as a whole, and deliveries of these products have increased sharply during the past five years.

In the sheet segment, SSAB specializes in high-strength steel sheet, where it is one of the leading suppliers in Europe. The steel sheet product line includes hot-rolled, cold-rolled, metal-coated and organic-coated sheet. High-strength steel sheet is used in the automotive industry and by crane manufacturers, among others. Ordinary sheet is used primarily in the engineering and construction industries.

In the plate segment, SSAB is the world's leading producer of quenched steels, i.e., abrasion-resistant steel and high-strength construction steel. Quenched steels are used in construction machinery, mining equipment, cranes and bridges, among other things. Ordinary plate is used in shipbuilding and general engineering.

In addition to the steel operations, which are conducted by the subsidiaries SSAB Tunnpått and SSAB Oxelösund, the SSAB Group includes the subsidiaries Plannja, SSAB HardTech, Dickson and Tibnor (85% stake).

Plannja processes sheet into roofing tiles and rainwater runoff products, among other things. SSAB HardTech manufactures press-hardened safety components for the automotive industry. Dickson prefinishes sheet, and Tibnor is the leading steel trading company in Sweden. These subsidiaries make an active contribution to giving the steel operations a strong position in the Swedish market, where SSAB has a market share of approximately 50%.

SSAB's financial target is to achieve an average return on shareholders' equity that is at least 6 percentage points higher than the ten-year bond rate. Sales outside Sweden account for 57% of total.

Highlights 2001

- Earnings after financial items, excluding nonrecurring items, amounted to SEK 835 M (1,283).
- Tibnor's industrial warehouse operation was sold for a capital gain of SEK 135 M.
- Cash flow improved to SEK 151 M (-406).

Assessment of the Company from an Ownership Perspective

Due to SSAB's successful specialization on highly processed steel, its earnings decline was moderated when the international steel market suffered a downturn in 1998 and 1999. SSAB thereby remained one of the most profitable companies in the industry. Earnings improved substantially in 2000, and profitability stabilized at a satisfactory level of the industry in 2001.

Over the long term, the steel industry is suffering from overcapacity, which is now giving rise to extensive structural transformation in Europe. In the U.S., the world's largest steel market, a merger between the two largest players and import restrictions are being discussed. SSAB, with its specialization strategy, is well equipped to meet this increasingly tougher global competitive situation.



Share of Votes: 15.6%¹

Share of Capital: 12.0%¹

Holding: 12,065,600 A-shares

Market value on Dec. 31, 2001:

SEK 1,237 M

Share of portfolio value: 3%

3%

Key Figures

	2001	2000
Net sales, SEK M	19,682	19,271
Earnings after financial items, SEK M	913	1,870
Earnings per share, SEK	6.10	12.00
Dividend per share, SEK	5.00 ²	5.00

¹ SSAB repurchased 10.0% of its shares in 2000 and 2001 and reduced its capital stock to a corresponding degree. Industrivärden's share of votes and capital is based on the lowered capital stock.

² Proposed by the Board of Directors.

Largest Owners as per Dec. 31, 2001

	% of votes
Industrivärden	15.6
AMF Pension	6.7
LKAB	6.2
Föreningssparbanken mutual funds	5.1
Skandia	5.0

Chairman of the Board: Leif Gustafsson

CEO: Anders Ullberg

Board Member with Ties to Industrivärden:

Clas Reuterskiöld

SSAB's Stock

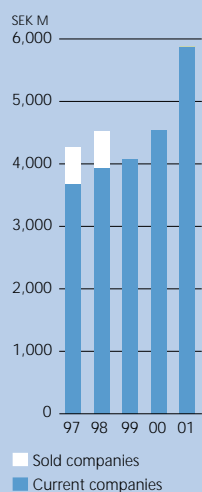
SSAB's stock is listed on the Stockholm Stock Exchange. The share price rose 14% in 2001, and trading volume was SEK 7 billion. Stock repurchases totaled SEK 0.2 billion. SSAB's market capitalization was approximately SEK 10 billion at year-end 2001.



Side-impact protection beams are an important safety feature in modern cars.

Unlisted Holdings

Net Sales Subsidiaries

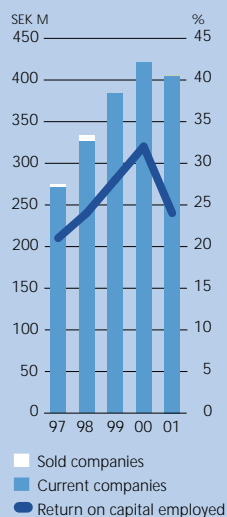


The following structural changes took place during the period:

1999: Sale of Hydraulto and Rapid Granulator

2001: Acquisition of Fagerberg, Tecalemit, and other companies (Indutrade), and Rocafix (Isaberg Rapid)

Earnings and Return on Capital Employed Subsidiaries



2000: Excluding SEK 37 M in surplus funds in Alecta (formerly SPP).

INDUSTRIVÄRDEN'S UNLISTED shareholdings consist of the wholly owned industrial and trading companies, and minority holdings in a number of other companies.

Industrial and Trading Companies

The industrial and trading companies consist of a trading company and two industrial companies. Indutrade is a group of trading companies with a substantial degree of international business. Besam and Isaberg Rapid are active in light engineering. Together these three companies had approximately 4,100 employees at year-end 2001, of whom approximately 2,600 were outside Sweden.

Invoiced sales amounted to SEK 5,980 M (4,538), an increase of 5% for comparable units. Measured at constant exchange rates, invoiced sales decreased by 3%.

Earnings after financial items totaled SEK 405 M (421¹).

The profitability requirement for the industrial and trading companies is that they generate an average return on capital employed of at least 20% over a business cycle. In 2001 Indutrade and Besam had a return that exceeded the 20% requirement. The composite return on capital employed for the industrial and trading companies was 24% (32¹).

Subsidiaries in Brief

	2001	2000	1999	1998	1997
Net sales, SEK M	5,980	4,538	4,069	4,531	4,268
Of which, outside Sweden, %	76	75	75	75	76
Operating earnings, SEK M	443	436 ¹	400	358	298
Earnings after financial items, SEK M	405	421 ¹	384	334	275
Return on capital employed, %	24	32 ¹	28	24	21
Operating cash flow, SEK M	313	259	308	313	- ²
Capital expenditures, SEK M	112	113	92	144	129
Average number of employees	3,978	2,922	2,894	3,361	3,313
Of whom, outside Sweden	2,640	1,749	1,744	1,781	1,791

¹The figure for 2000 pertains to comparable earnings exclusive of the repayment of surplus funds from Alecta (formerly SPP), totaling SEK 37 M.

²No statement of cash flows was prepared for 1997.

A presentation of the industrial and trading companies can be found on pages 41-47.

Other Unlisted Holdings

Industrivärden has a small portfolio of minority holdings in unlisted companies, mainly in the medical technology and IT sectors. At year-end 2001 the book value of Industrivärden's total investment in unlisted minority holdings was SEK 293 M.

A presentation of other unlisted holdings can be found on pages 48-49.

Operations

INDUTRADE IS A trading company whose overriding business concept is to provide imported components to industrial companies with a recurring need, and in connection with this, to offer qualified, technical system solutions. Indutrade's suppliers consist of international companies with brand-name products and major development resources, as well as niche manufacturers. Most of the products are leaders in their respective segments. The emphasis is on manufacturers of qualified products, i.e., high-quality branded products from suppliers with own R&D resources.

Customers are increasingly demanding system and design solutions in which Indutrade provides technical expertise along with purchasing and logistics know-how. This requires that Indutrade's sales representatives serve as technical consultants, which puts high demands on competence in technical service, installation and problem-solving. Indutrade's product specialists have a high level of knowledge in their respective product and application areas.

Indutrade's principal markets are Sweden, Denmark, Finland and the Benelux countries. The company is also active in Norway, Germany, the Baltic countries and Russia.

Organization and Management Philosophy

Indutrade's management philosophy is to delegate earnings responsibility to the companies or

units that generate the business. The group's major companies are organized in product-oriented divisions with full profit responsibility. Indutrade can thus be said to comprise some 60 profit centers, each with sales of between SEK 10 M and 150 M, and employing between 5 and 60 people.

Continuous Expansion Through Yearly Acquisitions

Indutrade's objective is to add a certain amount of business volume each year through company acquisitions. This can also entail the addition of new product areas. New companies and product areas must fit into Indutrade's business concept.

Indutrade's expansion has taken place through organic growth as well as through yearly acquisitions of small and medium-sized trading companies, often privately held. As a rule, the former owner is offered to stay on as president at the same time that the acquired company is integrated into Indutrade's organization and business culture. Indutrade has highly developed routines for the review and risk assessment of acquisition targets, as well as routines for integrating new companies into the group.

Acquisition of Fagerberg, Tecalemit and EIE Maskin

In early 2001 Indutrade carried out its largest acquisition ever. This acquisition included the company Gustaf Fagerberg AB, with trading

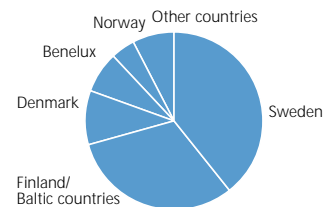


Gunnar Tindberg,
President, Indutrade

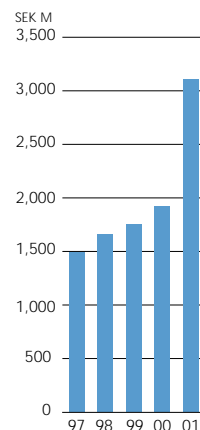
Board of Directors:

Anders Nyrén (Chairman),
Carl-Olof By, Jan Carlborg,
Eva Färnstrand, Börje Nordenö
and Gunnar Tindberg (President)

Net Sales per Market



Net Sales



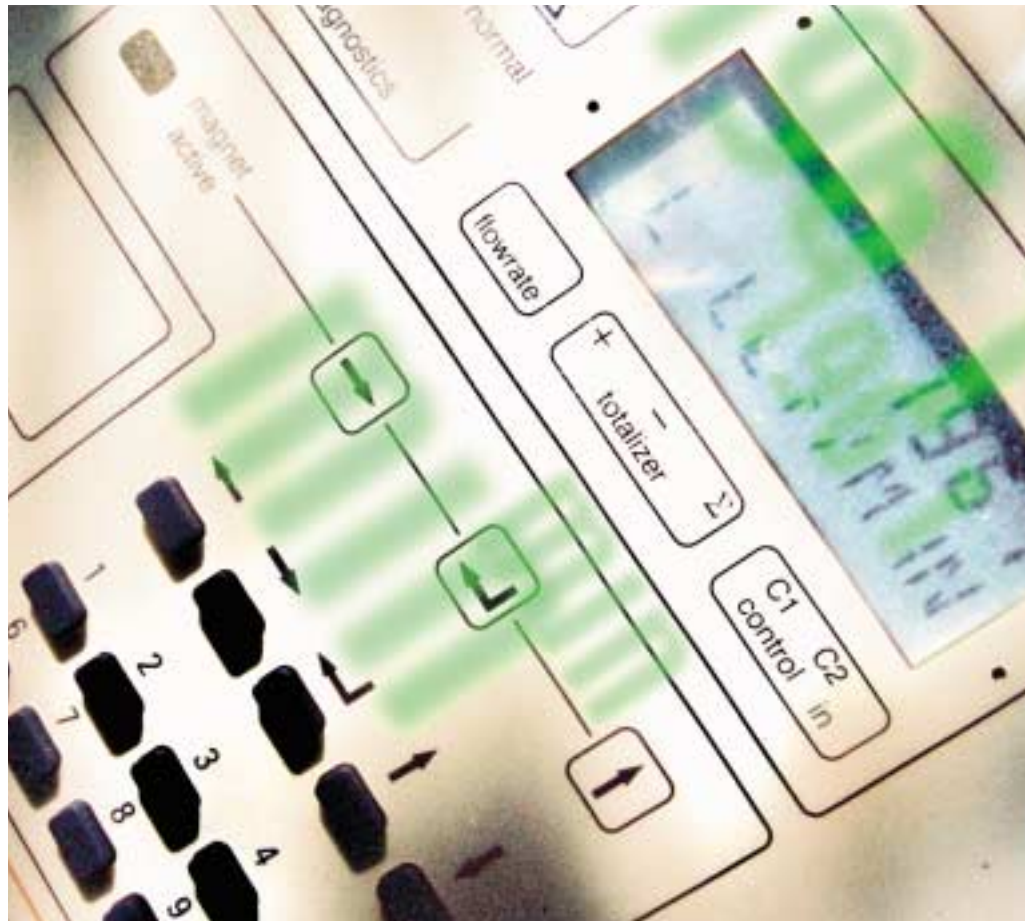
Net sales rose by an average of 20% per year during the period 1997-2001. 2001: Acquisition of AKA/Fagerberg, with sales of SEK 1,029 M for the year.

Key Figures	2001	2000	1999	1998	1997
Net sales, SEK M	3,109	1,919	1,751	1,662	1,492
Of which, outside Sweden, %	61	51	54	54	55
Operating earnings, SEK M	197	152 ¹	143	151	122
Earnings after financial items, SEK M	176	150 ¹	138	152	118
Return on capital employed, %	24	29 ¹	27	31	25
Operating cash flow, SEK M	75	116	111	96	- ²
Capital expenditures, SEK M	56	28	25	39	22
Visible equity ratio, %	36	37	36	37	35
Average number of employees	1,375	846	818	766	713
Of whom, outside Sweden	771	450	454	413	385

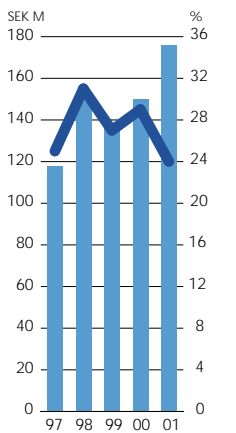
¹ Excluding repayment of surplus funds from Alecta (formerly SPP), totalling SEK 26 M.

² No statement of cash flow was prepared for 1997.

Through the acquisition of Gustaf Fagerberg, Indutrade strengthened its position in the area of flow control. Pictured here is an amplifier for a Krohne flow meter.



Earnings and Return on Capital Employed



■ Earnings after financial items
● Return on capital employed

2000: Excluding repayment of surplus funds from Alecta (formerly SPP), totaling SEK 26 M.

companies in Sweden, Norway, Denmark and Finland, active in industrial fittings and measuring instruments. The Fagerberg Group also includes the German valve company GEFA Prozesstechnik GmbH and Pentronic AB, a supplier of temperature sensors. The acquisition also included the Finnish company Oy Tecalemit AB – with products in the area of hydraulics, work environment, flow control and process technology, automotive workshop equipment and metalcutting. It also included EIE Maskin AB, which is active in mechanical transmission technology. Together the acquired companies had sales of SEK 1,029 M in 2001, with approximately 550 employees.

Products and Markets

Indutrade's business involves the import and sale of technical components to industrial companies with a repetitive need in the Nordic countries, Germany, the Baltic countries and the Benelux countries. The products are targeted at local industry, while the offering of consumer and capital goods is negligible. Business is conducted in the following eleven product areas:

- filters and process control technology
- adhesives, sealants, lubricants and silicone products
- fasteners and assembly technology
- tools and machine shop technology
- structural plastics
- compressed air, pneumatics and fluid control technology
- transmission technology, lifts and conveyors
- equipment for automotive workshops
- environmental products
- electrical components
- glass and packaging technology

In addition to qualified technical products and problem-solving by specialized sales engineers, customers are offered technical support from well equipped laboratories. Some of the group's companies also have efficient workshops where customers can obtain technical service and product improvement assistance, mainly in plastics processing.

Suppliers

Indutrade's suppliers are mainly in western-Europe the U.S. and Japan. As a rule, Indutrade's

companies have exclusive agency agreements in their respective geographic markets. Indutrade requires that its suppliers are stable companies with leading positions in their respective product niches, that they are actively engaged in product development, and that they have resources for technical problem-solving.

Customers

The customers of the Indutrade companies consist of manufacturers and end-users with a repetitive need for technical components. They represent a cross-section of industry, with a concentration in the engineering and process industries. The pharmaceutical and food industries are growing customer groups.

Business Trend 2001

The economic situation in Sweden weakened during the year. However, demand increased in Indutrade's business areas in Denmark, Finland and the Benelux countries. In total, invoiced sales in 2001 amounted to SEK 3,109 M (1,919), an

increase of 62%. New agencies and acquired companies accounted for 54 percentage points of this increase, and thus the increase for comparable units was 8 percentage points. Customer price increases were negligible.

Indutrade's earnings after financial items totaled SEK 176 M (150), excluding the repayment of surplus funds from Alecta (formerly SPP), totaling SEK 26 M, in 2000. The return on capital employed was 24% (29), excluding the surplus funds from Alecta.

Assessment of the Company from an Ownership Perspective

Indutrade has been a part of the Industrivärden Group since 1989. During each of the last ten years the return on capital employed has exceeded 20%. Business has expanded continuously through yearly acquisitions of small industrial trading companies. In 2001 Indutrade made its largest acquisition ever while maintaining its high level of profitability. Industrivärden expects to see continued favorable development for Indutrade.

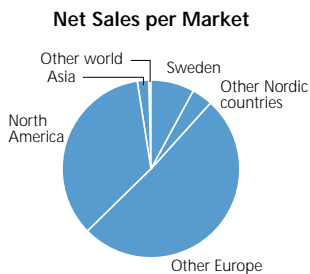
Country/ product area	Filters & process control technology	Adhesives, sealants, lubricants, sili- cone products	Fasteners & assembly technology	Tools & machine shop technology	Structural plastics	Compressed air, pneu- matics & fluid control technology	Transmission technology, lifts & conveyors	Equipment for automotive workshops	Environmental products	Electrical compo- nents	Glass & packag- ing tech- nology
Sweden	Alnab	G A Lindberg	Colly Company	Colly Company	Carlsson & Möller		Bengtssons Maskin			Novum	
	GPA Plast		Kaj Mandorf	Edeco Tool	Colly Company		ETP				
	Euronord			ETP			EIE Maskin				
	Ventim			GA Lindberg							
	Colly Filterings- teknik			Kaj Mandorf							
	Belos			Liljegrens							
	Lyma										
	Processpumpar										
	Gustaf Fagerberg										
	Pentronic										
Denmark	Colly Company	Diatom	Diatom	Diatom		Granzow					
	Granzow										
	Gustaf Fagerberg										
Finland	Colly Company	Colly Company	Colly Company	Maantera	Colly Company	Tecalemit	Lining Comp.	Tecalemit	Tecalemit		
	Lining	YTM	Vipmek	Tecalemit			Teollisuusapu				
	YTM		Kiinnike-Kolmio								
	Akamex										
	Pinteco										
	Fagerberg										
	Tecalemit										
Norway	GPA Plast						Elmeko			Novum	
	Fagerberg Norge										
	Teck Instruments										
Netherlands	Hitma										Aluglas
Germany	GEFA										
Baltic countries	Industek, Estonia		Industek, Est.	Industek, Est.				Tecalemit, Est.			
	Indutek, Latvia		Indutek, Latv.					Tecalemit, Latv.			
	Industek, Lithu.							Tecalemit, Lithu.			
Russia	Indutek						Indutek	Tecalemit			



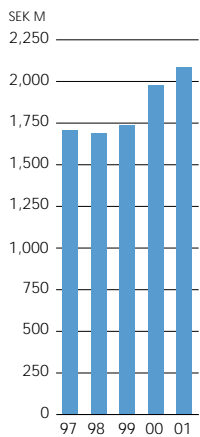
Peter Aru, President, Besam

Board of Directors:

Anders Nyren (Chairman), Peter Aru (President), Jan Blomberg, Carl-Olof By, Lennart Engstrom, Eva Gidlöf, Per Jalmo and Anders Unger



Net Sales



Net sales increased by an average of 5% per year during the period 1997-2001.

Products

Besam produces automatic door systems, including automatic swing doors, sliding doors, and revolving doors. The product line also includes special products, such as folding doors and balance doors. Aftermarket sales – i.e., service and maintenance of installed systems – account for a growing share of business.

Automatic door systems are used both indoors and in building entrances. The largest application areas are in supermarkets and commercial premises, as well as in hospitals and other health care facilities. Besam’s automatic doors enhance accessibility for shops and department stores, reduce drafts inside buildings, facilitate patient and bed transports in hospitals, and enable easier access for physically disabled persons.

Markets

The use of automatic doors has been on the rise for many years. The door automation market is expected to continue expanding geographically as well as in terms of application areas. However, the previous rapid growth slowed during the 1990s. Growth today is mainly in the areas of service and maintenance, which have obtained increasing importance.

Besam is the only global supplier of door automation systems and works in all major markets in the Western world. The company is the market leader in most of the countries in which it has own subsidiaries. Besam has subsidiaries in some 20 countries in Europe, North America, Australia and Asia, plus some 40 independent distributors in countries where it lacks own representation. The largest markets are the U.S., the Benelux countries, Germany, the U.K., Sweden and France. In all, business outside Sweden accounted for 92% of sales and 80% of the work force in 2001.

Establishment in Australia and China

Since its start in 1962, Besam has steadily grown its business through establishment in new mar-

kets. In 2001 business was established in Australia and China. The new subsidiaries posted combined sales of approximately SEK 20 M during their first year in operation.

Customers

Retail stores and health care facilities are Besam’s principal customer segments. In recent years Besam has directed its sales efforts at global accounts for international retail chains, where customers put high demands on function, reliability, and geographic presence.

Competitors

The chief competitors are in the U.S. (Stanley and Horton), Germany (Dorma and Geze), Switzerland (Record and Kaba-Gilgen) and the Netherlands (Boon). Japan also has numerous manufacturers, however, their sales are primarily in Asia. A common characteristic of most of the major competitors is that automatic doors account for a minor portion of total sales. Besam is one of the few players in the business that is dedicated exclusively to automatic doors. None of the competitors can match Besam’s overall market coverage.

Development Potential

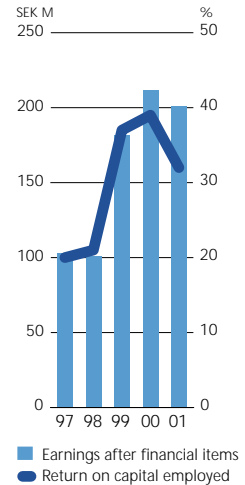
Automatic door systems have large growth potential. Besam’s analysis is that half of the market consists of customers in the retail trade, a sector that continues to hold a great deal of potential. The health care sector is another area with major future opportunities. Demand in the health care sector varies widely from country to country, and consequently this sector also has significant growth potential.

Besam is sharpening its focus on users in an effort to boost the use of automatic doors. Since the number of existing buildings without automatic doors widely exceeds new construction, Besam is stepping up its market penetration of end-users and of users who have not discovered the advantages of automatic door systems.



Besam established operations in Australia and China in 2001.

Earnings and Return on Capital Employed



2000: Excluding repayment of surplus funds from Alecta (formerly SPP), totaling SEK 5 M.

To keep their doors working properly, preventive maintenance is paramount for many customers. Besam has a global service organization that provides assistance in rectifying problems, minimizing operating disfunctions and extending the life of installed door systems.

Product Development

Besam conducts extensive development work in the aim of making its products technological leaders, while still being the most cost-effective alternative for customers. During the last two years Besam launched a new swing door system and a new, high-security sliding door system.

Production

Besam has assembly plants in Sweden, Germany and the U.S. All component manufacture is handled by subcontractors.

Business Trend 2001

Invoiced sales rose 7% to SEK 2,108 M (1,977). Measured at 2000 exchange rates, invoicing was unchanged. Service and maintenance of installed systems rose by 10%.

Earnings after financial items totaled SEK 201 M (212), excluding the repayment of surplus funds from Alecta (formerly SPP), totaling SEK 5 M in

2000. The return on capital employed was 32% (39), excluding the surplus funds from Alecta.

Assessment of the Company from an Ownership Perspective

Besam has been part of the Industrivärden Group since 1992. The return on capital employed deteriorated temporarily in the mid-nineties, however, since then it has returned to levels of over 30% through successful product development combined with cost-cutting measures. Industrivärden expects to see continued favorable development for Besam.

Besam Worldwide

Sweden	■	Israel
Australia		Italy
Austria		Netherlands
Belgium		Poland
China		Portugal
Czech Republic		Singapore
Denmark		Slovakia
Finland		Spain
France		U.K.
Germany	■	USA
Hungary		■ Manufacturing

Key Figures	2001	2000	1999	1998	1997
Net sales, SEK M	2,108	1,977	1,735	1,692	1,707
Of which, outside Sweden, %	92	92	91	92	92
Operating earnings, SEK M	207	217 ¹	187	112	111
Earnings after financial items, SEK M	201	212 ¹	182	101	103
Return on capital employed, %	32	39 ¹	37	21	20
Operating cash flow, SEK M	203	128	149	168	- ²
Capital expenditures, SEK M	31	32	33	25	40
Visible equity ratio, %	40	37	36	36	36
Average number of employees	1,420	1,368	1,390	1,437	1,520
Of whom, outside Sweden	1,136	1,083	1,091	1,127	1,177

¹Excluding repayment of surplus funds from Alecta (formerly SPP), totaling SEK 5 M.

²No cash flow statement was prepared for 1997.



Pelle Holm,
President, Isaberg Rapid

Board of Directors:

Carl-Olof By (Chairman), Bo Damberg,
Per Erik Fylking, Ulla Heikkilä,
Pelle Holm (President),
Hasse Johansson, Anders Nyrén
and Anders Unger

Products

Isaberg Rapid produces staplers and fine-wire staples for use in offices and crafts, marketed under the Rapid brand. The product line includes manual and electric staplers. Desktop staplers and stapling pliers are used in offices for stapling paper, while electric tackers and hammer tackers are used to fasten textiles, molding, moisture-barrier film and tar paper, mainly by professional craftsmen but also by private persons for hobby activities. For the OEM market, Isaberg develops staplers that are built into photocopiers.

Markets

Isaberg Rapid is one of Europe's leading companies in stapling. Its products are sold in more than 100 countries, and more than 90% of sales are outside Sweden. Europe and North America are the most important markets. Isaberg's products are also sold through a network of dealers in South America, the Middle East, Africa, the Far East, Australia and New Zealand. The company's Rapid brand is well known and has the broadest market coverage in the world in its product area.

Acquisition of French Stapling Tool Company

On July 1, 2001, Isaberg Rapid acquired the French stapling tool company Rocafix. The acquisition gives Isaberg Rapid a strong market position in southern Europe and makes it Europe's leading manufacturer of manual and electric tackers. Rocafix has annual sales of approximately SEK 200 M, with approximately 175 employees.

Customers

Rapid products are sold in three main markets: office, tools and OEM. Office products are sold by distributors or own subsidiaries to office supply stores, which have undergone substantial consolidation in recent years. Tools are sold by hardware stores to professional users as well as to the do-it-yourself market. The OEM segment comprises the world's leading manufacturers of photocopiers.

Competitors

Aside from Isaberg Rapid, the industry consists of a handful of global, brand-name producers with strong positions in their respective home markets, including Arrow, Bostitch, Max, ACCO and Esselte. A number of markets are also served by smaller, local manufacturers.

Development Potential

By establishing and acquiring own sales companies in France, the U.K., Germany and the Netherlands, Isaberg Rapid has created potential in recent years for greater market shares and thus higher production volumes. However, a large portion of sales are made through local distributors, which are also responsible for service. Additional future growth is being sought by establishing direct contact with end-customers.

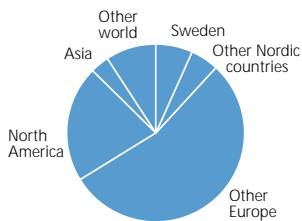
International office-supply chains, which have been a driving force behind the changing distribution patterns, are key customers. Isaberg Rapid has been designated as a preferred supplier of staplers and staples by most of the major office supply chains.

Isaberg Rapid has solid opportunities to achieve continued volume and earnings growth by developing new products and forms of distribution. A joint venture started in China in 1998 has added a line of low- and medium-priced products which is enabling penetration of new market segments. In autumn 2001 Isaberg Rapid acquired the outstanding minority stake in the Chinese company.

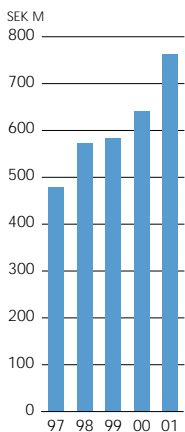
Product Development

Product development is a cornerstone in Isaberg Rapid's strategy of enabling volume growth. Isaberg Rapid has developed a specially engineered electric stapler with a patented staple cassette for incorporation into office photocopiers. Deliveries of these photocopier staplers have risen sharply in recent years, as have aftermarket sales of accompanying staple cassettes. Deliveries of new product models will be made successive-

Net Sales per Market



Net Sales

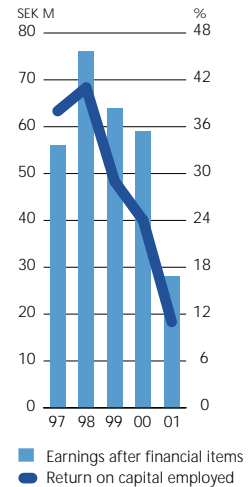


Net sales increased by an average of 12% per year during the period 1997-2001. 2001: Including acquisition of Rocafix on July 1, with annual sales of approximately SEK 200 M.



In 2001 Isaberg Rapid acquired the French company Rocafix, which manufactures glue guns, among other products.

Earnings and Return on Capital Employed



2000: Excluding repayment of surplus funds from Alecta (formerly SPP), totaling SEK 6 M.

ly in the years immediately ahead. Continued good growth is anticipated for both photocopier staplers and staple cassettes.

Production

Isaberg Rapid's staplers are manufactured in Hestra and Östra Frölunda, Sweden, while staples are manufactured in Lutzelbourg, France. The newly acquired company Rocafix conducts own manufacturing of stapling tools as well as staples in Saint Amé, France. The Chinese subsidiary manufactures staplers and staples.

Organization

In 2002 the organization is being structured into three divisions: Office, Tools and OEM.

Business Trend 2001




Invoiced sales rose 19% to SEK 763 M (642). The increase was 2% for comparable units.

Earnings after financial items totaled SEK 28 M (59), excluding the repayment of the surplus funds from Alecta (formerly SPP), totaling SEK 6 M in 2000. Deliveries of photocopier staplers fell significantly following the decision by a principal customer to reduce its purchases. The return on capital employed was 11% (24), excluding the surplus funds from Alecta.

Assessment of the Company from an Ownership Perspective

Isaberg Rapid has been a part of the Industrivärden Group since 1992. The return on capital employed rose sharply in the mid-nineties in connection with the successful introduction of a new product, however, it has decreased since then during a phase of expansion. Industrivärden expects to see favorable development for Isaberg Rapid through the consolidation of completed acquisitions.

Isaberg Rapid Worldwide

- Sweden 
- China 
- France¹ 
- Germany
- Italy
- Netherlands
- U.K.

 Manufacturing

¹Two manufacturing companies and one sales company.

Key Figures	2001	2000	1999	1998	1997
Net sales, SEK M	763	642	583	574	479
Of which, outside Sweden, %	94	93	93	93	93
Operating earnings, SEK M	39	67 ¹	70	81	59
Earnings after financial items, SEK M	28	59 ¹	64	76	56
Return on capital employed, %	11	24 ¹	29	41	38
Operating cash flow, SEK M	35	15	48	49	— ²
Capital expenditures, SEK M	25	53	34	60	34
Visible equity ratio, %	30	29	29	27	28
Average number of employees	1,183 ³	708	686	658	581
Of whom, outside Sweden	733 ³	216	199	173	162

¹Excluding repayment of surplus funds from Alecta (formerly SPP), totaling SEK 6 M.

²No cash flow statement was prepared for 1997.

³Starting in 2001, including the subsidiary in China, with 380 employees, and the French company Rocafix, with 175 employees.

Other Unlisted Holdings

AT YEAR-END 2001 Industrivärden's total investments in other unlisted holdings amounted to SEK 293 M, primarily in the IT and medical technology sectors.

Ericsson Venture Partners

(25% of the votes and capital)

INDUSTRIVÄRDEN'S LARGEST UNDERTAKING pertains to the venture capital company Ericsson Venture Partners, which Industrivärden formed in partnership with Ericsson, Investor and Merrill Lynch. The aggregate fund capital amounts to USD 300 M, of which Industrivärden's share is 25%. In 2001 an international investment organization was built up, with offices in New York and London.

Ericsson Venture Partners intends to invest primarily in companies and technologies focusing on mobile Internet development, mainly in Europe and the U.S. Investments pertain to all aspects of Internet technology, including infrastructure, services and applications.

The intention is that Ericsson Venture Partners will acquire minority stakes that are large enough to entitle the company to a seat on the respective companies' boards.

A large number of investment proposals were reviewed in 2001. Ericsson Venture Partners benefited from the sharp decline in valuations of growth companies during the year. At year-end investments had been made in a total of three companies, of which Industrivärden's share of the invested amount was USD 6 M.

Biodisk

(22% of the votes and 37% of the capital)

FOUNDED BY A RESEARCHER at the Karolinska Institute in Stockholm to promote the effective use of antibiotics, Biodisk develops high-quality diagnostic testing products. The most well known of these is Etest, which is a highly recognized trademark in all significant markets. Etest has attained world recognition as an effective method of testing resistance to antibiotics.

During the 2000/2001 fiscal year Biodisk had sales of SEK 103 M (88). Earnings after net financial items totaled SEK 56 M (49).

Establish

(20% of the votes and capital)

ESTABLISH, A LOGISTICS AND IT CONSULTING firm, develops and implements software solutions for logistics applications. The company has approximately 70 employees, with two offices in Sweden and one in New York.

Establish helps its customers to improve the efficiency of their distribution chains, from supplier via manufacturers and distributors to the end-customer.

DHJ Media

(29% of the votes and capital)

DHJ MEDIA HAS developed a product in which text and images are distributed to electronic screens or projectors via a central computer system. Information can be provided in real time, which is important for consumer advertisers who use digitalized advertising.

In 2001 DHJ Media signed an agreement with the London Underground on the installation of more than a hundred screens in Underground stations. Deliveries of the system commenced in 2002, and the contract will continue through 2012.

Interpeak

(25% of the votes and capital)

ESTABLISHED IN 2000, INTERPEAK is a an Internet security company that develops and sells technically qualified software designed to provide security for embedded systems used on the Internet. In the years immediately ahead embedded systems are expected to be used online, creating an immense need for security solutions.

Board of Directors' Report

Registered Number SE 556043-4200



The Board of Directors and President of AB Industrivärden (publ) herewith submit their annual report and consolidated accounts for the 2001 fiscal year.

Composition and Work of the Board of Directors

The Board of Directors consisted of seven members in 2001. A presentation of the Board can be found on page 86.

In 2001 the Board held seven meetings, including the statutory meeting. Aside from strategic planning, the largest individual matters of business pertained to purchases and sales of stocks in listed and unlisted companies, and the proposal submitted to the extraordinary general meeting on October 25, 2001, for a premature cancellation of Industrivärden's CPN loan (see also the section on Industrivärden's Stock and CPNs, pages 11-15). For a more detailed account of the Board's duties, regular items of business, committees, and so on, see the section Governing Bodies and Management, pages 81-82.

Consolidated Net Sales and Earnings

Consolidated net sales amounted to SEK 5,981 M (4,540), which for comparable units represents an increase of 5% compared with the preceding year. Sales outside Sweden accounted for 76% (75) of total.

Operating earnings amounted to SEK 1,919 M (1,623), of which SEK 1,549 M (1,219) pertained to earnings from portfolio management, SEK 485 M (499) to earnings from operating companies, and SEK -115 M (-95) to management costs.

Net financial items amounted to SEK -409 M (-259). Earnings after financial items totaled SEK 1,510 M (1,364).

The interest expense for CPN loans was SEK 161 M (192). After taxes of SEK -126 M (-143), reported net earnings for the year were SEK 1,223 M (1,029).

A breakdown of the Group's net sales and earnings after financial items by business unit is provided in a table on page 54 under the Income Statement.

Portfolio Management

Dividend income amounted to SEK 918 M (839). Sales from the listed portfolio generated a capital gain of SEK 713 M (456), while sales of other stocks resulted in a loss of SEK -69 M (-90). Including other income and expenses, totaling SEK -13 M (14), earnings from portfolio management, before management costs and net financial items, totaled SEK 1,549 M (1,219). After financial items, earnings totaled SEK 1,104 M (881).

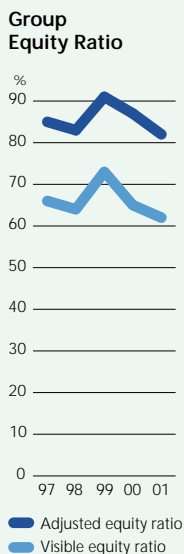
Listed Portfolio

The market value of the listed portfolio at year-end was SEK 40,535 M (54,961). The surplus value was SEK 23,207 M (36,935). Purchases of listed stocks during the year totaled SEK 1,506 M (4,400) and sales totaled SEK 2,975 M (1,053). Stocks were thus sold for a net amount of SEK 1,469 M (2000: net purchase of SEK 3,347 M).

Adjusted for purchases and sales, the value of the portfolio decreased by 24% (-4) during the year. The Affärsvärlden General Index fell by 17% (-12) during the same period. The total return for the listed portfolio was -22% (-2), compared with -15% (-11) for the Findata Total Return Index.

Major purchases consisted of 4,000,000 shares of Eniro, 1,639,000 SHB A, 350,000 Pharmacia, 3,000,000 Ericsson B, 1,324,000 Skandia, 1,000,000 SHB B and 500,000 Nokia.

Major sales consisted of 1,650,000 shares of Pharmacia (the entire shareholding), 2,000,000 Sandvik, 4,000,000 Skanska B, 1,983,100 SHB A, 1,500,000 Eniro, 1,105,532 SCAB (the entire shareholding), 1,324,000 Skandia, 1,000,000 SHB B, 738,020 Industrivärden CPNs (Class A and C, the entire holdings), and the entire holdings in Cell Network, Karo Bio and Song Networks.



The number of shares in Lundbeck A/S and Skanska increased as a result of 4:1 splits carried out by the two companies.

Industrivärden contributed to incentive programs offered by Ericsson and SCA by subscribing for shares at par value in directed cash issues. The issued shares were sold to Ericsson and SCA for subsequent transfer to the employees included in the respective incentive programs.

Changes in Group Composition

On January 1, 2001, Indutrade acquired the Finnish Tecalemit group, EIE Maskin and the Fagerberg group along with its subsidiaries Pentronic and GEFA (Germany). The companies had combined sales of SEK 1,029 M during the year and approximately 550 employees.

On July 1, 2001, Isaberg Rapid acquired the French stapling tool company Rocafix, with annual sales of approximately SEK 200 M and some 175 employees. The Chinese joint venture company Shanghai Rapid Yuan Chang Stationery Company Ltd., with annual sales of SEK 50 M and approximately 380 employees, is consolidated in Isaberg Rapid with effect on January 1, 2001. The outstanding minority stake in the joint venture company was acquired on December 31, 2001.

Operating Companies

Net sales of the operating companies amounted to SEK 5,981 M (4,540), an increase of 5% for comparable units. Measured at 2000 exchange rates, net sales decreased by 3% for comparable units.

Earnings after financial items totaled SEK 406 M (2000: SEK 433 M, excluding the repayment of surplus funds from Alecta, formerly SPP, totaling SEK 50 M). The return on capital employed was 24% (32% excluding surplus funds from Alecta).

Indutrade's net sales amounted to SEK 3,109 M (1,919), an increase of 8% for comparable units. Earnings after financial items totaled SEK 176 M (SEK 150 M excluding surplus funds from Alecta, totaling SEK 26 M).

Besam's net sales increased by 7%, to SEK 2,108 M (1,977). Earnings after financial items totaled SEK 201 M (SEK 212 M, excluding surplus funds from Alecta, totaling SEK 5 M).

Isaberg Rapid's net sales totaled SEK 763 M (642), an increase of 2% for comparable units. Earnings after financial items totaled SEK 28 M (SEK 59 M, excluding surplus funds from Alecta, totaling SEK 6 M).

Capital Expenditures

The Group's capital expenditures in tangible fixed assets during the year amounted to SEK 130 M (130), and scheduled depreciation totaled SEK 125 M (100).

Financing and Equity Ratio

A EUR 500 M Euro Commercial Paper Program was subscribed during the year. The program was assigned an A-1 rating from Standard & Poor's.

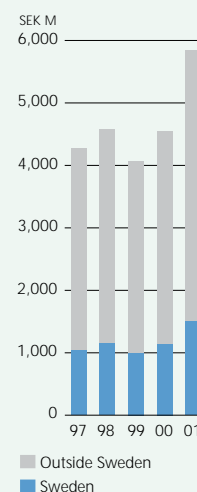
The Group's liquid assets and fixed-income investments amounted to SEK 1,034 M (573). Interest-bearing liabilities and provisions increased by SEK 534 M to SEK 6,770 M (6,236), including SEK 204 M (172) in pension provisions. Of total interest-bearing liabilities, SEK 3,668 M (3,521) consisted of long-term loans. Net debt increased by SEK 73 M to SEK 5,736 M.

The visible equity ratio was 62% (65), while the adjusted equity ratio, which includes surplus values of listed stocks, was 82% (87).

Employees

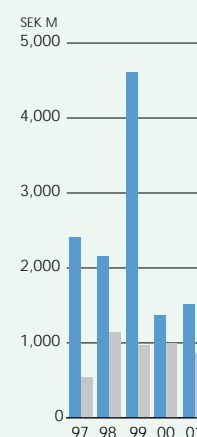
The average number of employees in the Group was 4,004 (2,947), of whom 2,640 (1,749) were outside Sweden. A breakdown of the number of employees, and information on wages, salaries, remuneration and social security costs for the Board, the President, and other employees, are provided in notes 5 and 6. A more detailed description of Industrivärden's organization and employee structure is provided on page 83.

Consolidated Net Sales



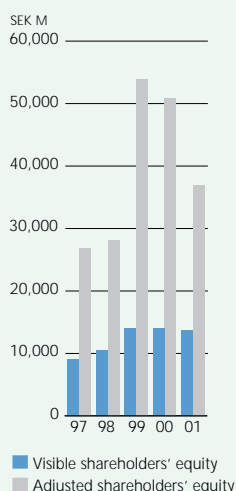
The following structural changes took place during the period:
 1997: Sale of Thorsman and Fundament
 1999: Sale of Hydrauto and Rapid Granulator
 2001: Acquisition of Fagerberg, Tecalemit, and other companies (Indutrade), and Rocafix (Isaberg Rapid)

Consolidated Earnings



1999: Sale of AGA.

Group Shareholders' Equity



Parent Company

The Parent Company, AB Industrivärden, manages the Group's portfolio of listed stocks, subsidiary shareholdings, and other unlisted stocks.

The Parent Company's dividend income amounted to SEK 918 M (839). Including income of SEK 720 M (366) from sales of listed stocks and other stocks, and SEK -5 M (14) in other operating income and expenses, earnings from portfolio management totaled SEK 1,633 M (1,219). After management costs of SEK -115 M (-95), operating earnings amounted to SEK 1,518 M (1,124).

After net financial items of SEK -328 M (-243), earnings after financial items totaled SEK 1,190 M (881). After costs for CPN interest, totaling SEK 161 M (192), and taxes of SEK 0 M (+11), a net profit of SEK 1,029 M (700) is reported for the year.

Proposed Dividend

The Board of Directors proposes an ordinary dividend of SEK 5.00 per share (5.00), plus a bonus dividend of SEK 3.35 per share (3.40), for a total of SEK 8.35 per share (8.40). Interest per CPN would thus amount to SEK 9.60 (9.66). The proposal entails that no tax will be paid by the Parent Company.

Share Repurchases

The 2001 Annual General Meeting authorized the Board to decide on repurchases and transfers of a maximum of 5 million shares of the Company's stock. This mandate was not exercised during the year.

Cancellation of Industrivärden's CPN loan

An extraordinary general meeting on October 25, 2001, resolved to cancel the Company's CPN loan 1988/2028 in accordance with the Board's proposal. According to the applicable terms of the loan, one CPN carried entitlement to one and one-tenth (1.1) shares upon conversion after October 25. Through January 31, 2002, after which the right to convert CPNs to stock ceased, a total of 19,416,012 CPNs, or 99.9% of all CPNs in issue, had been converted to a total of 21,356,772 shares. The total number of shares thereafter amounts to 193,135,612.

Environmental Impact

AB Industrivärden does not conduct any operations requiring a permit according to the environmental code. A discussion on Industrivärden's role in society, including its environment responsibility, is presented on page 10.

Proposed Distribution of Earnings

According to the Consolidated Balance Sheet, the Group's unrestricted shareholders' equity amounts to SEK 11,517 M, of which SEK 1,223 M represents net earnings for the year. No provisions to restricted reserves are required.

The following earnings of the Parent Company are at the disposal of the Annual General Meeting:

Retained earnings	SEK 9,478 M
Net earnings for the year	<u>SEK 1,029 M</u>
	SEK 10,507 M

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

To shareholders, a dividend of SEK 5.00 per share, plus a bonus dividend of SEK 3.35 per share, or SEK 8.35 per share altogether, totaling	SEK 1,459 M
To be carried forward	<u>SEK 9,048 M</u>
	SEK 10,507 M

The Group's and Parent Company's earnings and financial position are shown in the following income statements, balance sheets, statements of cash flows and notes to the financial statements.

Stockholm, February 15, 2002

BO RYDIN
Chairman

TOM HEDELIUS
Vice Chairman

INGA-BRITT AHLENIUS

FINN JOHNSON

LENNART NILSSON

CLAS REUTERSKIÖLD

ANDERS NYRÉN
President and CEO

Our Audit Report was submitted on February 15, 2002.

Öhrlings PricewaterhouseCoopers AB

INGVAR PRAMHÄLL
Authorized Public Accountant

Consolidated Income Statement

SEK M	Note	2001	2000
PORTFOLIO MANAGEMENT			
Dividend income from stocks		918	839
Result of sales of listed stocks	1	713	456
Result of sales of other stocks	2	-69	-90
Other income and expenses	3	-13	14
Earnings from portfolio management		1,549	1,219
OPERATING COMPANIES			
Net sales	4	5,981	4,540
Cost of goods sold		-3,999	-2,998
Development costs		-63	-63
Selling costs		-1,023	-723
Administrative costs		-438	-326
Other operating income and expenses	3	27	69
Earnings of operating companies	5-9	485	499
Management costs	5-7	-115	-95
Operating earnings		1,919	1,623
Interest income		48	91
Interest expenses (excl. CPN interest)		-385	-307
Other financial income	10	7	6
Other financial expenses	11	-79	-49
Earnings after financial items		1,510	1,364
CPN interest	12	-161	-192
Earnings before taxes		1,349	1,172
Tax on earnings for the year	13	-126	-143
Net earnings for the year		1,223	1,029
Depreciation included in operating earnings	8	-173	-127
Earnings per share, SEK ¹		7.17	6.32
BREAKDOWN BY BUSINESS UNIT			
Net sales			
Indutrade		3,109	1,919
Besam		2,108	1,977
Isaberg Rapid		763	642
Other, net		1	2
Total, operating companies		5,981	4,540
Earnings after financial items			
Portfolio management ^{2,3}		1,104	881
Indutrade		176	150
Besam		201	212
Isaberg Rapid		28	59
Other, net ²		1	62
Total, operating companies		406	483
		1,510	1,364

¹ Earnings after tax, excluding CPN interest, divided by a total of 193,135,612 shares after conversion of all CPNs to stock. Earnings per share for 2000 were SEK 6.38, based on 191,206,984 shares and CPNs.

² Figures for 2000 include repayment of surplus funds from Alecta (formerly SPP), amounting to SEK 14 M for portfolio management and SEK 50 M for operating companies.

³ Parent Company and other equity-management companies.

Comments on the Consolidated Income Statement

PORTFOLIO MANAGEMENT

Dividend income from stocks totaled SEK 918 M (839), an increase of 9%.

The result of sales of listed stocks increased from SEK 456 M to SEK 713 M. The largest individual capital gains were SEK 235 M from the sale of 3 million shares of Handelsbanken and SEK 219 M from the sale of 4 million shares of Skanska.

Earnings from portfolio management before management costs and net financial items totaled SEK 1,549 M (1,219).

OPERATING COMPANIES

Net sales rose 32%, to SEK 5,981 M (4,540). All three subsidiaries made company acquisitions or established operations in new markets during the year. For comparable units the increase was 5%, corresponding to a decrease of 3% measured at constant exchange rates.

Operating earnings amounted to SEK 485 M, compared with SEK 499 M in 2000, including the repayment of surplus funds from Alecta, totaling SEK 50 M. Excluding the repayment of surplus funds from Alecta, operating earnings increased from SEK 449 M to SEK 485 M. Of this total, Indutrade accounted for SEK 197 M (152), Besam for SEK 207 M (217), Isaberg Rapid for SEK 39 M (67), and miscellaneous for SEK 42 M (13).

MANAGEMENT COSTS

Management costs totaling SEK 115 M (95) pertain to the Parent Company, whose administration comprises the portfolio management as well as the control and follow-up of the operating companies.

GROUP

Net financial items for the Group amounted to SEK -409 M (-259). Net debt increased by SEK 73 M, to SEK 5,736 M. This was due, among other things, to net sales of stocks and to the fact that payment of dividends and CPN interest was greater than the amount of dividends received. Net debt in the preceding year rose by SEK 3,993 M, mainly as a result of stock purchases.

Earnings after financial items increased from SEK 1,364 M to SEK 1,510 M. Excluding sales of stocks, earnings after financial items totaled SEK 866 M (998). Earnings after financial items for the operating companies amounted to SEK 406 M (483), as shown in the breakdown by business unit on page 54.

CPN interest totaled SEK -161 M (-192). On October 25, 2001, an extraordinary general meeting resolved to cancel the CPN loan as per February 28, 2002. For further information, see also page 12.

The tax charge for the year was SEK -126 M (-143). Of this total, current taxes accounted for SEK -142 M (-144) and deferred taxes for SEK 16 M (-1). Of current taxes, SEK -75 M (-99) pertained to Swedish taxes and SEK -67 M (-45) to foreign taxes.

Consolidated Balance Sheet

SEK M	Note	12/31/01	12/31/00
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	14	244	75
Intangible rights	14	8	7
Total intangible fixed assets		252	82
Tangible fixed assets			
Land and buildings	15, 16	359	301
Plant	15	160	124
Equipment	15, 16	187	159
Construction in progress	15	7	7
Total tangible fixed assets		713	591
Financial fixed assets			
Shares in listed companies	17	17,328	18,026
Shares and participations in other companies	17	293	259
Long-term receivables	13	147	210
Total financial fixed assets	18	17,768	18,495
Total fixed assets		18,733	19,168
Current assets			
Inventories	19	1,027	711
Current receivables			
Accounts receivable, trade		1,100	916
Other receivables		117	145
Prepaid expenses and accrued income	20	97	63
Total current receivables		1,314	1,124
Short-term investments		309	59
Cash and bank balances		725	414
Liquid assets		1,034	473
Total current assets		3,375	2,308
TOTAL ASSETS		22,108	21,476

SEK M	Note	12/31/01	12/31/00
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Capital stock	22	871	859
Restricted reserves		967	928
		1,838	1,787
Unrestricted shareholders' equity			
Unrestricted reserves		10,294	10,688
Net earnings for the year		1,223	1,029
		11,517	11,717
Total shareholders' equity		13,355	13,504
Convertible participating note loan			
	12	398	447
Provisions			
Provision for pensions	23	204	172
Provision for taxes	13	37	18
Other provisions	25	120	107
Total provisions	24	361	297
Long-term liabilities			
Long-term interest- bearing liabilities	16, 26	3,668	3,521
Long-term noninterest- bearing liabilities		12	-
Total long-term liabilities		3,680	3,521
Current liabilities			
Accounts payable, trade		409	339
Accrued expenses and deferred income	27	723	629
Other noninterest-bearing liabilities		284	196
Total current noninterest- bearing liabilities		1,416	1,164
Current interest- bearing liabilities	16, 28	2,898	2,543
Total current liabilities		4,314	3,707
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
		22,108	21,476
Pledged assets	29	81	109
Contingent liabilities	30	2	5

Comments on the Consolidated Balance Sheet

Goodwill increased by SEK 169 M, to SEK 244 M, as a result of major company acquisitions made by Indutrade and Isaberg Rapid during the year.

Capital expenditures in tangible fixed assets during the year amounted to SEK 130 M, while scheduled depreciation totaled SEK 125 M. In addition, tangible fixed assets increased by SEK 125 M, net, as a result of company acquisitions made by subsidiaries.

Financial fixed assets pertain mainly to the book value of the Group's holdings of listed stocks. Listed stocks were sold for a net total of SEK 1,469 M during the year (2000: net purchase of SEK 3,347 M) and included SEK 230 M in net purchases of Eniro, while the sale of Pharmacia (the entire holding) accounted for SEK 584 M, Sandvik for SEK 464 M, Skanska for SEK 409 M, and SCA for SEK 272 M. The market value of the listed portfolio, adjusted for purchases and sales, decreased by 24%, while the General Index fell by 17%.

Accounts receivable, trade, and inventories totaled SEK 2,127 M (1,627). The inventory's share of net sales for the year increased from 16% to 17%, while the corresponding share for accounts receivable decreased from 20% to 18%.

Shareholders' equity decreased by SEK 149 M to SEK 13,355 M. The change is mainly attributable to net earnings for the year, totaling SEK 1,223 M, less the dividend payout of SEK 1,442 M for 2000, corresponding to SEK 8.40 per share.

The convertible participating note loan (the CPN loan) was prematurely canceled in early 2002 as a result of a resolution made by an extraordinary general meeting in October 2001. In connection with this, 99.9% of the loan was converted to stock.

Interest-bearing liabilities, including interest-bearing pension provisions, increased by SEK 534 M. Liquid assets increased by SEK 461 M, including long-term fixed-income securities. Altogether, net interest-bearing debt increased from SEK 5,663 M to SEK 5,736 M. This was due, among other things, to net sales of stocks and to the fact that the payment of dividends and CPN interest exceeded dividends received.

The visible equity ratio decreased to 62% (65), while the adjusted equity ratio, which takes into account the market value of the listed stocks, was 82% (87).

Parent Company Income Statement

SEK M	Note	2001	2000
Dividend income from stocks		918	839
Result of sales of listed stocks	1	799	456
Result of sales of other stocks	2	-79	-90
Other income and expenses	3	-5	14
Earnings from portfolio management		1,633	1,219
Management costs	5-7	-115	-95
Operating earnings		1,518	1,124
<i>Interest income</i>			
Subsidiaries		33	13
Other		36	82
<i>Interest expenses</i>			
Subsidiaries		-16	-23
Other		-360	-289
Other financial income	10	4	3
Other financial expenses	11	-25	-29
Earnings after financial items		1,190	881
CPN interest	12	-161	-192
Earnings before taxes		1,029	689
Tax on earnings for the year	13	-	11
Net earnings for the year		1,029	700

Parent Company Balance Sheet

SEK M	Note	12/31/01	12/31/00	SEK M	Note	12/31/01	12/31/00
ASSETS				SHAREHOLDERS' EQUITY AND LIABILITIES			
Fixed assets				Shareholders' equity			
Financial fixed assets				Restricted shareholders' equity			
Shares in listed companies	17	17,328	17,939	Capital stock	22	871	859
Shares and participations in subsidiaries	17	672	457	Share premium reserve		39	2
Shares and participations in other companies	17	220	235	Statutory reserve		720	720
Long-term receivables		33	115			1,630	1,581
Total financial fixed assets	18	18,253	18,746	Unrestricted shareholders' equity			
Total fixed assets		18,253	18,746	Retained earnings		9,478	9,799
Current assets				Net earnings for the year		1,029	700
Current receivables						10,507	10,499
Receivables from subsidiaries		805	252	Total shareholders' equity		12,137	12,080
Other receivables		19	124	Convertible participating note loan	12	398	447
Prepaid expenses and accrued income	20	29	28	Provisions			
Total current receivables		853	404	Provision for pensions	23, 24	44	42
Short-term investments		299	59	Total provisions		44	42
Cash and bank balances		483	265	Long-term liabilities			
Liquid assets		782	324	Long-term interest-bearing liabilities	26	3,601	3,467
Total current assets		1,635	728	Total long-term liabilities		3,601	3,467
TOTAL ASSETS		19,888	19,474	Current liabilities			
				Liabilities to subsidiaries		0	18
				Accrued expenses and deferred income	27	407	381
				Other noninterest-bearing liabilities		12	5
				Total current noninterest-bearing liabilities		419	404
				Liabilities to subsidiaries		570	650
				Other interest-bearing liabilities	28	2,719	2,384
				Total current interest-bearing liabilities		3,289	3,034
				Total current liabilities		3,708	3,438
				TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		19,888	19,474
				Pledged assets	29	43	44
				Contingent liabilities	30	4	4

Statements of Cash Flows

Group and Parent Company

SEK M	Group		Parent Company		
	2001	2000	2001	2000	
Operating activities					
Earnings after financial items	1,510	1,364	1,190	881	
Adjustment for items not included in cash flows:					
Depreciation	173	127	-	-	
Result of sales of listed stocks	-713	-456	-799	-456	
Result of sales of other stocks	69	90	79	90	
Reversal of other items not affecting cash flows	13	-9	4	6	
Paid tax	-158	-161	21	-23	
Cash flow from operating activities before changes in working capital	894	955	495	498	
Cash flow from changes in working capital	-66	-199	-138	211	
Net cash flow from operating activities	828	756	357	709	
Investing activities					
Purchases of listed stocks	-1,589	-4,400	-1,589	-4,400	
Sales of listed stocks	2,975	1,053	2,975	1,053	
Net purchase/sale of stock options	45	160	45	160	
Net purchase/sale of other stocks	-123	-212	-53	-213	
Net purchase/sale of subsidiaries	-452	-29	-	-	
Net purchase/sale of long-term fixed-income securities	100	1,160	100	1,160	
Net purchase/sale of other fixed assets	-107	-107	-	-	
Net cash flow from investing activities	849	-2,375	1,478	-2,240	
Financing activities					
Loans raised and amortization of debt	502	2,139	469	2,075	
Dividends and CPN interest paid out	-1,631	-1,204	-1,631	-1,204	
Payment of shareholders' contribution	-	-	-215	-25	
Net cash flow from financing activities	-1,129	935	-1,377	846	
Net cash flow for the year	548	-684	458	-685	
Liquid assets at start of year	473	1,153	324	1,009	
Exchange rate differences in liquid assets	13	4	-	-	
Liquid assets at end of year	1,034	473	782	324	
GROUP					
Change in interest-bearing net debt, SEK M	Dec. 31 2000	Cash flow	Change in loans	Other changes	Dec. 31 2001
Liquid assets	473	548	-	13	1,034
Long-term fixed-income securities	100	-	-	-100	-
Long-term interest-bearing liabilities	3,521	-	147	-	3,668
Current interest-bearing liabilities	2,543	-	355	-	2,898
Interest-bearing pension provisions	172	-	-	32	204
Net interest-bearing debt	5,663	548	502	119	5,736

Comments on the Group Statement of Cash Flows

The statement of cash flows is based on reported earnings after financial items, totaling SEK 1,510 M (1,364), which includes SEK 918 M (839) in dividend income. In addition, adjustment is made for earnings items not included in cash flow, such as depreciation and capital gains, totaling SEK -458 M (-248).

Certain items in the income statement are reported on an accrual basis to show the actual revenue or expense. Thus, interest income was SEK 48 M (91), while the actual amount of interest received was SEK 49 M (119). Of interest expenses, totaling SEK 385 M (307) (excluding CPN interest), the amount paid was SEK 369 M (264).

Paid tax amounted to SEK 158 M (161), while the tax charge was SEK 126 M (143). Cash flow from the operating activities was thus SEK 894 M (955).

Cash flow from changes in working capital was SEK -66 M (-199) and pertained mainly to changes in trade accounts receivable and inventories.

The investing activities involve primarily payments in connection with sales and purchases of listed stocks, totaling SEK 1,386 M, net (-3,347). They also include payment of SEK 45 M (160) for sold stock options and net cash after purchases and sales of other stocks, totaling SEK -575 M (-241). The latter amount includes purchases and sales of subsidiaries, which in terms of liquidity affected the Group in the amount of SEK -452 M (-29), and net purchases of stocks in unlisted companies, totaling SEK -123 M (-212). See table at right. Total purchases of subsidiaries amounted to SEK 545 M (26) during the year, and sales totaled SEK 8 M (4). The investing activities also include sales of long-term fixed-income securities, totaling SEK 100 M (1,160), and net purchases of other fixed assets, totaling SEK -107 M (-107).

The financing activities involve the net sum of loans raised and amortization of debt, which was an increase in borrowings of SEK 502 M (2,139), and payment of dividends and CPN interest, totaling SEK 1,631 M (1,204), of which dividends accounted for SEK 1,442 M (1,064).

The net of the various cash flow items was SEK 548 M (-684). Liquid assets were also affected by an exchange rate difference of SEK 13 M, and thus total liquid assets increased during the year by SEK 561 M to SEK 1,034 M (473).

Interest-bearing net debt was also affected by – in addition to the SEK 561 M increase in liquid assets – the divestment of fixed-income securities, totaling SEK 100 M (1,160), and a change in borrowings and interest-bearing pension provisions, together amounting to SEK 534 M (2,153). Net interest-bearing debt thereby increased by a total of SEK 73 M to SEK 5,736 M (5,663).

Value in the Group of Acquired/Divested Assets and Liabilities in Purchased/Sold Subsidiaries

SEK M	2001	2000
Fixed assets	-337	-17
Current assets	-497	-20
Long-term liabilities and provisions	56	3
Current liabilities	241	8
Capital gains	-	4
Total purchase price	-537	-22
Unsettled portion of purchase price	23	8
Liquid assets in affected companies	62	6
Effect on the Group's liquid assets	-452	-8
Amortization of receivable/liability pertaining to previously acquired/sold companies	-	-21
Total cash flow pertaining to affected companies	-452	-29

Major Subsidiaries

SEK M	Indutrade	Besam	Isaberg Rapid
INCOME STATEMENTS			
Net sales	3,109	2,108	763
Cost of goods sold	-2,123	-1,378	-500
Gross earnings	986	730	263
Business overheads, etc.	-789	-523	-224
Operating earnings	197	207	39
Financial income and expenses	-21	-6	-11
Earnings after financial items	176	201	28
Taxes	-52	-20	-1
Net earnings for the year	124	181	27
BALANCE SHEETS			
Assets			
Land and buildings	121	80	35
Plant and equipment	104	73	143
Other	191	114	81
Total fixed assets	416	267	259
Inventories	625	229	172
Receivables	468	590	200
Liquid assets	213	171	56
Total current assets	1,306	990	428
Total assets	1,722	1,257	687
Shareholders' equity and liabilities			
Shareholders' equity	611	496	206
Provisions¹	83	115	57
Long-term noninterest-bearing liabilities	-	-	12
Long-term interest-bearing liabilities	14	21	48
Total long-term liabilities	14	21	60
Current noninterest-bearing liabilities ²	526	459	184
Current interest-bearing liabilities	488	166	180
Total current liabilities	1,014	625	364
Total shareholders' equity and liabilities	1,722	1,257	687
Operating cash flow	75	203	35
Return on capital employed, %	24	32	11
¹ Of which, interest-bearing pension provisions	64	54	37
² Of which, Group contribution rendered	44	143	31

Notes to the Financial Statements

Accounting Principles

Industrivärden follows the recommendations of the Swedish Financial Accounting Standards Council.

New Accounting Recommendations

Of the new accounting recommendations that took effect on January 1, 2001, the following two were particularly significant for Industrivärden:

- **RR 9 – INCOME TAXES.** The purpose of this accounting recommendation is to make a distinction between tax pertaining to the current year and tax pertaining to future tax consequences, i.e., temporary differences, of business events taken into consideration in the accounts or the tax returns.

The changed accounting principle pertaining to income taxes had a positive effect on the Group's tax cost for 2000 and opening shareholders' equity, in the amount of SEK 2 M. See note 13.

- **RR 13 – ASSOCIATED COMPANIES.** There are two alternative methods for reporting associated companies, which are defined as companies in which the owning company has a holding of at least 20% of the votes:

The *equity method* entails that shares in a company are reported at their acquisition value and are thereafter adjusted by the owning company's share of the change in net assets. The owning company must report its share of the associated company's earnings.

The *acquisition value method* entails that shares in an associated company are reported at their acquisition value. The owning company only reports dividends received from the associated company.

The presumption in the Annual Accounts Act is that holdings of associated companies are reported in accordance with the equity method. Industrivärden has requested permission from the

Stockholm Stock Exchange to use the acquisition value method in its interim reports and year-end reports, since reporting in accordance with the equity method cannot be done until all associated companies' reports have been published. The Stockholm Stock Exchange has granted permission to Industrivärden to use the acquisition value method in its interim reports and year-end reports. However, accounting in accordance with the equity method must be available from the company not later than two months after the close of each respective accounting period. In the annual report, accounting in accordance with the equity method must be disclosed in a separate note. See note 31.

In other respects, the accounting and calculation principles used are the same as those used for the 2000 fiscal year.

New Layout of the Income Statement

To more clearly present Industrivärden's business with respect to portfolio management and operating companies, respectively, the layout of the income statement has been changed during the year, enabling the separate reporting of the result of these two investment areas.

Principles of Consolidation

The consolidated financial statements apply to the Parent Company and all companies in which the Parent Company directly or indirectly owns more than 50% of the voting rights.

The consolidated financial statements have been prepared according to the purchase method. This entails that the Parent Company's acquisition value of stock in subsidiaries is eliminated against the subsidiaries' shareholders' equity at the time of acquisition. Thus only earnings that have arisen after the date of acquisition are included in the Group's shareholders' equity. Shareholders' equity in acquired subsidiaries is determined on the basis of a market valuation of assets and liabilities at the time of acquisition. If necessary, a provision is made at the time of acqui-

sition for e.g., restructuring and work force reductions in the acquired business (a restructuring reserve). In cases where the acquisition value of stock in subsidiaries exceeds the acquired shareholders' equity in accordance with the above, the difference is reported as goodwill in the balance sheet. In accordance with the provisions of the Swedish Annual Accounts Act, amortization of goodwill is based on estimated economic life. Goodwill is amortized over a period of five to ten years with regard to what can be justified.

Subsidiaries that have been sold during the year are not included in the consolidated accounts.

The consolidated financial statements contain no appropriations or untaxed reserves. Instead, deferred taxes on these items are included in the year's tax expense or provision for taxes, respectively.

Translation of Foreign Subsidiaries' Financial Statements

All foreign subsidiaries have been classified as independent, and thus their assets and liabilities are translated to Swedish kronor (SEK) at year-end exchange rates. Income statements of foreign subsidiaries are translated at average exchange rates for the year. Translation differences are transferred directly to shareholders' equity and do not affect earnings for the year.

To reduce the Group's currency exposure, shareholders' equity in foreign subsidiaries is hedged through forward exchange contracts and/or loans in foreign currencies. In the consolidated financial statements, exchange rate differences that arise on these forward exchange contracts and/or loans are offset against translation differences that arise in the foreign subsidiaries' shareholders' equity. See also the section, "Financing and Currency Matters."

Translation of Receivables and Liabilities in Foreign Currency

Receivables and liabilities in foreign currency are valued at year-end exchange rates. Receivables or liabilities that are hedged are valued at the hedge rate. Unrealized exchange gains and losses have been taken to earnings.

Inventories

The Group's inventories are stated at the lower of cost or market value.

Depreciation

Plant and equipment have been depreciated according to plan based on their acquisition values. The depreciation rates are based on the estimated economic lives of the assets. As a rule, fixed asset properties are depreciated by the highest amount allowed by tax rules.

Leasing

Leasing contracts of limited value (such as for office machinery), which are classified as finance leases, are reported as operating leases. In other respects the Swedish Financial Accounting Standards Council's recommendation for financial leasing is followed.

Financing and Currency Matters

Organizational Matters

Industrivärden's subsidiaries are independently responsible for the management of their financial risks within the limits set by the Parent Company in a financial policy approved by the Board of Directors. The subsidiaries manage their risks primarily in relation to AB Industrivärden's finance unit, which is a central unit of the Parent Company and serves as the Group's internal bank.

The central finance unit works mainly with financing, investment of surplus liquidity, and currency management of the Group's net flows.

Financing

AB Industrivärden's short-term borrowing is conducted through a SEK 2.0 billion commercial paper program in Swedish kronor or euros, and through bank borrowing. In 2001, a EUR 500 M Euro Commercial Paper Program was added. Medium-term borrowing consists of a SEK 5 billion Medium-Term Note program in Swedish kronor or euros, and a five-year EUR 600 M international syndicated loan. The loans raised in foreign currency are converted to Swedish kronor through swaps. Industrivärden has been assigned international corporate credit ratings of A+/Stable/A-1 by Standard & Poor's. Industrivärden's commercial paper programs have been assigned the highest credit ratings by the same agency, K1 and A-1, respectively.

The principal rule within the Group is that the Swedish subsidiaries finance their operations through loans from AB Industrivärden, and the foreign subsidiaries primarily through local borrowing. Due to its size, AB Industrivärden can effectively manage its total lending portfolio in the Swedish and international markets in order to obtain the best possible outcome with regard to interest rates and risk.

Of the total confirmed credit limit of SEK 8.0 billion, SEK 1.2 billion was utilized at year-end

(year-end 2000: SEK 1 billion). Additionally, a total of SEK 15.7 billion is available through unconfirmed credit lines.

Flows and Investments in Foreign Currencies

The Industrivärden Group's industrial and trading operations consist of Swedish companies engaged in trade both to and from Sweden, as well as foreign companies engaged in their own cross-border trade. Of the Industrivärden Group's net sales, 24% are derived from Sweden, 59% from the rest of Europe, and 17% from the rest of the world.

Exports from Sweden in 2001 amounted to approximately SEK 1,316 M. About 82% of this was invoiced in foreign currency. In cases where net sales were in Swedish kronor, the prices are set according to the levels in the respective markets. The Group's imports to Sweden totaled approximately SEK 964 M in 2001, of which 97% were invoiced in foreign currencies. The foreign subsidiaries invoice most of their sales in their local markets.

Since the Group's Swedish units conduct substantial trade abroad, the value of the Swedish krona in relation to other currencies has a significant impact on consolidated earnings. Each sub-

Currency Risk in Transaction Exposure, December 31, 2001

The net currency flows, currency hedges and outstanding currency risk at year-end 2001 for currencies whose net flow exceeds SEK 15 M are shown in the following table, which is expressed in millions in local currency.

Currency	Estimated net flow 2002 (+ inflow) (- outflow)	Hedged through forward contracts Dec. 31, 2001	Forward rate	Outstanding currency risk (+ inflow) (- outflow)	Share of outstanding currency risk of net flows 2002, %
USD	15.1	6.7	10.3685	8.4	56
DKK	21.7	13.2	1.2862	8.5	39
SGD	3.0	2.6	5.8825	0.4	13
GBP	1.9	0.7	14.7115	1.2	62
CAD	2.2	1.5	6.6673	0.7	30
EUR	-7.7	1.0	9.0365	-8.7	112
CHF	-3.4	-	-	-3.4	100
JPY	-340.8	-	-	-340.8	100

sidiary is responsible for its own currency management. Currency flows to and from Sweden are matched, and the net flows are hedged in Industrivärden's internal bank.

The Group's net flows, in turn, are matched and hedged to varying degrees in the banking system, ordinarily from 50 to 75%. The hedges are made for a period not exceeding the coming five quarters. The most important calculated net currency flows to and from Sweden in 2002, and the Parent Company's outstanding forward contracts at the end of 2001, are described in the table on page 65.

Reported shareholders' equity in foreign subsidiaries is hedged primarily through forward exchange contracts and loans in the currencies of the respective companies. In the consolidated balance sheet, translation differences in subsidiaries' shareholders' equity have been offset against exchange rate differences in forward exchange contracts and loans.

Investments in foreign, listed stocks are not hedged. The currency risk on these investments is considered as part of the total change in value of the listed portfolio.

Industrivärden and the Euro

The euro was introduced as a financial currency in 1999 and as a cash currency in 2002 for the twelve countries that are members of the European Economic and Monetary Union (EMU). Companies acting in the EMU area are required to report in euros starting in 2002 at the latest.

Transition to the new currency puts heavy demands on administrative systems. A large number of factors must be taken into account,

such as legal requirements, reporting schemes, pricing strategies, conversion of capital stock, reporting of taxes and value added taxes, auditing and conversion of other information systems. From a commercial standpoint, price transparency is of major importance.

Industrivärden has approximately 35 subsidiaries in the EMU area. These companies gradually introduced euro accounting in 2000 and 2001.

Industrivärden does not intend, until further notice, to introduce the euro into the Swedish subsidiaries' accounting. Net sales in the euro-zone countries amounted to approximately 41% (37) of the Group's total invoiced sales in 2001.

A Group summary expressed in euros for the period 1997-2001 is presented on page 67.

The TCW trade-balanced currency index changed from 128 on December 31, 2000, to 137 on December 31, 2001. If the Industrivärden Group's consolidated balance sheet for 2001 had been consolidated at average exchange rates for 2000, invoiced sales would have been approximately SEK 380 M lower. Earnings after financial items would have been approximately SEK 50 M lower.

Year-End Exchange Rates

	Year-end rate		Average rate	
	2001	2000	2001	2000
GBP	15.37	14.18	14.87	13.91
USD	10.61	9.51	10.33	9.17
EUR	9.37	8.85	9.25	8.45
CHF	6.32	5.81	6.13	5.42
DKK	1.26	1.19	1.24	1.13
SGD	5.73	5.48	5.76	5.32
JPY	0.081	0.083	0.085	0.085
CAD	6.64	6.33	6.67	6.17

Group Summary – Euros

EUR M ¹	2001	2000	1999	1998	1997
Income statements					
Dividend income from stocks	98	95	92	113	45
Result of sales of listed stocks	76	53	413	103	29
Result of sales of other stocks	-7	-10	12	3	168
Net sales	638	513	476	483	450
Operating earnings	205	47	38	29	27
Earnings after financial items	161	154	538	226	253
Earnings before taxes	144	132	522	216	244
Net earnings for the year	131	116	506	202	240
Balance sheets					
Fixed assets	1,999	2,165	1,923	1,397	1,262
Current assets	360	261	322	307	203
Total assets	2,359	2,426	2,245	1,704	1,466
Shareholders' equity	1,425	1,526	1,580	1,051	914
CPN loans	42	50	52	47	47
Provision for pensions	22	19	18	14	13
Interest-bearing liabilities	701	685	459	466	379
Noninterest-bearing liabilities	169	146	136	127	112
Key ratios					
Net asset value	4,206	6,111	6,662	3,224	3,013
Change in net asset value, %	-27	-5	86	7	32
Visible shareholders' equity	1,468	1,577	1,632	1,098	961
Adjusted shareholders' equity	3,945	5,750	6,301	2,968	2,820
Visible equity ratio, %	62	65	73	64	66
Adjusted equity ratio, %	82	87	91	83	85
Capital expenditures	14	15	12	17	15
Average number of employees of whom, outside Sweden	4,004 2,640	2,947 1,749	2,916 1,744	3,428 1,797	3,332 1,791
EUR per share and CPN					
Net asset value	21.77	31.64	34.81	16.86	15.81
Visible shareholders' equity	7.58	8.14	8.53	5.80	5.06
Adjusted shareholders' equity	20.38	29.72	32.94	15.49	14.75
Earnings per share after full tax	0.77	0.71	2.73	1.11	1.30
Cash flow per share	0.30	-0.40	-0.02	0.50	- ²
Stock price, December 31					
Class A shares	17.61	23.16	21.61	11.49	11.70
Class C shares	16.22	21.81	20.68	10.75	11.49
Dividend	0.89 ³	0.95	0.72	0.47	0.40
Dividend growth, % per year	-1	35	38	20	15
Dividend yield, %	5.1	4.1	3.4	4.1	3.4
Total return, %	-16	14	76	1	48
CPN interest	1.02 ³	1.09	0.83	0.55	0.45

¹ All values for the years 1997-1998 are recalculated from Swedish kronor to euros using the year-end exchange rate of 9.49 as per December 31, 1998. For 1999 a year-end exchange rate of 8.56 has been used, for 2000 a year-end rate of 8.85 has been used, and for 2001 a year-end rate of 9.37 has been used.

² A statement of cash flows was not prepared for 1997.

³ Proposed by the Board of Directors.

Notes

(Amounts in SEK M unless stated otherwise)

■ Note 1 Result of Sales of Listed Stocks

Group and Parent Company	2001	2000
Sale of:		
Handelsbanken (1,983,100 A-shares and 1,000,000 B-shares)	235	124
Skanska (4,000,000 B-shares)	219	–
Pharmacia (1,650,000 shares)	133	–
SCA (1,105,532 B-shares)	117	193
Sandvik (2,000,000 shares)	89	–
Eniro (1,500,000 shares)	57	–
Skandia (1,324,000 shares)	9	50
Cell Network (1,445,062 shares)	2	-85
Other	-62	174
Parent Company	799	456
Group adjustment	-86	–
Total, Group	713	456

■ Note 2 Result of Sales of Other Stocks, etc.

	Group		Parent Company	
	2001	2000	2001	2000
Capital gains on sales of subsidiaries	–	4	–	4
Capital losses on sales of other companies	-1	-62	-1	-62
Write-downs, etc.	-68	-32	-78	-32
Total	-69	-90	-79	-90

■ Note 5 Average Number of Employees

	2001		2000	
	Number of employees	Of whom, women	Number of employees	Of whom, women
Parent Company	26	7	25	7
Subsidiaries in Sweden	1,338	393	1,173	358
Total, Sweden	1,364	400	1,198	365
Subsidiaries outside Sweden				
Austria	54	13	53	16
Baltic countries	69	13	48	10
Belgium	45	13	42	10
China	382	210	–	–
Denmark	169	32	159	31
Finland	367	80	197	40
France	394	183	244	104
Germany	268	75	175	40
Italy	28	16	32	17
Netherlands	254	57	239	51
Norway	47	10	10	3
Singapore	28	9	27	9
Spain	39	12	32	8
U.K.	134	28	131	28
USA	302	64	324	68
Other	60	14	36	9
Total	2,640	829	1,749	444
Total, Group	4,004	1,229	2,947	809

■ Note 3 Other Income and Expenses

The client-company surplus funds totaling SEK 64 M that were generated in Alecta (formerly SPP) amounted to SEK 14 M for the Parent Company (pertaining to result of portfolio management), and SEK 50 M for operating companies.

■ Note 4 Breakdown of Net Sales

Breakdown of net sales by geographic market:

Group	Net sales	
	2001	2000
Sweden	1,434	1,143
Other Nordic countries	1,434	740
Europe, excl. Nordic countries	2,094	1,672
North America	821	851
Other markets	198	134
Total, Group	5,981	4,540

■ Note 6 Wages, Salaries and Other Remuneration; Social Security Costs

	2001			2000		
	Wages, salaries and other remuneration	Social security costs	Of which pension costs	Wages, salaries and other remuneration	Social security costs	Of which pension costs
Parent Company¹	34	21	8	29	26	10
Subsidiaries in Sweden	395	182	49	318	150	37
Total, Sweden	429	203	57	347	176	47
Subsidiaries outside Sweden						
Austria	18	5	2	17	5	2
Baltic countries	8	2	–	5	1	–
Belgium	13	6	1	10	4	0
China	10	6	5	–	–	–
Denmark	82	4	3	69	3	2
Finland	121	33	23	56	13	9
France	90	33	4	46	18	3
Germany	87	18	7	59	11	5
Italy	9	3	3	9	3	2
Netherlands	77	19	11	69	16	7
Norway	20	2	0	4	0	0
Singapore	7	1	–	6	1	1
Spain	8	2	2	7	2	2
U.K.	51	12	4	46	7	3
USA	165	31	11	160	28	11
Other	10	3	1	9	0	0
Total	776	180	77	572	112	47
Total, Group	1,205	383	134	919	288	94

Of the Parent Company's pension cost, SEK 4 M (5) pertains to the Board of Directors and President. The corresponding amount for the Group was SEK 17 M (17).

Wages, salaries and other remuneration, broken down by country and between board members, etc., and other employees

	2001			2000		
	Boards of directors and presidents	Of which, bonuses and similar	Other employees	Boards of directors and presidents	Of which, bonuses and similar	Other employees
Parent Company¹	12	2	22	10	2	19
Subsidiaries in Sweden	30	3	365	24	4	294
Total, Sweden	42	5	387	34	6	313
Subsidiaries outside Sweden						
Austria	1	0	17	1	0	16
Baltic countries	2	–	6	1	–	4
Belgium	0	0	13	0	–	10
China	1	–	9	–	–	–
Denmark	7	2	75	5	–	64
Finland	10	1	111	6	1	50
France	3	0	87	3	1	43
Germany	4	1	83	3	0	56
Italy	1	–	8	1	–	8
Netherlands	4	0	73	4	0	65
Norway	2	1	18	1	–	3
Singapore	2	0	5	2	0	4
Spain	1	–	7	0	–	7
U.K.	3	0	48	3	0	43
USA	4	–	161	4	–	156
Other	1	0	9	0	0	9
Total	46	5	730	34	2	538
Total, Group	88	10	1,117	68	8	851

¹Specification of note 6

In accordance with the decision of the Annual General Meeting in 2001, a total of SEK 1.8 M in fees was paid to the members of the Board of Directors. Of this total, the Chairman received SEK 0.6 M.

The CEO, who began serving at the Annual General Meeting in May 2001, has received salary and other benefits amounting to SEK 2.6 M, including fees from external directorships that have been directly linked to his position and have therefore been paid to the Company. The Bonus for 2001 amounted to SEK 0.3 M. The CEO is entitled to pension between 60 and 65 years of age, with a pension equivalent to 70% of his base salary, and thereafter old-age pension benefits – including basic state pension equivalent to approximately 50% of his base salary. The Company must give two years' notice if it should terminate the CEO's employment contract.

Two of the other three members of the executive management are entitled to pension from 60 years of age. In the event the Company serves notice, two of these executives are entitled to severance pay equivalent to three years' salary and two years' salary, respectively, and one is entitled to a two-year period of notice.

In addition to his salary benefits received through June 30, 2001, the former CEO was paid fees for board duties at Industrivärden.

Under the bonus program for the employees of the Parent Company, AB Industrivärden, that was in effect through 2001, bonuses were payable if Industrivärden's total return beat the Findata Total Return Index over a period of two years. The bonus could amount to a maximum of 25% of the employee's salary. For 2001 the maximum bonus, totaling SEK 6.6 M including social security charges, was paid. Bonuses are not pensionable.

Starting in 2002, a new incentive program is in effect for the employees of the Parent Company, which replaces the previous bonus program. The program includes employee stock options plus cash bonuses. Of the maximum number of employee stock options that may be granted under the program, totaling 260,000, as per February 2002 187,000 options had been granted to 22 employees. Of this total, 30,000 options were granted to the CEO. Remaining, ungranted options may be granted to new employees. The options have a term until February 28, 2007, and give the holder the right to purchase one share of Industrivärden Class A stock at the exercise price of SEK 177 per option or, alternatively, to receive cash payment for the difference between the exercise price and the market price of the underlying shares. One-third of the options may be exercised after March 1, 2005, and the rest after March 1, 2006. As a rule, stock options can only be exercised if the employee remains employed with the Company. Industrivärden has hedged its employee stock option commitment against a price rise through swap agreements. Cash bonuses require an increase in net asset value and can amount to a maximum of 20% of salary, provided the employee has achieved set qualitative goals. The benefit value that can arise from the stock options and any cash bonuses that may be paid are not pensionable.

In 1999 the Third AP Fund (formerly the Fifth AP Fund) offered stock options for Industrivärden shares to all employees of the Parent Company, AB Industrivärden. The options give the bearer the right to purchase Industrivärden Class A stock during the exercise period, March 15, 1999 – March 15, 2004. The option premium was SEK 13.60 and the exercise price is SEK 145 per share. Options may be sold without restriction throughout the exercise period. A total of 303,000 stock options were subscribed.

■ Note 7 Auditors' Fees

	Group		Parent Company ¹	
	2001	2000	2001	2000
Auditing fees				
Öhrlings PricewaterhouseCoopers	10.2	7.4	0.9	0.8
Other auditing firms	0.6	0.3	–	–
Total auditing fees	10.8	7.7	0.9	0.8
Other consulting fees				
Öhrlings PricewaterhouseCoopers	5.2	4.5	1.2	1.0
Other auditing firms	0.7	0.1	–	–
Total fees, other consulting	5.9	4.6	1.2	1.0
Total auditors' fees	16.7	12.3	2.1	1.8

¹Including value added tax.

■ Note 8 Depreciation

The income statement's sub-items include amortization of intangible fixed assets and depreciation of tangible fixed assets as follows:

Group	2001	2000
Cost of goods sold	91	72
Development costs	1	1
Selling costs	46	26
Administrative costs	35	28
Total depreciation	173	127

Of the change for the year, SEK 35 M pertains to acquired companies.

■ Note 9 Operating Leases

Group	2001	2000
Leasing fees paid during the year	69	58
Future, contracted leasing fees		
Expiration in 1 year	57	53
Expiration in 2 years	41	38
Expiration in 3 years	22	28
Expiration in 4 years	10	11
Expiration in 5 years	6	8
Expiration in 6- years	16	6
Total future leasing fees	152	144

■ Note 10 Other Financial Income

	Group		Parent Company	
	2001	2000	2001	2000
Exchange rate differences	2	2	–	–
Other	5	4	4	3
Total	7	6	4	3

■ Note 11 Other Financial Expenses

	Group		Parent Company	
	2001	2000	2001	2000
Exchange rate differences ¹	-61	-25	-10	-7
Bank charges ²	-17	-22	-15	-22
Other	-1	-2	–	–
Total	-79	-49	-25	-29

¹Pertains primarily to exchange rate differences on stock purchases in USD.

²Of which, arrangement fee for loans

■ Note 12 Convertible Participating Note Loan

AB Industrivärden raised a convertible participating note loan through the issuance of convertible participating notes (CPNs) in connection with the Company's acquisition in 1988 and 1989 of stock and convertible debentures issued by PLM AB. The terms of the loan are described in the prospectus issued in 1988. According to the terms of the loan, it would mature in 2028 but could be canceled at an earlier date. As a result of a resolution by an extraordinary general meeting on October 25, 2001, the loan was canceled for repayment on February 28, 2002. See page 12. Each CPN had a par value of SEK 23, which is equivalent to the conversion price of one share. In connection with the premature cancellation of the CPN loan, the conversion price was changed to SEK 20.90, in accordance with the terms of the loan. Interest per CPN amounted to 115% of the dividend per share decided by the Annual General Meeting for the previous fiscal year. The liability at the end of 2001 was equivalent to the par value of 17,320,324 CPNs. Earnings are charged with the calculated CPN interest based on the year's proposed dividend, calculated on the basis of 16,795,737 CPNs as per the record date, January 20, 2002.

**Note 13 Tax on Earnings for the Year
and Specification of Deferred Taxes Receivable and Deferred Taxes Payable**

	Group		Parent Company	
	2001	2000	2001	2000
Actual tax	-142	-144	-	11
Deferred tax	16	-1	-	-
Effect of changed accounting principles	-	2	-	-
Total	-126	-143	-	11

The tax authority has decided to review AB Industrivärden's taxation for the fiscal years 1997–2000 with respect to the standard income reported for shares in subsidiaries. In total this review entails additional tax of SEK 70 M, including charges and interest. Industrivärden has followed the instructions issued by the National Tax Board for valuation of holding company shares in subsidiaries and has therefore appealed the tax authority's decision. Therefore, no tax liability has been booked.

Specification of the Group's tax rate

Special tax rules apply for holding companies. The most important of these are exemption from capital gains taxes on sales of stocks, and the right to deduct dividends rendered, however, with the addition of a standard-calculated income based on the market value of the stocks. For a more detailed discussion of the tax rules for holding companies, please turn to page 84.

As a result of the dividends paid by the Parent Company in 2000 and 2001, no tax charge has been incurred.

	Group	
	2001	2000
Percentage points		
Swedish corporate income tax rate	28	28
Effect on Group's tax rate of the Parent Company's non-payment of tax	-21	-16
Difference in tax rate in various operating countries	2	2
Amortization of goodwill	-1	-1
Other, net	1	-1
Actual tax rate for the Group	9	12

The deduction right for dividends rendered enables the Parent Company to not pay any tax, which is why deferred taxes receivable and deferred taxes payable are only specified for the Group below.

Specification of deferred taxes receivable

	Group	
	2001	2000
Internal profit and provision for obsolescence in inventories	39	35
Reserve for doubtful debts	8	3
Provision for guarantees	22	21
Provision for pensions and similar commitments	10	10
Tax-loss carry forward	23	21
Other deductible temporary differences	21	18
Total deferred taxes receivable	123	108

Specification of deferred taxes payable

	Group	
	2001	2000
Real estate, machinery and equipment	49	38
Untaxed reserves	18	18
Other taxable temporary differences	12	20
Total deferred taxes payable	79	76
Total deferred taxes receivable/payable, net	44	32
Of which, deferred taxes receivable as per the Consolidated Balance Sheet	81	50
Of which, deferred taxes payable as per the Consolidated Balance Sheet	-37	-18

■ Note 14 Intangible Fixed Assets

Group	Goodwill	Intangible rights	Total intangible fixed assets
Opening acquisition value	201	19	220
Company acquisitions	31	11	42
Investments during the year ¹	190	1	191
Company divestments	-1	-1	-2
Translation differences	7	1	8
Closing accumulated acquisition value	428	31	459
Opening amortization	126	12	138
Company acquisitions	9	8	17
Amortization for the year ²	45	3	48
Company divestments	-1	-1	-2
Translation differences	5	1	6
Closing accumulated amortization	184	23	207
Planned residual value, Dec. 31, 2001	244	8	252
Planned residual value, Dec. 31, 2000	75	7	82

¹ The year's investments in goodwill, totaling SEK 190 M, pertained primarily to acquisitions of subsidiaries by Indutrade and Isaberg Rapid.

² The amortization period for the goodwill acquired in connection with the acquisition of major subsidiaries by Indutrade and Isaberg Rapid, totaling SEK 185 M, has been set at ten years in view of the fact that the acquired companies are judged to have a long-term strategic value.

■ Note 15 Tangible Fixed Assets

Group	Land and buildings	Plant	Equipment	Construction in progress	Total tangible fixed assets
Opening acquisition value	433	343	502	7	1,285
Company acquisitions	113	76	111	0	300
Investments during the year	3	32	84	11	130
Transfers from construction in progress	2	6	3	-11	0
Sales and disposals	0	-8	-79	0	-87
Company divestments	-	-8	-4	-	-12
Translation differences	8	3	23	0	34
Closing accumulated acquisition value	559	444	640	7	1,650
Opening depreciation	132	219	343	-	694
Company acquisitions	50	43	82	-	175
Depreciation for the year	15	33	77	-	125
Sales and disposals	0	-6	-62	-	-68
Company divestments	-	-6	-4	-	-10
Translation differences	3	1	17	-	21
Closing accumulated depreciation	200	284	453	-	937
Planned residual value, Dec. 31, 2001	359	160	187	7	713
Planned residual value, Dec. 31, 2000	301	124	159	7	591

The tax assessment value of Swedish real estate was SEK 207 M (178).

■ Note 16 Financial Leases

Group	2001	2000
Acquisition value	28	6
Accumulated planned depreciation	-15	-1
Remaining liability	13	5
Of which, current liability (year 1)	3	2
Of which, long-term liability (years 2-5)	10	3

■ Note 17 Shares and Participations

Parent Company holdings of shares and participations in subsidiaries

	Reg. no.	Domicile	Share of capital, %	Number of shares	Book value
Besam AB	556084-1768	Landskrona	100	5,000,000	196
Gedevo AB	556032-3593	Stockholm	100	1,000	17
Inductus AB	556088-4644	Stockholm	100	1,000	2
Indus Innovation AB	556364-7758	Stockholm	100	100,000	1
Industrivärden Service AB	556289-9160	Stockholm	100	10,000	1
Indutrade AB	556017-9367	Stockholm	100	25,000	277
Indutrade Fastighets AB	556180-8428	Stockholm	100	2,950	39
Isaberg Rapid AB	556035-6684	Hestra	100	400,000	133
Nordinvest AB	556287-8826	Stockholm	100	42	5
Other					1
Total					672

Parent Company holdings of shares and participations in other companies

	Reg. no.	Domicile	Share of capital, %	Share of votes, %	Number of shares	Book value
AB Biodisk	556115-6844	Stockholm	37.1	22.2	63,064	21
AB L M Ericsson Finans	556008-8550	Stockholm	5.0	29.8	8,998	4
Ericsson Project Finance AB	556058-5936	Stockholm	4.7	25.4	220,000	26
DHJ Media AB	556526-2515	Stockholm	28.8	28.8	2,061,200	83 ¹
Establish AB	556511-6083	Stockholm	20.0	20.0	2,353,762	74
Interpeak AB	556586-9517	Stockholm	25.0	25.0	333,333	12
Total						220

¹Of which, convertible debentures, SEK 35 M.

¹Industrivärden – together with Custos and Skandia – issued a total of 942,000 call options to SCA's management group: Industrivärden accounted for 94,000 of these options. Each call option entitles the bearer to purchase one share of SCA Class B stock for SEK 283 during the period April 26, 2004 to May 28, 2004. The total value of the exercise price and expensed premium is SEK 28,482 K.

Parent Company and Group holdings of shares in listed companies

	Number of shares	Share of capital, %	Share of votes, %	Market value	Book value
C Technologies	75,000	0.2	0.2	3	9
Eniro	4,000,000	2.3	2.3	300	412
Ericsson A	186,000,000	2.3	28.0	10,881	1,763
Ericsson B	3,000,000			171	179
Handelsbanken A	48,655,900	6.8	7.4	7,493	1,812
Hennes & Mauritz B	700,000	0.1	0.0	152	135
Intentia convertibles	EUR 3.5 M nominal			22	31
Intentia B	349,300	1.0	0.8	22	19
Lundbeck A/S	8,427,400	3.6	3.6	2,265	865
Nokia	700,000	0.0	0.0	187	217
Pfizer Inc.	3,000,000	0.1	0.1	1,255	899
Readsoft B	1,410,000	4.5	3.0	23	67
Sandvik	21,000,000	8.0	8.0	4,715	3,937
SAS Sverige	300,000	0.2	0.2	20	35
SCA A ¹	18,982,000	8.1	29.3	5,334	927
Scania A	1,824,500	1.5	1.8	345	562
Scania B	1,175,500			226	362
Skandia	47,846,800	4.5	4.5	3,636	2,750
Skanska A	22,302,756	6.8	30.9	1,528	1,053
Skanska B	6,000,000			411	285
SSAB A ²⁻⁴	12,065,600	12.0	15.6	1,237	624
Volvo A	1,260,000	0.4	0.8	214	267
Volvo B	540,000			95	118

Parent Company and Group

holdings of shares in listed companies⁵

40,535 **17,328**

²In 1999 Industrivärden issued 61,049 call options to members of SSAB's executive management. Each option entitles the bearer to purchase one share of SSAB Class A stock for SEK 151.50 during the period May 28, 1999 to May 28, 2004. The total book value of the underlying shares is SEK 3,155 K. The total value of the exercise price and expensed premium is SEK 10,006 K.

³In 2000 Industrivärden issued a total of 28,950 call options to members of SSAB's executive management. Each option entitles the bearer to purchase one share of SSAB Class A stock for SEK 146 during the period May 25, 2000 to May 31, 2005. The total book value of the underlying shares is SEK 1,496 K. The total value of the exercise price and expensed premium is SEK 4,667 K.

⁴In 2001 Industrivärden issued a total of 55,637 call options to members of SSAB's executive management. Each option entitles the bearer to purchase one share of SSAB Class A stock for SEK 141 during the period May 25, 2001 to May 31, 2006. The total book value of the underlying shares is SEK 2,875 K. The total value of the exercise price and expensed premium is SEK 8,524 K.

⁵Including stocks out on loan at the end of 2001: 127,100 Handelsbanken A, 359,900 Sandvik, 3,700,000 Skandia, and 285,000 Skanska B.

Note 17 continues on page 74.

Group holdings of shares and participations in other companies

	Reg. no.	Domicile	Share of capital, %	Share of votes, %	Number of shares	Book value
AB Biodisk	556115-6844	Stockholm	37.1	22.2	63,064	21
AB L M Ericsson Finans	556008-8550	Stockholm	5.0	29.8	8,998	4
Ericsson Project Finance AB	556058-5936	Stockholm	4.7	25.4	220,000	26
DHJ Media AB	556526-2515	Stockholm	28.8	28.8	2,061,200	83 ²
Establish AB	556511-6083	Stockholm	20.0	20.0	2,353,762	74
WatchMark Corp. ¹		Bellevue, USA	2.4	2.4	1,110,084	32
ReefEdge Inc. ¹		Fort Lee, USA	2.2	2.2	1,492,760	10
Bytemobile Inc. ¹		Sunnyvale, USA	2.8	2.8	1,332,100	21
Interpeak AB	556586-9517	Stockholm	25.0	25.0	333,333	12
Sci Rue de Canal		France	50.0	50.0	100	1
Other shares and participations						9
Total						293

¹ Investments made via Ericsson Venture Partners.

² Of which, convertible debentures, SEK 35 M.

■ Note 18 Financial Fixed Assets

	Shares and participations in subsidiaries		Shares in listed companies			
	Parent Company		Group		Parent Company	
	2001	2000	2001	2000	2001	2000
Opening acquisition value	457	451	18,026	14,336	17,939	14,250
Sales	-	-	-2,204	-558	-2,117	-558
Purchases	-	6	1,506	4,400	1,506	4,400
Write-downs	-10	-	-	-152	-	-152
Shareholder contribution	225	-	-	-	-	-
Closing accumulated acquisition value	672	457	17,328	18,026	17,328	17,939

	Shares and participations in other companies			
	Group		Parent Company	
	2001	2000	2001	2000
Opening acquisition value	259	141	235	117
Sales	-	-67	-	-67
Purchases	124	215	53	215
Transfers	-22	-	-	-
Write-downs	-68	-30	-68	-30
Closing accumulated acquisition value	293	259	220	235

	Other long-term receivables			
	Group ¹		Parent Company	
	2001	2000	2001	2000
Opening acquisition value	210	1,318	115	1,257
Company acquisitions	3	-	-	-
Company divestments	-1	-	-	-
Increase for the year	41	41	18	10
Decrease for the year ²	-108	-1,152	-100	-1,152
Translation differences	2	3	-	-
Closing accumulated acquisition value	147	210	33	115

¹ Other long-term receivables include SEK 81 M (50) in deferred taxes receivable.

² Pertains primarily to the Parent Company's sale of long-term fixed-income securities.

■ Note 19 Inventories

Inventories are broken down into the following items:

Group	2001	2000
Raw materials and supplies	218	134
Goods in process	46	28
Finished products and goods for resale	704	480
Work in process on behalf of others	57	69
Advances to suppliers	2	-
Total	1,027	711

■ Note 20 Prepaid Expenses and Accrued Income

	Group		Parent Company	
	2001	2000	2001	2000
Repaid rents	9	8	2	4
Accrued interest income	20	20	20	20
Prepaid service and maintenance charges	26	16	3	1
Other items	42	19	4	3
Total	97	63	29	28

■ Note 21 Shareholders' Equity

Group	Capital stock	Restricted reserves	Unrestricted shareholders' equity	Total shareholders' equity
Opening shareholders' equity according to adopted balance sheet of December 31, 2000	859	928	11,715	13,502
Effect of new accounting principles	-	-	2	2
Opening shareholders' equity according to adjusted balance sheet	859	928	11,717	13,504
Dividend to shareholders	-	-	-1,442	-1,442
Conversion of CPNs	12	37	-	49
Transfers between unrestricted and restricted shareholders' equity	-	-4	4	-
Translation differences	-	6	15	21
Net earnings for the year	-	-	1,223	1,223
Amount at December 31, 2001	871	967	11,517	13,355

Opening shareholders' equity according to adopted balance sheet of December 31, 1999	859	927	11,739	13,525
Effect of new accounting principles	-	-	0	0
Opening shareholders' equity according to adjusted balance sheet	859	927	11,739	13,525
Dividend to shareholders	-	-	-1,064	-1,064
Conversion of CPNs	0	1	-	1
Transfers between unrestricted and restricted shareholders' equity	-	-6	6	-
Translation differences	-	6	7	13
Net earnings for the year	-	-	1,029	1,029
Amount at December 31, 2000	859	928	11,717	13,504

Parent Company	Capital stock	Share premium reserve	Statutory reserve	Unrestricted shareholders' equity	Total shareholders' equity
Amount at December 31, 2000	859	2	720	10,499	12,080
Merger gains ¹	-	-	-	421	421
Dividend to shareholders	-	-	-	-1,442	-1,442
Conversion of CPNs	12	37	-	-	49
Net earnings for the year	-	-	-	1,029	1,029
Amount at December 31, 2001	871	39	720	10,507	12,137
Amount at December 31, 1999	859	1	720	10,863	12,443
Dividend to shareholders	-	-	-	-1,064	-1,064
Conversion of CPNs	0	1	-	-	1
Net earnings for the year	-	-	-	700	700
Amount at December 31, 2000	859	2	720	10,499	12,080

¹ Pertains to profit on merger of the subsidiary AB Handion.

■ Note 22 Capital Stock

The capital stock on December 31, 2001, consisted of 174,097,031 shares, with a par value of SEK 5 each. Of these, 125,921,947 were Class A shares and 48,175,084 were Class C shares. In 2001, 2,110,340 CPNs were converted to stock, of which 956,943 were Class A shares and 1,363,768 were Class C shares. During the period January 1 – January 20, 2002, 524,587 CPNs were converted to stock, of which 320,510 were Class A shares and 256,380 were Class C shares. From January 21 to January 31, 2002, an additional 16,783,605 CPNs were converted to stock, of which 8,031,245 were Class A shares and 10,430,446 were Class C shares. See also the discussion on pages 12-13 on the premature cancellation of the CPN loan.

■ Note 23 Provision for Pensions

	Group		Parent Company	
	2001	2000	2001	2000
PRI pensions	128	97	10	9
Other pensions	76	75	34	33
Total	204	172	44	42

■ Note 24 Commitments to Board Members and Presidents

The Group's provisions include SEK 59 M (68) for pensions and similar benefits for present and former board members and presidents of the Group. The corresponding amount for the Parent Company is SEK 28 M (27).

■ Note 25 Other Provisions

Group	2001	2000
Guarantees	23	21
Restructuring measures decided on	9	0
Product liability	33	33
Additional purchase price	-	7
Other items	55	46
Total	120	107

■ Note 26 Long-Term Interest-Bearing Liabilities

	Group		Parent Company	
	2001	2000	2001	2000
Bond issues	2,003	1,683	2,003	1,683
Utilized lines of credit	44	38	-	-
Other interest-bearing liabilities	1,621	1,800	1,598	1,784
Total	3,668	3,521	3,601	3,467

Confirmed lines of credit amount to SEK 1,243 M (1,226) for the Group and SEK 1,050 M (1,050) for the Parent Company.

Maturity dates:	Group		Parent Company	
	2001	2000	2001	2000
-2002	44	1,081	-	1,034
-2003	1,085	850	1,065	850
-2004	525	1,175	525	1,174
-2005	1,361	414	1,358	409
-2006	400	1	400	-
-2007 or later	253	-	253	-
Total	3,668	3,521	3,601	3,467

■ Note 27 Accrued Expenses and Deferred Income

	Group		Parent Company	
	2001	2000	2001	2000
Accrued interest expenses	279	283	278	283
Accrued staff-related expenses	218	166	25	21
Other	226	180	104	77
Total	723	629	407	381

■ Note 28 Current Interest-Bearing Liabilities

	Group		Parent Company	
	2001	2000	2001	2000
Commercial paper	887	858	887	858
Bond issues	833	400	833	400
Current portion of long-term liabilities	4	205	–	200
Other interest-bearing liabilities	1,174	1,080	999	926
Total	2,898	2,543	2,719	2,384

■ Note 29 Pledged Assets

	Group		Parent Company	
	2001	2000	2001	2000
For own liabilities and provisions				
Pertaining to provision for pensions				
Endowment insurance	5	6	5	6
Pertaining to interest-bearing liabilities				
Chattel mortgages	–	20	–	–
Property mortgages	5	17	–	–
Total pertaining to own liabilities and provisions	10	43	5	6
For overdraft facilities				
Chattel mortgages	–	6	–	–
Property mortgages	3	1	–	–
Total pertaining to overdraft facilities	3	7	–	–
General bank guarantee				
Chattel mortgages	18	9	–	–
Property mortgages	10	10	–	–
Total pertaining to general bank guarantee	28	19	–	–
Other				
Equities	38	38	38	38
Chattel mortgages	1	1	–	–
Property mortgages	1	1	–	–
Total other	40	40	38	38
Total pledged assets	81	109	43	44

■ Note 30 Contingent Liabilities

	Group		Parent Company	
	2001	2000	2001	2000
Contingent liabilities on behalf of other Group companies	–	–	4	4
Other contingent liabilities	2	5	0	0
Total contingent liabilities	2	5	4	4

The Parent Company has a contingent liability on behalf of a subsidiary regarding product liability for a sold operation. Provisions considered necessary for this contingent liability have been made in the balance sheets of the subsidiary and the Group.

■ Note 31 Associated Company Accounting According to the Equity Method

Accounting in accordance with the equity method pertains to the following companies:

	Reg. no.	Domicile	Share-holders' equity	Net earnings after taxes	Share of capital, %	Share of votes, %	Number of shares 000s	Book value
Ericsson	556016-0680	Stockholm	68,587	-21,264	2.3	28.0	189,000	1,942
SCA	556012-6293	Stockholm	45,983	5,587	8.1	29.3	18,982	927
Skanska	556000-4615	Stockholm	17,871	22	6.8	30.9	28,303	1,338
Biodisk	556115-6844	Stockholm	90	43	37.1	22.2	63	21
DHJ Media	556525-2515	Stockholm	59	-84	28.8	28.8	2,061	83 ¹
Establish	556511-6083	Stockholm	75	-20	20.0	20.0	2,354	74
Interpeak	556586-9517	Stockholm	5	-6	25.0	25.0	333	12
Total								4,397

¹ Of which, convertible debentures, SEK 35 M.

Industrivärden Consolidated Income Statement

(according to the equity method)

	2001	2000
PORTFOLIO MANAGEMENT		
Dividend income from stocks	561	468
Result of sales of listed stocks	465	250
Result of sales of other stocks	-1	-90
Share of associated company earnings	-124	1,952
Result of sales of associated companies	208	194
Other income and expenses	-13	14
Earnings from portfolio management	1,096	2,788
OPERATING COMPANIES		
Net sales	5,981	4,540
Cost of goods sold	-3,999	-2,998
Development costs	-63	-63
Selling costs	-1,023	-723
Administrative costs	-438	-326
Other operating income and expenses	27	69
Earnings of operating companies	485	499
Management costs	-115	-95
Operating earnings	1,466	3,192
Interest income	48	91
Interest expenses (excl. CPN interest)	-385	-307
Other financial income	7	6
Other financial expenses	-79	-49
Earnings after financial items	1,057	2,933
CPN interest	-161	-192
Earnings before taxes	896	2,741
Tax on earnings for the year	-191	-693
Net earnings for the year	705	2,048

Industrivärden Consolidated Balance Sheet

(according to the equity method)

	12/31/2001	12/31/2000
ASSETS		
Intangible fixed assets	252	82
Tangible fixed assets	713	591
Shares in listed companies	13,121	13,566
Shares in listed associated companies	7,445	7,880
Shares and participations in other companies	103	54
Shares in unlisted associated companies	166	199
Long-term receivables	147	210
Total financial fixed assets	20,982	21,909
Inventories	1,027	711
Accounts receivables, trade	1,100	916
Other current assets	214	208
Liquid assets	1,034	473
TOTAL ASSETS	25,322	24,890
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	16,569	16,918
Convertible participating note loan	398	447
Provisions	361	297
Long-term interest-bearing liabilities	3,668	3,521
Long-term noninterest-bearing liabilities	12	-
Current noninterest-bearing liabilities	1,416	1,164
Current interest-bearing liabilities	2,898	2,543
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	25,322	24,890

Change in shareholders' equity

	Capital stock	Restricted reserves	Equity method reserve	Unrestricted reserves	Net earnings for the year	Total shareholders' equity
Amount at December 31, 2001 according to the acquisition value method	871	967	-	10,294	1,223	13,355
Provision to equity method reserve through December 31, 2000	-	-	3,414	-	-	3,414
Share during the year in:						
Associated company earnings	-	-	-	-4	4	-
Goodwill amortization	-	-	-	128	-128	-
Associated company taxes	-	-	-	65	-65	-
Dividends received (deduction)	-	-	-	357	-357	-
Adjustment of capital gains/losses	-	-	-	-28	28	-
Provision to equity method reserve	-	-	-200	-	-	-200
Amount at December 31, 2001 according to the equity method	871	967	3,214	10,812	705	16,569

	Capital stock	Restricted reserves	Equity method reserve	Unrestricted reserves	Net earnings for the year	Total shareholders' equity
Amount at December 31, 2000 according to the acquisition value method	859	928	-	10,688	1,029	13,504
Provision to equity method reserve through December 31, 1999	-	-	2,359	-	-	2,359
Share during the year in:						
Associated company earnings	-	-	-	-2,087	2,087	-
Goodwill amortization	-	-	-	135	-135	-
Associated company taxes	-	-	-	550	-550	-
Dividends received (deduction)	-	-	-	371	-371	-
Adjustment of capital gains/losses	-	-	-	12	-12	-
Provision to equity method reserve	-	-	1,055	-	-	1,055
Amount at December 31, 2000 according to the equity method	859	928	3,414	9,669	2,048	16,918

Auditors' Report

*To the Annual General Meeting
of AB Industrivärden (publ):*

WE HAVE AUDITED the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of AB Industrivärden for the year 2001. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts, and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual

accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine whether any board member or the President has acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent company be dealt with in accordance with the proposal in the administration report, and that the members of the Board of Directors and the President from liability for the fiscal year.

Stockholm, Sweden, February 15, 2002

Öhrlings PricewaterhouseCoopers AB

INGVAR PRAMHÄLL
Authorized Public Accountant

Governing Bodies and Management

INDUSTRIVÄRDEN'S GOVERNING BODIES are the Annual General Meeting, the Board of Directors, the President and CEO, and the auditors. At the Annual General Meeting the shareholders elect a board, which appoints the President and CEO. The auditors are responsible, under assignment of the Annual General Meeting, for examining the accounts as well as the Board's and President's administration during the fiscal year. The auditors report to the Annual General Meeting on their examination in a special audit report, presented here on page 80.

Annual General Meeting

The Annual General Meeting is Industrivärden's highest governing body. At the Annual General Meeting, which is held in April or May, the Annual Report is adopted, the dividend is decided on, the Board of Directors are elected, their fees and auditors' fees are determined, and other items of legally ordained business are conducted. By law, the auditors are elected for a period of four years.

The notice for the Annual General Meeting, scheduled for April 17, 2002, was published in Swedish daily newspapers and on Industrivärden's website on March 8, 2002. This notice contains a detailed agenda, including proposals for the election of board members and auditors and their fees.

According to the Swedish Companies Act, shareholders have the right to have a matter taken up for consideration by the Annual General Meeting if a request for such is submitted to the Board of Directors in time. Shareholders also have the right to ask questions at the Annual General Meeting.

Minutes from the Annual General Meeting will be available within two weeks after the Annual General Meeting. Shareholders who so desire can request a copy of the minutes by conventional mail or e-mail.

Board of Directors

Industrivärden's board of directors currently consists of seven members who are elected by the Annual General Meeting. Among these directors are persons with ties to Industrivärden's major shareholders as well as persons independent of the shareholders. The President and CEO is also a member of the Board. The members of the Board are presented on page 86. Other Company executives participate in board meetings by submitting reports or as secretaries.

DUTIES OF THE BOARD

Aside from responsibility for the Company's organization and management, the Board's most important duty is to act on strategic matters based on an analysis of the operating environment.

In general, the Board acts on matters of material importance for the Group, such as:

- strategic plans and business and profitability targets
- acquisitions and divestments of companies or operations
- major purchases and sales of listed stocks
- establishment of a finance policy

BOARD MEETINGS

In addition to the statutory Board meeting, which is held directly after the Annual General Meeting, the Board normally meets five times a year (regular meetings). Extra meetings are held if required by special circumstances.

REGULAR ITEMS OF BUSINESS AT BOARD MEETINGS

At the statutory meeting the Chairman and Vice Chairman are elected, the Board's work plan is adopted, and decisions are made on the Company's signatories, persons to check the minutes of Board meetings, and apportionment of directors' fees.

At the regular meeting at the beginning of the year, the Board deals with the year-end accounts, the Board of Directors' Report, the proposed distribution of earnings and the year-end report. In connection with this, the Company's Chief Auditor presents a report of the auditors' observations and remarks.

At regular meetings later in the year, the Board approves and releases the Company's interim reports, or delegates this task to the CEO. At the last meeting of the year, the budget for the coming year is presented.

At every regular meeting a report is presented on the current financial result of operations and the performance of the stock portfolio. In addition, ordinarily a special review is conducted of one or more of the portfolio companies. As a rule, each year a meeting is held at one of the portfolio companies, with a company visit in conjunction therewith.

IMPORTANT MATTERS DURING 2001

In 2001 the Board held a total of six meetings, in addition to the statutory meeting, of which four were regular meetings and two extra meetings. Aside from strategic planning, the largest single items of business in 2001 concerned the sale and purchase of stock in listed and unlisted companies, and a proposal to the extraordinary general meeting in October 2001 to cancel Industrivärden's CPN loan. In addition, the Board discussed a proposal to the 2001 Annual General Meeting, to authorize the Board to decide on purchases and transfers of the Company's own stock.

COMMITTEES

The Board has appointed a compensation committee to set the salary and remuneration of the President & CEO and corporate management.

The 2001 Annual General Meeting resolved to authorize the Chairman of the Board to form a nominating committee for the election of Board members. To form this committee the Chairman was authorized to appoint, in addition to himself, four members from among the shareholder representatives, who are not members of Industrivärden's board. The nominating committee members are listed on page 86.

THE CHAIRMAN'S ROLE

In addition to directing the Board's work, the Chairman monitors the Group's performance through continuous contact with the CEO on strategic matters, and represents the Company in matters concerning its ownership structure. The Chairman serves as a discussion partner for the CEO between Board meetings.

The President & CEO

The President & CEO is responsible for the Company's day-to-day management, which includes all matters not reserved for the Board. The CEO's authorization to decide on investments and purchases and sales of listed stocks – and concerning financing matters – is subject to rules established by the Board of Directors. The CEO consults with the chairman and keeps him informed between board meetings.

The Chairman, the CEO and three other board members are each directors of one or more of the companies in which Industrivärden is a major owner and has a significant influence. In consultation with other board members, the directors nominated by Industrivärden act on various matters in accordance with the principles of active ownership. In addition, Industrivärden's CEO and chief financial officer hold chairman positions in the wholly owned subsidiaries.

Organization and Employees

The Industrivärden Group had a total of 4,093 employees (3,056) at year-end 2001, of whom 26 (25) were in the Parent Company and 4,067 (3,031) in the three wholly owned subsidiaries.

Parent Company

The Parent Company's management consists of the President and CEO, the Executive Vice President and Chief Financial Officer, the Head of New Investments and the General Counsel.

The Parent Company's organization is characterized by flexibility and short decision-making channels. The work is project-oriented. The investment activities as well as active ownership activities are based on analyses conducted from a company-specific perspective and a stock market perspective. Industrivärden has the necessary resources to conduct professional investment activities and high-quality active ownership. In addition, Industrivärden has an extensive network of expertise.

Subsidiaries

The three subsidiaries have different characters and thus also different personnel structures. Indutrade

is a group of trading companies in which most employees work directly or indirectly in sales.

Besam is an engineering company that relies extensively on component subcontractors. After-market sales and service are becoming increasingly important.

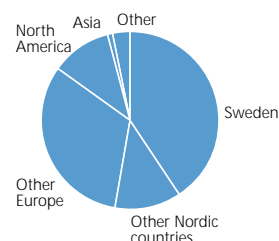
Isaberg Rapid is an engineering company with a high degree of value-added. It manufactures most of its products from raw material to finished product.

The number of employees at *Indutrade* was 1,378 (871) at year-end 2001, of whom 784 were outside Sweden. Sales engineers and sales support staff make up the largest employee categories.

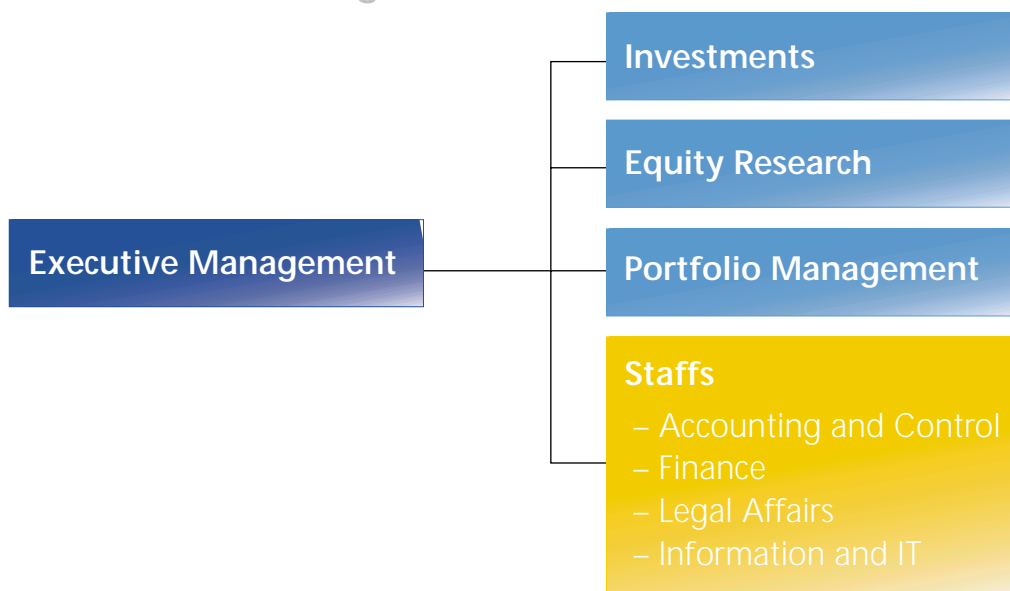
Besam had 1,427 employees (1,408) at year-end 2001, of whom 1,141 were outside Sweden. The largest employee categories are production assemblers, service technicians, salespersons and sales support staff.

Isaberg Rapid had 1,258 employees (752) at year-end 2001, of whom 746 were in other countries than Sweden. Production assemblers make up the largest employee category by far.

Number of Employees per Country



Industrivärden's Organization



Tax Rules for Holding Companies

FOR A COMPANY to be defined as a holding company for tax purposes, the requirements are that the company is engaged exclusively or essentially 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

Holding 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 shareholding by the intermediary.

Tax Rules

The main points concerning taxation of holding 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 standard-calculated level of income, which through 2001 amounted to 2% of the market value of the equities portfolio at the start of the tax year, is taxed.

Swedish holding companies have petitioned the government for a reduction in the standard income assumption, arguing – among other things – that the conditions that formed the basis of the introduction of the standard tax no longer exist. As a result of this petition, the tax code has been changed with effect from January 1, 2002, entailing a reduction in the standard-calculated income assumption to 1.5% of the market value of the equities portfolio at the start of the year.

Proposal for Elimination of Capital Gains Tax

The Corporate Tax Committee has proposed an elimination of capital gains tax on so-called business-related stocks. This refers to unlisted stocks or listed stocks in which the holding corresponds to at least 10% of the number of votes.

As a logical consequence of the commission's proposal, Sweden's holding companies have petitioned the government in an opinion statement that the standard income calculation only be made for nonbusiness-related stocks. Further, the holding companies have proposed that the stipulations governing changes in tax status be eliminated.

The government has announced that a bill on elimination of the capital gains tax will be submitted to the Swedish parliament in 2002.

Group Summary

SEK M ¹	2001	2000	1999	1998	1997
Income statements					
Dividend income from stocks	918	839	787	1,076	428
Result of sales of listed stocks	713	456	3,535	974	273
Result of sales of other stocks	-69	-90	100	29	1,592
Net sales	5,981	4,540	4,071	4,580	4,275
Operating earnings	1,919	1,623	325 ²	276 ²	260 ²
Earnings after financial items	1,510	1,364	4,603	2,148	2,404
Earnings before taxes	1,349	1,172	4,469	2,047	2,320
Net earnings for the year	1,223	1,029	4,334	1,918	2,274
Balance sheets					
Fixed assets	18,733	19,166	16,460	13,260	11,978
Current assets	3,375	2,308	2,758	2,913	1,930
Total assets	22,108	21,474	19,218	16,173	13,908
Shareholders' equity	13,355	13,502	13,525	9,974	8,674
CPN loans	398	447	448	448	450
Provision for pensions	204	172	158	132	126
Interest-bearing liabilities	6,566	6,064	3,925	4,418	3,595
Noninterest-bearing liabilities	1,585	1,289	1,162	1,201	1,063
Key ratios					
Net asset value	39,413	54,081	57,027	30,597	28,596
Change in net asset value, %	-27	-5	86	7	32
Visible shareholders' equity	13,753	13,951	13,973	10,422	9,124
Adjusted shareholders' equity	36,960	50,886	53,935	28,171	26,759
Visible equity ratio, %	62	65	73	64	66
Adjusted equity ratio, %	82	87	91	83	85
Capital expenditures	130	130	105	157	144
Average number of employees	4,004	2,947	2,916	3,428	3,332
Of whom, outside Sweden	2,640	1,749	1,744	1,797	1,791
SEK per share and CPN					
Net asset value	204	280 ³	298	160	150
Visible shareholders' equity	71	72	73	55	48
Adjusted shareholders' equity	191	263	282	147	140
Earnings per share after full tax	7.17	6.32	23.37	10.56	12.33
Cash flow per share	2.84	-3.55	-0.18	4.74	- ⁴
Stock price, December 31					
Class A shares	165	205	185	109	111
Class C shares	152	193	177	102	109
Dividend	8.35 ⁵	8.40	6.20	4.50	3.75
Dividend growth, % per year	-1	35	38	20	15
Dividend yield, %	5.1	4.1	3.4	4.1	3.4
Total return, %	-16	14	76	1	48
CPN interest	9.60 ⁵	9.66	7.13	5.18	4.31

¹ A Group summary prepared in euros is presented on page 67.

² Operating earnings for 1997-1999 pertain to the former layout of the income statement and are thus not comparable with operating earnings for 2000 and 2001.

³ Net asset value for 2000 amounted to SEK 283, based on 191,206,984 shares and CPNs at year-end 2000. Following the cancellation of the Company's CPN loan, net asset value and other key ratios per share and CPN for both 2000 and 2001 have been calculated on the basis of 193,135,612 shares.

⁴ A statement of cash flows was not prepared for 1997.

⁵ Proposed by the Board of Directors.

Board of Directors, Corporate Management and Auditor



Bo Rydin



Inga-Britt Ahlenius



Clas Reuterskiöld



Lennart Nilsson



Anders Nyrén



Tom Hedelius



Finn Johnsson

Board of Directors

Bo Rydin, MBA, Honorary Doctor of Economics, Honorary Doctor of Engineering.
Born 1932, Stockholm. Chairman of the Board. Director since 1973. Chairman of SCA, Skanska and Grange.
Vice Chairman of Svenska Handelsbanken.
Shareholding: 30,000

Inga-Britt Ahlenius, MBA.
Born 1939, Danderyd.
Auditor General and Head of the Swedish National Audit Office.
Director since 1994.
Director of the Industrial Council for Social and Economic Studies (SNS) and member of the Royal Swedish Academy of Engineering Sciences

Tom Hedelius, MBA.
Honorary Doctor of Economics.
Born 1939, Stockholm.
Vice Chairman. Director since 1991.
Chairman of Bergman & Beving.
Vice Chairman of Ericsson, Addtech and Lagercrantz Group.
Director of SCA and Volvo, among other companies.
Honorary Chairman of Svenska Handelsbanken.
Shareholding: 10,000

Finn Johnsson, MBA.
Born 1946, Gothenburg.
Director since 2000.
President and CEO of Mölnlycke Health Care.
Chairman of Wilson Logistics Holding, Bilisten, Svenska Handelsbanken Western Sweden Region and Thomas Concrete Group.
Director of Volvo, Skanska, Perstorp, Kalmar Industries and MVI Ltd.
Shareholding: 2,000

Lennart Nilsson, M. Eng., Honorary Doctor of Economics.
Born 1941, Lund.
Director since 1997.
Chairman of Lund University and the Association of Swedish Engineering Industries.
Vice Chairman of Cardo.
Director of the Crafoordska Foundation, AMF Pension and Confederation of Swedish Enterprise.
Shareholding: 3,000

Anders Nyrén, MBA.
Born 1954, Bromma.
President and Chief Executive Officer of Industrivärden.
Director since 2001.
Director of Svenska Handelsbanken and SCA.
Shareholding: 12,875
Employee stock options: 30,000

Clas Reuterskiöld, MBA.
Born 1939, Stocksund.
Director since 1994.
Director of Ericsson, Sandvik, Skandia and SSAB, among other companies.
Shareholding: 51,020
Stock options: 50,000

Committees

Compensation committee, to decide the salaries, benefits and pensions for the CEO and Executive Management: Bo Rydin and Tom Hedelius

Nominating committee for election of the Board of Directors:
Bo Rydin (Chairman), Erling Gustafsson (Sixth AP Fund), Curt Källströmer (Svenska Handelsbanken), Tor Marthin (AMF), and Lars Otterbeck (Alecta)



Thomas Nordvaller

Bengt Kjell

Anders Nyren

Carl-Olof By

Executive Management

Anders Nyren

Born 1954.
President and Chief Executive Officer.
Employed by Industrivärden since 2001.
Shareholding: 12,875
Employee stock options: 30,000

Carl-Olof By

Born 1945.
Executive Vice President and Chief Financial Officer.
Employed by Industrivärden since 1990.
Shareholding: 10,000
Stock options: 50,000
Employee stock options: 20,000

Bengt Kjell

Born 1954.
Head of New Investments.
Employed by Industrivärden since 2002.
Shareholding: 1,000
Employee stock options: 20,000

Thomas Nordvaller

Born 1944.
General Counsel and Company Secretary.
Employed by Industrivärden since 1992.
Shareholding: 4,000
Stock options: 17,000
Employee stock options: 10,000

Senior Executives

Lars von Celsing

Born 1946.
Head of Group Finance and the Internal Bank.
Employed by Industrivärden since 1992.
Stock options: 1,000
Employee stock options: 5,000

Claes-Göran Pettersson

Born 1956.
Head of Group Accounting and Control.
Employed by Industrivärden since 2000.
Employee stock options: 10,000

Sverker Sivall

Born 1970.
Head of Investor Relations.
Employed by Industrivärden since 1997.
Stock options: 8,000
Employee stock options: 5,000

Stefan Sundblom

Born 1962.
Head of Research.
Employed by Industrivärden since 2001.
Shareholding: 2,800
Employee stock options: 15,000

Auditor

Öhrlings PricewaterhouseCoopers AB

Chief Auditor:

Ingvar Pranhäll

Authorized Public Accountant,
Born 1942, Stockholm

Market Communication

INDUSTRIVÄRDEN AIMS TO meet high demands on its communication with shareholders and the stock market in general. Information to the market must maintain a high standard of quality and be made quickly available to all interested parties. Through a close dialog with market participants we are continuously taking measures to develop and improve our communication. This cooperation has been mutually beneficial for all parties and has enabled us to offer high-class information for many years. Following is a recent sampling of independent assessments from some of our information channels:

Swedish Shareholders' Association's assessment of the half-year interim reports of listed Swedish companies in 2001(2000):

- Ranked 7 (6) of 335 (345) surveyed companies, which was the best company on the most actively traded issues list.

Swedish Shareholders' Association's assessment of annual reports of listed Swedish companies 2001(2000):

- Ranked 6 (24) of 300 (281) surveyed companies, and ranked 2 (1) of 14 (14) holding companies.

Dagens Industri's competition of the best information practices of listed companies in 2001 (2000):

- Ranked 36 (12) of 300 (345) surveyed companies, and ranked 3 (1) of 14 (14) holding companies.

Hallvarsson & Halvarsson's assessment of Swedish listed companies' websites in 2001 (2000):

- Ranked 3 (5) of 334 (374) surveyed companies.

With the support of modern technology, Industrivärden today offers a wide range of informa-

tion channels, including printed publications, Industrivärden's website, and current information via WAP cell phones.

Publication Dates 2002

Interim reports will be published on the following dates in 2002:

- May 2 for the period January–March
- August 19 for the period January–June
- October 31 for the period January–September

Information Channels

PUBLICATIONS

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

- by mail from AB Industrivärden (publ), Box 5403, SE-114 84 Stockholm, Sweden
- by phone, at +46-8-666 64 00
- by fax, at +46-8-661 46 28
- by e-mail at: info@industrivarden.se

INDUSTRIVÄRDEN ONLINE

Industrivärden's website, www.industrivarden.se, is a vital complement to our other information channels. It presents current information about the Company and the major shareholdings, including the latest stock prices and press releases. In addition, press releases, interim reports and year-end reports are available in their entirety in connection with their publication. Visitors to the website can use the interactive analysis tools to help them conduct their own analyses of Industrivärden's stock and of Industrivärden's major shareholdings. The website also includes an extensive description of Industrivärden as a company and equity investment.

PRESS RELEASE "DIRECT"

Anyone with online access can subscribe to Industrivärden's press releases simply by registering their e-mail address at www.industrivarden.se or www.waymaker.se. In connection with the publication of press releases, subscribers will be sent an e-mail containing the press release in question.

Investor Contact

Head of Investor Relations: Sverker Sivall, tel. +46-8-666 64 19, e-mail: info@industrivarden.se.

Investor Activities

Industrivärden participates regularly in various investor meetings and also conducts exclusive presentations to inform about the Company and its stock. Requests for Company presentations are always welcome.



Glossary and Definitions

ADJUSTED EQUITY RATIO Visible shareholders' equity, plus the surplus value of listed stocks, in relation to total assets and surplus values of listed stocks.

ADJUSTED SHAREHOLDERS' EQUITY Visible shareholders' equity and surplus values of listed stocks.

ALPHA COEFFICIENT The anticipated value of an equity portfolio's total return with known market rates of return and portfolio risk (beta coefficient, see below). A stock with an alpha coefficient of zero generates a return that corresponds to the risk taken.

BETA COEFFICIENT The covariance of an equity portfolio's return in relation to the market's rate of return. A portfolio with a beta coefficient of 1 has a return that is equal to the market's rate of return, while a portfolio with a beta coefficient that is greater than 1 indicates that it has a higher degree of volatility than the market.

CAPITAL EXPENDITURES Investments in tangible fixed assets, i.e., buildings, land, plant and equipment.

DEBT-EQUITY RATIO Net interest-bearing borrowings in relation to the market value of total assets.

DISCOUNT TO NET ASSET VALUE The difference between net asset value and the stock price, measured in relation to net asset value.

DIVIDEND YIELD Dividend per share in relation to the price of Class A shares as per December 31.

EARNINGS PER SHARE Earnings after tax, excluding CPN interest, divided by the number of shares after full dilution, i.e., the number of shares outstanding including the number of shares created in January 2002 through the cancellation and conversion of the CPN loan to stock. The tax cost is charged to the Group's earnings after financial items, adjusted for tax-exempt capital gains on sales of stocks, tax-deductible dividends paid, and the standard earnings value that applies at any given time in accordance with the tax rules for holding companies.

FUNDAMENTAL ANALYSIS Equities analysis is either technical, i.e., based strictly on a statistical assessment of a stock's price trend, or fundamental. Fundamental equities analysis is based on broad and in-depth research that results in a comprehensive analysis of a stock's performance.

GOODWILL If the acquisition value of shares in a subsidiary exceeds the value of the acquired shareholders' equity, the difference is reported as goodwill in the consolidated balance sheet. Goodwill is normally amortized over a period of five to ten years, depending on what can be justified.

HEDGING To reduce exposure to currencies in a corporate group, shareholders' equity in foreign subsidiaries is hedged by taking up loans in foreign currency, for example. Foreign exchange differences on these loans can be used to offset translation differences in the foreign subsidiaries' shareholders' equity.

LENDING OF SHARES Investors in the stock market who anticipate falling stock prices have the opportunity of borrowing shares and selling them at a high price, and later buying back the same shares at a lower price. In the aim of enhancing the return of the listed portfolio, Industrivärden lends out shares to a limited extent via the major commercial banks.

MAJOR HOLDINGS Companies in which Industrivärden is the largest or one of the largest shareholders. The investment horizon is long-term. Industrivärden's active ownership is exercised through participation on the companies' boards.

NET ASSET VALUE The net book value of assets including surplus values of listed stocks and shares in subsidiaries.

P/E MULTIPLE A common way of measuring how a stock is valued is to measure its price per share in relation to anticipated earnings per share. P/E multiples vary from sector to sector, depending on the anticipated level of volume and earnings growth.

RETURN ON CAPITAL EMPLOYED Operating earnings and interest income plus dividends, in relation to average total assets less average non-interest-bearing liabilities and provisions.

RISK The risk in an equities portfolio is measured as the return's variation (standard deviation) with respect to the more long-term development or trend.

STOCK SPLIT A split is carried out to reduce the cost of buying a block of shares, usually 100 shares. The number of shares outstanding increases in direct proportion to the reduction in the stock's par value.

SURPLUS VALUE The difference between the market value and book value of listed stocks. For shares in subsidiaries or other companies, the difference between the calculated value and book value.

SWAP In a swap transaction, two parties exchange currency flows or interest-rate flows with each other. For example, a borrower may be interested in switching a loan with variable interest for one with fixed interest. In this case, a swap agreement would entail that the bank pays the variable rate to the borrower in exchange for receiving a fixed rate of interest.

TOTAL RETURN The return of Class A shares, defined as the change in the share price including reinvested dividends.

VISIBLE EQUITY RATIO Visible shareholders' equity in relation to total assets.

VISIBLE SHAREHOLDERS' EQUITY Reported shareholders' equity and CPN loans.

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President Barry Griffiths



Notification to attend the Annual General Meeting of AB Industrivärden (publ) at 2 p.m. on April 17, 2002, at the Grand Hôtel in Stockholm. This application form must be received by AB Industrivärden (publ) not later than on April 15, 2002, at 3 p.m.

Notification

Shareholder's name (BLOCK LETTERS)

Social security number/reg. no.

Street address

Postal code and city/town/country

Telephone (daytime)

Attending meeting in person

Represented by proxy as per below

Tear off this side along perforation at left, fold down center, and tape according to marking.

FOLD HERE

Proxy for

Proxy's name (BLOCK LETTERS)

Social security number/reg. no.

Street address

Postal code and city/town/country

Telephone (daytime)

to represent all my shares in the Company at the Annual General Meeting of AB Industrivärden (publ) on April 17, 2002.

Location

Date

Shareholder signature

Name (BLOCK LETTERS)

Affix stamp
here

Svarspost
110 595 100

Industrivärden
SE -110 05
Stockholm
Sweden



Tejpa här