

Interim report

January 1–June 30, 2011

- Net asset value on June 30 was SEK 135 per share, compared with SEK 149 at the beginning of the year.
- The value of the equities portfolio was SEK 67.9 billion on June 30, compared with SEK 71.1 billion at the beginning of the year.
- The total return was -5% for the Class A shares and -8% for the Class C shares during the first half of the year, compared with -1% for the return index. Since June 30, 2010, the total return was 30% for the Class A shares and 29% for the Class C shares, compared with 17% for the return index.
- Income for the first half of the year was SEK -4.3 billion (4.2), or SEK -11.18 per share (10.82).
- During the first half of the year, Industrivärden purchased shares in portfolio companies for a total of SEK 3.5 billion, net, of which purchases in Volvo amounted to SEK 1.6 billion.

Net asset value	June 30, 2011	Dec. 31, 2010	Dec. 31, 2009
Equities portfolio, SEK billion	67.9	71.1	53.5
Interest-bearing net debt, SEK billion	-15.9	-13.4	-10.8
Net asset value, SEK billion	52.0	57.7	42.8
Net asset value per share, SEK	135	149	111
Net asset value per share after full conversion, SEK	132	144	–

Total return	6 months	1 year	5 years	10 years	15 years
Class A shares (yearly average)	-5%	30%	6%	6%	13%
Class C shares (yearly average)	-8%	29%	7%	7%	13%
Benchmark index (SIXRX)	-1%	17%	7%	7%	11%
Excess return for Class C shares, percentage points	-7%	12%	0%	0%	2%

► **Long-term industrial developer of listed Nordic companies**

Industrivärden is one of the Nordic region's largest holding companies, with ownership in a concentrated selection of listed Nordic companies with good development potential. The goal is to generate high growth in net asset value over time.

CEO's message

During the second quarter, Industrivärden's net asset value decreased by 5%, or SEK 2.9 billion. At the same time, those of our portfolio companies that are exposed towards growth markets are performing well and our other holdings have had a stable development. How can this be? By theory, the price of a stock reflects the discounted value of anticipated future profits and the stock markets are concerned by the economic development in parts of the world. The greatest source of concern is what will happen with Greece and what consequences this could have for the euro as a currency and for the European banking system. I personally feel that these worries are exaggerated, or more precisely, that the worries themselves are more harmful than the actual problem – the need for a debt write-down in Greece.

The fact that the Greek government has now passed an austerity package, which will enable the EU and the IMF to provide additional support to Greece, presents a short-term solution to a liquidity problem, but not to the actual solvency problem with excessively high debt. The latter problem can only be remedied by writing down Greece's debt or by extending maturities. But such a solution may take time, since it is a complicated political process in which the ECB, the euro countries' governments, the EU Commission and the IMF must come to an agreement. Until this happens, we can count on a continued tentative stock market with wide fluctuations.

It is worth noting that the global GDP trend continues to be positive thanks to the favorable development in the world's emerging regions, driven by increased domestic private consumption and continued infrastructure investments.

As a result of the greater uncertainty, the Stockholm Stock Exchange is down by slightly less than 4% since the start of the year. More defensive sectors, such as pharmaceuticals and infrastructure, have performed better than the index, while banks are level with the index. Companies in the engineering and construction industries have performed below the index, which naturally has affected the value of Industrivärden's portfolio. During the first half of the year, the total return for our equities portfolio was -6%, compared with -1% for the return index.

"I have said it before, but it bears repeating – well-managed companies with leading positions in their respective areas will always perform better than the market over time."

Our portfolio companies are financially strong, with good earnings, increased market shares and favorable future outlooks. I have said it before, but it bears repeating – well-managed companies with leading positions in their respective areas will always perform better than the market over time. This applies most of all for Industrivärden's portfolio companies, which are well positioned for continued profitable growth. In Industrivärden they have an engaged owner to the benefit of their long-term growth in value as well as that of Industrivärden's stock.

Ericsson is a prime example of how a company can strengthen its market position through a concerted effort. The company is today the world's leading supplier of communication networks and related services for tele-

com operators. In June Ericsson acquired the American software company Telcordia for slightly more than SEK 7 billion, thereby strengthening its service offering. In July Ericsson also announced that it is a part of the consortium that will acquire Nortel's remaining patent portfolio for approximately SEK 2 billion. The portfolio comprises 6,000 patents within information and communication technologies.

During the first half of 2011 we remained active and purchased stocks for SEK 3.5 billion net. This pertains primarily to net purchases of Volvo, for SEK 1.6 billion, Handelsbanken for SEK 1.1 billion, and Sandvik for SEK 0.5 billion. We are now, along with Handelsbanken's pension foundations, Volvo's largest shareholder.

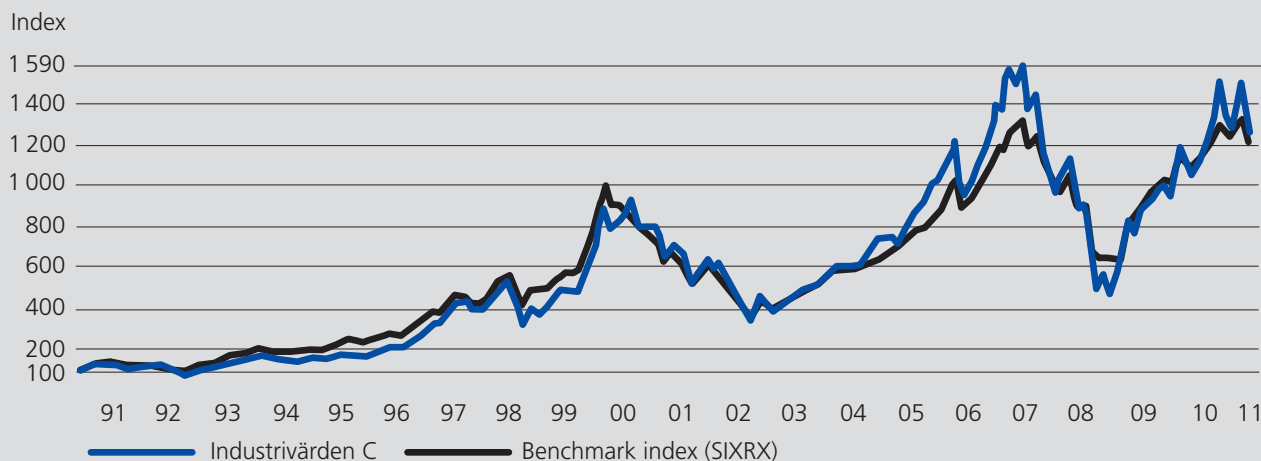
Our short-term trading showed a profit of SEK 92 M for the first half of the year, and management costs totaled SEK 51 M.

I would like to conclude with a few words on the EU Commission's Green Paper on corporate governance within the EU. The document lays out the overarching framework for the EU's coming regulation in the area

with the aim of boosting trust in the capital market. The stated ambition to curb harmful short-termism and excessive risk-taking is praiseworthy. What is worrying are the proposed measures – strongly increased regulation. The detailed regulations proposed are based primarily on an Anglo-Saxon model of corporate governance, with management control and few long-term principal owners. But large parts of the European corporate environment, including Sweden's, are based on boards that are independent in relation to the management work and on strong principal owners. Greater detail regulation risks making things more difficult for long-term owners – actors that the EU's Green Paper states that it seeks to favor. It is my hope that in its continued work, the EU Commission will conduct a thorough analysis of the Swedish system of corporate governance, for example. It is a model that is built on self-regulation and transparency, with independent boards and strong owners. The results speak clearly: a large number of successful, global companies, responsible ownership and balanced risk-taking.

Anders Nyrén

Total return, Industrivärden shares



Net asset value

Net asset value on June 30, 2011, was SEK 52.0 billion, a decrease of SEK 5.7 billion for the year to date. Net asset value per share decreased by SEK 14 to SEK 135, or by 7% including reinvested dividends. During the same period, the total return index (SIXRX) decreased by 1%.

Equities portfolio

During the first half of 2011, the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 6.7 billion to SEK 67.9 billion. The total return for the portfolio during the same period was -6%, compared with -1% for the total return index (SIXRX).

Portfolio companies	June 30, 2011				December 31, 2010			
	No. of shares	Ownership in company		Share of portfolio value, %	Market value		Market value	
		Capital, %	Votes, %		SEK M	SEK/share	SEK M	SEK/share
Sandvik	142,580,752	12.0	12.0	23	15,812	41	18,150	47
Handelsbanken A	70,200,796	11.3	11.5	20	13,696	35	14,015	36
Volvo A	103,324,784	5.0	12.7	18	11,854	31	10,713	28
Volvo B	4,140,243							
Ericsson A	77,680,600	2.4	13.8	10	6,933	18	5,748	15
SCA A	43,148,461	10.2	29.1	10	6,467	17	7,487	19
SCA B	28,651,539							
SSAB A	56,105,972	17.6	22.6	8	5,368	14	6,347	17
SSAB B	754,985							
Skanska A	12,659,940	7.7	24.4	5	3,663	9	4,280	11
Skanska B	19,694,586							
Indutrade	14,727,800	36.8	36.8	4	2,982	8	3,417	9
Höganäs B	4,408,046	12.6	10.0	2	1,115	3	934	2
Equities portfolio				100	67,890	176	71,092	184
Interest-bearing net debt					15,852	-41	13,401	-35
Net asset value					52,038	135	57,691	149
Debt-equity ratio						23%		19%
Net asset value after full conversion						132		144
Debt-equity ratio after full conversion						11%		13%

Market value pertains to Industrivärden's share of the respective portfolio companies' total market capitalization.

Net debt

Interest-bearing net debt totaled SEK 15.9 billion at June 30, 2011. The debt-equity ratio was 23%, and the equity ratio was 74% (75%). After full conversion of outstanding convertible loans, corresponding to SEK 8.7 billion, the debt-equity ratio was 11%.

The convertible loans are hedged, entailing that translation effects do not affect net asset value.

At mid-year, interest-bearing liabilities had an average, fixed interest term of approximately 4 years and carried an average interest rate of 3.5%.

Convertible bond issues

In January 2011 Industrivärden issued six-year convertible bonds worth EUR 550 M. The conversion price is SEK 162/share at a fixed euro exchange rate of SEK 8.8803, representing a premium of 35% and an annual coupon of 1.875%.

Total return

Industrivärden's ownership has contributed to competitive growth in value for the portfolio companies. Industrivärden's stock has been a good long-term investment that has delivered a higher total return than the return index.

During the first half of 2011, the shareholdings in Ericsson and Höganäs generated higher returns than the return index. Overall, the total return for the equities portfolio was -6%, compared with -1% for the return index.

During the last five-year period, Indutrade, Volvo, Höganäs and Sandvik have generated higher returns than the return index, while Skanska and Handelsbanken have been level with the index.

For the ten-year period, all of the portfolio companies except Ericsson have delivered total returns in excess of or level with the return index.

The total return for Industrivärden's stock for various time periods is shown in a table on the first page.

Portfolio companies	Total return Jan.–June 2011		Average annual total return, %	
	SEK billion	%	Five years	Ten years
			June '06–June '11	June '01–June '11
Ericsson	1.4	24	-3	-7
Höganäs	0.0	0	13	8
Volvo	-0.2	-2	14	18
Handelsbanken	-0.8	-5	6	7
Skanska	-0.3	-7	7	7
SCA	-0.9	-10	2	6
Indutrade	-0.4	-11	19	-
Sandvik	-2.4	-13	10	14
SSAB	-0.9	-15	-4	17
Equities portfolio	-4.4	-6		
Index (SIXRX)		-1	7	7
Industrivärden C		-8	7	7

The total return expressed in SEK billion pertains to the change in value during the period including dividend income for the respective portfolio companies. Indutrade was listed in October 2005.

Equity transactions

During the first half of 2011, stocks were purchased for SEK 4,960 M and sold for SEK 1,436 M. Large net purchases were in Volvo, for SEK 1,605 M, Handelsbanken, for SEK 1,057 M, Sandvik, for SEK 501 M, and Höganäs, for SEK 199 M.

Stock exchange in Skanska

In May 2011, 2,432,000 Class A shares in Skanska were exchanged for 10% more Class B shares, thereby lowering Industrivärden's share of the votes from 27.9% to 24.3%. The exchange enabled Industrivärden to increase

its share of capital in Skanska within the framework of the takeover rules (30% of the votes in the company).

Short-term trading and management costs

During the first half of 2011, Industrivärden's short-term trading generated a profit of SEK 92 M (102). Management costs amounted to SEK 51 M (44). Management costs corresponded to 0,15% of managed assets, which is considerably lower than for most comparable investment alternatives.

Active ownership

With more than 60 years of active ownership, Industrivärden has a unique position in creating long-term value in listed Nordic companies. The ambition is to work in a structured manner and thereby actively contribute to growth in value of the portfolio companies. Operations rest on a foundation of significant owner influence, extensive experience, knowledgeable employees, a strong business model and a large network. Our portfolio companies are leaders in their respective segments and all have strong global positions.

Through Industrivärden, they have a professional and active owner, to the benefit of their as well as Industrivärden's long-term growth in value. Current overarching ownership matters include ensuring adherence to long-term growth plans, evaluating potential growth investments, and monitoring the companies' capital structures.

Following is a general description of Industrivärden's investment cases along with strategic options and activities in brief.



Through a niche focus and strong R&D profile, Sandvik has established a world-leading position in materials technology with products primarily for the manufacturing and mining industries.

www.sandvik.com

- Olof Faxander new CEO.
- Consolidation of completed acquisitions.
- Adaptation of costs and production capacity to prevailing market situation.
- Strong positions in emerging regions.

Handelsbanken

A well-developed universal banking operation and decentralized branch network with local customer responsibility contribute to high customer satisfaction and good profitability.

www.handelsbanken.com

- Consistently applied business model.
- Organic growth in priority markets in the Nordic countries and UK.
- Strong financial position and strengthened market position in a turbulent business environment.

VOLVO

Through innovative, customer-adapted product development and high quality, Volvo has a world-leading position in commercial transport solutions.

www.volvogroup.com

- Olof Persson new CEO starting in September 2011.
- Strong position with acquisition-driven expansion in Asia, among other markets.
- Development of new platform of medium-duty engines.



The European leader in hygiene products – with a fast-growing line of personal care products – and in packaging products. Europe's largest private forest owner.

www.sca.com

- Restructured product portfolio with focus on growth in the hygiene segment.
- Strengthened global and regional brands.
- Higher pace of innovation.

The market's largest and most profitable supplier of mobile telecom infrastructure, with a leading position in telecom development.

www.ericsson.com

- Strong position ahead of operators' investments in the next generation of telecom systems (4G).
- North America's leading supplier of network systems through targeted acquisitions and contracts.
- Acquisition of U.S.-based Telcordia for SEK 7 billion strengthens Ericsson's multimedia operations.

SSAB

World-leading position in high strength steel sheet niche creates solid foundation for growth and sustained high profitability.

www.ssab.com

- Martin Lindqvist new CEO.
- Acquisitions in North America have boosted capacity and enable continued international expansion.
- Stronger focus on specialty products in emerging markets.

SKANSKA

Substantial turnkey know-how in construction combined with a process focus has created a leading construction services company with world-class value-creating project development.

www.skanska.com

- Efficient construction operations generate good cash flows.
- Successful model for value-creating project development.

Indutrade

The combination of sales of high-tech industrial consumables, good organic growth and a highly refined model for acquisition-based growth has resulted in strong profitability growth.

www.indutrade.com

- Establishment in new geographic markets.
- Flexibility through decentralized business model.

Höganäs

Market leader in growing niche of metal powders, used primarily for component manufacturing in the automotive industry.

www.hoganas.com

- Greater activity in emerging geographic regions.
- Focus on collaboration with customers on development of new components.

Other information

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. New or revised IFRSs as well as IFRIC interpretations have not had any effect on the Group's or Parent Company's results of operations or financial position.

Risks and uncertainties

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

A 1% change in the share price of the holdings in the equities portfolio as per June 30, 2011, would have affected its market value by approximately +/- SEK 700 M.

Related party transactions

During the first half of 2011 dividend income from associated companies have been received.

In May 2011 Industrivärden exchanged 2,432,000 Class A shares in Skanska for 10% more Class B shares from L E Lundbergföretagen.

Board's assurance

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

Stockholm, July 5, 2011

AB Industrivärden (publ)

Sverker Martin-Löf <i>Chairman</i>	Christian Caspar <i>Director</i>
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Boel Flodgren <i>Director</i>	Stuart Graham <i>Director</i>
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Hans Larsson <i>Director</i>	Fredrik Lundberg <i>Director</i>
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Anders Nyrén
President and CEO, Director

Resolutions at Annual General Meeting

The 2011 Annual General Meeting was held on May 5, 2011, at which the following resolutions, among others, were made.

The dividend was set at SEK 4.00 per share (3.00).

Boel Flodgren, Hans Larsson, Fredrik Lundberg, Sverker Martin-Löf and Anders Nyrén were re-elected as directors on the Board. Olof Faxander, Finn Johnsson and Lenart Nilsson had declined re-election. Christian Caspar and Stuart Graham were elected as new directors on the Board. Christian Caspar (born 1951, B.Sc. Econ.) has served for more than 30 years in a number of leading positions for McKinsey & Company and is a board member of Stena, among others. Stuart Graham (born 1946, B.S. Econ.) is a board member of PPL Corporation and Skanska, among others, and former CEO of Skanska.

The Annual General Meeting resolved to adopt the Board's proposal to add a share conversion clause to the Articles of Association, entailing that owners of Class A shares can request conversion to Class C shares.

Auditors' Review Report

We have reviewed the interim report for AB Industrivärden (publ) for the period January 1–June 30, 2011. The Board of Directors and President are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm, July 5, 2011

PricewaterhouseCoopers AB
Anders Lundin
Authorized Public Accountant

Further information

For further information, please visit Industrivärden's website: www.industrivarden.net.

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Industrivärden's complete contact information can be found on page 12.

Ticker codes

INDUC SS in Bloomberg
INDUc.ST in Reuters

Publication

The information provided in this interim report is such that AB Industrivärden (publ) is obligated to publish pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. Submitted for publication at 10:00 a.m. on July 5, 2011.

Financial calendar 2011

Interim report January–September: October 5

Industrivärden Group

SEK M	2011 April–June	2010 April–June	2011 Jan.–June	2010 Jan.–June	2010 Jan.–Dec.
Income statement					
Dividend income from stocks	1,771	1,326	2,403	1,379	1,379
Change in value of stocks, etc.	-2,456	-1,103	-6,475	3,004	13,991
Other income and expenses*	49	31	41	57	22
Operating income	-636	254	-4,031	4,440	15,392
Financial items	-142	-132	-287	-261	-522
Income after financial items	-778	122	-4,318	4,179	14,870
Tax	–	–	–	–	–
Net income for the period	-778	122	-4,318	4,179	14,870
Earnings per share, SEK	-2.01	0.32	-11.18	10.82	38.50
Earnings per share after full conversion, SEK	-2.67	0.11	-9.78	10.47	37.11
Statement of comprehensive income					
Income for the period	-778	122	-4,318	4,179	14,870
Change in hedging reserve	-8	5	29	-2	72
Comprehensive income for the period	-786	127	-4,289	4,177	14,942
Balance sheet as per end of period					
Equities			67,890	58,917	71,092
Other non-current assets			46	217	207
Total non-current assets			67,936	59,134	71,299
Short-term equity investments			202	142	176
Cash and cash equivalents			0	1,542	0
Other current assets			144	8	72
Total current assets			346	1,692	248
Total assets			68,282	60,826	71,547
Shareholders' equity			50,493	45,562	56,327
Non-current interest-bearing liabilities			14,203	11,663	11,123
Non-current noninterest-bearing liabilities**			1,626	634	1,344
Total non-current liabilities			15,829	12,297	12,467
Current interest-bearing liabilities			1,690	2,654	2,458
Other liabilities			270	313	295
Total current liabilities			1,960	2,967	2,753
Total shareholders' equity and liabilities			68,282	60,826	71,547
Cash flow					
Cash flow from operating activities			2,069	1,093	827
Cash flow from investing activities			-3,524	-2,090	-2,547
Cash flow from financing activities***			1,445	2,661	1,810
Cash flow for the period			-10	1,664	90
Exchange rate difference in cash and cash equivalents			10	-122	-90
Cash and cash equivalents at end of period			0	1,542	0

* Including short-term trading and management costs.

** Of which, the option portion of the convertible loans, totaling SEK 1,613 M (752), which at the time of issue amounted to a combined total of SEK 982 M (383).

*** Of which, dividend of SEK 1,545 M paid to the shareholders in 2011 and dividend of SEK 1,159 M in 2010.

SEK M	2011 Jan.–June	2010 Jan.–June	2010 Jan.–Dec.
Changes in shareholders' equity			
Opening shareholders' equity as per balance sheet	56,327	42,544	42,544
Comprehensive income for the period	-4,289	4,177	14,942
Dividend	1,545	-1,159	-1,159
Closing shareholders' equity as per balance sheet	50,493	45,562	56,327
Key data as per end of year			
Net asset value per share, SEK	135	120	149
Net asset value per share after full conversion, SEK	132	118	144
Share price (Class A), SEK	111	88	120
Share price (Class C), SEK	105	84	118
Number of shares (thousands)*	386,271	386,271	386,271
Interest-bearing net debt at end of period			
Cash and cash equivalents	0	1,542	0
Interest-bearing assets	41	190	180
Non-current interest-bearing liabilities**	14,203	11,663	11,123
Current interest-bearing liabilities	1,690	2,654	2,458
Interest-bearing net debt	15,852	12,585	13,401

* Number of shares upon full conversion (thousands), 460,688.

** Of which, convertible loans SEK 8,656 M (4,353).

Industrivärden – Parent Company

SEK M	2011 Jan.–June	2010 Jan.–June	2010 Jan.–Dec.
Income statement			
Operating income	-2,128	4,051	11,614
Income after financial items	-2,265	3,815	11,141
Income for the period	-2,265	3,815	11,141
Statement of comprehensive income			
Income for the period	-2,265	3,815	11,141
Change in hedging reserve	-	-2	171
Comprehensive income for the period	-2,265	3,813	11,312
Balance sheet as per end of period			
Non-current assets	51,119	50,119	52,022
Current assets	1,312	1,688	972
Total assets	52,431	51,807	52,994
Shareholders' equity	40,109	36,420	43,919
Non-current liabilities	10,658	11,297	6,367
Current liabilities	1,664	4,090	2,708
Total shareholders' equity and liabilities	52,431	51,807	52,994



Long-term industrial
developer of listed
Nordic companies

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