



**INDUSTRIVÄRDEN**

ANNUAL REPORT 1995

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## FINANCIAL INFORMATION

A three-month report will be issued on May 6, 1996, a six-month report on August 30, 1996, and a nine-month report on November 12, 1996.

This Annual Report is also available in Swedish.

## ANNUAL GENERAL MEETING

### TIME AND PLACE

The Annual General Meeting will be held at 5 p.m. on Monday, May 6, 1996, at Norra Latin, Drottninggatan 71B, Stockholm.

Coffee will be served prior to the Meeting.

### WHO IS ENTITLED TO PARTICIPATE?

To be entitled to participate in the Annual General Meeting, stockholders must be listed on the printout of the stockholders' register made by the Swedish Securities Register Center (VPC AB) on April 26, 1996, and give notice of their intention to participate in the Meeting, no later than 3 p.m. on May 2, 1996.

Owners of Industrivärden Convertible Participating Notes (CPNs) are welcome to attend the Meeting, provided they give prior notice, as described below.

### HOW TO BECOME REGISTERED IN THE STOCKHOLDERS' REGISTER

Shares can be either owner-registered or trustee-registered in the stockholders' register. Owner-registered holdings are listed under the names of stockholders in the stockholders' register. Stockholders whose shares are managed by a trustee, such as a bank's custody services department, may have chosen to have their shares registered in the name of their trustee. Requests to have trustee-registered shares re-registered in the stockholder's name are to be made to the trustee. To be registered in the stockholders' register by April 26, 1996, and thereby be entitled to participate in the Meeting, stockholders with trustee-registered shares must request such re-registration in ample time before the above-mentioned date.

### NOTICE OF ATTENDANCE

Notice of intention to participate in the Meeting shall be made in writing to AB Industrivärden (publ.), Box 5403, S-114 84 Stockholm, Sweden, by fax at +46-8-661 46 28, or by phone at +46-8-666 64 00, no later than 3 p.m. on May 2, 1996.

### DIVIDEND

The ordinary dividend for 1995 will be paid to stockholders who are listed in the stockholders' register on the record date. The Board of Directors proposes May 9, 1996, as the record date. Provided that the Annual General Meeting votes in accordance with the Board's proposal, dividend payments are expected to be made via VPC on May 17, 1996. Payment of CPN interest for 1995 will be made at the same time as the dividend payment.

## ANALYSTS WHO MONITOR INDUSTRIVÄRDEN

### Stockbrokers

Alfred Berg Fondkommission	Magnus Behm	+46-8-723 58 00
Carnegie Fondkommission	Fredrik Grevelius	+46-8-676 88 00
Enskilda Corporate	Thomas Johansson	+46-8-763 95 00
Erik Penser Fondkommission	Anders Roslund	+46-8-463 80 21
Fischer Partners Fondkommission	Håkan Persson	+46-8-454 85 00
Handelsbanken Markets	Peter Näslund	+46-8-701 10 00
James Capel & Co.	Robert Gärtner	+46-8-454 55 22
Matteus Fondkommission	Nils Sandstedt	+46-8-613 42 00
SBC Warburg	Dahlgren/Afrell	+46-8-453 73 00
Swedbank Fondkommission	Patrik Dahlén	+46-8-790 25 27
Öhman Fondkommission	Lars Höckenström	+46-8-402 50 00

### Credit Rating, Commercial Paper Program

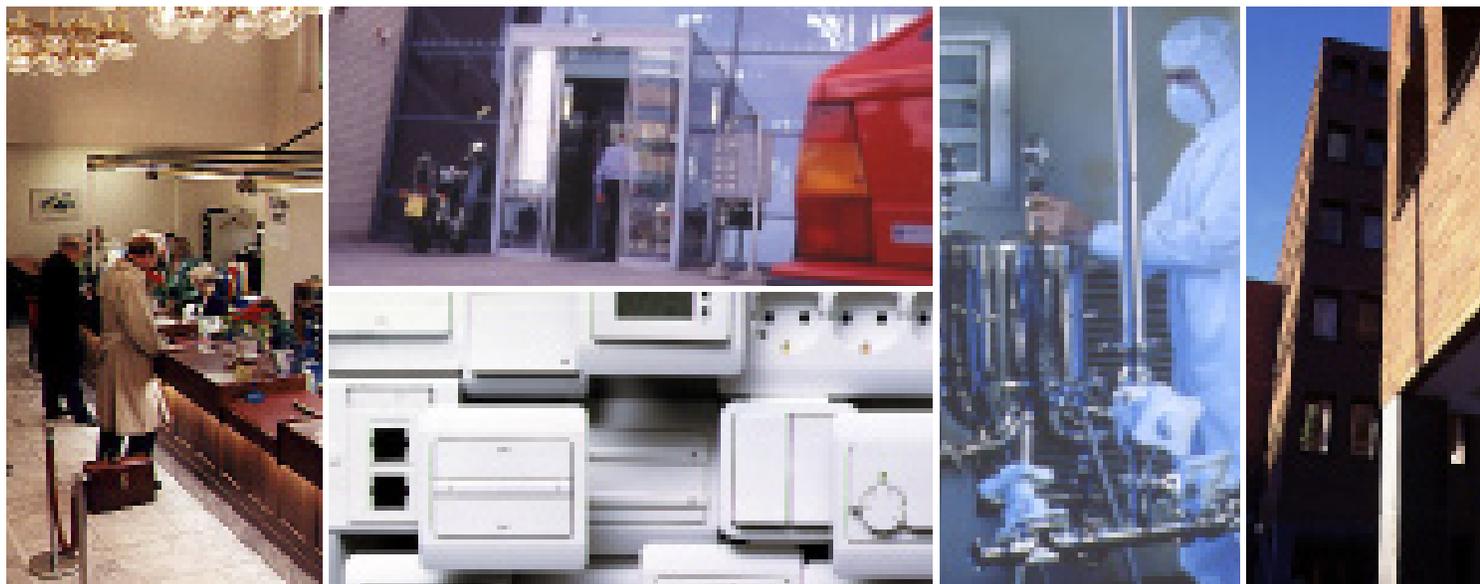
Standard & Poor's-

Nordisk Rating

Mikael Göthlin

+46-8-14 92 60

## HIGHLIGHTS



- Consolidated earnings after financial items amounted to SEK 1,765 M (1,517).
- Earnings after financial items, but before gains on sales of stocks and nonrecurring items, totaled SEK 484 M (1994: SEK 775 M, including SEK 382 M from PLM).
- Industrivärden's stockholders and holders of CPNs were offered in October to purchase 55 percent of the shares in PLM for a price corresponding to SEK 3,200 M for the entire company. This entailed a discount of over 20 percent in relation to the market value in connection with the stock market introduction. PLM became listed on the Stockholm Stock Exchange in November 1995. The sale of 55 percent of the shares in PLM generated a capital gain of SEK 1,195 M.
- The value of the portfolio of listed stocks on December 31, 1995, was SEK 13,775 M (9,487), of which PLM accounted for SEK 1,839 M. Adjusted for purchases and sales, the portfolio's value rose 20 percent (-7) compared with the beginning of the year. The General Index rose by 18 percent (5).
- Net worth at year-end was estimated at SEK 333 (314) per share and CPN. Net worth at March 4, 1996, was estimated at SEK 348 per share and CPN.
- The Board of Directors proposes that the dividend be raised by SEK 1 to SEK 11 per share. Interest per CPN would thus be SEK 12.65. As an extra dividend for 1995, each share or CPN held entitled its holder to one purchase right for stock in PLM, worth an average of SEK 11.90 each.

The various business areas of Industrivärden are illustrated by a Handelsbanken office (Portfolio of Listed Stock), automated sliding door from Besam, various outlets and switches from Thorsman (Inductus), a Pall filter in a clean room (Indutrade) and the Páronet 8 property in Solna (Fundament).

## TO OUR STOCKHOLDERS

In my comments to last year's annual report I made the forecast that Industrivärden's earnings before gains on sales of stocks and nonrecurring items would amount to approximately SEK 900 M in 1995. Having said this, the reported earnings of SEK 484 M may appear as a great disappointment. But let me say from the start that this is not the case. On the contrary, the fact remains that our operations performed well in line with our prognostications a year ago. The lower earnings are explained entirely by the fact that PLM is now an independent, listed company, and thus its earnings are no longer consolidated in the Industrivärden Group.

### INDUCTUS STABLE AND INDUTRADE EXPANDING

The Inductus group is showing a high degree of stability and earnings on a par with previous years. The group's quality is underscored by the return on capital employed, which again exceeded 20 percent.

Indutrade's expansion is continuing, organically as well as through acquisitions. In 1995 the group was further strengthened in the area of flow technology. Earnings have improved, and like Inductus, Indutrade posted a good return on capital.

### PORTFOLIO OUTPERFORMED INDEX

The portfolio of listed stocks also performed well in 1995. Of our strategic holdings, AGA, Ericsson, Handelsbanken and Skanska performed better than the market index, while the holdings in SCA and SSAB were hurt by the weak trend for forest-products and steel company stocks. On the whole, growth of Industrivärden's listed portfolio was 20 percent. This means that the portfolio's value, adjusted for purchases and sales, rose two percentage points more than the general index for the Stockholm Stock Exchange.

In 1996 additional real estate stocks will be added to the portfolio in connection with Handelsbanken's distribution of the property company Näckebro to the bank's own stockholders. Industrivärden's exposure in the real estate market will thereafter be greater than desirable. In view of this, the sale of Fundament might be pursued.

### PLM ON THE STOCK MARKET

During the autumn of 1995 the sale of PLM, which was announced at the last annual general meeting, was carried out. Fifty-five percent of the shares in PLM were divested, with Industrivärden's stockholders given preferential rights to subscribe for the offered shares. The shares were intentionally assigned a low price, giving the stockholders a value corresponding to more than their yearly dividend.

Industrivärden's stake in PLM today amounts to 45 percent. However, the intention is to reduce this holding to half, and to do so in the current year. This sale will be handled in an organized manner and with due consideration for PLM's share price.



Clas Reuterskiöld passing through an automatic curved sliding door from Besam on his way to a Board meeting at AGA.

The fact that PLM is no longer a subsidiary and that our stockholding is now included in the listed portfolio does not entail that Industrivärden has released itself from all responsibility for PLM's continued operations. Just like our other major holdings, we feel a great sense of commitment to the future of that company and its stock. Through active board participation we contribute to the respective companies' development, and our goal is to achieve the highest possible growth in the value of our PLM holding.

#### WEAK TREND IN STOCK PRICE...

At the same time that our operations performed well and in accordance with our plans, as the chief executive officer of Industrivärden I am obliged to note that Industrivärden's stock price has performed below the Stockholm Stock Exchange's general index in recent years. Naturally, not all stocks can perform better or as

good as the index, although this is not much consolation for the stockholder whose shares have not reached the market average.

#### ...BUT FAVORABLE GROWTH IN NET WORTH

If, on the other hand, you were to study the growth of Industrivärden's asset value, you'd see another picture of the Company. In 1990 Industrivärden's stock had a net worth of 258 kronor per share, compared with 333 kronor at the end of 1995. This is an increase of 29 percent, which essentially corresponds to the growth in the Stockholm Stock Exchange during the same period. By also taking into consideration the fact that Industrivärden's stock dividends have been higher than the market average, and that Industrivärden's stockholders received a premium of nearly SEK 12 per share in connection with the sale of PLM, then we can note that Industrivärden has generated a yield that is on a par with the market's yield index.

This favorable development in our net worth does not mean we intend to sit back and relax. Naturally we will continue working for a positive development in our net worth as well as Industrivärden's stock price. As in earlier years, investment decisions – regardless of whether they pertain to the purchase, sale, or continued holding of an investment – will be based on thorough analysis. Anticipated value appreciation determines how we act.

From the above it can be seen that the return on our investments does not explain our stock's poor performance. Instead, it is attributable to a rise in the so-called holding company discount. Since it first became listed more than 50 years ago, Industrivärden's stock has consistently been traded with a discount, as have the stocks of other holding companies. Over the years, and especially in 1995, we have made a considerable effort within the Company to find the reasons for the discount, in order to be able to take action that would lead to a reduction. From our analyses we have determined that there are many conceivable underlying factors, which at the same time do not lend themselves to numerical quantification.

#### DISCOUNT TO BE REDUCED

The discount on Industrivärden's stock during the past 30-year period has averaged from 20 to 25 percent. Why, then, is the discount currently more than 35 percent? Industrivärden's structure during the period under analysis has been the same for the most part. Most of our assets have consisted of strategic holdings in a limited number of companies on the most actively traded list. Added to this has been a smaller portfolio of stocks in diverse, listed companies and, to a varying degree, in wholly owned subsidiaries.

The difficulty in influencing the discount can be illustrated in the following example. At Industrivärden we saw several reasons why it should decrease through the sell-off of PLM. This conclusion was shared by many external analysts. The PLM introduction met an enthusiastic reception from both Industrivärden's stockholders and the market as a whole. Despite this, the sell-out did not lead to any reduction in the discount, which shows the difficulty in taking action to limit its size. Nevertheless, we will continue trying to influence the discount and will spare no energy in our endeavor to bring it down to a more reasonable level.

#### NO FORECAST

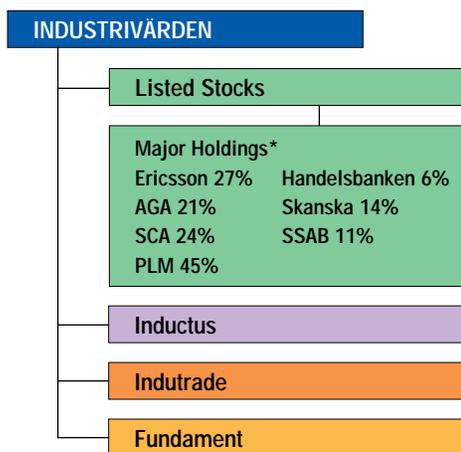
Recent years' annual reports included a forecast by the CEO on developments in the coming year. These earnings forecasts were often on target. However, forecasts always have a greater or lesser degree of uncertainty, which means that they are bound to be wrong on occasion. On such occasions there is good reason to wonder whether the forecast has benefited the stockholders in any way.

A better alternative for the stockholders would reasonably be to receive more frequent information on the Company's performance. Accordingly, in 1995 Industrivärden began issuing quarterly reports to the stock market. This has given the stockholders a better opportunity to follow our operations on a more regular basis. Therefore, I do not intend to make any forecast for the current fiscal year.



Clas Reuterskiöld

# INDUSTRIVÄRDEN – AN OVERVIEW



\* The percentage figure indicates Industrivärden's holding of each company's total voting rights.

AB Industrivärden is an industrial holding company that owns listed stocks and stocks in wholly owned subsidiaries. The subsidiaries are active in engineering, trading and real estate management. This diversification is a natural feature of the company form, since the objective is to offer the stockholders a spread of risk in their Industrivärden investment.

Industrial holding companies have a special tax status, in which the most important elements are exemption from capital gains taxes on sales of stocks and the right to deduct dividend payments. In order to be granted this tax status, a company must exclusively – or almost exclusively – manage securities and thereby offer its stockholders a spread of risk in their investment. The company must also have a broad ownership structure.

## OBJECTIVES AND BUSINESS CONCEPT

Industrivärden's operational objective is to give its stockholders a total yield that is at least on a par with the market average, with a limited level of risk.

The business is operated as an industrial holding company, which means that, aside from listed stocks, the company's holdings also include wholly owned subsidiaries.

The holdings in the portfolio of listed stocks shall consist of listed Swedish stocks, and they should be distributed among strategic and nonstrategic holdings. The strategic holdings must be large enough to give Industrivärden a substantial share of the votes in the respective companies and thus the opportunity to exercise influence over the companies through representation on their boards.

The operating subsidiaries shall consist of Swedish industrial and trading companies with a sizable share of international business.

## INDUSTRIVÄRDEN'S STRUCTURE

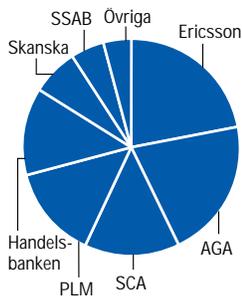
Listed stocks make up a substantial share of Industrivärden's assets, which is why the Company attaches considerable importance to estimations of the Group's wealth, or net worth, as a complement to the income statement and balance sheet. Another way of illustrating Industrivärden's structure can be seen in the diagram at left.

The portfolio of listed stocks and Industrivärden's other business areas are presented in more detail under the respective headings in the following report.

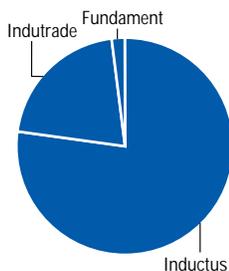
Moderbolagets tillgångs- och kapitalstruktur 1995.12.31  
Kr per aktie och KVB

	Tillgångar	Skulder och eget kapital						
Substansvärde 333	<table border="1"> <tr> <td>Börsaktier 288</td> </tr> <tr> <td>Inductus 44</td> </tr> <tr> <td>Indutrade 15</td> </tr> <tr> <td>Fundament 21</td> </tr> </table>	Börsaktier 288	Inductus 44	Indutrade 15	Fundament 21	<table border="1"> <tr> <td>Nettoskuldsättning 35</td> </tr> <tr> <td>Eget kapital* 333</td> </tr> </table>	Nettoskuldsättning 35	Eget kapital* 333
Börsaktier 288								
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Indutrade 15								
Fundament 21								
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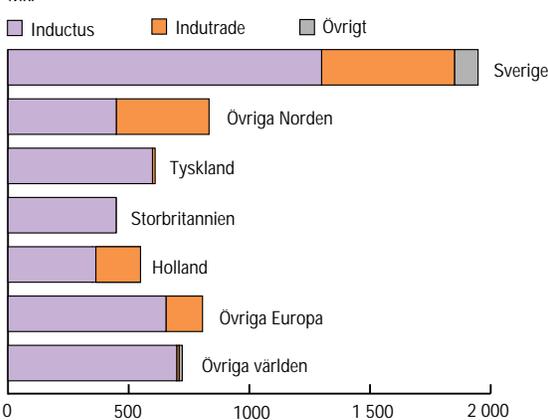
Börsportföljens sammansättning



Koncernens fakturering per verksamhetsområde



Koncernens fakturering per marknad



## PORTFOLIO OF LISTED STOCKS

The portfolio of listed stocks consists primarily of strategic holdings in which Industrivärden is the largest or one of the largest stockholders, thereby warranting representation on the respective companies' boards. Such is the case with AGA, Ericsson, Handelsbanken, PLM, SCA, Skanska and SSAB. Board representation gives Industrivärden the opportunity to exercise its active ownership in companies that represent large values for Industrivärden.

The market value of the portfolio of listed stocks on December 31, 1995, was SEK 13,775 M, which represents approximately 78 percent of the estimated value of Industrivärden's total assets.

## INDUCTUS

Inductus consists of five engineering companies – Besam, Hydrauto, Isaberg, Rapid and Thorsman, as well as the window manufacturer Elitfönster, which merged with Myresjöfönster at the beginning of 1996. The “new” Elitfönster is 50 percent-owned by Industrivärden and 50 percent-owned by Myresjö, a subsidiary of Skanska.

In 1995 Inductus had sales of SEK 4,466 M, with 4,279 full-time employees, mainly in Sweden, Germany and the U.K.

Inductus accounted for approximately 12 percent of the value of Industrivärden's total assets at year-end 1995.

## INDUTRADE

Indutrade is Industrivärden's trading operation and consists of some 20 companies. The business concept is to supply imported products and specialist technical expertise. Indutrade has subsidiaries in Sweden, Norway, Denmark, Finland, the Netherlands, Belgium and the Baltics. Sales in 1995 amounted to SEK 1,311 M, with 617 full-time employees.

Indutrade accounted for approximately 4 percent of the value of Industrivärden's total assets at year-end 1995.

## FUNDAMENT

Industrivärden's commercial real estate holdings are managed by Fastighets AB Fundament. The holdings consist of eight well situated buildings, mainly in the Stockholm area. The value of the properties is estimated at SEK 1,000 M, corresponding to a direct yield of 8 percent.

Fundament accounted for approximately 6 percent of the value of Industrivärden's total assets at year-end 1995.

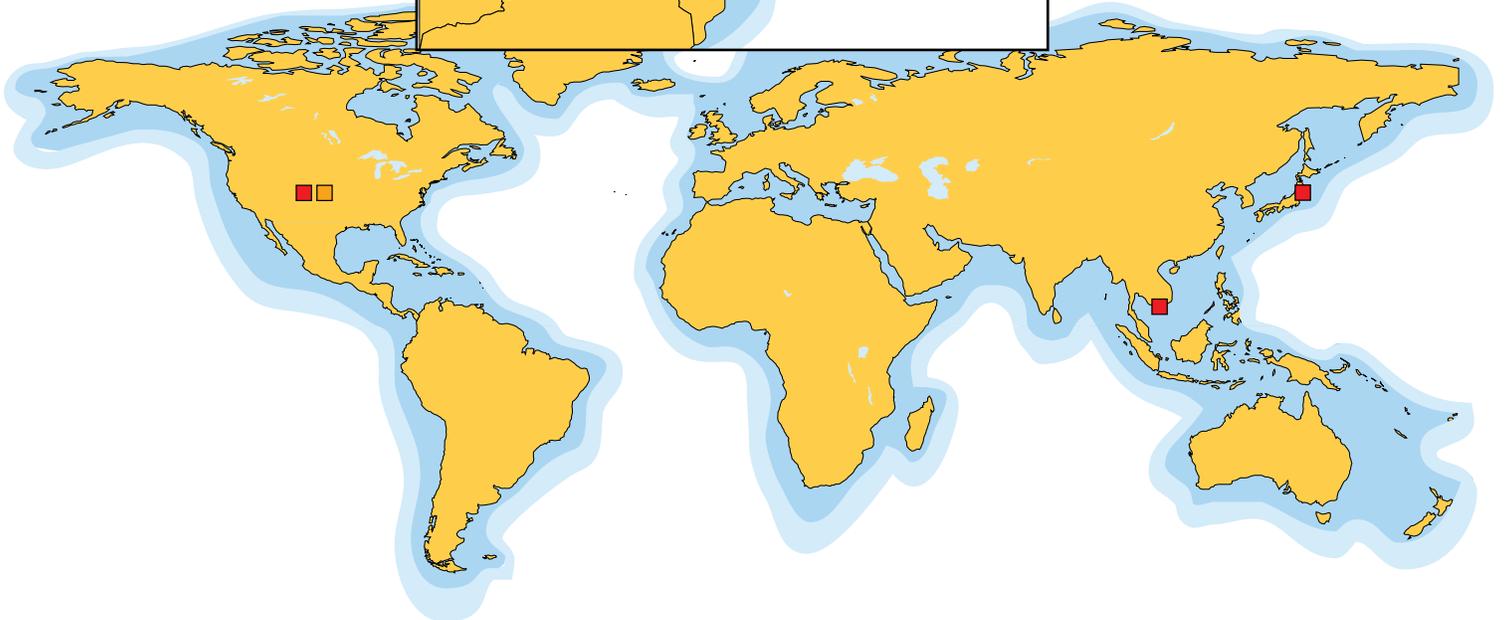
# INDUSTRIVÄRDEN - AN OVERVIEW

## Industrivärden's Subsidiaries Around the World

- Besam
- Elitfönster
- Hydrauto
- Isaberg
- Rapid
- Thorsman
- Indutrade
- Fundament



*Industrivärden's subsidiaries are active in more than 20 countries in Europe, North America and Asia.*



## PLM BACK ON THE STOCK EXCHANGE



The introduction of PLM on the stock market was covered extensively in Sweden's business papers.

When Industrivärden acquired PLM in 1988 through a public takeover bid, PLM was a diversified packaging concern with the majority of its operations in Scandinavia. Beverage packaging accounted for about 40 percent of total sales.

### LEADING MANUFACTURER OF BEVERAGE PACKAGING

During its eight years as a subsidiary of Industrivärden, PLM has undergone considerable restructuring with the goal of concentrating the business in areas in which PLM could attain a strong market position. By expanding in the beverage-can, glass-packaging and refillable PET bottle segments, PLM has become primarily a beverage packaging company with a broad range of packaging alternatives. This has helped the company establish strong relations with Europe's major beverage and food producers.

By 1995, when Industrivärden's stockholders were offered to purchase 55 percent of the shares in PLM, the company had been transformed into one of Europe's leading manufacturers of beverage packaging. PLM's sales of beverage packaging have risen to approximately 85 percent of total, and its degree of internationalization has increased substantially. Approximately 80 percent of sales are in markets outside Sweden.

### ACQUISITIONS AND DIVESTITURES

PLM's production capacity for beverage packages was boosted considerably from 1988 to 1995 through the expansion of existing plants as well as through the acquisition or new construction of a total of six production units.

PLM acquired two beverage can companies in Germany in 1987 and 1988, and one in Austria in 1994. A beverage can factory was established in France in 1992. Two glass packaging companies – one in Norway and one in the U.K. – were acquired in 1989.

Parallel with this, PLM consolidated its operations through the divestiture of the garbage-collection company Sellbergs in 1989 and a number of plastics companies in 1989 and 1990. A glass factory was closed down in 1992 in connection with the consolidation of the Scandinavian glass operations. The divestiture of the Food Can Division in 1994 marked the most recent step in PLM's restructuring.

### PLM FINDS ITS RIGHT FORM

During its time as a subsidiary of Industrivärden, PLM has been transformed from a diversified company in the packaging sector to a company with a sharp focus on beverage and food packaging made of aluminum, steel, glass and plastic. PLM has thus acquired a solid base for continued development.

## BROADENED OWNERSHIP IN PLM

In Industrivärden's opinion, PLM's structure and level of profitability are now such that a broad ownership base would give it a suitable base for further development.

In 1995, 55 percent of the shares in PLM were sold to Industrivärden's stockholders. Once the market conditions are judged as suitable, Industrivärden intends to sell off an additional approximately 20 percent of the shares in order to achieve a broader ownership base.

## PLM AS AN EQUITY INVESTMENT

Industrivärden's business concept as an industrial holding company entails acquiring and improving companies, and then realizing the value appreciation when the conditions for such companies' further development outside the Industrivärden Group appear more favorable.

An analysis of the equity investment in PLM is provided below. At the time of the bid on PLM Industrivärden owned 17 percent of PLM's stock. The acquisition of the remaining stock was financed through an issue of convertible participating notes (CPNs):

Calculated acquisition value, 1987/88*	SEK 2,572 M
Market value at time of stock market introduction, November 13, 1995	SEK 4,085 M

\* Based on the assumption that the Industrivärden shareholding in PLM at the time of the offer in 1987 was valued at the same price as the acquired shares.

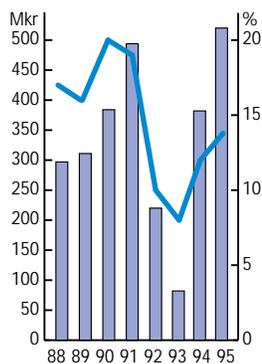
The average annual yield, calculated as internal interest and taking into account Group contributions, dividends and stockholders' contributions, was 9 percent. This is somewhat lower than the effective annual yield for equities from 1987 to 1995, which was 11 percent according to the Findata yield index.

Of the value appreciation through 1995, SEK 1,195 M has been realized, and a total of SEK 566 M has been distributed to Industrivärden's stockholders and CPN holders as purchase rights. The market value of Industrivärden's remaining holding of 45 percent of the shares in PLM was SEK 1,839 M on December 31, 1995.

### PLM 1988-95

■ Resultat efter finansiella poster  
exkl poster av engångsnatur

— Räntabilitet på sysselsatt kapital  
exkl poster av engångsnatur



Demand for beverage packaging rose sharply during the 1980s. In 1991 and 1992 PLM carried out a 2 billion kronor investment program, which increased beverage can production capacity by about 50 percent. Production capacity for glass packaging was also increased substantially. In 1992 and 1993 the economy weakened in Europe. Market conditions were particularly strained in Germany due to new environmental legislation, among other things. PLM adapted its production capacity to the lower demand. In 1994 and 1995 the European beverage can market grew by roughly 25 percent, and PLM's profitability has improved significantly.

## PORTFOLIO OF LISTED STOCKS

*Industrivärden's holdings of listed stocks consist mainly of shares with strong voting rights. The objective is that Industrivärden should be one of the largest owners in the respective companies and influence their development through active board representation. The core holdings may also be complemented by investments in easily traded stocks in well known and well managed companies.*



**Industrivärden is Ericsson's largest stockholder.**

*Ericsson is an international leader in mobile telecommunications.*



**Industrivärden is Handelsbanken's third-largest stockholder. Handelsbanken has long been one of Sweden's most profitable commercial banks.**

**Industrivärden is AGA's largest stockholder. AGA is one of the world's five largest suppliers of gas.**





**Industrivärden is SCA's largest stockholder. SCA is one of Europe's largest forest products companies, specializing in packaging, graphic paper and hygiene products.**



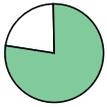
**Industrivärden is SSAB's largest stockholder. SSAB is Scandinavia's leading producer of commercial steel.**

**Industrivärden is PLM's largest stockholder. PLM is one of Europe's leading consumer packaging companies.**



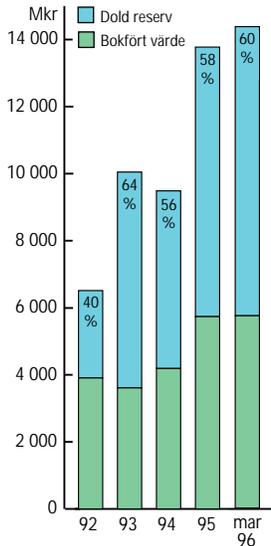
**Industrivärden is Skanska's second-largest stockholder. Skanska, one of Europe's ten largest construction and property companies, is part of the consortium formed to build the Öresund bridge.**





Listed Stock Portfolio's Share of Industrivärden's Market-Valued Assets

Börsportföljens marknadsvärde och dold reserv



Olof Wesström, Portfolio Manager

### THE STOCK MARKET IN 1995

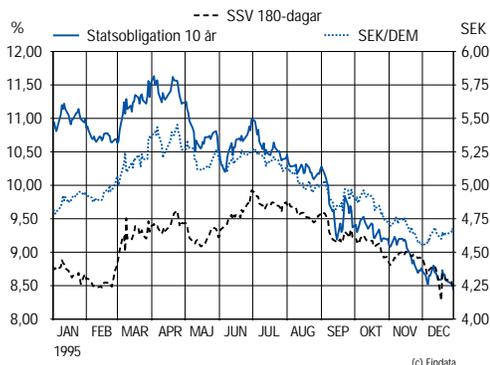
The trend in the currency and fixed-income markets in Sweden showed a dramatic reversal at the end of April 1995. The beginning of the year was marked by a steady weakening of the Swedish krona and rising market interest rates. Beginning at the end of April, however, the krona started strengthening and Swedish bond interest rates began to fall. From mid-summer onwards, short-term interest rates also began to fall. This turnaround was sparked by the government's supplementary bill, which appears to have initiated a period of increased – albeit not great – confidence in the country's economic policy, and more positive – or at least less negative – prognoses with respect to the country's finances and currency. The Swedish interest rate cuts were facilitated by cuts by the German Bundesbank, as well as from interest rate reductions announced by the U.S. Federal Reserve Bank during the summer. However, the Swedish Central Bank did not cut its repo rate during last year's interest rate decline.

The Swedish stock market reacted promptly. Following an erratic start to the year, the Stockholm Stock Exchange climbed about 30 percent from the end of March through mid-September. The trend was negative for the remainder of the year. Stock prices varied widely, depending on the companies' sensitivity to the first signs of a weakening in the overall economy, the strengthening of the Swedish krona and falling interest rates. Prices of cyclicals were influenced by the increased prevalence of significant, downward adjustments of earnings projections. This was due to decreases in volume and profit margins, as well as successively less favorable effects of exchange rates. However, stocks performed better in interest rate-sensitive companies like banks, insurance companies and real estate companies, as well as in the more non-cyclical companies. Toward the end of the year the market was split between, on the one side, the favorable effects brought on by anticipations of a sharp decline in interest rates, and on the other side, the adverse impact of successive downward adjustments of earnings forecasts, primarily by cyclical companies.

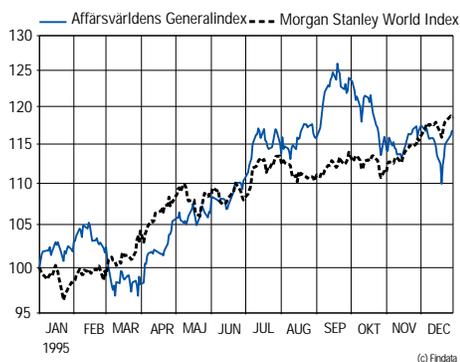
On the whole the market's value rose 18 percent in 1995, according to the Affärsvärlden General Index. Sectors like engineering, forestry and other raw material-based manufacturing performed worse than the market average. Pharmaceuticals and other health care-related industries, as well as banks and insurance companies, clearly performed better. When also taking dividend payments into account, the market's total yield during the year was approximately 20 percent, representing a healthy compensation for risk in comparison with low-risk interest-bearing investments. The Stockholm Stock Exchange performed very well compared with most other stock markets during the year, and for a U.S. dollar-based investor, the stronger krona and the rising index in Stockholm translated to a yield of 32 percent.

Trading volume on the Stockholm Stock Exchange rose only marginally in 1995 compared with the preceding year, thus signifying a break in the dramatic rise of recent years. The inflow of capital from foreign

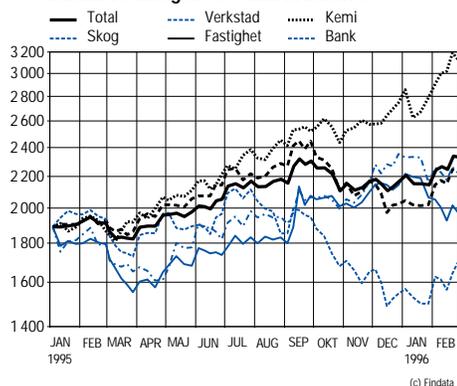
Ränteutveckling och kronans kurs mot D-marken



Stockholmsbörsen jämfört med världsindex



Indexutvecklingen för olika branscher



investors remained at a high level, about SEK 26 billion. However, this was only half of the record volume in 1994. Swedish-based investors were net sellers of listed equities during the year. Foreign stockholders' share of the Swedish market thereby rose further, passing 30 percent. Sell-outs and other demand for investment capital amounted to approximately SEK 26 billion, following the previous year's record of approximately SEK 42 billion.

### INDUSTRIVÄRDEN'S INVESTMENT ORIENTATION

Industrivärden invests in listed Swedish equities with the objective of being the largest – or one of the largest – owners in terms of voting rights, and through active participation on the boards of these listed companies, contributing to a favorable trend in the price of their stock. Industrivärden's shareholdings with strong voting rights in Ericsson, AGA, SCA, Handelsbanken, Skanska and SSAB, as well as the holding in PLM, have this orientation. Depending on Industrivärden's financial resources and its current judgment of the companies and their stock, these core holdings are periodically complemented with purchases of stock with weak voting rights in the same companies or holdings in other listed companies. These complementary investments are made in easily traded stocks in well known, well managed companies.

When the fundamental conditions change, the investments are re-assessed: core holdings are sold and new ones are added, while other holdings are increased or reduced. Over a long time period the portfolio of listed stocks has been concentrated to a smaller number of stocks. During the past year, however, the portfolio was expanded through the addition of four holdings in various listed Swedish companies, bringing the total number to eleven. In connection with the sale to Industrivärden's own stockholders and the stock market debut of the former wholly owned subsidiary PLM, roughly 45 percent of the shares were kept by Industrivärden, thus accounting for the year's largest addition to the portfolio of listed stocks. Other, smaller investments were made in Custos A, Skandia and Volvo B. The holding in Frigoscandia was partly replaced with shares in ASG in connection with Industrivärden's acceptance of ASG's bid for that company. As a whole, the investments in the listed portfolio, together with the wholly owned, operating subsidiaries, give Industrivärden and its stockholders a healthy spread of risk with regard to business orientation and dependence on business cycles. Industrivärden's investments in listed equities are long-term. The company does not involve itself in short-term trading activities.

The need for long-term, competent owners in Swedish industry is often vouched for. Industrivärden has the experience in industrial ownership and the financial strength required to fulfill its role as such. Industrivärden's stockholders have a stake in a well composed, balanced portfolio of stocks in large, effective companies. Through active board participation, these companies' future prospects are monitored

## PORTFOLIO OF LISTED STOCKS

### MARKET VALUE PER SHARE AND CPN

Stock	Value SEK M Dec. 31, 1995	SEK, per share and CPN
Ericsson	3,026	63
AGA	2,912	61
SCA	1,984	41
PLM	1,839	38
Handelsbanken	1,731	36
Skanska	957	20
SSAB	757	16
Custos	319	7
ASG	103	2
Volvo	75	2
Skandia	72	2
Total	13,775	288

and influenced. Industrivärden's owners also benefit from the experience and contact network that have been built up with this orientation over a long time. For stockholders who are interested in a limited-risk investment that is managed according to these guidelines, an industrial holding company such as Industrivärden is an attractive investment alternative.

### PORTFOLIO OF LISTED STOCKS

Industrivärden has long been the largest stockholder in Ericsson in terms of voting rights. The Ericsson holding has experienced dramatic value appreciation in recent years and is now, in terms of value, the largest holding in the listed portfolio. Ericsson is a global leader in one of today's most celebrated and exciting areas of technology, which contributes to the major significance this holding has for the portfolio.

**AGA** is one of the world's leading industrial gas companies and is distinguished by steady, high earnings growth with relatively low risk and a limited impact from general economic trends. As a result, AGA's stock, as a sizable post in Industrivärden's listed stock portfolio, combines the interesting qualities of value appreciation and price stability.

**SCA** is a very well structured and highly developed company with a base in one of Sweden's traditional core industries. Sales today are primarily in the finished products sector, and the company's raw materials consist of a balance between virgin and recycled fiber. In recent years the stock price has not reflected the company's characteristic high quality. This has had a negative impact on the yield of Industrivärden's listed stock portfolio. On the other hand, the prospects for a favorable price trend are good once the market comes to appreciate SCA's merits.

**PLM** was acquired as a wholly owned subsidiary in 1988. Since then the company has – under Industrivärden's management – undergone a comprehensive restructuring involving a narrowed business focus and a subsequent improvement in profitability. In 1995 an offer was directed to Industrivärden's stockholders to purchase 55 percent of the shares in PLM, with the expressed intention that an additional 20 percent or so would be divested at a later date in order to achieve a broader ownership base. Industrivärden's intention is thus to keep about 25 percent of PLM in the portfolio of listed stocks as an investment in a company whose sales are close to the end-consumers, which is not particularly sensitive to economic swings, and which shows favorable, steady growth.

Due to its exposure to the financial markets, primarily in Sweden, the holding in **Handelsbanken** complements the portfolio with a high dependence on macroeconomic developments in Sweden. This is not the case for most of the other holdings in the portfolio. Handelsbanken is reassuringly well-managed and emerged from the difficult years in the early Nineties in considerably better form than most comparable companies in the financial sector.

The holding in **Skanska** represents an investment in one of the best construction and property management companies in the business. Like the investment in the banking sector, this investment is highly dependent on macroeconomic conditions in Sweden, even though Skanska is energetically and successfully pursuing an internationalization of its contracting business. The risks and opportunities associated with this business should be judged with due consideration of the company's strong financial position.

The **SSAB** holding is an interesting complement to the portfolio in that the company – and thus its stock – is characteristically cyclical. That the holding remains a part of the listed portfolio underscores the fact that the investment is intended to last longer than one cycle in the steel industry and is an expression of the high confidence in the company's management.

The investment toward the end of the year in **Custos** shares with strong voting rights was made in consideration of the common ownership interest that Industrivärden and Custos have in Skanska and SCA, as well as in light of the extensive changes that took place in Custos' ownership structure in 1995.

The investments during the past year in **Volvo B** and **Skandia** were made with a medium-term view of these stocks, which were seen as interesting additions to the portfolio and without a view toward acquiring influential ownership positions. At the beginning of the current year a similar investment was made in Astra B shares.

As an AGA stockholder, Industrivärden received a dividend in 1994 consisting of shares in Frigoscandia. In 1995 ASG made a public offer to Frigoscandia's stockholders, which Industrivärden accepted. Part of the payment consisted of stock in ASG. Whether or not these shares will be kept in the portfolio of listed stocks is currently under consideration. The decisive factor will be a comparison of the anticipated yield with reasonable alternatives.

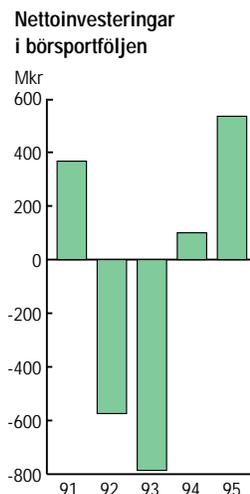
#### PRICE TREND OF HOLDINGS IN THE LISTED STOCK PORTFOLIO

Stock	Change in value % per year		Value, SEK M Dec. 31, 95	Share of portfolio value,%
	1995	1991-95		
Ericsson	36	19	3,026	22
AGA	35	10	2,912	21
SCA	-10	4	1,984	14
PLM			1,839	13
Handelsbanken	41	13	1,731	13
Skanska	33	10	957	7
SSAB	-16	28	757	5
Custos	47	0	319	2
ASG	6	18	103	1
Volvo	-3	27	75	1
Skandia	40	10	72	1
Industrivärden's portfolio	20		13,775	100
Affärsvärlden General Index	18	15		

#### PERFORMANCE OF THE LISTED PORTFOLIO IN 1995

The market value of the portfolio of listed stocks was SEK 13,775 M on December 31, 1995, compared with SEK 9,487 M at year-end 1994. Adjusted for purchases and sales during the year, the value of the portfolio rose by 20 percent. The Affärsvärlden General Index rose by 18 percent during the same period (based on bid prices). From the end of 1995 through March 4, 1996, the adjusted portfolio value rose by 6 percent, compared with 10 percent for the Affärsvärlden General Index. At the end of 1995 the difference between the market value and book value of the listed portfolio, the so-called hidden reserve, amounted to SEK 8,039 M (5,298). The holdings in Ericsson, AGA, Handelsbanken and Skanska performed considerably better than the index. However, SCA's and SSAB's stock prices fell during the year.

## PORTFOLIO OF LISTED STOCKS



Purchases of listed stocks in 1995 amounted to SEK 820 M (601), and sales totaled SEK 275 M (501). Net purchases thus amounted to SEK 545 M (100). The largest purchases and sales were:

- *Purchases:* 2,475,000 Custos A, 1,993,860 Ericsson A through participation in a rights issue during the year, 826,000 ASG B, 550,000 Volvo B and 400,000 Skandia.
- *Sales:* 5,783,000 Frigoscandia A and 900,000 Frigoscandia B.

Both Ericsson and SSAB carried out 4-for-1 stock splits during the year.

The result of the limited sales of listed stocks in 1995 was a profit of SEK 86 M (325). As an industrial holding company, Industrivärden is exempt from capital gains taxes. Dividends received on listed stocks in 1995 amounted to SEK 254 M (362).

### YIELD AND RISK OF THE PORTFOLIO

The yield of the portfolio of listed stocks has been described as the change in value during a given period, adjusted for purchases and sales during that period. By adding dividends received from the investments in listed stocks during the period – which for technical reasons are assumed to be invested in the same stocks from the time the dividend was received – the total yield, or effective yield of the listed portfolio, is arrived at. Based on this measure, the portfolio's yield in 1995 was nearly 25 percent, compared with the 20-percent rise for the overall market (according to the Findata yield index).

The yield of the listed portfolio should be put in contrast with the risk the investments in the portfolio entail when compared with the market as a whole. The concept of total risk indicates the extent that the listed portfolio's effective yield during a given year can be expected to deviate from the long-term average (expressed here as a yearly standard deviation, in percent). The total risk thus entails positive as well as negative deviations from the long-term average. In 1995 the listed portfolio's average, calculated total risk was slightly more than 30 percent, compared with about 24 percent for the Findata yield index. The deviation is explained primarily by the greater weight of shares in Ericsson and Handelsbanken in Industrivärden's portfolio, compared with their weight in the index.

The fact that Industrivärden's actively managed portfolio – with a limited number of influential ownership positions – shows a higher degree of risk than the index portfolio, concurs with the investment orientation. The degree of risk in the portfolio can continuously be adjusted by shifting the investments. The result of risk measurement is largely due to the historical development of the various stocks in question. Therefore, when assessing future developments, the risk measurement described here is only one of many indicators. The significance of the somewhat higher degree of risk in Industrivärden's listed portfolio in relation to the market average is intentional: the portfolio should have a good chance of outperforming the index.

PORTFOLIO OF LISTED STOCKS ON DECEMBER 31, 1995

	Class	Number/ par value, SEK	Market value SEK M	Percentage share of voting rights* capital*	
<b>ENGINEERING</b>					
Ericsson	A	21,930 000	3,026	26.5	2.3
PLM		19,667,000	1,839	45.3	45.3
SSAB	A	10,700,000	728	11.1	8.7
	B	440,000	29		
Volvo	B	550,000	75	0.0	0.1
<b>FORESTRY</b>					
SCA	A	18,232,000	1,933	24.2	9.5
	B	500,000	51		
<b>BANKS</b>					
Handelsbanken	A	12,545,000	1,731	5.7	4.9
<b>REAL ESTATE AND CONSTRUCTION</b>					
Skanska	A**	2,771,000	632	13.8	3.2
	B	1,425,000	325		
<b>CHEMICALS</b>					
AGA	A	28,915,000	2,646	20.7	13.1
	B	2,350,000	215		
Convertibles	B	24,163,050	51		
<b>OTHER COMPANIES</b>					
ASG	B	826,000	103	2.8	4.9
Custos	A	2,475,000	319	6.7	5.2
Skandia		400,000	72	0.4	0.4
			13,775		

\* After full dilution.

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

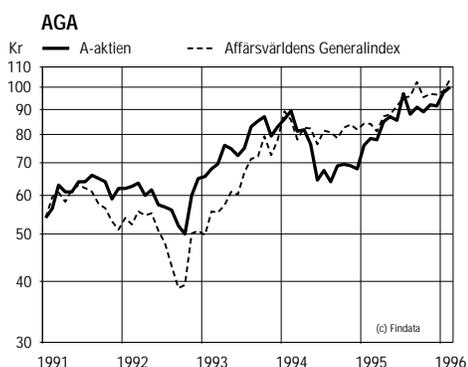
## STOCKS IN THE LISTED PORTFOLIO

The seven largest holdings in the portfolio of listed stocks are described on this and the following pages. The holdings are concentrated in stocks with strong voting rights, in accordance with Industrivärden's investment strategy. As controlling holdings, most of them represent values that, in certain cases, exceed the market price.

The market value of the seven largest stockholdings accounted for 95 percent of the portfolio's total market value at year-end 1995. Their price trend determines the growth in value of the listed portfolio.

Industrivärden's mix of holdings deviates from the market composition. There is also a deviation with respect to Industrivärden's holding of wholly owned businesses. Packaging and forest-products companies, as well as financial operations, make up a larger share of Industrivärden's equity investments than for the market as a whole.

Industrivärden's share of the capital and votes in the respective companies, after full dilution, accompanies the following description of each stockholding. The descriptions also include the companies' earnings per share according to the calculations of the companies, and their proposed dividends for 1995. The share price in relation to the General Index for the past five years is shown in the charts.



Industrivärden is AGA's largest stockholder. Throughout most of the past five-year period AGA's stock has outperformed the index. In 1994 AGA's stock price was affected by the dividend of Frigoscandia shares.

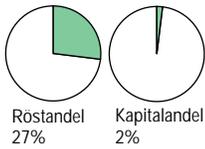
### AGA

AGA is the world's fifth-largest gas company. The group manufactures and sells industrial and medical gases. A broad customer base, a wide geographic spread of operations and many areas of application provide stability and relatively low sensitivity to economic trends. The business is characterized by steady growth in sales, earnings and return on capital.

AGA's most important products are oxygen, nitrogen and argon. The majority of its customers are in the engineering industries and in the health-care sector. The products are used in a wide range of applications. Downturns in a particular sub-market are often compensated by increases in another.

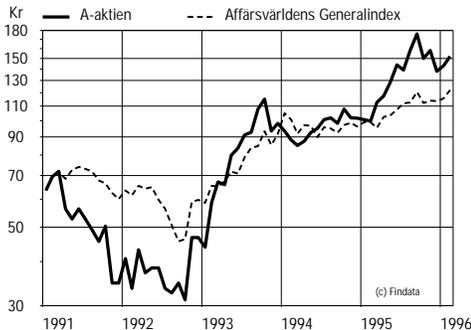
AGA attends to its customers' total need of gas – from standard supplies to customized solutions.

Sales outside Sweden account for nearly 90 percent of total. The most important geographic markets are Europe, the United States and South America. AGA has established traditions in Latin America and is the leading industrial gas company in the region.

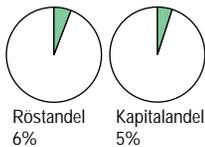


Earnings per share:  
SEK 6.00 (4.47).  
  
Proposed dividend per share:  
SEK 1.75 (1.38).

### Ericsson

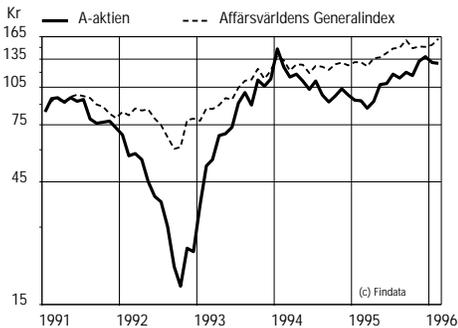


Industrivärden is Ericsson's largest stockholder. This holding dates back to 1944, when Industrivärden was established. During the past five years the holding has contributed substantially to the portfolio's yield. Ericsson's stock has outperformed the index during the past three years.



Earnings per share:  
SEK 17.85 (10.14).  
  
Proposed dividend per share:  
SEK 3.75 (3.00).

### Handelsbanken



Industrivärden is Handelsbanken's third-largest stockholder. Handelsbanken has been Sweden's most profitable commercial bank for many years, and it survived the financial crisis in Sweden better than any other bank.

## ERICSSON

Ericsson is an international telecommunications leader. Its key products consist of advanced systems for fixed and mobile telecommunications in both public and private networks. Other products include business communications, defense systems and components.

One of Ericsson's key products is the AXE telephone exchange, which has been installed in more than 110 countries. The fastest-growing product segment is mobile telephony, in which Ericsson is a world leader with a market share of more than 40 percent in 74 countries altogether. The company's market share is even higher for digital systems.

The most important geographic markets are Europe, North America, Latin America and the Far East. Sales outside Sweden account for nearly 90 percent of total.

Ericsson has had very strong growth in volume and earnings in recent years, mainly due to its success in mobile telephony. The volume growth is the result of substantial investments in new product and systems development. More than 60 percent of sales are derived from products that did not exist on the market three years ago. Total technology expenditure amounts to approximately 20 percent of sales.

## HANDELSBANKEN

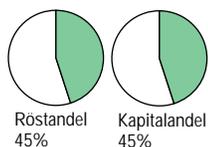
Handelsbanken is one of Sweden's leading commercial banks. A distinguishing characteristic of Handelsbanken is that customer responsibility rests with the local branch offices, where each customer's services are coordinated with the support of regional and central specialists. The individual branches are responsible for providing their customers with qualified, coordinated service from all the bank's units.

Handelsbanken's objective is to be a universal bank offering all types of banking services for private and corporate clients, including traditional deposits and lending, real estate mortgages, payment facilities, investment banking, trading, factoring, leasing and life insurance.

In recent years the investment banking and trading activities have been coordinated within Handelsbanken Markets. The bank's share of total equity trading conducted on the Stockholm Stock Exchange has risen as a result of this organizational change.

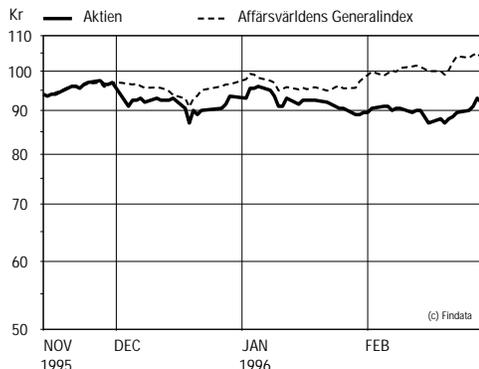
Handelsbanken's operations are concentrated in Sweden. Universal banking operations have also been established in Norway and Finland. The bank has representative offices in Western Europe, Asia, Australia and the U.S.

STOCKS IN THE LISTED PORTFOLIO



Earnings per share: SEK 8.48.  
Proposed dividend per share: SEK 2.00.

PLM



In fall 1995 Industrivärden made an offer to its stockholders to acquire 55 percent of the shares in PLM. The price trend after the stock market introduction in November 1995 is illustrated in the chart.

PLM

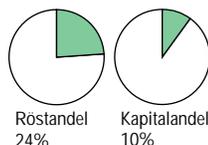
PLM is one of Europe's leading packaging companies. Its products consist of consumer packaging made of metal, glass and plastic for European beverage and food producers.

PLM's operations are divided into three business areas: beverage cans, glass packages and plastic packages. The company has production units in a total of eight European countries.

PLM is Europe's fourth-largest manufacturer of beverage cans and the fifth-largest manufacturer of glass packages. In the plastic packaging segment, PLM is Europe's second-largest manufacturer of refillable PET bottles.

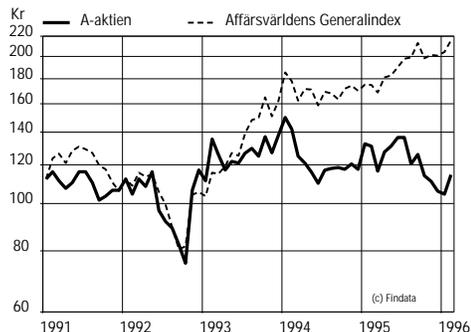
Developing recycling systems for all types of packages has always been a key element in PLM's strategy.

From 1988 to 1995, PLM was a wholly owned subsidiary of Industrivärden, which initiated a comprehensive restructuring of the company. As a result, PLM's sales to the beverage industry rose from 40 to 80 percent.



Earnings per share: SEK 17.55 (2.94).  
Proposed dividend per share: SEK 4.75 (3.75).

SCA



Industrivärden is SCA's largest stockholder. SCA's stock has performed below the index during the past five years, especially in 1994 and 1995.

SCA

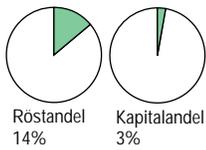
SCA is one of Europe's largest forest-products companies following the 1995 acquisition of a majority shareholding in the German company PWA. The group's principal products are hygiene products, packaging and graphic paper. The addition of PWA strengthens the group's hygiene-products and packaging business, and complements the graphic paper business.

Corrugated fiber board in bulk and finished packaging, as well as soft tissue paper and hygiene products, account for roughly 65 percent of sales. Highly processed printing paper and sawn timber are other important products. SCA uses equal amounts of recycled fiber and virgin growth in its production.

The most important geographic market is Western Europe, with a concentration in Germany, the U.K., Sweden and France.

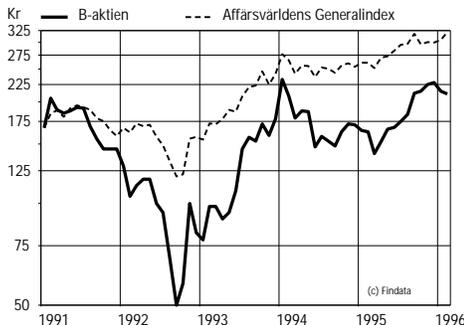
According to SCA's business concept, profitability is to be based on products with high value added. This has led to a successive decrease in the cyclical element of the traditional forest-products industry and enabled the company to moderate the drop in earnings during the 1991-93 recession. Earnings for 1994 were charged with sizable costs for restructuring the hygiene products business.

Earnings improved significantly in 1995, mainly in the packaging and graphic paper business. In the hygiene products segment, SCA's soft tissue unit has been integrated into PWA's.

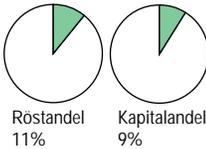


Earnings per share:  
SEK 13.75 (21.35).  
Proposed dividend per share:  
SEK 5.00 (3.75).

### Skanska

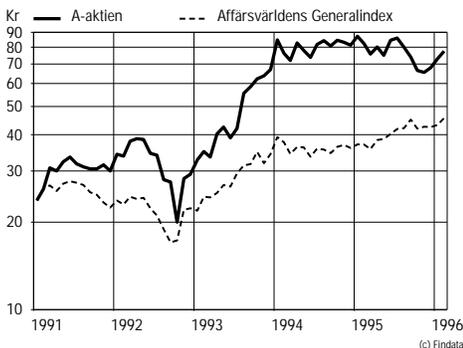


Industrivärden is Skanska's second-largest stockholder. From the end of 1992 the share has performed better than the index.



Earnings per share:  
SEK 21.30 (12.20).  
Proposed dividend per share:  
SEK 4.00 (2.50).

### SSAB



Industrivärden is SSAB's largest stockholder. SSAB's operations are characteristically cyclical. During the time Industrivärden has owned this stock, it has performed considerably better than the index, with the exception of 1995, when the stock price fell in anticipation of an economic downturn.

## SKANSKA

Skanska is one of Europe's top ten construction and property management companies. Operations involve building and contracting, property management, asset management and management of an equities portfolio. The company has a very strong financial position on account of a substantial portfolio of listed stocks and extensive property holdings. Skanska is the largest stockholder in Sandvik and Euroc, and the second-largest stockholder in SKF.

Skanska has been able to compensate in large part for the weak Swedish construction market in recent years through its rapidly expanding foreign contracting business. The company has construction experience from more than 80 countries. Foreign revenues have risen from about 10 percent at the end of the 1980s to about 40 percent today.

Several major infrastructure projects in Sweden, such as the Öresund bridge, have given a big boost to the low orderbook in the housing and commercial sector.

The property management business was hurt by higher vacancy rates and falling rents during the 1991–93 recession. The market stabilized in 1994 and 1995. Restructuring arrangements have been carried out with Securum, among others, in order to consolidate holdings.

## SSAB

SSAB is Scandinavia's leading producer of commercial steel. Production consists primarily of thin sheet metal and heavy gauge plate. Thin sheet metal is further processed for construction applications and for the engineering industry. Heavy gauge plate is used for the manufacture and maintenance of machines.

Thin sheet metal is an international commodity. SSAB exports most of its production, primarily to Western Europe. Heavy gauge plate is sold in Europe and the United States.

SSAB is active in the Swedish commercial-steel market through Tibnor, a steel trading company. Most of Tibnor's product line is bought externally.

Sales outside Sweden account for about 55 percent of total.

Through various restructuring measures SSAB has cut its processing costs and thereby sharply improved its earnings. Rising market demand and a favorable price trend resulted in a near doubling of earnings for 1995 compared with the preceding year.

## INDUCTUS

*Inductus comprises six medium-sized industrial companies in the light-engineering sector.*



**Wibe became a subsidiary of Thorsman in 1995.**  
*Suspended ceiling in an office environment.*



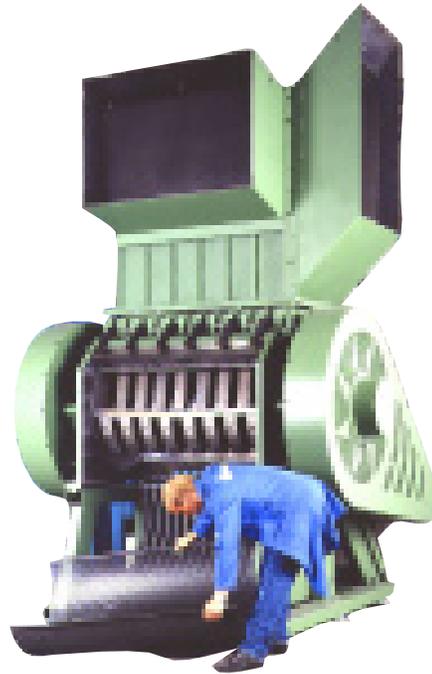
**Besam is the world's largest supplier of door automation.** *Automatic sliding doors at Stockholm's World Trade Center.*



**Thorsman is the Scandinavian market leader in electrical trunking.** *The IHC (Intelligent House Control) system is an electronic control and monitoring system for electrical functions in buildings.*

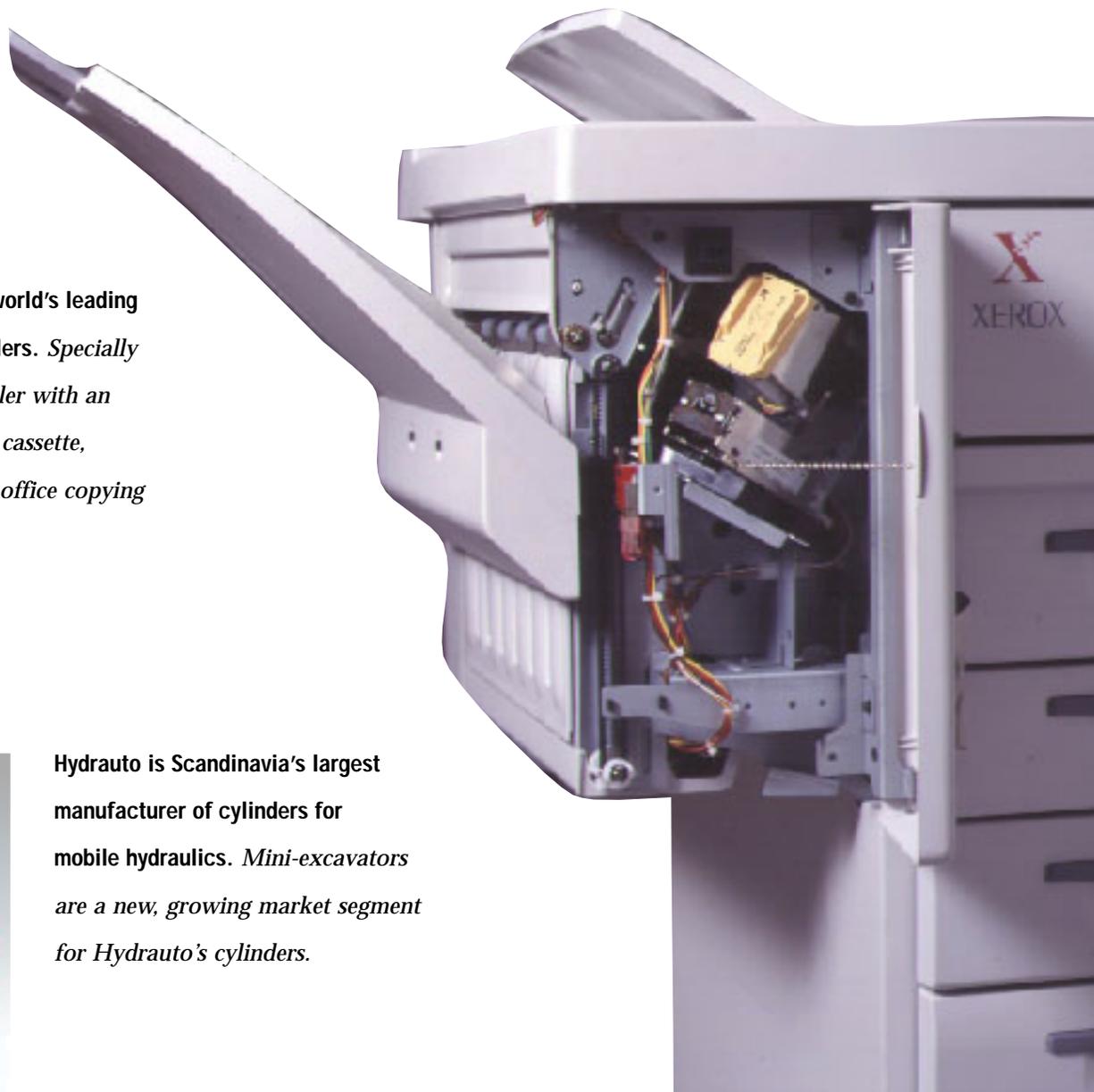
Rapid is the largest European manufacturer of small and medium-sized mills for recycling plastic.

*During the year Rapid developed a large granulating mill – for a market segment not previously covered.*



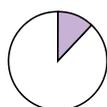
Elitfönster is Sweden's largest window manufacturer. *Elitfönster merged with Myresjöfönster at the beginning of 1996.*

Isaberg is one of the world's leading manufacturers of staplers. *Specially designed electric stapler with an accompanying staple cassette, incorporated into an office copying machine.*

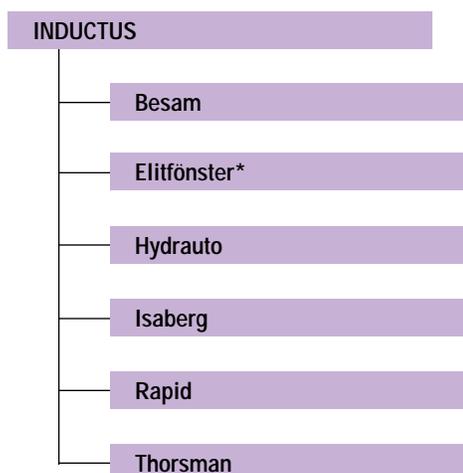


Hydrauto is Scandinavia's largest manufacturer of cylinders for mobile hydraulics. *Mini-excavators are a new, growing market segment for Hydrauto's cylinders.*





Inductus' Share of  
Industrivärden's  
Market-Valued Assets



\*In the beginning of 1996 Elitfönster merged with Myresjöfönster and Combiglas, Industrivärden and Skanska each has a 50 percent shareholding in the new company.

The Inductus group comprised six companies during the year, which together had approximately 40 subsidiaries in Sweden and abroad. At year-end the group had approximately 4,400 employees, of whom some 1,900 were based outside Sweden.

#### OBJECTIVE AND BUSINESS CONCEPT

Inductus' objective is to manage a group of midsize industrial companies in the light-engineering sector. The intention is to grow the group mainly organically, although structural changes may also be effected through company acquisitions and divestitures. Inductus' size will thus change with time.

The Inductus units are required, among other things, to have a certain minimum size, a market-leading position, an international focus and good prospects for organic growth. Good earnings capacity and return on capital are also required. Moreover, the operations should not be too capital-intensive.

#### STRUCTURAL CHANGES

Two Inductus companies, Thorsman and Wibe, both of which are active in the market for electrical installation materials, were merged in the beginning of 1995 into a single concern, with Thorsman as the parent company. The objective of the new company is to create better conditions for expansion outside the Nordic countries.

In January 1996 an agreement was reached concerning the merger of Elitfönster with two subsidiaries of Myresjö AB: Myresjöfönster and Combiglas. The new window-manufacturing group will be equally owned by Industrivärden and Myresjö AB, a subsidiary of Skanska.



*Clas Reuterskiöld, President*

*Board of Directors: Carl-Erik Feinsilber (Chairman), Lena Blomkvist, Jörgen Dahlberg, Bo Damberg, Ulla Heikkilä, Jan Ekman, Sten Langenius, Berthold Lindqvist, Clas Reuterskiöld (President), Carl-Olof By (deputy), Anders Unger (deputy).*

#### INDUCTUS IN SUMMARY

SEK M	1995	1994	1993	1992
Invoiced sales	4,466	4,033	3,701	3,861
Of which, outside Sweden, %	71	73	72	65
Earnings after depreciation	319	346	312	175
Earnings after financial items	295	327	297	130
Ditto, excluding nonrecurring items	295	296	283	128
Return on capital employed, %	21	22	19	11
Ditto, excluding nonrecurring items, %	21	20	18	11
Capital expenditures	175	138	109	137
Visible equity ratio, %	47	48	47	38
Average number of employees	4,279	3,967	3,945	4,948
Of whom, outside Sweden	1,943	1,842	1,659	2,048

## ORGANIZATIONAL STRUCTURE

Inductus' executive management focuses on strategic matters, business management and control with the help of a well developed planning and reporting system. Operations are highly decentralized, and each company in the group is fully responsible for its earnings growth and capital budgeting. This means that each company must have a complete organizational structure and may not be dependent on continuous operative support from Inductus.

The strategy of decentralization and management by objective has proved to work well for Inductus. A thoroughly implemented, decentralized management strategy is especially important in enabling decisions to be made as near to the market as possible.

## RETURN ON CAPITAL

Inductus' profitability requirement for the companies in the group is that they should generate an average return on capital employed of at least 20 percent over a business cycle. Four of the six subsidiaries exceeded this target in 1995. For the group as a whole, return on capital employed was 21 percent (20), before taking nonrecurring items into account.

## INTERNATIONALIZATION

A high degree of internationalization is an important element in Inductus' strategy. Weak demand in the home market, combined with exchange rate developments, has led to a greater share of foreign sales in recent years. Future expansion will take place primarily abroad – mainly in Europe – where most of the Inductus companies are already firmly established in the major markets.

Besam, Isaberg and Rapid sell more than 90 percent of their production outside Sweden. The corresponding portion for Thorsman is about two-thirds. Hydrauto conducts a substantial amount of indirect export.

## MARKET POSITION

The goal is that all of the Inductus companies will be leaders in their business in the key geographic markets, and that they will have a prominent position in Europe as a whole.

**Besam** is the world's largest supplier of door automation. **Thorsman** is a leader in its home market of the Nordic countries in several product areas, including material and trunking for electrical installations, telecommunications and lighting masts, as well as Wibe's hallmark product: ladders for industry, craftsmen and households. **Isaberg** is a world-leading manufacturer of staplers. **Rapid** has a strong position in Europe and the U.S. with its small and medium-sized mills for recycling plastic waste. **Hydrauto** is one of Scandinavia's largest manufacturers of cylinders for mobile hydraulics. **Elitfönster** is Sweden's largest manufacturer of windows.

## INDUCTUS AND THE ENVIRONMENT

The environment is a key concern of the Inductus companies, which strive to maintain a high standard in the work environment while minimizing any adverse impact on the natural environment.

Discharges of waste products into the environment are handled in a manner that assures the smallest possible environmental impact. The goal is that the products manufactured by the Inductus companies will not impact the environment in the manufacturing process, when they are used, or when they are discarded.

Work environments must not only be safe. They must also be stimulating and rewarding for employees, who should be able to influence their work environment.

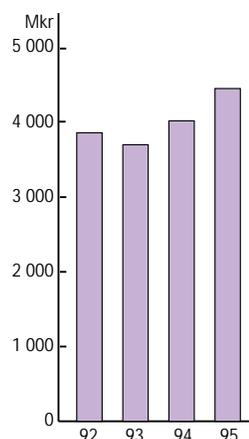
Environmental concerns at Inductus can be broken down into three areas of focus: the work environment, manufacturing processes and product recycling.

Work-environment projects have been carried out at several Inductus companies. During the year Isaberg put the finishing touches on a new work organization, with rotation assembly and flow groups. Rapid has put an efficient, flow-oriented production process into operation at its new plant in Värnamo.

Manufacturing processes are continuously being improved and environmental matters are taken into consideration. Wibe is currently implementing a major environmental investment at its galvanization plant in Mora.

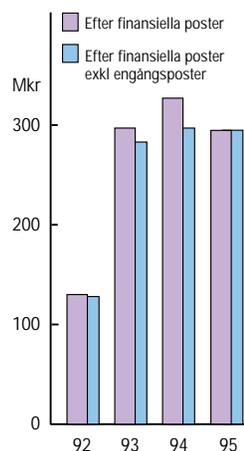
Product recycling is a new area of concern that has come into focus partly as a result of German environmental legislation and major customers' demands for the recycling of volume products. Rapid's mills for granulating plastic waste play a natural role in this context.

## Fakturering\*



\* Invoicing increased by an average of 12 percent per year from 1992-95 for comparable units.

## Resultat



## INVOICED SALES AND EARNINGS

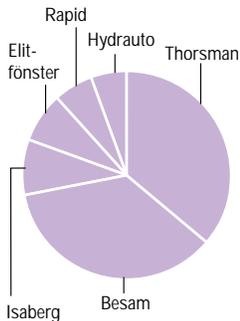
The general industrial trend in Inductus' most important markets in the Nordic countries and the rest of Europe remained favorable in 1995.

## INDUCTUS COMPANIES

SEK M	Invoiced sales		Earnings after net financial items		Return on capital employed, %*	
	1995	1994	1995	1994	1995	1994
Besam	1,590	1,505	112	105	27	25
Elitfönster	344	312	-18	-4	neg	neg
Hydrauto	246	197	14	9	20	15
Isaberg	381	368	24	38	16	24
Rapid	272	220	26	32	30	50
Thorsman	1,620	1,431	135	116	24	21
Other	13	-	2	31		
<b>Total</b>	<b>4,466</b>	<b>4,033</b>	<b>295</b>	<b>327</b>	<b>21</b>	<b>20</b>

\* Excluding nonrecurring items.

#### Fakturering per företag



Invoiced sales amounted to SEK 4,466 M, up 11 percent for comparable units. The increase is mainly attributable to the export-oriented companies.

Earnings after financial items were SEK 295 M (327). The previous year's figure included a capital gain of SEK 31 M from the sale of subsidiaries. Return on capital employed was 21 percent (20), excluding nonrecurring items.

Compared with the preceding year, the now-merged companies Thorsman and Wibe both noted considerable earnings improvements. Hydrauto is also showing a steady rise in earnings, while Isaberg, Rapid and Elitfönster had lower earnings than in the preceding year. Besam's earnings were higher than in 1994.

Thorsman has benefited from high demand for installation systems and cable support materials in the home market. Hydrauto improved its earnings through strong growth in volume, despite greater development costs for new products and production lines.

Besam reported favorable growth in volume and earnings in the United States and the Benelux countries, among others. This compensated for lagging volume growth in Germany and France.

As in 1994, Elitfönster was hurt by the weak market situation. The Swedish operations ran at break-even on the whole, while the German operations showed a sizable loss.

Isaberg has had weak growth in volume and earnings. It was necessary to switch distributors in the U.K. and the U.S. during the year, which hurt sales volume.

Rapid grew its invoicing by 24 percent, requiring an expansion of capacity in Sweden and the U.S. This capacity buildup will burden earnings during a transitional period.

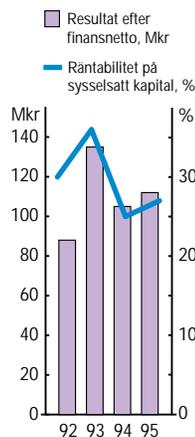
Of the Inductus group's invoiced sales, 29 percent pertained to Sweden, 10 percent to the other Nordic countries, 45 percent to other European countries and 16 percent to the rest of the world.

## Besam

Besam specializes in door automation, which includes automated swinging and sliding doors with impulse sensors, and revolving doors. The product range also includes electronic locking systems for hotels and a line of security products. Door automation is by far the dominant business, accounting for about 95 percent of total sales. Service and maintenance of installed systems account for a rising share of sales.

Automatic door openers are used both indoors and in building entrances. The largest application areas are supermarkets, retail chains, public terminals and hospitals.

## Besam



SEK M	1995	1994	1993	1992
Invoiced sales	1,590	1,505	1,329	935
Earnings after financial items	112	105	135	88
Return on capital employed, %	27	25	36	30
Average number of employees	1,434	1,327	1,156	1,023

## MARKETS

The use of door automation has risen steadily for many years and new customer groups are continuously emerging. As the world's largest provider of door automation, Besam is cultivating all the major markets in the Western world and is the market leader in Sweden, the U.S., the U.K. and the Benelux countries, among others.

Besam has subsidiaries in 18 countries in Europe, the U.S. and Southeast Asia, plus some 30 independent distributors. In all, business outside Sweden accounted for 91 percent of sales in 1995 and 77 percent of the work force.

## COMPETITORS

The chief competitors are in the U.S. (Stanley, Door-O-Matic, Horton and Gyro-Tech), Germany (Dorma and Geze) and Switzerland (Tormax and Record). Japan also has a number of manufacturers, however, their market shares in Europe and North America are only marginal.

For most of the major competitors, door automation accounts for a minor part of their total sales. Besam is one of the few companies in the business that focuses exclusively on door automation.

## DEVELOPMENT POTENTIAL

The broad market coverage in Europe and the U.S. is a unique value for Besam. Other values are quality products with a high degree of functionality, a high rate of growth, advanced technology, an extensive service organization and the fact that all component manufacture is handled by subcontractors.

During Besam's thirty-year history, door automation has shown steady growth and new customer groups are continuously emerging. The market for door automation is expected to continue expanding geographically as well as in terms of application areas.

Besam's principal strategy is organic growth. In 1993 the company carried out its first major acquisition – of the French company Faively – with a view to increase its market share in France.

## PRODUCTION

Besam has assembly plants in Sweden, Germany and the U.S. All component manufacture is handled by subcontractors. This minimizes the capital requirement, while giving Besam full control over quality and delivery capacity.

## BUSINESS TREND 1995

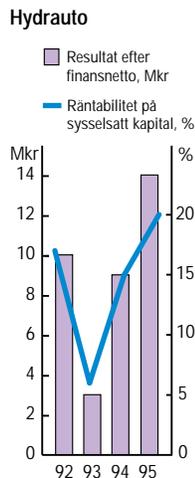
The trend in volume was stable in 1995, with a 6 percent rise in invoiced sales. However, price competition is intensive in most markets and prices are falling slightly.

In France and Germany the trend in volume and earnings was unsatisfactory. Capacity was reduced in France, while restructuring and efficiency-improvement measures were implemented in the German operations.

Earnings after net financial items totaled SEK 112 M (105). Return on capital employed was 27 percent (25).

## Hydrauto

Hydrauto's operations surround customized valve and cylinder components for mobile hydraulics. The company's products are used mainly on mobile cranes and construction machinery, as well as on dumpers and logging machines.



## MARKETS

Hydrauto's largest customer is the Hiab Group, which accounted for 68 percent of sales in 1995. Hiab, which is the world's largest manufacturer of mobile cranes, purchases most of its valves and cylinders from Hydrauto.

## COMPETITORS

The principal competitor in Sweden for cylinders is Voac, while Nordhydraulik is the main competitor for valves. Foreign competitors include the German companies Pacoma, Montan and Weber, and the British companies Cascade and Edbro. Most of the major machine manufacturers in Europe produce their own cylinders, although several have shown interest in alternative supplies.

## DEVELOPMENT POTENTIAL

Hydrauto is currently building two new production lines for light and medium-sized construction cylinders. This work is being conducted with the support of a cooperation agreement with the Japanese company Kayaba. The agreement gives Hydrauto access to a design and production technique developed by Kayaba.

## PRODUCTION

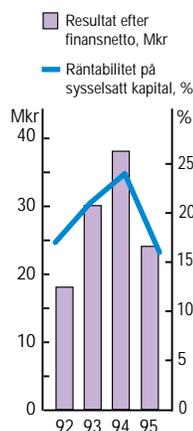
Manufacturing takes place at the plant in Skellefteå.

## BUSINESS TREND 1995

The business trend has been favorable since 1994 and Hydrauto has substantially increased its sales volume. Earnings improved by SEK 5 M to SEK 14 M, despite large development costs for the new construction cylinders segment.

SEK M	1995	1994	1993	1992
Invoiced sales	246	197	154	175
Earnings after financial items	14	9	3	10
Return on capital employed, %	20	15	6	17
Average number of employees	246	212	213	288

## Isaberg



SEK M	1995	1994	1993	1992
Invoiced sales	381	368	339	292
Earnings after financial items	24	38	30	18
Return on capital employed, %	16	24	21	17
Average number of employees	553	551	504	485

## Isaberg

Isaberg's products consist of staplers and narrow-gauge staples for the office and tool markets. The product line includes manual and electric staplers. Table-top staplers and stapling pliers are used in offices. Stapling pistols and hammers are used to fasten textiles, molding, moisture-barrier film and tar paper. For the OEM market, Isaberg has developed stapling machines designed for incorporation into copying machines, among other things.

## MARKETS

Isaberg is the largest company in Europe in its product area. Its products are sold in more than 100 countries, and more than 90 percent of sales are outside Sweden. The most important markets are Europe and North America. The products also reach markets in South America, the Middle East, Africa, the Far East, Australia and New Zealand, through a network of retailers.

## COMPETITORS

The industry is made up of a handful of global, brand-name producers with strong positions in their home markets, such as Arrow, Petrus, Rexel and Bostich. Some local manufacturing also takes place.

## DEVELOPMENT POTENTIAL

Isaberg's high degree of internationalization, with a presence in practically every country, is a unique value, as is the well known Rapid trademark, which has the broadest market coverage in the world.

One fundamental problem for Isaberg is that sales to end-customers in most markets are handled by distributors. By establishing its own sales companies in France, Germany and the U.K., Isaberg has set the stage for greater market shares and higher production volume in the Swedish plants.

Product development is a cornerstone of Isaberg's strategy of enhancing the potential for volume growth. The company has developed a specially designed electric stapler with an accompanying staple cassette, to be built into office copying machines. Deliveries of staplers for copying machines are expected to rise significantly in the years ahead.

## PRODUCTION

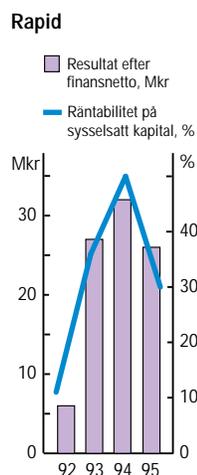
Isaberg's staplers are manufactured in the southern Swedish towns of Hestra and Östra Frölunda, while its staples are manufactured in Lutzelbourg, France.

## BUSINESS TREND 1995

Sales volume rose slightly, mainly owing to newly developed products. Earnings after net financial items totaled SEK 24 M (38), and the return on capital employed was 16 percent (24). The drop in earnings is a result of weak volume growth, rising material prices and higher production costs.

The change in the production organization to flow groups, begun in 1993 and concluded in 1995, entailed an initial drop in productivity. On the other hand, tied-up capital has been reduced substantially. Over time the new production organization will be a strength factor for Isaberg.

## Rapid



Rapid's products consist of small and medium-sized thermoplastic granulating mills, which are used to grind production waste from molds and rejected plastic products. The milled plastic is returned directly to the manufacturing process, thereby eliminating waste. Thermoplastic can be reused essentially without limit.

## MARKETS

Rapid is a European market leader and has a relatively large presence in the U.S. A special venture has been in progress for a couple of years in the Far East. In addition to Sweden, Rapid is represented locally in Germany, France and the U.S.

## COMPETITORS

The principal competitors are the companies Nelmor and Cumberland (U.S.), Herbolt, Palman and Getecha (Germany), Tria (Italy) and CMB (France).

SEK M	1995	1994	1993	1992
Invoiced sales	272	220	186	133
Earnings after financial items	26	32	27	6
Return on capital employed, %	30	50	36	11
Average number of employees	239	201	162	151

## DEVELOPMENT POTENTIAL

Rapid's unique value consists of its high share of the market for small and medium-sized granulating mills, as well as its know-how concerning the efficient manufacture of high-quality, low-noise mills.

The best business opportunities are to be found in the market for recycling plastic raw material in manufacturing processes. Rapid focuses exclusively on this niche and has stayed away from the plastic refuse segment, such as for recyclable bottles.

## PRODUCTION

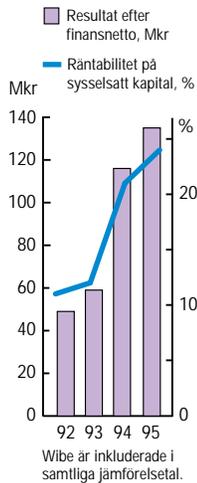
Rapid's mills are manufactured in Sweden at plants in Bredaryd and, starting in 1995, in Värnamo. The company has an assembly plant in the U.S., and an additional one will be put in operation in 1996.

## BUSINESS TREND 1995

Invoiced sales rose by 24 percent during the year. Deliveries were hampered during the early months of the year by the transfer of production from Bredaryd to Värnamo. Production capacity is being expanded in order to reduce delivery times, entailing certain initial costs.

Earnings after financial items amounted to SEK 26 M (32). Return on capital employed was 30 percent (50).

## Thorsman



SEK M	1995	1994	1993	1992
Invoiced sales	1,620	1,431	1,206	1,162
Earnings after financial items	135	116	59	49
Return on capital employed, %	24	21	12	11
Average number of employees	1,332	1,213	1,196	1,298

#### MERGER BETWEEN THORSMAN AND WIBE

The merger between Thorsman and Wibe was consummated on January 1, 1995, with Thorsman as the parent company. Both companies are active in the market for electrical installation material. The merger has created the conditions for more rapid expansion outside the Nordic countries. Thorsman and Wibe continue to operate separately in Sweden and the other Nordic markets.

## Thorsman

Thorsman's products include installation materials, such as plugs, clips, electrical boxes and cable seal systems. Thorsman also sells installation systems, such as cable trunking, service poles, raised access floors, floor-boxes, cable support systems and cable trays. Customized cable trunking with pre-assembled outlets for electricity, telecommunications and computer hookups is a rapidly growing product category. Other product areas are ladders and masts for lighting and communications.

### MARKETS

Thorsman has own sales companies in the Nordic countries as well as in Germany, the Netherlands, the U.K. and Ireland. The company has a strong market share in the Nordic countries and the Netherlands. Thorsman is ranked as a medium-sized company in the U.K., while its market share in Germany is small.

### COMPETITORS

Thorsman is active in many different product areas and markets, and thus there is a very large number of competitors. The principal competitors in the installation material business are Eljo and Busch-Jaeger in Sweden, and Hilti and Unifix in the U.K. The main competitors in the installation systems segment are van Geel (Netherlands), Ackermann and Tehalit (Germany), and Britmac (U.K.). In the cable support and cable tray business, the chief competitors are MP-verken and the Norwegian company Øgland.

### UNIQUE VALUES

Thorsman's most prominent, unique value is its strong position in the Nordic market. The company's product development, which has been contributing to a steady rise in value added, is another unique value.

### PRODUCTION

Thorsman's products are manufactured at plants in Sweden, the Netherlands, the U.K. and Ireland. In Sweden, plastic-based products are manufactured in Nyköping, aluminum trunking in Växjö, cable support systems and cable trays in Mora and Jokkmokk, ladders in Bodafors and Värnamo, and masts in Mora. The Drogheda plant in Ireland specializes in automated manufacture of plugs. Sheet metal-working for trunking and raised-access floors is conducted in Blackburn, England. Cable trays are manufactured mainly in Hoorn, the Netherlands.

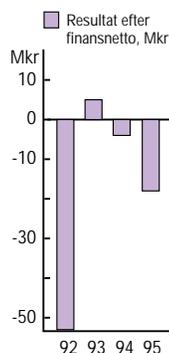
### BUSINESS TREND 1995

Growth in volume was good in Sweden, the U.K., the Netherlands and the Nordic countries. The cable support business showed a strong rise in volume and earnings in Sweden as a result of greater industrial

investment. The trend in volume and earnings was also favorable for the mast business, mainly due to a rise in deliveries of communications masts for mobile telephone systems.

Earnings after financial items totaled SEK 135 M (116). Return on capital employed was 24 percent (21).

Elitfönster



SEK M	1995	1994	1993	1992
Invoiced sales	344	312	354	444
Earnings after financial items	-18	-4	5	-53
Return on capital employed, %	neg.	neg.	6	neg.
Average number of employees	469	454	567	790

#### **MERGER WITH MYRESJÖ-FÖNSTER AND COMBIGLAS**

*In January an agreement was reached on the merger between Elitfönster and the Skanska companies Myresjöfönster and Combiglas. Industrivärden and Skanska's subsidiary Myresjö AB each own half of the shares in the new Elitfönster.*

*Combined sales of Myresjöfönster and Combiglas in 1995 totaled SEK 270 M. The products are manufactured in the southern Swedish towns of Vetlanda and Sävsjö. Altogether the companies have about 300 employees.*

*The merger between Elitfönster, Myresjöfönster and Combiglas is expected to yield significant opportunities for efficiency-improvement and lower costs in production, administration and sales. The companies' product lines complement each other well. The new Elitfönster will have about 700 employees, with annual sales estimated at just over SEK 600 M. The company's market share is roughly 40 percent.*

## Elitfönster

Elitfönster manufactures and sells windows and glass doors with wooden and aluminum frames. The product line includes standard windows as well as entirely customized solutions. The company thereby covers all needs in the Swedish window market. Elitfönster is the dominant supplier of sliding windows in the market.

### MARKETS

Elitfönster is Sweden's largest window producer. Roughly 85 percent of production is sold in Sweden, resulting in a large dependence on volume trends in the Swedish market. Following several years of sharply falling volume, the Swedish market stabilized at a low level in 1995.

Foreign operations consist primarily of eastern Germany, where Elitfönster has a subsidiary in Berlin with its own contracting business. There is also a sales company in Norway.

### COMPETITORS

The principal competitors in Sweden are STORA Bygg, through its SP-Snickerier manufacturing unit, Myresjöfönster, Traryd Fönster, Skellefteå Snickericentral and H-Fönstret in Lysekil. There is also a large number of small and medium-sized joineries engaged in small-scale production of windows.

### DEVELOPMENT POTENTIAL

Elitfönster's unique value includes a large market share in Sweden, combined with efficient, standardized manufacturing and a well developed marketing network for the building supplies trade. The company's strong position in the home market should be capable of generating substantial earnings once housing construction turns upward again.

### PRODUCTION

Elitfönster has two production units. The Lenhovda plant in southern Sweden manufactures mainly standard windows, while the Norsjö plant in northern Sweden manufactures primarily customized windows and various window components.

### BUSINESS TREND 1995

Business in Sweden benefited from a slight growth in volume during the year and essentially broke even. The subsidiary in Germany suffered a substantial loss in its contracting operations. In the future, business in Germany will be conducted strictly as a sales company.

A loss of SEK 18 M (-4) was reported after financial items.

## INDUTRADE

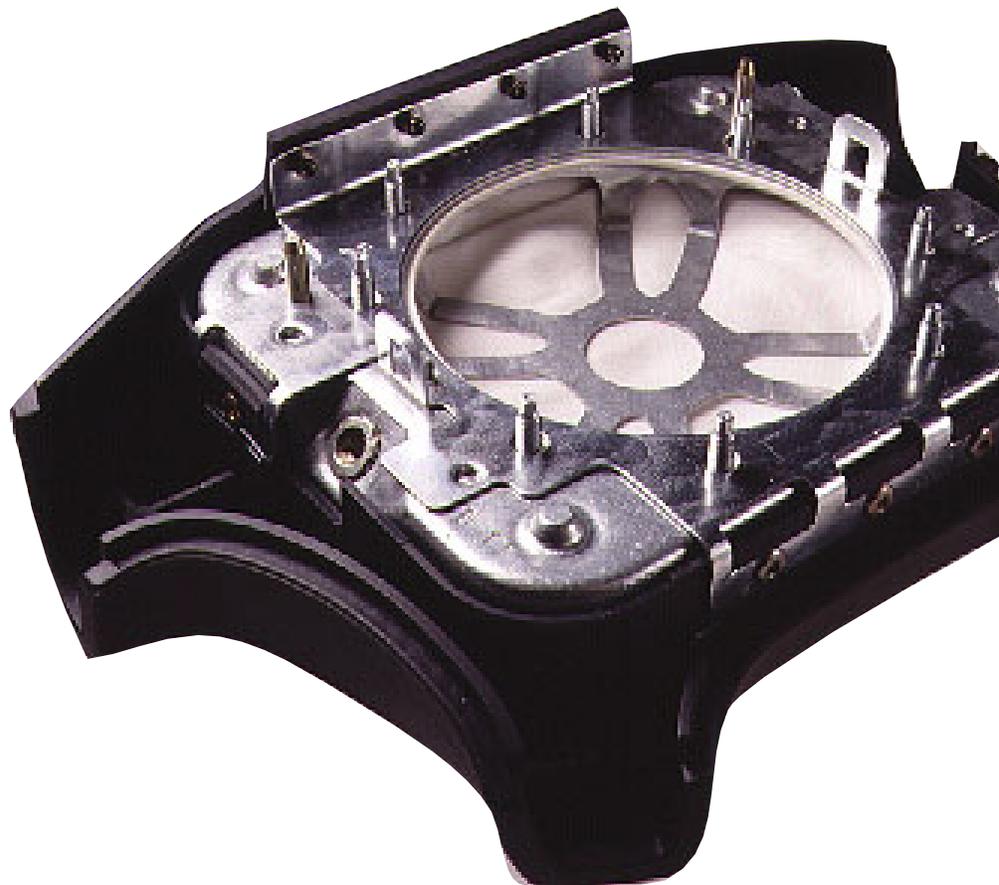
*Indutrade consists of some twenty trading companies in Sweden, Denmark, Finland, the Baltic countries and the Benelux countries, with a focus on the import and sale of qualified industrial components.*



*Argus valves, sold by Alnab, represent the expanding flow technology business.*



*Colly Company imports Mapal tools, used in metal-cutting operations.*



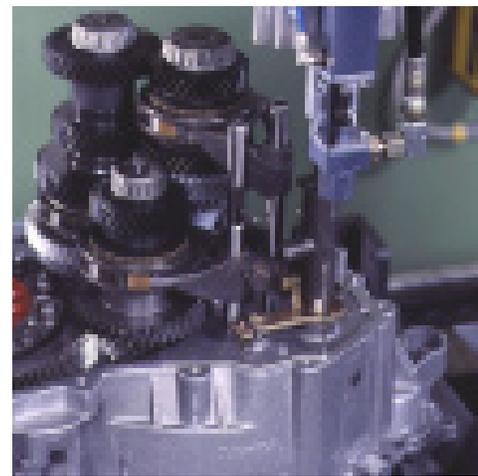
*Extremely high quality demands are placed on the mounts that Colly Company supplies for airbag holders.*



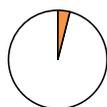
Pall filters and filtration systems are sold in the Netherlands, Denmark, Finland and Sweden. *A flushing system used to clean gearboxes prior to test runs.*



Semifinished plastics and machined plastic parts are sold by *Carlsson & Möller and Linatex.*



Manual and automated application of silicone rubber. *Silicone products and dosing equipment are sold by CCMP, Diatom and GA Lindberg.*



Indutrade's Share of  
Industrivärden's  
Market-Valued Assets



Indutrade's business concept involves the import and sale of technically qualified industrial components for which customers have a recurring need. Suppliers consist of international companies with brand-name products and major development resources as well as small manufacturers of niche products. Most of the products are global leaders in their respective segments.

The company's products should provide substantial value added in the form of technical competence in component selection, logistics, customer training, technical documentation and technical problem-solving. For Indutrade it is essential to analyze the customers' needs, offer products with a high technical content and to be able to show the products' total usefulness to the customer above and beyond their direct technical function.

Indutrade offers a high degree of technical know-how, a broad range of products and a number of well established brands. The principal markets are Sweden, Denmark, Finland, the Netherlands and Belgium.

#### STRUCTURAL CHANGES

Indutrade acquired two companies in the end of 1995: GPA Plast, with operations in Sweden and Norway, and Euronord. These two companies represent agencies in process and flow technologies and will be coordinated with Alnab Armatur, which was acquired in 1994. Indutrade is now one of the largest companies in process and flow technologies in the Swedish market.

The acquisition in fall 1994 of the outstanding minority shares in the Danish company Bloch & Andresen has enabled certain structural changes. The flow technology section at Linatex has been transferred to its sister company Granzow. Linatex has hereby become a company engaged exclusively in plastics processing and is coordinated with Carlsson & Möller. In addition, the Finnish units have been brought under joint management.



*Gunnar Tindberg, President*

*Board of Directors: Clas Reuterskiöld (Chairman), Leif Andersson, Carl-Olof By, Jan Carlborg, Börje Nordenö, Johan Rapp and Gunnar Tindberg (President).*

#### INDUTRADE IN SUMMARY

SEK M	1995	1994	1993	1992	1991*
Invoiced sales	1,311	1,087	829	730	796
Of which, outside Sweden, %	59	62	58	58	50
Earnings after depreciation	105	127	66	48	44
Earnings after financial items	97	118	61	47	19
Ditto, excluding nonrecurring items	97	88	61	33	19
Return on capital employed, %	21	29	19	18	14
Ditto, excluding nonrecurring items, %	21	23	19	14	14
Capital expenditures	41	27	14	14	13
Visible equity ratio, %	30	31	37	34	19
Average number of employees	617	563	512	515	584

\*Pro forma

The Finnish operations were expanded through the acquisition of agencies in the area of pumps, sealing technology and process technology.

The Belgian company CCMP sold its subsidiary Dewit Plastics, since the latter company's products did not fit into Indutrade's business concept.

#### ORGANIZATIONAL STRUCTURE AND MANAGEMENT BY OBJECTIVE

Indutrade's management philosophy is to delegate earnings responsibility to the persons who generate the business. As a result, the company's large subsidiaries are organized into product-oriented divisions whose managers bear earnings responsibility. Operationally Indutrade is organized into some 40 units with sales ranging from SEK 10–115 M and from 5 to 65 employees.

The key ratios most often used in analyzing profitability of the operating units are volume growth, profit margin and earnings after depreciation. Return on capital employed is also calculated for each of the subsidiaries.

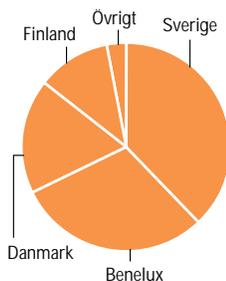
Indutrade's goal is that the group's average return on capital employed should amount to a minimum of 20 percent over a business cycle. The return in 1995 was 21 percent (23).

#### PRODUCTS AND MARKETS

Indutrade's business concerns primarily the import and sale of technological components to industrial companies with a recurring need in the Nordic and Benelux countries. The products are targeted primarily at local industry. Sales of ordinary consumer goods and capital goods are very limited. The product program is made up of the following nine product areas:

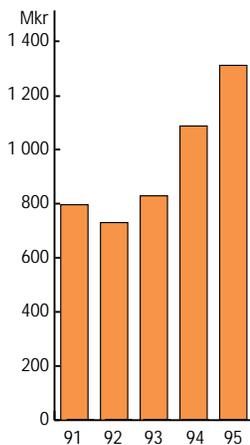
- transmission and materials handling
- mechanical assembly technology
- silicones, adhesives, sealants and lubricants
- filters and process technology
- tools and engineering
- structural plastics
- electric components
- compressed air, pneumatics and control technology
- glass and packaging technology.

Fakturering per marknad

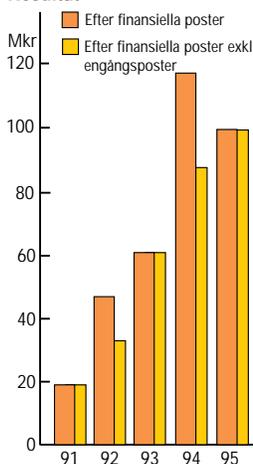


## INDUTRADE

### Fakturering



### Resultat



In addition to qualified technical products and advanced problem-solving by specialized sales engineers, customers are offered technical support by well equipped laboratories. Some of the group's companies have their own workshops in which customers can receive technical service and product refinement, particularly in the area of structural plastics.

The suppliers are mainly from Western Europe, the U.S. and Japan. As a rule the Indutrade companies have exclusive agency agreements for 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.

The customers of the Indutrade companies represent a cross-section of industry in the respective countries, with a concentration in the engineering industry. Rapidly growing customer groups include the pharmaceutical industry, the food industry, and the process industry.

## INVOICED SALES AND EARNINGS

The economic trend was favorable in all geographic markets, leading to continued organic growth.

Total invoiced sales in 1995 amounted to SEK 1,311 M, an increase of 21 percent. For comparable units, invoiced sales rose 11 percent. Price increases during the year were negligible.

Indutrade's earnings after financial items totaled SEK 97 M (118). The previous year's earnings included SEK 30 M from the sale of agencies. Excluding nonrecurring items, earnings were up SEK 9 M. All companies showed favorable earnings growth.

## SWEDEN

The Swedish operations accounted for 48 percent (38) of Indutrade's invoiced sales and thus make up the largest single market. Business is conducted in all product areas except compressed air, pneumatics and glass and packaging technologies.

The strong upswing for the export industry has led to a sharp rise in order bookings for Indutrade. Total invoiced sales of the Swedish operations in 1995 amounted to SEK 623 M, up 22 percent over 1994 for comparable units. The increase is mainly due to greater sales volume for most of the agencies.

Earnings after financial items improved by SEK 23 M to SEK 71 M. Earnings corresponded to 11 percent (11) of invoiced sales.

### INDUTRADE IN SWEDEN

Alnab  
Bengtssons Maskin  
Carlsson & Möller  
Colly Company  
ETP Transmission  
Euronord  
GPA Plast  
Kaj Mandorf  
G A Lindberg  
Novum

#### *INDUTRADE IN DENMARK*

Colly Company  
Granzow  
Diatom Verktøj  
Linatex

#### *INDUTRADE IN FINLAND*

Colly Company  
Lining  
YTM Industrial

#### *INDUTRADE IN THE BALTICS*

Industek, Estonia  
Indutek, Latvia

#### *INDUTRADE IN BENELUX*

##### **Netherlands:**

Hitma  
Aluglas  
Brouwers

##### **Belgium:**

CCMP

#### DENMARK

Granzow is active in compressed air, pneumatics and control technologies, while Linatex specializes in structural plastics. Colly works with process technologies, and Diatom markets mechanical assembly products as well as silicones, adhesives, sealants and lubricants.

Danish industry showed continued steady growth in 1995, and demand for agency products was strong.

Indutrade's invoiced sales in Denmark amounted to SEK 202 M, compared with SEK 194 M in 1994. Earnings after financial items decreased from SEK 22 M to SEK 11 M. Earnings corresponded to 5 percent (11) of invoiced sales.

#### FINLAND AND THE BALTICS

In the Finnish market, Indutrade operates in three areas: filters and water technology, engineering, and hydraulics and lubricants.

Finland's export industry thrived during the year, driven partly by an advantageous exchange rate. At the same time, domestic demand was weak, especially in the municipal sector, which is an important water technology customer. The rise in industrial production has had a favorable impact on Indutrade's business volume.

Invoiced sales in Finland amounted to SEK 189 M, an increase of 53 percent compared with 1994. Earnings after financial items were unchanged at SEK 19 M, corresponding to 10 percent (15) of invoiced sales.

During the past two years, Lining established subsidiaries in Estonia and Latvia. These work primarily in the area of water technology. Total invoiced sales in the Baltic countries amounted to SEK 4 M.

#### BENELUX

Indutrade is represented by the Hitma group in the Netherlands and by CCMP in Belgium. Hitma's companies are active in filters and process technology, and glass and packaging technology, while the CCMP group is active in silicones, adhesives, sealants and lubricants, as well as industrial chemicals.

The economies of the Benelux countries are strongly influenced by developments in the German economy. The trend was favorable during the year, leading to a rise in demand for Indutrade's products.

Total invoiced sales in the Benelux region amounted to SEK 338 M (325), and earnings after financial items were SEK 26 M (21), corresponding to 8 (6) percent of invoiced sales.

## FUNDAMENT

*Fundament manages eight commercial properties, including six in the Stockholm area.*

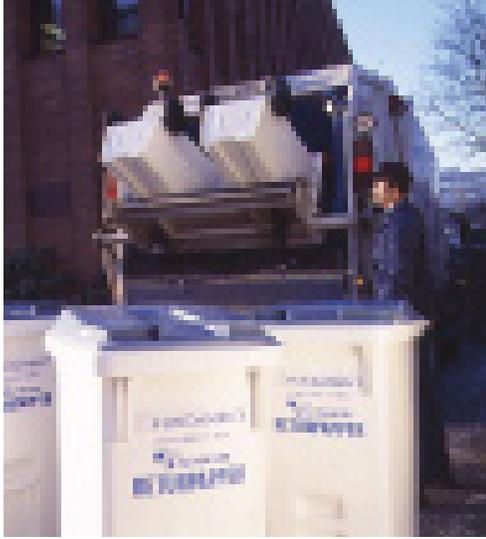


The Swedish Tax Board is the largest tenant *in the Pärnet 8 building in Solna.*



Newly renovated offices *in the Diana 2 building in Stockholm's Old Town, which also houses Fundament's head offices.*





The Storseklet 4 property is a beautifully situated building in the Stockholm suburb of Gröndal.

The environment is given high priority. Paper recycling has been introduced at most buildings.



The ground floor of the Nöten 4 building in Solna is home to a small bakery.

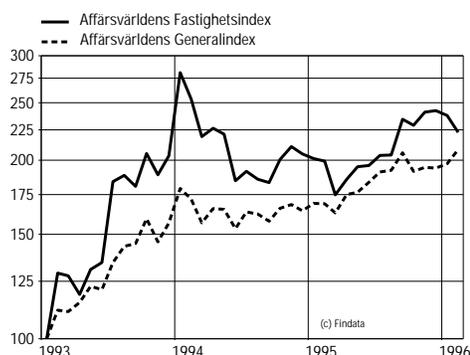


## FUNDAMENT



Fundament's Share of  
Industrivärden's  
Market-Valued Assets

### Fastighetsbranschens utveckling jämfört med generalindex



*The trend in real estate market can be illustrated by the fact that SEK 100 invested in an average real estate stock at the start of 1993 was worth SEK 280 in February 1994 and fell thereafter to SEK 240 by the end of 1995. (The corresponding values for the total market average were SEK 100, 180 and 190 respectively.)*



*Per Wärnegård, President*

*Board of Directors: Carl-Olof By (Chairman), Sven Hamberg, Per Jungkvist, Clas Reuterskiöld and Per Wärnegård (President)*

Fundament's property holdings consist of eight well situated, high-standard buildings. Six of these are located in the Stockholm area, and one each in Malmö and Karlstad, totaling 120,000 square meters of virtually all commercial space. No changes were made in the company's property holdings during the year.

Major renovation of the Nöten 4 and Päronet 8 buildings in Solna was started during the year. The buildings are undergoing a gradual modernization which includes glass corridors and new ceilings.

Planning for the refurbishment of the ventilation systems was carried out at an intensive pace during the year. The aim is to improve the indoor air quality with a more economical system. Energy consumption will be significantly reduced through heat recovery. The overhaul of the heating and ventilation systems and renovation of the office space will continue in 1996.

## FUNDAMENT AND THE ENVIRONMENT

Environmental matters associated with Fundament's property management had high priority during the year. Fundament provides designated areas for the storage and collection of refuse, and also arranges for removal. One of the company's tenants, Diana restaurant in Stockholm's Old Town, recycles virtually all the materials used in its restaurant operations in accordance with a comprehensive environmental plan.

## VACANCY RATE

The vacancy rate, which has historically been low, has risen in recent years and amounted to roughly 12 percent of leasable space at the end of 1995. Two leases were prematurely canceled during the year, whereby Fundament was compensated for future rental income. Measured in terms of rental value, the vacancy rate was thus about 4 percent.

More than half of the leasing contracts expire after the year 2000.

## THE MARKET

The surplus of commercial real estate in central Stockholm decreased during the year. However, the glut in the outlying areas will most likely remain for several years.

## FUNDAMENT IN SUMMARY

SEK M	1995	1994	1993	1992	1991
Rental income	106	114	116	133	123
Earnings before depreciation	81	89	94	101	83
Earnings after depreciation	69	77	82	89	70
Earnings after financial items	50	54	51	51	28
Market value of properties, less mortgaging	710	800	760	900	860

Effective interest rates remained very high during the year. The market index for real estate stocks rose 18 percent, which was on level with the General Index.

Sweden's parliament, the Riksdag, decided to reintroduce property taxes on commercial real estate, with effect from 1996. The tax, amounting to one percent of the tax assessment value, will have a negative impact on the rental market.

In the Stockholm area, demand for high-standard premises is expected to continue to rise in 1996.

## EARNINGS AND VALUATION

Fundament's rental income in 1995 totaled SEK 106 M, a decrease of 7 percent compared with the preceding year. This is mainly attributable to the higher vacancy rate and slightly lower rents in new contracts.

Earnings before depreciation amounted to SEK 81 M (89). Better lending terms led to an improvement in net interest expense, which totaled SEK 6 M. Earnings after financial items were SEK 50 M (54).

As in 1994, no external appraisal of the property holdings was performed. Assuming a yield of 8 percent, the property value amounts to SEK 1,000 M (1,100). A change of one percentage point would affect the calculated value by approximately SEK 130 M. The book value is SEK 590 M (600). Mortgages amount to SEK 290 M (300), or 29 percent (27) of the estimated market value.

### PROPERTY HOLDINGS

#### STOCKHOLM

**Diana 2**, Brunnsgränd 2-4, Nygränd 1-3  
Built 1600s-1700s  
Site area: 690 m<sup>2</sup>  
Floor area: 3,171 m<sup>2</sup>. Rental income: SEK 3.9 M. Tax assessment value: SEK 32.0 M

**Storseglet 3**, Bryggvägen 16-18  
Built 1985-86  
Site area: 4,554 m<sup>2</sup>  
Floor area: 6,751 m<sup>2</sup>  
Rental income: SEK 15.6 M. Tax assessment value: SEK 42.1 M

**Åsnen 2**, Sköntorpsvägen 27-31  
Built 1958-60  
Site area: 5,245 m<sup>2</sup> (leasehold)  
Floor area: 13,301 m<sup>2</sup>  
Rental income: SEK 7.1 M. Tax assessment value: SEK 27.8 M

**Sandberget 2 and 7**, Luntmakargatan 94-96  
Built 1905-10  
Site area: 856 m<sup>2</sup>  
Floor area: 2,121 m<sup>2</sup>, of which 221 m<sup>2</sup> residential  
Rental income: SEK 1.5 M. Tax assessment value: SEK 18.3 M

#### SOLNA

**Nöten 4**, Albygatan 111-115, Tritonvägen 17-27  
Built 1971-74  
Site area: 13,996 m<sup>2</sup>  
Floor area: 58,586 m<sup>2</sup>  
Rental income: SEK 48.2 M. Tax assessment value: SEK 344.0 M

**Päronet 8**, Albygatan 108-110, Korta gatan 2-12, Torggatan 5-9  
Built 1976-78  
Site area: 6,727 m<sup>2</sup>  
Floor area: 23,522 m<sup>2</sup>  
Rental income: SEK 19.9 M. Tax assessment value: SEK 149.0 M

#### MALMÖ

**Domarringen 1**, Boplatsgatan 2  
Built 1976, 1983  
Site area: 12,127 m<sup>2</sup>  
Floor area: 1,655 m<sup>2</sup>  
Rental revenue: SEK 0.5 M. Tax assessment value: SEK 4.9 M

#### KARLSTAD

**Negern 2**, Norra Strandgatan 9, Östra Torggatan 20  
Built 1983-90  
Site area: 2,482 m<sup>2</sup>  
Floor area: 10,580 m<sup>2</sup>  
Rental revenue: SEK 9.4 M. Tax assessment value: SEK 57.2 M

#### TOTAL, FUNDAMENT

Site area: 46,677 m<sup>2</sup>  
Floor area: 119,687 m<sup>2</sup>, of which, 221 m<sup>2</sup> residential.  
Rental income: SEK 106.1 M. Tax assessment value: SEK 675.3 M

Rental income refers to actual revenues received in 1995.

Reported tax assessment values pertain to general property tax rates in 1995. These values have been adjusted, where applicable, after completed renovation work.

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and President of AB Industrivärden (publ.) herewith submit their annual report for the 1995 fiscal year.

### CHANGES IN GROUP STRUCTURE

The Board of Directors decided in October to make an offer to Industrivärden's stockholders and CPN holders to purchase 55 percent of the shares in PLM, at a price corresponding to SEK 3,200 M for all of PLM. Pursuant to this decision, the sale was carried out in early November.

As a result of this sale, the income statement and balance sheet of PLM is not included in Industrivärden's consolidated accounts for the 1995 fiscal year. In the comparison figures for 1994, however, PLM is included as if it were still a wholly owned subsidiary of Industrivärden. The remaining 45 percent holding is reported among Industrivärden's portfolio of listed stocks. The Board's intention is to sell off an additional approximately 20 percent of PLM's shares at a later date, once the market conditions are judged suitable, in order to achieve a broader ownership distribution.

The discount that Industrivärden's stockholders and CPN holders received in connection with the sale of the PLM shares can be calculated based on the market's valuation of the purchase rights that were traded from October 16 through November 2. Calculated as such, the discount was just over 20 percent, corresponding to a total discount of SEK 566 M on the PLM shares sold. Of this amount, the shareholders received SEK 508 M as a dividend and the CPN holders SEK 58 M as interest.

In December, Indutrade acquired GPA Plast and Euronord, both of which have agencies in process and flow technologies. Through these acquisitions, Indutrade has become one of the largest process and flow technology companies in the Swedish market. Annual sales of the acquired companies are expected to total SEK 100 M.

### INVOICED SALES AND EARNINGS

Consolidated invoiced sales amounted to SEK 5,893 M (12,700). For comparable units, invoiced sales rose 10 percent compared with the preceding year.

Invoiced sales outside Sweden amounted to 67 percent (77) of total.

Earnings before depreciation decreased by SEK 85 M to SEK 1,901 M (1,986), but increased after depreciation by SEK 454 M to SEK 1,683 M (1,229).

Earnings for the year do not include PLM's earnings. The capital gain of SEK 1,195 M from the sale of the PLM shares is reported as a nonrecurring item. Earnings for the preceding year include – in addition to PLM's earnings (SEK 382 M) – nonrecurring items totaling SEK 263 M.

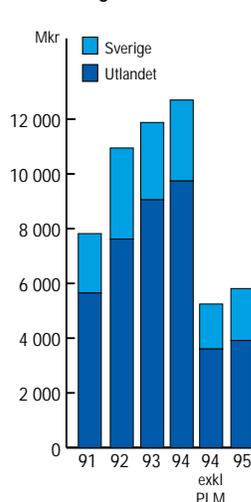
Dividends from the listed stock portfolio totaled SEK 254 M (362). Dividends received during the preceding year included an extra dividend of SEK 154 M from AGA in the form of Frigoscandia stock.

Capital gains from sales of listed stocks totaled SEK 86 M (325).

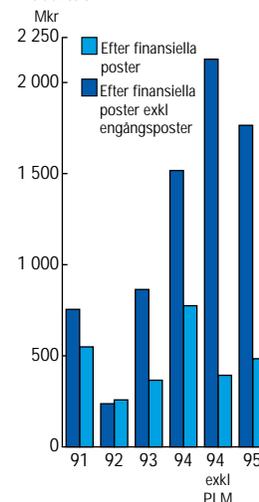
Net financial items improved by SEK 141 M to SEK –258 M (–399). Earnings after financial items totaled SEK 1,765 M (1,517).

The interest expense for CPN loans amounted to SEK 120 M (56), of which SEK 58 M pertains to the value of CPN owners' purchase rights in connection with the sale of 55 percent of the shares in PLM. During 1995 and through January 19, 1996, 1,559 CPNs were converted to shares. After taxes of SEK –29 M (–208) and minority interests of SEK –1 (–3), reported net earnings for the fiscal year were SEK 1,615 M (1,250).

Fakturering



Resultat



Excluding sales of listed stocks and nonrecurring items, earnings after net financial items totaled SEK 484 M (775, including 382 from PLM).

A breakdown of the Group's invoiced sales and earnings after financial items by business unit is provided in a table on page 48.

## CAPITAL EXPENDITURES

Capital expenditures during the year in machinery and real estate amounted to SEK 236 M (664), and scheduled depreciation amounted to SEK 199 M (741).

## FINANCING AND EQUITY RATIO

The Group's liquid funds amounted to SEK 407 M (776). Interest-bearing liabilities decreased by SEK 3,302 M to SEK 2,312 M (5,614), including pension liabilities of SEK 248 M (536). Of total interest-bearing liabilities, SEK 516 M (2,489) consisted of long-term loans, including SEK 151 M (360) in utilized overdraft facilities. Net borrowing decreased by SEK 2,933 M to SEK 1,905 M.

The visible equity ratio was 65 percent (41), while the adjusted equity ratio, which includes surplus values of listed stocks and real estate, was 81 percent (58).

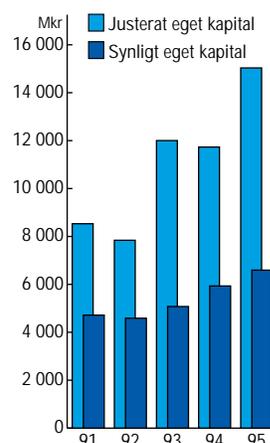
## PERSONNEL

The average number of employees in the Group was 4,918 (9,572), of whom 2,293 (5,895) were based outside Sweden. Of the decrease in the number of employees, changes in the Group's composition accounted for 5,022 – mainly due to the fact that PLM ceased to be a subsidiary. A breakdown of the number of employees, and information on wages, salaries and remuneration paid to the Chairman of the Board and President, among others, are provided in note 16 to the financial statements.

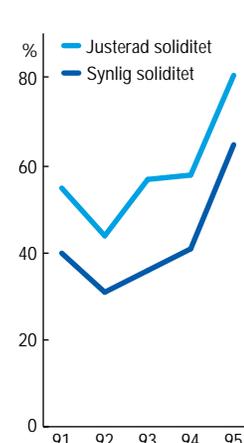
## PORTFOLIO OF LISTED STOCKS

The portfolio of listed stocks was worth SEK 13,775 M (9,487) at year-end 1995, including SEK 1,839 M for PLM. The hidden reserve amounted to SEK 8,039 M (5,298). Purchases of listed stocks during the year amounted to SEK 820 M (601), while sales totaled SEK 275 M (501). Thus, stocks were purchased for a net amount of SEK 545 M (100). Capital gains from

Koncernens eget kapital



Koncernens soliditet



sales of stocks from the portfolio amounted to SEK 86 M (325).

Adjusted for purchases and sales – as well as the addition of PLM – the portfolio's value increased by 20 percent (+7) during the year. The General Index rose by 18 percent (+5) during the same period.

Dividend income amounted to SEK 254 M (362). The figure for the preceding year included SEK 154 M in extra dividend income in the form of Frigoscandia stock.

Major purchases of stocks were 2,475,000 Custos A, 400,000 Skandia and 550,000 Volvo B.

Major sales of stocks were 5,783,000 Frigoscandia A and 900,000 Frigoscandia B. 826,000 B-shares in ASG were received as partial payment for the Frigoscandia shares.

Industrivärden's holding of Ericsson A-shares, following a 4:1 split, rose from 4,984,035 shares to 19,936,140 shares, and thereafter to 21,930,000 through participation in a rights issue (based on the shareholding before the split).

Industrivärden's holding of SSAB A-shares, following a 4:1 split, rose from 2,600,000 to 10,400,000 shares, and subsequently to 10,700,000 shares after additional purchases. Following the stock split, Industrivärden's holding of SSAB B-shares rose from 110,000 to 440,000 shares.

## INDUCTUS

Inductus' invoiced sales amounted to SEK 4,466 M

(4,033), an increase of 11 percent for comparable units. Earnings after financial items totaled SEK 295 M (327). The preceding year's earnings included SEK 31 M from the sale of Mont Blanc. The return on capital employed was 21 percent (20), excluding non-recurring items.

Inductus' capital expenditures amounted to SEK 175 M (138), and scheduled depreciation totaled SEK 146 M (137).

Thorsman, including Wibe, which became a subsidiary of Thorsman at the beginning of the year, benefited from healthy demand in the home market for installation systems and cable support materials. Earnings improved substantially.

Besam has noted a continued favorable trend in most of its markets. This was offset by weak volume and earnings growth in Germany and France, however. Earnings improved over the previous year.

Elitfönster improved its earnings in the Swedish market, which stabilized during the year. The German operation was charged with losses from the contracting business, however. On the whole, Elitfönster reported lower earnings than in the preceding year.

Isaberg has experienced weak volume and productivity growth. Earnings were down from 1994.

Rapid noted a sharp rise in volume, requiring an expansion of capacity. Earnings were affected by costs for the expanded capacity.

Hydrato achieved strong volume and earnings growth.

## INDUTRADE

Indutrade's invoiced sales amounted to SEK 1,311 M (1,087), an increase of 11 percent for comparable units. Growth was particularly strong in Sweden and the Benelux countries, whose industries have experienced a dramatic growth in volume.

Earnings after financial items amounted to SEK 97 M (118). Earnings for the preceding year included a profit of SEK 30 M from the sale of the Loctite agency in Denmark and Sweden. The return on capital employed was 21 percent (23), excluding non-recurring items.

Indutrade's capital expenditures amounted to SEK 41 M (27), and scheduled depreciation to SEK 24 M (21).

## FUNDAMENT

Fundament's rental income fell by SEK 8 M to SEK 106 M, as a result of a slight rise in vacancy rates and lower rents in new leasing contracts.

Earnings before depreciation and financial items amounted to SEK 81 M (89). After an improvement in financial income and expense, mainly due to better lending terms, earnings after financial items totaled SEK 50 M (54).

## PARENT COMPANY

The Parent Company, AB Industrivärden, manages the Group's portfolio of listed stocks and the shareholdings in subsidiaries.

The Parent Company's dividend income amounted to SEK 259 M (563), including SEK 254 M (362) from listed stocks and SEK 5 M (201) from subsidiaries and other companies. Including capital gains of SEK 86 M (325) from sales of listed stocks and SEK 1,127 M (76) from the sale and merger of subsidiaries, earnings amounted to SEK 1,472 M (964).

After administrative costs of SEK 21 M (49) and a positive balance of net financial items, totaling SEK 218 M (126), earnings after net financial items totaled SEK 1,669 M (1,041). After costs for CPN interest, totaling SEK 120 M (56) – of which SEK 58 M pertains to the value of CPN holders' purchase rights in connection with the sale of PLM – earnings before taxes amounted to SEK 1,549 M (985). After taxes of SEK 0 M (–35), a net profit of SEK 1,549 M (950) is reported for the year.

## EVENTS AFTER THE END OF THE YEAR

In January an agreement was signed on the merger between Elitfönster and the Skanska companies Myresjöfönster and Combiglas. The Swedish Competition Authority has reviewed the merger without any further action.

In this connection, Industrivärden transferred Elitfönster to Myresjöfönster, receiving payment in newly issued Myresjöfönster shares. Industrivärden and Skanska thereafter each own half the shares in the new company, whose name will be changed to Elitfönster. The new group will be Sweden's largest window manufacturer, with annual sales of approximately SEK 600 M.

## PROPOSED DISTRIBUTION OF EARNINGS

At the 1995 Annual General Meeting, the Board of Directors was granted the authority to decide on an offer to Industrivärden's stockholders to purchase shares in PLM AB at a favorable price. Later in the year, the Board made such a decision, after which the stockholders were offered to purchase shares in PLM at a price of SEK 74 per share, corresponding to SEK 3,216 M for all shares in PLM. The value of this dividend to the stockholders in 1995, represented by the favorable price, has been calculated at SEK 508 M, or SEK 11.90 per Industrivärden share. A deduction from stockholders' equity was effected on December 31, 1995. The corresponding remuneration to CPN holders is booked as interest.

According to the Consolidated Balance Sheet, the Group's unrestricted stockholders' equity amounts to SEK 4,200 M, of which SEK 1,615 M represents net earnings for the year. Proposed appropriations of SEK 4 M to restricted reserves are deducted from this amount.

Unrestricted stockholders' equity in the Parent Company amounts to the following:

Retained earnings	SEK 4,294 M
Net earnings for the year	SEK 1,549 M
	<u>SEK 5,843 M</u>

The Board of Directors and President propose that, in addition to the executed dividend, the following amounts be paid:

To stockholders, a dividend of SEK 11 per share, totaling	SEK 472 M
To be carried forward	SEK 5,371 M
	<u>SEK 5,843 M</u>

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

Stockholm, March 6, 1996

Bo Rydin	Inga-Britt Ahlenius	Carl-Erik Feinsilber
Tom Hedelius	Sverker Martin-Löf	Stig Ramel
	Clas Reuterskiöld	
	<i>President and CEO</i>	

Our Auditors' Report was submitted on March 15, 1996

Bertil Edlund	Ulf Pernvi
<i>Authorized Public Accountant</i>	<i>Authorized Public Accountant</i>

## CONSOLIDATED INCOME STATEMENT

SEK M	Note	1995	1994
Invoiced sales		<b>5,893</b>	12,700
Manufacturing, selling and administrative costs		<b>-5,187</b>	-10,977
Nonrecurring items	1	<b>1,195</b>	263
<b>Operating earnings before depreciation</b>		<b>1,901</b>	1,986
Scheduled depreciation	2	<b>-218</b>	-757
<b>Operating earnings after depreciation</b>		<b>1,683</b>	1,229
Dividend income from listed stocks		<b>254</b>	362*
Capital gains from sales of listed stocks		<b>86</b>	325
<b>Earnings before financial items</b>		<b>2,023</b>	1,916
Interest income		<b>67</b>	48
Interest expenses (excl. CPN interest)		<b>-305</b>	-441
Other financial items		<b>-20</b>	-6
<b>Earnings after financial items</b>		<b>1,765</b>	1,517
CPN interest	3	<b>-120</b>	-56
<b>Earnings before taxes and minority interests</b>		<b>1,645</b>	1,461
Taxes	4	<b>-29</b>	-208
Minority interests	5	<b>-1</b>	-3
<b>Net earnings for the year</b>		<b>1,615</b>	1,250

\* Extra dividend income of SEK 154 M in the form of Frigoscandia shares.

### *BREAKDOWN BY BUSINESS UNIT*

SEK M	Invoiced sales		Earnings after financial items	
	1995	1994	1995	1994
PLM	-	7,453	-	382
Inductus	<b>4,466</b>	4,033	<b>295</b>	296
Indutrade	<b>1,311</b>	1,087	<b>97</b>	88
Fundament	<b>106</b>	114	<b>50</b>	54
Dividends from listed stocks	-	-	<b>254</b>	208
Other, net	<b>10</b>	13	<b>-212</b>	-253
	<b>5,893</b>	12,700	<b>484</b>	775
Nonrecurring items	-	-	<b>1,195</b>	263
Extra dividend income, Frigoscandia	-	-	-	154
Capital gains from sales of listed stocks	-	-	<b>86</b>	325
	<b>5,893</b>	12,700	<b>1,765</b>	1,517

## CONSOLIDATED BALANCE SHEET

SEK M	Note	12/31/95	12/31/94	SEK M	Note	12/31/95	12/31/94
<b>ASSETS</b>				<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and bank		<b>406</b>	663	Accounts payable, trade		<b>425</b>	1,289
Short-term investments		<b>1</b>	113	Other short-term noninterest-bearing liabilities	8	<b>774</b>	1,388
Accounts receivable, trade		<b>1,070</b>	1,915	Short-term interest-bearing liabilities	9	<b>1,548</b>	2,589
Prepaid expenses and accrued income		<b>65</b>	130	<b>Total current liabilities</b>		<b>2,747</b>	5,266
Other receivables		<b>70</b>	166	<b>Long-term debt</b>			
Inventories		<b>997</b>	2,154	Long-term noninterest-bearing liabilities	10	<b>121</b>	349
<b>Total current assets</b>		<b>2,609</b>	5,141	Long-term interest-bearing liabilities	11	<b>516</b>	2,489
<b>Fixed assets</b>				Pension provisions	12	<b>248</b>	536
Stocks and participations	6	<b>5,754</b>	4,292	<b>Total long-term debt</b>		<b>885</b>	3,374
Long-term receivables		<b>47</b>	41	<b>Convertible participating debenture loan</b>	3	<b>450</b>	450
Goodwill	7	<b>118</b>	117	<b>Minority interest</b>		<b>3</b>	4
Machinery and equipment	7	<b>593</b>	2,840	<b>Stockholders' equity</b>	13		
Buildings	7	<b>975</b>	1,730	<i>Restricted stockholders' equity</i>			
Land and land improvements	7	<b>113</b>	254	Capital stock	14	<b>858</b>	858
Construction in progress	7	<b>13</b>	162	Restricted reserves		<b>1,079</b>	765
<b>Total fixed assets</b>		<b>7,613</b>	9,436			<b>1,937</b>	1,623
<b>Total assets</b>		<b>10,222</b>	14,577	<i>Unrestricted stockholders' equity</i>			
				Unrestricted reserves		<b>2,585</b>	2,610
				Net earnings for the year		<b>1,615</b>	1,250
						<b>4,200</b>	3,860
				<b>Total stockholders' equity</b>		<b>6,137</b>	5,483
				<b>Total liabilities and stockholders' equity</b>		<b>10,222</b>	14,577
				<b>Assets pledged</b>	15	<b>402</b>	1,696
				<b>Contingent liabilities</b>		<b>40</b>	91

PARENT COMPANY  
INCOME STATEMENT

SEK M	Note	1995	1994
<i>Dividend income</i>			
Listed companies		254	362
Subsidiaries		-	197
Other companies		5 259	4 563
<i>Capital gains from sales of stocks in</i>			
- listed companies		86	325
- subsidiaries		1,849	-
Other nonrecurring items	1	-722	76
<b>Earnings before administrative costs</b>			
Administrative costs		-21	-49
<b>Earnings before financial items</b>			
		1,451	915
<i>Interest income</i>			
Subsidiaries		421	341
Others		52 473	10 351
<i>Interest expenses</i>			
Subsidiaries		-26	-19
Other		-204 -230	-188 -207
Other financial items		-25	-18
<b>Earnings after financial items</b>			
		1,669	1,041
CPN interest	3	-120	-56
<b>Earnings before taxes</b>			
		1,549	985
Taxes		0	-35
<b>Net earnings for the year</b>			
		1,549	950
Pledged assets		11	11
Contingent liabilities		6	6

PARENT COMPANY  
BALANCE SHEET

SEK M	Note	12/31/95	12/31/94
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank		197	252
Receivables from subsidiaries		949	581
Prepaid expenses and accrued income		4	4
Other receivables		-	16
<b>Total current assets</b>			
		1,150	853
<b>Fixed assets</b>			
Office equipment		1	1
<i>Stocks in</i>			
- subsidiaries	6	2,255	1,524
- listed companies	6	5,649	4,102
- other companies	6	4	4
Receivables from subsidiaries		1,036	4,006
Other long-term receivables		6	6
<b>Total fixed assets</b>			
		8,951	9,643
<b>Total assets</b>			
		10,101	10,496
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Liabilities to subsidiaries		500	551
Other short-term noninterest-bearing liabilities	8	104	147
Short-term interest-bearing liabilities	9	1,450	1,895
<b>Total current liabilities</b>			
		2,054	2,593
<b>Long-term debt</b>			
Liabilities to subsidiaries		6	6
Long-term interest-bearing liabilities	11	150	617
Pension provisions	12	19	20
<b>Total long-term debt</b>			
		175	643
<b>Convertible participating debenture loan</b>			
	3	450	450
<b>Stockholders' equity</b>			
<i>Restricted stockholders' equity</i>			
Capital stock	14	858	858
Legal reserve		721	721
<b>Total restricted stockholders' equity</b>			
		1,579	1,579
<i>Unrestricted stockholders' equity</i>			
Unrestricted reserves		4,294	4,281
Net earnings for the year		1,549	950
<b>Total unrestricted stockholders' equity</b>			
		5,843	5,231
<b>Total stockholders' equity</b>			
		7,422	6,810
<b>Total liabilities and stockholders' equity</b>			
		10,101	10,496

## STATEMENT OF CHANGES IN FINANCIAL POSITION GROUP AND PARENT COMPANY

SEK M	Group		Parent Company	
	1995	1994	1995	1994
<b>Source of funds</b>				
Earnings before taxes and minority interests	<b>1,645</b>	1,461	<b>1,549</b>	985
Depreciation charged to these earnings	<b>218</b>	757	<b>0</b>	0
Taxes	<b>-29</b>	-208	-	-35
Dividend to stockholders	<b>-937</b>	-384	<b>-937</b>	-384
Other	-	-11	-	-76
	<b>897</b>	1,615	<b>612</b>	490
<b>Change in working capital</b>				
Increase/decrease in liquid funds (-/+)	<b>31</b>	0	<b>55</b>	-109
Increase/decrease in current receivables (-/+)	<b>-2</b>	-258	<b>-352</b>	-51
Increase/decrease in inventories (-/+)	<b>-142</b>	164	-	-
Increase/decrease in current liabilities (+/-)	<b>-531</b>	-282	<b>-539</b>	8
PLM's working capital on January 1	<b>656</b>	-	-	-
	<b>12</b>	-376	<b>-836</b>	-152
<b>Change in fixed assets</b>				
Investments in stocks and participations	<b>-1,727</b>	-823	<b>-1,737</b>	-755
Sales of stocks and participations	<b>180</b>	176	<b>1,114</b>	285
Capital expenditures	<b>-236</b>	-664	-	-
Currency exchange differences on fixed assets	<b>-10</b>	51	-	-
Other changes	<b>-12</b>	197	<b>-1,655</b>	-144
PLM's balance on January 1	<b>3,392</b>	-	-	-
	<b>1,587</b>	-1,063	<b>-2,278</b>	-614
<b>Surplus/deficit to be financed (+/-)</b>	<b>2,496</b>	176	<b>-2,502</b>	-276
<b>Change in financing</b>				
Increase/decrease in long-term receivables (-/+)	<b>-20</b>	15	<b>2,970</b>	3
Increase/decrease in long-term debt (+/-)	<b>-455</b>	-557	<b>-468</b>	-93
New issue and conversion	-	366	-	366
PLM's balance on January 1	<b>-2,021</b>	-	-	-
<b>Financing</b>	<b>-2,496</b>	-176	<b>2,502</b>	276

## MAJOR SUBSIDIARIES

SEK M	Besam	Elitfönster	Hydrauto	Isaberg
<b>INCOME STATEMENTS</b>				
Invoiced sales	1,590	355	246	381
Manufacturing, selling and administrative costs	-1,439	-355	-219	-332
Scheduled depreciation	-32	-14	-11	-22
<b>Operating earnings after depreciation</b>	<b>119</b>	<b>-14</b>	<b>16</b>	<b>27</b>
Financial income and expenses	-7	-4	-2	-3
<b>Earnings after financial items</b>	<b>112</b>	<b>-18</b>	<b>14</b>	<b>24</b>
Appropriations	-59	1	-6	-21
Taxes	-19	0	-	1
<b>Net earnings for the year</b>	<b>34</b>	<b>-17</b>	<b>8</b>	<b>4</b>
<b>BALANCE SHEETS</b>				
<b>Assets</b>				
Liquid funds	43	6	-	8
Accounts receivable	467	72	59	118
Inventories	206	70	32	60
<b>Total current assets</b>	<b>716</b>	<b>148</b>	<b>91</b>	<b>186</b>
Machinery and equipment	85	54	43	65
Real estate	50	45	17	23
Other	36	6	1	5
<b>Total fixed assets</b>	<b>171</b>	<b>105</b>	<b>61</b>	<b>93</b>
<b>Total assets</b>	<b>887</b>	<b>253</b>	<b>152</b>	<b>279</b>
<b>Liabilities and stockholders' equity</b>				
Short-term noninterest-bearing liabilities	409	111	51	72
Short-term interest-bearing liabilities	95	-	21	44
<b>Total current liabilities</b>	<b>504</b>	<b>111</b>	<b>72</b>	<b>116</b>
Long-term noninterest-bearing liabilities	-	13	7	7
Long-term interest-bearing liabilities	56	47	23	34
<b>Total long-term debt</b>	<b>56</b>	<b>60</b>	<b>30</b>	<b>41</b>
<b>Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Stockholders' equity</b>	<b>327</b>	<b>82</b>	<b>50</b>	<b>119</b>
<b>Total liabilities and stockholders' equity</b>	<b>887</b>	<b>253</b>	<b>152</b>	<b>279</b>

SEK M	Rapid	Thorsman	Indutrade	Fundament
<b>INCOME STATEMENTS</b>				
Invoiced sales	272	1,622	1,311	106
Manufacturing, selling and administrative costs	-236	-1,397	-1,169	-25
Scheduled depreciation	-8	-71	-37	-12
<b>Operating earnings after depreciation</b>	<b>28</b>	<b>154</b>	<b>105</b>	<b>69</b>
Financial income and expenses	-2	-19	-8	-19
<b>Earnings after financial items</b>	<b>26</b>	<b>135</b>	<b>97</b>	<b>50</b>
Appropriations	-12	96	-37	-90
Taxes	-3	-10	-21	-1
<b>Net earnings for the year</b>	<b>11</b>	<b>221</b>	<b>39</b>	<b>-41</b>
<b>BALANCE SHEETS</b>				
<b>Assets</b>				
Liquid funds	4	58	77	9
Accounts receivable	74	310	319	9
Inventories	62	331	236	-
<b>Total current assets</b>	<b>140</b>	<b>699</b>	<b>632</b>	<b>18</b>
Machinery and equipment	27	181	62	-
Real estate	18	126	70	590
Other	0	42	81	-
<b>Total fixed assets</b>	<b>45</b>	<b>349</b>	<b>213</b>	<b>590</b>
<b>Total assets</b>	<b>185</b>	<b>1,048</b>	<b>845</b>	<b>608</b>
<b>Liabilities and stockholders' equity</b>				
Short-term noninterest-bearing liabilities	73	358	234	56
Short-term interest-bearing liabilities	45	75	86	123
<b>Total current liabilities</b>	<b>118</b>	<b>433</b>	<b>320</b>	<b>179</b>
Long-term noninterest-bearing liabilities	-	34	17	25
Long-term interest-bearing liabilities	8	162	251	170
<b>Total long-term debt</b>	<b>8</b>	<b>196</b>	<b>268</b>	<b>195</b>
<b>Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Stockholders' equity</b>	<b>59</b>	<b>419</b>	<b>257</b>	<b>234</b>
<b>Total liabilities and stockholders' equity</b>	<b>185</b>	<b>1,048</b>	<b>845</b>	<b>608</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES

#### **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 percent of the voting rights. Industrivärden follows the recommendations of the Swedish Financial Accounting Standards Council.

The Consolidated Balance Sheet is prepared according to the purchase method. This entails that the Parent Company's acquisition value of stocks in subsidiaries is eliminated against the subsidiaries' stockholders' equity at the time of acquisition. Thus only earnings that have arisen after the date of acquisition are included in the Group's stockholders' equity.

Stockholders' equity in acquired subsidiaries is determined on the basis of a market valuation of assets and liabilities at the time of acquisition. If necessary, an appropriation is made at the time of acquisition for costs referring to personnel reductions in the acquired business (a restructuring reserve). In cases where the acquisition value of stocks in subsidiaries exceeds the acquired stockholders' equity in accordance with the above, the difference (surplus value) is reported as a goodwill item in the Balance Sheet. Goodwill is amortized over a ten-year period.

The Consolidated Financial Statements include no appropriations or untaxed reserves. Instead, deferred taxes on these items are included in the year's tax expense or deferred tax liability, respectively.

#### **Translation of Foreign Subsidiaries' Accounts**

Assets and liabilities of foreign subsidiaries are translated to Swedish kronor (SEK) at year-end exchange rates. Income statements of foreign subsidiaries are translated at the average exchange rate for the year. Translation differences are transferred directly to stockholders' equity and do not affect earnings for the year. To reduce the Group's currency exposure, stockholders' equity in foreign subsidiaries is hedged by loans in foreign currencies. In the consolidated financial statements, exchange rate differences are offset against translation differences that arise in the foreign companies' stockholders' equity. See also the section, "Financing and Currency Matters."

#### **Translation of Receivables and Liabilities in Foreign Currencies**

Receivables and liabilities in foreign currencies are valued at the year-end exchange rate. Receivables or liabilities that are hedged are valued at the hedge rate. Unrealized exchange gains and losses have been applied to earnings. Unrealized exchange gains on long-term receivables/liabilities are allocated to a foreign exchange reserve after making the necessary offsetting.

#### **Inventories**

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

#### **Depreciation**

Machinery 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, investment properties are depreciated by the highest amount allowed by tax rules.

#### **Nonrecurring Items**

For comparison purposes, attention should be paid to certain events and transactions, which are reported separately in the income statement as "Nonrecurring items." This item is included in operating earnings and is specified in a note. For the sake of comparison, in the Five-Year Summary in the Annual Report, extraordinary items for the years 1991–93 have been reclassified as nonrecurring items.

## DEFINITIONS OF TERMS AND KEY RATIOS

**Net worth:** Net book values of assets plus hidden reserves in listed stocks, stocks in subsidiaries and buildings held for investment purposes (deferred tax not deducted).

**Hidden reserve:** The difference between the market value and book value of listed stocks and buildings held for investment purposes.

**Capital expenditure:** Expenditures capitalized in existing units' balance sheets.

**Return on capital employed:** Earnings after depreciation plus interest income and dividends, in relation to average total assets less average noninterest-bearing liabilities.

**Direct yield:** Dividend per share in relation to the price of Class A shares on December 31.

**Visible equity:** Reported stockholders' equity and CPN loans.

**Adjusted equity:** Visible stockholders' equity and hidden reserves.

**Visible equity ratio:** Visible stockholders' equity and minority interests in relation to total assets.

**Adjusted equity ratio:** Visible stockholders' equity and minority interests plus hidden reserves, in relation to total assets and hidden reserves.

**Earnings per share:** The tax expense is charged to consolidated earnings after financial items and minority interests, adjusted for tax-exempt capital gains on sales of stocks, tax-deductible dividends paid (1994: tax-exempt dividend income) and a standard income assumption in accordance with applicable tax rules for holding companies. The standard tax rate is 28 percent (1991–93: 30 percent), and full tax is equal to reported tax.

The computed earnings are divided by the number of shares after full dilution, i.e., the number of shares outstanding plus the maximum number of shares that would be added with the conversion of existing CPNs and full exercise of outstanding warrants in 1991.

## FINANCING AND CURRENCY MATTERS

### Organizational Matters

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

### Flows of 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.

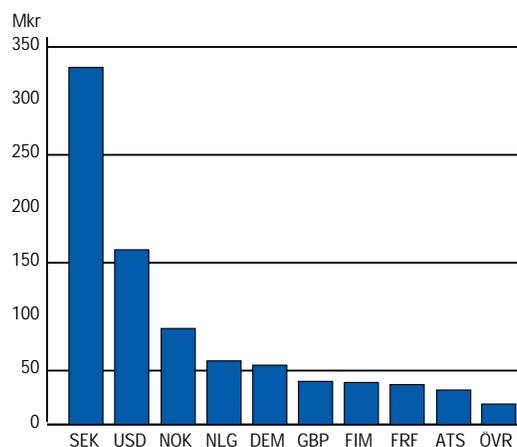
Of the Industrivärden Group's invoiced sales, 33 percent are derived from Sweden, 55 percent from the rest of Europe, and 12 percent from the rest of the world.

Exports from Sweden in 1995 amounted to approximately SEK 1,400 M. About 70 percent of this was invoiced in foreign currencies. In cases where invoicing is made in Swedish kronor, the prices are set according to the conditions in the respective markets. The same goes for the Group's imports to Sweden, which totaled SEK 600 M in 1995. Approximately 90 percent of these 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. The Group's net currency flows to and from Sweden in 1995 are illustrated in the chart on page 56.

Each business unit is responsible for its own currency management. The business units' currency flows to and from Sweden are then 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 70 percent. The hedges are made for a period not exceeding the coming 15 months.

Valutaflöden netto i den svenska verksamheten 1995



### Financing

The principle 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.

AB Industrivärden's short-term borrowing consists primarily of a SEK 1.5 billion domestic Commercial Paper Program. Medium-term borrowing consists of a SEK 1 billion uncommitted Medium-Term Note program and a USD 175 M Revolving Multicurrency Facility. Loans raised in foreign currencies are swapped to Swedish kronor. Industrivärden's commercial

paper program has received Standard & Poor's highest credit rating, K1.

Reported stockholders' equity in foreign subsidiaries is hedged through loans in the currencies of the respective companies. In the Consolidated Balance Sheet, translation differences in subsidiaries' stockholders' equity have been offset against exchange rate differences in corresponding loans.

### YEAR-END EXCHANGE RATES

The most important exchange rates used in the consolidated accounts are listed below:

	Year-end rate		Average rate	
	1995	1994	1995	1994
GBP	10.2950	11.6250	11.2673	11.8148
USD	6.6575	7.4525	7.1358	7.7140
DEM	4.6295	4.8065	4.9847	4.7656
FRF	1.3565	1.3910	1.4309	1.3933
NLG	4.1345	4.2905	4.4502	4.2495
DKK	1.1960	1.2220	1.2744	1.2157
NOK	1.0480	1.0990	1.1263	1.0972
FIM	1.5215	1.5650	1.6353	1.4823

The ECU index changed from 124 to 118 between December 31, 1994, and December 31, 1995. Had Industrivärden's Consolidated Balance Sheet for 1995 been consolidated at 1994 year-end exchange rates, invoiced sales would have been approximately SEK 50 M higher, and earnings after financial items would have been marginally affected.

## NOTES

(Amounts in SEK M unless stated otherwise)

### Note 1 Nonrecurring Items

A gain on the sale of shares in PLM, totaling SEK 1,195 M, was reported by the Group. Nonrecurring items for the Parent Company consisted of a profit of SEK 208 M from the merging of subsidiaries with the Parent Company, and a write-down of shares to the net value in the consolidated balance sheet, totaling SEK -930 M.

### Note 2 Scheduled Depreciation

Group	1995	1994
Goodwill	19	16
Machinery and equipment	166	672
Buildings	32	65
Land improvements	1	4
	<b>218</b>	<b>757</b>

### Note 3 Convertible Participating Debenture Loan

AB Industrivärden raised a convertible debenture loan through the issuance of convertible participating notes (CPNs) in connection with the Company's acquisition of stock in and convertible debentures issued by PLM AB. The terms of the loan are described in the prospectus issued in December 1987. The loan matures in 2028. Each CPN has a par value of SEK 92, which is equivalent to the conversion price of one share. Interest is paid yearly, in arrears, to CPN holders on the fifth banking day after the record date for dividends (the interest maturity date). The interest per CPN amounts to 115 percent of the dividend per share decided by the Annual General Meeting for the previous fiscal year. The liability is equivalent to the par value of 4,888,965 CPNs. Earnings are charged with the estimated CPN interest based on the year's proposed dividend, calculated at SEK 62 M, and with a discount on the sale of PLM shares, booked as interest of SEK 58 M.

### Note 4 Taxes

Group	1995	1994
Corporate income taxes	-63	-153
Deferred taxes	34	-55
	<b>-29</b>	<b>-208</b>

### Note 5 Minority Interests

The minority stockholders' share in income amounts to:

	1995	1994
Earnings after financial items	3	4
Net earnings for the year	1	3

### Note 6 Stocks and Participations

Parent Company holdings of stocks and participations in subsidiaries:

	Share of capital %	Number of shares	Par value SEK 000	Book value SEK 000
Elitfönster AB	100	100,000	10,000	90,000
Exportvärden AB	100	100,000	10,000	70,000
Fast. AB Fisketorget	100	38,250	3,825	148,244
Fast. AB Fundament	100	1,000,000	20,000	109,877
Floras Kulle AB	100	1,000	100	12,265
Gedevo AB	100	500	50	16,905
Herus AB	100	5,000	5,000	5,000
Hydrauto AB	100	150,000	15,000	30,749
Inductus AB	100	500	50	4,042
Industrivärden				
Service AB	100	10,000	1,000	1,220
Indutrade AB	100	25,000	25,000	110,301
Indutrade Fast. AB	100	2,950	295	38,489
Nordinvest AB	100	100,000	10,000	1,610,000
Persöner Material- hantering AB	100	1,800	1,800	7,334
Other				547
				2,254,973

Parent Company holdings of stocks in listed companies:

	Number of shares	Par value SEK 000	Current value SEK 000	Book value SEK 000
AGA A	28,915,000	144,575	2,645,723	638,511
AGA B	2,350,000	11,750	215,025	106,555
AGA convertibles		24,163	50,742	41,749
ASG B	826,000	8,260	103,250	104,902
Custos A	2,475,000	61,875	319,275	289,575
Ericsson A	21,930,000	54,825	3,026,340	391,896
PLM	19,667,000	196,670	1,838,836	917,481
SCA A	18,232,000	182,320	1,932,592	1,588,163
SCA B*	500,000	5,000	51,500	57,594
SHB				
Common A	12,545,000	125,450	1,731,210	455,772
Skandia	400,000	2,000	71,800	70,263
Skanska A	2,771,000	27,710	631,788	251,256
Skanska B	1,425,000	14,250	324,900	130,703
SSAB A	10,700,000	267,500	727,600	488,470
SSAB B	440,000	11,000	29,480	38,100
Volvo B	550,000	2,750	74,800	78,632

Parent Company's holdings of stocks

in listed companies	13,774,861	5,649,622
Group adjustment SCA A		86,571

Group holdings of stocks in listed companies

5,736,193

*continued...*

NOTES

Note 6 cont., Stocks and Participations

Parent Company holdings of stocks in other companies:

	Share of capital, %	Number of shares	Par value SEK 000	Book value SEK 000
AB L M Ericsson Finans	5.0	8,998	1,620	3,491
Stockholm Fondbörs AB	0.9	2,188	219	262
				3,753

\* Industrivärden – together with the other major stockholders of SCA – issued a total of 301,000 call options on SCA B shares; Industrivärden accounted for 105,350 of these options. Each call option entitles the bearer to purchase one Class B share in SCA for SEK 178. The total book value of the corresponding shares is SEK 12,135,000. The total value of the exercise price and premium charged as a liability is SEK 20,333,000.

\*\* Holdings with book value below SEK 300,000.

Group holdings of stocks and participations in other companies:

	Share of capital, %	Number of shares	Par value SEK 000	Book value SEK 000
Biodisk AB	33.0	50,000	50	10,000
AB L M Ericsson Finans	5.0	8,998	1,620	3,491
Miki-Cipro Ltd, Japan	50.0	20	JPY 50	318
Milltronic Ltd		6,000	CAD 60	523
Nordberg Kapital Inc.	15.0	3,325	USD 33	1,000
Sci Rue de Canal			1,857	1,877
Other stocks and participations **				963
				18,172
<b>Total Industrivärden Group:</b>				
Stocks in listed companies				5,736,193
Stocks and participations in other companies				18,172
				5,754,365

Note 7 Fixed Assets and Goodwill

	Goodwill	Machinery and equipment	Buildings	Land and land improvements	Construction in progress	Total
<b>Group</b>						
<b>Acquisition values</b>						
Opening balance, Jan. 1, 1995	205	6,736	2,277	299	162	9,679
Capital expenditure		202	19	4	11	236
Company acquisitions	20	15	6			41
Company divestitures		-5,270	-1,029	-195	-154	-6,648
Sales and disposals		-67				-67
Transferred from construction in progress		2	4		-6	0
Reclassification			-2	2		0
Exchange rate differences		-22	-7	-1		-30
Closing balance, Dec. 31, 1995	225	1,596	1,268	109	13	3,211
<b>Undepreciated amount of write-ups</b>						
Opening balance, Jan. 1, 1995			21	11		32
Depreciation for the year			-1			-1
Closing balance, Dec. 31, 1995			20	11		31
<b>Accumulated scheduled depreciation</b>						
Opening balance Jan. 1, 1995	88	3,896	568	56		4,608
Depreciation for the year	19	166	31	1		217
Company acquisitions		10				10
Company divestitures		-2,998	-283	-50		-3,331
Sales and disposals		-54				-54
Exchange rate differences		-17	-3			-20
Closing balance, Dec. 31, 1995	107	1,003	313	7		1,430
<b>Planned residual value</b>						
Dec. 31, 1994	117	2,840	1,730	254	162	5,103
Dec. 31, 1995	118	593	975	113	13	1,812

The tax assessment value of the Swedish properties was SEK 973 M (1,010).

NOTES

**Note 8 Other Short-Term Noninterest-Bearing Liabilities**

Group	1995	1994
Tax liability	9	85
Accrued expenses and prepaid income	539	849
Other noninterest-bearing liabilities	226	454
	<b>774</b>	<b>1,388</b>
Parent Company		
Accounts payable, trade	1	1
Tax liability	-	35
Accrued expenses and prepaid income	103	111
	<b>104</b>	<b>147</b>

**Note 9 Current Interest-Bearing Liabilities**

Group	1995	1994
Commercial paper	50	197
Bond issues	104	3
Current portion of long-term debt	26	186
Other interest-bearing liabilities	1,368	2,203
	<b>1,548</b>	<b>2,589</b>
Parent Company		
Commercial paper	50	197
Bond issues	104	3
Other interest-bearing liabilities	1,296	1,695
	<b>1,450</b>	<b>1,895</b>

**Note 10 Long-Term Noninterest-Bearing Liabilities**

Group	1995	1994
Deferred tax liability	90	289
Other noninterest-bearing liabilities	31	60
	<b>121</b>	<b>349</b>

**Note 11 Long-Term Interest-Bearing Liabilities**

Group	1995	1994
Bond issues	100	204
Utilized overdraft facilities	151	360
Other interest-bearing liabilities	265	1,925
	<b>516 *</b>	<b>2,489</b>
Parent Company		
Bond issues	100	204
Utilized overdraft facilities	50	-
Other interest-bearing liabilities	-	413
	<b>150</b>	<b>617</b>

\*Maturity dates:

Utilized overdraft facilities	151
Other credits maturing	
- 1997	234
- 1998	11
- 1999	100
- 2000	7
- 2001	-
- Later	13
Total	<b>516</b>

Total granted overdraft facilities, SEK 1,318 M (3,379).

**Note 12 Pension Provision**

Group	1995	1994
PRI-pensions	184	420
Other pensions	64	116
	<b>248</b>	<b>536</b>
Parent Company		
PRI-pensions	3	3
Other pensions	16	17
	<b>19</b>	<b>20</b>

**Note 13 Stockholders' Equity**

	Group		Parent Company	
	1995	1994	1995	1994
<b>Restricted stockholders' equity</b>				
Opening balance	1,623	1,254	1,579	1,212
New issue (including conversions)	-	367	-	367
Transferred from unrestricted stockholders' equity, net	322	14	-	-
Translation differences	-8	-12	-	-
	<b>1,937</b>	<b>1,623</b>	<b>1,579</b>	<b>1,579</b>
<b>Unrestricted stockholders' equity</b>				
Opening balance	3,860	3,005	5,231	4,665
Stockholder dividend	-429	-384	-429	-384
Discount on sale of PLM shares to own stockholders	-508	-	-508	-
Transferred to restricted stockholders' equity, net	-322	-14	-	-
Translation differences	-16	3	-	-
Net earnings for the year	1,615	1,250	1,549	950
	<b>4,200</b>	<b>3,860</b>	<b>5,843</b>	<b>5,231</b>
<b>Total stockholders' equity</b>	<b>6,137</b>	<b>5,483</b>	<b>7,422</b>	<b>6,810</b>

NOTES

**Note 14 Capital Stock**

The capital stock on December 31, 1995, consisted of 42,912,781 shares with a par value of SEK 20 each; of these, 31,225,121 were Class A shares and 11,687,660 were Class C shares. During 1995 1,559 new shares were issued through conversion of convertible participating notes. See further "Industrivärden's Stock and CPNs."

**Note 15 Pledged Assets**

	1995	1994
Real estate mortgages in own properties	297	1,145
Chattel mortgages	86	476
Other	19	70
	<b>402</b>	<b>1,691</b>

**Note 16 Average Number of Employees; Wages, Salaries and Remuneration**

Average number of employees in the Group:

	1995	1994	1995	1994
<i>Sweden</i>				
Burlöv	21	21	Nyköping	258 244
Gislaved	290	279	Nässjö	34 23
Helsingborg	55	56	Skellefteå	246 212
Jokkmokk	29	31	Stockholm	200 150
Landskrona	283	309	Svenljunga	99 100
Lidköping	-	297	Tranemo	- 379
Linköping	26	21	Uppvidinge	294 292
Malmö	1	621	Värnamo	222 188
Mora	284	228	Växjö	96 80
Norsjö	132	90	Other	55 56
Total Sweden			2,625	3,677
(Of whom, women)			(575)	(832)
<i>Outside Sweden</i>				
Austria	52	199	Italy	25 19
Belgium/			Netherlands	355 923
Luxembourg	52	73	Norway	47 328
Denmark	203	466	Singapore	24 19
Finland	120	89	Spain	25 27
France	284	476	U.K.	356 1,491
Germany	339	1,440	USA	298 250
Ireland	72	67	Other	41 28
Total outside Sweden			2,293	5,895
(Of whom, women)			(540)	(883)
Total Group			<b>4,918</b>	<b>9,572</b>
(Of whom, women)			<b>(1,115)</b>	<b>(1,715)</b>

Salaries and remuneration	Board of Directors and President		Others	
	1995	1994	1995	1994
Parent Company*	4	4	7	7
Subsidiaries in Sweden	22	26	554	731
Total Sweden	<b>26</b>	<b>30</b>	<b>561</b>	<b>738</b>

Salaries and remuneration	Board of Directors and President		Others	
	1995	1994	1995	1994
Subsidiaries in:				
Austria	2	2	16	77
Belgium/Luxembourg	1	3	16	20
Denmark	5	7	80	150
Finland	3	2	33	23
France	4	5	59	94
Germany	3	13	123	520
Ireland	-	-	16	15
Italy	1	1	5	4
Netherlands	2	4	102	239
Norway	-	-	14	74
Singapore	1	1	4	3
Spain	1	1	4	5
U.K.	1	2	72	321
USA	4	4	95	84
Others	2	1	13	9
Total outside Sweden	<b>30</b>	<b>46</b>	<b>652</b>	<b>1,638</b>
Total Industrivärden Group	<b>56</b>	<b>76</b>	<b>1,213</b>	<b>2,376</b>

\* The Chairman of the Board has received remuneration totaling SEK 367,500.

The President has been paid a salary and other benefits amounting to SEK 3,108,788. Fees from external directorships that the President has held and that have been directly linked to his position have been paid to the Company. The President is entitled to pension according to the national ITP plan from 60 years of age, based on premium payments made for previous pension agreements. The terms of his pension from 65 years of age entail a level of pay, including general pension benefits, that is equivalent to approximately 40 percent of his salary. In addition, the President is entitled to a yearly direct pension amounting to approximately 4 times the so-called base amount (1 base amount in 1995 = SEK 35,700) from 60 to 75 years of age, accrued from previous employment in Group companies. The Company must give three years' notice if it should terminate the President's employment.

One member of the Board has received remuneration for being chairman of a subsidiary, totaling SEK 150,000.

Of the other four members of the executive management, three are entitled to pension from 60 years of age. Two of these are entitled to severance pay that is equivalent to two years' salary.

## AUDITORS' REPORT

We have examined the Annual Report, the Consolidated Financial Statements, the Accounting Records and the Administration by the Board of Directors and President for 1995. Our examination was carried out in accordance with generally accepted auditing standards.

### PARENT COMPANY

The Annual Report has been prepared in accordance with the Swedish Companies Act.

*We recommend*

that the Income Statement and Balance Sheet be adopted,  
that the unappropriated earnings be distributed in accordance with the proposal of the Board of Directors and,  
that the Members of the Board of Directors and the President be discharged from personal liability for the fiscal year.

### GROUP

The Consolidated Financial Statements have been prepared in accordance with the Swedish Companies Act.

*We recommend*

that the Consolidated Income Statement and Consolidated Balance Sheet be adopted.

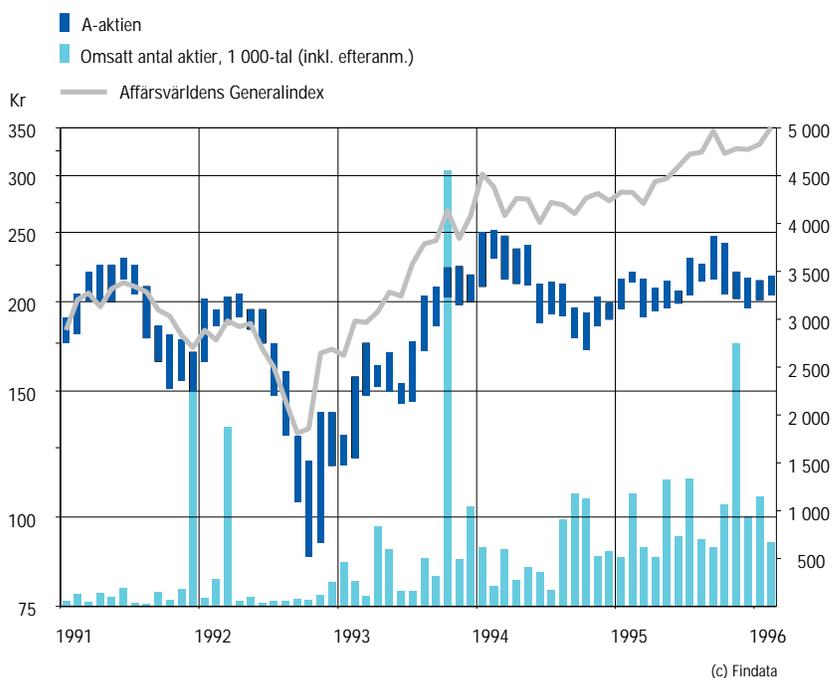
Stockholm, March 15, 1996

Bertil Edlund  
*Authorized Public Accountant*

Ulf Pernvi  
*Authorized Public Accountant*

## INDUSTRIVÄRDEN'S STOCK AND CPN'S

Industrivärdenaktiens kursutveckling



### INDUSTRIVÄRDEN'S STOCK

The number of shares and breakdown by type is shown in the table on page 63.

Each A share carries entitlement to one vote, while 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 par value of each share is SEK 20. Both classes of stock are listed on the Stockholm Stock Exchange.

Industrivärden's stock performed below the market average in 1995. The index rose by 18 percent during the year, while the price of Industrivärden's stock rose by 6 percent, from SEK 195 to SEK 206 per share. However, this does not take into account the capital transfer generated through the sale of PLM shares. Adjusting for the value of the subscription rights, at SEK 11.90, the stock price rose by 12 percent. The total effective yield, including dividends, was 17 percent in 1995, compared with 20 percent for the overall market.

The A shares' beta value, which specifies how much more or less the stock price fluctuates in relation to the index, was 1.2 in 1995.

Trading volume of Industrivärden stock on the Stockholm Stock Exchange during 1995 amounted to SEK 2.5 billion, corresponding to a turnover rate of 31 percent.

## GROWTH OF CAPITAL STOCK

SEK M	Capital Stock	Number of shares
1986 Conversion	545.5	27,276,769
Exercise of warrants	545.5	27,277,407
1987 Conversion	548.6	27,431,694
Exercise of warrants	548.7	27,433,920
1988 Conversion	549.4	27,472,262
Exercise of warrants	552.3	27,614,803
1989 Stock dividend	692.6	34,631,057
Conversion of CPNs	701.6	35,081,607
Exercise of warrants	703.5	35,173,672
1990 Conversion of CPNs	705.0	35,250,390
Exercise of warrants	705.2	35,259,851
1991 Conversion of CPNs	710.8	35,541,101
Exercise of warrants	760.8	38,038,886
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

## INDUSTRIVÄRDEN'S CONVERTIBLE PARTICIPATING NOTES (CPN'S)

In 1988 Industrivärden raised a convertible debenture loan through the issuance of convertible participating notes (CPNs). The loan matures on January 31, 2028. Additional CPNs were issued in 1989.

Series A and C convertible participating notes are listed on the Stockholm Stock Exchange. CPNs can be converted to shares at any time.

CPN holders are invited to attend Industrivärden's Annual General Meetings but are not entitled to vote.

The yield is paid in the form of interest per CPN. This interest amounts to 115 percent of the dividend per share decided by the Annual General Meeting for the previous fiscal year. CPN interest is paid at the same time as the stock dividend.

The number of CPNs and breakdown by type is shown in the table below.

Each CPN may be converted to one share of the same series. CPNs have a par value of SEK 92 each.

Trading volume in Industrivärden's CPNs on the Stockholm Stock Exchange during 1995 amounted to SEK 0.1 billion, corresponding to a turnover rate of 3 percent.

## INDUSTRIVÄRDEN'S CAPITAL STOCK

Number of shares	Par value, SEK M	Percentage share of	
		voting rights	shares
31,225,121 A shares	624.5	96	73
11,687,660 C shares	233.8	4	27
42,912,781	858.3	100	100

## INDUSTRIVÄRDEN'S CPN'S

Number of CPNs	Par value, SEK M	Percentage share of	
		number of CPNs	
2,132,504 A CPNs	196.2		44
2,756,461 C CPNs	253.6		56
4,888,965	449.8		100

## DEVELOPMENT OF DIVIDEND AND CPN INTEREST

SEK	1995	1994	1993	1992	1991
Dividend	11.00 <sup>1</sup>	10.00	9.00	8.00	8.00
Annual growth in dividend, % <sup>2</sup>	10	11	13	0	11
CPN interest	12.65 <sup>1</sup>	11.50	10.35	9.20	9.20

<sup>1</sup> Proposed by the Board of Directors.

<sup>2</sup> Average dividend growth during the past five years was 9 percent, excluding the value of the purchase rights in PLM.

## CAPITAL STOCK DEVELOPMENT

A total of 1,559 CPNs were converted to shares during the year. No additional conversions were made after the accounting date up until the record date on January 20, 1996. The number of shares entitled to dividend for 1995 amounts 42,912,781. The growth in capital stock is shown in the table on page 63.

## DIVIDEND AND CPN INTEREST

The Board of Directors has proposed that the Annual General Meeting declare a dividend of SEK 11.00 per share (10.00). Consequently, CPN interest will amount to SEK 12.65 (11.50) per CPN. The Board's proposal entails average annual dividend growth during the past five years of 8.9 percent. The trend in the dividend and CPN interest is shown in the table on page 63.

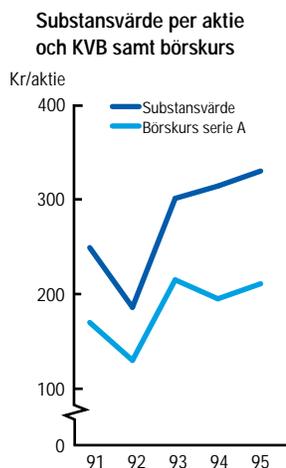
In addition to the proposed ordinary dividend or interest for 1995, the shareholders and CPN holders have received purchase rights in PLM, the average value of which was SEK 11.90 each, during the subscription period.

## ESTIMATED NET WORTH

Net worth is a measure of the stockholders' and CPN holders' joint net wealth, which is defined as the difference between the actual and/or estimated market values of assets and liabilities.

Subsidiaries' market values are estimated by Industrivärden. To help readers make their own judgment of the Company's wealth, the basis for calculating the value of assets is described on page 65.

Net worth at December 31, 1995, is calculated at SEK 15.9 billion, or SEK 333 per share and CPN. The development of net worth during the past five years is shown in the tables and charts below.



## COMPOSITION AND GROWTH OF NET WORTH

(SEK/share)	1995	1994	1993	1992	1991
<b>Assets</b>					
Listed stocks	288	198	210	136	154
Industry and trading	59	150	120	84	115
Real estate	21	23	23	27	27
	368	371	353	247	296
<b>Liabilities and equity</b>					
Net indebtedness	35	57	52	61	47
Equity*	333	314	301	186	249
	368	371	353	247	296
<b>Net worth</b>	<b>333</b>	<b>314</b>	<b>301</b>	<b>186</b>	<b>249</b>

\* Visible stockholders equity, CPN-loans and hidden reserves.

## THE LARGEST STOCKHOLDERS

Industrivärden has approximately 21,000 stockholders. Taking CPN holders into account, the total number of investors in the Company's stock and CPNs is approximately 23,500. Institutional investors, such as pension foundations, insurance companies and investment companies, own approximately 80 percent of the stock.

### OWNERSHIP AT DECEMBER 31, 1995

	Number of shares	Percentage of	
		voting rights	shares
SCA and associated foundations	4,633,066	14	11
Swedbank's mutual funds and public savings program	7,464,424	11	17
Handelsbanken's pension savings foundation	1,630,000	5	4
AGA	1,401,000	4	3
Hedelius and Wallander's Foundation	1,250,000	4	3
Inter IKEA Finance	1,116,201	3	3
Handelsbanken's Pension Fund	1,060,000	3	3
AMF	3,244,667	3	8
SBC Arbitech	1,064,200	3	2
SPP	1,374,448	2	3
Folksam	970,000	2	2
Trygg-Hansa	591,469	2	1
	<b>25,799,475</b>	<b>56</b>	<b>60</b>

## CALCULATING THE MARKET VALUE OF INDUSTRIVÄRDEN'S ASSETS

In the Parent Company Balance Sheet, the book values of listed stocks and stocks in subsidiaries have been replaced by the corresponding actual and/or estimated market values. Net worth has thereafter been calculated as the difference between the market values of assets and liabilities in the Balance Sheet. An alternative approach would be to start with the Group's adjusted stockholders' equity as reported in the Balance Sheet and add the estimated hidden reserve (the difference between the estimated market values and the book values reported by the Group).

In this way, an estimate can be obtained on what the Group's stockholders' equity would amount to if the assets were to be divested on a particular date. Since holding companies are exempt from capital gains taxes on sales of stocks, the calculations do not include any standard tax assumption. In this connection, the simplified assumption has been made that Industrivärden will remain an independent company, and thus any deferred tax associated with a change in the tax status as a holding company does not need to be taken into account.

### Valuation of the Listed Stock Portfolio

The portfolio of listed stocks has been reported at its actual market value at December 31, 1995. The holding of Skanska

A shares, which carry strong voting rights 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 given an estimated market value by multiplying the year's earnings after net financial items – excluding nonrecurring items and less a standard 28 percent tax – by a P/E multiple of 10, which was the P/E multiple at year-end 1995 for engineering companies according to Affärsvärlden's investment indicator.

Naturally, there are more sophisticated models for determining a company's value. The advantage of Industrivärden's choice of model is its relative simplicity. However, there have been occasions when the yearly earnings and/or the P/E multiple have been extremely high or low, whereby Industrivärden has decided to adjust the values to a more realistic level.

### Valuation of Real Estate

The commercial real estate belonging to the Fundament group is valued on the basis of a direct yield requirement in which the properties' net operating income is used to calculate the yield of the properties' market values. In this case, net operating income is defined as earnings before depreciation; the direct yield requirement at December 31, 1995 has been estimated at 8 percent.

## INDUSTRIVÄRDEN'S BOARD OF DIRECTORS



1. Stig Ramel 2. Clas Reuterskiöld 3. Carl-Erik Feinsilber and Bo Rydin 4. Inga-Britt Ahlenius and Tom Hedelius  
5. Sverker Martin-Löf 6. Marcus Storch (resigned in January 1996)

**Bo Rydin**, Chairman. MBA, Honorary Doctor of Economics, Honorary Doctor of Engineering, b. 1932, Stockholm. Chairman of the Board of SCA. Director since 1973. Deputy Chairman of the Board of Svenska Handelsbanken. Director of IBM EMEA Board, Euroc, SILA/ABA and Skanska. Stockholding: 6,167.

**Inga-Britt Ahlenius**, MBA, b. 1939, Danderyd. Director General and Head of the National Audit Bureau. Director since 1994. Director of the Royal Swedish Academy of Engineering Sciences, the Council of the Industrial Council for Social and Economic Studies, the First National Swedish Insurance Pension Fund and SIFO Management Group.

**Carl-Erik Feinsilber**, LLB, b. 1931, Lidingö. Director since 1988. Director of Bonnierföretagen, Svenska Handelsbanken and SSAB. Stockholding: 2,500.

**Tom Hedelius**, Deputy Chairman. MBA, Honorary Doctor of Economics, b. 1939, Stockholm. Chairman of the Board of Svenska Handelsbanken. Director since 1991. Chairman of the Board of Bergman & Beving. Deputy Chairman of the Board of AGA and Ericsson. Director of SCA, SILA/ABA and Volvo.

**Stig Ramel**, LLB, b. 1927, Solna. Director since 1972. Chairman of the Board of Air Liquide Gas AB and the Swedish Association for Share Promotion. Director of Beijer Alma, Eramet Steel AB, Eramet (France) and Brandy Wine Fund (USA). Stockholding: 1,500.

**Clas Reuterskiöld**, President and Chief Executive Officer of Industrivärden. MBA, b. 1939, Stocksund. Chairman of the Board of PLM. Director since 1994. Director of AGA, Ericsson, Handelsbanken and SCA. Stockholding: 10,255.

**Sverker Martin-Löf**, Doctor of Engineering, b. 1943, Stockholm. President and CEO of SCA. Deputy director since 1993, elected director in 1996. Director of AGA, Ericsson, the Federation of Swedish Industries and the Swedish Employers' Confederation.

**Marcus Storch**, Civil Engineer, b. 1942, Stockholm. President and CEO of AGA. Director since 1992. Resigned on January 18, 1996, in connection with his nomination as a member of the Board of Custos AB.

## COMMITTEES

**Nomination committee** for the Board:  
Bo Rydin and Tom Hedelius.

**Emolument committee**, to decide the salaries, benefits and pensions for the president and executive management: Bo Rydin, Tom Hedelius and Marcus Storch.

## AUDITORS

**Bertil Edlund**, Authorized Public Accountant, Öhrlings Coopers & Lybrand AB.

**Ulf Pernvi**, Authorized Public Accountant, Öhrlings Coopers & Lybrand AB.

## DEPUTY AUDITORS

**Margareta Essén**, Authorized Public Accountant, Öhrlings Coopers & Lybrand AB.

**Bertil Johanson**, Authorized Public Accountant, Öhrlings Coopers & Lybrand AB.



*Lennart Engström, Carl-Olof By, Clas Reuterskiöld, Olof Wesström and Thomas Nordvaller.*

## EXECUTIVE MANAGEMENT

**Clas Reuterskiöld**, b. 1939. President and Chief Executive Officer. Employed by Industrivärden since 1994.

**Carl-Olof By**, b. 1945. Executive Vice President and Chief Financial Officer. Employed by Industrivärden since 1990.

**Olof Wesström**, b. 1947. Responsible for managing the portfolio of listed stocks. Employed by Industrivärden since 1982.

**Thomas Nordvaller**, b. 1944. General Counsel. Employed by Industrivärden since 1992.

**Lennart Engström**, b. 1959. Strategic Planning and Analysis. Employed by Industrivärden since 1996.

## SENIOR EXECUTIVES

**Jan Spetz**, b. 1956. Group Controller. Employed by Industrivärden since 1990.

**Lars von Celsing**, b. 1946. Head of Finance. Employed by Industrivärden since 1992.

## SUBSIDIARY PRESIDENTS

Inductus, **Clas Reuterskiöld**, b. 1939. President since 1990.

Indutrade, **Gunnar Tindberg**, b. 1938. President since 1990.

Fundament, **Per Wärnegård**, b. 1951. President since 1989.

## GROUP SUMMARY

SEK M	1995	1994*	1994	1993	1992	1991
<b>Income Statement</b>						
Invoiced sales	5,893	5,247	12,700	11,879	10,948	7,820
Nonrecurring items	1,195	1,256	263	0	8	-71
Earnings after depreciation	1,683	1,689	1,229	794	686	669
Dividends on listed stocks	254	362	362	162	213	209
Gains/losses on sales of listed stocks	86	325	325	498	-29	277
Earnings after financial items	1,765	2,128	1,517	864	237	755
Earnings before taxes and minority interests	1,645	2,014	1,461	811	147	667
Net earnings for the year	1,615	1,911	1,250	752	158	517
<b>Balance Sheet</b>						
Current assets	2,609	2,602	5,141	5,047	4,965	3,361
Fixed assets	7,613	6,948	9,436	9,145	9,765	8,434
Current noninterest-bearing liabilities	1,199	1,186	2,677	2,234	2,323	1,598
Current interest-bearing liabilities	1,548	1,197	2,589	3,314	4,514	2,630
Long-term noninterest-bearing liabilities	121	114	349	349	439	431
Long-term interest-bearing liabilities	516	251	2,489	2,621	2,182	1,956
Pension liability	248	237	536	558	646	430
CPN loans	450	450	450	816	897	898
Minority interests	3	4	4	41	39	33
Stockholders' equity	6,137	6,111	5,483	4,259	3,690	3,819
Total assets	10,222	9,550	14,577	14,192	14,730	11,795
<b>Key ratios</b>						
Visible stockholders' equity	6,587	6,561	5,933	5,075	4 587	4 717
Adjusted stockholders' equity	15,034	12,360	11,732	12,002	7 841	8 531
Net worth	15,899	15,000	15,000	14,386	8 868	11 900
Visible equity ratio, %	65	69	41	36	31	40
Adjusted equity ratio, %	81	81	58	57	44	55
Capital expenditures	236	180	664	474	1 023	1 211
Average number of employees	4,918	4,550	9,572	10,325	11 737	7 799
of whom, outside Sweden	2,293	2,170	5,895	6,270	6 910	5 001
<b>SEK per share and CPN</b>						
Earnings per share after standard tax rate	29.20	36.30	26.40	17.30	4.20	13.70
Earnings per share after full tax	36.30	42.50	27.30	16.80	5.20	12.70
Visible stockholders' equity	138	137	124	106	96	99
Adjusted stockholders' equity	315	259	245	251	164	178
Net worth	333	314	314	301	186	249
Stock price, December 31						
A unrestricted	206	195	195	215	130	170
C unrestricted	199	189	189	213	120	150
Dividend	11.00**	10.00	10.00	9.00	8.00	8.00
Dividend growth, % per year	10	11	11	13	0	11
Direct yield, %	5.3	5.1	5.1	4.2	6.1	4.7
CPN interest	12.65**	11.50	11.50	10.35	9.20	9.20

\* Pro forma excluding PLM's operating earnings but including the capital gain of SEK 1,195 M. The calculation is based on the assumption that the sale of PLM was made at the end of 1994.

\*\* Proposed by the Board of Directors.

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