

Communiqué from Industrivärden's Annual General Meeting on April 2, 2003

Industrivärden's Annual General Meeting was held on April 2 at the Grand Hotel in Stockholm, at which among other things, the following decisions were made.

- The AGM approved a dividend of SEK 5.00 (5.00) per share and resolved to pay a bonus of SEK 0.80 (3.35) per share, for a total dividend of SEK 5.80 (8.35) per share. The record date for payment of the dividend was set at April 7, and thus dividends are expected to be paid via VPC on April 10.
- Boel Flodgren, Tom Hedelius, Finn Johnsson, Sverker Martin-Löf, Arne Mårtensson, Lennart Nilsson, Anders Nyrén and Clas Reuterskiöld were reelected as directors on Industrivärden's board.
- At the statutory board meeting on the same day, Tom Hedelius was named Chairman of the Board and Sverker Martin-Löf was named Vice Chairman of the Board.
- Also at the statutory board meeting, Bengt Kjell, Head of New Investments, was named executive vice president.

CEO Anders Nyrén's address to Industrivärden's Annual General Meeting, April 2, 2003

Honored shareholders and guests, ladies and gentlemen:

This is the second occasion on which I have the privilege as CEO to speak to you at Industrivärden's Annual General Meeting. Unfortunately, I am once again forced to note that the stock markets around the world continued to fall during the past year. An unfathomable 3 trillion kronor, or roughly 70% of the total stock market capitalization, has vanished in the three years since the market peaked in March 2000.

But we should also remember that in many respects this decline is a correction of excessively inflated values, which the picture behind me shows. We take a long-term approach to our investments, and it is my hope that as shareholders, you too have a long-term view of your holding in Industrivärden. In this context it is gratifying to point out that an investment in Industrivärden's stock has been competitive from both the 5- and 10-year perspectives. I am absolutely convinced that in the future, too, we will be able to deliver a long-term favorable return, and I will now try to explain how.

To begin with, I would like to stress that our strategy remains fast. Our goal is to generate high growth in net asset value over time. We will achieve this through a professional investment operation and by serving as active owners in our companies. We work with a clear investment focus, and our investments will be made – in principle – in listed Nordic companies. In the future our organization will continue to be lean and efficient, and we will have a low level of debt.

Let me to offer a brief look back on what we have accomplished during the past year. We have carried out a number of activities to the benefit of Industrivärden and our shareholders.

Among other things, we turned over roughly 25% of our portfolio through a series of prosperous sales which together generated 6 billion kronor in revenue and generated a full 4 billion kronor in capital gains.

Further, we made two strong moves during the year: our investment in the Icelandic company Össur, and our participation in Ericsson's rights issue. Generally, however, we have remained restrictive, since we felt that the negative stock market climate has not provided scope for any new investments.

The transactions we carried out in 2002 were as follows:

The sale of our holding in Lundbeck A/S in April. Lundbeck is a well-managed Danish pharmaceutical company, but we felt that its valuation had become too high at the same time that we did not see any opportunity to exercise active ownership. We sold our holding at an average price of DKK 231. Today the stock is trading at around DKK 130.

At mid-year we completed the sale of our wholly owned subsidiary Besam to Assa Abloy. Besam is a company with a globally leading position in the market for automated doors. However, being able to further develop the company required another type of owner than Industrivärden. More than 20 suitors showed an interest in acquiring Besam, and to our pleasure we managed to sell the company to a Swedish buyer at a price of approximately 3 billion kronor, corresponding to a P/E multiple of 21.

Aside from this, a number of small sales were made for a combined value of roughly SEK 850 M.

In May we acquired a stake in the Icelandic growth company Össur.

Össur, which is listed on the Iceland Stock Exchange, is a world leader in the rapidly growing market for advanced prosthetics. In the Western world, amputation is a health problem caused primarily by diabetes and vascular diseases. In the picture here you can see an example of a complete prosthetic leg.

Össur is listed on the Iceland Stock Exchange, and it has a market capitalization of approximately SEK 1.9 billion, corresponding to a P/E multiple of 23. Sales amount to approximately SEK 700 M, with earnings of about SEK 90 M. Profitability is good, with a full 29% return on shareholders' equity. Össur has good development potential and a well-working business model that generates good cash flow. In our judgment, Össur's future prospects are very solid.

The proceeds from the transactions we carried out have been used to reduce our net debt. At year-end we had a net debt-equity ratio of approximately 7%, after reducing our level of debt by 3.2 billion kronor.

Perhaps the most important long-term activity in 2002 was our internal work on change. We have adapted our organization and our work methods. Simply put, you could say that today we focus more on analyzing companies, their market position, the quality of their management, and so on, than pure equities analysis. Further, we have gone through and picked out the Nordic companies that we feel best fit in to our investment criteria.

Another important conclusion we could draw from this analysis is that many of our existing holdings, such as Handelsbanken, Sandvik and SCA, are fine, well-managed companies with potential for continued good value growth.

Two concrete results of this work are the investment I just described in Össur, and the investment in Munters, which we recently announced.

Munters is a Swedish company that specializes in humidity control. In our view, Munters is a genuine quality company that has enjoyed good growth for a long stretch of years. The company is listed on the Stockholm Stock Exchange and has a market capitalization of approximately SEK 4.7 billion. Sales grew by 20% in 2002, to about 5 billion kronor. Earnings were roughly SEK 270 M, corresponding to a return on capital employed of 32%. With its international presence and technical know-how, we believe Munters has good potential for continued fine growth.

I mention these investments because they are representative of the type of company we are seeking to invest in, namely, companies with proven, internationally scalable business models that create growth and generate a good cash flow.

Looking forward, our portfolio will consist of ten or so companies where, for each holding, we will have a large enough stake so that we can play a role as active owner through board representation. In other words, investing in listed companies in which we can gain a significant influence through board representation is a cornerstone in our strategy. From this it can be inferred that some of our current portfolio holdings, such as Nokia, will be sold since they do not fit in to our new strategy. However, exactly *when* this happens is a matter of timing. We will wait for a better market before we sell these holdings.

Finally, a couple of words on the dividend.

The Board's proposal for an ordinary dividend of 5 kronor and a bonus of 80 öre entails that we will be distributing a historically large portion of our net asset value, which also entails a record high dividend yield.

Our dividend policy is to pay a dividend yield that is higher than the average for the stock exchange. In 2002 the dividend yield for the Stockholm Stock Exchange was slightly more than 3%, compared with the proposed 6% for Industrivärden's Class A shares and 7% for the Class C shares. In the future, however, assuming all else is unchanged, we will see a reduction in the dividend yield. The reason is that the standard earnings measurement that forms the basis of our tax assessment will be decreasing. In other words, it is very likely that our dividend yield in the future will not be as high as this year's. However, I want to stress that our policy of paying a dividend yield that is higher than the average for the stock exchange remains fast.

And with those words I conclude my address.

Thank you!