

Industrivärden's Annual General Meeting on April 20, 2005

Industrivärden's Annual General Meeting was held on April 20, 2005, at the Grand Hotel in Stockholm, at which the following decisions, among others, were made:

- The Annual General Meeting approved the dividend of SEK 6.00 per share. The record date for payment of the dividend was set at April 25, and dividend payments are expected to be made by VPC on April 28.
- Boel Flodgren, Tom Hedelius, Finn Johnsson, Fredrik Lundberg, Sverker Martin-Löf, Arne Mårtensson, Lennart Nilsson and Anders Nyrén were reelected as directors on Industrivärden's board. Tom Hedelius was elected as Chairman of the Board.
- The Annual General Meeting resolved to authorize the Chairman of the Board to appoint at least four members from among the major shareholders' representatives, who are not directors on the Company's board, to form with the Chairman a nominating committee for the next election of directors. The composition of the nominating committee shall be announced at least six months before the 2006 Annual General Meeting.

CEO Anders Nyrén informed the meeting that Industrivärden's board today decided to introduce the wholly owned company Indutrade on the stock market during the second half of 2005.

Decision at the statutory board meeting:

- At the statutory board meeting, Sverker Martin-Löf was named Vice Chairman of the Board.

CEO Anders Nyréns speech at Industrivärden's Annual General Meeting

Dear shareholders:

Industrivärden's performance in 2004 was very satisfactory for us shareholders. With a total return of over 45%, we received a very fine return on our investment. Industrivärden's total return outpaced the return index by a full 25 percentage points. The fact that our share price rose more than our net asset value, which rose by 22%, is explained by a further reduction in the discount to net asset value during the year, from 22% to 10% at year-end.

I would dare say that the steady narrowing of the discount to net asset value over a long period of time indicates an acceptance of the strategic focus that we have consistently been pursuing for the past couple of years, namely:

- A concentrated and transparent portfolio of primarily listed companies.
- Active ownership through board representation, a well developed work method and own, professional analysis resources.
- A lean and efficient organization – Our management cost today which amounts to SEK 80 M is 0.2% of managed assets.
- A short-term trading operation with limited risk-taking that covers our management costs. In 2004 we earned SEK 100 M from our short-term trading and thereby covered our management cost by a healthy margin.

With this as a background, I would like to dedicate most of my talk today on discussing why Industrivärden over time is such an exceptional savings alternative – indeed, far better than savings in mutual funds or similar. I will also highlight the basic philosophy of our business, which differs from many of the popular activities in the capital market today. In short, we are long-term investors in companies, and we are involved in developing these companies, not in short-term stock speculation.

So how well has this long-term approach paid off? Let's look at a couple of different time frames. On page 7 of our annual report is a diagram that shows that we not only performed better than the index during the past year, but that we have also clearly outperformed the index in both the 5- and 10-year perspectives. Since we work long-term, we have studied our performance over a very long period of time – namely, since Industrivärden became listed in 1945. As the diagram shows, a person who in 1945 invested one krona in a stock that performed on a par with the index would have seen his or her capital grow to 1,800 kronor today; however, the person who was smart enough to invest one krona in Industrivärden would have seen his or her capital grow to 4,300 kronor, which is well over twice as much.

This basic philosophy – to be a long-term, active owner in companies and not a short-term trader in stocks – is fundamental for Industrivärden. Active ownership requires an ongoing, dedicated work effort, but is difficult to observe from day to day. For it is precisely this long-term approach that makes it possible to develop value. Value creation takes time. Against this background, it is important that we have a sound portfolio of companies that have potential to develop well over time.

But this is not to say that changes don't take place. As this slide shows, over the last ten years we have made 40 transactions each with a combined value in excess of SEK 500 M, and our portfolio of holdings has been changing continuously which is natural in view of the dynamic world we live in.

Our acquisitions of additional stakes in Sandvik and Handelsbanken in 2004 are prime examples of such transactions. We believed that, compared with many other possible investment options, we could increase our positions in both of these fine and well managed companies at attractive prices. Thus we invested an additional 2 billion kronor in Handelsbanken at an average price of 145 kronor per share, and a further 1.5 billion kronor in Sandvik at an average price of 250 kronor per share. The fact that we also made successful additional investments in SSAB, Munters and Ossur does not hurt, either.

In other words, the key is to invest in companies with an identified value potential and then to develop those companies. If we look at our portfolio of holdings, there are probably few portfolios that match ours. You could argue that it is simple to replicate this portfolio since it

consists primarily of listed companies. But I would maintain that doing so in practice is not so easy. Every investor knows how difficult it can be to have the discipline to be consistently long-term and not be coaxed into moving in and out of equity positions. At times it is growth that is the guiding rule in the market, while at others the focus is on returns. Movements can be quick and dramatic. Naturally, at Industrivärden we want a well-balanced portfolio over time with developable companies. But it is the long-term and patient development of a company according to sound principles – with good leaders and a sound culture – that generates the absolute best results over time. We contribute to the development of companies with well defined and logically connected value chains – we don't break them up!

But even we can count. If it is clear that a company is overcapitalized, then a tax-effective repayment of capital should be made to the shareholders. The redemption programs at Sandvik and SSAB, which together will transfer SEK 700 M to Industrivärden, are good examples of this. But it is always the development of a good business that is the most profitable. That is why as owner representatives on SCA's board, we participated in further developing SCA from a traditional, cyclical forestry company to an integrated hygiene and packaging products group with forest resources as the natural base in the value chain. Since this growth strategy was established in 1997 total return for SCA has been considerably better than the return index for the stock exchange.

Another example of how we develop companies can be seen in Indutrade, which has had a tremendous development. The company had a turnover of SEK 3.5 billion and earnings of SEK 220 M in 2004. I am therefore happy to announce that Industrivärden's board today decided to list the wholly owned company Indutrade on the stock market during the second half of 2005. Indutrade is a fine company with good future potential, and Industrivärden will continue to serve as an active owner with a 35% interest in the company.

As a long-term owner of companies we must always be prepared to take our responsibility. Thus Industrivärden was a guarantor for Ericsson's rights issue, and our representatives on Ericsson's board participated in making decisions about necessary, but unfortunately very painful cutbacks. The same applied for the decision to shut down the wholly owned mobile phone business in favor of a joint venture in the form of Sony Ericsson. Today Ericsson is once again a financially strong company with favorable earnings and a world-leading market position. These might seem to be old examples, but it is these types of issues – although not of the same caliber – that make up the day-to-day activities in our long-term corporate governance work.

Finally, Mr. Chairman, a few words on the dividend. This year the Board has proposed a dividend of SEK 6.00 per share which is an increase of SEK 0.50 or 9%. I am happy to note that we once again beat our target of paying a dividend yield that is higher than the average for the stock exchange. It is also gratifying to note that this year, for the first time in seven years, we have achieved a balance of cash flow in our business, i.e., our regular stream of revenue from dividends and gains from short-term trading covers our management costs, interest expenses and dividend payout.

Thus far this year Industrivärden's stock has not moved very much, partly as a result of the tremendous performance in 2004. However, in view of the high quality of our portfolio companies and the fine work that is being conducted within those companies, I have great hopes for continued favorable performance. Together with an economy that looks relatively promising, I feel there is every reason to believe that this year, too, will meet our satisfaction

as shareholders. We in Industrivärden's management – and I believe I can also speak for the Board – will do our best to make sure this is the case.

Thank you Mr. Chairman!