

BOARD OF DIRECTORS' REPORT INCLUDING FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE REPORT

Board of Directors' report including the financial statements for AB Industrivärden (publ), registered number SE 556043-4200. Industrivärden applies the Swedish Code of Corporate Governance. The corporate governance report for 2012, which is an integral part of the Board of Directors' report, has been reviewed by the Company's auditor.

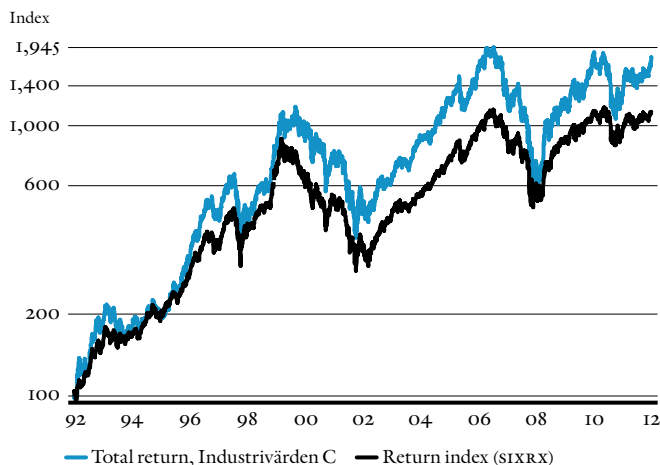
INDUSTRIVÄRDEN IS ONE OF THE NORDIC REGION'S LEADING INDUSTRIAL DEVELOPMENT COMPANIES



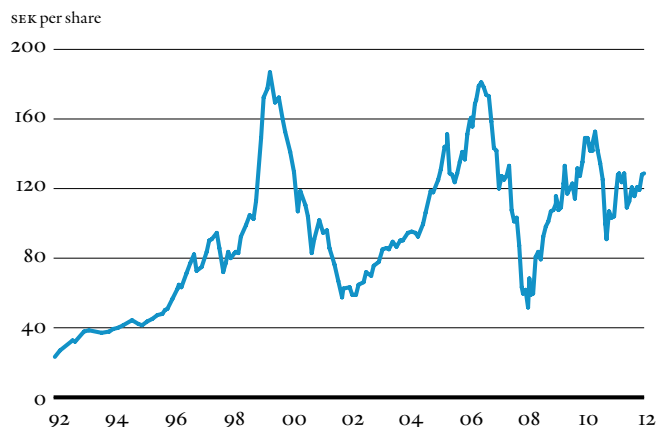
INDUSTRIVÄRDEN IS A LISTED holding company and one of the leading industrial development companies in the Nordic region. The business concept is to generate high growth in net asset value through active ownership and thereby give the shareholders a total return which, over the long term, is higher than the average for the Stockholm Stock Exchange.

INDUSTRIVÄRDEN WAS ESTABLISHED BY Handelsbanken in 1944. The aim was to gather the shareholdings the bank had received following the market crash in the 1930s and distribute them to the bank's shareholders. The business proved to be successful and evolved over time into an effective form of managing pension capital for employees of Handelsbanken and SCA. Through Industrivärden's proven ability to create sustained shareholder value at a low cost, its ownership structure has expanded over time to include a large number of public and private pension managers. Industrivärden's stock is also an attractive investment for foundations and other long-term investors, as well as for private investors.

TOTAL RETURN



NET ASSET VALUE



STRATEGY

INDUSTRIVÄRDEN CREATES value through active ownership and a professional investment operation. Active ownership is based on Industrivärden's model for value creation in its portfolio companies. The investment operation is built upon a structured process of continuous analysis of existing and potential new holdings.

INVESTMENT CRITERIA

HOLDINGS

- Mid- and large cap listed Nordic companies
- Companies with business models that can be applied in several markets
- Companies with a good ability to generate growth in cash flow
- Niche focus with leading positions in selected market segments
- Ownership stakes that enable significant influence
- Large potential for growth in value through active ownership

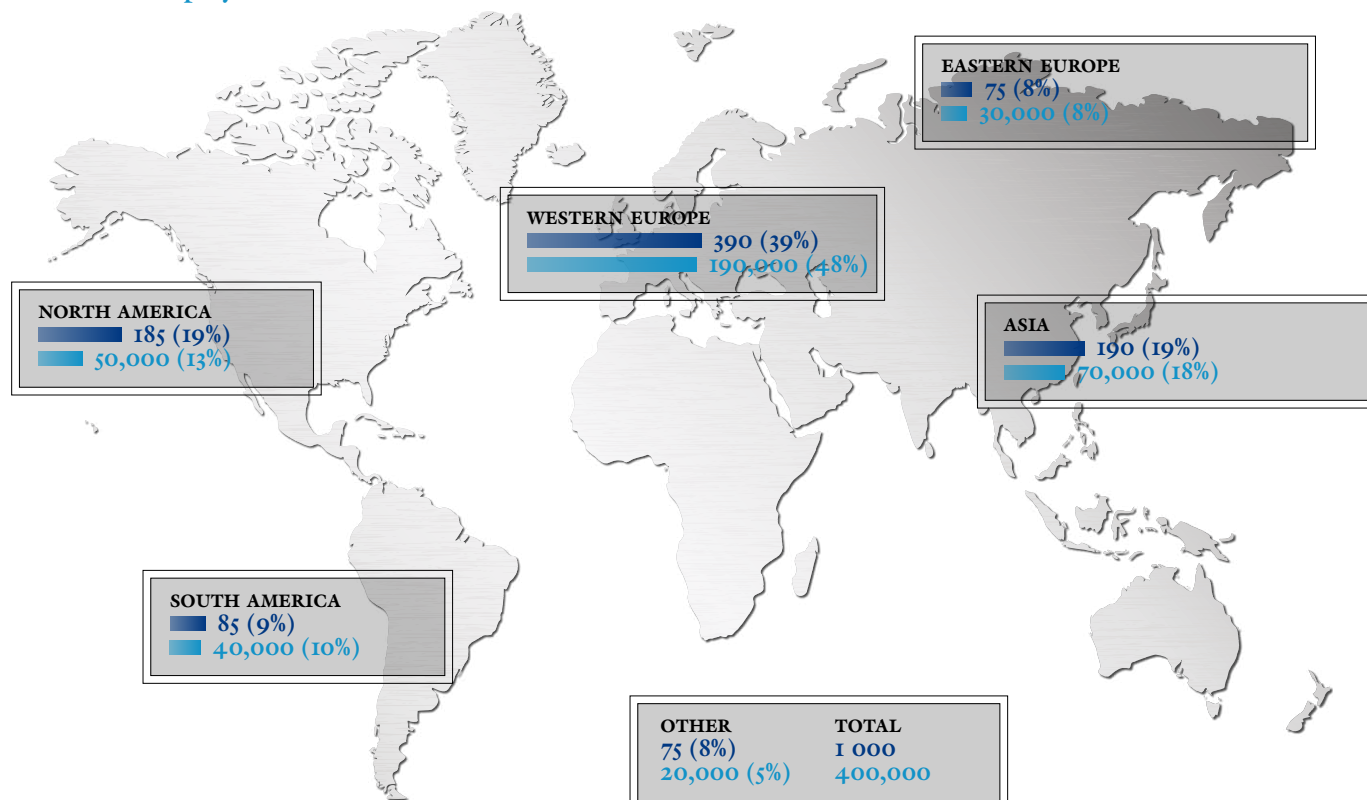
PORTFOLIO

- Fully invested in equities
- Concentration on a limited number of shareholdings
- Active ownership with long-term investment horizon
- Borrowing provides flexibility and leverage in the equities portfolio

LOCAL ORIGINS – GLOBAL PRESENCE

- The portfolio companies account for slightly more than 1/5 of the Stockholm Stock Exchange's market capitalization
- Combined sales of approximately SEK 1 trillion, of which 1/3 in emerging markets
- Operations in more than 180 countries
- Approximately 400,000 employees worldwide

Sales, SEK billion
Number of employees



THE INDUSTRIVÄRDEN SPHERE



INVESTMENT CASE

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

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

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

A leading global hygiene products and paper company with a rapidly growing offering of personal care products. Europe's largest private forest owner.

The market's largest and most profitable supplier of mobile telecom infrastructure and services.

STRATEGIC ACTIVITIES

- Consistently applied business model.
- Organic growth in priority markets in the Nordic region and UK.
- Good financial position and strengthened market position.
- Strong capitalization with substantial liquidity buffer.
- New executive management team, strategic focus and new organization.
- Consolidation of completed acquisitions.
- Strengthened positions in emerging markets.
- New executive management team, strategic focus and new organization.
- World's most modern heavy trucks through new model series.
- Strategic alliance with Chinese company Dongfeng makes Volvo the world's largest heavy-duty truck manufacturer and strengthens presence as well as growth opportunities in Asia.
- Restructured product portfolio with focus on growth in hygiene segment (Acquisition of G-P's European tissue business, divestment of packaging operations, etc).
- Strengthened positions in emerging markets in the hygiene segment.
- Well-established global and regional brands.
- Increased pace of innovation.
- Strong position ahead of operators' investments in the next generation of telecom systems (4G).
- North America's leading supplier of network systems, with major upgrading and development contracts.
- Increased market shares and strengthened technological leadership create foundation for profitability growth.

OWNERSHIP FOCUS

Maintain profitability and strong financial position. Organic growth in broadened geographic base.

Strengthened profitability through efficiency improvements and cost reductions.

Larger market shares, stronger positions in emerging markets and improved profitability through increased internal efficiency.

Increased profitability through higher share of hygiene products, stronger positions in emerging markets and efficiency improvement measures.

Growth and improved profitability based on the company's leading position in providing end-to-end telecom solutions.






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

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

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

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

In February 2013 Industrivärden sold its entire holding in Höganäs to H Intressenter AB, a company jointly owned by Lindéngruppen and Foundation Asset Management.

- Efficient construction operations generate good cash flows.
- Successful model for value-creating project development.
- Expansion to U.S. of the company's model for infrastructure projects and commercial real estate development.

- Stronger focus on highly profitable specialty products.
- Strategic investment program carried out to increase capacity in quenched steels and strengthen presence in Asia.

- Continued growth through acquisitions.
- Flexibility through decentralized business model.

- Increased activity in emerging geographic markets.
- Focus on collaboration with customers in development of new components.

Continued good profitability in construction operations combined with selective expansion in value-creating projects.

Strengthened profitability through expansion in high strength steel niche.

Favorable profitability growth through continuous development of the company's unique business model.

Growth in new application areas with good profitability.

CEO'S MESSAGE

2012 was the fifth year to be characterized by the effects of the financial crisis that began at the start of 2008 and culminated with the Lehman Brothers crash. Like most financial crises, this one was triggered by a real estate bubble, with severe consequences for the financial system in general and the banking industry in particular. The problems began in the U.S., where after a half decade the country has now left the crisis behind and is moving towards growth, as moderate as that may be.

The past year was characterized by problems in Europe, which at their core are rooted in real estate crises in a number of European countries and have exposed numerous difficulties. When the lending banks encountered problems, governments that were already highly in debt were forced to step in to rescue the privately owned financial system with public funds. So what essentially has transpired is a solvency crisis. Even though major challenges remain, there are now signs that the euro crisis is also on a path to stabilization. In China as well as the rest of Asia, accelerating growth is forecast. Such is also the case in South America, led by Brazil, which had weak performance in 2012. There is therefore reason for some optimism.

The recovery that we are now seeing signs of is largely the result of very forceful monetary stimulus measures by central banks. These have mainly involved record-low interest rates and massive purchases of assets from banks and other financial institutions through so-called quantitative easing programs. Although these actions have been on target for avoiding a global depression, they cannot continue as the economies improve. Interest rates will gradually rise to more normal levels.

In times of anxiety it is especially important to focus on essentials and stay the charted course. I think that Industrivärden succeeded well at this during the past year – both for its own part as well as for our portfolio companies. This is evident in that fact that a number of activities and plans that we have worked with for some time could be completed in 2012. Following are a few concrete examples of important activities during the year.

In connection with Renault's sale of all 139 million of its Class A shares in Volvo, of which 110 million were converted to B-shares, we bought another 10 million A-shares for SEK 0.9 billion. With 19% of the votes, Industrivärden is thereby the largest shareholder of the world's

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leading provider of commercial transport solutions. Together with the Handelsbanken Pension Foundation and Handelsbanken Pension Fund, we now control 21% of the votes. We have a strong belief in Volvo's development potential, and the efficiency and profitability enhancement work that has been initiated by Volvo's management bodes well for the future. In January 2013, Volvo entered into a strategic alliance with the Chinese vehicle manufacturer Dongfeng, making Volvo the world's largest manufacturer of heavy-duty trucks and strengthening its position and growth opportunities in Asia.

Through the acquisition of Georgia-Pacific's European tissue operation, the previous acquisition of Procter & Gamble's European tissue operation, the sale of the European packaging operation and the divestment of the paper mill in Laakirchen and of its part ownership in Aylesford Newsprint, SCA has carried out a strategic transformation towards more stable and highly refined products with higher profitability. SCA is now the clear market leader in Europe in tissue and hygiene products. Moreover, the acquisitions are enabling further efficiency improvement measures and are giving rise to both revenue and cost synergies. The foundation has now been laid for SCA to take advantage of its strong and profitable position in Europe to move forward with ventures in emerging markets in Asia and South America. SCA's focus on

products with stable demand and higher profitability has been well-received by the stock market. In 2012 SCA's stock rose 40%, compared with 12% for the Stockholm Stock Exchange. It can also be noted that SCA, for the first time in a long time, is now valued above its visible equity.

In 2012 SSAB, whose Nordic operations produce mainly sheet steel, was hit hard by the recession in large parts of Europe. Parallel with this, the company concluded the strategic investment program that was started in 2008 through the acquisition of the North American steel maker IPSCO. This acquisition has been a very good deal for SSAB, where the North American operations have carried SSAB through the crisis that plagued the European steel industry in recent years. Through the investments that have now been completed, SSAB has consolidated its market-leading positions in high-strength and quenched steels – now also with substantial manufacturing capacity for specialty products in North America. A higher need for lightweight and energy-efficient steel with special material properties creates good future opportunities for SSAB.

These are just a few concrete examples of important activities in 2012. As a long-term active owner, we immerse ourselves continuously in a large number of strategically vital issues for our portfolio companies. However, the most central factor for an active owner like

Industrivärden is to ensure that the companies we invest in have the right management, a clear direction, and organically develop their core business.

Handelsbanken has continued to perform very well in terms of profitability, growth and stability as well as customer satisfaction. The bank's successes and its unique organizational model for its banking business are the focus of growing attention, including in the international press. Its profitability is once again, for the 41st year in a row, better than the average return for its competitors. During the year, Handelsbanken continued to perform well in markets outside Sweden. In the UK, where it is growing organically, Handelsbanken opened its 133th branch in 2012. In connection with its 2012 year-end report, the bank reported that its operation in the Netherlands, currently comprising 13 branches, has been named as its 14th regional bank.

Despite the weak economy during the second half of 2012, Sandvik managed to post strong full-year earnings, with improved margins and higher profitability. This is tangible proof that the necessary work begun by the company's new management on changing Sandvik into a more modern and global enterprise is beginning to generate results. Sandvik is now taking extensive measures to strengthen profitability through sharper focus



HIGHLIGHTS 2012

ACTIVE OWNERSHIP IN THE PORTFOLIO COMPANIES

- Ensure profitability in core markets in Europe and North America.
- Continued focus on growth in selected market segments.

NET ASSET VALUE

- Net asset value at year-end was SEK 129 per share (104), an increase of 29% (+28%) for the year including reinvested dividends.

TOTAL RETURN

- The total return for Industrivärden's Class C shares was 37%, which was 21 percentage points better than for the return index.
- For the longer 5-, 10-, 15- and 20-year periods, Industrivärden's stock generated a higher total return than the total return index (SIXRX). This performance is even stronger in comparison with a European or world index.

EQUITY TRANSACTIONS DURING THE YEAR

- Stocks were purchased for SEK 3 262 M (11,388) and sold for SEK 2 149 M (6,927).
- Stocks were purchased for a net total of SEK 1,114 M (4,461).

SINGLE LARGEST SHAREHOLDER IN VOLVO

- After additional purchases of 10 million Class A shares in Volvo, and through Renaults conversion of Volvo Class A shares to Class B shares, Industrivärden is now the single largest shareholder in the company. The ownership corresponds to 6.2% of the capital and 18.7% of the votes.

TRADING COVERS MANAGEMENT COST

- Industrivärden's short-term equity trading generated a profit of SEK 118 M, and management costs amounted to SEK 123 M, or 0.18% of assets under management.

FIRST CONVERTIBLE BOND IS "IN THE MONEY"

- Due to the weaker euro, it is profitable for owners of the convertible bond worth EUR 500 M maturing in 2015 to convert at a share price of SEK 94/share (corresponding to a price of SEK 154 per share for the bond maturing in 2017).

PROPOSED DIVIDEND

- The Board of Directors proposes a dividend of SEK 5.00 (4.50) per share, which corresponds to a dividend yield of 4.6% (5.5%) for the Class C shares.

ACTIVITIES IN THE BEGINNING OF 2013

- In February 2013 the entire holding in Höganäs was sold for SEK 1.4 billion to H Intressenter AB, a company jointly owned by Lindéngruppen and Foundation Asset Management. Industrivärden's total return during the holding period was 100%.
- In February 2013 it was also announced that Industrivärden will be a new, long-term owner of ICA, one of the leading retail companies in the Nordic region. The ownership stake will amount to 10% of the votes and capital. The total investment amounts to SEK 2.4 bn.

INDUSTRIVÄRDEN'S PERFORMANCE

	2012	2011
Equities portfolio		
– market value as per December 31, SEK M	68,077	56,903
– total return ¹	22%	–23%
Borrowing		
– interest-bearing net debt as per December 31, SEK M	18,248	16,780
of which, convertible loans	8,418	8,555
– debt-equities ratio before full conversion	26.8%	29.5%
– debt-equities ratio after full conversion	14.4%	14.5%
– average interest expense	3.3%	3.5%
Net asset value as per December 31, SEK M	49,829	40,123
Net asset value as per December 31, SEK/share	129	104
– Change ²	29%	–28%
Management cost	0.18%	0.18%
Dividend, SEK/share ³	5.00	4.50
Dividend yield, Class A shares	4.5%	5.2%
Dividend yield, Class C shares	4.6%	5.5%
Total return, Class A shares	33%	–25%
Total return, Class C shares	37%	–28%
Total return index	16%	–14%

¹) Total return for the equities portfolio including dividends reinvested.

²) Change in net asset value taking reinvested dividend into account.

³) Dividend for the respective financial years. For 2012 as proposed by the Board of Directors.

and higher efficiency. With a starting point in major know-how in value-based sales that are centered around customers' processes and efficiency improvement needs, Sandvik is well equipped to develop into an even stronger company.

Ericsson, which is a leading provider of communications networks and related services to telecom operators, further strengthened its positions in 2012. The company has long been a major player in the important U.S. market and stands up very well against its Chinese competitors in the world market. In recent years, Ericsson has focused on capturing market shares in Europe, where operators are upgrading and expanding their networks. This has resulted in lower gross margins but creates good future

potential. Through selected acquisitions and divestments, in recent years Ericsson has further geared its business towards its core areas – networks and related services.

Skanska is one of the world's leading construction companies, with strong positions in Europe and the U.S. By combining efficient construction operations with a successful model for value-creating project development, Skanska has generated substantial shareholder value over time. The company is working actively to capitalize on its size and global presence by developing operational synergies in areas such as purchasing and development. In 2012 Skanska started its first infrastructure project in the U.S. and sold its first commercial real estate project in the country. We share a strong belief in Skanska's future opportunities, and in 2012 we bought additional shares in the company for slightly more than SEK 700 M.

The equities portfolio had good growth in value in 2012, and a large share of the drop in value that occurred in the wake of the financial crisis has now been recovered. Net asset value, including reinvested dividends, rose 29% to SEK 129 per share. Industrivärden's Class A and C shares posted total returns of 33% and 37%, respectively, compared with 16% for the Stockholm Stock Exchange's total return index. For the longer 5-, 10-, 15- and 20-year periods, Industrivärden's stock has generated a higher total return than the Stockholm Stock Exchange – a comparison that is even stronger next to the European or world indexes. This fine growth in value is a clear reflection of our portfolio companies' favorable earnings performance over the long term. It is also gratifying to note that our short-term trading had a good year, despite a difficult derivatives market with relatively low turnover. Profit totaled SEK 118 M, and the operation has now earned approximately SEK 1.1 billion since its start in 2003.

In 2010 and 2011 Industrivärden issued two convertible loans for a total of EUR 1.05 billion to fund, among other things, the up-weighting in Volvo. Since the loans are issued in euros, the conversion price for the first loan, which matures in January 2015, is approximately SEK 94 at the current SEK/EUR exchange rate. At a price of SEK 110 per Class C share, it is thus profitable to convert the loan to shares, i.e., it is "in the money." Upon conversion, the loan is converted to equity. According to the terms of the convertible, Industrivärden has the right to call

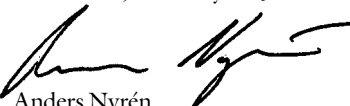
for conversion if the average price of the Class C shares exceeds the conversion price by 30% over a twenty-day period. The same terms apply for the second convertible loan, which matures in January 2017 and which today has a conversion price of SEK 154. Industrivärden's financial position is thus strong.

In its ambition to prevent new financial crises in Europe, the EU has responded with far-reaching detailed regulation in a large number of areas, ranging from capital adequacy rules for banks to rules affecting governance of companies. This is an unfortunate development that risks skewing competition and limiting companies' scope to act, and is inhibiting growth. It is also an encroachment of ownership rights. Moreover, it has proven to be difficult to implement detailed rules across Europe, where the countries differ in many respects. If Europe is to strengthen its competitiveness, an overarching framework is needed that enables flexible solutions, rapid adaptation and long-term involvement of company owners. The EU seems to have taken note of the general debate, and it is good to see that several regulations now appear to have obtained a more overarching nature, allowing scope for adaptation to the varying national conditions.

The Board's proposal for a dividend of SEK 5.00 per share represents an increase of 50 öre, or 11%, compared with last year. This also means that we continue to fulfill our goal of paying a favorable dividend yield that is higher than the average for the Stockholm Stock Exchange.

There is every reason to view the future with confidence now that several areas of concern in the global economy seem to have stabilized. Even though several long-term challenges remain, there are strong indications that the global growth trend will continue, driven by a high rate of growth in Asia and South America. Our portfolio companies have leading positions in their business areas, global coverage and a growing presence in emerging markets. With a well developed business model and strong financial base, we have favorable prospects for creating competitive shareholder value.

Stockholm, February 2013



Anders Nyrén
President and CEO

COMPETITIVE TOTAL RETURN OVER TIME

Industrivärden's goal is to generate high growth in net asset value over time and to deliver a total return to the Company's shareholders which, over the long term, is higher than the average for the Stockholm Stock Exchange (NASDAQ OMX Nordic, Stockholm). Industrivärden has achieved this goal by a good margin, and Industrivärden's stock stands up well in comparison to similar long-term investment alternatives.

Industrivärden works according to a well proven model for structured investment activities and active value creation in its portfolio

companies. Using this model as a foundation and with a long-term approach, Industrivärden has generated favorable growth in net asset value in both the short- and long-term perspective. This favorable performance, combined with the Company's dividend policy to pay a dividend yield that is higher than the average for the Stockholm Stock Exchange, has enabled Industrivärden to deliver an attractive and competitive total return to its shareholders.

For both short and longer periods of time, Industrivärden's stock has generated a higher

total return than the average for the Stockholm Stock Exchange, which over the long term has been a strong performer from an international perspective. For the longer 5-, 10-, 15- and 20-year periods, Industrivärden's stock generated a higher total return than the total return index (SIXRX). This performance is even stronger in comparison with a European or world index (MSCI). In 2012 the total return was 33% for the Class A shares and 37% for the Class C shares, compared with 16% for the return index.

AVERAGE ANNUAL GROWTH IN NET ASSET VALUE

	2012	Five years	Ten years	Fifteen years	Twenty years
Net asset value, %	24	-2	7	4	9
Net asset value including reinvested dividends, % ¹	29	2	11	7	12

¹⁾ Taking into account reinvested dividends, a measure of total value growth is obtained, i.e., how net asset value would have developed if dividends had remained in the Company and grown in pace with the equities portfolio.

TOTAL RETURN FOR INDUSTRIVÄRDEN COMPARED WITH RETURN INDEX

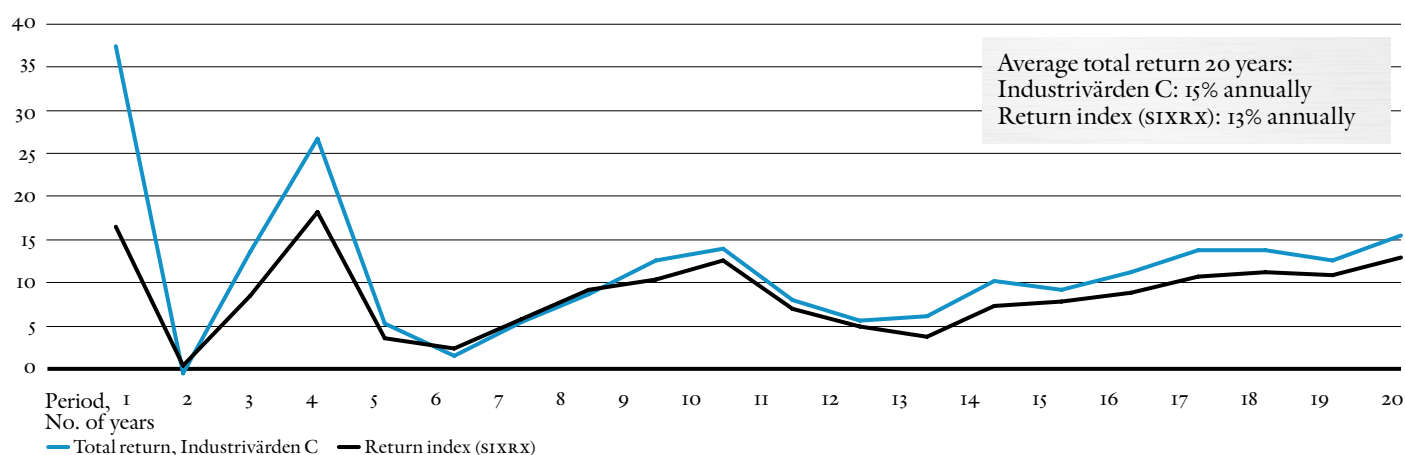
Annual total return ²	Industrivärden		Return index	Industrivärden ³		Europe ³
	Class A, %	Class C, %	SIXRX, %	Class A, %	Class C, %	%
67 years (since introduction in 1945)	14	—	13	—	—	—
20 years	15	15	13	—	—	—
15 years	9	9	8	—	—	—
10 years	13	14	13	14	15	7
5 years	4	5	3	6	7	-2
1 year	33	37	16	38	42	18

²⁾ Growth in value including reinvested dividends.

³⁾ All values denominated in EUR. Morgan Stanley Total Return Europe Index.

AVERAGE ANNUAL TOTAL RETURN FOR EACH TIME PERIOD

% annually for Industrivärden Class C and Return index (SIXRX)



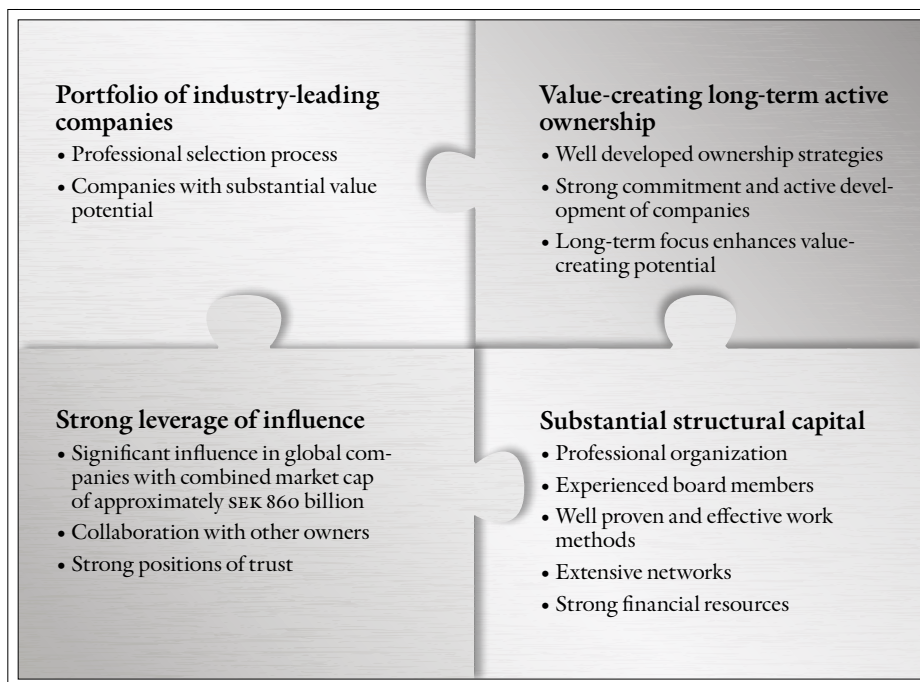
BUSINESS MODEL

STRUCTURED VALUE CREATION

Industrivärden's core business is to invest in listed Nordic companies with good potential for value appreciation, and through active ownership to contribute to continuous growth in value in its portfolio companies. The role as active owner requires that Industrivärden can exercise significant ownership influence and entails a long-term investment horizon. An active ownership perspective fosters a keen understanding of the portfolio companies' businesses, operating environments and continuing development. Contributing to value creation in the portfolio companies increases asset values at the same time that active involvement and knowledge about the companies reduces Industrivärden's equities risk.

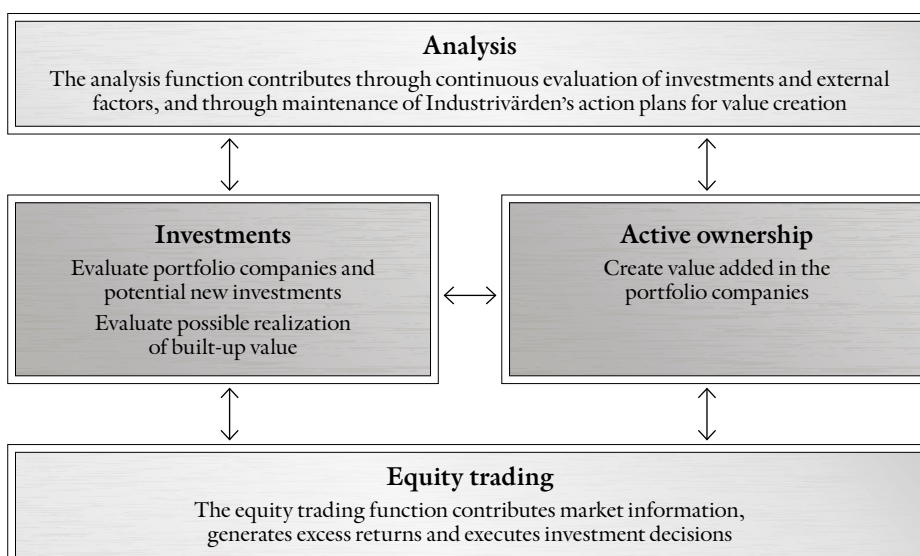
SUCCESSFUL BUSINESS MODEL

Industrivärden has many years of experience in value-creating active ownership and works according to a well proven business model. Industrivärden's success can ultimately be credited to its employees and well established work processes.



REFINED WORK PROCESSES

Work is conducted in two processes, where most of Industrivärden's resources are dedicated to value-creating active ownership. Each portfolio company is analyzed with respect to potential growth in value. Quantitative goals are evaluated on a continuous basis, as are various options for a future exit. Major emphasis is put on continuous comparisons with alternative long-term investments in other listed companies. Investments are evaluated continuously with a 5–8 years time horizon.



INVESTMENTS

The investment process involves evaluating existing investments against set target values and providing a continuous and current picture of new investments that meet the set investment criteria. The aim is to be able to act quickly when investment opportunities arise.

Clear investment criteria

Investments are made in companies with proven business models and considerable opportunities for future growth in value. The investment focus is on:

- Mid- and large cap listed Nordic companies
- Business models that can be applied in several geographic markets
- Good ability to generate growth in cash flow
- Niche focus with leading positions in selected market segments
- Ownership stakes that enable significant influence
- Major potential for value appreciation through active ownership

Portfolio companies

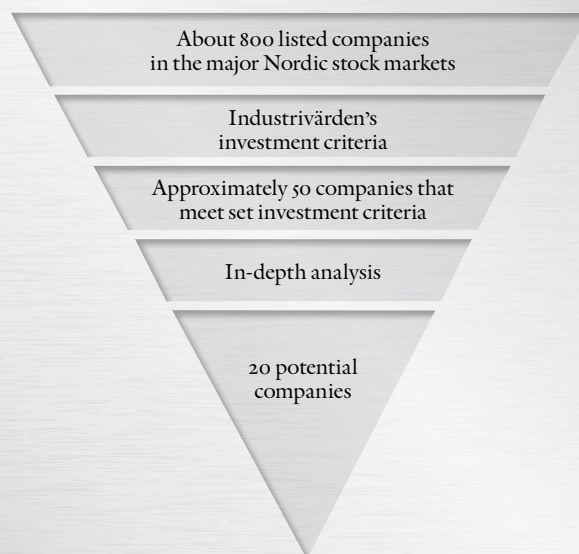
Substantial potential for value creation through active ownership with an evaluation horizon of 5–8 years.

Handelsbanken**SANDVIK****VOLVO**


SCA

c/o Life
ERICSSON **SKANSKA****SSAB** **Indutrade****Höganäs** **Potential new investments**

Possible value potential in the most attractive new investment candidates.

**Continuous evaluation against target values**

- Increase/decrease in existing holdings
- New investment
- Exit

ACTIVE OWNERSHIP

Industrivärden's influence in its portfolio companies is grounded in sizable ownership stakes and a strong position of trust. From this foundation, Industrivärden takes an active ownership role through interaction with other major owners in the aim of finding ways to build value in the shareholdings. Active ownership is exercised by directors on the boards of the portfolio companies who have ties to Industrivärden, through participation in the respective companies' nominating processes, and through direct dialog between Industrivärden's investment organization and leading representatives of the portfolio companies. Active ownership is conducted on a platform of continuous, fundamental analysis and an action plan for value creation.

The work is conducted from an overarching ownership perspective and focuses on such mat-

ters as strategy, company structure, market potential, capital structure and corporate governance. One of the most central duties of the respective companies' boards is to appoint the CEO and continuously evaluate the work of the company's management. Active ownership gives the company management assurance to act with a long-term focus.

Board representation

Active ownership is ultimately conducted through board representation. The portfolio company's chairman normally has ties to Industrivärden, which as a rule is represented by at least one director on the company's board. Such directors are normally also members of Industrivärden's board. A detailed presentation of Industrivärden's board of directors can be found on page 48.

Nominating committee work

The composition of the boards of the portfolio companies is of central importance, which is why Industrivärden participates actively in the preparation work behind nominations of directors for company boards. Normally, the nominating committee chair for a portfolio company has ties to Industrivärden, which as a rule is represented by at least one director. Industrivärden's General Counsel and Executive Vice President, Anders Nyberg, is responsible for the Group's corporate governance. Together with Industrivärden's senior advisor, Carl-Olof By, he represents Industrivärden on the portfolio companies' nominating committees.



Sverker Martin-Löf

Doctor of Technology, Honorary Ph.D. Chairman of Industrivärden, SCA and SSAB. Vice Chairman of Ericsson. Director of Skanska and Svenska Handelsbanken. Former CEO of SCA, with experience from several executive positions at SCA.

Fredrik Lundberg

M.Sc. Eng., MBA, Honorary Doctor of Economics, Honorary Doctor of Engineering. President and CEO of L E Lundbergföretagen. Chairman of Holmen and Hufvudstaden. Vice Chairman of Svenska Handelsbanken. Director of L E Lundbergföretagen, Sandvik and Skanska. Active in L E Lundbergföretagen since 1977.

Hans Larsson

B.A. Chairman of Handelsbanken. Director of Holmen, Attendo and Valedo Partners Fund 1 and 2. Former CEO of Nordstjernan, Esselte and Swedish Match.

Stuart Graham

MBA. Chairman of Skanska. Director of PPL Corporation and Harsco Corporation. Former CEO of the Skanska Group, Skanska USA and Sordoni Skanska, among others.

Boel Flodgren

J.S.D., Honorary Doctor of Economics and Business Administration. Professor of Business Law and former President of Lund University.

Christian Caspar

MBA. Director of Stena and Bonnier. More than thirty years of experience in senior positions with McKinsey & Company.

Anders Nyberg

MBA, U.S. MBA. President and CEO of Industrivärden. Chairman of Sandvik. Vice Chairman of Svenska Handelsbanken. Director of Ericsson, SCA, SSAB, Volvo, Ernströmgruppen, the Stockholm School of Economics and the Stockholm School of Economics Association. Former Executive Vice President of Skanska, Nordbanken and Securum. Former CEO of OM International and other companies.



ANALYSIS

Industrivärden has a cost-efficient organization that is distinguished by high flexibility and short decision-making channels. The Company has just over 25 employees, seven board members and an extensive contact network with specialist expertise. Operations are project-oriented and involve personnel from both the investment organization and staff functions.

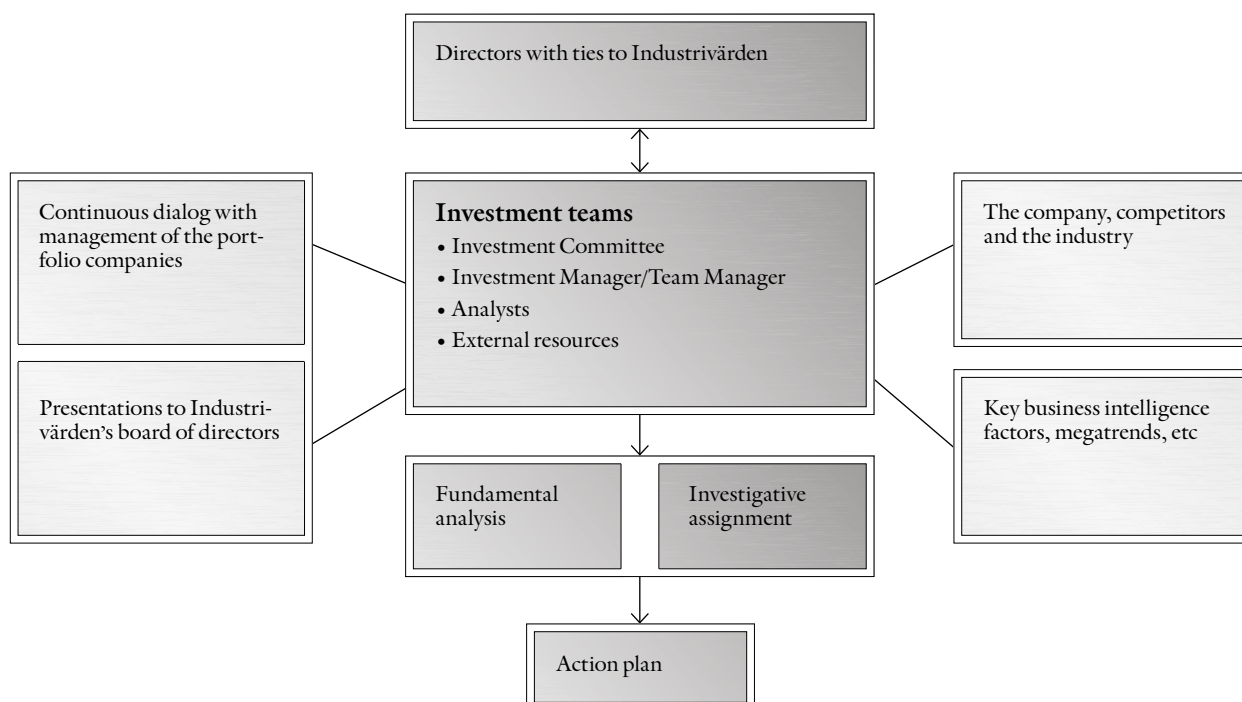
Each portfolio company and potential new-investment candidate is monitored by an investment team. The investment team performs a fundamental company analysis that culminates in a so-called core analysis. Based on this analysis, the team continuously updates an action plan, which serves as a platform for the design, implementation and evaluation of Industrivärden's active ownership. The aim is primarily to identify and describe various oppor-

tunities for value growth as well as strategic measures for achieving this value.

All analysis is based on public information material. Each investment team presents its action plan on a continuous basis to the director or directors with ties to Industrivärden serving on the board of the portfolio company. In this way, Industrivärden's representatives are provided with a current picture of identified opportunities and measures. The investment teams also conduct an ongoing dialog with the company management of the respective portfolio companies. By working with well-researched ideas and proposals, Industrivärden can exert influence on the respective portfolio companies' boards. In this way, over time parts of the action plans can be put into concrete measures in the portfolio company for future value creation.

Corporate social responsibility

Industrivärden has a long tradition of corporate responsibility, both in its role as an active owner and as a listed company. A fundamental value held by Industrivärden is that social and environmental responsibility create business opportunities that contribute to long-term shareholder value. Industrivärden's portfolio companies score highly in industry comparisons and have all made great progress in capitalizing on the value potential provided by long-term responsibility. All businesses shall conform to laws and generally accepted regulations, and are expected to continue improving their positions through the support of relevant guidelines and quantifiable goals.





On a visit to the world's largest copper mine, El Teniente, south of Santiago, Chile. This highly automated operation uses advanced mining equipment from Sandvik.

Anders Nyrén
President and CEO,
MBA, U.S. MBA

Pär Östberg
Executive Vice President and
Chief Investment Officer,
MBA

Anders Nyberg
Executive Vice President
and General Counsel,
LLB

Martin Hamner
Chief Financial Officer,
MBA

Sverker Sivall
Head of Corporate
Communications,
MBA

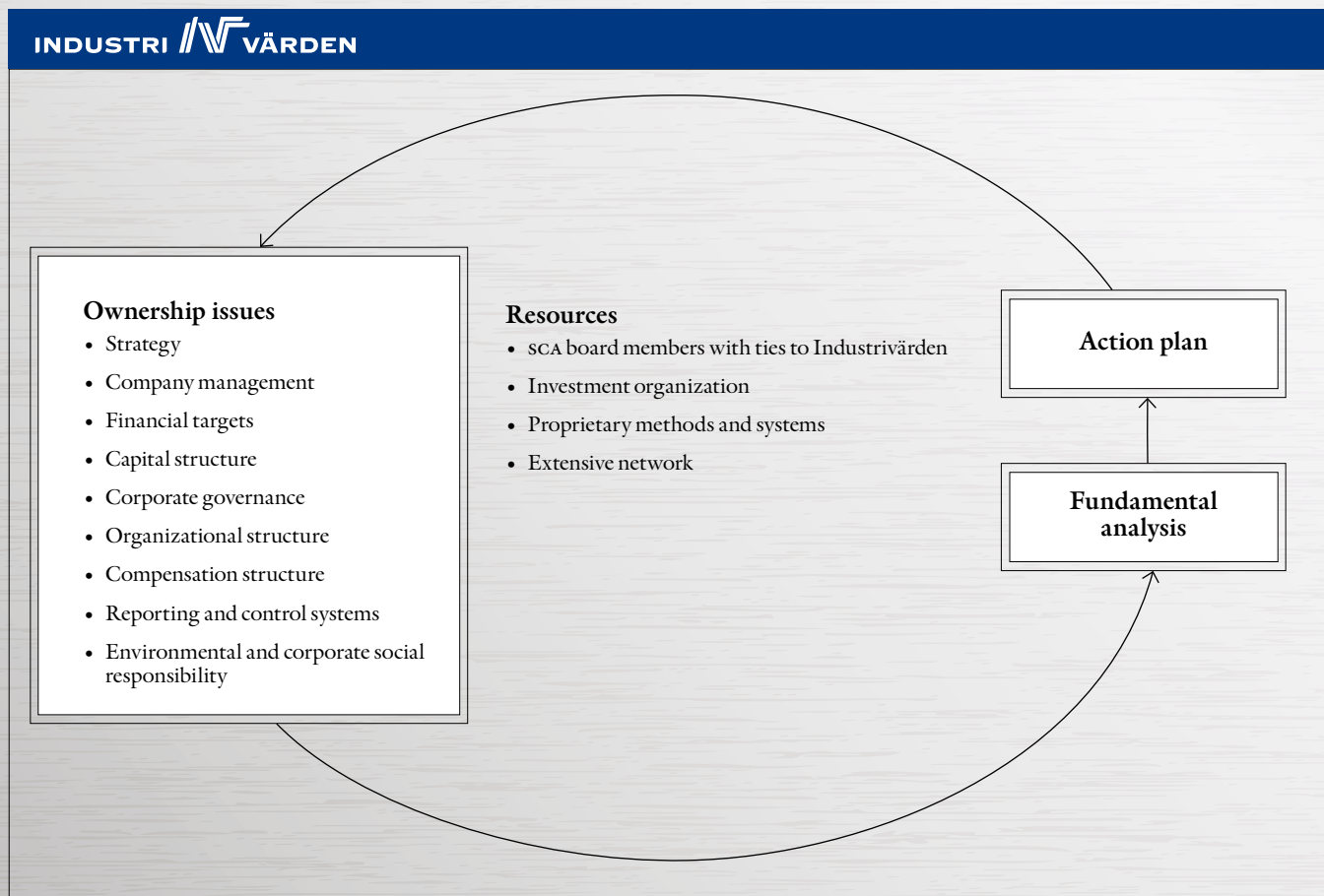
Fredric Calles
Head of Short-Term Trading,
MBA

Executive Management and Investment Committee

The CEO is responsible for Industrivärden's day-to-day administration, which is handled by the Company's Executive Management. This work involves strategic, organizational and financing matters as well as control and follow-up, among other things. Industrivärden's Executive Management also serves as the Investment Committee, which adopts action plans and makes investment decisions within set mandates. Representatives of the Executive Management participate on the investment teams, with overarching responsibility.

Industrivärden works with a lean and flexible organization, thus enabling the members of the Executive Management to participate actively in the operating activities within their respective areas. A substantial part of the CEO's work time is dedicated to board work within the framework of active ownership in the portfolio companies. Apart from heading the investment teams, members of the Executive Management can also provide specialist expertise to Industrivärden's analysis teams. A detailed presentation of the members of the Executive Management can be found on page 49.

VALUE CREATION THROUGH INFLUENCE, KNOWLEDGE AND INVOLVEMENT – WITH SCA AS AN EXAMPLE



SHORT-TERM TRADING

Industrivärden has a separate short-term trading function to support the investment activities with market information and to execute investment decisions. In an effort to generate excess returns, short-term trading is conducted in equities and equity-related instruments. Value is created primarily through derivative transactions in the shares of existing portfolio companies.

By monitoring the market's valuation of the portfolio companies over time, Industrivärden has gained good knowledge of the market's pricing of the portfolio companies' stocks. To utilize this knowledge and generate excess returns, short-term derivative transactions are conducted on margins on a continuous basis in Industrivärden's long-term equity investments. Industrivärden's short-term trading has been highly successful, generating earnings of more than SEK 1 billion since the start in 2003.



Board work

Sverker Martin-Löf, Chairman of the Board, and Anders Nyrén, director, have ties to Industrivärden. Eight board meetings were held in 2012. Following are some of the more important matters of business:

- Ongoing efficiency improvement program in the European hygiene operations
- Acquisition of Georgia-Pacific's European tissue operations
- Increased ownership in the Chinese tissue company Vinda
- Acquisitions of hygiene products operations in Brazil, Chile, Taiwan, Russia and Turkey
- Divestment of the packaging operations
- Divestment of interest in UK newsprint mill and Austrian publication paper mill
- Drafting of dividend proposal

Continuous dialog and company visits

In 2012, Industrivärden's company team held four meetings with senior executives of SCA. The team participated at several capital market days held by major companies in the industry and paid a number of company visits to various players in the industry around the world.

Collaboration with other major shareholders

In 2012, continuous, customary dialog was held with other major shareholders of SCA.

Recommendation for board members

- Carl-Olof By, Nominating Committee chair, represents the shareholder Industrivärden. During the 2012 calendar year, three Nominating Committee meetings were held, and the Nominating Committee's recommendation for election of board members was presented in February 2012.
- At the Annual General Meeting in March 2012, the directors were elected in accordance with the Nominating Committee's recommendation.



GOVERNANCE OF INDUSTRIVÄRDEN

BOARD OF DIRECTORS

The Board of Directors has a central role in Industrivärden's business model for active ownership. It is responsible for, among other things, the design and execution of the Company's active ownership, overarching ownership matters concerning the portfolio companies, and issues related to major purchases and sales of listed stocks. See also page 12. The Board has the ultimate responsibility for the Company's organization and administration.

This work is laid out in the Board's work plan and follows a yearly plan. Every board meeting follows an agenda supported by relevant background documentation.

In addition to the statutory board meeting, which is held in connection with the Annual General Meeting, the Board normally meets five times a year (regular meetings). Extra meetings are called when necessary. In 2012 the Board met a total of six times.

The statutory meeting deals with adoption of the Board's work plan, decision on the Company's signatories, appointment of persons to check the minutes of board meetings, and appointment of committee members.

Each year the Board evaluates Industrivärden's financial reporting and makes demands on its content and structure in order to ensure a high quality of the financial reporting. In connection with the board meeting that deals with the annual financial statements, the Board of Directors' Report, the proposed distribution of earnings and the year-end report, the Company's auditor submits a report to the Audit Committee on the auditors' observations and remarks from their audit.

The regular meetings cover a number of set agenda items. These include, among other things, a report on the current financial result of operations and on the development of net asset value and the performance of the equities portfolio. Equity transactions that have been carried out are reported in detail. Reporting also includes a description of the portfolio companies' performance and macro-economic conditions. In addition, a special review is normally conducted of one or more of the portfolio companies and of potential investments or divestments. At one or more board meetings during the year, the management of one of the portfolio companies presents a report on their company's development.

The Board has appointed a compensation committee and an audit committee, which are tasked with conducting drafting work for compensation and audit issues, respectively, for decision by the Board.

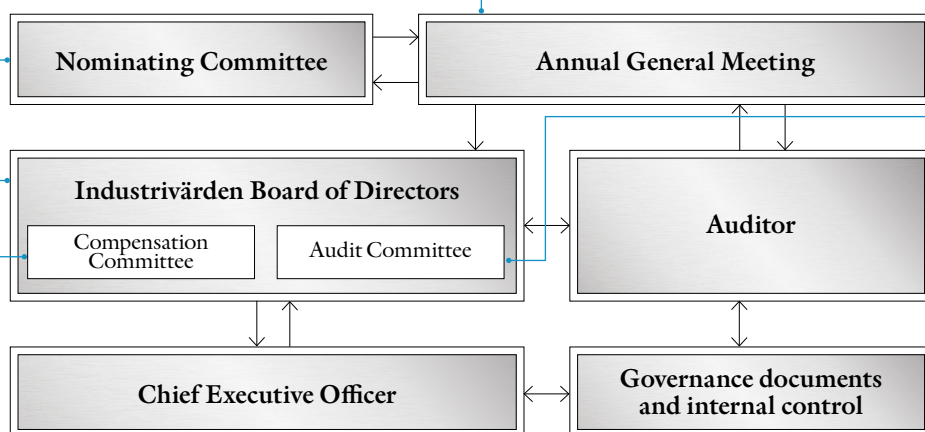
All board decisions are based on extensive documentation and are made following a discussion that is led by the Chairman. The Board's work is evaluated yearly in a structured process conducted under the direction of the Chairman of the Board.

NOMINATING COMMITTEE

The members of the Nominating Committee ahead of the 2012 Annual General Meeting were *Bo Damberg*, the Jan Wallander and Tom Hedelius Foundation, and others; *Ulf Lundahl*, L E Lundbergföretagen; *Sverker Martin-Löf*, Chairman of Industrivärden; *Anders Nyberg*, SCA Pension Foundations and others; and *Håkan Sandberg* (committee chair), Handelsbanken Pension Foundation and Handelsbanken Pension Fund. The same members, with the exception of *Mikael Schmidt* (who has replaced Anders Nyberg), have been appointed for nomination work ahead of the 2013 Annual General Meeting.

GENERAL SHAREHOLDERS' MEETINGS

General shareholders' meetings are Industrivärden's highest governing body. At the Annual General Meeting (AGM), which is held within six months after the end of the fiscal year, resolutions are made concerning recommendations and proposals set forth by the Nominating Committee, the Board of Directors and shareholders. Among other things, the income statement and balance sheet are adopted, a decision is made regarding the dividend, the Board of Directors (that according to the Articles of Association shall be composed by, at the lowest three and at the highest nine, members) and – where applicable – the auditor is elected and their fees are determined, and other items of legally ordained business are conducted.



COMPENSATION COMMITTEE

The Compensation Committee draws up recommendations for the CEO's compensation and decides on compensation for the other members of the executive management. Guidelines for compensation of senior executives were adopted by the 2012 Annual General Meeting. The members of the Compensation Committee are Chairman of the Board Sverker Martin-Löf (committee chair) and board member Hans Larsson. No compensation was paid for the directors' work on the committee. The Compensation Committee held two meetings in 2012.

CHIEF EXECUTIVE OFFICER

The CEO is responsible for Industrivärden's operative activities in accordance with the set strategy and the CEO's instructions set by the Board. These cover, among other things, investment rules for equities and derivative instruments which indicate the maximum amounts for the CEO's authority between board meetings to decide on purchases and sales of stocks and derivative instruments. The CEO's most important duties are to lead the business and, in his capacity as a board representative, to exercise Industrivärden's active ownership in its portfolio companies. See also page 14.

• AUDIT COMMITTEE

The Audit Committee includes all of the members of the Board except for the CEO. Hans Larsson is chair of the Audit Committee. No compensation was paid to the Audit Committee members for their work on the committee. The Audit Committee is tasked with reviewing the routines for the Company's risk management, governance and control, and financial reporting. The Company's investment instructions and finance policy are adopted each year by the Board. The Audit Committee held two meetings in 2012.

The Audit Committee maintains regular contact with Industrivärden's auditor to ensure that internal and external reporting meet established requirements and to discuss the scope and focus of the audit work. The auditor reports its observations to the Audit Committee in connection with the audit of the year-end financial statements.

• AUDITOR

The auditor audits the annual report, the financial accounting, the administration by the Board and the President and reports to the Annual General Meeting. At the 2010 Annual General Meeting, PricewaterhouseCoopers AB was elected as auditor for a term lasting through the 2014 Annual General Meeting. The signing auditor is Magnus Svensson Henryson (b. 1969), Authorized Public Accountant. In 2012 he was signing auditor of the listed companies Industrivärden, SSAB and SEB, among others.

In 2012 the half-year interim report was reviewed by the Company's auditor.

• GOVERNANCE DOCUMENTS AND INTERNAL CONTROL

Industrivärden has clearly organized operations and established control systems. Each year the Board adopts governance documents in the form of investment rules and the CEO's instructions. The investment rules are set by the Board and specify and establish the framework for all investments in financial instruments. The CEO's instructions lay out central guidelines and clarify which decisions are to be made by the Board and which are to be made by the CEO.

In view of Industrivärden's business, organizational structure and how the financial reporting has been organized in general, the Board finds no need for a dedicated review function in the form of an internal audit unit.

Internal control of the Company is described in more detail on page 38.

Further information on the governance of Industrivärden is published on the company's website.



ATTENDANCE, FEES AND INDEPENDENCE CONDITIONS

Name	Year elected	Board	Audit Committee	Compensation Committee	Attendance at meetings			Fee, 2012 SEK 000
					Board	Audit Comm.	Comp. Comm.	
Sverker Martin-Löf	2002	Chairman	Member	Chairman	All	All	All	1,800
Christian Caspar	2011	Member	Member	–	All	All	–	525
Boel Flodgren	2002	Member	Member	–	All	All	–	525
Stuart Graham	2011	Member	Member	–	All	All	–	525
Hans Larsson	2010	Member	Chairman	Member	All	All	All	525
Fredrik Lundberg	2004	Member	Member	–	All	All	–	525
Anders Nyrén	2001	Member	–	–	All	–	–	–
Total								4,425

Anders Nyrén is non-independent in relation to Industrivärden (in his capacity as CEO).

Fredrik Lundberg is non-independent in relation to a major shareholder (in his capacity as CEO of L E Lundbergföretagen, which is a major shareholder of Industrivärden).

Hans Larsson is non-independent in relation to major shareholders (in his capacity as Chairman of foundations that are major shareholders of Industrivärden).

NET ASSET VALUE

Net asset value is a measure of the shareholders' total net worth in the Company, defined as the market value of the equities portfolio less interest-bearing net debt.

Net asset value at year-end 2012 was SEK 49.8 billion (40.1), or SEK 129 per share (104).

The long-term growth of net asset value is shown on pages 9 and 19.

EQUITIES PORTFOLIO

Industrivärden's equities portfolio comprises large shareholdings in Handelsbanken, Sandvik, Volvo, SCA, Ericsson, Skanska, SSAB, Industrade and Höganäs, all of in which Industrivärden is a long-term active owner. The companies are characterized by front positions in selected market segments, industry-leading positions and a high level of international business.

The equities portfolio, which is valued at market prices as per December 31, 2012, had a market value of SEK 68.1 billion (56.9), corresponding to SEK 176 (147) per Industrivärden share.

INVESTMENT ACTIVITIES 2012

During the year, stocks were purchased for SEK 1,114 M (4,461) net. The largest net purchases pertained to Volvo, for SEK 795 M, and Skanska, for SEK 709 M. The largest net sale was made in Handelsbanken, for SEK 74.6 M.

In addition to the purchases of stock in Volvo, the reclassification of Volvo Class A shares to Class B shares entailed that Industrivärden's share of ownership rose to 6.2% of the capital and 18.7% of the votes.

PERFORMANCE OF THE EQUITIES PORTFOLIO IN 2012

The market value of the equities portfolio at year-end 2012 was SEK 68,077 M (56,903), which exceeded cost by SEK 27,714 M (18,389). Taking purchases and sales into account, the value of the equities portfolio increased by 18% during the year (+26%), while the Stockholm Stock Exchange's market index (OMXSPI), increased by 12% (+17%).

Dividends received during the year totaled SEK 2,391 M (2,403). The total return for the portfolio, i.e., the increase in value including reinvested dividends, was 22% (+23%), compared with 16% (+14%) for the return index (SIXRX).

SHORT-TERM TRADING

Short-term derivative transactions and short-term equity trading are conducted on a regular basis to enhance the return of the equities portfolio. Combined income from Industrivärden's short-term derivative transactions and equity trading totaled SEK 118 M (152).

ISSUE OF CONVERTIBLE LOANS

In January 2010 and January 2011 Industrivärden issued a five-year and a six-year convertible loan, respectively, worth EUR 500 M and EUR 350 M. The aim was to take advantage of strong market conditions and good credit quality to obtain attractive financing with the opportunity to issue new equity. The capital has been used for investments in portfolio companies with favorable dividend yields and potential for growth in value – mainly Volvo, Handelsbanken and Sandvik. The investments

carried out have generated favorable total returns that are well above the average total return for the Stockholm Stock Exchange. The convertible loans are described in more detail on page 50.

INTEREST-BEARING NET DEBT

Interest-bearing net debt amounted to SEK 18.2 billion (16.8) at year-end 2012, corresponding to SEK 47 (43) per Industrivärden share. Of total net debt, SEK 8.4 billion consists of the loan portion of the convertible bonds that were issued in January 2010 and January 2011. Upon conversion, the debt is transformed to equity. The current level of debt in absolute terms is considered to be well-balanced in view of the underlying assets' size, their good liquidity and the fact that half of the debt amount consists of long-term convertible loans.

In February 2013 the convertible loan that matures in 2015 was "in the money," at which point it is profitable for convertible owners to convert to shares. Taking into account the fixed exchange rate (for SEK to EUR), it became profitable to convert when the share price exceeded SEK 94 per share. The share price at the same time was SEK 110/share. For the convertible loan that matures in 2017, it was profitable at the same date to convert when the share price exceeded SEK 134 per share.

The debt-equities ratio at year-end 2012 was 27%, or 14% after full conversion of the convertible loans.

NET ASSET VALUE

SEK bn	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Equities portfolio	68.1	56.9	71.1	53.5	34.7
Interest-bearing net debt	-18.2	-16.8	-13.4	-10.8	-10.8
of which, convertible loans	-8.4	-8.6	-4.2	–	–
Net asset value	49.8	40.1	57.7	42.8	23.9
Net asset value per share, SEK	129	104	149	111	62
Debt-equities ratio, %	26.8	29.5	18.9	20.1	31.1
Net asset value per share, SEK after full conversion	126	106	144	–	–
Debt-equities ratio, % after full conversion	14.4	14.5	13.0	–	–

EQUITIES PORTFOLIO AS PER DECEMBER 31, 2012

	No. of shares	Market value, SEK M	Cost, SEK M	Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
Handelsbanken	64,251,679	14,932	6,857	22	10.2	10.3
Sandvik	142,617,757	14,761	7,323	22	11.4	11.4
Volvo	131,506,918	11,757	11,692	17	6.2	18.7
SCA	70,800,000	9,987	2,611	15	10.0	29.7
Ericsson	84,708,520	5,413	3,808	8	2.6	15.0
Skanska ¹	34,997,295	3,717	2,668	5	8.3	24.9
SSAB	56,860,957	3,209	4,154	5	17.6	22.6
Indutrade	14,727,800	2,901	102	4	36.8	36.8
Höganäs	4,408,046	1,095	836	2	12.6	10.0
Total, portfolio companies		67,772	40,051	100		
Other		305	312	0		
Equities portfolio		68,077	40,363	100		

¹) 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.

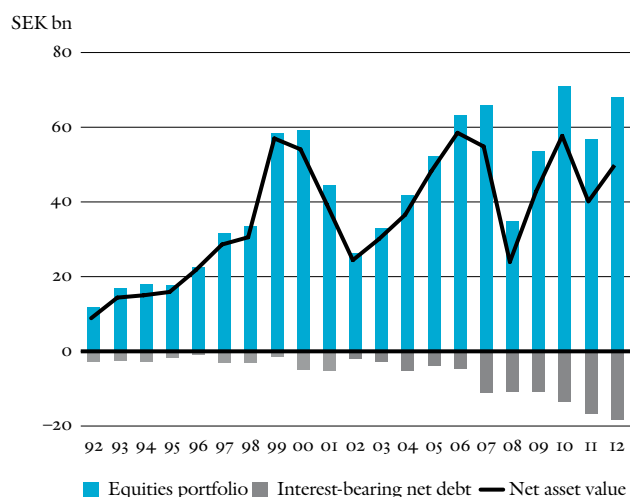
PERFORMANCE OF PORTFOLIO COMPANIES 2012

	Price change, %	Total return, %	Total return ¹		
			5 years, %	10 years, %	20 years, %
Handelsbanken	28	34	8	12	23
Sandvik	23	27	2	15	14
Volvo	18	22	-1	19	15
SCA	40	45	8	8	11
Ericsson	-8	-4	-1	7	8
Skanska	-7	-2	4	14	15
SSAB	-7	-4	-18	10	14
Indutrade ²	8	11	14	-	-
Höganäs	17	22	22	9	-
Total, portfolio companies	18	22			
	Index (OMXSPI): 12	Index (SIXRX): 16	3	13	13

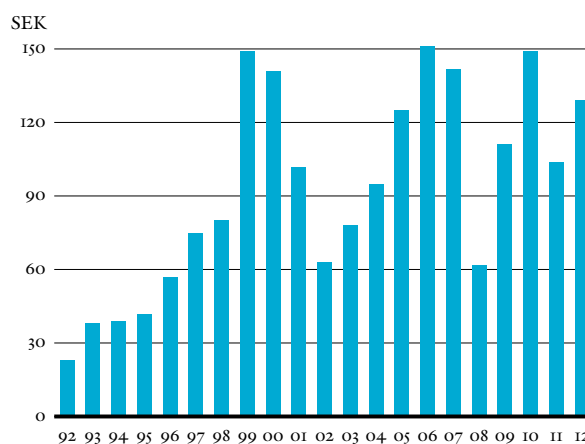
¹) Average annual total return.

²) Indutrade was listed on the stock market on October 5, 2005.

GROWTH OF NET ASSET VALUE



NET ASSET VALUE PER SHARE



Average annual growth in net asset value during the last ten- and twenty-year periods was 11% and 12%, respectively, including reinvested dividends.

INDUSTRIVÄRDEN SHARE DATA

During the last 10-year period, the total return including reinvested dividends was 234%, or 13% yearly for the Class A shares and 268%, or 14% yearly for the Class C shares. During the same period, the Stockholm Stock Exchange as a whole gained 227%, or 13% yearly. In 2012 the total return was 33% for the Class A shares and 37% for the Class C shares, compared with 16% for the Stockholm Stock Exchange as a whole.

Trading volume of Industrivärden shares on the Stockholm Stock Exchange in 2012 was SEK 10 billion (19), corresponding to a turnover rate of 16% (13%) for the Class A shares and 65% (89%) for the Class C shares. Average daily trading volume was 120,000 Class A shares and 303,000 Class C shares.

DIVIDEND

Industrivärden's dividend policy is to pay the shareholders a dividend yield that is higher than the average for the Stockholm Stock Exchange (NASDAQ OMX Nordic, Stockholm). This goal has been achieved every year during the last ten-year period. The dividend is to be well balanced with respect to the goals, scope and risk of operations. The Board of Directors has proposed that the 2013 Annual General Meeting declare a dividend of SEK 5.00 (4.50) per share, corresponding to a dividend yield of 4.5% for the Class A shares and 4.6% for the Class C shares.

INDUSTRIVÄRDEN'S STOCK AND SHAREHOLDERS

Industrivärden's Class A and Class C shares are listed on the Stockholm Stock Exchange. Industrivärden's stock is listed in the large cap segment, consisting of companies with a market capitalization in excess of EUR 1 billion. Industrivärden has 48,000 shareholders (49,000). Foreign ownership in the Company is 12% (12%).

Each A-share carries entitlement to one vote, and each C-share carries entitlement to 1/10 of a vote. All shares carry equal entitlement to the Company's assets and earnings.

EMPLOYEE SHAREHOLDINGS IN INDUSTRIVÄRDEN

Information on shareholdings of Company directors, members of the executive management and senior executives is provided on pages 48–49.

INDUSTRIVÄRDEN'S STOCK AS PER DECEMBER 31, 2012

Number of shares	Capital stock, SEK M	Percentage of	
		votes	shares
268,530,640			
Class A shares	671.4	96	70
117,740,584			
Class C shares	294.3	4	30
386,271,224 shares	965.7	100	100

CONVERSION OF CLASS A SHARES TO CLASS C SHARES

At the 2011 Annual General Meeting, a share conversion clause was added to Industrivärden's articles of association. Shareholders have the right at any time to convert Class A shares to Class C shares. Conversion forms are available on Industrivärden's website under the "Share data" menu. No Class A shares were converted to Class C shares in 2012.

CONVERSION TO CLASS C SHARES

The issues of convertible bonds that were carried out in 2010 and 2011 may increase the number of underlying shares by 76 million new Class C shares upon full conversion. No conversions took place in 2012. The convertible loans are described in more detail on page 50.

DIVIDEND

SEK	2012	2011	2010	2009	2008
Dividend	5.00 ¹	4.50	4.00	3.00	4.50
Annual growth in dividend, %	11	13	33	–33	–10
Dividend yield, Class A shares, %	4.5	5.2	3.3	3.4	7.9
Dividend yield, Class C shares, %	4.6	5.5	3.4	3.6	9.0
Dividend yield for Stockholm Stock Exchange, % ²	3.7	3.8	3.2	2.8	4.5

¹) Proposed by the Board of Directors.

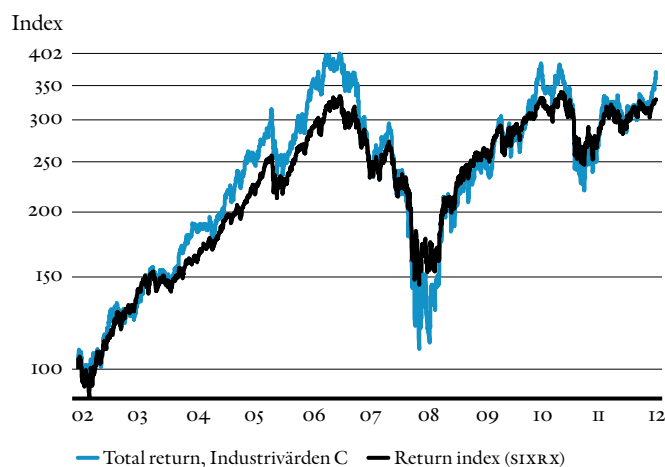
²) Source: NASDAQ OMX. Preliminary figures for 2012 as per February 2013.

OWNERSHIP STRUCTURE AT DECEMBER 31, 2012¹

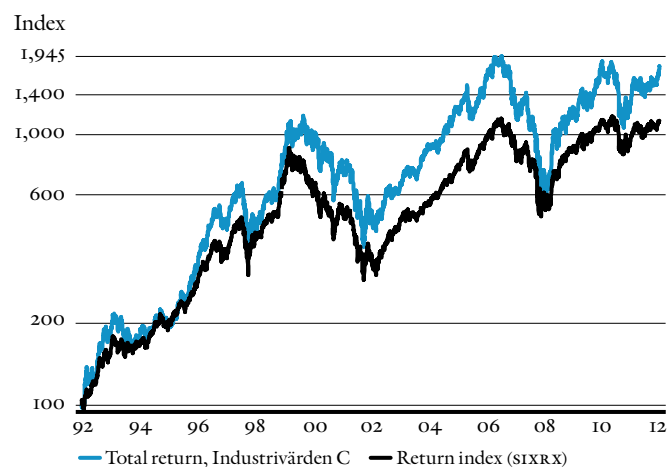
Largest shareholders	Number of shares	Percentage of	
		capital stock	votes
L E Lundbergföretagen	50,000,000	12.9	17.8
Handelsbankens Pension Foundation	29,800,000	7.7	10.6
Handelsbankens Pension Fund	29,350,000	7.6	10.5
Jan Wallanders and Tom Hedelius Foundation	25,800,000	6.7	9.2
SCA Pension Foundation	17,526,642	4.5	6.3
Swedbank Robur Mutual Funds	11,744,584	3.0	0.6
SCA Group Holding	10,525,655	2.7	3.8
SCA Vorsorge-Treuhand	9,514,630	2.5	3.4
Government of Norway	8,712,115	2.3	1.5
SCA Pension Foundation for salaried employees and foremen	6,969,682	1.8	2.5
Svenska Handelsbanken	6,823,789	1.8	2.4
AMF Pension	5,533,400	1.4	0.2
Fredrik Lundberg	5,240,000	1.4	1.9
Tore Browaldh Foundation	3,410,000	0.9	1.2
Handelsbanken Funds	3,271,420	0.8	0.7
Skandia Liv	3,026,890	0.8	0.1
Third Swedish National Pension Fund	2,890,666	0.7	0.7
Second Swedish National Pension Fund	2,684,858	0.7	0.2
Oktogonen	2,600,000	0.7	0.9
Total above	235,424,331	60.9	74.5
Other shareholders	150,846,893	39.1	25.5
Total Industrivärden	386,271,224	100.0	100.0

¹) Source: Euroclear.

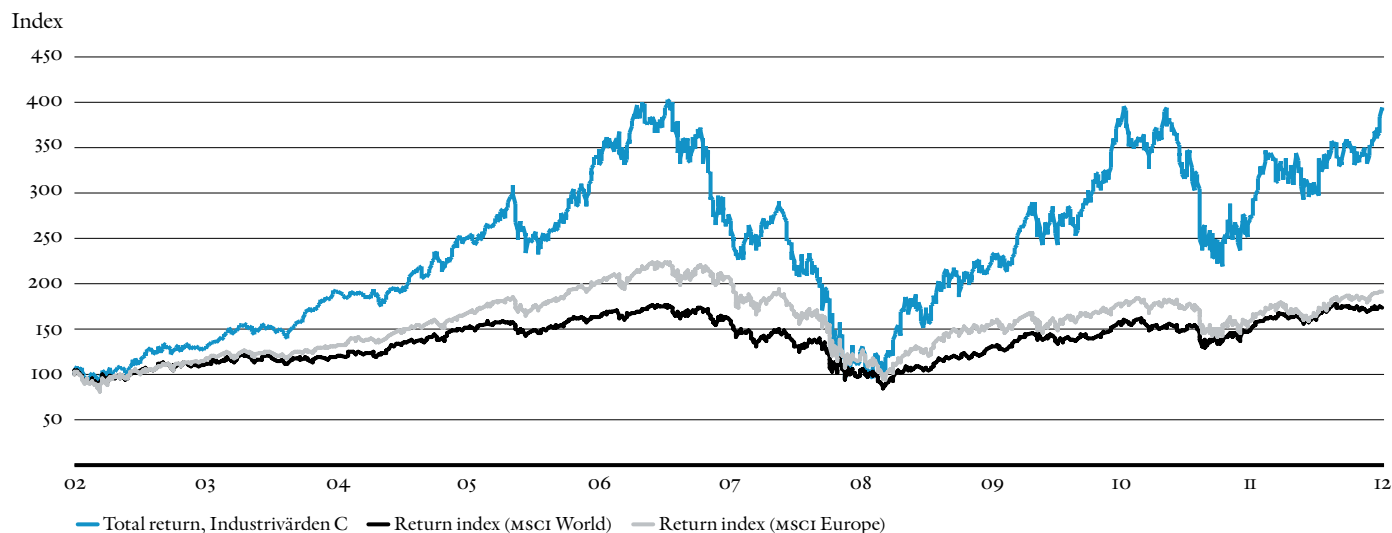
INDUSTRIVÄRDEN'S TOTAL RETURN, 10 YEARS



INDUSTRIVÄRDEN'S TOTAL RETURN, 20 YEARS



TOTAL RETURN FOR INDUSTRIVÄRDEN'S STOCK



Morgan Stanley index. All values denominated in EUR.

PROFITABLE GROWTH THROUGH LOCAL CUSTOMER RESPONSIBILITY

Photo: Janett Hägglund



Handelsbanken

HOLDING

Shares: 64,251,679 Class A shares

Market value: SEK 14,932 M

Share of votes: 10.3% *Share of capital:* 10.2%

Share of equities portfolio: 22%

OPERATIONS

Handelsbanken is a universal bank whose business concept is to offer a comprehensive range of high quality financial services to private and corporate customers in the Nordic region and the U.K. The bank has nationwide networks of branches in its respective home markets. A fundamental tenet of the business concept is that overall customer responsibility rests with the local branch that serves the customer. This enables deep and enduring customer relationships that are characterized by availability, simplicity and a high degree of service. The branches conduct their marketing activities by assigning local priorities to customer categories or product areas. Through consistent application of this highly effective business model, Handelsbanken has established a strong financial position and a strengthened market position over time. Low risk appetite has contributed to considerably lower loan losses than the industry as a whole and favorable dividends even during financial crises, without the need for new issues and/or government support. Handelsbanken has a strong position in the Swedish market, with 461 branches. In the other Nordic countries the bank has a total of 148 branches, plus 133 branches in the U.K. and 32 in the rest of the world. In all, Handelsbanken conducts business in 24 countries. Operations are growing internationally in pace with establishment of the business model in new selected markets.

Handelsbanken aspires to have the most satisfied customers while achieving higher cost effectiveness than its peer banks. Profitability is always prioritized above volume, and for 40 years Handelsbanken has had higher profitability than the average for its competitors in its home markets.

PERFORMANCE 2012

- Operating income rose 6% to SEK 17.6 billion (16.5). Total income amounted to SEK 35.1 billion (32.8). Net interest income rose 10% to SEK 26.1 billion (23.6).
- Return on equity increased to SEK 14.7% (13.5%).
- Strong capitalization has been further strengthened and meets the new Basel 3 requirements.
- Continued organic growth in the U.K., reaching a total of 133 branches (104) at year-end.
- Branch office operations in the Netherlands, with 13 offices, to become new regional bank.

HANDELSBANKEN AT A GLANCE

Board members with ties to Industrivärden:

Hans Larsson (Chairman), Anders Nyrén (Vice Chairman), Fredrik Lundberg (Vice Chairman) and Sverker Martin-Löf

Nominating committee representative:

Carl-Olof By (committee chair)

CEO: Pär Boman

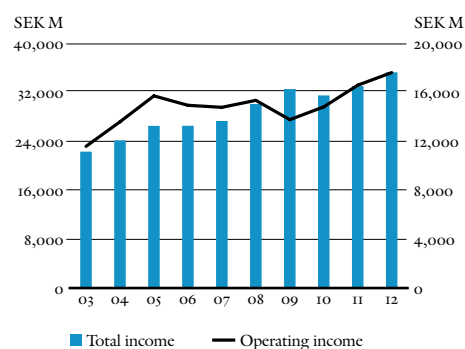
For more information on Handelsbanken, visit www.handelsbanken.com

KEY DATA

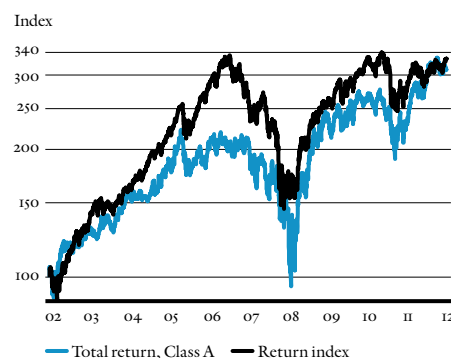
	2012	2011
Earnings per share, SEK	20.47	19.78
Dividend per share, SEK	10.75 ¹	9.75
Share price on December 31, SEK		
Class A shares	232.40	181.00
Class B shares	221.70	176.90

¹⁾ Proposed by the board of directors.

TOTAL INCOME AND OPERATING INCOME



HANDELSBANKEN'S STOCK



GROWTH THROUGH UNIQUE KNOW-HOW IN CUSTOMER-ADAPTED MATERIALS TECHNOLOGY



HOLDING

Shares: 142,617,757 shares

Market value: SEK 14,761 M

Share of votes: 11.4% Share of capital: 11.4%

Share of equities portfolio: 22%

OPERATIONS

Sandvik is a global engineering group with leading positions in cemented carbide tools and components, machinery and tools for the mining and construction industries, and highly refined products in advanced steel and ceramics. Business is conducted worldwide, and the company acts as a local partner to businesses in more than 130 countries. The Group is structured in five business areas: Machining Solutions specializes in productivity-enhancing products and solutions for advanced metalworking; Mining focuses on products, solutions and service for the mining industry; Construction offers similar products in selected niches in the construction industry; Materials Technology manufactures high value-added and advanced metal products in selected niches. The fifth business area, Venture, consists mainly of attractive and fast-growing businesses with ties to Sandvik's core areas.

Sandvik has a long history of successful, value-based sales with focus on customers' processes and efficiency improvement opportunities. The company's strength factors include extensive know-how in materials technology, understanding of customers' needs, a distinct innovative ability and a strong company culture. Sandvik aspires for world class in its core areas, increased speed in all processes, greater focus in selected core businesses and a more global approach with strong local ties.

PERFORMANCE 2012

- Net sales rose 5% to SEK 98.5 billion (94.1).
- Income after net financial items rose 41% to SEK 11.5 billion (8.2).
- Strong position for Mining in emerging markets in Asia, Latin America and in Australia.
- Strategic development program well under way with full effect in 2015.
- Additional structural program is expected to lower costs by SEK 1 billion by year-end 2013.
- Machining Solutions to introduce brands for mid-range segment in 2013.
- Acquisition of Seco Tools and divestment of Medical Solutions completed.

SANDVIK AT A GLANCE

Board members with ties to Industrivärden:

Anders Nyström (Chairman) and

Fredrik Lundberg

Nominating committee representative:

Anders Nyström (committee chair)

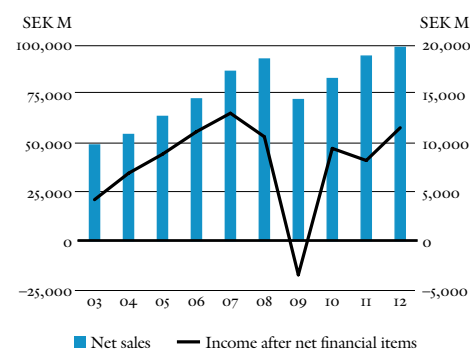
CEO: Olof Faxander

For more information on Sandvik, visit www.sandvik.com

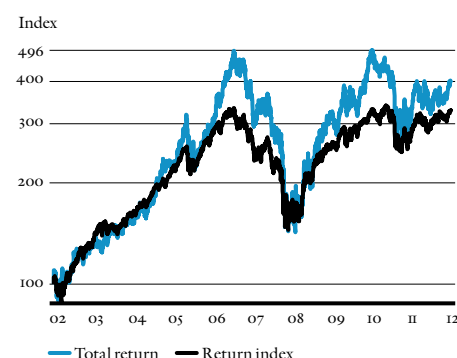
KEY DATA	2012	2011
Earnings per share, SEK	6.51	4.63
Dividend per share, SEK	3.50 ¹	3.25
Share price on December 31, SEK	103.50	84.45

¹) Proposed by the board of directors.

NET SALES AND INCOME



SANDVIK'S STOCK



GROWTH THROUGH LEADING POSITION IN MODERN TRANSPORT SOLUTIONS



VOLVO

HOLDING

Shares: 131,506,918 Class A shares

Market value: SEK 11,757 M

Share of votes: 18.7% *Share of capital:* 6.2%

Share of equities portfolio: 17%

OPERATIONS

Volvo Group is a world-leading supplier of commercial transport solutions, with sales in some 180 countries. The company's products and activities are distinguished by care for the environment and energy efficiency. In the core diesel engines business, the Group coordinates its production and R&D based on a joint architecture and shared technology. Volvo Group has experienced a favorable development during the last decade and has grown to become a truly global and leading player. Volvo Group is today the world's largest manufacturer of heavy trucks and the third-largest maker of construction equipment, with a market-leading position in wheel loaders and excavators in China.

Trucks are sold under the Volvo, Renault Trucks, Mack and UD Trucks brands, and under the Eicher brand by an Indian joint-venture company. At the start of 2012 a new organizational structure was implemented to further improve coordination in the truck operations and to create greater focus on development in marketing, sales and brands. Volvo Group also offers construction equipment through the Volvo Construction Equipment unit. In addition, the Group manufactures and sells buses and engines for marine and industrial applications, and offers financing and service solutions.

Volvo's positions have strengthened in many markets across Asia following the acquisitions of the Japanese company UD Trucks and the Chinese construction machinery manufacturer Lingong, and the joint venture with the Indian company Eicher in trucks and buses. Volvo Group also has strong positions in emerging markets in Eastern Europe and South America. Markets outside Western Europe and North America account for approximately half of the Group's total sales.

PERFORMANCE 2012

- Net sales amounted to SEK 303.6 billion (310.4).
- Income after financial items amounted to SEK 15.4 billion (24.9).
- Strengthened positions in geographical growth regions.
- Sale of Volvo Aero.
- World's most modern heavy trucks through new FH series.
- In January 2013 Volvo announced that it will become the world's largest heavy-duty truck manufacturer following a strategic alliance with Chinese company Dongfeng Motor Group.

VOLVO AT A GLANCE

Board member with ties to Industrivärden:

Anders Nyrén

Chairman: Carl-Henric Svanberg

Nominating committee representative:

Carl-Olof By (committee chair)

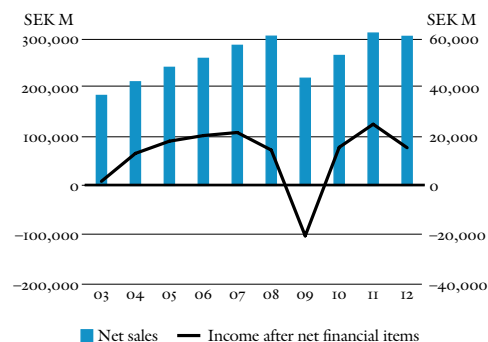
CEO: Olof Persson

For more information on Volvo Group, visit www.volvogroup.com

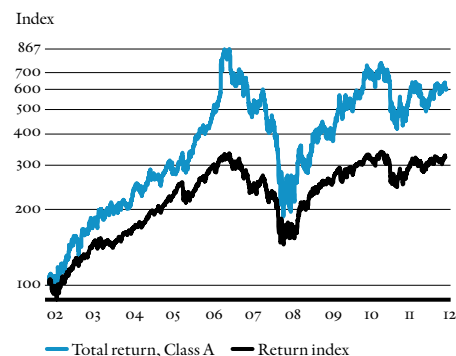
KEY DATA	2012	2011
Earnings per share, SEK	5.44	8.75
Dividend per share, SEK	3.00 ¹⁾	3.00
Share price on December 31, SEK		
Class A shares	89.40	75.95
Class B shares	88.80	75.30

¹⁾ Proposed by the board of directors.

NET SALES AND INCOME



VOLVO'S STOCK



GROWTH THROUGH GLOBAL POSITION IN INNOVATIVE HYGIENE AND FOREST PRODUCTS



HOLDING

Shares: 43,100,000 Class A shares
27,700,000 Class B shares

Market value: SEK 9,987 M

Share of votes: 29.7% Share of capital: 10.0%

Share of equities portfolio: 15%

OPERATIONS

SCA is a global hygiene and forest company that develops, produces and markets personal care products, tissue and forest products. SCA is Europe's largest private forest owner.

Operations are global, with sales in more than 100 countries and manufacturing in approximately 40 countries. SCA produces innovative and increasingly highly refined products and services. Roughly 80% of sales are hygiene products such as toilet paper, kitchen rolls, facial tissue, incontinence care products, feminine care products and diapers. SCA is the global market leader in incontinence care products and tissue for the away-from-home (AFH) market. SCA's sales are based on a portfolio of strong brands along with products sold under retailers' private labels. The company has two global brands – TENA for incontinence care products and Tork for tissue for the away-from-home market – each generating more than EUR 1 billion in annual sales. A growing share of SCA's hygiene product sales are in emerging markets.

PERFORMANCE 2012

- Net sales rose 5% to SEK 85.4 billion (81.3).
- Profit after financial items amounted to SEK 4.7 billion (1.0), where of items affecting comparability amounted to SEK –2.6 billion (–5.4).
- The packaging operations were divested during the first half of 2012 for approximately SEK 15 billion on a debt-free basis.
- The acquisition of Georgia-Pacific's European tissue operation for SEK 12 billion on a debt-free basis strengthens SCA's position in Europe and is generating substantial synergies.
- Several strategic investments in the hygiene segment in key emerging geographic markets, for example in South America, Russia and Turkey.
- Acquisition of Asian hygiene products company strengthens position in China, Taiwan and Southeast Asia.
- Establishment of joint venture in Australia and New Zealand.
- Sale of shareholding in newsprint mill in Aylesford and publication paper mill in Laakirchen.
- Reorganization of hygiene operations and efficiency improvement program for lower costs and higher productivity.

SCA AT A GLANCE

Board members with ties to Industrivärden:

Sverker Martin-Löf (Chairman) and

Anders Nyrén

Nominating committee representative:

Carl-Olof By (committee chair)

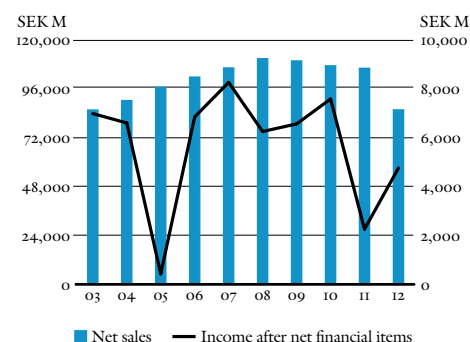
CEO: Jan Johansson

For more information on SCA, visit www.sca.com

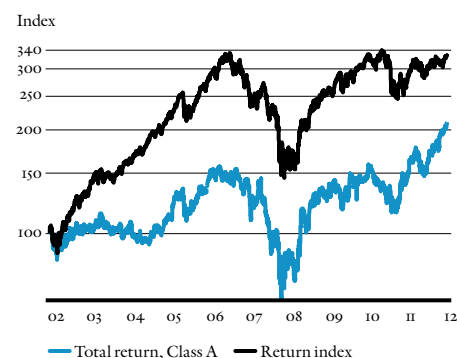
KEY DATA	2012	2011
Earnings per share, SEK	7.06	0.78
Dividend per share, SEK	4.50 ¹	4.20
Share price, December 31, SEK		
Class A shares	141.10	100.90
Class B shares	141.00	102.00

¹) Proposed by the board of directors.

NET SALES AND INCOME



SCA'S STOCK



GROWTH THROUGH TECHNOLOGICAL LEADERSHIP IN TELECOM INDUSTRY



ERICSSON 

HOLDING

Shares: 84,708,520 Class A shares

Market value: SEK 5,413 M

Share of votes: 15.0% *Share of capital:* 2.6%

Share of equities portfolio: 8%

OPERATIONS

Ericsson is the world's leading supplier of communication networks and related services for telecom operators. The company is a global player with customers in more than 180 countries and one of the few companies that can offer end-to-end solutions for all major mobile communication standards. Ericsson is the world leader in mobile networks and is a market leader in the global mobile broadband standard. Through long-term relationships with all major operators, Ericsson has a 43% share of the mobile network market in the world's 100 largest cities. Today Ericsson has a strong product portfolio in mobile systems as well as in business support systems. Operations are conducted primarily in three business segments. Networks develops and supplies equipment and software for mobile and fixed-line networks. Support Solutions develops and supplies software-based solutions for TV and media applications, and business support systems for telecom operators. Global Services offers services in installation, integration, operation and support. The Services segment, in which Ericsson has a leading position, accounts for more than 40% of consolidated sales.

PERFORMANCE 2012

- Net sales amounted to SEK 227.8 M (226.9).
- Income after net financial items amounted to SEK 10.2 billion (18.1).
- Cash flow from operations amounted to SEK 22.0 billion (10.0), an increase of 121%.
- Further strengthening of position in mobile broadband through leading product offering and successful utilization of market dynamics.
- Acquisition of U.S. company Telcordia completed, strengthening Ericsson's offering of operational support to telecom operators.
- Several significant operational and service agreements in key emerging markets.
- Higher share of projects for network expansion rather than capacity increases lowered the gross margin but creates favorable future potential.
- Continued strong performance for Service/support solution businesses, now accounting for nearly 50% of Ericsson's sales.

ERICSSON AT A GLANCE

Board members with ties to Industrivärden:

Sverker Martin-Löf (Vice Chairman) and Anders Nyrén

Chairman: Leif Johansson

Nominating committee representative:

Carl-Olof By (committee member)

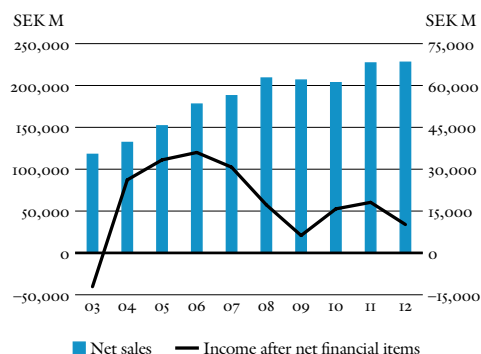
CEO: Hans Vestberg

For more information on Ericsson, visit www.ericsson.com

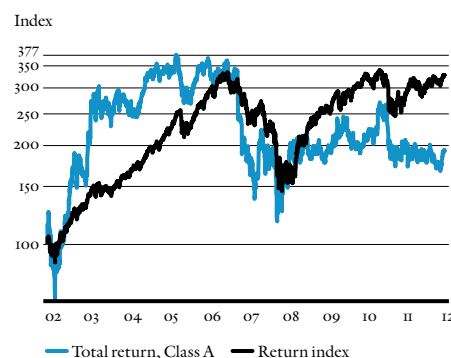
KEY DATA	2012	2011
Earnings per share, SEK	1.78	3.77
Dividend per share, SEK	2.75 ¹⁾	2.50
Share price on December 31, SEK		
Class A shares	63.90	69.55
Class B shares	65.10	70.40

¹⁾ Proposed by the board of directors.

NET SALES AND INCOME



ERICSSON'S STOCK



GROWTH THROUGH WORLD-LEADING PROJECT DEVELOPMENT AND CONSTRUCTION BUSINESS



SKANSKA

HOLDING

Shares: 12,667,500 Class A shares
22,329,795 Class B shares

Market value: SEK 3,717 M

Share of votes: 24.9% Share of capital: 8.3%

Share of equities portfolio: 5%

OPERATIONS

Skanska is one of the largest project development and construction companies in the world, with leading positions in its multiple home markets of Europe, the U.S. and Latin America. Its mission is to develop, build and maintain the physical environment for living, traveling and working. Skanska's overall goal is to generate customer and shareholder value, to be a market-leading builder in its home markets in terms of size and profitability, and to be a leading project developer in selected areas. Skanska's size and global presence create opportunities for operational synergies. Financial synergies are created by investing cash flow from the construction operations in the company's project development business, generating a favorable return on capital. Operations are conducted in four business units: Construction, Residential Development, Commercial Property Development and Infrastructure Development. Construction involves residential and non-residential building construction as well as civil engineering projects and is Skanska's largest business unit. The other business units work with value-creating project development. Residential Development develops homes for sale primarily to private persons. Commercial Property Development initiates, develops, leases and sells commercial property projects, with a focus on office buildings, shopping malls and logistics properties. Infrastructure Development develops and invests in privately financed infrastructure projects, such as highways, hospitals, schools and power plants. Skanska strives to be the leading builder and project developer in environmentally adapted and energy-efficient solutions.

PERFORMANCE 2012

- Net sales rose 8% to SEK 131.9 billion (122.5).
- Income after financial items amounted to SEK 4.4 billion (SEK 9.1 billion including sale of Autopista Central for SEK 4.5 billion).
- Operating income totaled SEK 3.5 billion (3.5) for Construction, SEK 1.4 billion (1.2) for Commercial Property Development, SEK 0.6 billion (4.7 billion including sale of Autopista Central for 4.5 billion) for Infrastructure Development and SEK -0.1 billion (0.3) for Residential Development.
- Start of the first American infrastructure project (PPP).
- Sale of the first commercial property development project in the U.S.

SKANSKA AT A GLANCE

Board members with ties to Industrivärden:

Stuart Graham (Chairman), Sverker Martin-Löf and Fredrik Lundberg

Nominating committee representative:

Carl-Olof By (committee chair)

CEO: Johan Karlström

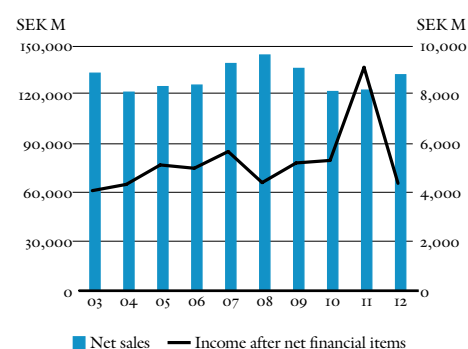
For more information on Skanska, visit www.skanska.com

KEY DATA	2012	2011
Earnings per share, SEK	8.00	19.72
Dividend per share, SEK	6.00 ¹	6.00
Share price on December 31, SEK ²		
Class B shares	106.20	114.00

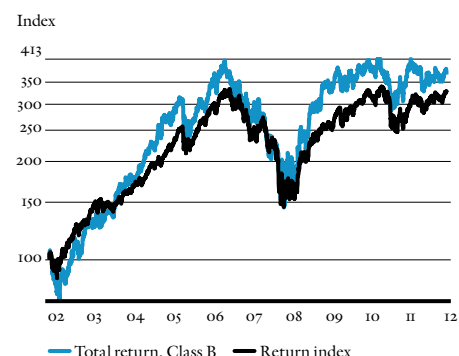
¹ Proposed by the board of directors.

² Skanska's Class A shares, which are unlisted, have been assigned the same value as the Class B shares.

NET SALES AND INCOME



SKANSKA'S STOCK



GROWTH THROUGH CUTTING EDGE EXPERTISE IN HIGH-STRENGTH STEEL

Photo: Per K. Olsson



SSAB

HOLDING

Shares: 56,105,972 Class A shares
754,985 Class B shares

Market value: SEK 3,209 M

Share of votes: 22.6% Share of capital: 17.6%

Share of equities portfolio: 5%

OPERATIONS

SSAB is a leading producer of high-strength steel with a base in the Nordic region and North America. Niche products such as high-strength steel account for approximately 38% of total output, and this share will grow over time. In Sweden, production is integrated in blast furnace processes, while in the U.S., production is based on scrap metal and is conducted in modern, highly efficient electric arc furnaces.

SSAB's steel operations have been successfully developed through a conscious specialization strategy aimed at fortifying the company's position as a leading producer of high-strength steel. SSAB's steel creates productivity and environmental benefits by making customers' products lighter, stronger and more durable. SSAB has achieved strong market positions in its selected product segments. In the sheet segment, SSAB specializes in advanced high-strength sheet, which is used in the engineering industry and by container manufacturers, for example. In the plate segment, SSAB is the world's leading producer of quenched steels, i.e., plate with extra high strength and good weldability and formability. Quenched steels are used in construction equipment, mining equipment and cranes, among other things. SSAB works according to a goal-oriented strategy aimed at accelerating growth for its niche products and enhancing the profitability of existing plants.

The company is also striving to strengthen its positions in the Asian market, with special focus on China. A completed investment program for quenched steels creates a good base for continued expansion in North America and emerging markets.

PERFORMANCE 2012

- Net sales totaled SEK 38.9 billion (44.6).
- Income after net financial items amounted to SEK -0.7 billion (2.0) and was affected by weak demand and lower prices.
- Operating cash flow increased by 75% to SEK 4.9 billion (2.8).
- The share of niche products increased to 38% (37%).
- Conclusion of several-year strategic investment program to increase capacity in quenched steels.
- New finishing line put in operation in China.
- Efficiency improvement program begun in Europe to generate estimated savings of SEK 0.8 billion annually starting in 2014.

SSAB AT A GLANCE

Board members with ties to Industrivärden:

Sverker Martin-Löf (Chairman) and

Anders Nyrén

Nominating committee representative:

Anders Nyberg (committee chair)

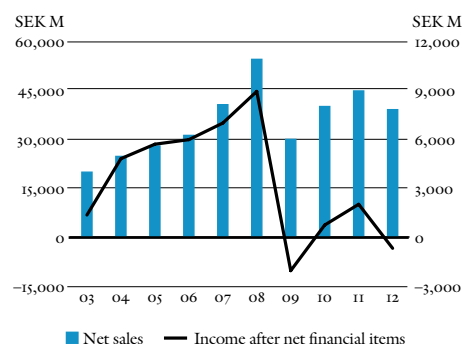
CEO: Martin Lindqvist

For more information on SSAB, visit www.ssab.com

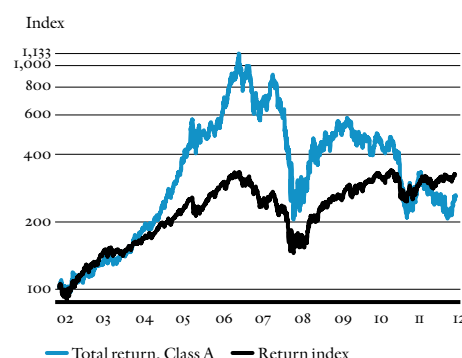
KEY DATA	2012	2011
Earnings per share, SEK	0.05	4.82
Dividend per share, SEK	1.00 ¹	2.00
Share price on December 31, SEK		
Class A shares	56.55	60.65
Class B shares	48.21	52.80

1) Proposed by the board of directors.

NET SALES AND INCOME



SSAB'S STOCK



GROWTH THROUGH NICHE-ORIENTED TECHNOLOGY SALES AND SUCCESSFUL ACQUISITION MODEL



Indutrade

HOLDING

Shares: 14,727,800 shares

Market value: SEK 2,901 M

Share of votes: 36.8% *Share of capital:* 36.8%

Share of equities portfolio: 4%

OPERATIONS

Indutrade is a technology sales group that manufactures, markets and sells systems and services with a high-tech content to industrial customers in selected niches. In addition to the technology sales business is a growing share of own manufacturing companies with proprietary brands. The focus is on high-tech components, systems and services for customers with a repetitive need, which provides stability to the business and its flow of revenues. The organization is decentralized, with more than 170 companies in 25 countries which create value for their customers by structuring the value chain and enhancing the efficiency of their customers' use of technical components and systems. For Indutrade's suppliers, value is created through access to an effective sales organization with high technical expertise and established customer relationships. The aim is to make cooperation with Indutrade the most profitable way for suppliers to sell their products in the geographic markets in which Indutrade is active. Indutrade's most important product areas are valves, measurement technology, industrial equipment, hydraulics/pneumatics, filters and process technology, glass/plastics/ceramics, pipe systems, pumps, automation, chemical-technical products, adhesives, medical technology and service. Key customer segments include engineering, energy, water/wastewater, construction, pharmaceuticals and healthcare, pulp and paper, commercial vehicles, marine/off-shore and automotive workshops. The aim is to grow the business organically as well as through an acquisition strategy involving continuous acquisitions of profitable companies. Indutrade has a tried-and-tested model for strengthening and refining acquired companies in a structure with clearly decentralized responsibility.

PERFORMANCE 2012

- Net sales rose 5% to SEK 8.4 billion (8.0)
- Income after net financial items totaled SEK 0.7 billion (0.7).
- The operating margin (EBITA) was 10.8% (11.5%), which exceeded the long-term target of at least 10% over a business cycle.
- Continued growth through acquisitions – 12 acquisitions were carried out in 2012, with combined net sales of approximately SEK 0.7 M.

INDUTRADE AT A GLANCE

Board member with ties to Industrivärden:

Bengt Kjell (Chairman)

Nominating committee representative:

Anders Nyberg (committee chair)

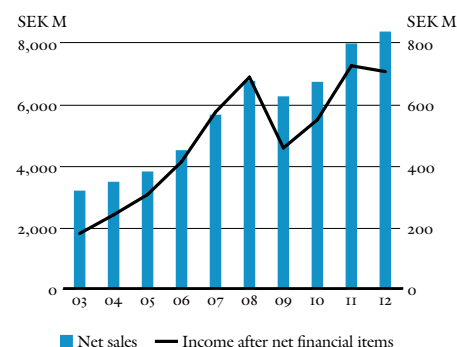
CEO: Johnny Alvarsson

For more information on Indutrade, visit www.indutrade.com

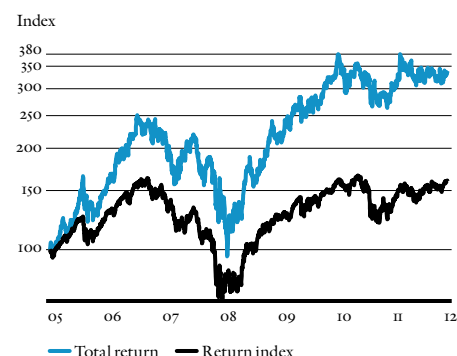
KEY DATA	2012	2011
Earnings per share, SEK	14.13	13.50
Dividend per share, SEK	7.05 ¹⁾	6.75
Share price on December 31, SEK	197.00	183.00

¹⁾ Proposed by the board of directors.

NET SALES AND INCOME



INDUTRADE'S STOCK



GROWTH THROUGH WORLD-LEADING POSITION IN METAL POWDER TECHNOLOGY

Photo: Johan Peyron



Höganäs 

HOLDING

Shares: 4,408,046 Class B shares

Market value: SEK 1,095 M

Share of votes: 10.0% *Share of capital:* 12.6%

Share of equities portfolio: 2%

OPERATIONS

Höganäs is the world's leading supplier of metal powder, with customers in more than 70 countries. The Components business area, which accounts for approximately 75% of Höganäs's sales, produces press powder for component manufacturing, mainly in the automotive industry, but also in the consumer products industry. Metal powder is used in engines, gear-boxes and electric tools, among other things. The Consumables business area covers metal powder used in processes, such as in producing metals, as additives in chemical processes, and for water and air treatment. In terms of application areas, Höganäs's metal powders have particularly large potential in sintered components, surface treatment, soldering, electromagnetic applications, filters and injection-molded components. At its core, Höganäs's potential lies in the major opportunities presented by metal powder to develop better, less costly, more lightweight and more energy-efficient components in many areas. Through its prototype center, Höganäs is driving development towards greater use of metal powder in collaboration with customers and end users.

PERFORMANCE 2012

- Net sales amounted to SEK 6.7 billion (7.1).
- Income after financial items amounted to SEK 0.9 billion (1.0).
- Cash flow from operating activities increased to SEK 1.1 billion (0.8).
- Increased activity in emerging markets at the same time that the European market was very weak.
- High pace of investment in research and product development in collaboration with customers.
- Market launch of new electromagnetic applications.

THE HOLDING IN HÖGANÄS DIVESTED IN FEBRUARY 2013

In February 2013 Industrivärden sold its entire holding in Höganäs to H Intressenter AB, a company jointly owned by Lindéngruppen and Foundation Asset Management. Including dividends received and repurchases made during the holding period since 2004, Industrivärden's total return was 100%.

HÖGANÄS AT A GLANCE

Board member with ties to Industrivärden:

Bengt Kjell

Chairman: Anders G. Carlberg

Nominating committee representative:

Anders Nyberg (committee member)

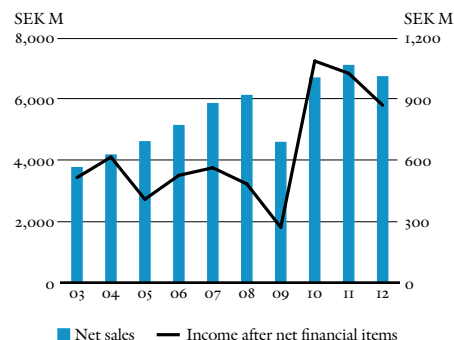
CEO: Alrik Danielsson

For more information on Höganäs, visit www.hoganas.com

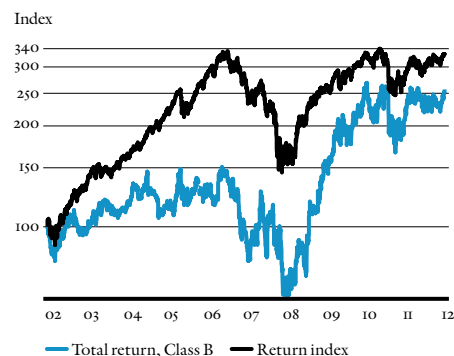
KEY DATA	2012	2011
Earnings per share, SEK	20.04	21.90
Dividend per share, SEK	10.00 ¹⁾	10.00
Share price on December 31, SEK		
Class B shares	248.50	212.50

¹⁾ Proposed by the board of directors.

NET SALES AND INCOME



HÖGANÄS'S STOCK



FINANCIAL
STATEMENTS

GROUP AND PARENT COMPANY

INCOME STATEMENTS

SEK M	Note	Group		Parent Company	
		2012	2011	2012	2011
Dividend income from stocks	1	2,391	2,403	1,362	1,502
Change in value of stocks, etc.	2	9,205	-17,504	2,751	-14,177
Short-term derivative transactions and equity trading		118	152	110	85
Management costs	5, 6, 7	-123	-105	-123	-105
Other income and expenses		0	0	0	0
Operating income		11,591	-15,054	4,100	-12,695
Financial income	4	11	10	60	84
Financial expenses	4	-594	-603	-311	-348
Income after financial items		11,008	-15,647	3,849	-12,959
Tax	8	-	-	-	-
Net income for the year		11,008	-15,647	3,849	-12,959
Earnings per share, SEK	9	28.50	-40.51		
Earnings per share after dilution, SEK	9	25.83	-40.51		

STATEMENT OF COMPREHENSIVE INCOME

Net income for the year	11,008	-15,647	3,849	-12,959
Change in hedging reserve	27	5	-3	-4
Comprehensive income for the year	11,035	-15,642	3,846	-12,963

BALANCE SHEETS

SEK M	Note	Group		Parent Company	
		2012	2011	2012	2011
ASSETS					
Property, plant and equipment	10	85	52	–	–
Equities	11, 14	68,077	56,903	33,026	28,083
Shares in associated companies	11, 12, 14	–	–	6,926	6,677
Shares in subsidiaries	13, 14	–	–	4,937	4,945
Total non-current assets		68,162	56,955	44,889	39,705
Other current receivables	15	299	104	1,817	1,861
Short-term equity investments		86	–	–	–
Cash and cash equivalents		55	57	13	53
Total current assets		440	161	1,830	1,914
TOTAL ASSETS		68,602	57,116	46,719	41,619
SHAREHOLDERS' EQUITY AND LIABILITIES					
Capital stock		966	966	966	966
Other capital contribution/Statutory reserve		1,062	1,062	1,062	1,062
Reserves/Fair value reserve		–67	–94	–7	–4
Retained earnings		35,468	52,853	25,649	40,346
Net income for the year		11,008	–15,647	3,849	–12,959
Total shareholders' equity		48,437	39,140	31,519	29,411
Convertible loans	16, 18	8,418	8,555	8,418	8,555
Other non-current interest-bearing liabilities	17, 18	5,770	5,392	3,493	681
Non-current noninterest-bearing liabilities	19	1,285	527	1,280	527
Total non-current liabilities		15,473	14,474	13,191	9,763
Current interest-bearing liabilities	20	4,305	2,923	1,595	1,958
Other current liabilities	21	387	579	414	487
Total current liabilities		4,692	3,502	2,009	2,445
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		68,602	57,116	46,719	41,619
Contingent liabilities		0	0	4,289	5,264

GROUP AND PARENT COMPANY

SHAREHOLDERS' EQUITY

Group	Capital stock ¹	Other capital contribution	Reserves ²	Retained earnings	Net income for the year	Total share-holders' equity
Shareholders' equity as per adopted balance sheet at December 31, 2010	966	1,062	-99	39,528	14,870	56,327
Net income for the year	-	-	-	-	-15,647	-15,647
Change in hedging reserve, fair value gains	-	-	5	-	-	5
Total comprehensive income	-	-	5	-	-15,647	-15,642
Transfer of previous year's net income	-	-	-	14,870	-14,870	-
Dividend to shareholders	-	-	-	-1,545	-	-1,545
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2011	966	1,062	-94	52,853	-15,647	39,140
Net income for the year	-	-	-	-	11,008	11,008
Change in hedging reserve, fair value gains	-	-	27	-	-	27
Total comprehensive income	-	-	27	-	11,008	11,035
Transfer of previous year's net income	-	-	-	-15,647	15,647	-
Dividend to shareholders ³	-	-	-	-1,738	-	-1,738
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2012	966	1,062	-67	35,468	11,008	48,437

Parent Company	Capital stock	Statutory reserve	Fair value reserve	Retained earnings	Net income for the year	Total share-holders' equity
Shareholders' equity as per adopted balance sheet at December 31, 2010	966	1,062	0	30,750	11,141	43,919
Net income for the year	-	-	-	-	-12,959	-12,959
Change in hedging reserve, fair value losses	-	-	-4	-	-	-4
Total comprehensive income	-	-	-4	-	-12,959	-12,963
Transfer of previous year's net income	-	-	-	11,141	-11,141	-
Dividend to shareholders	-	-	-	-1,545	-	-1,545
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2011	966	1,062	-4	40,346	-12,959	29,411
Net income for the year	-	-	-	-	3,849	3,849
Change in hedging reserve, fair value losses	-	-	-3	-	-	-3
Total comprehensive income	-	-	-3	-	3,849	3,846
Transfer of previous year's net income	-	-	-	-12,959	12,959	-
Dividend to shareholders	-	-	-	-1,738	-	-1,738
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2012	966	1,062	-7	25,649	3,849	31,519

1) As per December 31, 2012, there were 386,271,224 shares outstanding, of which 268,530,640 were Class A shares and 117,740,584 were Class C shares. The share quota value is SEK 2.50.

2) The hedging reserve pertains to fair valuation of interest swaps used for cash flow hedging.

3) The dividend in 2012 was SEK 4.50 per share.

GROUP AND PARENT COMPANY

STATEMENTS OF CASH FLOWS

SEK M	Note	Group		Parent Company	
		2012	2011	2012	2011
OPERATING ACTIVITIES					
Dividend income from stocks	I	2,391	2,403	1,362	1,502
Cash flow from short-term derivative transactions and equity trading		155	367	249	124
Management costs paid		-106	-108	-106	-103
Other items affecting cash flow		-63	-6	-12	13
Cash flow from operating activities before financial items		2,377	2,656	1,493	1,536
Interest received		11	24	7	47
Interest paid		-579	-607	-277	-303
Other financial items		0	-1	0	-1
CASH FLOW FROM OPERATING ACTIVITIES		1,809	2,072	1,223	1,279
INVESTING ACTIVITIES					
Purchases/sales of stocks	3, 14	-1,114	-4,461	-1,608	-2,804
CASH FLOW FROM INVESTING ACTIVITIES		-1,114	-4,461	-1,608	-2,804
FINANCING ACTIVITIES					
Loans raised and amortization of debt		1,039	-1,006	2,026	-1,225
Issue of convertible debentures		-	4,800	-	4,800
Investments in interest-bearing assets		-	184	-	184
Change in financing of subsidiaries		-	-	55	-249
Shareholder contributions and other items		-	-	-	-400
Dividend paid		-1,738	-1,545	-1,738	-1,545
CASH FLOW FROM FINANCING ACTIVITIES		-699	2,433	343	1,565
NET CASH FLOW FOR THE YEAR					
		-4	44	-42	40
Cash and cash equivalents at start of year		57	0	53	0
Exchange rate difference in cash and cash equivalents		2	13	2	13
CASH AND CASH EQUIVALENTS AT END OF YEAR		55	57	13	53

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes a dividend of SEK 5.00 per share (4.50). The proposed dividend corresponds to 6.1% of the Parent Company's equity and 4.0% of the Group's equity. Of shareholders' equity, 30%, or SEK 9.4 billion in the Parent Company, and 57%, or SEK 27.6 billion in the Group, is attributable to market valuation of assets and liabilities. The Board is of the opinion that the proposed dividend is well balanced in view of the objectives, scope and risks of the business as well as with respect to the ability to meet the Company's future obligations. The total amount to be paid out according to the proposed dividend is SEK 1,931 M (1,738).

According to the Consolidated Balance Sheet, retained earnings including net income for the year amount to SEK 46,476 M, of which SEK 11,008 M consists of net income for the year.

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

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

Retained earnings according to decision by the 2012 AGM	SEK 25,649 M	To the shareholders, a dividend of SEK 5.00 per share, totaling	SEK 1,931 M
Net income for the year	SEK 3,849 M	To be carried forward	SEK 27,567 M
	SEK 29,498 M		SEK 29,498 M

The Board of Directors and President certify that the Annual Report has been prepared in accordance with generally accepted accounting principles, that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of July 19, 2002, on application of International Financial Reporting Standards, that disclosures herein give a true and fair view of the Parent Company's and Group's financial position and results of operations, and that the statutory Administration Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Group's and Parent Company's earnings and position in general are shown in the income statements, balance sheets, statements of changes in shareholders' equity, statements of cash flows and notes to the financial statements. Adoption of the Consolidated and Parent Company Income Statements and Balance Sheets will take place at the Annual General Meeting on May 7, 2013.

Stockholm, February 15, 2013

Sverker Martin-Löf
Chairman

Christian Caspar
Director

Boel Flodgren
Director

Stuart Graham
Director

Hans Larsson
Director

Fredrik Lundberg
Director

Anders Nyrén
President and CEO, Director

Our Audit Report was submitted on February 15, 2013

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

ACCOUNTING POLICIES

APPLIED RULES

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU and with application of RFR 1. The annual report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and with application of RFR 2. The most important accounting policies applied are specified below. Unless stated otherwise, these are unchanged compared with preceding years. New or revised IFRS's and IFRIC interpretations have not had any effect on the Group's or Parent Company's result of operations or position.

BASIS OF PRESENTATION

Industrivärden applies the cost method except for equity investments and derivative instruments, which are mainly stated at fair value in the income statements. Industrivärden has elected to report continuing changes in the market value of all holdings of listed shares and equity derivatives in the income statements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements, which have been prepared using the purchase method, apply – in addition to the Parent Company – to all companies in which the Parent Company directly or indirectly has a controlling interest.

ASSOCIATE ACCOUNTING

Associated companies are companies in which Industrivärden has a significant but not controlling interest. Shares in associated companies are carried at market value. The capital gain or loss generated upon the sale of shares in associated companies is calculated accordingly.

RECOGNITION OF INCOME

Dividend income from stocks is recognized from the day on which trading takes place ex-rights. Changes in value of financial assets and derivative instruments are recognized on a current basis in the income statements under the heading Change in value of stocks, etc.

REPORTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are classified in the following categories: financial assets and liabilities carried at fair value in the income statements, loan receivables, and other financial liabilities. The classification depends on the purpose for which the financial item was acquired. Purchases and sales of financial instruments are reported as per the transaction date.

REPORTING OF CONVERTIBLE LOANS

The convertible loans, which are issued in euros, consist of two components: a debt component and an option component. The debt component is initially measured at fair value, and thereafter at amortized cost using the effective interest method, in accordance with IAS 39. This entails that the loan is revalued over its term at nominal value. This revaluation is reported as a change in value in the income statement, while the coupon interest is reported as an interest expense. The conversion right is classified as an imbedded derivative, in accordance with IAS 39. The option component is reported as a liability, since the conversion price is in a currency that is different from the functional currency. In accordance with IAS 39, the option is measured on a continuous basis at fair value in the income statements in the item Change in value of stocks, etc. The value of the option portion is based on the current market price of

the convertible. Transaction costs are allocated over the term of the loan and are included in the change in value reported in the income statements.

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Transactions, assets and liabilities in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date or on the day the items were restated. The Parent Company's functional currency is Swedish kronor (SEK).

ISSUED STOCK OPTIONS

Option premiums received are booked as a liability and are deducted from premiums paid upon repurchase. If an issued option expires without being exercised, the premium is recognized as income. Upon exercise of an issued option, the premium increases the exercise price upon the sale of shares or reduces the exercise price upon the purchase of shares. On the balance sheet date, the market value of issued options is determined, and the difference between it and provisioned premiums is recognized in income. The outstanding options are carried on the balance sheet as other current liabilities.

HEDGING OF FIXED INTEREST RATES THROUGH CASH FLOW HEDGES

The interest coupon portion is reported as a continuing interest expense, while other market value changes of the hedge (the swap) are reported directly against the hedging reserve in shareholders' equity, under the condition that the hedge is effective.

NON-CURRENT ASSETS

Property, plant and equipment are carried at cost less accumulated depreciation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include – in addition to cash and bank balances – short-term financial investments with remaining terms of less than three months.

BORROWINGS

Borrowings are carried initially at fair value net of transaction costs and thereafter at amortized cost using the effective interest rate method.

PENSIONS

Pension liability refers to defined benefit pension obligations – all calculated annually for the Group in accordance with IAS 19 with the assistance of an external actuary. In accordance with UFR 6, defined benefit pension plans insured with Alecia are reported as defined contribution plans, since Alecia has not been able to provide adequate information. Industrivärden has elected at the Group level to utilize the so-called corridor in reporting actuarial gains and losses.

The amendment to IAS 19 Employee Benefits takes effect on January 1, 2013. The amended standard eliminates the possibility of using the corridor method, and the expected return on plan assets will no longer be used. All changes in the net pension liability will be recognized immediately when they arise. Service and interest costs will be recognized in the income statements, while remeasurements such as of actuarial gains and losses will be recognized in other comprehensive income. The revised standard is to be applied retrospectively, and thus reported amounts for 2012 will be recalculated to enable comparisons.

In accordance with IAS 19 (revised), in the opening balance for 2012, the reported pension liability will increase by approximately SEK 16 M, since the unreported portion of the pension liability may not be reported off the balance sheet. Shareholders' equity will decrease by approximately SEK 20 M. Comprehensive income for 2012 will decrease by approximately SEK 39 M. Other changes in the pension liability are the changed calculation of the return on plan assets and the elimination of the spreading of actuarial gains and losses.

SHORT-TERM DERIVATIVE TRANSACTIONS AND EQUITY TRADING

Industrivärden's short-term trading consists of trading in stock options, short-term equity investments and financial instruments coupled to short-term equity investments.

LONG-TERM INCENTIVE PROGRAM 2012

The 2012 Annual General Meeting resolved on the implementation of a long-term share saving program for no more than 25 employees of the

Industrivärden Group. The Share Saving Program is an annual event and forms a new type of long-term variable salary, and thereby replaces previous incentive programs. The program is part of a competitive total compensation, where the employee receives so-called matching shares after three years, subject to investment of part of the employee's fixed salary in Industrivärden shares and subject to the employee remaining employed when matching occurs. During 2012, 37,000 shares were bought within the program, which can qualify for up to 95,000 matching shares.

The long-term variable salary program that was resolved by the 2008 Annual General Meeting of Industrivärden, where employees of the Group were offered the opportunity to purchase stock options in Industrivärden, was closed during the year. The stock options gave no positive return to those who were included in the program, but it had a positive outcome for Industrivärden of SEK 12 M, due to hedging activities.

FINANCIAL RISK MANAGEMENT

GENERAL

The types of financial risk that the Industrivärden Group encounters in its business consist primarily of equities risk and – to a limited extent – other financial risks in the form of interest rate risk and liquidity risk.

EQUITIES RISK

Equities risk pertains mainly to share price risk, which is the entirely dominant risk in Industrivärden's business. By share price risk is meant the risk of a decline in value caused by changes in prices in the stock market. Industrivärden's active ownership should reduce the relative equities risk in the portfolio companies and thus also in Industrivärden's portfolio. Moreover, the active ownership role provides good insight into the portfolio companies' operations, external operating environment and continuing development. Having a mix of varied equities in the portfolio reduces volatility and contributes to a more stable return over time.

Share price risk can be illustrated as such that a 1% change in the price of all listed shareholdings in Industrivärden's equities portfolio as per December 31, 2012, would have affected the market value by +/- SEK 700 M.

The option portion of issued convertible loans is reported as a non-interest-bearing liability and is stated at market value during the term of the loans. If the price of Industrivärden Class C shares rises, so does the carrying amount of the liability. A price increase of 10% is estimated to increase the liability by SEK 379 M and the value of the equities portfolio by SEK 6,800 M. Upon conversion, the liability is transferred from both the loan and option portions to shareholders' equity. The option portion does not affect Industrivärden's net asset value.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market interest rates. The financial instruments

that are exposed to interest rate risk consist of loans with variable interest rates and swap agreements with variable rates. Swap agreements may be used to limit interest expenses and to adjust maturities. Swaptions are used to a limited extent to limit interest expenses. Industrivärden's interest rate risk and its effect on earnings are judged to be low. At year-end 2012, four interest rate swap agreements were in effect under which a variable interest rate was swapped against a fixed interest rate. The agreements pertain to borrowings totaling SEK 4,200 M with a term of approximately 18 months. At year-end 2012 the market value of the interest rate swap agreements was SEK -75 M, which is reported directly against shareholders' equity in the consolidated financial statements. A parallel shift up or down in the interest rate curve by 1 percentage point would affect income after financial items in 2012 by approximately +/- SEK 20 M.

LIQUIDITY RISK AND REFINANCING RISK

Liquidity risk is the risk of encountering difficulties in accessing liquid assets in order to meet obligations associated with financial instruments. In accordance with Industrivärden's finance policy, at any given time the Group has a minimum of SEK 2 billion in committed credit facilities at its disposal. Refinancing risk is the risk of the Company being unable to obtain financing or that financing can only be obtained at a considerably higher cost. In the aim of minimizing refinancing risk, the loans' maturities are distributed evenly over time to lower the likelihood of a large portion of loans being refinanced at the same date. Industrivärden's liquidity risk and refinancing risk are judged to be low. With an equity ratio of 71% (69%) and an A- rating, Industrivärden has great financial flexibility.

CURRENCY RISK

Currency risk is the risk that the value of assets and liabilities will vary due to changes in exchange rates. Industrivärden's currency risk is mainly coupled to the outstanding convertible loans of EUR 1,050 M. Most of the

loans were hedged during the year, however, hedge accounting has not been applied. A 1% change in the value of the Swedish krona against EUR, all else unchanged, would marginally affect income after financial items.

COUNTERPARTY RISK

Counterparty risk is the risk of a party in a transaction with a financial instrument not being able to meet its obligations and thereby causing loss to the other party. Internal rules set by Industrivärden prescribe high creditworthiness of counterparties with respect to investments, derivative transactions, etc., which is why counterparty risk is considered to be low.

OPERATIONAL RISKS

Operational risk is the risk of incurring a loss due to defects in internal routines and systems. AB Industrivärden's risk management rests on a foundation of internally adopted internal guidelines and rules, and of policies adopted by the Board of Directors. Important rules include investment rules and the finance policy. Matters pertaining to confidentiality and information security are of major importance for Industrivärden and are regulated by internal guidelines.

INTERNAL CONTROL OVER THE FINANCIAL REPORTING

Against the background of the share price risk described above, the most important control process in Industrivärden's business consists of the continuous monitoring of the value exposure in the equities portfolio. Industrivärden's internal control is therefore primarily focused on ensuring the reliability of valuations of outstanding equity and derivative positions and of the reporting of purchases and sales of stocks and other securities.

According to the Swedish Companies Act, the Board is responsible for internal control. The instructions regulating the delegation of duties between the Board and the CEO lay out investment rules for equities and

derivative instruments as well as a finance policy. Decision-making channels, authority and responsibility are defined by a set of investment rules as well as finance instructions. Industrivärden has a specially appointed investment committee that makes regular decisions on investment matters within the framework of the CEO's mandate.

Other processes with a bearing on the financial reporting are regulated by Industrivärden's insider rules, information policy and confidentiality policy. Industrivärden's greatest risk consists of value exposure in the equities portfolio. The predominant risk in work processes pertains to potential errors in the accounting and reporting of equity transactions. Industrivärden continuously assesses the risks in the handling of equity transactions, which are discussed with the auditor and affect the structure of internal risk control.

Control activities pertaining to the equities portfolio include, among other things, approval of all business transactions, registration in internal systems not later than the day after the transaction date, follow-up of equity transactions to ensure that they are in accordance with decisions made by the Investment Committee, and checks to make sure that the value of purchases and sales of stocks and of underlying stocks in derivative transactions is within the scope of established exposure limits. All equity positions are followed up on a continuous basis in real time. The Investment Committee, which is made up of the executive management, continuously follows up investment decisions that have been made and checks to ensure that they have been executed correctly. Minutes are recorded of Investment Committee meetings.

FINANCING

ORGANIZATION

Industrivärden's financing and management of financial risks are conducted in accordance with guidelines set by the Board of Directors. Industrivärden's finance function works primarily with financing and investment of surplus liquidity.

FINANCING

Industrivärden's financing is arranged through both short- and long-term borrowing. The credit facilities give Industrivärden the ability to act on attractive investment opportunities at short notice. No part of the financing is conditional upon any covenants.

CREDIT FACILITIES AS PER DECEMBER 31, 2012

	Amount, SEK M	Utilized amount, SEK M	Term
Convertible loans	8,418	8,418	2015–2017
Bank loans	4,777	2,777	2014–2017
MTN programs	8,000	2,900	2014–2016
Total long-term borrowing		14,095	
Bank loans	–	2,000	
MTN programs	–	300	
Commercial paper	2,000	1,295	
Bank overdraft facility	1,000	334	
Total short-term borrowing		3,929	

In addition, Industrivärden has unutilized committed bank loans totaling SEK 2,000 M.

AVERAGE INTEREST RATE AND INTEREST DURATION

The average interest rate for Industrivärden's debt portfolio as per December 31, 2012, was 3.3% (3.5%). The average interest duration was 32 months (42).

LIQUIDITY ANALYSIS

Maturity structure for undiscounted, contracted interest-bearing receivables and liabilities and derivative instruments along with future interest payments accruing therewith:

SEK M	2013	2014–2016	After 2016	Total
Interest-bearing receivables	7	12	–	19
Interest-bearing liabilities	–4,511	–8,835	–7,046	–20,392
Derivative instruments	0	–202	–	–202
Total as per December 31, 2012	–4,504	–9,025	–7,046	–20,575

SEK M	2012	2013–2016	After 2016	Total
Interest-bearing receivables	7	19	–	26
Interest-bearing liabilities	–3,465	–8,972	–7,184	–19,621
Derivative instruments	–48	–7	–	–55
Total as per December 31, 2011	–3,506	–8,960	–7,184	–19,650

INDUSTRIVÄRDEN'S CONVERTIBLE LOANS

	Nominal value, EUR M	Conversion price, SEK	Fixed conversion price, SEK	Max. no. of additional Class C shares, millions
Convertible loan 2010–2015	500	112.87	10.2258	45.3
Convertible loan 2011–2017	550	159.91	8.8803	30.5

CHANGE IN THE GROUP'S INTEREST-BEARING NET DEBT

SEK M	Dec. 31, 2012	Change in borrowing	Other changes	Dec. 31, 2011
Cash and cash equivalents	55	–	–2	57
Interest-bearing receivables	190	–	157	33
Non-current interest-bearing liabilities	14,188	241	–	13,947
Current interest-bearing liabilities	4,305	1,015	367	2,923
Interest-bearing net debt	18,248	1,256	212	16,780

RATINGS

Industrivärden has been assigned an international corporate credit rating of A-/Stable/A-2 by Standard & Poor's, which has also assigned the commercial paper program a credit rating of K-1.

FINANCIAL INSTRUMENTS BY CATEGORY

December 31, 2012	Assets at fair value in the income statements	Loan receivables	Total
Assets			
– Equities	68,160	–	68,160
– Derivatives	28	–	28
– Other current receivables	–	190	190
– Cash and cash equivalents	–	55	55
Total assets	68,188	245	68,433

December 31, 2012	Liabilities at fair value in the income statements	Other financial liabilities	Total
Liabilities			
– Non-current interest-bearing liabilities	–	14,188	14,188
– Non-current noninterest-bearing liabilities	1,285	–	1,285
– Current interest-bearing liabilities	–	4,305	4,305
– Other current liabilities	209	62	271
Total liabilities	1,494	18,555	20,049

FAIR VALUATION OF FINANCIAL INSTRUMENTS

December 31, 2012	Level 1	Level 2	Level 3	Total	December 31, 2011	Level 1	Level 2	Level 3	Total
Assets					Assets				
– Equities	68,160	–	–	68,160	–Equities	56,903	–	–	56,903
– Equity derivatives	25	–	–	25	Total assets	56,903	–	–	56,903
– Other derivatives	3	–	–	3	Liabilities				
Total assets	68,188	–	–	68,188	Other non-current liabilities				
Liabilities					– Option portion of convertible loans	–	519	–	519
Other non-current liabilities					Other current liabilities				
– Option portion of convertible loans	–	1,076	–	1,076	– Equity derivatives, etc.	100	–	–	100
– Equity derivatives	–	209	–	209	– Derivative instruments used for hedging	–	94	–	94
Other current liabilities					– Other derivatives	59	–	–	59
– Equities	9	–	–	9	Total liabilities	159	613	–	772
– Equity derivatives, etc.	21	–	–	21	In accordance with IFRS 7, financial instruments are carried at fair value based on a 3-level hierarchy. The classification is based on the input data used in the valuation of the instruments. For level 1, quoted prices on an active market are used, e.g., stocks listed on the Stockholm Stock Exchange. For level 2, other observable market data than quoted prices for the asset or liability is used. For level 3, fair value is determined using a valuation technique that is based on assumptions that are not supported by prices in observable data.				
– Derivative instruments used for hedging	–	75	–	75					
– Other derivatives	31	73	–	104					
Total liabilities	61	1,433	–	1,494					

NOTES

AMOUNTS IN MILLIONS OF SWEDISH KRONOR (SEK M) UNLESS STATED OTHERWISE.

NOTE 1 Dividend income from stocks

	2012	2011
Ericsson	202	175
Handelsbanken	632	632
Höganäs	44	44
Indutrade	99	75
Sandvik	470	428
SCA	297	283
Skanska	164	385
SSAB	114	114
Volvo	368	267
Group	2,391	2,403

NOTE 2 Change in value of stocks, etc.

	2012	2011
Ericsson	-453	-355
Handelsbanken	3,405	-2,470
Höganäs	159	-196
Indutrade	206	-722
Sandvik	2,768	-6,664
SCA	2,813	-330
Skanska	-226	-685
SSAB	-242	-2,965
Volvo	1,638	-4,263
Other	-6	-
Stocks	10,062	-18,650
Option portion's change in value, convertible loans	-557	1,399
Revaluation of convertible loans	-159	-174
Other	-141	-79
Group	9,205	-17,504

For stocks held at both the start and end of the year, the change in value consists of the difference in the market value between these dates. For stocks acquired during the year, the change in value consists of the difference between the price paid and the market value at the end of the year. For stocks sold during the year, the change in value consists of the difference between the sales price received and the value of the stocks at the start of the year.

NOTE 3 Net purchases and sales (-) per holding

	2012	2011
Ericsson	252	220
Handelsbanken	-746	728
Höganäs	-	199
Indutrade	-	-
Sandvik	-217	724
SCA	-	17
Skanska	709	-362
SSAB	8	61
Volvo	795	2,873
Other	312	-
Group	1,114	4,461

NOTE 4 Financial income and expenses

	Group		Parent Company	
	2012	2011	2012	2011
Financial income				
Interest income – subsidiaries	-	-	52	17
Interest income – other	11	10	8	67
Total	11	10	60	84
	Group		Parent Company	
	2012	2011	2012	2011
Financial expenses				
Interest expenses – subsidiaries	-	-	-23	-3
Interest expenses – other	-591	-601	-286	-343
Bank charges	-3	-2	-2	-2
Total	-594	-603	-311	-348

NOTE 5 Average number of employees

	2012		2011	
	Number of employees	Of whom, women	Number of employees	Of whom, women
Parent Company	19	6	17	6
Subsidiaries	4	-	4	-
Total	23	6	21	6

NOTE 6 Wages, salaries and other remuneration; social security costs

	2012				2011			
	Directors' fees	Wages, salaries and other remuneration	Social security costs	Of which, pension costs	Directors' fees	Wages, salaries and other remuneration	Social security costs	Of which, pension costs
Parent Company	4	39	35	19	4	28	35	22
Subsidiaries	–	11	5	2	–	11	5	1
Total Group	4	50	40	21	4	39	40	23

EXECUTIVE MANAGEMENT'S COMPENSATION AND PENSION COSTS FOR 2012

	Base salary	Variable salary	Share savings program	Other benefits	Pension cost
CEO	9.8 ¹⁾	2.0	0.4	0.2	12.8
Other members of executive management (6 persons)	12.4	7.3	0.5	0.5	6.3
Total, Group	22.2	9.3	0.9	0.7	19.1

1) The Company's cost amounts to SEK 3.9 M after deducting SEK 5.9 M for directors' fees from portfolio companies that were paid in to the Company.

DIRECTORS' FEES AND EXECUTIVE COMPENSATION

- The Nominating Committee, which has been appointed in the manner decided by the Annual General Meeting, submits recommendations on directors' fees to the Annual General Meeting. Fees have been paid to the Chairman of the Board and other directors in accordance with a resolution by the Annual General Meeting. In accordance with the AGM's resolution 2012, directors' fees totaling SEK 4.4 M (4.0) were paid out. Of this amount, the Chairman received SEK 1.8 M (1.5). Other directors, except for the CEO, each received SEK 0.5 M (0.5). No fee is paid for committee work.
- Compensation of the CEO and other members of the executive management, of whom one is an employee of Nordinvest, is based on the guidelines adopted by the 2012 Annual General Meeting. The Compensation Committee submits a recommendation to the Board on the CEO's compensation and decides on the compensation for the other members of the executive management. The members of the executive management receive a base salary, long-term and short-term variable salary, standard employment benefits and pension benefits.

The CEO received a base salary of SEK 9.8 M (9.2). The Company's cost amounts to SEK 3.9 M after deducting SEK 5.9 M for directors' fees from portfolio companies that were paid in to the Company. Variable salary for 2012 amounted to SEK 2.0 M (–) and will be paid out in 2013. The CEO is entitled to retirement benefits between 60 and 65 years of age equivalent to 70% of his average base salary during the three years prior to his sixtieth birthday, and to lifetime retirement pension benefits after 65 years of age equivalent to 60% of his average base salary during the three years prior to retirement, indexed from the date of retirement in the same manner that would apply for a pension from Alecta. Retirement benefits are earned on a linear basis up until retirement and are vested, i.e., they are not conditional with respect to future employment. In addition, the CEO is entitled to disability pension equivalent to 50% of his base salary the year before such pension occasion, and his survivors are entitled to survivorship benefits equivalent to 35% of his base salary. The cost of defined benefit pension obligations in 2012 was SEK 12.8 M (12.8). The Company must give two

years' notice if it cancels the CEO's employment contract. The other members of the executive management together received base salary of SEK 12.4 M (9.4). The other members of the executive management are entitled to long-term and short-term variable salary. The outcome is based on the achievement of individually set goals as well as on joint targets regarding growth in net asset value. Variable salary for 2012 amounted to SEK 7.3 M (6.5) and will be paid out in 2013. The other members of the executive management are mainly covered by defined contribution pension plans, whereby the amount of the retirement benefits is dependent on the performance of their contracted pension plans. Defined benefit pension plans rarely occur. The total cost of the pension obligation in 2012 for these executives was SEK 6.3 M (5.1). In the event the Company cancels their employment contracts, these executives are entitled to two years' notice.

LONG-TERM SHARE SAVINGS PROGRAM 2012

The 2012 Annual General Meeting resolved on the implementation of a long-term share saving program for no more than 25 employees of the Industrivärden Group. The Share Saving Program is intended to be an annual event and forms a new type of long-term variable salary, and thereby replaces previous incentive programs. The program is part of a competitive total compensation, where the employee receives so-called matching shares after three years, subject to investment of part of the employee's fixed salary in Industrivärden shares and subject to the employee remaining employed when matching occurs. During 2012, 37,000 shares were bought within the program, which can qualify for up to 95,000 matching shares.

The long-term variable salary program that was resolved by the 2008 Annual General Meeting of Industrivärden, where employees of the Group were offered the opportunity to purchase stock options in Industrivärden, was closed during the year. The stock options gave no positive return to those who were included in the program, but it had a positive outcome for Industrivärden of SEK 12M, due to hedging activities.

NOTE 7 Auditors' fees

	Group ¹		Parent Company ¹	
	2012	2011	2012	2011
PWC				
Audit assignment	1.4	0.9	1.1	0.6
Auditing activities in addition to audit assignment	0.5	0.6	0.5	0.6
Tax consulting	1.3	0.9	1.3	0.9
Other services	–	0.2	–	0.2
Total	3.2	2.6	2.9	2.3

1) Including value-added tax (since investment companies are not subject to value-added tax and thereby cannot deduct value-added tax).

NOTE 8 Condensed tax computation for the Parent Company (see page 50)

	2012	2011
Market value of equities portfolio on January 1	34,760	47,297
Less: business-related shares	-31,241	-41,214
Basis for standardized income	3,519	6,083
Standardized income 1.5%	53	91
Dividends received during each year	1,362	1,502
Management costs, net financial items, etc.	-352	-341
Dividend paid out ¹	-1,931 ²	-1,738
Taxable income	-868	-486
Tax-loss carryforward from previous years	-2,514	-2,028
Accumulated tax-loss carryforward	-3,382	-2,514

1) Payment is made during the following year, in accordance with a decision by the AGM.
2) Proposed by the Board of Directors.

NOTE 9 Earnings per share

	Group	
	2012	2011
Income attributable to equity holders of the Parent Company		
Net income for the year	11,008	-15,647
Change in value of convertible options	557	–
Convertible interest	198	–
Indexing of convertible	159	–
Income attributable to equity holders of the Parent Company after dilution	11,922	-15,647

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share before dilution is based on reported income attributable to equity holders of the Parent Company, amounting to SEK 11,008 M (-15,647), and a weighted number of shares outstanding, amounting to 386,271,224 (386,271,224).

EARNINGS PER SHARE AFTER DILUTION

Calculation of earnings per share after dilution is based on reported income attributable to equity holders of the Parent Company after dilution, amounting to SEK 11,922 M (-15,647), and a weighted average number of shares outstanding after the effect of convertible loans, amounting to 461,591,538 (386,271,224). For the periods during which the convertible debentures give rise to a dilutive effect, they are assumed to have been converted to common shares, and earnings are adjusted to eliminate the earnings that the convertibles have generated. For calculation of earnings per share after dilution, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares with a dilutive effect – in Industrivärden's case the convertible debentures. As per December 31, 2012, the number of potential common shares which would be created upon a future full conversion of the convertible loans are 75.8 (74.4) million shares.

NOTE 10 Property, plant and equipment

	Group		
	Land and buildings	Equipment	Total property, plant and equipment
Opening cost	55	8	63
Investments during the year	26	8	34
Sales and disposals	–	–	–
Closing accumulated cost	81	16	97
Opening depreciation	-9	-2	-11
Depreciation for the year	-1	0	-1
Sales and disposals	–	–	–
Closing accumulated depreciation	-10	-2	-12
Residual value, 12/31/2012	71¹	14	85
Residual value, 12/31/2011	46 ¹	6	52

1) Of which, land SEK 17 M (17).

NOTE II Equities

	2012					2011
	Number of shares	Share of capital, %	Share of votes, %	Cost	Market value ¹	Market value ¹
Ericsson A	84,708,520	2.6	15.0	3,808	5,413	5,613
Handelsbanken A	64,251,679	10.2	10.3	6,857	14,932	12,274
Höganäs B	4,408,046	12.6	10.0	836	1,095	937
Indutrade ²	14,727,800	36.8	36.8	102	2,901	2,965
Sandvik	142,617,757	11.4	11.4	7,323	14,761	12,210
SCA A	43,100,000	10.0	29.7	751	6,081	4,349
SCA B	27,700,000			1,860	3,906	2,825
Skanska A	12,667,500	8.3	24.9	600	1,345	1,444
Skanska B	22,329,795			2,068	2,372	1,790
SSAB A	56,105,972	17.6	22.6	4,082	3,173	3,403
SSAB B	754,985			72	36	40
Volvo A	131,506,918	6.2	18.7	11,692	11,757	9,228
Volvo B	—			—	—	95
Total, portfolio companies				40,051	67,772	56,903
Other				312	305	—
Group's holdings of equities				40,363	68,077	56,903
Less: associated companies					-6,926	-6,677
Less: holdings owned via subsidiaries					-28,125	-22,143
Parent Company's holdings of equities, excluding shares in associated companies and subsidiaries					33,026	28,083

1) The market value corresponds to the book value.

2) In 2010 Industrivärden issued a total of 358,000 call options to senior executives of Indutrade. Each option entitles the bearer to purchase one share of Indutrade stock for SEK 191.44 during the period May 1–October 31, 2013. The total cost of the underlying shares is SEK 2,481 thousand. The total value of the exercise price and received premium is SEK 74,697 thousand.

NOTE I2 Shares in associated companies

	Reg. no.	Domicile	Shareholders' equity	Earnings after tax	Parent Company			
					Share of capital, %	Share of votes, %	No. shares, million	Book value
Skanska	556000-4615	Stockholm	19,353	3,305	8.3	24.9	35.0	3,717
SSAB	556016-3429	Stockholm	28,769	15	17.6	22.6	56.9	3,209
Total								6,926

NOTE I3 Shares in subsidiaries

	Reg. no.	Domicile	Share of capital, %	No. shares	Shareholders' equity	Parent Company
						Book value
Industrivärden Invest AB (publ)	556775-6126	Stockholm	100	1,000	10,657	1,330
Industrivärden Förvaltning AB	556777-8260	Stockholm	100	1,000	7,924	1,510
Industrivärden Holding AB	556260-3067	Stockholm	100	10,000	2,736	1,500
Industrivärden Service AB	556364-7758	Stockholm	100	100,000	24	42
Investment AB Nils Dacke	556833-0558	Stockholm	100	500	7	0
Perbastra AB	556833-0533	Stockholm	100	500	403	400
Floras Kulle AB	556364-8137	Stockholm	100	10,000	91	155
Total						4,937

NOTE 14 Change in equities

	Group Equities	
	2012	2011
Opening value	56,903	71,092
Disposals at sales value	-2,149	-6,927
Purchases	3,262	11,388
Change in value	10,062	-18,650
Closing value	68,077	56,903

	Parent Company							
	Equities		Shares in associated companies		Shares in subsidiaries		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Opening value	28,083	36,138	6,677	11,159	4,945	4,545	39,705	51,842
Disposals at sales value	-1,926	-4,854	-222	-1,554	-8	-	-2,156	-6,408
Purchases	2,825	8,412	940	799	-	-	3,765	9,211
Change in value	4,044	-11,613	-469	-3,727	-	-	3,575	-15,340
Other	-	-	-	-	-	400	-	400
Closing value	33,026	28,083	6,926	6,677	4,937	4,945	44,889	39,705

NOTE 15 Other current receivables

	Group		Parent Company	
	2012	2011	2012	2011
Interest-bearing receivables	190	33	12	-
Receivables from subsidiaries	-	-	1,775	1,845
Prepaid expenses and accrued income	85	68	9	13
Other current receivables	24	3	21	3
Total	299	104	1,817	1,861

NOTE 16 Convertible loans

In January 2010 and January 2011, Industrivärden issued two convertible loans with terms of five and six years, respectively, for a combined value of EUR 1,050 M. The conversion price was set at premiums in relation to the share price and exceeded net asset value at the time of issue.

	Convertible loan 2010-2015	Convertible loan 2011-2017
Nominal amount, EUR M	500	550
Conversion price, SEK	112.87	159.91
Fixed exchange rate, SEK	10.2258	8.8803
Coupon, %	2.500	1.875
Maximum number of additional Class C shares, millions	45.3	30.5

If the dividend yield for Industrivärden's Class C shares exceeds 3.5% and 4.0%, respectively, the conversion prices will be adjusted using a standard formula. As a result of the dividend of SEK 4.50 per share approved by the Annual General Meeting 2012, the conversion prices for Industrivärden's convertible loans have been adjusted in accordance with the contracts. For the convertible loan that matures in 2015, the conversion price has been adjusted from SEK 115.50 to SEK 112.87, whereby a maximum of 45.3 million Class C shares would be added upon full conversion. For the convertible loan that matures in 2017, the conversion price has been adjusted from SEK 162.00 to SEK 159.91, whereby a maximum of 30.5 million Class C shares would be added upon full conversion.

In February 2013 the convertible loan that matures in 2015 had a conversion price above SEK 112.87/share (corresponding to EUR 11.04/share), entailing that it was profitable for convertible owners to convert to shares.

Industrivärden has the right to demand conversion, provided that the value of the convertible exceeds the nominal value by 30%, over a 20-day period. Upon maturity, Industrivärden has an opportunity to convert part or all of the loan even if the current share price has not reached the conversion price. In such case, the convertible owners would be guaranteed to receive shares/cash corresponding to the nominal amount of the loan. The loans mature on February 27, 2015, and February 27, 2017, respectively.

NOTE 17 Pensions

The Group's total reported pension costs amount to SEK 21 M (23), of which SEK 19 M (22) pertains to the Parent Company. Interest on pension obligations and the return on plan assets are reported in the income statement as Financial items. For 2013, the Parent Company's pension costs are estimated to amount to approximately SEK 26 M.

DEFINED CONTRIBUTION PLANS

The defined contribution plans involve retirement pensions, disability pensions and family pensions and entail that premiums are paid on a regular basis during the year to independent legal entities.

DEFINED BENEFIT PLANS

Industrivärden's defined benefit plans include retirement pensions, disability pensions and family pensions, and ordinarily entail an obligation to pay lifetime benefits. Earning of pension entitlement is based on the number of years in service and increases the employee's pension entitlement each year. The obligation is reported on a continuing basis in the income statements and as a pension provision on the balance sheet.

The pension liability as per December 31, 2012, was SEK 93 M (81) for the Group and Parent Company. The value of plan assets was SEK 4 M (4).

Unreported actuarial losses amounted to SEK 47 M (16) for the Group and Parent Company.

Actuarial assumptions	Group	
	2012	2011
Discount rate ¹⁾ , %	3.2	3.4
Anticipated return on plan assets, %	3.4	3.4
Future salary increases, %	3.6	3.4
Anticipated inflation, %	1.6	1.4

¹⁾ To determine the discount rate, Swedish mortgage bonds have been used as a reference rate with a duration corresponding to the pension obligation.

NOTE 18 Non-current interest-bearing liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Convertible loans	8,418	8,555	8,418	8,555
MTN program	2,900	600	2,900	600
Bank loans	2,777	4,711	500	–
Pension liability (see Note 17)	93	81	93	81
Total	14,188	13,947	11,911	9,236

Market valuation of current and long-term interest-bearing liabilities as per 12/31/2012 would increase current interest-bearing liabilities by SEK 51 M (19) and non-current interest-bearing liabilities by SEK 502 M (259).

Maturity dates of loans	2012	2011	2012	2011
–2013	–	2,000	–	–
–2014	2,100	1,600	1,100	600
–2015	5,933	4,710	5,433	4,209
–2016 or later ¹	6,155	5,637	5,378	4,427
Total	14,188	13,947	11,911	9,236
1) Of which, pension liability.	93	81	93	81

NOTE 19 Non-current noninterest-bearing liabilities

	2012	2011
Option portion of convertible loans	1,076	519
Other	209	8
Group	1,285	527

NOTE 20 Current interest-bearing liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Commercial paper	1,295	1,195	1,295	199
MTN program	300	800	300	800
Bank loans	2,000	500	–	–
Bank overdraft facility	334	419	–	–
Interim payments	376	9	–	–
Liabilities to subsidiaries	–	–	–	959
Total	4,305	2,923	1,595	1,958

NOTE 21 Other current liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Interest rate swaps	75	94	75	94
Other current liabilities	142	324	124	292
Accrued interest	59	52	59	45
Other accrued expenses	108	104	62	52
Liabilities to subsidiaries	–	–	92	–
Accounts payable, trade	3	5	2	4
Total	387	579	414	487

NOTE 22 Obligations to company directors and CEOs

The Group's non-current interest-bearing liabilities include SEK 93 M (75) for pension obligations and similar benefits for current and former company directors and CEOs. The corresponding amount for the Parent Company is SEK 93 M (75), as shown in the item Pension liability in Notes 17 and 18.

NOTE 23 Related-party transactions**TRANSACTIONS WITH SUBSIDIARIES**

Certain transactions have been made with wholly owned subsidiaries, such as rents for premises at market terms and internal loans. The size of these dealings as per 12/31/2012 is shown in the balance sheet and related notes.

TRANSACTIONS WITH ASSOCIATED COMPANIES

Dividends have been received from certain, listed associated companies. Members of the executive management have received directors' fees from listed associated companies, which have been paid to Industrivärden.

AUDITOR'S REPORT

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF AB INDUSTRIVÄRDEN (PUBL),
CORPORATE IDENTITY NUMBER 556043-4200

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of AB Industrivärden (publ) for the year 2012 except for the corporate governance statement. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 2–50.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2012, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of AB Industrivärden (publ) for the year 2012. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, February 15, 2013
PricewaterhouseCoopers AB

Magnus Svensson Henryryson
Authorized Public Accountant