

## Interim Report January 1 - March 31, 2000

- *The value of the portfolio of listed stocks rose by 20 percent during the first three months of the year, compared with 14 percent for the General Index. Through May 2 the value of the portfolio increased by 26 percent, while the General Index increased by 18 percent.*
- *Net asset value was SEK 355 per share and CPN on March 31, and SEK 374 per share and CPN on May 2, entailing an increase of 26 percent from the beginning of the year through May 2.*
- *During the first quarter, investments totaling approximately SEK 1 billion respectively were made in the pharmaceuticals and financial services sectors. On March 31 the market value of investments in these sectors accounted for 24 percent of the listed portfolio, compared with 20 percent at the start of the year.*
- *Consolidated earnings after financial items totaled SEK 347 M (125) for the first quarter, including SEK 273 M (110) in capital gains on sales of stocks.*
- *IndustriVärden's stock increased by 26 percent from the start of the year through May 2, compared with an increase of 18 percent for the General Index.*

### **NET SALES AND EARNINGS<sup>1</sup>**

Consolidated net sales amounted to SEK 1,094 M (1,099), which for comparable units represents an increase of 16 percent compared with the corresponding period in 1999. Net financial items improved by SEK 27 M to SEK -19 M (-46). Earnings after financial items totaled SEK 347 M (125) and include capital gains of SEK 270 M (110) on sales of listed stocks.

### **FINANCING AND EQUITY RATIO**

Net debt increased by SEK 1,669 M to SEK 3,339 M, mainly due to net purchases of listed stocks, totaling SEK 1,714 M.

The visible equity ratio was 67 percent (73 percent at the start of the year), while the adjusted equity ratio, which includes surplus values of listed stocks, was 90 percent (91).

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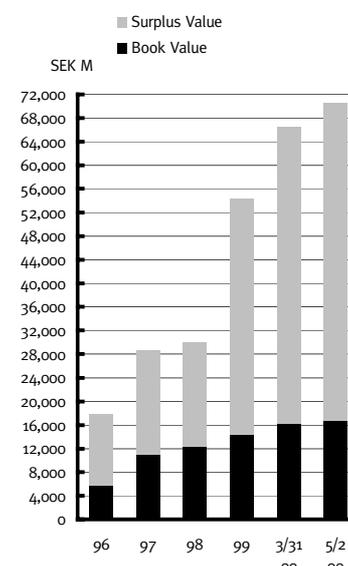
<sup>1</sup> IndustriVärden has ownership stakes in Ericsson, SCA and Skanska which exceed 20 percent of the number of votes after full dilution. The consolidated income statement and balance sheet presented in this interim report do not include any part of these companies' reported earnings.

## PORTFOLIO OF LISTED STOCKS

The portfolio of listed stocks had a market value of SEK 66,566 M on March 31, 2000 (54,298). The surplus value was SEK 50,258 M (39,962). Unrealized growth in the value of the listed portfolio during the first quarter was thus SEK 10,296 M. Adjusted for purchases and sales, the growth in value since the start of the year was 20 percent, compared with 14 percent for the General Index. The result of sales from the portfolio of listed stocks was a capital gain of SEK 270 M.

During the first three months of the year, purchases of listed stocks totaled SEK 2,264 M, while sales totaled SEK 550 M. Thus stocks were bought for a net value of SEK 1,714 M. Major purchases consisted of 5,381,000 Handelsbanken, 1,115,000 Skandia, 943,350 Pharmacia & Upjohn Inc., 840,490 Lundbeck A/S, 550,000 Pfizer Inc., and 355,000 Karo Bio. Major sales consisted of 1,227,000 SCA and 240,000 Sandvik.

Market Value of Listed  
Portfolio and Surplus Value



### Price Trend for the Five Largest Shareholdings

The trend during the first quarter for the five largest shareholdings, which accounted for 89 percent of the portfolio's value at March 31, was as follows:

<u>Company</u>	<u>Share of portfolio at March 31, %</u>	<u>Price change January-March, %</u>
Ericsson	54	37
Skandia	13	59
Handelsbanken	8	0
Sandvik	8	-17
SCA	6	-19

*Ericsson* performed considerably better than the General Index. Telecom stocks continued to do well in the international stock markets during the first quarter.

*Skandia* performed considerably better than the General Index, the bank and financial services index, and comparable international insurance companies. Today Skandia is the second-largest holding in the portfolio of listed stocks.

*Handelsbanken* continues to show clearly better profitability than the average for other commercial banks. The price trend was on a par with the other Nordic commercial banks.

*Sandvik* reported a favorable earnings trend. Cyclical stocks like Sandvik and SSAB were weak during the first quarter, following better performance than the General Index in 1999.

*SCA* showed a favorable earnings trend and performed better than the forestry index.

**Development for the Listed Portfolio Through May 2, 2000**

The market value of the listed portfolio on May 2, 2000, was SEK 70,550 M, and the surplus value was SEK 53,830 M. Adjusted for purchases and sales, the portfolio's value increased by 26 percent from the start of the year. The General Index increased by 18 percent during the same period.

**SUBSIDIARIES**

*Besam's* net sales amounted to SEK 448 M (381), an increase of 18 percent compared with the first quarter of 1999. Earnings after financial items totaled SEK 45 M (25).

*Isaberg Rapid's* net sales were SEK 175 M (146), an increase of 20 percent compared with the first quarter of 1999. Earnings after financial items were SEK 24 M (14).

*Indutrade's* net sales amounted to SEK 471 M (422), an increase of 12 percent compared with the first quarter of 1999. Earnings after financial items were SEK 36 M (31).

**SURPLUS FUNDS IN SPP**

The client-company funds accrued in the insurance company SPP and which have been allocated to the Group, amount to SEK 74 M. These funds have not been included in the accounts.

**CALCULATED NET ASSET VALUE**

Industrivärden's net asset value<sup>2</sup> as per March 31 has been calculated at SEK 67.9 billion, or SEK 355 per share and CPN. Net asset value as per May 2 has been calculated at SEK 374 per share and CPN. Net asset value as per December 31, 1999, was calculated at SEK 298 per share and CPN.

Stockholm, Sweden, May 5, 2000

*Clas Reuterskiöld*  
*President and CEO*

**ACCOUNTING PRINCIPLES**

The same accounting principles and calculation methods have been applied in this interim report as in the 1999 Annual Report.

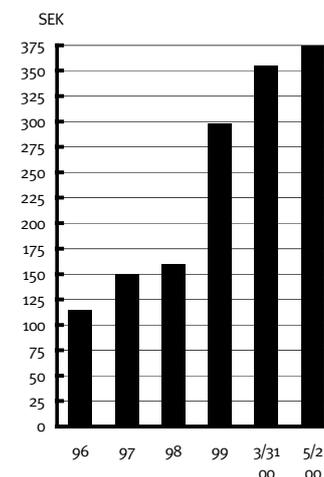
**AUDITORS' EXAMINATION**

This interim report has not been examined by the Company's auditors.

**FINANCIAL CALENDAR**

An interim report for the period January–June will be released on August 15, 2000.  
An interim report for the period January–September will be released on October 31, 2000.  
A year-end report for the 2000 financial year will be released on February 20, 2001.  
The Annual Report for 2000 will be distributed at the end of March 2001.

Net Asset Value per Share  
and CPN



<sup>2</sup>The composition of net asset value is shown in the table on page 9.

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**IndustriVärden Consolidated Income Statement**


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SEK M	<b>2000</b>	1999	1999
	<b>Jan.-March</b>	Jan.-March	Jan.-Dec.
Net sales	<b>1,094</b>	1,099	4,071
Cost of goods sold	<b>-703</b>	-732	-2,636
<b>Gross earnings</b>	<b>391</b>	367	1,435
Development costs	<b>-16</b>	-19	-55
Selling costs	<b>-181</b>	-182	-675
Administrative costs	<b>-101</b>	-107	-378
Other operating income and expenses	<b>-2</b>	0	-2
<b>Operating earnings</b>	<b>91</b>	59	325
Dividend income from listed stocks	<b>2</b>	2	775
Capital gains on sales of listed stocks	<b>270</b>	110	3,535
Capital gains on sales of other stocks	<b>3</b>	-	100
<b>Earnings before financial items</b>	<b>366</b>	171	4,735
Interest income	<b>31</b>	8	68
Interest expense (excl. CPN interest)	<b>-55</b>	-59	-210
Other financial items	<b>5</b>	5	10
<b>Earnings after financial items</b>	<b>347</b>	125	4,603
CPN interest	<b>-33</b>	-25	-134
<b>Earnings before taxes</b>	<b>314</b>	100	4,469
Tax on earnings for the period	<b>-36</b>	-10	-135
<b>Net earnings for the period</b>	<b>278</b>	90	4,334

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**Breakdown by Business Unit**

SEK M	Net sales		Earnings after financial items	
	2000	1999	2000	1999
	Jan.-March	Jan.-March	Jan.-March	Jan.-March
Besam	<b>448</b>	381	<b>45</b>	25
Isaberg Rapid	<b>175</b>	146	<b>24</b>	14
Indutrade	<b>471</b>	422	<b>36</b>	31
Dividend income from listed stocks	-	-	<b>2</b>	2
Other, net	<b>0</b>	-2	<b>-33</b>	-55
	<b>1,094</b>	947	<b>74</b>	17
Capital gains on sales of listed stocks	-	-	<b>270</b>	110
Capital gains on sales of other stocks	-	-	<b>3</b>	-
Structural changes <sup>3</sup>	-	152	-	-2
	<b>1,094</b>	1,099	<b>347</b>	125

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<sup>3</sup> Pertains to Hydrauto, Rapid Granulator and Timelox, which were sold during the fourth quarter of 1999.

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**IndustriVärden Consolidated Balance Sheet**

SEK M	<b>March 31 2000</b>	March 31 1999	Dec. 31 1999
Intangible assets	<b>97</b>	103	95
Tangible assets	<b>573</b>	704	570
Shares and participations	<b>16,479</b>	13,099	14,477
Other financial assets	<b>1,313</b>	77	1,318
Inventories	<b>678</b>	725	649
Accounts receivable, trade	<b>828</b>	858	811
Other current receivables	<b>180</b>	100	145
Liquid assets	<b>1,271</b>	817	1,153
<b>Total assets</b>	<b>21,419</b>	16,483	19,218
Shareholders' equity	<b>13,802</b>	10,059	13,525
CPN loans	<b>448</b>	448	448
Provisions	<b>307</b>	328	305
Long-term liabilities, interest-bearing	<b>1,427</b>	1,695	1,051
Current liabilities, noninterest-bearing	<b>1,160</b>	1,137	1,015
Current liabilities, interest-bearing	<b>4,275</b>	2,816	2,874
<b>Total shareholders' equity and liabilities</b>	<b>21,419</b>	16,483	19,218
Visible equity ratio, percent	<b>67</b>	64	73
Adjusted equity ratio, percent <sup>4</sup>	<b>90</b>	83	91

Change in shareholders' equity	Capital stock	Restricted reserves	Unrestricted shareholders' equity	Total share- holders' equity
SEK M				
December 31, 1999	859	927	11,739	13,525
Transfers between unrestricted and restricted shareholders' equity	-	3	-3	-
Change in translation differences	-	-3	2	-1
Net earnings for the period	-	-	278	278
March 31, 2000	859	927	12,016	13,802

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<sup>4</sup>Includes surplus values of listed stocks.

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**IndustriVärden Consolidated Statement of Cash Flows**


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SEK M	<b>2000</b>	1999	1999
	<b>Jan.-March</b>	Jan.-March	Jan.-Dec.
<b>OPERATING ACTIVITIES</b>			
Earnings after financial items	<b>347</b>	125	4,603
Adjustment of items not included in cash flows:			
Depreciation	<b>31</b>	37	125
Result of sales of listed stocks	<b>-270</b>	-110	-3,535
Result of sales of other stocks	<b>-3</b>	-	-100
Reversal of other items not affecting cash flows	<b>0</b>	20	4
Paid tax	<b>-110</b>	-96	-140
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5</b>	-24	957
Cash flow from changes in working capital	<b>94</b>	246	89
<b>Net cash flow from operating activities</b>	<b>89</b>	222	1,046
<b>INVESTING ACTIVITIES</b>			
Purchases of listed stocks	<b>-2,264</b>	-995	-3,731
Sales of listed stocks	<b>550</b>	495	5,168
Net purchase/sale of subsidiaries	<b>-6</b>	-	197
Net purchase/sale of long-term fixed-income securities	<b>9</b>	-	-1,260
Net purchase/sale of other fixed assets	<b>-34</b>	-48	-88
<b>Net cash flow from investing activities</b>	<b>-1,745</b>	-548	286
<b>FINANCING ACTIVITIES</b>			
Loans raised and amortization of debt	<b>1,777</b>	-53	-493
Dividends and CPN interest paid out	<b>-</b>	-	-874
<b>Net cash flow from financing activities</b>	<b>1,777</b>	-53	-1,367
<b>Net cash flow for the period</b>	<b>121</b>	-379	-35
<b>Liquid assets at beginning of the year</b>	<b>1,153</b>	1,200	1,200
<b>Exchange rate differences in liquid assets</b>	<b>-3</b>	-4	-12
<b>Liquid assets at end of the period</b>	<b>1,271</b>	817	1,153

	12/31/99	Cash flow	Change in loans	Other changes	3/31/00
Change in Interest-Bearing Net Debt					
Liquid assets	1,153	121	-	-3	<b>1,271</b>
Long-term fixed income securities	1,260	-	-	-9	<b>1,251</b>
Long-term interest-bearing liabilities	1,051	-	376	-	<b>1,427</b>
Current interest-bearing liabilities	2,874	-	1,401	-	<b>4,275</b>
Interest-bearing pension provisions	158	-	-	1	<b>159</b>
Net interest-bearing debt	1,670	-121	1,777	13	<b>3,339</b>

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**Portfolio of Listed Stocks as per March 31, 2000**


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	Number	Market value		Percent of portfolio's value
		SEK M	SEK per share and CPN	
Ericsson	46,520,000	35,960	188	54
Skandia	21,240,000	8,687	46	13
Handelsbanken	50,031,000	5,325	28	8
Sandvik	22,760,000	5,053	26	8
SCA	20,087,532	4,071	21	6
Skanska	8,075,689	2,366	12	3
SSAB	12,065,600	1,225	6	2
Pfizer Inc	3,000,000	936	5	1
Scania	3,000,000	732	4	1
Pharmacia & Upjohn Inc <sup>5</sup>	1,068,350	534	3	1
Lundbeck A/S	1,069,490	479	3	1
Volvo	2,000,000	454	2	1
Other (<SEK 300 M)		744	4	1
<b>Total</b>		<b>66,566</b>	<b>348</b>	<b>100</b>

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The specification above included the following stocks which were out on loan:

	<u>Number</u>
Scania	1,419,000
SSAB	700

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<sup>5</sup> On April 1 Pharmacia & Upjohn Inc. merged with Monsanto Inc., whereby 1.19 shares in the new company, Pharmacia Corp., were received for each share held in Pharmacia & Upjohn. Industrivärden's holding in Pharmacia Corp. thus amounted to 1,271,337 shares on April 1.

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**Composition of Net Asset Value**


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	SEK billion		SEK per share and CPN	
	May 2	March 31	May 2	March 31
Listed stocks	70.6	66.6	369	348
Industrial and trading operations	4.4	4.4	23	23
	75.0	71.0	392	371
Other assets and liabilities	-3.5	-3.1	-18	-16
	<b>71.5</b>	<b>67.9</b>	<b>374</b>	<b>355</b>

Total number of shares and CPNs: 191,206,984

The portfolio of listed stocks has been valued at current market value. The wholly owned industrial and trading operations have been assigned a hypothetical market value using a P/E multiple of 15 (the same as at year-end 1999), based on current estimations of the companies' earnings for 2000.

For data on the composition of net asset value on all reporting occasions during the past five years, see *Interactive Analysis of Holdings* on IndustriVärden's website.