

Interim Report January 1 - September 30, 2000

- *The value of the portfolio of listed stocks rose by 7 percent during the first nine months of the year, while the General Index was unchanged. Through October 27 the value of the portfolio increased by 2 percent, while the General Index decreased by 5 percent.*
- *Net asset value was SEK 320 per share and CPN on September 30, and SEK 306 per share and CPN on October 27, entailing an increase of 3 percent from the beginning of the year through October 27.*
- *During the first nine months, investments totaled SEK 3.0 billion, net, primarily in the pharmaceutical and financial services sectors.*
- *IndustriVärden signed an agreement with Ericsson and others to form Ericsson Venture Partners, targeting investments in mobile Internet development. The aggregate committed fund capital amounts to USD 300 M, of which IndustriVärden's share is 25 percent.*
- *IndustriVärden's stock increased by 17 percent from the start of the year through October 27, compared with -5 percent for the General Index. The total return¹ was 20 percent, compared with -3 percent for the Findata total return index.*

NET SALES AND EARNINGS²

Consolidated net sales amounted to SEK 3,242 M (3,397), which for comparable units represents an increase of 11 percent compared with the corresponding period in 1999. Net financial items amounted to SEK -147 M (-118). Earnings after financial items totaled SEK 1,439 M (4,356) and include capital gains of SEK 454 M (3,476) on sales of listed stocks. Earnings for the corresponding period a year earlier included a capital gain of SEK 3,327 M on the sale of the AGA holding.

FINANCING AND EQUITY RATIO

Net debt increased by SEK 3,665 M to SEK 5,335 M, mainly due to net purchases of listed stocks, totaling SEK 3,019 M.

During the period a five-year EUR 600 M syndicated loan was subscribed, and the Swedish Medium-Term Notes program was increased from SEK 2 billion to SEK 5 billion.

The visible equity ratio was 66 percent (73 percent at the start of the year), while the adjusted equity ratio, which includes surplus values of listed stocks, was 89 percent (91).

¹Price trend plus reinvested dividends.

²IndustriVärden 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.

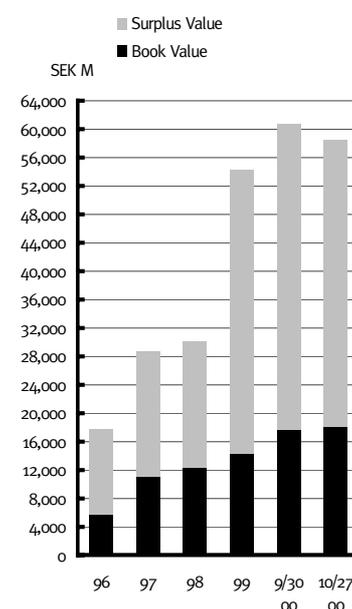
PORTFOLIO OF LISTED STOCKS

The portfolio of listed stocks had a market value of SEK 60,705 M on September 30, 2000 (SEK 54,298 M at the start of the year), and the surplus value was SEK 42,990 M (SEK 39,962 M at the start of the year). Unrealized growth in the value of the listed portfolio during the first nine months was thus SEK 3,028 M. Adjusted for purchases and sales, the growth in value since the start of the year was 7 percent, while the General Index was unchanged. Sales from the portfolio of listed stocks generated capital gains of SEK 454 M.

During the third quarter, purchases of listed stocks totaled SEK 850 M, while sales totaled SEK 143 M. Major net purchases consisted of 2,907,800 Skandia.

During the first nine months of the year, purchases of listed stocks totaled SEK 3,897 M and sales totaled SEK 878 M. Thus stocks were bought for a net value of SEK 3,019 M. Major net purchases consisted of 5,571,700 Skandia, 1,871,000 Lundbeck A/S, 5,350,000 Handelsbanken, 1,151,250 Pharmacia Corp., 550,000 Pfizer Inc., and 455,000 Karo Bio. Major net sales consisted of 1,227,000 SCA and 200,000 Volvo.

Market Value of Listed Portfolio and Surplus Value



Price Trend for the Largest Shareholdings

The trend during the first nine months for the largest shareholdings, which accounted for 91 percent of the portfolio's value at September 30, was as follows:

	<u>Share of portfolio value at Sept. 30, %</u>	<u>Price change Jan.-Sept., %</u>
Ericsson	46	6
Skandia	14	49
Handelsbanken	13	45
Sandvik	7	-27
SCA	6	-32
Pharmaceuticals	5	59

Ericsson's earnings improved strongly. Sales and earnings growth in the mobile systems segment remained strong, while problems remain in the consumer products segment. Its stock performed better than the General Index.

Skandia performed better than the General Index, the bank and financial services index, and comparable international insurance companies.

Handelsbanken reported a strong earnings improvement and performed better than the General Index, the bank and financial services index, and other Nordic commercial banks.

Cyclical stocks like *Sandvik* and *SSAB* were weak during the first nine months of the year, after having outperformed the General Index in 1999.

SCA had a favorable earnings trend. Its stock performed on a par with the forestry index.

Industrivärden's *pharmaceutical* holdings (Pfizer Inc., Lundbeck A/S and Pharmacia Corp.) performed better than the General Index, the chemical and pharmaceutical index, and comparable international pharmaceutical companies.

Development for the Listed Portfolio Through October 27, 2000

The market value of the listed portfolio on October 27, 2000, was SEK 58,485 M, and the surplus value was SEK 40,380 M. Adjusted for purchases and sales, the portfolio's value increased by 2 percent from the start of the year. The General Index decreased by 5 percent during the same period.

PARENT COMPANY

The Parent Company's dividend income amounted to SEK 835 M (786), including SEK 817 M (774) from listed companies. Including gains of SEK 454 M (3,476) on sales of listed stocks, earnings totaled SEK 1,289 M (4,262). After administrative costs and a negative balance of financial items, earnings after financial items totaled SEK 1,087 M (4,093).

SUBSIDIARIES³

Besam's net sales amounted to SEK 1,356 M (1,233), an increase of 10 percent compared with the first nine months of 1999. Earnings after financial items totaled SEK 134 M (115).

Isaberg Rapid's net sales totaled SEK 471 M (420), an increase of 12 percent compared with the first nine months of 1999. Earnings after financial items were SEK 50 M (39).

Indutrade's net sales amounted to SEK 1,414 M (1,279), an increase of 11 percent compared with the first nine months of 1999. Earnings after financial items were SEK 147 M (100).

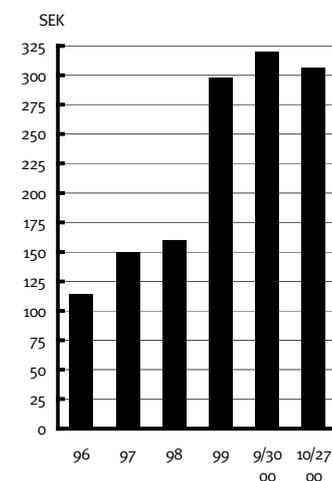
CALCULATED NET ASSET VALUE

IndustriVärden's net asset value⁴ as per September 30 has been calculated at SEK 61.2 billion, or SEK 320 per share and CPN. Net asset value as per October 27 has been calculated at SEK 306 per share and CPN. Net asset value as per December 31, 1999, was calculated at SEK 298 per share and CPN.

Stockholm, Sweden, October 31, 2000

Clas Reuterskiöld
President and CEO

Net Asset Value per Share
and CPN



³ Surplus funds in SPP including, SEK 5 M in Besam, SEK 6 M in Isaberg Rapid and SEK 27 M in Indutrade.

⁴ The composition of net asset value is shown in the table on page 10.

ACCOUNTING PRINCIPLES

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

AUDITORS' EXAMINATION

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

FINANCIAL CALENDAR

A year-end report for 2000 will be released on February 20, 2001.

The 2000 Annual Report will be published at the end of March 2001.

The first quarter interim report for 2001 will be released on May 3, 2001.

The Annual General Meeting will be held in Stockholm on May 3, 2001.

IndustriVärden Consolidated Income Statement

SEK M	2000	1999	1999
	Jan.-Sept.	Jan.-Sept.	Jan.-Dec.
Net sales	3,242	3,397	4,071
Cost of goods sold	-2,126	-2,251	-2,636
Gross earnings	1,116	1,146	1,435
Development costs	-46	-57	-55
Selling costs	-529	-551	-675
Administrative costs	-298	-311	-378
Other operating income and expenses	68 ⁵	-3	-2
Operating earnings	311	224	325
Dividend income from listed stocks	817	774	775
Capital gains on sales of listed stocks	454	3,476	3,535
Capital gains on sales of other stocks	4	-	100
Earnings before financial items	1,586	4,474	4,735
Interest income	77	31	68
Interest expenses (excl. CPN interest)	-218	-162	-210
Other financial items	-6	13	10
Earnings after financial items	1,439	4,356	4,603
CPN interest	-109	-76	-134
Earnings before taxes	1,330	4,280	4,469
Tax on earnings for the period	-201	-141	-135
Net earnings for the period	1,129	4,139	4,334

⁵ Of which, surplus funds in SPP: SEK 64 M.

Breakdown by Business Unit

SEK M	Net sales		Earnings after financial items	
	2000 Jan.-Sept.	1999 Jan.-Sept.	2000 Jan.-Sept.	1999 Jan.-Sept.
Besam	1,356	1,233	134	115
Isaberg Rapid	471	420	50	39
Indutrade	1,414	1,279	147	100
Dividend income from listed stocks	-	-	817	774
Other, net	1	-5	-167	-150
	3,242	2,927	981 ⁶	878
Capital gains on sales of stocks	-	-	458	3,476
Structural changes ⁷	-	470	-	2
	3,242	3,397	1,439	4,356

⁶ Surplus funds in SPP, totaling SEK 64 M included, of which SEK 5 M in Besam, SEK 6 M in Isaberg Rapid, SEK 27 M in Indutrade, SEK 14 M in the Parent Company, and SEK 12 M in other companies.

⁷ Pertains to Hydrauto, Rapid Granulator and Timelox, which were sold during the fourth quarter of 1999.

IndustriVärden Consolidated Balance Sheet

SEK M	Sept. 30 2000	Sept. 30 1999	Dec. 31 1999
Intangible assets	85	92	95
Tangible assets	570	683	570
Shares and participations	18,069	13,549	14,477
Other financial assets	321	1,644	1,318
Inventories	751	755	649
Accounts receivable, trade	872	869	811
Other current receivables	133	148	145
Liquid assets	583	1,628	1,153
Total assets	21,384	19,368	19,218
Shareholders' equity	13,601	13,329	13,525
CPN loans	447	448	448
Provisions	303	333	305
Long-term liabilities, interest-bearing	3,149	1,123	1,051
Current liabilities, noninterest-bearing	1,077	972	1,015
Current liabilities, interest-bearing	2,807	3,163	2,874
Total shareholders' equity and liabilities	21,384	19,368	19,218
Visible equity ratio, percent	66	72	73
Adjusted equity ratio, percent ⁸	89	87	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
Dividends to shareholders	-	-	-1,065	-1,065
Conversion of CPNs	0	1	-	1
Transfers between unrestricted and restricted shareholders' equity	-	-1	1	0
Translation differences	-	1	10	11
Net earnings for the period	-	-	1,129	1,129
September 30, 2000	859	928	11,814	13,601

⁸ Surplus values in listed stocks included.

IndustriVärden Consolidated Statement of Cash Flows

SEK M	2000	1999	1999
	Jan.-Sept.	Jan.-Sept.	Jan.-Dec.
OPERATING ACTIVITIES			
Earnings after financial items	1,439	4,356	4,603
Adjustment of items not included in cash flows:			
Depreciation	95	111	125
Result of sales of listed stocks	-454	-3,476	-3,535
Result of sales of other stocks	-4	-	-100
Reversal of other items not affecting cash flows	-6	16	4
Taxes paid	-168	-129	-140
Cash flow from operating activities before changes in working capital	902	878	957
Cash flow from changes in working capital	-135	-61	89
Net cash flow from operating activities	767	817	1,046
INVESTING ACTIVITIES			
Purchases of listed stocks	-3,897	-2,685	-3,731
Sales of listed stocks	878	4,975	5,168
Net purchase/sale of other stocks	-214	-20	-40
Net purchase/sale of subsidiaries	-18	-	197
Net purchase/sale of long-term fixed-income securities	1,059	-1,563	-1,260
Net purchase/sale of other fixed assets	36	-70	-48
Net cash flow from investing activities	-2,156	637	286
FINANCING ACTIVITIES			
Loans raised and amortization of debt	2,031	-142	-493
Dividends and CPN interest paid out	-1,204	-874	-874
Net cash flow from financing activities	827	-1,016	-1,367
Net cash flow for the period	-562	438	-35
Liquid assets at beginning of the year	1,153	1,200	1,200
Exchange rate differences in liquid assets	-8	-10	-12
Liquid assets at end of the period	583	1,628	1,153

	Dec. 31		Change in	Other	Sept. 30
	1999	Cash flow	loans	changes	2000
Change in Interest-Bearing Net Debt					
Liquid assets	1,153	-562	-	-8	583
Long-term fixed-income securities	1,260	-	-	-1,059	201
Long-term interest-bearing liabilities	1,051	-	2,098	-	3,149
Current interest-bearing liabilities	2,874	-	-67	-	2,807
Interest-bearing pension provisions	158	-	-	5	163
Net interest-bearing debt	1,670	562	2,031	1,072	5,335

Portfolio of Listed Stocks as per September 30, 2000

	Number	Market value		Percent of portfolio's value
		SEK M	SEK per share and CPN	
Ericsson	186,000,000	27,714	145	46
Skandia	45,821,700	8,752	46	14
Handelsbanken	50,000,000	7,750	40	13
Sandvik	23,000,000	4,451	23	7
SCA	20,087,532	3,405	18	6
Skanska	8,075,689	2,669	14	4
Pfizer Inc.	3,000,000	1,296	7	2
Lundbeck A/S	2,100,000	1,176	6	2
SSAB	12,065,600	923	5	2
Pharmacia Corp.	1,300,000	757	4	1
Scania	3,000,000	696	3	1
Other (≤SEK 300 M)		1,116	6	2
Total		60,705	317	100

No stocks were out on loan as per September 30.

Composition of Net Asset Value

	SEK billion		SEK per share and CPN	
	Oct. 27	Sept. 30	Oct. 27	Sept. 30
Listed stocks	58.5	60.7	306	317
Industrial and trading operations	5.2	5.2	28	28
	63.7	65.9	334	345
Other assets and liabilities	-5.1	-4.7	-28	-25
	58.6	61.2	306	320

Total number of shares and CPN's: 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.