

Year-End Report 2000

■ *Listed portfolio*

Value at December 31:	SEK 54,961 M (54,298)
Change in value:	-4%, General Index -12%
Total return ¹ :	-2%, Total Return Index -11%

■ *Net asset value*

At December 31:	SEK 283 (298) per share and CPN
Change from start of the year:	-5% (+86%)

■ *The stock*

Price trend:	+11%, General Index -12%
Total return:	+14%, Total Return Index -11%

■ *A total net value of SEK 3,149 M was invested during the year in the pharmaceuticals and financial services sectors.*

■ *The Board proposes that the dividend and bonus for 2000 be raised by SEK 2.20 to SEK 8.40 per share. Interest per CPN would thus be SEK 9.66.*

NET SALES AND EARNINGS²

Consolidated net sales amounted to SEK 4,540 M (4,071), an increase of 12 percent compared with the preceding year for comparable units.

Earnings before financial items totaled SEK 1,605 M (4,735). This includes capital gains on sales of stocks, totaling SEK 366 M (3,635). The year-earlier figure includes the sale of the shareholding in AGA, which generated a capital gain of SEK 3,327 M.

Dividends from the portfolio of listed stocks rose 6 percent, to SEK 821 M (775).

Net financial items amounted to SEK -241 M (-132). Earnings after financial items totaled SEK 1,364 M (4,603).

¹Price trend plus reinvested dividends.

²Industrivärden has ownership stakes in Ericsson, SCA and Skanska which corresponds to at least 20 percent of the number of votes after full dilution. The consolidated income statement and balance sheet presented in this year-end report do not include any part of these companies' reported earnings.



FINANCING AND EQUITY RATIO

During the year Industrivärden was assigned international corporate credit ratings of A+/Stable/A-1 from Standard & Poor's. A five-year EUR 600 M syndicated loan was subscribed, and the Group's Medium-Term Notes program was increased from SEK 2 billion to SEK 5 billion.

Interest-bearing net debt increased by SEK 3,993 M to SEK 5,663 M.

The visible equity ratio was 65 percent (73), while the adjusted equity ratio, which includes surplus values of listed stocks, was 87 percent (91).

PORTFOLIO OF LISTED STOCKS

During the fourth quarter, purchases of listed stocks totaled SEK 503 M and sales totaled SEK 175 M. Major net purchases consisted of 2,025,100 shares of Skandia.

The value of the portfolio of listed stocks at year-end was SEK 54,961 M (54,298). The surplus value was SEK 36,935 M (39,962). Purchases of listed stocks during the year totaled SEK 4,400 M (3,731) and sales totaled SEK 1,053 M (SEK 5,168 M). Stocks were thus purchased for a net total of SEK 3,347 M (1999: net sales of SEK 1,437 M). Sales from the portfolio of listed stocks resulted in a capital gain of SEK 456 M (SEK 3,535 M).

Adjusted for purchases and sales, the value of the portfolio decreased by 4 percent during the year (1999: increase of 87 percent). The Affärsvärlden General Index fell by 12 percent during the same period (1999: +66 percent). The total return for the portfolio of listed stocks was -2 percent, compared with -11 percent for the Findata Total Return Index.

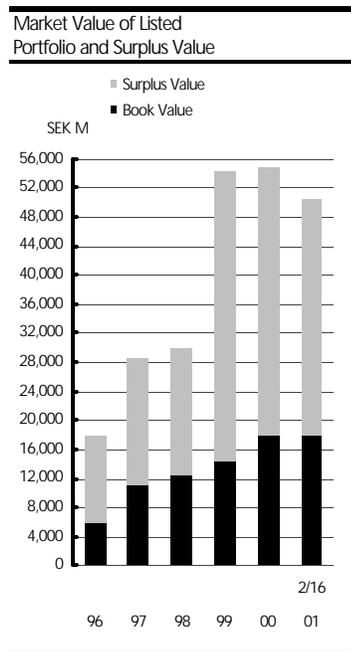
Dividend income from the listed portfolio amounted to SEK 821 M (775).

During the year a net total of SEK 1,373 M was invested in the pharmaceuticals sector and SEK 1,776 M in financial services.

Major net purchases consisted of 7,596,800 shares of Skandia, 1,871,000 Lundbeck A/S, 4,350,000 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.

The number of shares in Ericsson increased as a result of a 4:1 split, and the number of shares in Skandia increased as a result of a 1:1 stock dividend. Pharmacia Corp. was formed through the merger of Pharmacia & Upjohn and Monsanto, whereby 1.19 shares in Pharmacia Corp. were received for each share held in Pharmacia & Upjohn.

During the year 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.





Price Trend for the Largest Shareholdings

The trend in 2000 for the largest shareholdings, which accounted for 89 percent of the portfolio's value at December 31, was as follows:

	<u>Share of portfolio value at Dec. 31, %</u>	<u>Price change 2000, %</u>
Ericsson	37	-22
Handelsbanken	15	51
Skandia	13	19
Sandvik	10	-15
SCA	7	-19
Pharmaceuticals	7	107

Ericsson's earnings for the network operators segment remained strong, while a substantial loss was reported for consumer products. *Ericsson's* stock performed worse than the General Index.

Handelsbanken performed better than the General Index, the bank & financial services index, and other Nordic commercial banks.

Skandia performed better than the General Index as well as comparable international insurance companies.

Stocks of cyclical companies like *Sandvik* and SSAB were weak in 2000 after having outperformed the General Index in 1999.

SCA showed favorable earnings development. Its stock performed on a par with the forestry index.

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

Development for the Listed Portfolio Through February 16, 2001

The market value of the listed portfolio on February 16, 2001, was SEK 50,473 M, and the surplus value was SEK 32,461 M. Adjusted for purchases and sales, the portfolio's value decreased by 8 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 839 M (787), including SEK 821 M (775) from listed companies. Including capital gains of SEK 366 M (3,654) from sales of stocks, earnings amounted to SEK 1,205 M (4,441). After administrative costs and a negative balance of net financial income/expense, earnings after financial items totaled SEK 881 M (4,230), including SEK 14 M in repaid surplus funds from SPP.

SUBSIDIARIES

Besam's net sales rose 14 percent, to SEK 1,977 M (1,735). Earnings after financial items amounted to SEK 217 M (182), including SEK 5 M in repaid surplus funds from SPP.

Isaberg Rapid's net sales were SEK 642 M (583), an increase of 10 percent. Earnings after financial items totaled SEK 65 M (64), including SEK 6 M in repaid surplus funds from SPP.



Indutrade's net sales amounted to SEK 1,919 M (1,751), an increase of 10 percent. Earnings after financial items totaled SEK 176 M (138), including SEK 26 M in repaid surplus funds from SPP.

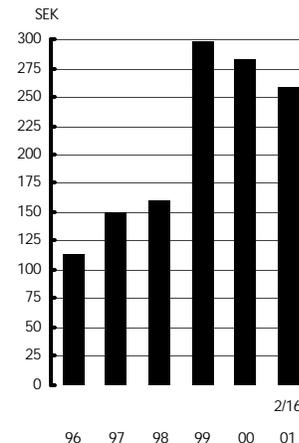
After the close of the year Indutrade acquired the trading companies AKA and Fagerberg from Hexagon. Including these acquired units, Indutrade's pro forma net sales would have amounted to approximately SEK 3 billion for 2000.

The return on capital employed for the subsidiary businesses (excl. repayment of SPP surplus funds) was 32 percent (28).

CALCULATED NET ASSET VALUE

Industrivärden's net asset value³ as per December 31, 2000, has been calculated at SEK 54.1 billion, or SEK 283 per share and CPN. Net asset value as per February 16, 2001, has been calculated at SEK 259 per share and CPN. Net asset value as per December 31, 1999, was calculated at SEK 298 per share and CPN.

Net Asset Value per Share
and CPN



PROPOSED DIVIDEND

The Board proposes a dividend of SEK 5.00 (5.00) per share, plus a bonus dividend of SEK 3.40 (1.20), for a total dividend of SEK 8.40 (6.20) per share. Interest per CPN would thus amount to SEK 9.66. The proposal entails that no tax would be paid by the Parent Company. The total dividend payout would thus amount to SEK 1,443 M, and CPN interest would amount to SEK 188 M.

SHARE REPURCHASES

The Board has decided to request a renewal of its authorization from the Annual General Meeting concerning the repurchase of a maximum of 5 million shares of the Company's own stock.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, May 3, 2001, at 2 p.m., at the Grand Hotel, Vinterträdgården, in Stockholm.

Industrivärden's nominating committee for election of board members consists of Bo Damberg (Handelsbanken foundations), Erling Gustafsson (National Pension Insurance Fund, Sixth Fund Board), Tor Marthin (AMF Pension), Tomas Nicolin (National Pension Insurance Fund, Third Fund Board), and Bo Rydin (Chairman of Industrivärden).

Stockholm, Sweden, February 20, 2001
AB Industrivärden (publ)

The Board of Directors

³The composition of net asset value is shown in the table on page 11.



FINANCIAL CALENDAR

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

An interim report for the period January–March 2001 will be released on May 3, 2001.

An interim report for the period January–June 2000 will be released on August 15, 2001.

An interim report for the period January–September 2000 will be released on Oct. 31, 2001.



Industrivärden Consolidated Income Statement

SEK M	2000	1999
Net sales	4,540	4,071
Cost of goods sold	-2,998	-2,636
Gross earnings	1,542	1,435
Development costs	-63	-55
Selling costs	-723	-675
Administrative costs	-421	-378
Other operating income and expenses	83 ⁴	-2
Operating earnings	418	325
Dividend income from listed stocks	821	775
Capital gains on sales of stocks	366	3,635
Earnings before financial items	1,605	4,735
Interest income	91	68
Interest expenses (excl. CPN interest)	-307	-210
Other financial items	-25	10
Earnings after financial items	1,364	4,603
CPN interest	-192	-134
Earnings before taxes	1,172	4,469
Tax on earnings for the year	-145	-135
Net earnings for the year	1,027	4,334

⁴Of which, surplus funds in SPP: SEK 64 M.



Breakdown by Business Unit

SEK M	Net sales		Earnings after financial items	
	2000	1999	2000	1999
Besam	1,977	1,735	217	182
Isaberg Rapid	642	583	65	64
Indutrade	1,919	1,751	176	138
Dividends from listed stocks	-	-	821	775
Other, net	2	2	-281	-191
	4,540	4,071	998 ⁵	968
Capital gains on sales of stocks	-	-	366	3,635
	4,540	4,071	1,364	4,603

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



Industrivärden Consolidated Balance Sheet

SEK M	Dec. 31 2000	Dec. 31 1999
Intangible assets	82	95
Tangible assets	591	570
Shares and participations	18,285	14,477
Other financial assets	208	1,318
Inventories	711	649
Accounts receivable, trade	916	811
Other current receivables	208	145
Liquid assets	473	1,153
Total assets	21,474	19,218
Shareholders' equity	13,502	13,525
CPN loans	447	448
Provisions	297	305
Long-term liabilities, interest-bearing	3,521	1,051
Current liabilities, noninterest-bearing	1,164	1,015
Current liabilities, interest-bearing	2,543	2,874
Total shareholders' equity and liabilities	21,474	19,218
Visible equity ratio, percent	65	73
Adjusted equity ratio, percent ⁶	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	-	-	-1,064	-1,064
Conversion of CPNs	0	1	-	1
Transfers between unrestricted and restricted shareholders' equity	-	-6	6	0
Translation differences	-	6	7	13
Net earnings for the year	-	-	1,027	1,027
December 31, 2000	859	928	11,715	13,502

⁶ Including surplus values of listed stocks.



Industrivärden Consolidated Statement of Cash Flows

SEK M	2000	1999
OPERATING ACTIVITIES		
Earnings after financial items	1,364	4,603
Adjustment of items not included in cash flows:		
Depreciation	127	125
Result of sales of stocks	-366	-3,635
Reversal of other items not affecting cash flows	-9	4
Taxes paid	-161	-140
Cash flow from operating activities before changes in working capital	955	957
Cash flow from changes in working capital	-199	89
Net cash flow from operating activities	756	1,046
INVESTING ACTIVITIES		
Purchases of listed stocks	-4,400	-3,731
Sales of listed stocks	1,053	5,168
Sales of stock options	160	40
Net purchase/sale of other stocks	-241	144
Net purchase/sale of long-term fixed-income instruments	1,160	-1,260
Net purchase/sale of other fixed assets	-107	-75
Net cash flow from investing activities	-2,375	286
FINANCING ACTIVITIES		
Loans raised and amortization of debt	2,139	-493
Dividends and CPN interest paid out	-1,204	-874
Net cash flow from financing activities	935	-1,367
Net cash flow for the year	-684	-35
Liquid assets at beginning of the year	1,153	1,200
Exchange-rate difference in liquid assets	4	-12
Liquid assets at end of the year	473	1,153

Change in Interest-Bearing Net Debt SEK M	Dec. 31 1999	Cash flow	Change in loans	Other changes	Dec. 31 2000
Liquid assets	1,153	-684	-	4	473
Long-term fixed-income instruments	1,260	-	-	-1,160	100
Long-term interest-bearing liabilities	1,051	-	2,470	-	3,521
Current interest-bearing liabilities	2,874	-	-331	-	2,543
Interest-bearing pension provision	158	-	-	14	172
Interest-bearing net debt	1,670	684	2,139	1,170	5,663



Portfolio of Listed Stocks as per December 31, 2000

	Number	Market value		Percent of portfolio's value
		SEK M	SEK per share and CPN	
Ericsson	186,000,000	20,460	108	37
Handelsbanken	49,000,000	7,914	41	15
Skandia	47,846,800	7,344	38	13
Sandvik	23,000,000	5,221	27	10
SCA	20,087,532	4,056	21	7
Skanska	8,075,689	3,150	16	6
Lundbeck A/S	2,100,000	1,943	10	4
Pfizer Inc.	3,000,000	1,312	7	2
SSAB	12,065,600	1,086	6	2
Pharmacia Corp.	1,300,000	745	4	1
Scania	3,000,000	623	3	1
Other (<SEK 300 M)		1,107	6	2
Total		54,961	287	100

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

	<u>Number</u>
Skandia	20,000
SCA	176,900
Skanska	500,000



Composition of Net Asset Value

	SEK billion		SEK per share and CPN	
	Feb. 16 2001	Dec. 31 2000	Feb. 16 2001	Dec. 31 2000
Listed stocks	50.5	55.0	263	287
Industrial and trading operations	4.1	4.1	22	22
	54.6	59.1	285	309
Other assets and liabilities	-5.0	-5.0	-26	-26
	49.6	54.1	259	283

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 calculated value using a P/E multiple of 13 (15 at year-end 1999), based on the companies' earnings for 2000.

For data on the composition of net asset value on all reporting occasions during the past seven years, see *Interactive Analysis of Holdings* on Industrivärden's website: www.industrivarden.se.