

Year-End Report 2003

- **Industrivärden's net asset value was SEK 32,913 M on February 16, 2004, an increase of SEK 2,843 M since year-end 2003. Net asset value on December 31, 2003, was SEK 30,070 M (24,415), an increase of SEK 5,655 M for the year.**

- **Net asset value per share was SEK 170 on February 16, 2004 (an increase of SEK 14 per share since year-end 2003). On December 31, 2003, net asset value per share was SEK 156 (126). Including reinvested dividends the increase was SEK 37 per share in 2003. Average annual growth in net asset value over the last ten-year period, including reinvested dividends, was 14%. Earnings per share in 2003 were SEK -4.49 (20.20).**

- **During the year, stock was purchased in SCA, Handelsbanken, Munters and SSAB for a total of SEK 1,756 M. In November and December the entire shareholding in Skandia was sold for SEK 1,253 M. Stocks were purchased for a total of SEK 2,012 M and sold for SEK 1,933 M.**

- **The total return for Industrivärden's stock in 2003 was 28%, compared with 34% for the return index. During the last ten-year period Industrivärden's average annual total return was two percentage points higher than the return index.**

- **The Board of Directors proposes a dividend of SEK 5.50 (5.80) per share.**

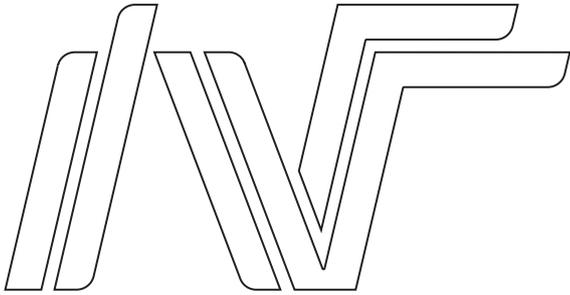
Industrivärden in summary

	Development, % 2003	Average annual development, %	
		Five years, 1999–2003	Ten years, 1994–2003
Total return			
Total return for Industrivärden's stock	28	7	13
Return index (SIXRX)	34	2	11
Excess return for Industrivärden	-6	5	2
Net asset value			
Net asset value	24	-1	8
Net asset value incl. reinvested dividends	29	7	14



Composition of net asset value

	SEK billion			SEK per share		
	2004 Feb. 16	2003 Dec. 31	2002 Dec. 31	2004 Feb. 16	2003 Dec. 31	2002 Dec. 31
Parent Company						
Equities portfolio	36.1	32.9	26.4	186	170	136
Net debt	-3.2	-2.8	-2.0	-16	-14	-10
Net asset value	32.9	30.1	24,4	170	156	126



Industrivärden is one of the Nordic region's leading holding companies, taking an active ownership role in a concentrated selection of listed Nordic companies with good development potential. Industrivärden's mission is to create shareholder value based on a professional investment operation and active ownership. The goal is to generate high growth in net asset value over time. High growth in value enables Industrivärden to deliver a total return which, over time, is higher than the average for the Stockholm Stock Exchange. For more information, visit our website: www.industrivarden.net.

CEO's Message

After falling for three years in a row, prices on the world's stock markets turned upward in 2003. For the Stockholm Stock Exchange, this break in trend took place in March, after which the stock market and Industrivärden's net asset value moved in a positive direction. Despite this period of depressed stock prices, Industrivärden's total return has developed relatively well in a longer perspective. Over the last five- and ten-year periods, Industrivärden has delivered an average annual return that is five and two percentage points higher, respectively, than the return index.

During the second half of the past year and thus far in 2004 we have seen increasing signs of global stability and a stronger economy. This applies above all for the United States and Southeast Asia, but even Europe is showing signs of economic growth. Naturally, this trend is positive for traditional industry, which generally impacts a significant part of Industrivärden's net asset value. At the same time, it is important to keep in mind the continued challenges that companies face in the form of growing competition from Southeast Asia, unrelenting demands for efficiency improvement and a weaker dollar.

During the year we divested our holding in Skandia. Most of the proceeds from the sale has been invested in SCA, Handelsbanken, SSAB and Sandvik. The divestment of Skandia resulted in a booked loss of SEK 1,510 M.

During the year we also studied a number of potential new investments which resulted in our investment in Munters. Granted, the company performed relatively weakly in 2003, but we see numerous development opportunities and believe in Munters' long-term potential.

In our 2001 Annual Report we presented some guiding points for the buildup and operation of a structured market presence. Following an initial development phase, this activity was established full out in 2003. Through limited and disciplined risk-taking – primarily in derivatives – we have managed to enhance the return of our portfolio. The profits from these activities more than amply covered our management costs of SEK 80 M.

Given the prices of SEK 133 per Class A share and SEK 119 per Class C Industrivärden share, the dividend of SEK 5.50 per share proposed by the Board represents a dividend yield of 4.1% and 4.6%, respectively. This is well in line with our objective of paying a dividend yield that is higher than the average for the Stockholm Stock Exchange.

ANDERS NYRÉN

President and CEO

Equities Portfolio¹

The market value of Industrivärden's equities portfolio on December 31, 2003, was SEK 32,890 M (SEK 26,413 M on December 31, 2002), and the surplus value was SEK 15,414 M (SEK 7,801 M on December 31, 2002). On February 16, 2004, the

market value was SEK 36,061 M and the surplus value was SEK 18,270 M. Taking into account purchases and sales, the change in value was 24% for the year. A detailed portfolio specification as per December 31, 2003 is provided on page 8.

Stock	As per December 31, 2003		Total- Return, % Year 2003	Average annual total return, %		As per February 16, 2004	
	Number	Market value, SEK M		Five years, 1999–2003	Ten years, 1994–2003	Number	Market value, SEK M
Handelsbanken	52,751,900	7,754	31	8	18	54,806,400	7,783
SCA	21,206,600	6,235	4	16	12	21,206,600	6,182
Sandvik	21,167,500	5,249	34	17	12	21,167,500	5,144
Ericsson	364,039,276	4,882	86	-18	5	364,039,276	7,925
Skanska	33,302,756	2,115	30	7	10	33,302,756	2,081
Indutrade ²		1,704	–	–	–		1,704
SSAB	13,112,600	1,685	32	16	11	13,112,600	1,692
Munters	2,705,750	471	-8	22	–	2,711,950	472
Isaberg Rapid ²		459	–	–	–		459
Ossur	52,000,000	230	-19	–	–	52,000,000	259
Others		2,106					2,360
Return index			34	2	11		
Total		32,890					36,061

The total return indicated above for Ericsson in 2003 is a weighted average for Industrivärden's holding of Class A and B shares. Of the shareholdings listed above, Munters and Ossur have been owned a shorter period than five years, while Sandvik has been owned for a shorter period than ten years.

Handelsbanken's earnings for the year improved. Net interest income as well as net trading income increased as a result of higher business volumes. Overheads decreased and were even lower than 2001 levels. Loan losses remained very low. The annual survey of customer satisfaction conducted by the Swedish Quality Index in 2003 showed that Handelsbanken has the most satisfied customers for the fourteenth year in a row.

SCA reported lower earnings after financial items for 2003, but with continued good profitability. Operating earnings declined for all three business areas. Cash flow remained strong, however. The Hygiene Products business was affected primarily by currency effects and lower prices for consumer tissue products. A rationalization program in the European Hygiene Products unit is progressing at a faster pace than planned.

Sandvik's earnings after financial items fell in 2003, mainly due to structural costs and currency effects. Profitability remained good. Operating earnings before restructuring costs improved for the Tooling business area, were unchanged for Mining & Construction, and fell for the Materials Technology business area. Through a strengthened market position and implemented improvement measures, Sandvik is judged to have good prospects for continued profitable growth.

Ericsson's cash flow was positive during the year and its financial position strengthened. Operating expenses measured on an annual basis have been more than halved since mid-2001 as a result of ongoing structural measures. Capacity utilization

improved considerably during the fourth quarter, enabling Ericsson to post a profit after financial items for the year, but before restructuring costs. The company judges that the market is stabilizing and that the industry is in recovery. Ericsson has favorable conditions for long-term growth through capacity expansion of existing telecommunications networks, increased service activities and the continued transition from fixed to mobile communications.

Skanska's earnings after financial items improved in 2003, mainly as a result of capital gains on sales of commercial real estate. Together with a good cash generation capacity in the construction activities, this has led to stronger cash flow and an improved financial position. Interest-bearing net debt decreased by SEK 9.5 billion, resulting in net cash of SEK 150 M at year-end.

The wholly owned subsidiary *Indutrade*, one of the leading trading companies in the Nordic region, reported earnings after financial items of SEK 182 M (181). Earnings improved in Finland and the Netherlands, but were down slightly in Sweden, Denmark and Norway. A program has been initiated which is expected to trim approximately SEK 35 M in overhead costs on a yearly basis starting in 2004.

SSAB's earnings after financial items for 2003 improved, mainly due to higher margins and a better product mix in the steel operations. Special product such as quenched steel and ultra high strength sheet steel, which accounted for 43% of total delivery volume, continued to do well with an 18% growth in volume.

¹ Pertains to the Parent Company's equities portfolio. Based on these holdings, derivative transactions are also conducted within the framework of Industrivärden's structured market presence. Industrivärden also has a structured market presence through limited asset management conducted by the subsidiary Nordinvest, which had shareholdings with a market value of SEK 38 M as per December 31, 2003.

² Valuation of the wholly owned subsidiaries is provided in a definition on page 8.

Munters reported a drop in earnings after financial items for the first nine months of 2003. The favorable trend for the company's Moisture Control Services unit early in the year did not continue into the second and third quarters. Demand for the Dehumidification and HumiCool units remained weak. Cost-cutting programs worth a total of SEK 120 M on a full-year basis were initiated during the year. Munters will release its year-end report on February 19.

The wholly owned subsidiary *Isaberg Rapid*, which manufactures and markets staplers, reported earnings after financial items of SEK 49 M (32). In November 2003 Industrivärden initiated an evaluation process aimed at selling the company.

Ossur reported an increase in sales for the year, but earnings after financial items fell, mainly due to costs for patent protection litigation and restructuring of its operations in North America.

Equity Transactions During the Year

During the fourth quarter of 2003, purchases of stocks totaled SEK 997 M and sales totaled SEK 1,453 M. Major purchases consisted of 2,224,600 shares of SCA B, 996,000 Handelsbanken A and 1,047,000 SSAB A. Major sales consisted of 48,846,800 shares of Skandia (the entire holding), 1,590,500 Swedish Match (the entire holding) and 1,007,000 Eniro.

Purchases and sales of listed stocks in 2003 are shown in the table below:

Purchases	Number	SEK M
SCA B	2,224,600	657
Handelsbanken A	4,096,000	514
Munters	2,505,750	453
SSAB A	1,047,000	132
Swedish Match	1,590,500	94
Ericsson B	7,785,616	49
Other		113
Total		2,012

Sales	Number	SEK M
Skandia	48,846,800	1,253
Ericsson B	43,285,616	361
Eniro	2,671,400	175
Swedish Match	1,590,500	103
Other		41
Total		1,933

During the year, derivative transactions were also conducted within the framework of Industrivärden's structured market presence. These transactions, which were based on holdings in Industrivärden's equities portfolio, generated a profit of SEK 101 M.

Earnings from equities and derivative transactions totaled SEK -1,410 M, as shown in the following table:

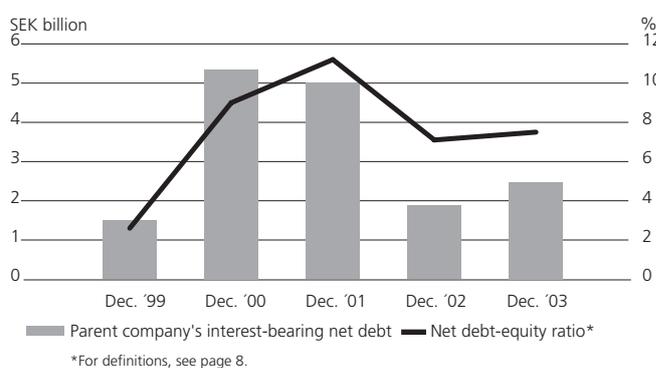
Earnings from Parent Company's equities transactions, SEK M	2003	2003
	Oct.–Dec.	Jan.–Dec.
Ericsson B	–	129
Derivative transactions	25	101
Eniro	-38	-100
Skandia	-1,510	-1,510
Other	-10	-30
Total	-1,533	-1,410

Earnings from equities and derivative transactions for the Group during the period January–December 2003 amounted to SEK -1,385 M.

Interest-Bearing Net Debt

The Parent Company's net debt amounted to SEK 2.5 billion (2.4) as per December 31, 2003. The net debt-equity ratio was 7% (7%), as shown in the specification on page 7.

The Group's net debt increased by SEK 0.4 billion during the year, to SEK 2.8 billion as per December 31, 2003.



Financing

In November 2003 an existing EUR 300 M credit facility in the Parent Company was replaced by a new, five-year international syndicated loan of EUR 275 M. The new facility has more favorable terms, which entails lower financing costs.

Earnings

The Parent Company's earnings after financial items were SEK -887 M (4,518). This included SEK 849 M (820) in dividend income and a loss of SEK -1,410³ M on sales of equities and derivative transactions. In addition, this result included SEK -80 M (-85) in management costs (a decrease of 6%), SEK -2 M (-28) in other income and expenses, and SEK -244 M (-242) in net financial items. After taxes of SEK -165 M (-), the net loss for the year was SEK -1,052 M (4,518).

Consolidated earnings after financial items were SEK -623 M (4,476) and included a loss of SEK -849 M from portfolio management (2002: SEK 4,185 M, including SEK 2,334 M from the sale of Besam and SEK 1,498 M from the sale of Lundbeck A/S) and earnings of SEK 226 M (291) from operating companies. After accounting for investments in associates and taxes, a loss of SEK -867 M (3,901) was reported for the year.

³ 2002: total of SEK 4,053 M, including SEK 2,651 M for Besam and SEK 1,498 M for Lundbeck A/S.

Ruling on Tax Dispute

In a ruling issued in January 2004 the Administrative Court of Appeal has denied Industrivärden the right to deduct interest expenses that reduced the taxes for holding companies owned by and subsequently merged with Industrivärden in the amount of SEK 165 M. Added to this is SEK 54 M in back interest. A total provision of SEK 219 M has been made for this cost in the 2003 year-end accounts. In 2002 the County Administrative Court turned down the tax authorities request on the matter. Industrivärden will file an appeal of the Administrative Court of Appeal's ruling with the Supreme Administrative Court.

Proposed Dividend

The Board of Directors proposes a dividend of SEK 5.50 per share (2002: ordinary dividend of SEK 5.00 plus bonus dividend of SEK 0.80). The total dividend payout would thus be SEK 1,062 M.

Annual General Meeting

The Annual General Meeting will be held at 2 p.m. on Monday, March 29, 2004. Location: Grand Hotel, Vinterträdgården, Stockholm.

Nominating Committee's Recommendation of Directors

At the 2003 Annual General Meeting, the Chairman of the Board was authorized by the Meeting to appoint members from among the shareholders' representatives to serve together with the Chairman of the Board on a nominating committee for future board elections. Accordingly, the following persons were appointed as members of Industrivärden's nominating committee: Tom Hedelius, chairman, Christer Elmehagen (AMF Pension), Thomas Halvorsen (Fourth National Swedish Pension Fund), Curt Källströmer (Handelsbanken), Ulf Lundahl (L E Lundbergföretagen) and Anders Nyberg (SCA).

The Nominating Committee proposes to the Annual General Meeting that the following directors be re-elected: Boel Flodgren, Tom Hedelius, Finn Johnsson, Sverker Martin-Löf, Arne Mårtensson, Lennart Nilsson and Anders Nyrén, and that D.Econ. h.c. Fredrik Lundberg, CEO of Lundbergföretagen, be elected as a new director. Clas Reuterskiöld has declined re-election. Shareholders together representing approximately 70 percent of the total number of votes in the Company intend to support the proposal.

Accounting Principles

The Year-End Report has been prepared in accordance with Swedish Financial Accounting Standards Council recommendation RR20 – Interim Financial Reporting.

To adapt its reporting to recommendation RR22 – Presentation of Financial Statements, starting with the 2003 year-end accounts, in its consolidated financial statements Industrivärden is applying the equity method of accounting for investments in associates. By an associate is meant a company in which the shareholding amounts to at least 20% of the votes. Industrivärden has ownership stakes in Ericsson, SCA, Skanska, and other com-

panies that correspond to at least 20% of the number of votes. Comparison figures for 2002 have been changed to reflect application of the equity method. This adjustment has entailed an increase in the value of opening shareholders' equity in the Group in 2003 by SEK 2.1 billion through the addition of SEK 3.0 billion to the equity method reserve, along with a SEK 0.9 billion reduction in unrestricted reserve (see page 10).

To clarify Industrivärden's focus on investment activities, the Parent Company's income statement and balance sheet are presented before the Group's in this year-end report.

Other recommendations issued by the Swedish Financial Accounting Standards Council, which took effect on January 1, 2003, have been applied in the Year-End Report but have not entailed any effect on the Company's earnings or financial position. In other respects, this report has been prepared using the same accounting principles and calculation methods as in the 2002 Annual Report.

Stockholm, February 18, 2004

The Board of Directors

Auditors' Examination Report

We have conducted a general examination of the year-end report for AB Industrivärden (publ) for the period ended December 31, 2003, in accordance with the recommendation issued by FAR (the Swedish Institute of Authorized Public Accountants).

A general examination is limited to discussions with the Company's employees and to an analytical examination of financial information and thus provides a lesser degree of certainty than an audit. We have not performed an audit of this year-end report and thus have not issued an audit opinion.

Nothing has come to our attention that indicates that the year-end report does not fulfill the requirements for year-end reports as prescribed in the Swedish Annual Accounts Act.

Stockholm, February 18, 2004

Öhrlings PricewaterhouseCoopers AB

INGVAR PRAMHÄLL

Authorized Public Accountant

Further information

Anders Nyrén, President and CEO, tel. +46-8-666 64 00

Carl-Olof By, Executive Vice President and CFO,

tel. +46-8-666 64 00

Sverker Sivall, IR, tel. +46-8-666 64 19

Industrivärden's complete contact information, see page 11.

Financial Calendar

The 2003 Annual Report will be published in mid-March 2004.

The interim report, Jan.–March will be released on May 4.

The interim report, Jan.–June will be released on August 5.

The interim report, Jan.–Sept. will be released on Oct. 29.

Parent Company Income Statement

SEK M	2003 Oct.–Dec.	2002 Oct.–Dec.	2003 Jan.–Dec.	2002 Jan.–Dec.
Portfolio management				
Dividend income from stocks	2	3	849	820
Earnings from equities transactions	-1,558	-46	-1,511	4,006
Earnings from derivative transactions ⁴	25	9	101	47
Other income and expenses	–	-8	-2	-28
Earnings from portfolio management	-1,531	-42	-563	4,845
Management costs				
	-20	-19	-80	-85
Operating earnings	-1,551	-61	-643	4,760
Interest income				
	2	27	32	101
Interest expenses				
	-105 ⁵	-58	-266	-304
Other financial items				
	-7	1	-10	-39
Earnings after financial items	-1,661	-91	-887	4,518
Tax				
	-165 ⁵	–	-165	–
Net earnings for the year	-1,826	-91	-1,052	4,518

Parent Company Balance Sheet

SEK M	12/31/2003	12/31/2002
Equities*	16,799	18,185
Other financial fixed assets	3	10
Other current assets	87	977
Cash and cash equivalents	410	1,825
Total assets	17,299	20,997
Shareholders' equity		
	13,930	15,595
Provisions		
	49	46
Long-term liabilities, interest-bearing		
	2,215	2,540
Current liabilities, noninterest-bearing		
	379	251
Current liabilities, interest-bearing		
	726	2,565
Total shareholders' equity and liabilities	17,299	20,997
*Market valuation of shares, see table on page 8		
	32,890	26,413
Change during the year, %		
	25	-41

⁴ Pertains to the result of derivative transactions within the framework of Industrivärden's structured market presence.

⁵ In a ruling issued in January 2004 the Administrative Court of Appeal has denied Industrivärden the right to deduct interest expenses that reduced the taxes for holding companies owned by and subsequently merged with Industrivärden in the amount of SEK 165 M. Added to this is SEK 54 M in back interest. A total provision of SEK 219 M has been made for this cost in the 2003 year-end accounts. Industrivärden will file an appeal of the Administrative Court of Appeal's ruling with the Supreme Administrative Court.

⁶ Pertains to profit on merger of the subsidiary Gedevo.

Change in Parent Company's Shareholders' Equity

SEK M	Capital stock	Share premium reserve	Statutory reserve	Unrestricted shareholders' equity	Total shareholders' equity
Amount at December 31, 2002	966	342	720	13,567	15,595
Dividend to shareholders	–	–	–	-1,120	-1,120
Merger profit ⁶	–	–	–	507	507
Net loss for the year	–	–	–	-1,052	-1,052
Amount at December 31, 2003	966	342	720	11,902	13,930
Amount at December 31, 2001	871	39	720	10,507	12,137
Dividend to shareholders	–	–	–	-1,458	-1,458
Conversion of CPNs	95	303	–	–	398
Net earnings for the year	–	–	–	4,518	4,518
Amount at December 31, 2002	966	342	720	13,567	15,595

Parent Company Statement of Cash Flows

SEK M	2003 Jan.–Dec.	2002 Jan.–Dec.
OPERATING ACTIVITIES		
Dividend income from stocks	849	820
Tax received	–	14
Cash flow from changes in working capital	-7	-28
Management costs paid	-75	-97
Financial items, net	-208	-243
CASH FLOW FROM OPERATING ACTIVITIES	559	466
INVESTING ACTIVITIES		
Net purchase/sale of listed stocks	-79	1,094
Net purchase/sale of equity derivatives	68	12
Net purchase/sale of other stocks	576 ⁷	3,083
CASH FLOW FROM INVESTING ACTIVITIES	565	4,189
FINANCING ACTIVITIES		
Loans raised and amortization of debt	-1,493	-2,026
Change in interest-bearing financing in subsidiaries	177	33
Dividends and CPN interest paid out	-1,120	-1,620
Payment of shareholder contribution	-103	1
CASH FLOW FROM FINANCING ACTIVITIES	-2,539	-3,612
NET CASH FLOW FOR THE YEAR	-1,415	1,043
Cash and cash equivalents at start of year	1,825	782
CASH AND CASH EQUIVALENTS AT YEAR-END	410	1,825

Change in interest-bearing net debt

SEK M	Dec. 31 2003	Cash flow	Change in loans	Other changes	Dec. 31 2002
Cash and cash equivalents	410	-1,415	–	–	1,825
Interest-bearing receivables	78	–	-848	–	926
Long-term liabilities, interest-bearing	2,215	–	-325	–	2,540
Current liabilities, interest-bearing	726	–	-1,839	–	2,565
Interest-bearing pension provisions	49	–	–	3	46
Interest-bearing net debt	2,502	1,415	-1,316	3	2,400
Less: liabilities to internal companies ⁸	-50	–	475	–	-525
Net interest-bearing liabilities	2,452	1,415	-841	3	1,875
Market value of equities portfolio	32,890				26,413
Net debt equity ratio, %	7.4				7.1

⁷ Including the effect of the merger of the subsidiary Gedevo, totaling SEK 525 M.

⁸ Pertains to Parent Company's liability to the subsidiaries Handus in 2003 and Gedevo in 2002.

Equities Portfolio as per December 31, 2003

Stock	Number	Market value		% of portfolio value	% of capital in company	% of votes in company
		SEK M	SEK per share			
Handelsbanken A	52,751,900	7,754	40	24	7.4	8.0
SCA A	16,982,000	6,235	32	19	9.0	29.1
SCA B	4,224,600					
Sandvik	21,167,500	5,249	27	16	8.0	8.0
Ericsson A	186,000,000	4,882	25	15	2.2	27.7
Ericsson B	178,039,276					
Skanska A	17,302,756	2,115	11	7	8.0	27.2
Skanska B	16,000,000					
Indutrade		1,704	9	5	100.0	100.0
SSAB A	13,112,600	1,685	9	5	13.0	17.0
Scania A	1,952,000	607	3	2	1.5	1.9
Scania B	1,050,200					
Pfizer Inc.	2,017,500	513	3	2	0.0	0.0
Munters	2,705,750	471	3	1	10.8	10.8
Isaberg Rapid		459	2	1	100.0	100.0
Volvo A	1,260,000	382	2	1	0.4	0.8
Volvo B	526,400					
Ossur	52,000,000	230	1	1	15.8	15.8
Nokia	1,400,000	174	1	0	0.0	0.0
Others		430	2	1		
Total		32,890	170	100		

Valuation of the wholly owned subsidiaries is provided in the definition below.

Definitions

Market value of equities portfolio

The market value of the equities portfolio is defined as the market value of the listed portfolio and the estimated value of the wholly owned subsidiaries Indutrade and Isaberg Rapid (based on a P/E multiple of 13 and the actual earnings for 2003), and shareholder's equity for other shareholdings.

Net debt

Net debt is defined as the Parent Company's interest-bearing net debt and noninterest-bearing liabilities less non interest-bearing current assets.

Net debt-equity ratio

The Parent Company's interest-bearing net debt, adjusted for liabilities to internal companies, in relation to the market value of the Parent Company's equities portfolio.

Interest-bearing net debt

Interest-bearing liabilities and pensions less cash and cash equivalents, and interest-bearing receivables.

Net asset value

The market value of the Parent Company's equities portfolio less net debt.

Net asset value including reinvested dividends

The development of net asset value including reinvested dividends after tax, recalculated taking into account the development of the listed portfolio. This gives a measure of how net asset value would have developed if Industrivärden had not paid any dividends and thereby had taxable earnings, since dividends rendered are tax-deductible.

Total return

Price trend (SAX) plus reinvested dividends.

Industrivärden Consolidated Income Statement

SEK M	2003 Oct.–Dec.	2002 Oct.–Dec.	2003 Jan.–Dec.	2002 Jan.–Dec.
Portfolio management				
Dividend income from stocks	2	3	850	820
Earnings from equities transactions	-1,555	-35	-1,486	3,703
Earnings from derivative transactions	25	9	101	47
Other income and expenses	0	-41	-3	-73
Earnings from portfolio management	-1,528	-64	-538	4,497
Operating companies				
Net sales	1,084	1,006	4,075	4,890
Cost of goods sold	-708	-679	-2,695	-3,261
Development costs	-9	-6	-33	-46
Selling costs	-238	-208	-856	-936
Administrative costs	-66	-65	-246	-347
Other operating income and expenses	2	0	-1	0
Earnings from operating companies	65	48	244	300
Management costs	-20	-19	-80	-85
Operating earnings	-1,483	-35	-374	4,712
Interest income	4	22	33	75
Interest expenses	-111	-54	-286	-289
Other financial items	-6	8	4	-22
Earnings after financial items	-1,596	-59	-623	4,476
Result of associate accounting*	182	-236	9	-464
Tax	-185	-17	-253	-111
Minority share in net earnings for the year	–	0	–	0
Net earnings for the year	-1,599	-312	-867	3,901
*Adjustments pertaining to the equity method				
Dividend income from associated companies	–	–	-249	-251
Share in associated companies' earnings	287	-215	497	-129
Adjustment of acquisition value pertaining to divested associated companies	13	59	0	65
Tax pertaining to associated companies	-118	-80	-239	-149
Result of associate accounting	182	-236	9	-464
Cost of depreciation included in operating earnings	34	34	135	150
Earnings per share, SEK ⁹	-8.28	-1.62	-4.49	20.20
Breakdown by business unit				
Net sales				
Indutrade	843	791	3,197	3,078
Isaberg Rapid	241	215	877	848
Besam (divested holding) ¹⁰	–	–	–	963
Other, net	0	0	1	1
Total, operating companies	1,084	1,006	4,075	4,890
Earnings after financial items				
Portfolio management¹¹	-1,653	-104	-849	4,185
Indutrade	38	34	182	181
Isaberg Rapid	23	5	49	32
Besam (divested holding) ¹⁰	–	–	–	50
Other, net	-4	6	-5	28
Total operating companies	57	45	226	291
Group	-1,596	-59	-623	4,476

⁹ Earnings for the year divided by 193,135,612 shares.

¹⁰ Besam, which was sold on June 30, 2002, was included in the consolidated income statement through the first half of 2002.

¹¹ Parent Company and other portfolio management companies.

Industrivärden Consolidated Balance Sheet

SEK M	12/31/2003	12/31/2002
Intangible assets	259	226
Tangible assets	532	561
Equities	10,403	12,292
Shares in associated companies	7,720	7,573
Other financial fixed assets	13	30
Inventories	734	737
Accounts receivable, trade	627	585
Other current assets	104	134
Cash and cash equivalents	683	2,127
Total assets	21,075	24,265
Shareholders' equity	16,413	18,729
Minority shares	–	1
Provisions	244	239
Long-term liabilities, noninterest-bearing	–	9
Long-term liabilities, interest-bearing	2,632	2,547
Current liabilities, noninterest-bearing	1,058	932
Current liabilities, interest-bearing	728	1,808
Total shareholders' equity and liabilities	21,075	24,265

Change in Consolidated Shareholders' Equity

SEK M	Capital stock	Restricted reserves	Equity method reserve	Unrestricted reserve	Total shareholders' equity
Shareholders' equity according to adopted balance sheet as per December 31, 2002	966	1,265	–	14,408	16,639
Effect of new accounting principles ¹²	–	–	2,961	-871	2,090
Opening shareholders' equity according to adopted balance sheet	966	1,265	2,961	13,537	18,729
Dividend to shareholders	–	–	–	-1,120	-1,120
Transfers between unrestricted and restricted shareholders' equity	–	10	–	-10	–
Translation differences	–	0	–	-7	-7
Effect of associated companies on earnings for the year	–	–	–	-9	-9
Provision to equity method reserve	–	–	148	-461	-313
Net earnings for the year	–	–	–	-867	-867
Amount as per December 31, 2003	966	1,275	3,109	11,063	16,413
Shareholders' equity according to adopted balance sheet as per December 31, 2001	871	967	–	11,517	13,355
Effect of new accounting principles ¹²	–	–	3,214	–	3,214
Opening shareholders' equity according to adopted balance sheet	871	967	3,214	11,517	16,569
Dividend to shareholders	–	–	–	-1,458	-1,458
Conversion of CPNs	95	303	–	–	398
Transfers between unrestricted and restricted shareholders' equity	–	-5	–	5	–
Translation differences	–	0	–	-21	-21
Effect of associated companies on earnings for the year	–	–	–	464	464
Provision to equity method reserve	–	–	-253	-871	-1,124
Net earnings for the year	–	–	–	3,901	3,901
Amount as per December 31, 2002	966	1,265	2,961	13,537	18,729

¹² Effect of transition from cost method to equity method pertaining to associate accounting.

Industrivärden Consolidated Statement of Cash Flows

SEK M	2003 Jan.–Dec.	2002 Jan.–Dec.
OPERATING ACTIVITIES		
Operating cash flow from portfolio management	832	807
Operating cash flow from operating companies	215	351
Management costs paid	-75	-97
Financial items, net	-205	-236
CASH FLOW FROM OPERATING ACTIVITIES	767	825
INVESTING ACTIVITIES		
Cash flow from investments in portfolio management	25	4,040
Cash flow from investments in operating companies	-118	-115
CASH FLOW FROM INVESTING ACTIVITIES	-93	3,925
FINANCING ACTIVITIES		
Loans raised and amortization of debt	-995	-2,034
Dividends and CPN interest paid out	-1,120	-1,620
CASH FLOW FROM FINANCING ACTIVITIES	-2,115	-3,654
NET CASH FLOW FOR THE YEAR	-1,441	1,096
Cash and cash equivalents at start of year	2,127	1,034
Exchange-rate difference in cash and cash equivalents	-3	-3
CASH AND CASH EQUIVALENTS AT YEAR-END	683	2,127

Change in interest-bearing net debt

SEK M	Dec. 31 2003	Cash flow	Change in loans	Other changes	Dec. 31 2002
Cash and cash equivalents	683	-1,441	–	-3	2,127
Long-term liabilities, interest-bearing	2,632	–	85	–	2,547
Current liabilities, interest-bearing	728	–	-1,080	–	1,808
Interest-bearing pension provisions	154	–	–	5	149
Interest-bearing net debt	2,831	1,441	-995	8	2,377

AB Industrivärden (publ)
 Reg. no. 556043-4200
 Box 5403,
 SE-114 84 Stockholm, Sweden
 Phone +46-8-666 64 00
 Fax +46-8-661 46 28
 www.industrivarden.net
 info@industrivarden.se

AB Industrivärden (publ)

Reg. no. 556043-4200

Box 5403,

SE-114 84 Stockholm,

Sweden

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