

Interim report

January 1–March 31, 2011

- Net asset value on March 31 was SEK 142 per share, compared with SEK 123 per share on the same date a year ago.
- The value of the equities portfolio was SEK 70.7 billion on March 31, compared with SEK 58.6 billion on the same date a year ago.
- The total return was 2% for the Class A shares and -5% for the Class C shares during the first quarter, compared with -1% for the return index. Since March 31, 2010, the total return was 31% for the Class A shares and 26% for the Class C shares, compared with 16% for the return index.
- Income for the first quarter was SEK -3.5 billion (4.1), or SEK -9.16 per share (10.50).
- In January 2011, Industrivärden issued six-year convertible bonds worth EUR 550 M, at favorable terms.
- During the first quarter, Industrivärden purchased shares in portfolio companies for a total of SEK 3.4 billion, net.
- Additional purchases of shares in Volvo for SEK 1.5 billion, bringing Industrivärden's ownership to 13% of the votes and 5% of the capital.
- Additional purchases of shares in Höganas for SEK 0.2 billion, bringing Industrivärden's ownership to 10% of the votes and 13% of the capital.

Net asset value	March 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Equities portfolio, SEK billion	70.7	71.1	53.5
Interest-bearing net debt, SEK billion	-15.8	-13.4	-10.8
Net asset value, SEK billion	54.9	57.7	42.8
Net asset value per share, SEK	142	149	111
Net asset value per share after full conversion, SEK	137	144	–

Total return	3 months	1 year	5 years	10 years	15 years
Class A shares (yearly average)	2%	31%	5%	8%	15%
Class C shares (yearly average)	-5%	26%	5%	8%	15%
Benchmark index (SIXRX)	-1%	16%	5%	8%	11%
Excess return for Class C shares, percentage points	-4%	10%	0%	0%	4%

► Long-term industrial developer of listed Nordic companies

Industrivärden is one of the Nordic region's largest holding companies, with ownership in a concentrated selection of listed Nordic companies with good development potential. The goal is to generate high growth in net asset value over time.

CEO's message

We wound up the year 2010 with positive expectations for the world economy in 2011. Three months into the year, the basic scenario remains, even though the recent turn of events primarily in North Africa and Japan – but also in southern Europe – is creating uncertainty, which is evidencing itself in a wait-and-see stance in the world's stock markets. One of the more central concerns now will be the price of oil going forward, which will be of decisive significance for continued favorable economic development.

“Owing to swift and well-timed action, along with our strong credit rating, we were able to issue the convertible loan with favorable conversion and interest terms.”

For Industrivärden, the year started out with the issuance of a new convertible loan of EUR 550 M, corresponding to approximately SEK 5 billion. Owing to swift and well-timed action, along with our strong credit rating, we were able to issue the convertible loan with favorable conversion and interest terms. Together with the convertible loan of approximately SEK 5 billion that we issued in January 2010, we have thus created additional investment scope of approximately SEK 10 billion during the past year. In this way we have created a long-term financing solution at very favorable terms. The capital injection will be invested in line with our tried-and-tested investment philosophy, which enables good growth in value for the shareholders.

From the owner and board perspectives, appointing the board of directors and executive management for each of the portfolio companies is perhaps the most

important task of all. It is therefore gratifying to note that three new CEOs have been named for some of our portfolio companies: Volvo, Sandvik and SSAB. Recruitment of these individuals was preceded by thorough and well-structured selection processes that looked at internal as well as external candidates. The result is three company leaders with very good prospects to lead the future development of their respective companies. In addition, we welcome the recommendation by Ericsson's nominating committee of Leif Johansson as chairman of Ericsson, which is a very important company in Industrivärden's portfolio.

During the first quarter, as in 2010, we took advantage of opportunities to strengthen our ownership positions in a few of our portfolio companies – businesses that we know well. I'm referring mainly to purchases of shares on Volvo, Handelsbanken and Sandvik. In all we invested SEK 3.4 billion during the period – purchases that we believe will contribute to greater shareholder value in the future. Our short-term trading generated a profit of SEK 18 M, while Industrivärden's management costs amounted to SEK 26 M. We began short-term trading in 2003, and since then this activity has generated nearly a billion kronor in excess returns.

“In all we invested SEK 3.4 billion during the period – purchases that we believe will contribute to greater shareholder value in the future.”

At the end of the quarter, net asset value amounted to SEK 54.9 billion, or SEK 142 per share – a decrease of 5%, compared with a drop of 1% for the total return index. During the first quarter, stocks in energy and con-

sumer goods companies performed better than for stocks in industrial products companies, for example, where Industrivärden has relatively high exposure.

The total return was 2% for the Class A shares and -5% for the Class C shares. During the last 12 months, our Class A shares have grown by 31% and our Class C shares by 26%, compared with 16% for the total return index.

Industrivärden will be holding its Annual General Meeting on May 5 at the Grand Hotel in Stockholm. For you as a shareholder, this would be a good opportunity to get a current picture of the company's performance. I hope to see you there!

Anders Nyrén

Total return, Industrivärden



Net asset value

Net asset value on March 31, 2011, was SEK 54.9 billion, a decrease of SEK 2.8 billion for the year to date. Net asset value per share decreased by SEK 7 per share, or 5%, to SEK 142 per share. During the same period, the total return index (SIXRX) decreased by 1%. Net asset value on 31 March 2010 was SEK 47.5 billion. During the past year net asset value, including reinvested dividends, has increased by 18%, compared with 16% for the total return index (SIXRX).

Equities portfolio

During the first quarter of 2011 the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 3.8 billion to SEK 70.7 billion. The total return for the portfolio during the same period was -4%, compared with -1% for the total return index (SIXRX). The value of the equities portfolio on March 31, 2010, was SEK 58.6 billion. During the past year, the value of the portfolio has increased by 15% adjusted for purchases and sales, compared with 16% for the total return index (SIXRX).

Portfolio companies	March 31, 2011						December 31, 2010		
	No. of shares	Ownership in company		Share of portfolio value, %	Market value		Market value		
		Capital, %	Votes, %		SEK M	SEK/share	SEK M	SEK/share	
Sandvik	142,580,752	12.0	12.0	24	16,981	44	18,150	47	
Handelsbanken A	70,200,796	11.3	11.5	21	14,531	38	14,015	36	
Volvo A	103,283,784	5.0	12.6	17	11,819	30	10,713	28	
Volvo B	3,569,243								
SCA A	45,100,000	10.0	29.7	10	7,171	18	7,487	19	
SCA B	25,700,000								
Ericsson A	77,680,600	2.4	13.8	9	6,156	16	5,748	15	
SSAB A	56,105,972	17.6	22.6	8	5,674	15	6,347	17	
SSAB B	754,985								
Skanska A	15,091,940	7.6	27.8	6	4,268	11	4,280	11	
Skanska B	17,019,386								
Indutrade	14,727,800	36.8	36.8	4	3,056	8	3,417	9	
Höganäs B	4,408,046	12.6	10.0	1	1,034	3	934	2	
Equities portfolio				100	70,690	183	71,092	184	
Interest-bearing net debt					15,793	-41	13,401	-35	
Net asset value					54,897	142	57,691	149	
Debt-equity ratio						22%		19%	
Net asset value after full conversion						137		144	
Debt-equity ratio after full conversion						10%		13%	

Market value pertains to Industrivärden's share of the respective portfolio companies' total market capitalization.

Net debt

Interest-bearing net debt totaled SEK 15.8 billion at March 31, 2011. The debt-equity ratio was 22%, and the equity ratio was 73% (75%). After full conversion of outstanding convertible loans, corresponding to SEK 8.4 billion, the debt-equity ratio amounts to 10%.

The convertible loans are hedged, entailing that translation effects do not affect net asset value.

At the end of the quarter, interest-bearing liabilities had an average, fixed interest term of approximately 4 years and carried an average interest rate of 3.5%.

Convertible bond issues

In January 2011 Industrivärden issued six-year convertible bonds worth EUR 550 M, which was approved by an Extraordinary General Meeting on February 9, 2011. The conversion price is SEK 162.00/share at a fixed euro exchange rate of SEK 8.8803, representing a premium of 35% and an annual coupon of 1.875%. The dilutive effect on Industrivärden's stock is limited and corresponds upon full conversion to approximately 8% of the capital and 1% of the votes.

Total return

Industrivärden's ownership has contributed to competitive growth in value for the portfolio companies and Industrivärden's stock has been a good long-term investment that has delivered a higher total return than the return index.

During the first quarter of 2011, the shareholdings in Ericsson, Handelsbanken and Skanska generated higher returns than the return index. Overall, the total return for the equities portfolio was -4%, compared with -1% for the return index.

During the last five-year period, Indutrade, Volvo, Höganäs and Sandvik have generated higher returns than the return index, while Handelsbanken and Skanska have been level with the index.

For the ten-year period, all of the portfolio companies except Ericsson have delivered total returns in excess of or level with the return index.

The total return for Industrivärden's stock for various time periods is shown in a table on the first page.

Portfolio companies	Total return Jan.–March 2011		Average annual total return, %	
	SEK billion	%	Five years March '06–March '11	Ten years March '01–March '11
Ericsson	0.4	7	-9	-8
Handelsbanken	0.1	1	5	8
Skanska	0.0	0	6	9
Volvo	-0.4	-4	14	18
SCA	-0.3	-4	1	7
Sandvik	-1.7	-9	9	17
Indutrade	-0.4	-11	20	-
Höganäs	-0.1	-11	10	8
SSAB	-0.7	-12	0	19
Equities portfolio	-3.1	-4		
Index (SIXRX)		-1	5	8
Industrivärden C		-5	5	8

The total return expressed in SEK billion pertains to the change in value during the period including dividend income for the respective portfolio companies. Indutrade was listed in October 2005.

Equity transactions

During the first quarter of 2011, stocks were purchased for SEK 4,482 M and sold for SEK 1,123 M. Large net purchases were in Volvo, for SEK 1,542 M, Handelsbanken, for SEK 1,057 M, Sandvik, for SEK 501 M, and Höganäs, for SEK 199 M.

Five percent of capital in Volvo

During the first quarter of 2011, additional purchases were made of Volvo stock for SEK 1,542 M, bringing Industrivärden's ownership in Volvo to 12.6% of the votes and 5.0% of the capital.

Ten percent of the votes in Höganäs

Following purchases of shares in Höganäs totaling SEK 199 M during the first quarter of 2011, corresponding to 2.0% of the votes, Industrivärden's ownership amounts to 10.0% of the votes and 12.6% of the capital.

Short-term trading and management costs

During the first quarter of 2011, Industrivärden's short-term trading generated a profit of SEK 18 M (47). Management costs amounted to SEK 26 M (21). Management costs amounted to 0.15% of managed assets, which is considerably lower than for most comparable investment alternatives.

Active ownership

With more than 60 years of active ownership, Industrivärden has a unique position in creating long-term value in listed Nordic companies. The ambition is to work in a structured manner and thereby actively contribute to growth in value of the portfolio companies. Operations rest on a foundation of significant owner influence, extensive experience, knowledgeable employees, a strong business model and an extensive network. Our portfolio companies are leaders in their respective segments and generally have strong global positions.

Through Industrivärden, they have a professional and active owner, to the benefit of their as well as Industrivärden's long-term growth in value. Current overarching ownership matters include ensuring adherence to long-term growth plans, evaluating potential growth investments, and monitoring the companies' capital structures.

Following is a general description of Industrivärden's investment cases along with strategic decisions and activities.



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

www.sandvik.com

- Olof Faxander new CEO.
- Consolidation of completed acquisitions.
- Adaptation of costs and production capacity to prevailing market situation.
- Strong positions in emerging markets.

Handelsbanken

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

www.handelsbanken.com

- Consistently applied business model.
- Organic growth in priority markets in the Nordic countries and UK.
- Strong financial position and strengthened market position in a turbulent business environment.

VOLVO

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

www.volvogroup.com

- Olof Persson new CEO starting in September 2011.
- Strong position with acquisition-driven expansion in Asia, among other markets.
- Development of new platform of medium-duty engines.



The European leader in hygiene products – with a fast-growing line of personal care products – and in packaging products. Europe's largest private forest owner.

www.sca.com

- Restructured product portfolio with focus on growth in the hygiene segment.
- Strengthened global and regional brands.
- Higher pace of innovation.

The market's largest and most profitable supplier of mobile telecom infrastructure, with a leading position in telecom development.

www.ericsson.com

- Strong position ahead of operators' investments in the next generation of telecom systems (4G).
- North America's leading supplier of network systems through targeted acquisitions and contracts.
- Good growth and profitability in services.

SSAB

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

www.ssab.com

- Martin Lindqvist new CEO.
- Acquisitions in North America have boosted capacity and enable continued expansion.
- Stronger focus on niche products in emerging markets.

SKANSKA

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

www.skanska.com

- Ownership stake in Chilean Autopista Highway sold for substantial capital gain of approximately SEK 5 billion.
- Efficient construction operations generate good cash flows.
- Successful model for value-creating project development.

Indutrade

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

www.indutrade.com

- Establishment in new geographic markets through the acquisitions of Meson and Abima, with combined sales of approximately SEK 1 billion.
- Flexibility through a decentralized business model.

Höganäs

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

www.hoganas.com

- Greater activity in emerging geographic regions.
- Focus on collaboration with customers for development of new components.

Other information

Annual General Meeting and dividend

The 2011 Annual General Meeting will be held on Thursday, May 5 at 2 p.m. at the Grand Hotel (Vinterträdgården room) in Stockholm. The Board of Directors proposes a dividend of SEK 4.00 (3.00) per share and May 10, 2011, as the record date. Dividends are expected to be sent out via Euroclear Sweden on May 13, 2011.

Recommendation for election of board members at Annual General Meeting

The Nominating Committee recommends the re-election of Boel Flodgren, Hans Larsson, Fredrik Lundberg, Sverker Martin-Löf and Anders Nyrén, and new election of Christian Caspar and Stuart Graham. Olof Faxander, Finn Johnsson and Lennart Nilsson have declined re-election. Christian Caspar (born 1951, B.Sc. Econ.) has served for more than 30 years in a number of leading positions for McKinsey & Company and is a board member of Stena among others. Stuart Graham (born 1946, B.S. Econ.) is a board member of PPL Corporation, Skanska and others. He is a former CEO of Skanska.

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. New or revised IFRSs as well as IFRIC interpretations have not had any effect on the Group's or Parent Company's results of operations or financial position.

Risks and uncertainties

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a decrease in value caused by changes in share prices.

A 1% change in the share price of the holdings in the equities portfolio as per March 31, 2011, would have affected market value by approximately +/- SEK 700 M.

Related party transactions

No transactions have taken place between Industrivärden and related parties that have materially affected the Company's position or result of operations for the first quarter of 2011.

Stockholm, April 5, 2011

Anders Nyrén, President and CEO

Resolution at Extraordinary General Meeting

An Extraordinary General Meeting on February 9, 2011, resolved to approve the Board's decision of January 11, 2011, that the convertible loan floated by the Company in the nominal amount of EUR 550,000,000 shall carry entitlement to conversion to Class C shares in the Company.

2010 Annual Report

Industrivärden's 2010 Annual Report was published on February 25, 2011, and is available on the Company's website and can be ordered from the Company.

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

Further information

For further information, please visit Industrivärden's website: www.industrivarden.net.

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Industrivärden's complete contact information can be found on page 12.

Ticker codes

INDUC SS in Bloomberg

INDUc.ST in Reuters

Publication

The information provided in this interim report is such that AB Industrivärden (publ) is obligated to publish pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. Submitted for publication at 10 a.m. on April 5, 2011.

Financial calendar 2011

Annual General Meeting 2011: May 5, at the Grand Hotel (Vinterträdgården room) in Stockholm

Interim report January–June: July 5

Interim report January–September: October 5

Industrivärden Group

SEK M	2011	2010	2010
	Jan.–March	Jan.–March	Jan.–Dec.
Income statement			
Dividend income from stocks	632	53	1,379
Change in value of stocks, etc.	-4,019	4,107	13,991
Other income and expenses*	-8	26	22
Operating income	-3,395	4,186	15,392
Financial items	-145	-129	-522
Income after financial items	-3,540	4,057	14,870
Tax	–	–	–
Net income for the period	-3,540	4,057	14,870
Earnings per share, SEK	-9.16	10.50	38.50
Earnings per share after full conversion, SEK	-7.04	10.36	37.11
Statement of comprehensive income			
Income for the period	-3,540	4,057	14,870
Change in hedging reserve	37	-7	72
Comprehensive income for the period	-3,503	4,050	14,942
Balance sheet as per end of period			
Equities	70,690	58,632	71,092
Other non-current assets	209	220	207
Total non-current assets	70,899	58,852	71,299
Short-term equity investments	216	145	176
Cash and cash equivalents	906	1,252	0
Other current assets	136	1,634	72
Total current assets	1,258	3,031	248
Total assets	72,157	61,883	71,547
Shareholders' equity	52,824	46,594	56,327
Non-current interest-bearing liabilities	14,496	11,966	11,123
Non-current noninterest-bearing liabilities**	2,162	778	1,344
Total non-current liabilities	16,658	12,744	12,467
Current interest-bearing liabilities	2,399	2,143	2,458
Other liabilities	276	402	295
Total current liabilities	2,675	2,545	2,753
Total shareholders' equity and liabilities	72,157	61,883	71,547
Cash flow			
Cash flow from operating activities	410	-89	827
Cash flow from investing activities	-3,359	-715	-2,547
Cash flow from financing activities***	3,835	2,138	1,810
Cash flow for the period	886	1,334	90
Exchange rate difference in cash and cash equivalents	20	-82	-90
Cash and cash equivalents at end of period	906	1,252	0

* Including short-term trading and management costs.

** Of which, the option portion of the convertible loans, totaling SEK 2,149 M (752), which at the time of issue amounted to a combined total of SEK 982 (383) M.

*** Of which, dividend of SEK 1,159 M paid to the shareholders in 2010.

SEK M	2011 Jan.–March	2010 Jan.–March	2010 Jan.–Dec.
Changes in shareholders' equity			
Opening shareholders' equity as per balance sheet	56,327	42,544	42,544
Comprehensive income for the period	-3,503	4,050	14,942
Dividend	-	-	-1,159
Closing shareholders' equity as per balance sheet	52,824	46,594	56,327
Key data as per end of period			
Net asset value per share, SEK	142	123	149
Net asset value per share after full conversion, SEK	137	121	144
Share price (Class A), SEK	123	97	120
Share price (Class C), SEK	112	92	118
Number of shares (thousands)*	386,271	386,271	386,271
Interest-bearing net debt at end of period			
Interest-bearing assets	1,102	2,957	180
Non-current interest-bearing liabilities**	14,496	11,966	11,123
Current interest-bearing liabilities	2,399	2,143	2,458
Interest-bearing net debt	15,793	11,152	13,401

* Number of shares upon full conversion (thousands), 460,688.

** Of which, convertible loans SEK 8,412 M (4,423).

Industrivärden – Parent Company

SEK M	2011 Jan.–March	2010 Jan.–March	2010 Jan.–Dec.
Income statement			
Operating income	-2,749	2,752	11,614
Income after financial items	-2,820	2,635	11,141
Income for the period	-2,820	2,635	11,141
Statement of comprehensive income			
Income for the period	-2,820	2,635	10,901
Change in hedging reserve	-	-7	30
Comprehensive income for the period	-2,820	2,628	10,931
Balance sheet as per end of period			
Non-current assets	54,554	47,951	52,022
Current assets	455	3,024	972
Total assets	55,009	50,975	52,994
Shareholders' equity	41,099	36,394	43,919
Non-current liabilities	11,446	11,733	6,367
Current liabilities	2,464	2,848	2,708
Total shareholders' equity and liabilities	55,009	50,975	52,994



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