

INTERIM REPORT 3M:2018

January 1 – March 31, 2018

- The total return for the first quarter 2018 amounted to -4 % for the Class A shares as well as for the class C shares, compared with 0 % for the Stockholm Stock Exchanges' total return index (SIXRX).
- Net asset value on March 31, 2018, was SEK 97.8 billion, or SEK 225/share, an increase during the first quarter of SEK 4/share or by 2 %.
- Earnings per share during the first quarter 2018 amounted to SEK 3.46 per share.
- The debt-equities ratio as per March 31, 2018, was 9 %, a decrease since year-end of 1 %-point.

VALUE PERFORMANCE

Annual average change as per March 31, 2018

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
3M:2018	2%	-4%	0%
1 year	7%	2%	2%
3 years	10%	10%	4%
5 years	12%	14%	12%
7 years	10%	12%	10%
10 years	10%	12%	10%

*Including reinvested dividend.



CEO's message

EXTERNAL FACTORS

The first quarter of the year is now behind us, and the macroeconomic outlook for 2018 remains positive. Economic activity is high, with growth in all major economies and a projected global growth of 4% for 2018. Although we are currently in a growth period with low interest rates and good corporate earnings growth, a number of ominous clouds can be seen on the horizon. Expectations in recent time for rising interest rates and reduced stimulus measures along with concerns about growing protectionism have led to uncertainty and greater volatility in the stock market.

PORTFOLIO COMPANIES

In our portfolio companies the work continues on developing and strengthening the respective companies based on their conditions and strategies. In recent years several of our portfolio companies have taken big steps towards greater focus, decentralization and efficiency improvement. It is gratifying to see how these measures have borne fruit and that these companies have strengthened both their profitability and financial positions. However, we live in a highly competitive and changing world, and it is therefore important to work with continuous change toward the goal of adapting operations in order to always be better. I would like to comment briefly on the performance of a few of our portfolio companies.

During the first quarter *Volvo* communicated that it will begin selling electric medium-duty trucks in 2019. To date the company has sold more than 4,000 electrified buses, and it is now a leading player in electric hybrid technology. Through this prominent position *Volvo* can meet its customers' needs and at the same time contribute to sustainable urban environments.

Sandvik completed two divestments within the framework of the company's refinement – *Sandvik Material Technology's* welding wire business and the remaining part of *Sandvik Mining Systems*. Parallel with this the company invested approximately SEK 200 M in a new plant for producing fine metal powders, which strengthens *Sandvik's* position in the rapidly growing markets for manufacturing metal powders and metal additives/3D printing.

Following a strategic review, *Skanska*, under the direction of its new CEO *Anders Danielsson*, will carry out extensive restructuring to focus its businesses and take measures to improve profitability in the construction operations.

Ericsson, which focused on its strategy in 2017, is now working intensively on developing its core business, increasing efficiency and lowering costs in order to achieve its set targets. The company has communicated that it expects significant results from this work in 2018.

The nominating committees of our portfolio companies have now presented their recommendations to the AGMs being held this spring. The recommendations for directors entail that a number of new persons will join the boards, even though this year's changes overall are somewhat fewer following a period of more extensive adjustments.

INDUSTRIVÄRDEN'S PERFORMANCE

At the end of the quarter, net asset value was SEK 97.8 billion, or SEK 225 per share, which corresponds to an increase of 2 % during the quarter. During the same period the total return for the Class A as well as the Class C shares was -4 % compared with 0 % for the total return index. The difference between net asset value and the share's development reflects an increase in discount to net asset value, which is in line with the development of several investment companies.

Industrivärden's board of directors has proposed to the Annual General Meeting that a dividend of SEK 5.50 per share, or a total of SEK 2.4 billion, be paid to the shareholders. If the portfolio companies' AGMs resolve in favor of the proposed dividends for those companies in 2018, *Industrivärden* will receive SEK 3.8 billion in dividend income which entails a considerable cash-flow, after paid out dividend and management and financial costs, that can be used for investments or to reduce our debt. For *Industrivärden* this builds capacity and flexibility over time.

During the first quarter of the year we carried out an investment for SEK 0.3 billion in *Handelsbanken*.

ANNUAL GENERAL MEETING

Industrivärden's Annual General Meeting will be held on April 17 in the *Vinterträdgården* room at the *Grand Hôtel* in Stockholm. At the AGM I will comment on the Company's performance last year and describe the importance of engaged and long-term owners in a rapidly changing world. For me, the AGM is also a good opportunity to meet with shareholders and hear various views.

Stockholm, April 9, 2018

Helena Stjernholm
CEO

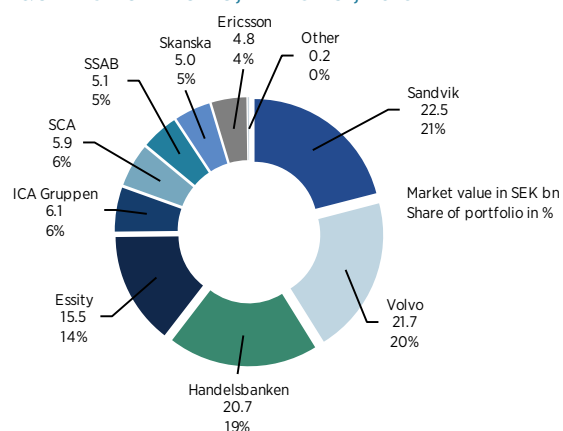
Overview

INDUSTRIVÄRDEN IN BRIEF

Industrivärden conducts long-term asset management that creates value through active ownership. The long-term goal is to increase net asset value and thereby generate a return for Industrivärden's shareholders that exceeds the market's required rate of return. Taking into account the risk profile of the portfolio's investments, the shareholders are to be given a total return which over time is higher than the average for the Stockholm Stock Exchange.

More information can be found on www.industrivar-den.net.

EQUITIES PORTFOLIO, MARCH 31, 2018



COMPOSITION OF EQUITIES PORTFOLIO AND NET ASSET VALUE

Portfolio companies	03/31/2018						3M:2018	
	No. of shares	Share of ownership, %		Share of value, %	Market value		Total return	TR for the stock
		Capital	Votes		SEK M	SEK/share	SEK M	%
Sandvik	147,584,257	11.8	11.8	21	22,499	52	1,291	6
Volvo A	142,154,571	6.7	22.0	20	21,679	50	-85	0
Handelsbanken A	198,923,948	10.2	10.4	19	20,728	48	-90	0
Essity A	35,000,000	9.5	29.8	14	8,120	36	-66	0
Essity B	31,800,000				7,333			-1
ICA Gruppen	20,625,000	10.3	10.3	6	6,093	14	-52	-1
SCA A	35,000,000	9.5	29.7	6	3,098	14	17	-5
SCA B	31,800,000				2,828			7
SSAB A	63,105,972	11.4	18.2	5	2,966	12	235	5
SSAB B	54,633,318				2,102			5
Skanska A	12,667,500	6.9	23.9	5	2,162	11	19	0
Skanska B	16,343,995				2,789			0
Ericsson A	86,052,615	2.6	15.1	4	4,733	11	238	5
Ericsson B	1,000,000				53			0
Other				0	208	0	12	
Equities portfolio				100	107,389	247	1,519	1
Interest-bearing net debt					-9,606	-22	Index:	0
Adjustment regarding exchangeable bond					-23	-0		
Net asset value					97,760	225		
Debt-equities ratio						9%		

Performance

NET ASSET VALUE

Net asset value on March 31, 2018, was SEK 97.8 billion, or SEK 225 per share, an increase during the first quarter 2018 of SEK 4 per share or by 2 %, compared with 0 % for the total return index (SIXRX).

During the last five and ten-year periods, net asset value grew by 12 % and 10 %, respectively, per year including re-invested dividend. The total return index (SIXRX) increased by 12 % and 10 %, respectively, during the same periods.

EQUITIES PORTFOLIO

During the first quarter 2018 the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 0.2 billion. On March 31, 2018 the equities portfolio amounted to SEK 107.4 billion, or SEK 247 per share. The shareholding in Sandvik made significant positive contribution to the equities portfolio's value performance.

During the last three-year period the shareholdings in SCA, Sandvik, Volvo, Essity and SSAB have had higher total returns than the total return index (SIXRX). ICA Gruppen have had a development in line with the total return index. The shareholdings in Skanska, Handelsbanken and Ericsson have had lower total returns than the total return index (SIXRX).

CASH FLOW

Investment activities

During the first quarter 2018 stocks in Handelsbanken were bought for SEK 0.3 billion.

Board of Directors dividend proposal 2018

The Board of Directors proposes a dividend of SEK 5.50 per share (5.25) and April 19, 2018, as the record date. The total proposed dividend payout will amount to SEK 2,394 M (2,285).

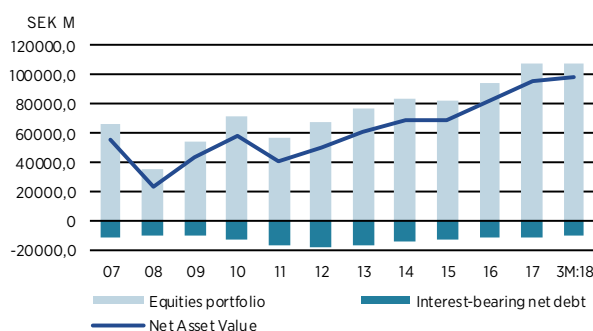
Management cost

The management cost during the first quarter 2018 amounted to SEK 30 M (26), which on a yearly basis corresponded to 0.11 % of the equities portfolio's value on March 31, 2018.

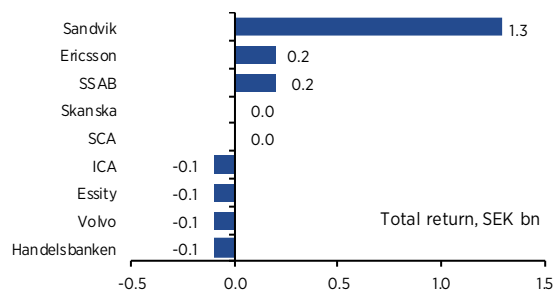
DEVELOPMENT OF NET ASSET VALUE 3M:2018

	03/31/2018		12/31/2017	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	107.4	247	107.3	247
Interest-bearing net debt	-9.6	-22	-10.9	-25
Adjustment exchangeable	0.0	-0	-0.1	-0
Net asset value	97.8	225	96.3	221

DEVELOPMENT OF NET ASSET VALUE, 10 YEARS



CONTRIBUTION ANALYSIS OF SHAREHOLDINGS 3M:2018



PERFORMANCE OF SHAREHOLDINGS, 3 YEARS

	Annual average total return, %
	3 years
SCA*	32
Sandvik	20
Volvo	17
Essity*	16
SSAB	14
ICA Gruppen	4
Skanska	0
Handelsbanken	-2
Ericsson	-15
Total return index (SIXRX)	4

*The total returns for Essity and SCA have been calculated as the respective companies' share of the original company SCA's total return before the split (based on share of value at the time of the split) and thereafter based on the value performance of the respective companies. The split was carried out on June 9, and the first day of trading in Essity shares was June 15, 2017.

NET DEBT

Interest-bearing net debt amounted to SEK 9.6 billion on March 31, 2018. The debt-equities ratio was 9 % (10), and the equity ratio was 90 % (88). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

On March 31, 2018, interest-bearing liabilities had an average capital duration of approximately 2.5 years, an average interest duration of approximately 1 year and carried an average interest rate of approximately 0.1 %. Current unutilized committed bank loans that can be used for refinancing needs amounts to SEK 3 billion.

No part of Industrivärden's borrowings is conditional on any covenants. Standard & Poor's credit rating on Industrivärden is A/Stable/A-1.

In 2014 a SEK 4.4 billion exchangeable bond was issued based on ICA Gruppen's stock. The bond matures in 2019 and was issued at a premium of approximately 38 % to ICA Gruppen's, share price at the time and carries no interest. The strike price amounted to SEK 293.86 per share as per March 31, 2018. In the event of a potential future exchange, there is a possibility to pay either with shares or with cash.

INDUSTRIVÄRDEN SHARE DATA

The market prices for Industrivärden's Class A and C shares were SEK 202.80 and SEK 193.95 on March 31, 2018. At year-end on December 31, 2017 the corresponding market prices were SEK 211.60 and SEK 202.50.

The total return for Industrivärden's Class A shares as well as Class C shares during the first quarter 2018 were -4 %, compared with 0 % for the total return index (SIXRX). The total returns for Industrivärden's shares over longer periods of time are shown in the table on page 1.

At the 2011 Annual General Meeting, a share conversion clause was added to the Articles of Association. Shareholders have the right at any time to request conversion of Class A shares to Class C shares. During the first quarter 2018, 869 shares were converted.

INTEREST-BEARING NET DEBT, MARCH 31, 2018

	Credit facility, SEK M	Utilized amount, SEK M	Maturity
Exchangeable bond		4,379	2019
MTN-program	8,000	2,813	2018-2021
Commercial paper	3,000	2,201	2018
Pension debt		119	
Other short-term borrowing		848	2018
Total borrowing		10,360	
Less:			
Interest-bearing receivables		754	
Interest-bearing net debt		9,606	

SHARE STRUCTURE, MARCH 31, 2018

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	268,183,471	268,183,471	61.6	94.1
C (1/10 vote)	167,026,406	16,702,640	38.4	5.9
Total	435,209,877	284,886,111	100.0	100.0

Other

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held on April 17 at 2 p.m. at the Grand Hotel, Vinterträdgården hall, in Stockholm. Notification to attend can be made by post, by electronic application on Industrivärden's website, or by phone, at +46-8-402 92 86.

PROPOSED DIVIDEND

The Board of Directors has proposed that the AGM vote in favor of a dividend of SEK 5.50 per share. The last day to buy shares that carry entitlement to the dividend is April 17, 2018, entailing that Industrivärden shares will be traded ex-rights on April 18, 2018. Provided that the AGM resolves in favor of the proposal, it is expected that dividends will be sent out by Euroclear Sweden on April 24, 2018.

ANNUAL REPORT

Industrivärden's 2017 Annual Report was published on February 22, 2018, and is available on the Company's website and can be ordered from the Company.

RECOMMENDATION FOR ELECTION OF BOARD MEMBERS AT THE ANNUAL GENERAL MEETING

The Nominating Committee proposes re-election of board members Pär Boman, Christian Caspar, Bengt Kjell, Nina Linander, Fredrik Lundberg, Annika Lundius, Lars Pettersson and Helena Stjernholm. In addition, Fredrik Lundberg is proposed for reelection as Chairman of the Board. Information about the nominated board members is provided on Industrivärden's website.

FINANCIAL CALENDAR

Annual General Meeting: April 17, 2018 in Stockholm

Interim report January–June: July 5, 2018

Interim report January–September: October 5, 2018

CONTACT PERSONS

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TICKER CODES

INDUC:SS, Bloomberg

INDUc.ST, Reuters

INDU C, NASDAQ OMX

PUBLICATION

This information is information that AB Industrivärden is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency by the Head of Corporate Communication and Sustainability stated above, at 10:00 a.m. CET on April 9, 2018.

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

Financial statements

GROUP

SEK M	2018 Jan.-Mar.	2017 Jan.-Mar.	2017 Jan.-Dec.
INCOME STATEMENT			
Dividend income from stocks	1,675	1,062	2,786
Change in value of stocks, etc.	-136	9,372	12,957
Management cost	-30	-26	-111
Operating income	1,509	10,408	15,632
Financial items	-2	-45	-77
Income after financial items	1,507	10,363	15,555
Tax	-	-	-
Net income for the period	1,507	10,363	15,555
Earnings per share, SEK	3.46	23.86	35.76
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income for the period	1,507	10,363	15,549
BALANCE SHEET as per end of period			
Equities	107,389	103,662	107,289
Other non-current assets	12	13	12
Total non-current assets	107,401	103,675	107,301
Cash and cash equivalents	0	660	613
Other current assets	768	1,438	446
Total current assets	768	2,098	1,059
Total assets	108,169	105,773	108,360
Shareholders' equity	97,387	92,974	95,880
Non-current interest-bearing liabilities	6,560	8,925	7,292
Non-current non interest-bearing liabilities*	304	525	368
Total non-current liabilities	6,864	9,450	7,660
Current interest-bearing liabilities	3,800	3,211	4,523
Other liabilities	118	138	297
Total current liabilities	3,918	3,349	4,820
Total shareholders' equity and liabilities	108,169	105,773	108,360
CASH FLOW			
Cash flow from operating activities	1,622	995	2,594
Cash flow from investing activities	-282	0	-103
Cash flow from financing activities**	-1,953	-1,158	-2,701
Cash flow for the period	-613	-163	-210
Cash and cash equivalents at end of period	0	660	613

* Of which, the option component of the exchangeable bond, totaling SEK 250 M, which at the time of issue amounted to a total of SEK 335 M.

** Of which, dividends of SEK 0 (2 285) M paid to shareholders.

SEK M	2018	2017	2017
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	95,880	82,129	82,129
Conversion and other	0	486	486
Comprehensive income for the period	1,507	10,363	15,549
Dividend	0	0	-2,285
Closing shareholders' equity as per balance sheet	97,387	92,974	95,880
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	0	660	613
Interest-bearing assets	754	1,396	272
Non-current interest-bearing liabilities	6,560	8,925	7,292
Current interest-bearing liabilities	3,800	3,211	4,523
Interest-bearing net debt	9,606	10,080	10,930

PARENT COMPANY

SEK M	2018	2017	2017
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
INCOME STATEMENT			
Operating income	1,626	7,606	12,145
Income after financial items	1,626	7,591	12,121
Income for the period	1,626	7,591	12,121
Comprehensive income for the period	1,626	7,591	12,115
BALANCE SHEET as per end of period			
Non-current assets	65,410	60,720	63,883
Current assets	268	936	2,021
Total assets	65,678	61,656	65,904
Shareholders' equity	55,274	51,403	53,647
Non-current liabilities	6,864	7,450	7,660
Current liabilities	3,540	2,803	4,597
Total shareholders' equity and liabilities	65,678	61,656	65,904

Accounting policies and notes

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 amended IFRSs and IFRIC interpretations have not had any effect on the Group's or Parent Company's earnings or financial position.

ALTERNATIVE PERFORMANCE MEASURES

The definitions for the alternative performance measures net asset value, debt-equities ratio, equity ratio, market value of the equities portfolio and interest-bearing net debt are provided in the 2017 Annual Report. These alternative performance measures are essential for the understanding and evaluation of an investment company's business.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

In accordance with IFRS 13, financial instruments are measured at fair value according to a three level hierarchy. Classification is based on input data that is used in measuring the instruments. Instruments in Level 1 are valued according to quoted prices for identical instruments in an active market. Instruments in Level 2 are valued in a valuation model which uses input data that are directly or indirectly observable in the market. Instruments in Level 3 are valued using a valuation technique based on input data that are not observable in a market.

Responsibility for the measurement of fair value rests with management. ISDA master agreements exist with the pertinent counterparties.

03/31/2018	Level 1	Level 2	Level 3	Total
Assets				
Equities	107,181	-	208	107,389
Total assets	107,181	-	208	107,389
Liabilities				
Option component of exchangeable bond	-	-250	-	-250
Derivatives, etc.	-	-55	-	-55
Total liabilities	-	-305	-	-305

No changes have been made between levels compared with the preceding year.

RISKS AND UNCERTAINTIES

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a change 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, 2018, would have affected its market value by approximately +/- SEK 1,100 M.

RELATED PARTY TRANSACTIONS

During the first quarter 2018, dividend income was received from associated companies.

