

INTERIM REPORT 3M:2019

January 1 – March 31, 2019

- Net asset value on March 31, 2019, was SEK 100.5 billion, or SEK 231 per share, an increase during the first quarter 2019 of SEK 35 per share. Including reinvested dividend, net asset value increased by 18%.
- The total return for the first quarter 2019 was 9% for the Class A shares, as well as for the Class C shares, compared with 13% for the Stockholm Stock Exchange's total return index (SIXRX).
- Earnings per share during the first quarter 2019 were SEK 35.11 per share.
- During the first quarter 2019 shares were acquired in Sandvik for SEK 0.3 billion and in Skanska for SEK 0.3 billion.
- During the first quarter of 2019 the exchangeable holders called for redemption of SEK 2.8 billion, whereby shares in ICA Gruppen were delivered.
- The debt-equities ratio as per March 31, 2019, was 3%, a decrease since year-end of 4 percentage points.

VALUE PERFORMANCE

Annual average change as per March 31, 2019

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
3M:2019	18%	9%	13%
1 year	5%	3%	9%
3 years	15%	15%	10%
5 years	9%	13%	10%
7 years	13%	14%	12%
10 years	18%	19%	15%

*Including reinvested dividend.



CEO's message

EXTERNAL FACTORS

With the first quarter of 2019 now behind us, we can confirm that global growth forecasts have softened somewhat compared with a year ago. This applies especially for the European economies like Germany and Italy, but also Japan and several emerging economies, where growth forecasts have been adjusted downward. From a global perspective, however, economic activity remains favorable with high capacity utilization in industry and low unemployment in many important regions.

The start of 2019 has been characterized by falling interest rates and softer interest rate policies, which have contributed to lower volatility and positive price development in the stock market. At the overall level, however, numerous concerns remain, such as the trade talks between the U.S. and China, the Brexit negotiations, and concerns about slowing economic growth.

PORTFOLIO COMPANIES

Industrivärden's portfolio companies continue to work actively on developing their operations and strengthening their positions, but also on preparing for a weaker economy. This work involves continuous improvements in the day-to-day operations as well as larger and more long-term development projects. I'd like to name a few examples of important activities conducted by the portfolio companies during the first quarter.

On March 27 Carina Åkerström took office as President and Group Chief Executive of *Handelsbanken*. In early April, the intention to focus operations towards areas where the bank has clear strengths, was communicated. A new and more concentrated Executive Management team was also presented.

During the first quarter, *Sandvik* acquired the American company *Artisan*, which makes battery powered equipment for underground mining. The deal is a good example of how *Sandvik* is consciously strengthening its positions in selected areas.

Volvo also took various electrification initiatives, such as through its investment in a fully electric range of compact wheel loaders and excavators with sales starting in 2020. During the first quarter *Volvo* disclosed that it has booked a provision of SEK 7 billion for estimated costs to address a degrading emissions control component.

For *Ericsson*, the rollout of the next generation mobile telecommunications network (5G) has developed positively. During the first quarter *Ericsson* landed several contracts for hardware and software for 5G networks in a number of geographic areas. In January *Ericsson* disclosed that it has booked sizable provisions during the fourth quarter of 2018 related to changes in Business Support Systems.

In mid-February *SCA* inaugurated its expanded Östrand pulp mill in Timrå, Sweden. The project, which was Sweden's largest industrial investment in 2018, double's the mill's capacity with superior product quality and environmental performance.

As a long-term active owner we put strong emphasis on the composition of our portfolio companies' boards, and nominating committee work is therefore of central importance for us. During the first quarter the nominating committees presented their recommendations ahead of the spring's Annual General Meeting's. We believe that the boards that have been proposed are well-suited to manage the challenges and opportunities that the respective portfolio companies are facing.

INDUSTRIVÄRDEN'S PERFORMANCE

At the end of the first quarter, net asset value was SEK 100.5 billion, or SEK 231 per share, which represents an increase of 18% during the quarter. During the same period, the total return for the Class A and C shares was 9%, compared with 13% for the total return index.

Industrivärden's board of directors has proposed to the AGM that a dividend of SEK 5.75 per share, or SEK 2.5 billion in total, to be paid to the shareholders. If the portfolio companies' annual meetings resolve in favor of the proposed dividends in 2019, Industrivärden will receive a total of approximately SEK 4.1 billion, which would entail a positive cash flow after payment of the dividend and operating expenses. This is in line with our dividend and gearing policy, and will create investment capacity over time.

Since 2014 Industrivärden has had a financial instrument in the form of an exchangeable bond, which upon redemption can be paid with shares in ICA Gruppen or in cash. During the first quarter, exchangeable bond holders called for redemption corresponding to SEK 2.8 billion. In accordance with Industrivärden's stated ambition to exit its shareholding in ICA Gruppen, shares in ICA Gruppen were delivered. At the end of the quarter Industrivärden's holding in ICA Gruppen amounted to 2.1% of the votes and capital.

During the first quarter we bought shares in *Sandvik* and *Skanska* for a combined total of approximately SEK 0.5 billion.

ANNUAL GENERAL MEETING

Industrivärden's Annual General Meeting 2019 will be held on April 17 in the Vinterträdgården hall at the Grand Hôtel in Stockholm. At the AGM I will, in customary fashion, comment on developments during the past and current years, but I will also draw attention to our 75-year anniversary. Industrivärden's history is distinguished by continuous changes and a keen ability to adapt to and capitalize on the constantly shifting challenges and opportunities in the world around us. These are strength factors that have created substantial value historically, and are equally relevant as we look forward.

Stockholm, April 9, 2019

Helena Stjernholm
CEO

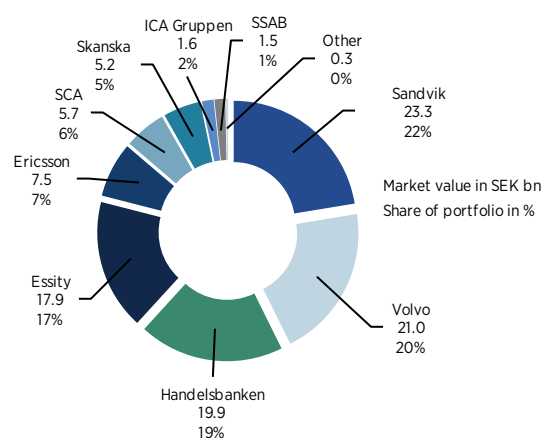
Overview

INDUSTRIVÄRDEN IN BRIEF

Industrivärden conducts long-term value-creating asset management through active ownership. The operation is conducted in two main processes, investment and active ownership. Active ownership is exercised primarily through involvement in nomination processes for board elections, through board representation and through evaluation of company boards, CEOs and Executive Management. Industrivärden monitors its portfolio companies continuously and where necessary, by influencing the portfolio companies' overall development through their respective boards. Through these measures Industrivärden contributes to the portfolio companies' growth in value over time. Industrivärden's long-term objective is to increase net asset value and thereby generate a return for the 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 at www.industrivar-den.net.

EQUITIES PORTFOLIO, MARCH 31, 2019



COMPOSITION OF EQUITIES PORTFOLIO AND NET ASSET VALUE

	03/31/2019				3M:2019		Total return	TR for the stock
	Share of ownership, %		Market value		SEK M	%		
Portfolio companies	No. of shares	Capital	Votes	Share of value, %	SEK M	SEK/share	SEK M	%
Sandvik	154,200,000	12.3	12.3	22	23,284	54	3,769	20
Volvo A	142,600,000	6.9	22.2	20	20,520	48	4,051	24
Volvo B	3,600,000				518			24
Handelsbanken A	202,900,000	10.4	10.6	19	19,904	46	1,052	5
Essity A	35,000,000	9.5	29.9	17	9,363	41	3,338	23
Essity B	31,800,000				8,526			23
Ericsson A	86,052,615	2.6	15.1	7	7,452	17	887	13
Ericsson B	1,000,000				85			11
SCA A	35,000,000	9.5	29.7	6	3,168	13	1,156	29
SCA B	31,800,000				2,563			20
Skanska A	12,667,500	7.3	24.2	5	2,140	12	1,001	24
Skanska B	17,900,000				3,023			24
ICA Gruppen*	4,278,566	2.1	2.1	2	1,596	4	-15	18
SSAB A	44,334,933	4.3	11.8	1	1,482	3	130	10
Other				0	309	1	0	
Equities portfolio				100	103,933	239	15,369	17
Interest-bearing net debt					-3,037	-7	Index:	13
Adjustment regarding exchangeable bond					-353	-1		
Net asset value					100,543	231		
Debt-equities ratio					3%			

*For more information regarding total return, see page 5.

Performance

NET ASSET VALUE

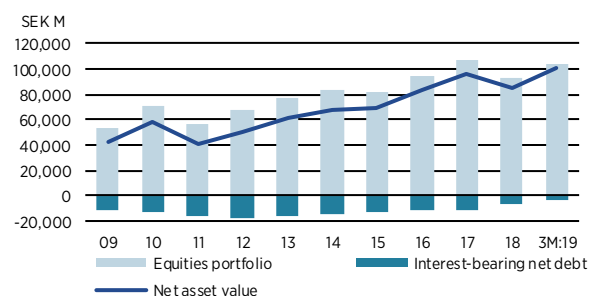
Net asset value on March 31, 2019, was SEK 100.5 billion, or SEK 231 per share, an increase of SEK 35 per share during the first quarter 2019. Including reinvested dividend, net asset value increased by 18%. The Stockholm Stock Exchange's total return index (SIXRX) increased by 13% during the same period.

During the last five and ten-year periods, net asset value grew by 9% and 18%, respectively, per year including reinvested dividend. The total return index (SIXRX) increased by 10% and 15%, respectively, during the same periods.

Development of net asset value 3M:2019

	03/31/2019		12/31/2018	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	103.9	239	92.2	212
Interest-bearing net debt	-3.0	-7	-6.6	-15
Adjustment exchangeable	-0.4	-1	-0.4	-1
Net asset value	100.5	231	85.2	196

Development of net asset value, 10 years

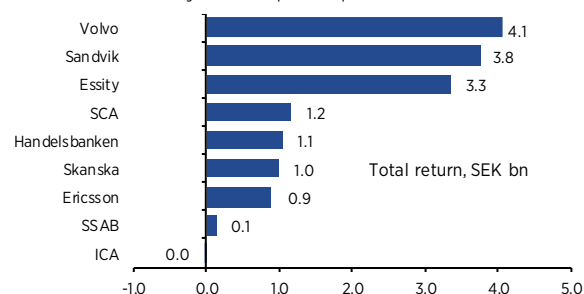


EQUITIES PORTFOLIO

During the first quarter 2019 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 13.9 billion. On March 31, 2019 the equities portfolio was worth SEK 103.9 billion, or SEK 239 per share. The shareholdings in Volvo, Sandvik and Essity made a significant positive contribution to the equities portfolio's value performance.

During the first quarter of 2019, dividend income from Handelsbanken, Skanska, SCA and Ericsson totaled SEK 1.5 billion.

Contribution analysis of equities portfolio 3M:2019



Performance of shareholdings, 3 years

Class of shares	Annual average total return, %
Sandvik	25
SCA A*	22
SCA B*	19
Volvo A	21
Volvo B	21
ICA Gruppen	16
SSAB A	16
Essity A*	13
Essity B*	13
Total return index (SIXRX)	10
Ericsson A	6
Ericsson B	5
Handelsbanken A	4
Skanska B	3

*For calculation methodology, see page 9.

CASH FLOW

Investment activities

During the first quarter 2019 shares were acquired in Sandvik for SEK 273 M and in Skanska for SEK 255 M.

Board of Directors' dividend proposal 2019

The Board of Directors proposes a dividend of SEK 5.75 per share (5.50) and April 23, 2019, as the record date. The total proposed dividend will amount to SEK 2 502 M (2 394).

Management cost

The management cost during the first quarter 2019 was SEK 30 M (30), which on a yearly basis corresponds to 0.12% of the equities portfolio's value on March 31, 2019.

FINANCING

Interest-bearing net debt

Interest-bearing net debt amounted to SEK 3.0 (9.6) billion on March 31, 2019. The debt-equities ratio was 3% (9), and the equity ratio was 95% (90). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

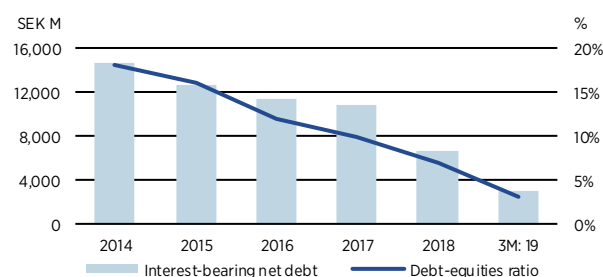
During the first quarter of 2019 a new bond of SEK 1.0 billion was issued within the framework of the existing MTN program. The bond was issued primarily for refinancing and has a tenor of three years.

No part of Industrivärden's borrowings is conditional upon any covenants.

Interest-bearing net debt, March 31, 2019

	Credit facility, SEK M	Utilized amount, SEK M	Maturity
Exchangeable bond		1,242	2019
MTN-program	8,000	3,058	2019-2022
Commercial paper	3,000	500	2019
Pension debt		108	
Other liabilities		254	
Total borrowing		5,162	
Less:			
Interest-bearing receivables		1,557	
Cash and cash equivalents		568	
Interest-bearing net debt		3,037	

Development of interest-bearing net debt, 5 years



Credit rating

S&P Global Ratings has issued a credit rating on Industrivärden of A+/Stable/A-1.

Exchangeable and put option in ICA Gruppen's stock

In 2014 a SEK 4.4 billion exchangeable bond was issued based on ICA Gruppen's stock. The bond matures on May 15, 2019 and was issued at a premium of approximately 38% to ICA Gruppen's share price at the time of issue and carries no interest. The strike price was SEK 290.52 per share as per March 31, 2019. In the event of a potential future exchange, there is a possibility to pay either with shares or with cash. During the first quarter 2019, exchangeable holders called for redemptions corresponding to SEK 2.8 billion, whereby shares in ICA Gruppen were delivered.

In November 2018 Industrivärden communicated its ambition to divest its entire shareholding in ICA Gruppen. Against this background approximately one-fourth of the shareholding was sold to ICA-handlarnas Förbund, and a put option was acquired from the same counterparty. The put option gives Industrivärden the right to sell the remainder of its shareholding to ICA-handlarnas Förbund for SEK 290.52 per share on May 17, 2019. The put option is for the same number of shares as the exchangeable bond. Industrivärden is thereby guaranteed the opportunity of a full divestment at the terms and conditions applicable pursuant to the exchangeable bond.

INDUSTRIVÄRDEN SHARE DATA

The market prices for Industrivärden's Class A and C shares on March 31, 2019, were SEK 199.70 and SEK 194.75, respectively. The corresponding market prices on December 31, 2018, were SEK 183.20 and SEK 179.20, respectively.

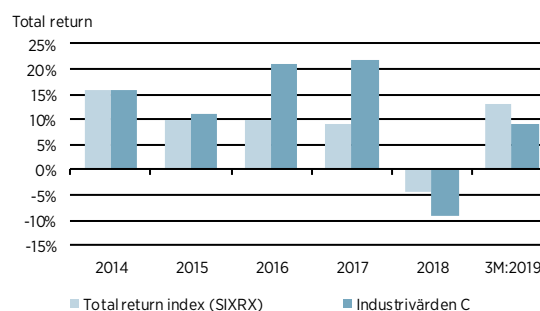
The total return during the first quarter 2019 was 9% for the Class A shares, as well as for the Class C shares. The Stockholm Stock Exchange's total return index (SIXRX) increased by 13% during the same period. The so-called discount to net asset value has thus increased. The total return for Industrivärden's shares over longer periods of time are shown in the table on page 1 and for specific years in the table below.

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 2019, no shares were converted.

Share structure, March 31, 2019

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	268,183,457	268,183,457	61.6	94.1
C (1/10 vote)	167,026,420	16,702,642	38.4	5.9
Total	435,209,877	284,886,099	100.0	100.0

Value performance the respective year



Other

ANNUAL GENERAL MEETING

The 2019 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 proposes that the AGM vote in favor of a dividend of SEK 5.75 per share. The last day to buy shares that carry entitlement to the dividend is April 17, 2019, entailing that Industrivärden shares will be traded ex-rights on April 18, 2019. Provided that the AGM resolves in favor of the proposal, it is expected that dividends will be sent out by Euroclear Sweden on April 26, 2019.

ANNUAL REPORT

Industrivärden's 2018 Annual Report was published on February 21, 2019, 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 re-election as Chairman of the Board. Information about the nominated board members is provided on Industrivärden's website.

FINANCIAL CALENDAR

Annual General Meeting: April 17, 2019, in Stockholm
Interim report January–June: July 5, 2019
Interim report January–September: October 7, 2019

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TICKER CODES

INDUC:SS, Bloomberg

INDUc.ST, Reuters

INDU C, NASDAQ OMX

PUBLICATION

This information is such that AB Industrivärden is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the Head of Corporate Communication and Sustainability stated above, at 10:00 a.m. CET on April 9, 2019.

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

Financial statements

GROUP

SEK M	2019 Jan.-Mar.	2018 Jan.-Mar.	2018 Jan.-Dec.
INCOME STATEMENT			
Dividend income	1,503	1,675	3,764
Change in fair value of financial assets	13,813	-136	-11,954
Management cost	-30	-30	-121
Operating income	15,286	1,509	-8,311
Financial items	-6	-2	-19
Income after financial items	15,280	1,507	-8,330
Tax	-	-	-
Net income for the period	15,280	1,507	-8,330
Earnings per share, SEK	35.11	3.46	-19.14
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income for the period	15,280	1,507	-8,344
BALANCE SHEET as per end of period			
Equities	103,933	107,389	92,170
Other non-current assets	18	12	11
Total non-current assets	103,951	107,401	92,181
Cash and cash equivalents	568	0	786
Other current assets	1,571	768	273
Total current assets	2,139	768	1,059
Total assets	106,090	108,169	93,240
Shareholders' equity	100,422	97,387	85,142
Non-current interest-bearing liabilities	2,368	6,560	2,170
Non-current non interest-bearing liabilities	56	304	36
Total non-current liabilities	2,424	6,864	2,206
Current interest-bearing liabilities	2,794	3,800	5,394
Other liabilities*	450	118	498
Total current liabilities	3,244	3,918	5,892
Total shareholders' equity and liabilities	106,090	108,169	93,240
CASH FLOW			
Cash flow from operating activities	48	1,622	3,492
Cash flow from investing activities	2,128	-282	3,252
Cash flow from financing activities**	-2,394	-1,953	-6,571
Cash flow for the period	-218	-613	173
Cash and cash equivalents at end of period	568	0	786

* Of which, the option component of the exchangeable bond, totaling SEK 342 M, which at the time of issue amounted to a total of SEK 335 M.

** Of which, dividends of SEK 0 M (0) paid to shareholders. For the full year 2018 a dividend paid to the shareholders of SEK 2,394 is included.

GROUP, CONT.

SEK M	2019	2018	2018
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	85,142	95,880	95,880
Comprehensive income for the period	15,280	1,507	-8,344
Dividend	-	-	-2,394
Closing shareholders' equity as per balance sheet	100,422	97,387	85,142
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	568	0	786
Interest-bearing assets	1,557	754	177
Non-current interest-bearing liabilities	2,368	6,560	2,170
Current interest-bearing liabilities	2,794	3,800	5,394
Interest-bearing net debt	3,037	9,606	6,601

PARENT COMPANY

SEK M	2019	2018	2018
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
INCOME STATEMENT			
Operating income	9,503	1,626	-4,991
Income after financial items	9,497	1,626	-5,007
Income for the period	9,497	1,626	-5,007
Comprehensive income for the period	9,497	1,626	-5,021
BALANCE SHEET as per end of period			
Non-current assets	60,646	65,410	53,600
Current assets	489	268	788
Total assets	61,135	65,678	54,388
Shareholders' equity	55,730	55,274	46,233
Non-current liabilities	2,424	6,864	2,206
Current liabilities	2,981	3,540	5,949
Total shareholders' equity and liabilities	61,135	65,678	54,388

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 material effect on the Group's or Parent Company's earnings or financial position.

ALTERNATIVE PERFORMANCE MEASURES

The definitions of 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 2018 Annual Report. These alternative performance measures are essential for understanding and evaluating an investment company's business.

TOTAL RETURN ESSITY AND SCA

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, 2017, and the first day of trading in Essity shares was June 15, 2017.

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 measured in a valuation model which uses input data that are directly or indirectly observable in the market. Instruments in Level 3 are measured using a valuation technique based on input data that are not observable in a market.

03/31/2019	Level 1	Level 2	Level 3	Total
Assets				
Equities	103,624	-	309	103,933
Derivatives, etc.	-	2	-	2
Total assets	103,624	2	309	103,935
Liabilities				
Option component of exchangeable bond	-	-342	-	-342
Derivatives, etc.	-	-58	-	-58
Total liabilities	-	-400	-	-400

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, 2019, would have affected its market value by approximately +/- SEK 1,000 M. Further information about risks and uncertainties are provided in the 2018 Annual Report.

RELATED PARTY TRANSACTIONS

During the first quarter 2019, dividend income was received from associated companies.

