

Interim Report 3M:2021

January 1–March 31, 2021

- Net asset value on March 31, 2021, was SEK 139.6 billion, or SEK 321 per share, an increase during the first quarter of SEK 42 per share. Including reinvested dividend, net asset value increased by 15%.
- The total return for the first three months 2021 was 17% for the Class A shares and 15% for the Class C shares, compared with 14% for the Stockholm Stock Exchange's total return index (SIXRX).
- Earnings per share for the period were SEK 41.93.
- During the first quarter 2021, shares were purchased in Sandvik for SEK 0.5 billion.
- The debt-equities ratio as per March 31, 2021, was 4%.
- The Board of Directors has proposed the Annual General Meeting on April 21 an ordinary dividend of SEK 6.25 per share (0.00) and an extra dividend of SEK 2.00 per share.

Value performance

Average annual change as per March 31, 2021

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
3M:2021	15%	15%	14%
1 year	49%	58%	60%
3 years	14%	19%	19%
5 years	16%	20%	16%
7 years	12%	17%	14%
10 years	11%	14%	13%

*Including reinvested dividend.

CEO's message

Economic activity increased during the first quarter of the year, even though it continued to be affected by the Covid-19 pandemic and its impacts. Major stimulus packages have increased demand, which is expected to strengthen further through support from new stimulus measures and record-large household savings that will partly be used for consumption once society normalizes. The speed of the reopening of businesses and societal functions can be credited in part to the rollout of Covid-19 vaccines that has started, but which varies considerably from country to country. As an effect of the anticipated rise in demand, resource utilization is expected to increase significantly. During the first quarter it became clear that supply shortages for certain input goods and strategic industrial components, such as semiconductors, may affect production in certain industrial segments.

Long-term real interest rates have risen slightly in recent months owing to the anticipated growth in demand and resource utilization. Given this, inflation expectations have also risen. From an historic perspective, however, interest rates continue to be low, which is fueling the stock market. During the first quarter, the major stock markets showed strong growth. Although the basic tone remains positive, a number of geopolitical and regional challenges have emerged along with uncertainty about the long-term effects of the massive monetary stimulus measures and higher global debt.

With the passing of the year's first quarter, it is gratifying to be able to note that Industrivärden's portfolio companies have continued to handle the global Covid-19 pandemic very well. Given how the past year developed, the boards of our portfolio companies have once again proposed dividends ahead of the spring's annual shareholder meetings. In a couple of cases, extra dividends have also been proposed. Our portfolio companies are continuously developing their operations, and I would like to briefly mention here a couple of events in the companies during the first quarter. Since January 1 Sandvik has a new business area, Sandvik Rock Processing Solutions, which was separated from Sandvik Mining and Rock Solutions to increase transparency and growth ambitions in the area. Sandvik also announced in 2021 that for the twelfth consecutive year it has been included in the Sustainability Yearbook by S&P Global as recognition for having top sustainability performance in its industry.

Volvo announced that it is forming the new Volvo Energy business area to strengthen the company's handling and customer offering of batteries. The previously announced fuel cell joint venture with Daimler Trucks was realized during the quarter through an agreement to form the new fuel cell company cellcentric. The sale of UD Trucks to Isuzu Motors was completed at the start of the second quarter, in accordance with a previously announced agreement. Finally, Essity signed an agreement to acquire the remaining shares in the previously partly owned Australian hygiene company Asaleo Care, enabling profitable growth in Australia, New Zealand and the Pacific region. At the start of the year Essity was ranked by Corporate Knights as one of the world's most sustainable companies.

As per March 31, 2021, net asset value amounted to SEK 139.6 billion, or SEK 321 per share, which represents an increase of 15% during the first quarter including reinvested dividend. Industrivärden's Class A and Class C shares generated total returns of 17% and 15%, respectively, compared with 14% for the total return index. During the first three months of the year we increased our shareholding in Sandvik through share purchases of approximately SEK 0.5 billion.

Industrivärden's Annual General Meeting will be held on April 21. As a result of the Covid-19 pandemic, the AGM will be held by means of a postal voting procedure, in accordance with temporary legislation. Postal voting forms and other customary AGM documents are available on Industrivärden's website. Ahead of the Annual General Meeting, the Board of Directors has recommended that the meeting vote in favor of an ordinary dividend of SEK 6.25 per share, plus an extra dividend of SEK 2.00 per share.

The first quarter of 2021 showed a positive trend in both the global economy and stock market. Industrivärden's chosen strategy, well positioned portfolio companies and strong financial position give us good opportunities to meet the challenges in the world around us and to create continued shareholder value.

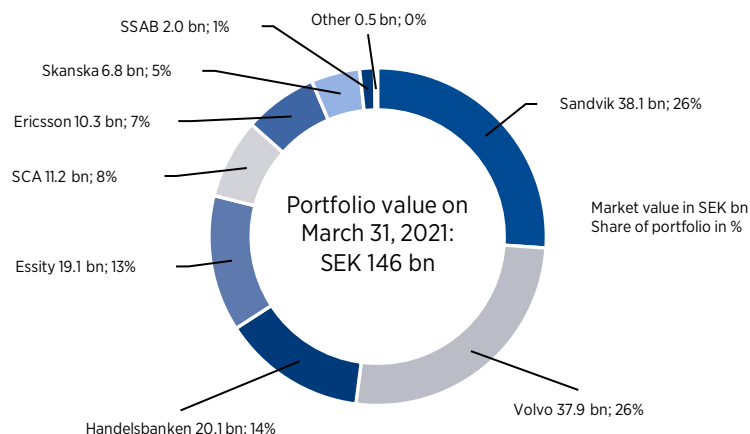
Helena Stjernholm
Chief Executive Officer

Overview

Equities portfolio

The equities portfolio is made up of large shareholdings in eight portfolio companies with strong market positions and a good value potential, in which Industrivärden exercises long-term active ownership.

A significant share of the equities portfolio is exposed to the industrial equipment, commercial vehicles, banking and consumer products sectors.



Composition of the equities portfolio and net asset value

	03/31/2021						2021	
	No. of shares	Share of ownership, %		Market value		Share of value, %	Total return, holdings	
Capital		Votes	SEK M	SEK/share	SEK M		%	
Portfolio companies								
Sandvik	159,700,000	12.7	12.7	38,104	88	26	5,919	19
Volvo A	166,600,000			37,152				
Volvo B	3,600,000	8.4	27.6	795	87	26	4,696	14
Handelsbanken A	212,200,000	10.7	10.9	20,129	46	14	3,452	20
Essity A	33,257,000			9,179				
Essity B	35,900,000	9.8	29.3	9,905	44	13	1,066	6
SCA A	33,785,290			5,257				
SCA B	38,300,000	10.3	29.3	5,919	26	8	694	7
Ericsson A	86,052,615			10,189				
Ericsson B	1,000,000	2.6	15.1	116	24	7	1,224	13
Skanska A	12,667,500			2,774				
Skanska B	18,500,000	7.4	24.3	4,052	16	5	583	9
SSAB A	44,334,933	4.3	11.8	2,047	5	1	748	58
Other				453	1	0	0	
Equities portfolio				146,071	336	100	18,382	14
Interest-bearing net debt				-6,495	-15			
Net asset value				139,576	321			
Debt-equities ratio					4%			

Industrivärden is a long-term asset manager that invests in listed Nordic companies with good value potential. Shareholder value is created through a professional investment operation and active ownership aimed at contributing to the portfolio companies' strategic development and long-term value creation.

For further information, visit www.industrivarden.net

Performance

Net asset value

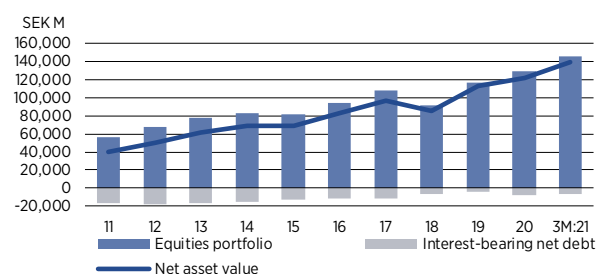
Net asset value on March 31, 2021, was SEK 139.6 billion, or SEK 321 per share, an increase of SEK 42 per share during the first quarter 2021. Including reinvested dividend, net asset value increased by 15%. The total return index (SIXRX) increased by 14% during the same period.

During the last three-, five- and ten-year periods, net asset value grew annually by 14%, 16% and 11%, respectively, including reinvested dividend. The total return index (SIXRX) increased by 19%, 16% and 13%, respectively, during the same periods.

Net asset value

	03/31/2021		12/31/2020	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	146.1	336	128.9	296
Interest-bearing net debt	-6.5	-15	-7.7	-18
Net asset value	139.6	321	121.2	279

Growth in net asset value, 10 years



Equities portfolio

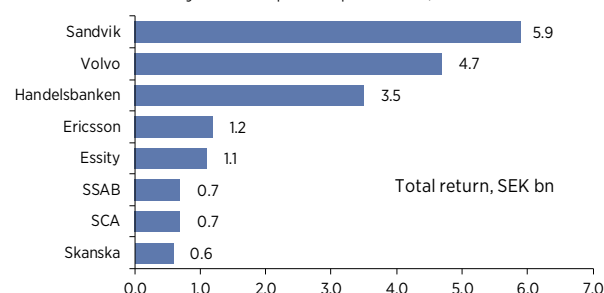
During the first quarter 2021 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 16.7 billion. On March 31, 2021, the equities portfolio was worth SEK 146.1 billion, or SEK 336 per share.

The largest contributors in value in Industrivärden's equities portfolio during the period were Sandvik with SEK 5.9 billion, Volvo with SEK 4.7 billion and Handelsbanken with SEK 3.5 billion. SSAB, Handelsbanken and Sandvik showed a higher total return than the total return index (SIXRX). Skanska, SCA and Essity showed a lower total return than the total return index (SIXRX), as shown in the table on page 3.

During the first quarter 2021, dividend income from Handelsbanken, Essity, Skanska and Ericsson totaled SEK 1.7 billion.

The total return for the shareholdings for the last three-year period is shown in the table to the right.

Contribution analysis of equities portfolio, 3M:2021



Performance of shareholdings, 3 years

Class of shares	Annual average total return, %
Ericsson B	31
Ericsson A	31
SCA A	21
SCA B	21
Total return index (SIXRX)	19
Sandvik	18
Volvo A	17
Volvo B	17
Skanska B	14
Essity B	10
Essity A	9
SSAB A	1
Handelsbanken A	0

Cash flow

Investment activities

During the first quarter 2021 shares were purchased in Sandvik for SEK 501 M.

Dividends received

During the first quarter 2021, dividends received from Handelsbanken amounted to SEK 870 M.

Management cost

The management cost during the first quarter 2021 was SEK 33 M (39), which on a yearly basis corresponds to 0.09% (0.16) of the equities portfolio's value on March 31, 2021.

Financing

Interest-bearing net debt

Interest-bearing net debt amounted to SEK 6.5 billion (4.8) on March 31, 2021. The debt-equities ratio was 4% (5), and the equity ratio was 94% (95). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

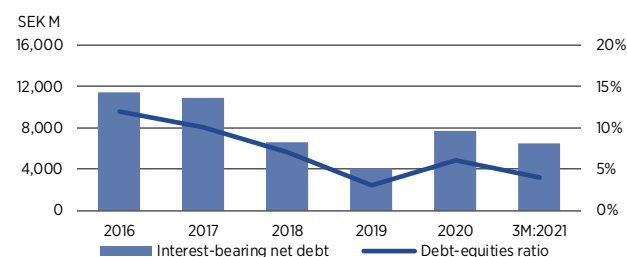
During the first quarter of 2021, a new bond was issued of SEK 1.5 billion within the framework of the existing MTN program. The bond pertains mainly to refinancing and have a five-year maturity. The terms of the loan are available on the Company's website.

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

Interest-bearing net debt

	03/31/2021	12/31/2020
MTN program	6,000	5,751
Commercial paper	2,100	1,800
Provisions for pensions	35	42
Other interest-bearing liabilities	212	225
Total interest-bearing liabilities	8,347	7,818
Less:		
Interest-bearing receivables	-888	-164
Cash and cash equivalents	-964	0
Total	6,495	7,654

Development of interest-bearing net debt, 5 years



Credit rating

S&P Global Ratings has assigned Industrivärden a credit rating of A+/Stable/A-1. The rating was confirmed on May 14, 2020.

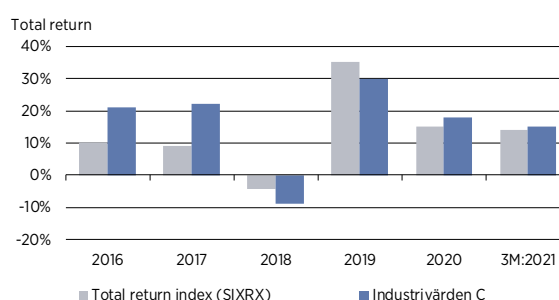
Industrivärden share data

Share performance

The market prices for Industrivärden's Class A and C shares on March 31, 2021, were SEK 321.20 and SEK 306.40, respectively. The corresponding prices on December 31, 2020, were SEK 274.20 and SEK 265.50, respectively.

The total return during the first quarter 2021 was 17% for the Class A shares and 15% for the Class C shares. The Stockholm Stock Exchange's total return index (SIXRX) was 14% during the same period. The total return for longer periods of time are shown in the table on page 1 and for specific years in the chart below.

Value performance for respective years



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 2021, 73 shares were converted.

Share structure, March 31, 2021

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	267,111,711	267,111,711	61.4	94.1
C (1/10 vote)	168,098,166	16,809,816	38.6	5.9
Total	435,209,877	283,921,527	100.0	100.0

Annual General Meeting

The 2021 Annual General Meeting will be held on April 21. In light of the Covid-19 pandemic and in order to minimize any risk of spreading of the corona virus, the Board of Directors has decided that the Annual General Meeting is to be held only through postal voting in accordance with temporary legislation being in effect in 2021. This means that the Annual General Meeting will be conducted without the physical presence of shareholders, representatives or external parties and that shareholders will only be able to exercise their voting rights by postal voting in advance of the Annual General Meeting in the manner described in the notice to the Annual General Meeting.

Further information about the Annual General Meeting is provided on Industrivärden's website.

Board of Directors' dividend proposal 2021

The Board of Directors proposes an ordinary dividend of SEK 6.25 per share (0.00) and an extra dividend of SEK 2.00 per share for the 2020 financial year, with April 23, 2021, as the record date. The total dividend payout will amount to SEK 8.25 per share, corresponding to SEK 3 590 M.

Nominating Committee's recommendation for election of board members at the Annual General Meeting

The Nominating Committee proposes re-election of board members Pär Boman, Christian Caspar, Marika Fredriksson, Bengt Kjell, Fredrik Lundberg, Annika Lundius, Lars Pettersson and Helena Stjernholm. In addition, Fredrik Lundberg is proposed for re-election as Chairman of the Board.

Further information about the nominated board members is provided on Industrivärden's website.

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34.16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report. 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.

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, 2021, would have affected its market value by approximately +/- SEK 1,500 M. Further information about risks and uncertainties is provided in the 2020 Annual Report.

Impact of Covid-19 pandemic

During the ongoing Covid-19 pandemic, Industrivärden's operations have been managed without major disruptions. The company has continued low debt level and a good financial position.

The portfolio companies' have been impacted in various ways and successively taken measures to deal with the situation.

Related party transactions

During the first quarter 2021, dividend income was received from associated companies.

Events after the balance sheet date

No significant events have occurred after March 31, 2021.

Stockholm, April 9, 2021

AB Industrivärden (publ)

Helena Stjernholm

Chief Executive Officer

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

Financial statements

Group, condensed

SEK M	2021 Jan.-Mar.	2020 Jan.-Mar.	2020 Jan.-Dec.
INCOME STATEMENT			
Dividend income	1,720	-	657
Change in fair value of financial assets	16,636	-18,555	8,008
Management cost	-33	-39	-130
Operating income	18,323	-18,594	8,535
Financial items	-14	-9	-48
Income after financial items	18,309	-18,603	8,487
Tax*	-60	69	-47
Net income for the period	18,249	-18,534	8,440
Earnings per share (there is no dilution effect), SEK	41.93	-42.59	19.39
STATEMENT OF COMPREHENSIVE INCOME			
Net income for the period	18,249	-18,534	8,440
<i>Items that are not to be reversed in the inc. statement</i>			
Actuarial gains and losses on pensions	-	-	0
Comprehensive income for the period	18,249	-18,534	8,440
BALANCE SHEET as per end of period			
Equities	146,071	98,917	128,893
Other non-current assets	20	13	21
Total non-current assets	146,091	98,930	128,914
Cash and cash equivalents	964	-	0
Other current assets	932	187	196
Total current assets	1,896	187	196
Total assets	147,987	99,117	129,110
Shareholders' equity	139,225	93,994	120,976
Non-current interest-bearing liabilities	4,541	3,061	4,549
Non-current non interest-bearing liabilities	314	60	213
Total non-current liabilities	4,855	3,121	4,762
Current interest-bearing liabilities	3,806	1,907	3,269
Other liabilities	101	95	103
Total current liabilities	3,907	2,002	3,372
Total shareholders' equity and liabilities	147,987	99,117	129,110
CASH FLOW			
Dividend income	870	-	657
Other	-56	-40	-166
Cash flow from operating activities	814	-40	491
Purchases/sales of shares	-501	-735	-4,106
Cash flow from investing activities	-501	-735	-4,106
Change interest-bearing liabilities	526	719	3,559
Dividend paid	-	-	-
Other	125	-	-
Cash flow from financing activities	651	719	3,559
Cash flow for the period	964	-56	-56
Cash and cash equivalents at end of period	964	0	0

* Pertains to deferred tax on temporary differences accounted for in subsidiaries that have no cash flow effect.

Group, condensed (cont.)

SEK M	2021	2020	2020
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	120,976	112,528	112,528
Net income for the period	18,249	-18,534	8,440
Other comprehensive income	-	-	0
Dividend	-	-	-
Share-savings programme	0	-	8
Closing shareholders' equity as per balance sheet	139,225	93,994	120,976
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	964	-	0
Interest-bearing assets	888	166	164
Non-current interest-bearing liabilities	4,541	3,061	4,549
Current interest-bearing liabilities	3,806	1,907	3,269
Interest-bearing net debt	6,495	4,802	7,654

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

03/31/2021	Level 1	Level 2	Level 3	Total
Assets				
Equities	145,618	-	453	146,071
Derivatives, etc.	-	3	-	3
Total assets	145,618	3	453	146,074
Liabilities				
Derivatives, etc.	-	114	-	114
Total liabilities	-	114	-	114

Parent Company, condensed

SEK M	2021	2020	2020
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
INCOME STATEMENT			
Operating income	12,805	-15,020	10,457
Income after financial items	12,792	-15,029	10,409
Income for the period	12,792	-15,029	10,409
Comprehensive income for the period	12,792	-15,029	10,409
BALANCE SHEET as per end of period			
Non-current assets	95,134	54,627	82,138
Current assets	425	144	156
Total assets	95,559	54,771	82,294
Shareholders' equity	86,836	48,598	74,044
Non-current liabilities	4,655	3,097	4,622
Current liabilities	4,068	3,076	3,628
Total shareholders' equity and liabilities	95,559	54,771	82,294

Definitions

This report includes financial key ratios that are based on IFRS. In addition, other key ratios (Alternative Performance Measures – APMs) are used by the Company and other interests to describe the Group's operations and which cannot be discerned or derived from the financial statements. These APMs are to be regarded as a complement to the financial reporting presented in accordance with IFRS. It should be noted that the APMs defined below may differ somewhat from other companies' definitions of the same terms.

Change in value of shares

For shares held at both the start and end of the year, the change in market value consists of the difference in value between these two points in time. For shares sold during the year, the change in market value consists of the difference between the sales price of the shares and their value at the start of the year. For shares acquired during the year, the change in market value consists of the difference between the cost of the shares and their value at the end of the year.

Debt-equities ratio

Interest-bearing net debt in relation to the market value of the equities portfolio.

Earnings per share

Net income for the year divided by the total number of shares outstanding.

Equity ratio

Shareholders' equity as a share of total assets.

Interest-bearing net debt

Interest-bearing liabilities including pension liabilities less cash and cash equivalents and interest-bearing receivables.

Market value of equities portfolio

The value of the equities portfolio based on market prices on the balance sheet date.

Net asset value

The market value of the equities portfolio less interest-bearing net debt.

Net asset value including reinvested dividend

To calculate the development of net asset value before dividends paid out, the dividends paid out by the Company are recalculated to take into account the performance of the listed portfolio. This gives a measure of how net asset value would have developed if Industrivärden had not paid any dividend.

Total return, shares

Change in the share price taking into account reinvested dividends. The total return is compared against the total return index (SIXRX), which indicates the price development including reinvested dividends for stocks listed on the Stockholm Stock Exchange.

Total return, shareholding

Change in value of a shareholding included reinvested dividend. Reported only for the current reporting period.

Information

Financial calendar

Annual General Meeting: April 21, 2021

Interim report January-June: July 6, 2021

Interim report January-September: October 11, 2021

Contact persons

Sverker Sivall, Head of Corporate Communications and Sustainability

Phone: +46-8-666 64 19

Email: ssl@industrivarden.se

Jan Öhman, CFO

Phone: +46-8-666 64 45

Email: jon@industrivarden.se

Contact information

AB Industrivärden (publ)

Box 5403, SE-114 84 Stockholm,
Sweden

Registered office: Stockholm

Reg. no.: 556043-4200

Switchboard: +46-8-666 64 00

info@industrivarden.se

www.Industrivarden.net

Ticker codes, Class C shares

INDUC:SS i Bloomberg

INDUc.ST i Reuters

INDU C i 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, 2021.

