

Interim Report 9M:2021

January 1–September 30, 2021

- Net asset value on September 30, 2021, amounted to SEK 128.6 billion, or SEK 295 per share, an increase during the first nine months of the year of SEK 16 per share. Including reinvested dividend, net asset value increased by 8%.
- The total return for the first nine months 2021 was 5% for the Class A and Class C shares, compared with 24% for the Stockholm Stock Exchange's total return index (SIXRX).
- Earnings per share for the period were SEK 24.98.
- During the first nine months 2021, shares were purchased in Sandvik for SEK 1.9 billion, in Volvo for SEK 0.8 billion, in Essity for SEK 0.5 billion and in Handelsbanken for SEK 0.3 billion.
- The shareholding in SSAB was divested in May for SEK 2.0 billion.
- The debt-equities ratio as per September 30, 2021, was 4%.

Value performance

Average annual change as per September 30, 2021

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
9M:2021	8%	5%	24%
1 year	17%	17%	32%
3 years	9%	13%	18%
5 years	13%	14%	16%
7 years	12%	15%	15%
10 years	15%	18%	16%

*Including reinvested dividend.

CEO's message

During the third quarter, the extensive vaccination against Covid-19 being conducted in large parts of the world, is enabling societies to now open up again. From a real economic perspective it can be ascertained that the easing of restrictions combined with large stimulus packages has created conditions for strong demand. On the supply side, however, we are seeing major disruptions in global supply chains, including a shortage of semiconductors, rising prices for input goods, labor shortages in certain areas, and higher transport costs. In recent time this strong development has led to rising inflation, a slight rise in interest rates and higher volatility in the stock market. On the whole, however, despite a number of challenges at the moment, there are long-term prospects for continued good economic growth.

Industrivården's net asset value amounted to SEK 128.6 billion on September 30, 2021, or SEK 295 per share, representing an increase of 8% during the first nine months of the year. The total return for Industrivården's Class A as well as C shares during the same period was 5%, compared with 24% for the total return index (SIXRX).

During the year we have invested approximately SEK 3.5 billion in several of our existing portfolio companies. We have done this against the backdrop of our conviction that these companies have good value potential over time. Shares were bought in Sandvik for SEK 1.9 billion, in Volvo for SEK 0.8 billion, in Essity for SEK 0.5 billion, and in Handelsbanken for SEK 0.3 billion.

Industrivården's business model, where shareholder value is created mainly through active ownership in a concentrated portfolio of listed Swedish companies, entails that we engage ourselves in and put strong emphasis on the portfolio companies' ability to adapt and develop. I therefore want to mention a few examples of noteworthy steps taken by the portfolio companies during the third quarter.

Sandvik continues to successively carry out well-considered add-on acquisitions that are strengthening its core businesses. During the quarter, two acquisitions were announced in the CAM software field, and against this background the company raised its 2025 revenue target for Sandvik Manufacturing Solutions.

Volvo is showing continued high activity in all parts of its operations, with strong focus on the ongoing industry transformation. During the third quarter – in North America – Volvo received its largest commercial order to date for its heavy-duty electric truck model. The company is currently working intensively to reduce the effects of disruptions in its supply chains.

As part of a refocusing and review of its payment business, *Handelsbanken* has agreed to sell its card acquiring business to Worldline for approximately SEK 2 billion.

Within the framework of its renewable fuels investment program, *SCA* – together with an energy company – has started a joint venture company to produce and sell liquid biofuels.

At the end of September Handelsbanken's board of directors announced that they have proposed an extra dividend of approximately SEK 4 per share for approval by an Extraordinary General Meeting. The dividend, which will be conducted in the form of Industrivården shares, will reduce the bank's exposure to shares in pension management, which will increase the long-term stability of its capitalization. We are evaluating various alternatives for how to manage a potentially received dividend of own shares and will communicate the Board's decision when it has been made.

Given the portfolio companies' strong positions and proven ability to continuously develop and strengthen their businesses over time, I see favorable opportunities for Industrivården to continue generating long-term shareholder value with balanced risk.

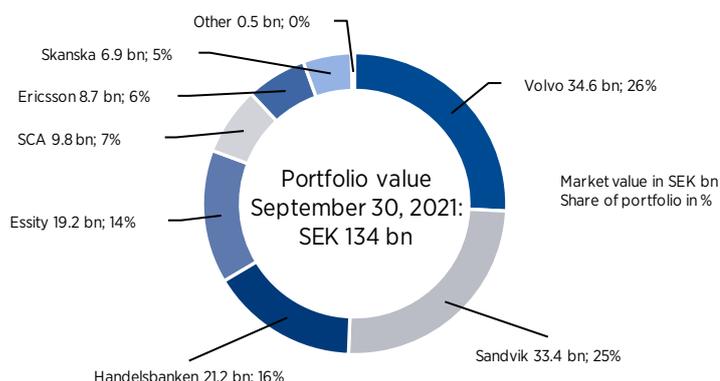
Helena Stjernholm
Chief Executive Officer

Overview

Equities portfolio

The equities portfolio is made up of large shareholdings in seven 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

Portfolio companies	No. of shares	09/30/2021				9M:2021		
		Share of ownership, %		Market value		Share of value, %	Total return, holdings	
		Capital	Votes	SEK M	SEK/share		SEK M	%
Volvo A	166,600,000	8.6	27.7	33,120	80	26	4,511	14
Volvo B	7,600,000			1,498				
Sandvik	166,200,000	13.2	13.2	33,439	77	25	766	2
Handelsbanken A	215,200,000	10.9	11.0	21,158	49	16	4,217	24
Essity A	33,257,000	10.1	29.4	9,013	44	14	732	4
Essity B	37,600,000			10,227				
SCA A	33,785,290	10.3	29.3	4,608	23	7	-524	-5
SCA B	38,300,000			5,224				
Ericsson A	86,052,615	2.6	15.1	8,588	20	6	-319	-3
Ericsson B	1,000,000			99				
Skanska A	12,667,500	7.4	24.3	2,796	16	5	639	10
Skanska B	18,500,000			4,083				
Other				453	1	0	705	
Equities portfolio				134,307	309	100	10,728	8
Interest-bearing net debt				-5,730	-13			
Net asset value				128,577	295			
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

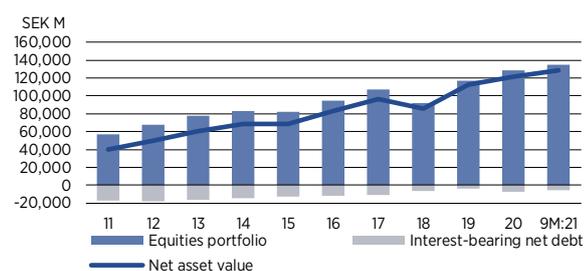
Net asset value on September 30, 2021, was SEK 128.6 billion, or SEK 295 per share, an increase of SEK 16 per share during the first nine months 2021. Including reinvested dividend, net asset value increased by 8%. The total return index (SIXRX) increased by 24% during the same period.

During the last three-, five- and ten-year periods, net asset value grew annually by 9%, 13% and 15%, respectively, including reinvested dividend. The total return index (SIXRX) increased by 18%, 16% and 16%, respectively, during the same periods.

Net asset value

	09/30/2021		12/31/2020	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	134.3	309	128.9	296
Interest-bearing net debt	-5.7	-13	-7.7	-18
Net asset value	128.6	295	121.2	279

Growth in net asset value, 10 years



Equities portfolio

During the first nine months 2021 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 3.9 billion. On September 30, 2021, the equities portfolio was worth SEK 134.3 billion, or SEK 309 per share.

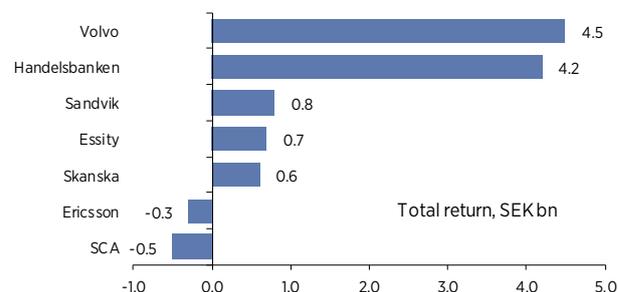
On May 10, 2021, the entire shareholding in SSAB of 44,334,933 Class A shares was divested for SEK 45.53 per share, corresponding to total proceeds of SEK 2.0 billion.

The largest contributors in value in Industrivärden's equities portfolio during the period were Volvo with SEK 4.5 billion, Handelsbanken with SEK 4.2 billion and Sandvik with SEK 0.8 billion. Handelsbanken showed a total return in line with the total return index (SIXRX). The other portfolio companies showed a lower total return than the total return index (SIXRX), as shown in the table on page 3.

During the first nine months 2021 dividend income from the equities portfolio totaled SEK 7.2 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, 9M:2021



Performance of shareholdings, 3 years

Class of shares	Annual average total return, %
Total return index (SIXRX)	18
Volvo A	15
Volvo B	15
SCA B	12
SCA A	12
Skanska B	12
Sandvik	10
Ericsson B	10
Essity B	9
Ericsson A	9
Essity A	9
Handelsbanken A	-1

Cash flow

Investment activities

During the first nine months 2021 shares were purchased in Sandvik for SEK 1,939 M, in Volvo B for SEK 808 M in Essity B for SEK 482 M and in Handelsbanken A for SEK 295 M. Furthermore, the entire shareholding in SSAB A was divested for SEK 2,004 M.

Dividend paid out

The Annual General Meeting on April 21, 2021 decided in accordance with the Board's proposal on an ordinary dividend of SEK 6.25 (0.00) per share and an extra dividend of SEK 2.00 per share. In total, the dividend amounted to SEK 3,590 M (0).

Dividends received

During the first nine months 2021, dividends received amounted to SEK 7,072 M (65).

Management cost

The management cost during the first nine months 2021 was SEK 98 M (97), which on a yearly basis corresponds to 0.10% (0.11) of the equities portfolio's value on September 30, 2021.

Financing

Interest-bearing net debt

Interest-bearing net debt amounted to SEK 5.7 billion (6.2) on September 30, 2021. The debt-equities ratio was 4% (5), and the equity ratio was 94% (94). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

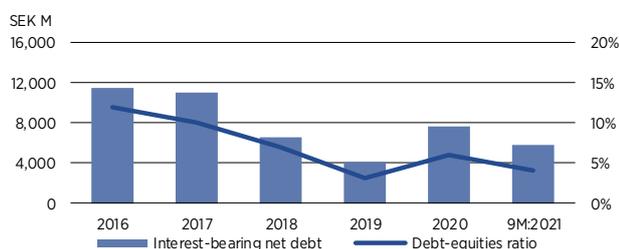
Within the framework of the existing MTN program, during the first quarter a new bond of SEK 1.5 billion was issued with a five-year maturity. In addition, during the third quarter a bond of SEK 1.0 billion was issued with a maturity of 30 months. The loans pertain mainly to refinancing of matured MTNs and commercial papers. The terms of the loans are available on the Company's website.

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

Interest-bearing net debt

SEK M	09/30/2021	12/31/2020
MTN program	7,000	5,751
Commercial paper	-	1,800
Provisions for pensions	22	42
Other interest-bearing liabilities	187	225
Total interest-bearing liabilities	7,209	7,818
Less:		
Interest-bearing receivables	-129	-164
Cash and cash equivalents	-1,350	0
Total	5,730	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 27, 2021.

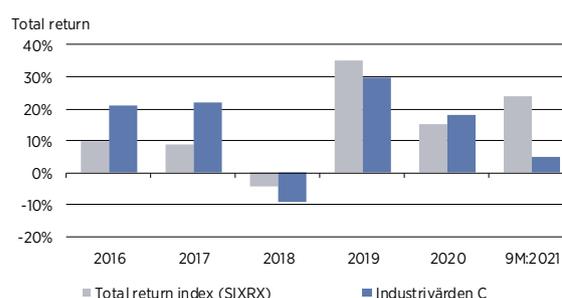
Industrivärden share data

Share performance

The market prices for Industrivärden's Class A and C shares on September 30, 2021, were SEK 281.20 and SEK 272.00, respectively. The corresponding prices on December 31, 2020, were SEK 274.20 and SEK 265.50, respectively.

The total return during the first nine months 2021 was 5% for the Class A and the Class C shares. The Stockholm Stock Exchange's total return index (SIXRX) was 24% during the same period. The total returns 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 nine months 2021, 73 shares were converted.

Share structure, September 30, 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

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 September 30, 2021, would have affected its market value by approximately +/- SEK 1,300 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 nine months 2021, dividend income was received from associated companies.

Events after the balance sheet date

No significant events have occurred after September 30, 2021.

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

Financial statements

Group, condensed

SEK M	2021 July-Sep.	2020 July-Sep.	2021 Jan.-Sep.	2020 Jan.-Sep.	2020 Jan.-Dec.
INCOME STATEMENT					
Dividend income	87	0	7,159	65	657
Change in value of shares, etc.	-6,856	5,575	3,902	-347	8,008
Management cost	-28	-27	-98	-97	-130
Operating income	-6,797	5,548	10,963	-379	8,535
Financial items	-14	-12	-40	-34	-48
Income after financial items	-6,811	5,536	10,923	-413	8,487
Tax	21	-43	-53	-15	-47
Net income for the period	-6,790	5,493	10,870	-428	8,440
Earnings per share (there is no dilution effect), SEK	-15.60	12.62	24.98	-0.98	19.39
STATEMENT OF COMPREHENSIVE INCOME					
Net income for the period	-6,790	5,493	10,870	-428	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	-6,790	5,493	10,870	-428	8,440
BALANCE SHEET as per end of period					
Equities			134,307	118,477	128,893
Other non-current assets			18	10	21
Total non-current assets			134,325	118,487	128,914
Cash and cash equivalents			1,350	-	0
Other current assets			163	200	196
Total current assets			1,513	200	196
Total assets			135,838	118,687	129,110
Shareholders' equity			128,258	112,100	120,976
Non-current interest-bearing liabilities			5,526	4,547	4,549
Non-current non interest-bearing liabilities			202	163	213
Total non-current liabilities			5,728	4,710	4,762
Current interest-bearing liabilities			1,683	1,779	3,269
Other liabilities			169	98	103
Total current liabilities			1,852	1,877	3,372
Total shareholders' equity and liabilities			135,838	118,687	129,110
CASH FLOW					
Dividend income			7,072	65	657
Other			-133	-129	-166
Cash flow from operating activities			6,939	-64	491
Purchases/sales of shares			-1,520	-2,063	-4,106
Cash flow from investing activities			-1,520	-2,063	-4,106
Change interest-bearing liabilities			-604	2,071	3,559
Dividend paid			-3,590	-	-
Other			125	-	-
Cash flow from financing activities			-4,069	2,071	3,559
Cash flow for the period			1,350	-56	-56
Cash and cash equivalents at end of period			1,350	0	0

Group, condensed (cont.)

SEK M	2021	2020	2020
	Jan.-Sept.	Jan.-Sept.	Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	120,976	112,528	112,528
Net income for the period	10,870	-428	8,440
Other comprehensive income	-	-	0
Dividend to shareholders	-3,590	-	-
Share-savings programme	2	-	8
Closing shareholders' equity as per balance sheet	128,258	112,100	120,976
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	1,350	-	0
Interest-bearing assets	129	165	164
Non-current interest-bearing liabilities	5,526	4,547	4,549
Current interest-bearing liabilities	1,683	1,779	3,269
Interest-bearing net debt	5,730	6,161	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.

Evaluation of fair value, September 30, 2021

SEK M	Level 1	Level 2	Level 3	Total
Assets				
Equities	133,854	-	453	134,307
Total assets	133,854	-	453	134,307
Liabilities				
Derivatives, etc.	-	69	-	69
Total liabilities	-	69	-	69

Parent Company, condensed

SEK M	2021	2020	2020
	Jan.-Sept.	Jan.-Sept.	Jan.-Dec.
INCOME STATEMENT			
Operating income	6,273	2,438	10,457
Income after financial items	6,235	2,403	10,409
Income for the period	6,235	2,403	10,409
Comprehensive income for the period	6,235	2,403	10,409
BALANCE SHEET as per end of period			
Non-current assets	83,946	72,749	82,138
Current assets	120	159	156
Total assets	84,066	72,908	82,294
Shareholders' equity	76,691	66,030	74,044
Non-current liabilities	5,592	4,602	4,622
Current liabilities	1,783	2,276	3,628
Total shareholders' equity and liabilities	84,066	72,908	82,294

Alternative Performance Measures and definitions

This report includes financial key ratios that are based on IFRS (earnings per share). 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 (Portfolio value)

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 dividend paid out by the Company is recalculated to consider 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 considering 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

Year-end report 2021: February 10, 2022
Annual report 2021: February 24, 2022
Interim report January-March: April 7, 2022
Annual General Meeting: April 21, 2022 in Stockholm
Interim report January-June: July 7, 2022
Interim report January-September: October 6, 2022

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Ticker codes, Class C shares

INDUC:SS in Bloomberg

INDUc.ST in Reuters

INDU C in NASDAQ OMX

Publication

This information is such that AB Industrivärden is required to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the Head of Corporate Communication and Sustainability stated above, at 7:30 a.m. CET on October 11, 2021.

