

Interim report

January 1–September 30, 2010

- Net asset value on September 30 was SEK 132 per share, an increase of 22% for the year to date including reinvested dividends
- The value of the equities portfolio increased by SEK 7.8 billion to SEK 63.5 billion, or 15%, during the first nine months of the year. The Stockholm Stock Exchange rose 14%
- The total return was 15% for the Class A shares and 19% for the Class C shares during the first nine months of the year, compared with 18% for the return index
- Earnings for the first nine months of the year were SEK 8.4 billion (16.9), or SEK 21.67 per share (43.68)
- Shares worth a total of SEK 2.1 billion, net, were acquired during the first nine months of the year, with an accumulated growth in value of 23%
- Cash offer of SEK 75 per share for Munters; a bid premium of 50%

Net asset value	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
Equities portfolio, SEK billion	63.5	49.6	53.5
Interest-bearing net debt, SEK billion	-12.6	-10.7	-10.8
Net asset value, SEK billion	50.9	38.9	42.8
Net asset value per share, SEK	132	101	111

Total return	9 months	1 year	5 years	10 years	15 years
Class A shares (yearly average)	15%	22%	4%	3%	13%
Class C shares (yearly average)	19%	32%	5%	4%	13%
Benchmark index (SIXRX)	18%	26%	8%	4%	11%
Excess return for Class C shares, percentage points	1	6	-3	0	2

► **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.

Portfolio companies positioned for growth

The global economic recovery is continuing, and with it, concerns over another sharp economic downturn are subsiding. The International Monetary Fund's projections point to global GDP for 2010 that is higher than at the peak reached before the financial crisis. However, there are clear differences in the rate of growth and strength of the recovery in various parts of the world. In emerging economies, spearheaded by China, the rapid expansion continues, with a high level of economic activity. In the U.S., Japan and southern Europe the recovery has been weak, with continued high unemployment, which has forced the central banks to adopt additional stimulus measures. However, the stimulus effects are being counteracted by large budget deficits in these regions, which is forcing governments to implement further austerity measures. For the Swedish economy, the situation is different. Growth is over 4%, and the state's finances are in good shape, with a large surplus in the trade balance. The strengthening of the Swedish krona is a confirmation of this.

The credit and capital markets are now functioning increasingly better, even though the so-called PIGS countries (Portugal, Ireland, Greece and Spain) are having to pay high interest on new loans. The corporate bond market has gained momentum again, with borrowing rates that are once again making this form of financing attractive for companies. This is important, since the bank system – above all in southern Europe – is still struggling with high borrowing costs and impending regulations. I am also happy to note that the fears I described in the half-year report regarding Basel III did not materialize. Following the Basel Committee's publication of new rules in early September, we now have a regulatory code for banks that is built upon more realistic levels for solvency and liquidity requirements. Moreover, the new rules will not be fully implemented until January 2019. This will give the banks time to adapt, which will help improve their ability to provide credits.

The world's stock markets remain nervous and are clearly marked by the uncertainty that exists regarding developments in various parts of the global economy. The Swedish stock market is somewhat

of an exception, with a gain of 14% thus far for the year to date. This can be compared with, for example, the U.S. stock market, which has gained about 2%, which is level with the European index. The fact that gold – a metal with limited use – has been the most popular investment object when the global economy is projected to grow by 3%-4% this year, is a clear sign of the market's risk aversion.

Favorable development of net asset value and share price

Net asset value has developed well during the year and reached SEK 50.9 billion. This entails an increase of SEK 8.1 billion during the first nine months of the year, or 22% including reinvested dividends. The total return index rose 18% during the same period.

The total return for the nine-month period was 15% for the Class A shares and 19% for the Class C shares, compared with 18% for the return index.

Share purchases for more than SEK 2 billion

During the year we have used some of the proceeds from our convertible issue to carry out several share purchases for the future. In total we have made net purchases of stocks for approximately SEK 2.1 billion. These consisted mainly of shares in Volvo, for SEK 1.0 billion, and in companies like SSAB, Sandvik and Skanska, for a combined total of SEK 1.1 billion. These investments have had accumulated growth in value of 23% for the year to date.

Profitable short-term trading with limited risk

Our short-term trading has generated a profit during this year of SEK 98 M, with limited risk. Through good market knowledge and a well-defined work method, our short-term trading has generated a total profit of approximately SEK 900 M since the start in 2003.

Bid for Munters

Industrivärden has decided to divest its holding in Munters by accepting Alfa Lavals cash offer for our shares under certain conditions. On October 1 Alfa Laval raised its original offer from SEK 68 to SEK 75 per share after Nordic Capital offered SEK 73 per share at the end of September. Alfa Laval's offer of SEK 75 per share corresponds to a bid premium of

50% on the average price during the three months period preceding the initial offer. Industrivärden has accepted the raised bid provided that no rival offer is made that exceeds the current offer by at least 5%. The acceptance period expires on October 15.

Portfolio companies positioned for growth

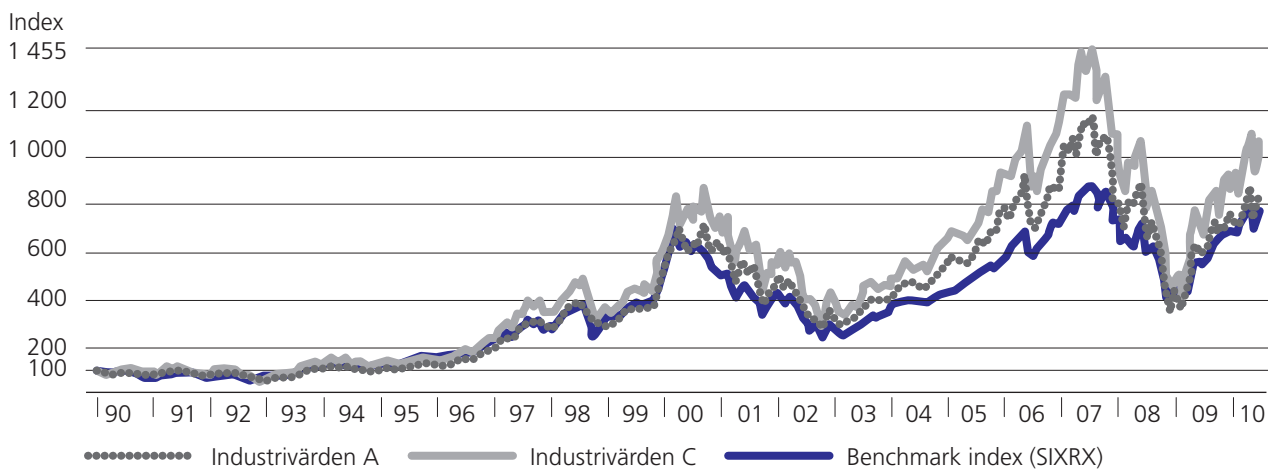
Our portfolio companies continue to perform well, which is illustrated by their half-year reports. The significance of emerging economies on profitability performance is growing increasingly clear, so it is gratifying to note that many of our portfolio companies, such as Volvo and Sandvik, are well positioned for future growth.

One company where we have clearly been able to see the results of normalized demand coupled

with the completion of productivity improvements is Volvo. In pace with the return to profitability, the positive effects of the swift and powerful structural measures that were taken after the financial crisis in 2008 are now becoming apparent. This is clearly illustrated by the return of profitability to the level before the financial crisis, but based on considerably lower volumes. During the same period, Volvo took yet another step forward in key emerging markets in Asia and South America, which today account for more than a third of sales. I am pleased to note that we now have a surplus value in our Volvo holding. Our investment perspective in Volvo is long term, and we see substantial growth potential in the company.

*Anders Nyrén
President and CEO*

Total return for the Industrivärden stock



Net asset value

Net asset value on September 30, 2010, was SEK 50.9 billion, an increase of SEK 8.1 billion for the year to date. Net asset value per share increased by SEK 21 to SEK 132, or 22% including reinvested dividends. During the same period, the total return index (SIXRX) rose 18%.

Equities portfolio

During the first nine months of the year, the value of the equities portfolio grew by SEK 7.8 billion, or 15%, to SEK 63.5 billion. The total return for the portfolio during the same period was 17%, which is level with the total return index (SIXRX).

Net debt

Interest-bearing net debt was SEK 12.6 billion at September 30. The debt-equity ratio was 19.9%, and the equity ratio was 78% (78%). After full conversion of outstanding convertible loans, corresponding to SEK 4.3 billion, the debt-equity ratio amounts to 13.1%.

The convertible loan is hedged, entailing that translation effects on loans, investments, and cash and cash equivalents do not affect net asset value.

Interest-bearing liabilities have an average, fixed interest term of approximately 4 years and carry average interest of 3.8%.

Portfolio companies	September 30, 2010					Dec. 31, 2009			
	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	140,443,752	11.8	11.8	23	14,508	37	11,701	30	
Handelsbanken A	63,208,291	10.1	10.3	22	13,963	36	12,896	34	
Volvo A	85,375,467	4.0	10.4	13	8,042	21	4,283	11	
Volvo B	43,800								
SCA A	45,100,000	10.0	29.5	11	7,248	19	6,754	18	
SCA B	25,700,000								
SSAB A	56,205,597	17.4	22.6	10	6,049	16	6,313	16	
SSAB B	73,498								
Ericsson A	76,680,600	2.3	13.6	9	5,521	14	4,984	13	
Skanska A	15,091,940	7.2	27.6	6	3,773	10	3,533	9	
Skanska B	15,462,457								
Indutrade	14,727,800	36.8	36.8	4	2,747	7	1,992	5	
Munters	10,950,000	14.6	14.6	1	835	2	510	1	
Höganäs B	3,550,000	10.1	8.1	1	776	2	582	2	
Equities portfolio				100	63,462	164	53,548	139	
Interest-bearing net debt					12,607	32	10,766	28	
Net asset value					50,855	132	42,782	111	
Debt-equity ratio, %					19.9		20.1		
Debt-equity ratio after full conversion, %					13.1		–		

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

Return and transactions

Total return

Industrivärden's active ownership has generated competitive growth in value in the portfolio companies over time, entailing that over the long term, Industrivärden's stock has been a good investment delivering a higher total return than the return index.

During the first nine months of 2010 the shareholdings in Munters, Volvo, Indutrade and Höganäs generated a higher return than the return index. On the whole, the total return for the equities portfolio was 17%, which is level with the return index.

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

For the ten-year period, all of the portfolio companies except Ericsson delivered a total return that is higher than 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.–Sept. 2010		Average annual total return, %	
	SEK billion	%	Five years	Ten years
			Sept. '05–Sept. '10	Sept. '00–Sept. '10
Munters	0.3	67	8	10
Volvo	2.8	54	13	17
Indutrade	0.8	42	25	–
Höganäs	0.2	35	9	8
Sandvik	2.5	21	10	15
Ericsson	0.7	14	-10	-17
Handelsbanken	1.6	12	9	8
SCA	0.8	11	6	10
Skanska	0.3	7	8	9
SSAB	-0.8	-11	12	21
Equities portfolio	9.2	17		
Index (SIXRX)		18	8	4
Industrivärden C		19	5	4

The total return 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.

Transactions

During the first nine months of 2010, stocks were purchased for SEK 3,029 M and sold for SEK 885 M. Major purchases were in Volvo, for SEK 1,008 M, SSAB, for SEK 560 M, and Sandvik, for SEK 428 M.

Cash offer for Munters

Alfa Laval has made a cash offer of SEK 75 per share for Munters, corresponding to a bid premium of 50% on the average share price during the quarter through September 3. Industrivärden has accepted the offer provided that no rival offer above the cur-

rent offer by at least 5% is made. The acceptance period expires on October 15.

Short-term trading and management costs

During the first nine months of 2010, Industrivärden's short-term trading generated a profit of SEK 98 M (76) and thereby covered management costs, which amounted to SEK 67 M (63). During the last five-year period, management costs have varied between 0.11% and 0.25% of managed assets, which is considerably lower than for most comparable investment alternatives.

Active ownership in the portfolio companies

Industrivärden's active ownership perspective fosters a keen understanding of the portfolio companies' business, operating environment and ongoing development. By contributing to value creation in the portfolio companies, the value of the assets increases at the same time that Industrivärden's equities risk decreases. Work is conducted in a structured manner with the knowledge, involvement and influence that is required to exercise high-quality active ownership.

Ownership focus in 2010

- Ensure that long-term growth plans are upheld
- Evaluation of potential growth investments
- Capacity adjustments and cost-cutting
- Capital structure

Following is a general description of Industrivärden's investment cases along with strategic options 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

- Consolidation of completed acquisitions
- Structural program for adapting costs and production capacity to the market situation

Handelsbanken

A decentralized branch operation with local customer responsibility has resulted in high customer satisfaction and enabled good profitability.

www.handelsbanken.com

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

VOLVO

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

www.volvogroup.com

- Strong position with acquisition-driven expansion in Asia
- Strong adaptation of operating costs to lower demand



The European leader in hygiene products – with fast-growing brands – and in packaging and forest products. Europe's largest private forest owner.

www.sca.com

- Focus on profitable growth, with strong brands in the hygiene segment
- Efficiency improvement measures in the packaging operations
- Extensive restructuring of the product portfolio

SSAB

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

www.ssab.com

- New market-oriented organization
- The acquisition of IPSCO's North American steel mills and future capacity investments in North America are strengthening SSAB's position as a leading producer of quenched steels and are enabling continued global expansion

ERICSSON

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 (LTE)
- Favorable growth for the Services business
- The acquisition of Nortel's U.S. mobile systems business, together with central customer contracts, has made the company the market leader also in North America

SKANSKA

Unique 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

- Effective construction operations generate good cash flows
- Proven model for value-creating project development
- Strategic focus on environmentally adapted and energy-efficient solutions

Indutrade

The combination of sales of industrial consumables and good organic growth with a highly refined model for acquisition-based growth has resulted in impressive profitability growth.

www.indutrade.com

- Continuous company acquisitions
- Decentralized business model
- Establishment in new geographic markets

Munters

Global leader in energy efficient air treatment solutions.

www.munters.com

- Strong global position in selected niches
- Sharpened focus through sale of service business
- Organic and acquisition-driven growth through gradual broadening of product portfolio

Höganäs

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

www.hoganas.com

- Focus on collaboration with customers on development of new components
- Acquisition of powders business in the U.S.

Other information

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 2.3, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Starting on January 1, 2010, the Parent Company also applies the revised IAS 1 Presentation of Financial Statements. This change has affected the Parent Company's accounting retrospectively and entails that income and expenses that were previously reported directly against shareholders' equity are now reported in a separate statement directly after the income statement. The Parent Company also applies a new accounting policy pertaining to the reporting of associate companies, following an amendment to Ch. 4 § 14 b of the Annual Accounts Act. Associated companies are now measured at fair value also by the Parent Company. Other 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.

Reporting of convertible loan

The convertible loan, which was issued in euros, consists of two components: a debt component and an option component. The debt component is measured at amortized cost using the effective interest method, in accordance with IAS 39. This entails that the loan is revalued over its term at nominal value. This revaluation is reported as a change in value in the income statement, while the coupon interest is reported as an interest expense. In accordance with an IFRIC pronouncement, the option component is reported as a liability, since the currency is different from the functional currency. In accordance with IAS 39, the option is measured on a continuous basis at fair value through profit or loss. Transaction costs are allocated over the term of the loan and are included in change in value in the income statement.

Reporting of assets and liabilities in foreign currency

Assets and liabilities in foreign currency are subject to translation in accordance with the rules of IAS 21 and are restated at the exchange rate in effect on the balance sheet date at the end of each reporting period.

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 September 30, 2010, would have affected the market value by approximately +/- SEK 650 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 nine months of 2010, except for the receipt of dividend income from associated companies.

Stockholm, October 5, 2010

Anders Nyrén
President and CEO

Auditors' Review Report

We have reviewed the interim report for AB Industrivärden (publ) for the period January 1–September 30, 2010. The Board of Directors and President are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish standard for such reviews, SÖG 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with the Annual Accounts Act and IAS 34.

Stockholm, October 5, 2010

PricewaterhouseCoopers AB
Anders Lundin
Authorized Public Accountant

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 Blomberg
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 October 5, 2010.

Financial calendar 2011

Year-end report 2010: February 9
Interim report January–March: April 5
Annual General Meeting 2011: May 5, in Stockholm
Interim report January–June: July 5
Interim report January–September: October 5

Industrivärden Group

SEK M	2010 July–Sept.	2009 July–Sept.	2010 Jan.–Sept.	2009 Jan.–Sept.	2009 Jan.–Dec.
Income statement					
Dividend income from stocks	0	0	1,379	1,871	1,871
Change in value of stocks, etc.	4,348	8,440	7,352	15,385	19,307
Other income and expenses*	-25	-3	32	14	14
Operating income	4,323	8,437	8,763	17,270	21,192
Financial items	-131	-129	-392	-399	-523
Income after financial items	4,192	8,308	8,371	16,871	20,669
Tax	-	-	-	-	-
Net income for the period	4,192	8,308	8,371	16,871	20,669
Earnings per share, SEK	10.85	21.51	21.67	43.68	53.51
Earnings per share after full conversion, SEK	10.27		20.74		
Statement of comprehensive income					
Income for the period	4,192	8,308	8,326	16,871	20,669
Change in hedging reserve	30	30	28	30	30
Comprehensive income for the period	4,222	8,338	8,354	16,901	20,699
Balance sheet as per end of period					
Equities			63,462	49,594	53,548
Other non-current assets			210	24	25
Total non-current assets			63,672	49,618	53,573
Short-term equity investments**			56	109	128
Other current assets			33	231	89
Total current assets			89	340	217
Total assets			63,761	49,958	53,790
Shareholders' equity			49,784	38,746	42,544
Non-current interest-bearing liabilities			10,554	8,507	8,513
Non-current noninterest-bearing liabilities			824***	14	13
Total non-current liabilities			11,378	8,521	8,526
Current interest-bearing liabilities			2,238	2,381	2,330
Other liabilities			361	310	390
Total current liabilities			2,599	2,691	2,720
Total shareholders' equity and liabilities			63,761	49,958	53,790
Cash flow					
Cash flow from operating activities			1,047	1,464	1,341
Cash flow from investing activities			-2,144	392	440
Cash flow from financing activities****			1,232	-2,952	-2,877
Cash flow for the period			135	-1,096	-1,096
Exchange rate difference in cash and cash equivalents*****			-135	-	-
Cash and cash equivalents at the end of the period			0	0	0

* Including short-term trading and management costs.

** Including Hemtex, for which the change in value is included in short-term trading.

*** Of which, the option portion of the convertible loan of SEK 814 M, which at the time of issue amounted to SEK 383 M.

**** Of which, dividend of SEK 1,159 M paid to the shareholders in 2010 and SEK 1,738 M in 2009.

***** Hedging of convertible loan.

SEK M	2010 Jan.–Sept.	2009 Jan.–Sept.	2009 Jan.–Dec.
Changes in shareholders' equity			
Opening shareholders' equity as per balance sheet	42,544	23,583	23,583
Comprehensive income for the period	8,399	16,901	20,699
Dividend	-1,159	-1,738	-1,738
Closing shareholders' equity as per balance sheet	49,784	38,746	42,544

Key data as per end of period

Net asset value per share, SEK	132	101	111
Share price (Class A), SEK	98.10	83	88
Share price (Class C), SEK	95.00	75	82
Number of shares (thousands)*	386,271	386,271	386,271

Interest-bearing net debt at end of period

Interest-bearing assets	185	195	77
Non-current interest-bearing liabilities	10,554 **	8,507	8,513
Current interest-bearing liabilities	2,238	2,381	2,330
Interest-bearing net debt	12,607	10,693	10,766

* Number of shares upon full conversion (thousands), 430,539.

** Of which, convertible loan totaling SEK 4,277 M.

Industrivärden – Parent Company

SEK M	2010 Jan.–Sept.	2009 Jan.–Sept.	2009 Jan.–Dec.
Income statement			
Operating income*	5,607	9,162	11,373
Income after financial items	5,253	8,801	10,901
Income for the period	5,253	8,801	10,901
Statement of comprehensive income			
Income for the period	5,253	8,801	10,901
Change in hedging reserve	28	30	30
Comprehensive income for the period	5,281	8,831	10,931
Balance sheet as per end of period			
Non-current assets**	51,886	41,789	44,078
Current assets	173	334	223
Total assets	52,059	42,123	44,301
Shareholders' equity**	37,888	31,663	33,766
Non-current liabilities	10,378	7,507	7,513
Current liabilities	3,793	2,953	3,022
Total shareholders' equity and liabilities	52,059	42,123	44,301

* Effect of changed accounting policies regarding associated companies

** Effect of changed accounting policies regarding associated companies

651 1,931

3,501 4,784



Long-term industrial
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