



Long-term investor and active owner in internationally active Nordic quality companies

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Interim Report

January 1–March 31, 2015

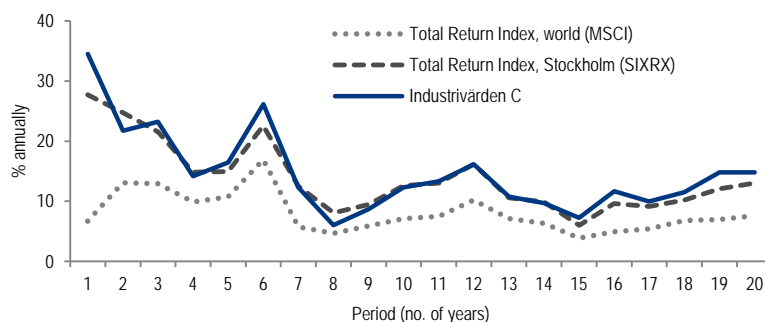
- > **The total return** for the first quarter was 19% for both the Class A and the Class C shares, compared with 16% for the SIXRX total return index.
- > **Net asset value** on March 31, 2015, was SEK 186/share, which amounts to a rise of 18% since the start of the year. Earnings per share for the first quarter were SEK 27.06 (14.36).
- > **Bengt Kjell acting CEO of IndustriVärden as from the AGM on May 6th, 2015.** A new CEO is expected to be presented during the third quarter of 2015.

NET ASSET VALUE



During the last twenty-year period, net asset value has increased by 8% per year, and by 11% per year incl. reinvested dividends.

AVERAGE ANNUAL TOTAL RETURN FOR EACH TIME PERIOD



For longer periods of time, the Class C shares have generated a higher total return than the Stockholm Stock Exchange's total return index. This performance is even stronger in comparison with a European or world index.

CEO's message

Strong stimulus measures for growth

Numerous macroeconomic activities and events are currently taking place which together are creating an unprecedented stimulus of the Western world's economies. This is needed, to be sure, because growth in the major economies in Europe and in Japan is still far too weak. In the U.S. growth is picking up, with falling jobless figures as a result. So far this has not led to pay raises and higher inflation. However, the point is nearing when America's central bank, the Fed, can be expected to carry out its first interest rate hike in nine years.

In Europe, extensive Quantitative Easing stimulus programs are currently in progress, which together with zero interest rates have dramatically weakened the euro. This, combined with considerably lower oil prices, has translated to a stimulus of historically unique proportions. This should lead to a needed acceleration of growth in the euro area, where growth and unemployment as well as inflation have been unsatisfactory. In Japan, Abenomics is slowly but surely lifting the economy out of decades of stagflation. With negative or virtually zero interest on treasuries, the world's bond rally is over. In such a situation, the only investment alternative remaining is equities. Against this background it is hardly surprising that the European bourses, in particular, have shown strong growth as investors seek returns for the large volumes of liquidity.

The stimulus measures that are now being carried out will gradually lead to a strengthening of the economies in emerging markets and to an increase in global trade. So far, however, we have not seen any tangible effects of these measures in our portfolio companies' order books. But, there are positive signs, such as Volvo's truck deliveries in Western Europe increased by 17% during the two opening months of the year, which indicates a slightly improved market. Focus for the portfolio companies is however still on structural and efficiency improvement measures. These programs are developing well and are creating, together with strong balance sheets and good cash flows, the scope for investments and acquisitions that is needed for future growth. One example is Ericsson's investment during the year in the telecom business of the Chinese company Sunrise Technology to expand its IT service offering in China. Strong finances are also enabling favorable dividend levels. This is especially important in times of low interest rates as support for companies' value performance.

Management changes at the portfolio companies

On March 1 Magnus Groth took office as the new CEO of SCA. Magnus was previously responsible for SCA's European consumer products business, and prior to this he served as CEO of Studsvik. Pär Boman has been proposed by SCA's nomination committee to serve as the new Chairman of the Board of SCA.

A new CEO was also appointed at Handelsbanken during the period. Frank Vang-Jensen, with a career at Handelsbanken going back many years, served most recently as head of the bank's Swedish operations. He took over as Group Chief Executive in connection with Handelsbanken's Annual General Meeting, when the former Group Chief Executive, Pär Boman, was elected as the new Chairman of the Board.

Developments in 2015

Industrivärden has performed well thus far during the year. At the close of the first quarter, net asset value amounted to SEK 81 billion, or SEK 186 per share – an increase of 18% during the period, compared with 16% for the return index. During the same period, the total return was 19% for both the Class A and the Class C shares, compared with 16% for the return index.

Trading showed a strong first quarter and generated a profit of SEK 65 million.

Management changes at Industrivärden

In connection with the Annual General Meeting in May, after fourteen eventful years I will be leaving my role as President and CEO of Industrivärden. This interim report, the 56th during my tenure, will therefore be my last. It has been an exciting journey taking Industrivärden from more of an equities manager to its current role as a proactive and engaged owner. Provided that the AGM accepts the Nominating Committee's proposal, I will be elected as Chairman of the Board of Industrivärden on May 6. I am very happy to have been given this confidence, and I look forward to participating in Industrivärden's continued development.

The ongoing recruitment of a new CEO of Industrivärden is progressing well, but will be extended somewhat in time. The Board believes that it will be able to present a new CEO during the third quarter of 2015. In the interim period, after the AGM Bengt Kjell will serve as acting CEO. He is a former Executive Vice President and Chief Investment Officer of Industrivärden and knows the company well. In addition, he has considerable experience in board work. Given his background, Bengt is well-suited for this assignment.

Annual General Meeting on May 6

On May 6 Industrivärden will hold its Annual General Meeting in the Vinterträdgården hall at Stockholm's Grand Hotel. I hope as many shareholders as possible will attend and take this opportunity to ask questions and share their views. You are warmly welcome!

Anders Nyrén

Overview

COMPOSITION OF NET ASSET VALUE AND TOTAL RETURN FOR THE PORTFOLIO COMPANIES

Portfolio companies	03/31/2015						3M: 2015	
	No. of shares	Ownership in company, %		Share of value, %	Market value		Total return	TR for the stock
		Capital	Votes		SEK M	SEK/share	SEK M	%
Handelsbanken A	64 661 679	10.2	10.3	27	25 173	58	2 569	11
Volvo A	142 154 571	6.8	21.2	16	14 884	35	2 767	23
Volvo B	3 000 000				313			
Sandvik	151 184 257	12.1	12.1	16	14 582	34	2 987	26
SCA A	40 500 000	10.0	29.5	15	8 100	33	2 158	18
SCA B	30 300 000				6 021			
Ericsson A	86 052 615	2.6	15.2	9	8 743	20	1 149	15
ICA Gruppen	21 125 000	10.5	10.5	7	6 107	14	-353	-5
Skanska A	12 667 500	7.1	24.0	6	2 450	13	782	15
Skanska B	17 343 995				3 354			
SSAB A	58 105 972	10.7	17.7	3	2 466	6	-186	-7
SSAB B	754 985				29			
Kone	3 412 500	0.7	0.3	1	1 308	3	143	12
Other				0	215	0	32	
Equities portfolio				100	93 744	217	12 050	15
Interest-bearing net debt					-13 157	-30	Index:	16
of which, convertible loan					-4 881	-11		
Net asset value					80 587	186		
Net debt-equities ratio						14%		
Net asset value after full conversion						184		
Net debt-equities ratio after full conversion						9%		

DEVELOPMENT OF NET ASSET VALUE

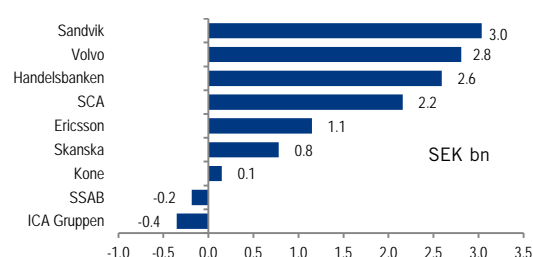
SEK/share	03/31/2015	12/31/2014	9/30/2014	6/30/2014	03/31/2014
Equities portfolio	217	192	186	188	210
Interest-bearing net debt	-30	-34	-34	-32	-41
of which, convertible loans	-11	-11	-11	-11	-20
Net asset value	186	158	152	156	169
Net debt-equities ratio	14%	18%	18%	17%	19%
Net asset value after full conversion	184	158	152	156	162
Net debt-equities ratio after full conversion	9%	12%	12%	11%	10%

Performance

Net asset value

During the first quarter, net asset value increased by SEK 12.2 billion, to SEK 80.6 billion. Net asset value per share increased by SEK 28 to SEK 186, which amounts to a rise of 18%, compared with a 16% rise for the total return index (SIXRX). On March 31, 2015 net asset value amounted to SEK 184 per share after full conversion of the convertible loan that matures in 2017.

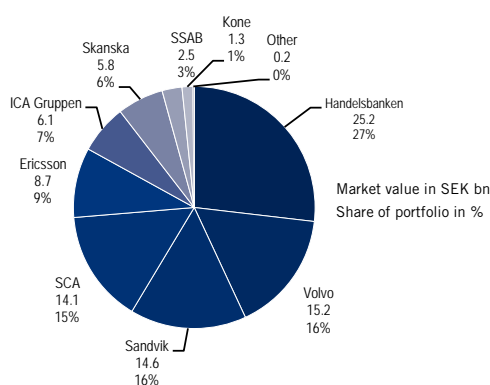
DEVELOPMENT OF EQUITIES PORTFOLIO INCL. REINVESTED DIVIDENDS, 3M:2015



Equities portfolio

During the first quarter the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 10.9 billion to 93.7 billion. The shareholdings in Sandvik, Volvo and SCA generated higher returns than the total return index. The total return for the portfolio was 15%, compared with 16% for the total return index.

SPLIT OF EQUITIES PORTFOLIO AS PER MARCH 31, 2015



Investment activities

During the first quarter, total net purchases per holding were SEK 79 million and total net sales per holding were SEK 401 million. The largest net purchase was in Volvo for SEK 79 million. The largest net sale was in Skanska for SEK 353 million.

Dividends

Dividends from the portfolio companies amounted to SEK 1.2 billion during the first quarter. Dividends received from portfolio companies are expected to amount to SEK 3.2 billion during 2015. In 2014, dividends received from portfolio companies amounted to SEK 3.0 billion, while Industrivärden distributed SEK 2.3 billion in dividend to the shareholders. The Board of Directors proposes a dividend of SEK 6.25, or SEK 2.7 billion, for 2015, corresponding to a dividend yield of 4.6% for the Class C shares at year-end 2014. The estimated average dividend yield for the Stockholm Stock Exchange was 3.3% at the time for publication of this report.

Net debt

Industrivärden's interest-bearing net debt amounted to SEK 13.2 billion on March 31, 2015. The debt-equities ratio was 14%, and the equity ratio was 82% (77%). Assuming full conversion of outstanding convertible loans, totaling SEK 4.9 billion, interest-bearing net debt amounted to SEK 8.3 billion, and the debt-equities ratio was 9%. At current exchange rate (SEK/EUR), it is profitable to convert Industrivärden's outstanding convertible loan when the share price exceeds SEK 165/share.

At the end of the first quarter, interest-bearing liabilities had an average capital duration of approximately 2.5 years and carried an average interest rate of approximately 1.9%.

No part of the Group's borrowings is conditional on any covenants. Industrivärden's current credit rating is A-/Stable/A-2 (S&P).

Convertible loan

The conversion price for Industrivärden's outstanding convertible loan 2011-2017 amounts to SEK 157.57 (corresponding to EUR 17.74/share), whereby a maximum of 31.0 million Class C shares would be added upon full conversion. Conversion is done at a fixed exchange rate of SEK 8.8803/EUR 1, entailing that at an actual exchange rate of SEK 9.29/EUR 1, it is profitable to convert when the share price exceeds SEK 165/share.

Upon conversion of the loan, the debt is converted to equity, and the number of shares outstanding increases. Conversion does not give rise to any financial dilution, since the loan is invested in the equities portfolio, and the conversion price has been set at a premium to net asset value.

Exchangeable bond

In 2014, a SEK 4.4 billion exchangeable bond, based on the ICA Gruppen stock, was issued as part of the continuous refinancing of the equities portfolio. The bond matures in 2019 and was issued at a premium to the existing share price for ICA Gruppen of approximately 38% and carries no interest. At a potential future redemption there is a possibility to pay either with shares or with cash equivalents.

Conversion of Class A shares to Class C shares

At the 2011 Annual General Meeting, a share conversion clause was added to Industrivärden's articles of association. Shareholders have the right at any time to convert Class A shares to Class C shares.

During the first quarter, 150 A-shares were converted. Following the conversions, the number of votes in the company is 284 601 572.1. The total number of registered shares in the company amount to 432 341 271, of which 268 186 050 are Class A shares and 164 155 221 are Class C shares.

Trading and management cost

During the first quarter, Industrivärden's trading generated a profit of SEK 65 million (82).

The management cost amounted to SEK 61 million (36). The increase mainly relates to one-off costs related to organizational changes within the investment operation. Industrivärden's management cost was 0.17% of managed assets, which is considerably lower than for most comparable investment alternatives.

Financial statements

INDUSTRIVÄRDEN GROUP

SEK M	2015 Jan.-Mar.	2014 Jan.-Mar.	2014 Jan.-Dec.
INCOME STATEMENT			
Dividend income from stocks	1 165	1 100	2 984
Change in value of stocks, etc.	10 600	4 608	2 627
Short-term derivative transactions and equity trading	65	82	178
Management cost	-61	-36	-146
Operating income	11 769	5 754	5 643
Financial items	-71	-127	-378
Income after financial items	11 698	5 627	5 265
Tax	-	-	-
Net income for the period	11 698	5 627	5 265
Earnings per share, SEK	27.06	14.36	12.62
Earnings per share after dilution, SEK	26.13	12.64	11.39
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income for the period	11 699	5 622	5 230
BALANCE SHEET as per end of period			
Equities	93 744	83 144	83 062
Non-current receivables	649	0	375
Total non-current assets	94 393	83 144	83 437
Cash and cash equivalents	270	438	0
Other current assets	1 366	1 159	622
Total current assets	1 636	1 597	622
Total assets	96 029	84 741	84 059
Shareholders' equity	79 105	65 385	67 406
Non-current interest-bearing liabilities	11 100	9 982	11 666
Non-current non interest-bearing liabilities*	1 208	429	858
Total non-current liabilities	12 308	10 411	12 524
Current interest-bearing liabilities	4 298	7 708	3 905
Other liabilities	318	1 237	224
Total current liabilities	4 616	8 945	4 129
Total shareholders' equity and liabilities	96 029	84 741	84 059
CASH FLOW			
Cash flow from operating activities	1 096	1 037	2 458
Cash flow from investing activities	322	-389	-1 561
Cash flow from financing activities**	-1 148	-702	-1 387
Cash flow for the period	270	-54	-490
Exchange rate difference in cash and cash equivalents	0	2	0
Cash and cash equivalents at end of period	270	438	0

* Of which, the option portion of the convertible loan and exchangeable bond, totaling SEK 1 081 M (1 356), which at the times of issue amounted to a combined total of SEK 934 M.

** Of which, dividends of SEK 2 282 M were paid to shareholders in 2014.

SEK M	2015 Jan.-Mar.	2014 Jan.-Mar.	2014 Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	67 406	59 280	59 280
Comprehensive income for the period	11 699	5 622	5 230
Conversion	0	483	5 169
Dividend	0	0	-2 282
Other	0	0	9
Closing shareholders' equity as per balance sheet	79 105	65 385	67 406
KEY DATA as per end of period			
Net asset value per share, SEK	186	169	158
Net asset value per share after full conversion, SEK	184	162	158
Share price (Class A), SEK	171	135	143
Share price (Class C), SEK	162	125	136
Number of shares (thousands)*	432 341	395 740	432 341
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	270	438	0
Interest-bearing assets	1 971	1 073	939
Non-current interest-bearing liabilities**	11 100	9 982	11 666
Current interest-bearing liabilities	4 298	7 708	3 905
Interest-bearing net debt	13 157	16 179	14 632

* Number of shares upon full conversion (thousands), 463 338.

** Of which, convertible loans of SEK 4 881 M (8 081).

INDUSTRIVÄRDEN PARENT COMPANY

SEK M	2015 Jan.-Mar.	2014 Jan.-Mar.	2014 Jan.-Dec.
INCOME STATEMENT			
Operating income	8 469	4 647	3 044
Income after financial items	8 430	4 564	2 816
Income for the period	8 430	4 564	2 816
Comprehensive income for the period	8 431	4 559	2 781
BALANCE SHEET AS PER END OF PERIOD			
Non-current assets	53 889	50 616	48 092
Current assets	5 508	1 227	2 813
Total assets	59 397	51 843	50 905
Shareholders' equity	45 595	36 529	37 164
Non-current liabilities	10 308	7 412	11 024
Current liabilities	3 494	7 902	2 717
Total shareholders' equity and liabilities	59 397	51 843	50 905

Accounting policies and notes

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2 – Accounting for Legal Entities, and the Swedish Annual Accounts Act.

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

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 March 31, 2015, would have affected its market value by approximately +/- SEK 950 million.

Fair value measurement of financial instruments

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

Responsibility for fair value measurement, which is based on documentation produced by the Company's risk manager, rests with management. ISDA agreements exist with the pertinent counterparties.

03/31/2015	Level 1	Level 2	Level 3	Total
Assets				
Equities	93 590	-	154	93 744
Derivatives	7	19	-	26
Total assets	93 597	19	154	93 770
	Level 1	Level 2	Level 3	Total
Liabilities				
<i>Non-current liabilities</i>				
Option portion of convertible loan and exchangeable bond	-	1 081	-	1 081
Other derivatives	-	127	-	127
<i>Current liabilities</i>				
Derivatives	80	50	-	130
Total liabilities	80	1 258	-	1 338

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

Related party transactions

During the quarter, no material related party transactions took place.

Other

Annual General Meeting and dividend

The 2015 Annual General Meeting will be held on Wednesday, May 6 at 2 p.m. at the Grand Hotel (Vinterträdgården) in Stockholm. The Board of Directors proposes a dividend of SEK 6.25 (5.50) per share and May 8, 2015, as the record date. Dividends are expected to be sent out via Euroclear Sweden on May 13, 2015.

Recommendation for election of board members at the Annual General Meeting

The Nominating Committee recommends the re-election of Pär Boman, Christian Caspar, Nina Linander, Fredrik Lundberg, Annika Lundius and Anders Nyrén. Sverker Martin-Löf, Boel Flodgren and Stuart Graham have declined re-election. As new Chairman of the Board the recommendation is Anders Nyrén. As a matter of information it can be mentioned that the principal owners have proposed that Industrivärden's Board appoint Fredrik Lundberg as Vice Chairman of the Board.

New acting CEO in Industrivärden

The recruitment of a new President and CEO in Industrivärden is expected to be completed during the third quarter 2015. For the interim period until the new President takes office, the Board of Directors of Industrivärden has appointed Bengt Kjell (b.1954) as acting CEO. During the period 2002–2010 Bengt Kjell was employed by Industrivärden as Executive Vice President and Chief Investment Officer. Today he is CEO of Handelsbanken's subsidiary Aktiebolaget Handel och Industri, an assignment he will leave, and a member of ICA Gruppens board and has also been proposed to serve as the new Chairman of the Board of SSAB. In addition to this, he has a number of board assignments, including as Chairman of Hemfosa and as Vice Chairman of Indutrade.

Stockholm, April 8, 2015

Anders Nyrén, President and CEO

2014 Annual Report

Industrivärden's 2014 Annual Report was published on February 20, 2015, and is available on the Company's website and can be ordered from the Company.

Financial calendar

Annual General Meeting: May 6, 2015
Interim report January–June: July 6, 2015
Interim report January–September: October 5, 2015

Publication

The information provided in this interim report is such that AB Industrivärden (publ) is obligated to publish pursuant to the Securities Market Act. Submitted for publication at 10:00 a.m. on April 8, 2015.

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Contacts and further information

Industrivärden's complete contact information can be found on page 1. For further information, please visit Industrivärden's website: www.Industrivarden.net.

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

Value creation

Active ownership – business concept and strategy

Industrivärden is a long-term investor and active owner in internationally active Nordic quality companies. Through a professional investment operation and active ownership, the business mission is to generate high growth in net asset value and thereby enable a long-term total return for the shareholders that is higher than the average for the Stockholm Stock Exchange. Based on substantive knowledge in

strategic company development and corporate governance, financial strength and an extensive network, active ownership is exercised through board representation. Industrivärden thereby contributes to maximizing the portfolio companies' growth in value over time. Since its establishment seventy years ago, Industrivärden has generated long-term competitive shareholder value at a low cost and low risk.

Our view of Skanska – case study



Skanska is one of the world's leading project development and construction groups, concentrated on selected home markets in the Nordic countries, other European countries and in North America. Its mission is to develop, build and maintain the physical environment for living, traveling and working. The company strives to be an industry leader in sustainable development, particularly with respect to occupational health and safety, green building and ethics.

Skanska's overall goals are to generate customer and shareholder value, to be a leading builder in its home markets in terms of size and profitability, and to be a leading project developer in selected areas.

Financial synergies are created by investing cash flow from the construction operations in project development, generating a favorable return on capital.


Operations are conducted through the Construction, Residential Development, Commercial Property Development and Infrastructure Development business units.

During the last ten-year period Skanska's stock has generated an annual excess return of 2 percentage points over the stock market index. During the last 15 months, Skanska's stock has delivered a total return of 53%, compared with 34% for the Stockholm Stock Exchange.

Further information on the portfolio companies

Handelsbanken High customer satisfaction through local customer responsibility. www.handelsbanken.com

VOLVO Leading position in modern transport solutions. www.volvogroup.com

 Unique know-how in customer adapted materials technology. www.sandvik.com



Innovative hygiene and forest products. www.sca.com

ERICSSON  Leadership in telecom. www.ericsson.com



The Nordic region's leading retail company through local entrepreneurship. www.icagruppen.se

SKANSKA International construction and project development business. www.skanska.com

SSAB Niche focus on high-strength steel. www.ssab.com
