

INTERIM REPORT 3M:2017

January 1 – March 31, 2017

- The total return for the first quarter 2017 amounted to 15 % for the Class A shares and 14 % for the Class C shares, compared with 6 % for the total return index (SIXRX).
- Net asset value on March 31, 2017, was SEK 93.4 billion, or SEK 215/share, an increase during the first quarter of SEK 24/share or by 13 %.
- Earnings per share during the first quarter 2017 amounted to SEK 23.86 per share.
- The debt-equities ratio as per March 31, 2017, was 10 %, a decrease since year-end of 2 %-points.
- During the first quarter 2017, the convertible bond worth EUR 550 M matured, whereby approximately 9%, corresponding to 50.9 MEUR, was converted to 2.9 million new Class C shares.

VALUE PERFORMANCE

Annual average change as per March 31, 2017

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
3M:2017	13%	14%	6%
1 year	33%	45%	21%
3 years	12%	20%	12%
5 years	15%	19%	15%
7 years	12%	16%	12%
10 years	6%	8%	8%

*Including reinvested dividend.



CEO's message

- Continued favorable growth in value for several portfolio companies
- Portfolio value now over SEK 100 bn

EXTERNAL FACTORS

The macroeconomic conditions are slightly positive, and global growth in 2017 is forecast to reach 3.4%, according to the IMF. The U.S. economy is expected to strengthen in 2017, and in mid-March the Fed raised its key rate by 0.25 percentage points. In Europe, growth is having a harder time gaining momentum. Compared with previously, the Chinese economy is performing at a lower, but presumably stable level. The positive trend has continued in the stock market, and companies are expected to show slight earnings growth for 2017. However, there is still continued great uncertainty over developments in politics, interest rates and currencies. In Europe, several elections will be held during the spring. There is every reason to keep our eye on unfolding macroeconomic developments and their effect on our portfolio companies and the stock markets.

PORTFOLIO COMPANIES

The prevailing macroeconomic trend, with significant differences between the various geographic areas and rapidly shifting megatrends, is a reality that all internationally operating companies must contend with. Against this background, several of our portfolio companies are working to achieve increased flexibility, among other things through greater decentralization, strengthened balance sheets and continuous improvements in operations. We believe that a clear business focus, strong customer orientation and a keen ability to adapt are vital factors for generating a competitive return over time. At times, however, bigger steps are required for a company's development. A current example I can point to is the proposed split of SCA into two listed companies – a forest products company and a hygiene company. As a long-term active owner we support this split, which the shareholders will decide upon at SCA's AGM today, April 5. In companies like Sandvik and Volvo, the work is continuing with a greater focus on the core businesses. This theme is also at the heart of Ericsson's focused business strategy, which was presented at the end of March. The company is now sharpening its focus on the core business and taking various measures for greater efficiency, which I believe is the right path forward.

INDUSTRIVÄRDEN'S PERFORMANCE

Several of our portfolio companies have had good growth in value thus far in 2017, and at the end of March we can report a portfolio value in excess of SEK 100 billion for the first time. On March 31 net asset value was SEK 93.4 billion, or SEK 215 per share, which corresponds to an increase of 13 % during the quarter. During the first quarter the total return for the Class A and C shares was 15 % and 14 %, respectively, compared with 6 % for the total return index.

NOMINATING COMMITTEE WORK

An important part of active ownership involves evaluating the portfolio companies' boards and working together with other shareholders to draft recommendations for board elections ahead of the companies' AGMs. For this reason we put great energy into formulating our own assessments of the boards' work, their compositions and future competency needs, and in developing our network of potential candidates for future board elections. The nominating committees have now all submitted their recommendations ahead of this spring's AGMs, and the work has gone well. It is our ambition to strengthen the boards over time, and this spring's nominations include a number of new and highly qualified board members.

ANNUAL GENERAL MEETING

Industrivärden will hold its Annual General Meeting on May 9 in the Vinterträdgården room at the Grand Hôtel in Stockholm. I will take the opportunity then to describe some of the activities we carried out during the past year and will also share my thoughts on future value creation.

Stockholm, April 5, 2017

Helena Stjernholm
CEO

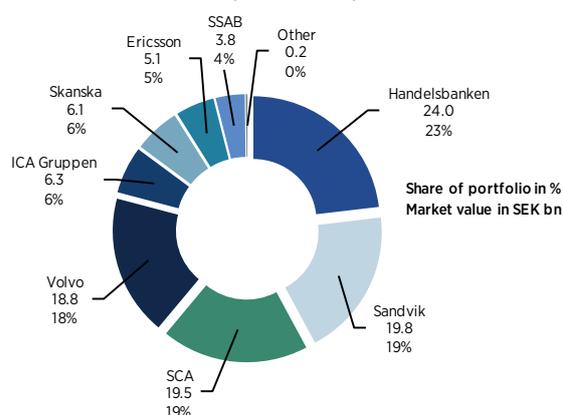
Overview

INDUSTRIVÄRDEN IN BRIEF

Industrivärden conducts long-term asset management that creates value through active ownership. The long-term goal is to increase net asset value and thereby generate a return for Industrivärden's shareholders that exceeds the market's required rate of return. Taking into account the risk profile of the portfolio's investments, the shareholders are to be given a total return which over time is higher than the average for the Stockholm Stock Exchange.

More information can be found on www.industrivar-den.net.

EQUITIES PORTFOLIO, MARCH 31, 2017



COMPOSITION OF EQUITIES PORTFOLIO AND NET ASSET VALUE

	3/31/2017				3M:2017		Total return	TR for the stock
	Share of ownership, %		Market value		SEK M	%		
Portfolio companies	No. of shares	Capital	Votes	Share of value, %	SEK M	SEK/share	SEK M	%
Handelsbanken A	194 923 948	10.0	10.2	23	23 956	55	258	1
Sandvik	147 584 257	11.8	11.8	19	19 762	45	3 129	19
SCA A	35 000 000	9.5	29.7	19	10 325	45	2 363	15
SCA B	31 800 000				9 190			12
Volvo A	142 154 571	6.7	21.7	18	18 793	43	3 554	23
ICA Gruppen	20 625 000	10.3	10.3	6	6 307	14	575	10
Skanska A	12 667 500	6.9	23.9	6	2 673	14	-119	-2
Skanska B	16 343 995				3 449			-2
Ericsson A	86 052 615	2.6	15.1	5	5 077	12	615	13
Ericsson B	1 000 000				60			14
SSAB A	63 105 972	11.4	18.2	4	2 238	9	88	3
SSAB B	54 633 318				1 605			2
Other				0	227	1	21	
Equities portfolio				100	103 662	238	10 484	11
Interest-bearing net debt					-10 080	-23	Index:	6
Adjustment regarding exchangeable bond					-141	0		
Net asset value					93 441	215		
Debt-equities ratio						10%		

Performance

NET ASSET VALUE

Net asset value on March 31, 2017, was SEK 93.4 billion, or SEK 215 per share, an increase during the first quarter 2017 of SEK 24/share or by 13 %. The Stockholm Stock Exchange's total return index (SIXRX) increased by 6 % during the same period.

During the last five and ten-year period, net asset value grew by 15 % and 6 %, respectively, per year including reinvested dividend. The SIXRX total return index increased by 15 % and 8 %, respectively, during the same period.

EQUITIES PORTFOLIO

During the first quarter 2017 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 9.4 billion. On March 31, 2017 the equities portfolio amounted to SEK 103.7 billion, or SEK 238 per share. The shareholdings in Volvo, Sandvik and SCA made significant positive contributions to the equities portfolio's value performance.

During the last three-year period the shareholdings in SCA, Sandvik and Skanska have had higher total returns than the total return index (SIXRX), while the shareholdings in SSAB and Ericsson have had lower total returns than the total return index. The shareholdings in ICA Gruppen, Volvo and Handelsbanken generated total return on par with the total return index.

CASH FLOW

Investment activities

During the first quarter 2017 no major purchases or sales were made.

Board of Directors dividend proposal 2017

The Board of Directors proposes a dividend of SEK 5.25 per share (5.00) and May 11, 2017, as the record date. The total dividend payout will amount to SEK 2 285 M (2 162).

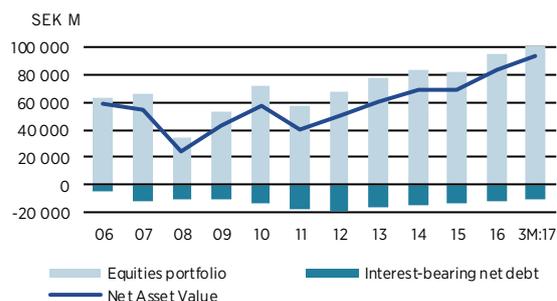
Management cost

The management cost during the first quarter 2017 amounted to SEK 26 M (31), which on a yearly basis corresponded to 0.10 % of the equities portfolio's value on March 31, 2017.

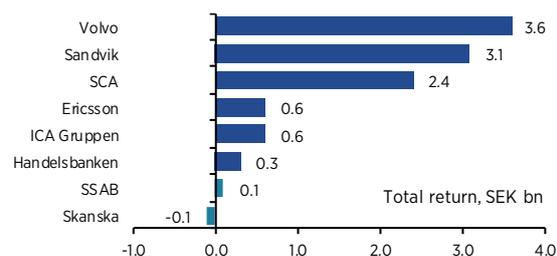
DEVELOPMENT OF NET ASSET VALUE 3M:2017

	3/31/2017		12/31/2016	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	103.7	238	94.2	218
Interest-bearing net debt	-10.1	-23	-11.5	-27
Adjustment exchangeable	-0.1	0	-	-
Net asset value	93.4	215	82.8	191

DEVELOPMENT OF NET ASSET VALUE, 10 YEARS



CONTRIBUTION ANALYSIS OF SHAREHOLDINGS 3M:2017



PERFORMANCE OF SHAREHOLDINGS, 3 YEARS

	Annual average total return, %	
	3 years	
SCA	19	
Sandvik	17	
Skanska	16	
ICA Gruppen	13	
Volvo	12	
Handelsbanken	9	
SSAB	-2	
Ericsson	-6	
Total return index (SIXRX)	12	

NET DEBT

Interest-bearing net debt amounted to SEK 10.1 billion on March 31, 2017. The debt-equities ratio was 10 %, and the equity ratio was 88 % (84). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

On March 31, 2017, interest-bearing liabilities had an average capital duration of over 2 years and carried an average interest rate of approximately 1.0 %. Current unutilized committed bank loans that can be used for refinancing needs amounts to SEK 2 billion.

No part of Industrivärden 's borrowings is conditional on any covenants. Standard & Poor 's credit ranking on Industrivärden 's is A/Stable/A-1.

In 2014 a SEK 4.4 billion exchangeable bond was issued based on ICA Gruppen 's stock. The bond matures in 2019 and was issued at a premium of approximately 38 % to ICA Gruppen 's, share price at the time and carries no interest. The conversion price amounted to SEK 296.34 per share as per March 31, 2017. In the event of a potential future conversion there is a possibility to pay either with shares or with cash equivalents.

The six-year convertible bond worth EUR 550 M that was issued in January 2011 matured on February 27, 2017, whereby approximately 9% of the convertible bond, corresponding to 50.9 MEUR, was converted to 2 868 606 new Class C shares.

INDUSTRIVÄRDEN SHARE DATA

The market prices for Industrivärden 's Class A and C shares were SEK 207.10 and SEK 194.10 on March 31, 2017. At year-end 2016 the corresponding market prices were SEK 180.20 and SEK 169.80.

The total return for Industrivärden 's Class A and C shares during the first quarter 2017 were 15 % and 14 %, respectively, compared with 6 % for the total return index. The total returns for Industrivärden 's shares over longer periods of time are shown in the table on page 1.

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 2017, 100 shares were converted.

INTEREST-BEARING NET DEBT, MARCH 31, 2017

	Framework, SEK M	Utilized amount, SEK M	Maturity
Exchangeable bond		4 283	2019
MTN-program	8 000	3 020	2018-2021
Bank loans		2 000	2017
Commercial paper	2 000	1 200	2017
Pension debt		123	
Other short-term borrowing		1 510	2017
Total borrowing		12 136	
Less:			
Interest-bearing receivables		1 396	
Cash and cash equivalents		660	
Interest-bearing net debt		10 080	

SHARE STRUCTURE, MARCH 31, 2017

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	268 185 330	268 185 330	61.6	94.1
C (1/10 vote)	167 024 547	16 702 454	38.4	5.9
Total	435 209 877	284 887 784	100.0	100.0

Other

ANNUAL GENERAL MEETING

The 2017 Annual General Meeting will be held on Tuesday, May 9 at 2 p.m. at the Grand Hotel, Vinterträdgården hall, in Stockholm. Notification to attend can be made by post, by electronic application on Industrivärden's website, or by phone, at +46-8-402 92 86.

PROPOSED DIVIDEND

The Board of Directors has proposed that the AGM vote in favor of a dividend of SEK 5.25 per share. The last day to buy shares that carry entitlement to the dividend is May 9, 2017, entailing that Industrivärden shares will be traded ex-rights on May 10, 2017. Provided that the AGM resolves in favor of the proposal, it is expected that dividends will be sent out by Euroclear Sweden on May 16, 2017.

ANNUAL REPORT

Industrivärden's 2016 Annual Report was published on February 23, 2017, and is available on the Company's website and can be ordered from the Company.

RECOMMENDATION FOR ELECTION OF BOARD MEMBERS AT THE ANNUAL GENERAL MEETING

The Nominating Committee proposes re-election of board members Pär Boman, Christian Caspar, Bengt Kjell, Nina Linander, Fredrik Lundberg, Annika Lundius, Lars Pettersson and Helena Stjernholm. In addition, Fredrik Lundberg is proposed for re-election as Chairman of the Board. Information about the nominated board members is provided on Industrivärden's website.

DISPUTES

In the interim report for the first quarter 2016, claims made by Refaat el-Sayed against Industrivärden, were announced, which were to be resolved by an arbitration procedure. On December 6, 2016 the arbitration tribunal resolved the dispute fully in Industrivärden's favor. On March 3, 2017 Refaat el-Sayed challenged the arbitration award. This means that the court of appeal, without ruling on the merits of Refaat el-Sayed's claims, will decide whether the arbitration proceedings, as Refaat el-Sayed submits, were subject to formal procedural errors to such an extent that the arbitration award must, partly or wholly, be set aside.

FINANCIAL CALENDAR

2017 Annual General Meeting: May 9, 2017 in Stockholm
Interim report January–June: July 5, 2017
Interim report January–September: October 5, 2017

CONTACT PERSONS

Sverker Sivall, Head of Corporate Communication and Sustainability
Martin Hamner, CFO
Helena Stjernholm, CEO

CONTACT INFORMATION

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TICKER CODES

INDUC:SS, Bloomberg
INDUc.ST, Reuters
INDU C, NASDAQ OMX

PUBLICATION

This information is information that AB Industrivärden is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency by the Head of Corporate Communication and Sustainability stated above, at 10:00 a.m. CET on April 5, 2017.

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

Financial statements

GROUP

SEK M	2017 Jan.-Mar.	2016 Jan.-Mar.	2016 Jan.-Dec.
INCOME STATEMENT			
Dividend income from stocks	1 062	1 152	3 078
Change in value of stocks, etc.	9 372	2 064	13 687
Management cost	-26	-31	-112
Operating income	10 408	3 185	16 653
Financial items	-45	-51	-202
Income after financial items	10 363	3 134	16 451
Tax	-	-	-
Net income for the period	10 363	3 134	16 451
Earnings per share, SEK	23.86	7.25	38.05
Earnings per share after dilution, SEK	23.86	6.41	34.93
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income for the period	10 363	3 134	16 441
BALANCE SHEET as per end of period			
Equities	103 662	81 930	94 250
Other non-current assets	13	485	214
Total non-current assets	103 675	82 415	94 464
Cash and cash equivalents	660	1 115	823
Other current assets	1 438	689	337
Total current assets	2 098	1 804	1 160
Total assets	105 773	84 219	95 624
Shareholders' equity	92 974	70 984	82 129
Non-current interest-bearing liabilities	8 925	6 797	7 382
Non-current non interest-bearing liabilities*	525	515	414
Total non-current liabilities	9 450	7 312	7 796
Current interest-bearing liabilities	3 211	5 575	5 425
Other liabilities	138	348	274
Total current liabilities	3 349	5 923	5 699
Total shareholders' equity and liabilities	105 773	84 219	95 624
CASH FLOW			
Cash flow from operating activities	995	1 105	2 854
Cash flow from investing activities	0	1 540	834
Cash flow from financing activities**	-1 158	-1 535	-2 870
Cash flow for the period	-163	1 110	818
Cash and cash equivalents at end of period	660	1 115	823

* Of which, the option component of the exchangeable bond, totaling SEK 428 M, which at the time of issue amounted to a total of SEK 335 M.

** Of which, dividends of SEK 0 (2 162) M paid to shareholders.

SEK M	2017	2016	2016
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
CHANGES IN SHAREHOLDERS' EQUITY			
Opening shareholders' equity as per balance sheet	82 129	67 850	67 850
Conversion	482	-	-
Comprehensive income for the period	10 363	3 134	16 441
Dividend	0	0	-2 162
Closing shareholders' equity as per balance sheet	92 974	70 984	82 129
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	660	1 115	823
Interest-bearing assets	1 396	1 135	503
Non-current interest-bearing liabilities	8 925	6 797	7 382
Current interest-bearing liabilities	3 211	5 575	5 425
Interest-bearing net debt	10 080	10 122	11 481

PARENT COMPANY

SEK M	2017	2016	2016
	Jan.-Mar.	Jan.-Mar.	Jan.-Dec.
INCOME STATEMENT			
Operating income	7 606	3 243	11 343
Income after financial items	7 591	3 218	11 259
Income for the period	7 591	3 218	11 259
Comprehensive income for the period	7 591	3 218	11 249
BALANCE SHEET as per end of period			
Non-current assets	60 720	46 278	53 333
Current assets	936	2 383	1 284
Total assets	61 656	48 661	54 617
Shareholders' equity	51 403	37 461	43 330
Non-current liabilities	7 450	5 312	5 796
Current liabilities	2 803	5 888	5 491
Total shareholders' equity and liabilities	61 656	48 661	54 617

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 earnings for financial position.

ALTERNATIVE PERFORMANCE MEASURES

The definitions for the alternative performance measures net asset value, debt-equities ratio, market value of the equities portfolio and interest-bearing net debt are provided in the 2016 Annual Report. The equity ratio is defined as equity in relation to total assets. These alternative performance measures are essential for the understanding and evaluation of an investment company's business.

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 that 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 master agreements exist with the pertinent counterparties.

3/31/2017	Level 1	Level 2	Level 3	Total
Assets				
Equities	103 465	-	197	103 662
Derivatives, etc.	-	35	-	35
Total assets	103 465	35	197	103 697
Liabilities				
<i>Non-current liabilities</i>				
Option component of exchangeable bond	-	-428	-	-428
Derivatives, etc.	-	-97	-	-97
Total liabilities	-	-525	-	-525

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

RISKS AND UNCERTAINTIES

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a change in value caused by changes in share prices. A 1% change in the share price of the holdings in the equities portfolio as per March 31, 2017, would have affected its market value by approximately +/- SEK 1 000 M.

RELATED PARTY TRANSACTIONS

During the first quarter 2017 there were no material transactions with related parties.

