

INTERIM REPORT 9M:2017

January 1 – September 30, 2017

- The total return for the first nine months 2017 amounted to 23 % for the Class A shares and 25 % for the Class C shares, compared with 12 % for the Stockholm Stock Exchanges' total return index (SIXRX).
- Net asset value on September 30, 2017, was SEK 95.9 billion, or SEK 220/share, an increase since year-end 2016 of SEK 29/share or by 18 % including reinvested dividend.
- Earnings per share during the first nine months 2017 amounted to SEK 34.73 per share.
- The debt-equities ratio as per September 30, 2017, was 10 %, a decrease since year-end of 2 %-points.
- In February, the convertible bond worth EUR 550 M matured, whereby approximately 9 % was converted to 2.9 million new Class C shares.
- In June, the portfolio company SCA was divided in the hygiene and health company Essity as well as the forest products company SCA.

VALUE PERFORMANCE

Annual average change as per September 30, 2017

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
9M:2017	18%	25%	12%
1 year	27%	33%	16%
3 years	16%	22%	13%
5 years	16%	21%	16%
7 years	11%	16%	12%
10 years	6%	9%	8%

*Including reinvested dividend.



CEO's message

- Continued favorable growth in net asset value
- Distinct value creation in portfolio companies that have taken major change steps

EXTERNAL FACTORS

Generally speaking the growth forecasts are favorable for the major economies, both this year and for 2018, although differences remain from region to region.

The recovery in Europe continues. The growth forecasts have strengthened, and the political risks have subsided somewhat. The uncertainty surrounding Brexit remains, however.

Growth in the U.S. economy is good, but the growth rate has been revised downwards. This is mainly due to expectations for further tightening in monetary policy and more modest stimuli than what were previously announced. Uncertainty surrounding the effects of Trump's policies is magnifying this sentiment.

In China, growth has stabilized at a slightly higher level. Several growth countries benefit from a weaker US dollar, which strengthened their competitiveness and stabilized the situation.

From a geopolitical perspective, there are number of hot spots, including the situation surrounding North Korea, which is creating uncertainty regionally as well as for the global economy.

All in all, a strong macroeconomic environment and continued favorable outlooks for companies have buttressed the favorable stock market growth, even though we have seen somewhat higher volatility since the half-year mark. From an overall perspective, low interest rates have set the stage for continued capital inflows to the stock market, which favors investments in equities.

PORTFOLIO COMPANIES

In recent years several of our portfolio companies have carried out major changes designed to bolster their long-term competitiveness and enhance value creation. Against this background it is gratifying to see that several of these portfolio companies have had exceptional growth in value during the year. Sometimes it is necessary to take more sweeping actions, but perhaps what's most important is to work with continuous improvements.

One portfolio company that is going through an extensive change process is Volvo. As part of the company's stronger focus on organic growth and improved profitability, during the third quarter Volvo introduced new financial targets. Among these, the Volvo Group has set a new target for its operating margin, which shall exceed 10% measured over a business cycle.

I also want to mention something about our two "new" portfolio companies, Essity and SCA. In recent years the former SCA has performed very well, which has been reflected in its strong growth in value. The split of SCA into a hygiene and health company and a forest products company increase the scope for action and opportunities for value creation. These standalone companies are now working with greater focus on generating continued favorable growth. We believe that both Essity and SCA have good opportunities to create enhanced value creation.

Finally, a few words about Ericsson. The company works in an industry with tough competition and rapid technological development. Ericsson is now working on the implementation of its focused business strategy and has intensified its work on cutting costs and increasing efficiency.

INDUSTRIVÄRDEN'S PERFORMANCE

Net asset value on September 30, 2017, was SEK 95.9 billion, or SEK 220 per share, representing an increase of 18% during the year, including reinvested dividend. At the end of the period, the portfolio's value was SEK 106.7 billion and net debt was SEK 10.7 billion, corresponding to a debt-equities ratio of 10%. This means that the debt-equities ratio has decreased by two percentage points since year-end.

The total return for the Class A and Class C shares was 23% and 25%, respectively, compared with 12% for the total return index (SIXRX).

Stockholm, October 5, 2017

Helena Stjernholm
CEO

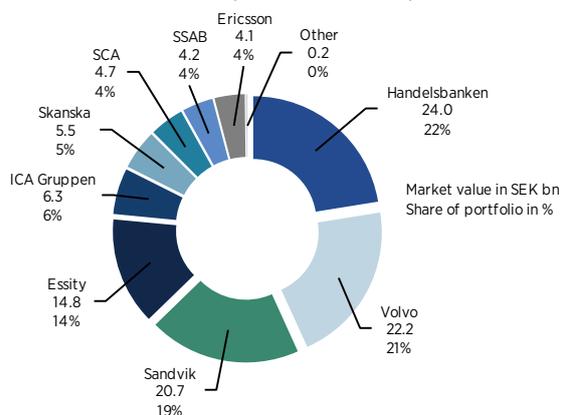
Overview

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, SEPTEMBER 30, 2017



COMPOSITION OF EQUITIES PORTFOLIO AND NET ASSET VALUE

	9/30/2017						9M:2017	
	No. of shares	Share of ownership, %		Share of value, %	Market value		Total return	TR for the stock
Capital		Votes	SEK M		SEK/share	SEK M	%	
Portfolio companies								
Handelsbanken A	194 923 948	10.0	10.2	22	23 956	55	258	1
Volvo A	142 154 571	6.7	21.8	21	22 247	51	7 589	50
Sandvik	147 584 257	11.8	11.8	19	20 736	48	4 511	27
Essity A	35 000 000	9.5	29.8	14	7 721	34	1 512	11
Essity B	31 800 000				7 047			11
ICA Gruppen	20 625 000	10.3	10.3	6	6 313	15	807	14
Skanska A	12 667 500	6.9	23.9	5	2 390	13	-542	-9
Skanska B	16 343 995				3 084			-9
SCA A	35 000 000	9.5	29.7	4	2 511	11	1 238	35
SCA B	31 800 000				2 194			34
SSAB A	63 105 972	11.4	18.2	4	2 476	10	487	13
SSAB B	54 633 318				1 766			12
Ericsson A	86 052 615	2.6	15.1	4	4 054	9	-440	-10
Ericsson B	1 000 000				47			-11
Other				0	197	0	48	
Equities portfolio				100	106 740	245	15 468	16
Interest-bearing net debt					-10 678	-25	Index:	12
Adjustment regarding exchangeable bond					-182	-0		
Net asset value					95 881	220		
Debt-equities ratio						10%		

The total return for Essity and SCA has been calculated as the respective company's share of the original company, SCA's, total return before the split (based on share of value at the time of division), and then based on the value development in each company. The split was carried out on June 9 and the first trading day in Essity was on June 15, 2017.

Performance

NET ASSET VALUE

Net asset value on September 30, 2017, was SEK 95.9 billion, or SEK 220 per share, an increase during the first nine months of SEK 29 per share, corresponding to 15 % or by 18 % including reinvested dividend. The dividend paid out in 2017 amounted to SEK 5.25 per share. The total return index (SIXRX) increased by 12 % during the same period.

During the last five and ten-year period, net asset value grew by 16 % and 6 %, respectively, per year including reinvested dividend. The total return index (SIXRX) increased by 16 % and 8 %, respectively, during the same period.

EQUITIES PORTFOLIO

During the first nine months 2017 the value of the equities portfolio increased by SEK 12.5 billion. On September 30, 2017 the equities portfolio amounted to SEK 106.7 billion, or SEK 245 per share. The shareholdings in Volvo, Sandvik, Essity and SCA made significant positive contributions to the equities portfolio's value performance.

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

CASH FLOW

Investment activities

During the first nine months 2017 no purchases or sales were made in the portfolio companies.

On April 5, 2017 the Annual General Meeting of SCA decided to distribute all shares in Essity (formerly SCA Hygiene) to SCA's shareholders. The distribution to the shareholders was conducted in accordance with the Swedish "Lex Asea" rules, entailing that the distribution was exempt from taxation. One share of Class A in SCA carried entitlement to one share of Class A in Essity and one share of Class B in SCA carried entitlement to one share of Class B in Essity. The first day of trading was on June 15, 2017.

Dividend paid out

The Annual General Meeting on May 9, 2017 approved the Board of Directors' proposal of a dividend of SEK 5.25 per share (5.00). The total dividend payout amounted to SEK 2 285 M (2 162).

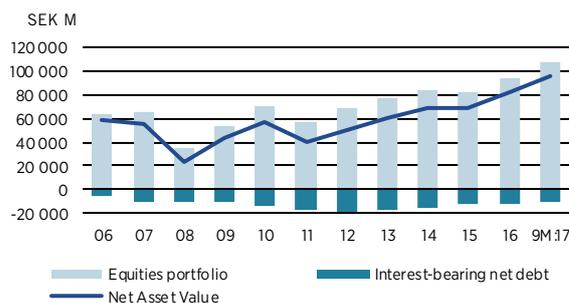
Management cost

The management cost during the first nine months 2017 amounted to SEK 82 M (86), which on a yearly basis corresponded to 0.10 % of the equities portfolio's value on September 30, 2017.

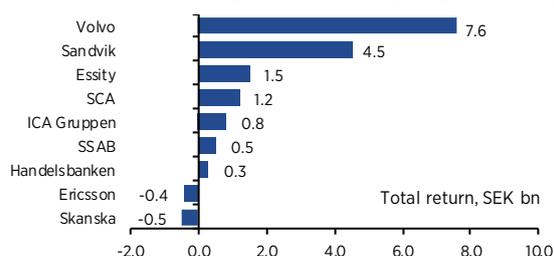
DEVELOPMENT OF NET ASSET VALUE 9M:2017

	9/30/2017		12/31/2016	
	SEK bn	SEK/share	SEK bn	SEK/share
Equities portfolio	106.7	245	94.2	218
Interest-bearing net debt	-10.7	-25	-11.5	-27
Adjustment exchangeable	-0.2	-0	-	-
Net asset value	95.9	220	82.8	191

DEVELOPMENT OF NET ASSET VALUE, 10 YEARS



CONTRIBUTION ANALYSIS OF SHAREHOLDINGS 9M:2017



PERFORMANCE OF SHAREHOLDINGS, 3 YEARS

	Annual average total return, %
	3 years
Volvo	29
SCA*	28
Sandvik	23
Essity*	20
ICA Gruppen	13
Skanska	12
Handelsbanken	8
SSAB	-6
Ericsson	-16
Total return index (SIXRX)	12

*For calculation methodology see table at page 3.

NET DEBT

Interest-bearing net debt amounted to SEK 10.7 billion on September 30, 2017. The debt-equities ratio was 10 %, and the equity ratio was 89 % (85). The debt-equities ratio is calculated as interest-bearing net debt in relation to the market value of the equities portfolio.

On September 30, 2017, interest-bearing liabilities had an average capital duration of approximately 2 years and carried an average interest rate of approximately 0.2 %. 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 strike price amounted to SEK 293.86 per share as per September 30, 2017. In the event of a potential future exchange, 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 217.40 and SEK 206.30 on September 30, 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 nine months 2017 were 23 % and 25 %, respectively, compared with 12 % for the total return index (SIXRX). 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 nine months 2017, 1 025 shares were converted.

INTEREST-BEARING NET DEBT, SEPTEMBER 30, 2017

	Credit facility, SEK M	Utilized amount, SEK M	Maturity
Exchangeable bond		4 331	2019
MTN-program	8 000	3 317	2018-2021
Commercial paper	2 000	2 000	2017
Pension debt		120	
Other short-term borrowing		1 233	2017
Total borrowing		11 001	
Less:			
Interest-bearing receivables		323	
Interest-bearing net debt		10 678	

SHARE STRUCTURE, SEPTEMBER 30, 2017

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	268 184 405	268 184 405	61.6	94.1
C (1/10 vote)	167 025 472	16 702 547	38.4	5.9
Total	435 209 877	284 886 952	100.0	100.0

Other

FINANCIAL CALENDAR

Year-end report 2017: February 8, 2018

Interim report January–March: April 9, 2018

Annual General Meeting: April 17, 2018 in Stockholm

Interim report January–June: July 5, 2018

Interim report January–September: October 5, 2018

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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 October 5, 2017.

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

Financial statements

GROUP

SEK M	2017 Jul.-Sep.	2016 Jul.-Sep.	2017 Jan.-Sep.	2016 Jan.-Sep.	2016 Jan.-Dec.
INCOME STATEMENT					
Dividend income from stocks	0	0	2 786	3 078	3 078
Change in value of stocks, etc.	1 551	7 098	12 475	7 106	13 687
Management cost	-27	-26	-82	-86	-112
Operating income	1 524	7 072	15 179	10 098	16 653
Financial items	-5	-52	-75	-153	-202
Income after financial items	1 519	7 020	15 104	9 945	16 451
Tax	-	-	-	-	-
Net income for the period	1 519	7 020	15 104	9 945	16 451
Earnings per share, SEK	3.49	16.23	34.73	23.00	38.05
Earnings per share after dilution, SEK	3.49	15.43	34.73	21.31	34.93
STATEMENT OF COMPREHENSIVE INCOME					
Comprehensive income for the period	1 519	7 020	15 104	9 945	16 441
BALANCE SHEET as per end of period					
Equities			106 740	87 771	94 250
Other non-current assets			12	312	214
Total non-current assets			106 752	88 083	94 464
Cash and cash equivalents			0	931	823
Other current assets			332	56	337
Total current assets			332	987	1 160
Total assets			107 084	89 070	95 624
Shareholders' equity			95 431	75 633	82 129
Non-current interest-bearing liabilities			7 268	6 843	7 382
Non-current non interest-bearing liabilities*			503	500	414
Total non-current liabilities			7 771	7 343	7 796
Current interest-bearing liabilities			3 733	5 855	5 425
Other liabilities			149	239	274
Total current liabilities			3 882	6 094	5 699
Total shareholders' equity and liabilities			107 084	89 070	95 624
CASH FLOW					
Cash flow from operating activities			2 633	2 922	2 854
Cash flow from investing activities			0	856	834
Cash flow from financing activities**			-3 456	-2 852	-2 870
Cash flow for the period			-823	926	818
Cash and cash equivalents at end of period			0	931	823

* Of which, the option component of the exchangeable bond, totaling SEK 429 M, which at the time of issue amounted to a total of SEK 335 M.

** Of which, dividends of SEK 2 285 (2 162) M paid to shareholders.

SEK M	2017 Jan.-Sep.	2016 Jan.-Sep.	2016 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	15 104	9 945	16 441
Dividend	-2 285	-2 162	-2 162
Closing shareholders' equity as per balance sheet	95 431	75 633	82 129
INTEREST-BEARING NET DEBT at end of period			
Cash and cash equivalents	0	931	823
Interest-bearing assets	323	330	503
Non-current interest-bearing liabilities	7 268	6 843	7 382
Current interest-bearing liabilities	3 733	5 855	5 425
Interest-bearing net debt	10 678	11 437	11 481

PARENT COMPANY

SEK M	2017 Jan.-Sep.	2016 Jan.-Sep.	2016 Jan.-Dec.
INCOME STATEMENT			
Operating income	11 797	6 772	11 343
Income after financial items	11 776	6 711	11 259
Income for the period	11 776	6 711	11 259
Comprehensive income for the period	11 776	6 711	11 249
BALANCE SHEET as per end of period			
Non-current assets	63 674	48 932	53 333
Current assets	511	1 260	1 284
Total assets	64 185	50 192	54 617
Shareholders' equity	53 304	38 793	43 330
Non-current liabilities	7 771	5 343	5 796
Current liabilities	3 110	6 056	5 491
Total shareholders' equity and liabilities	64 185	50 192	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 or financial position.

ESSITY SHARES

Revenue amounting to 16 120 M from received Essity shares have been reported in the income statement on the line Change in value of stocks, etc. The corresponding negative change in value of SCA shares have been reported on the same line.

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

9/30/2017	Level 1	Level 2	Level 3	Total
Assets				
Equities	106 543	-	197	106 740
Derivatives, etc.	-	3	-	3
Total assets	106 543	3	197	106 743
Liabilities				
Option component of exchangeable bond	-	-429	-	-429
Derivatives, etc.	-	-84	-	-84
Total liabilities	-	-513	-	-513

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 September 30, 2017, would have affected its market value by approximately +/- SEK 1 100 M.

RELATED PARTY TRANSACTIONS

During the first nine months 2017, dividend income was received from associated companies.

