

Interim Report

January 1 - September 30, 2001

■ *Industrivärden's stock*

Total return¹ as per October 29, 2001: -25%, Total Return Index -24%
Price trend as per October 29, 2001: -29%, General Index -26%

■ *Net asset value*

As per October 29, 2001:	SEK 182 per share and CPN
Change since start of year:	-36%
As per September 30, 2001:	SEK 166 per share and CPN
As per December 31, 2000:	SEK 283 per share and CPN

■ *Listed portfolio*

Value at October 29, 2001:	SEK 37,387 M
Change in value since start of year:	-32%, General Index -26%
Value at September 30, 2001:	SEK 34,512 M
Value at December 31, 2000:	SEK 54,961 M

■ *Resolution made by Extraordinary General Meeting to cancel the CPN loan*

¹Price trend and reinvested dividends.



ABOUT INDUSTRIVÄRDEN

Industrivärden is one of Sweden's leading holding companies, with sizable ownership stakes in a number of international listed corporations. Industrivärden's business mission is to invest in stocks and, through active ownership, create good long-term growth in value for the Company's shareholders. The goal is to give shareholders both a total return and dividend that are higher than the average for the Stockholm Stock Exchange. During the last five-year period, this goal has been achieved by a wide margin.

Investments are to be made in a concentrated portfolio of stocks, primarily in listed Nordic companies. Investments can also be made in unlisted companies with good growth potential, which subsequently may become listed or be sold.

CEO's COMMENTS

A discussion on the stock market's performance can seem impertinent against the background of the tragedies that followed the terrorist attacks in the U.S. on September 11 and which continue to mark the continued development. As a stock investor it is naturally easy to be swept along by the current mood in the stock markets. We all tend to stare ourselves blind by the short-term perspective. However, if you raise your eyes a bit, a more nuanced picture emerges.

Despite the price correction that has taken place, the long-term trend for equity investments has been very good and there is every reason to expect that it will continue. During the period under review, the market has been on hold, which has put a damper on business opportunities. Against this background, no major deals have been carried out. However, from our perspective as a long-term investor, situations like this create opportunities to make acquisitions at favorable levels. I can also note that we are currently analyzing a number of interesting business propositions.

With an investment focus on sectors like telecom and financial services, our portfolio performed weakly in 2001. The composition of our portfolio is designed to deliver a long-term total return that is higher than the market average. We have achieved this goal for many years running and have shown that building shareholder value through active ownership and analysis has been a successful strategy. We will stick to this strategy. I therefore look to the future with confidence.

Anders Nyren



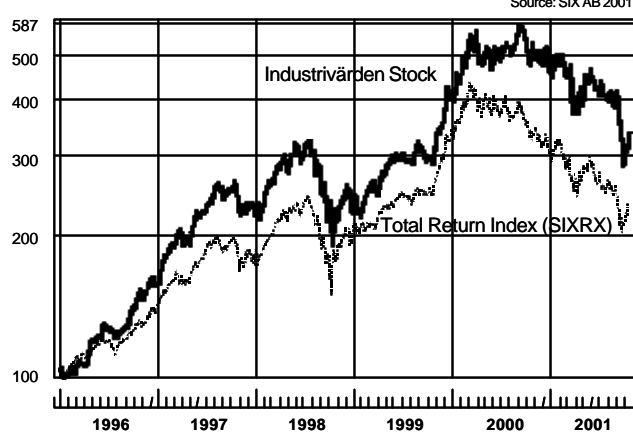
INDUSTRIVÄRDEN'S STOCK

Industrivärden's stock fell by 29 percent from the beginning of the year through October 29, 2001. The General Index fell by 26 percent during the same period. The total return was -25 percent, compared with -24 percent for the Total Return Index.

From the end of 1995 through October 29, 2001, Industrivärden's stock delivered an average total return of 24 percent per year, while the Findata Total Return Index measured 16 percent per year during the same period.

Industrivärden's average yearly dividend increased by 25 percent during the five-year period 1996–2000. The average dividend yield during this five-year period was 3.8 percent, which is twice as high as the average for companies listed on the Stockholm Stock Exchange.

Total Return Index

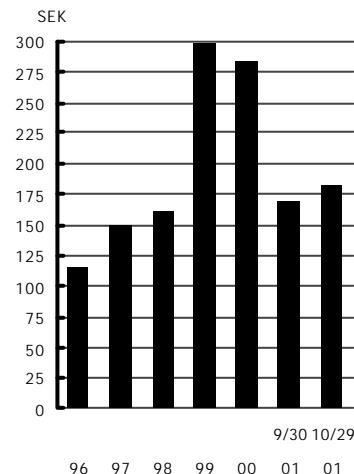


NET ASSET VALUE

Net asset value is defined as the actual market value of the stocks in the listed portfolio, the calculated value of the industrial and trading operation, and the book value of other unlisted holdings, less the net value of other assets and liabilities.

Industrivärden's net asset value² as per September 30 has been calculated at SEK 31.7 billion, corresponding to SEK 166 per share and CPN. As per October 29, net asset value has been calculated at SEK 182 per share and CPN. Net asset value at December 31, 2000, was SEK 283 per share and CPN.

Net Asset Value per Share and CPN



²Total number of shares and CPNs: 191,206,984. The wholly owned industrial and trading operations have been assigned a calculated value using a P/E multiple of 13 (the same as at year-end 2000), based on current estimations of the companies' earnings for 2001.



Composition of Net Asset Value

A breakdown of the components making up net asset value as per September 30 and October 29, 2001, is presented in the table below.

Parent Company	SEK billion		SEK per share and CPN	
	Oct. 29	Sept. 30	Oct. 29	Sept. 30
Listed stocks	37.4	34.5	196	180
Industrial and trading operations and other unlisted holdings	3.8	3.8	20	20
Total stock portfolio	41.2	38.3	216	200
Other assets and liabilities	-6.3	-6.5	-34	-34
Net asset value	34.9	31.8	182	166

INDUSTRIVÄRDEN'S STOCK PORTFOLIO

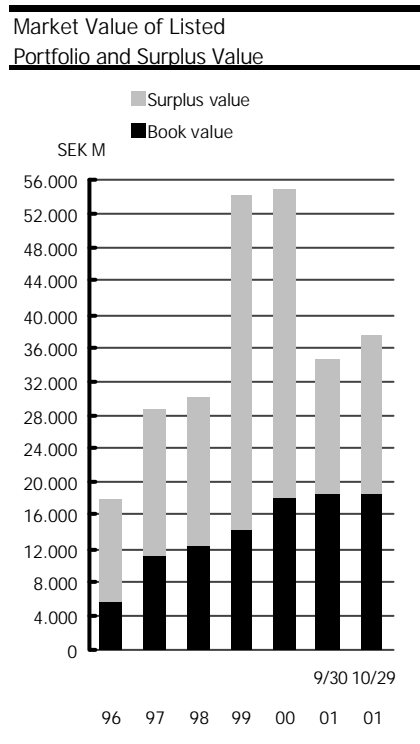
Industrivärden's stock portfolio consists of the listed portfolio, which accounted for 90 percent of the total portfolio value as per September 30, and the industrial and trading operations and other unlisted holdings, which together accounted for 10 percent of the total portfolio value.

LISTED PORTFOLIO

The portfolio of listed stocks had a market value of SEK 34,512 M on September 30 (SEK 54,961 M at the start of the year), and the surplus value was SEK 15,793 M (SEK 36,935 M at the start of the year). Adjusted for purchases and sales, the change in value since the start of the year was -38 percent, compared with -31 percent for the General Index. Sales from the portfolio of listed stocks generated capital gains of SEK 474 M.

During the third quarter, purchases of listed stocks totaled SEK 593 M and sales totaled SEK 14 M. Major purchases consisted of 4,000,000 Eniro and 1,324,000 Skandia.

During the first nine months of the year, purchases of listed stocks totaled SEK 1,321 M and sales totaled SEK 1,150 M. Stocks were thus purchased for a net value of SEK 171 M. Major purchases consisted of 4,000,000 Eniro, 2,639,000 Handelsbanken, 350,000 Pharmacia Corp., 1,324,000 Skandia and 500,000 Nokia. Major sales consisted of 2,983,100 Handelsbanken, 1,000,000 Skanska (prior to the 4:1 split), and 1,500,000 Eniro. A specification of the result of sales of listed stocks is provided on page 10.





Portfolio of Listed Stocks as per September 30, 2001

Stock	Number	Market value		Percent of portfolio value	Percent of capital in company	Percent of votes in company
		SEK M	SEK per share and CPN			
Ericsson	186,000,000	7,403	38	21	2.3	28.0
Handelsbanken	48,655,900	6,739	35	20	6.8	7.4
SCA	20,087,532	4,622	24	13	8.5	28.6
Sandvik	23,000,000	4,439	23	13	8.7	8.7
Skandia	49,170,800	2,852	15	8	4.6	4.6
Lundbeck A/S	8,400,000	2,091	11	6	3.6	3.6
Skanska	28,302,756	1,967	10	6	6.8	30.8
Pfizer Inc.	3,000,000	1,281	7	4	0.0	0.0
SSAB	12,065,600	923	5	3	12.0	15.6
Pharmacia Corp.	1,650,000	704	4	2	0.1	0.1
Scania	3,000,000	415	2	1	1.5	1.8
Eniro	4,000,000	308	2	1	2.4	2.4
Other (<SEK 300 M)		768	4	2		
Total		34,512	180	100		

The listed portfolio above included the following stocks which were out on loan:

Stock	Number
Handelsbanken	41,000
Skandia	4,394,738
SSAB	306,500

Price Trend for the Largest Shareholdings

The price trend during the first nine months of the year for the largest shareholdings, which accounted for 87 percent of the portfolio's value as per September 30, was as follows:

Stock	Share of portfolio value as per September 30, %	Price change, %	
		January - September	January - October 29
Ericsson	21	-64	-57
Handelsbanken	20	-14	-15
SCA	13	14	18
Sandvik	13	-15	1
Pharmaceuticals	12	-10	0
Skandia	8	-62	-57
General Index	-	-31	-26



Ericsson's stock performed below the General Index³ but on a par with other international telecom companies. Overcapacity and mounting price pressure in the telecom industry, combined with continued high development costs for third-generation mobile systems (3G), led to a substantial operating loss for the first nine months of the year. Delayed investments in 3G have also entailed substantial structural costs for capacity adjustment. An extensive efficiency-improvement program is under way to reinstate profitability. The program is expected to have a substantial earnings impact in 2002. The joint-venture company formed with Sony in the area of mobile telephones began operating as planned on October 1.

Ericsson is the world's leading supplier of mobile systems. The company's relative position has strengthened during the year, as most of its competitors have been hit harder by the tight market situation.

Handelsbanken's stock performed better than the General Index, the bank & financial services index, and other Nordic commercial banks. Net interest income as well as revenues from currency and fixed-income trading developed well, mainly due to an increase in business volume. However, net commissions weakened due to the stock market decline. According to a fresh study conducted by Svenskt Kvalitetsindex, Handelsbanken has consolidated its position as the major bank with the most satisfied customers.

Sandvik was favorably affected by higher volumes and good capacity utilization. All three business units showed improved operating income during the first half of the year. Sandvik's stock outperformed the industrial index as well as the General Index.

SCA benefited from continued high demand for hygiene products and packaging. Operating income improved in all three business units. SCA's stock outperformed the forestry index as well as the General Index.

Industrivärden's pharmaceutical holdings (Lundbeck A/S, Pfizer Inc. and Pharmacia Corp.) performed better than the General Index. Lundbeck's stock, in particular, outperformed the index on news of continued strong sales growth for the company's antidepressive agent citalopram. Despite a delay in the launch of the new antidepressive drug Cipralext pending regulatory approval, the stock has performed well.

Skandia was affected by the weak trend in the world's stock markets, which has resulted in a decline in savings and poor value development for managed assets. Sales decreased in the U.S. and the UK, but were unchanged in other markets. Skandia's stock performed below the General Index.

Trend for the Listed Portfolio Through October 29, 2001

The market value of the listed portfolio on October 29 was SEK 37,387 M, and the surplus value was SEK 18,810 M. Adjusted for purchases and sales, the portfolio's value decreased by 32 percent compared with the start of the year. The General Index decreased by 26 percent during the same period.

³ All index comparisons pertain to Affärsvärlden's sector Breakdown.



UNLISTED HOLDINGS

Industrial and Trading Operations

Net sales of the operating subsidiaries totaled SEK 4,379 M (3,241). *Indutrade*, one of the leading industrial trading companies in the Nordic region, acquired Fagerberg, EIE Maskin and the Finnish company Tecalemit in the beginning of the year. Net sales increased to SEK 2,313 M (1,414), or by 9 percent for comparable units. *Besam*, with a world-leading position in automatic door systems, grew its net sales to SEK 1,523 M (1,356), or by 12 percent compared with the first nine months of 2000. *Isaberg Rapid*, which manufactures and markets stapling tools, increased its net sales to SEK 543 M (471), or by 7 percent for comparable units. In July the French stapling tool company Rocafix was acquired with annual sales of approximately SEK 200 M.

Earnings after financial items for the subsidiaries amounted to SEK 296 M (294⁴). *Indutrade's* earnings totaled SEK 140 M (121⁴), and *Besam's* totaled SEK 128 M (129⁴). *Isaberg Rapid* noted an earnings decline to SEK 28 M (44⁴), mainly due to lower delivery volumes of photocopier staplers.

Other

Among other unlisted holdings can be mentioned *Ericsson Venture Partners* (25 percent ownership stake), which after the end of the reporting period made an investment in the area of quality-enhancing software for mobile communication systems.

GROUP

NET SALES AND EARNINGS⁵

Consolidated net sales amounted to SEK 4,380 M (3,242), which for comparable units represents an increase of 9 percent compared with the corresponding period in 2000. Earnings after financial items totaled SEK 1,286 M (1,439). Earnings included SEK 912 M (835) in dividend income, SEK 474 M (454) in capital gains on sales of listed stocks, and SEK 69 M in write-downs of unlisted holdings. Net financial items amounted to SEK -299 M (-165).

FINANCING AND EQUITY RATIO

Interest-bearing net debt increased by SEK 1,752 M, to SEK 7,415 M. The increase was attributable to net purchases of stocks and to the fact that the dividend payout and CPN interest exceeded the amount of dividends received.

The visible equity ratio was 59 percent (65 percent at the start of the year), while the adjusted equity ratio, which includes surplus values of listed stocks, was 76 percent (87).

⁴ Comparable earnings for the preceding year are shown exclusive of allocated surplus funds in Alecta, formerly SPP, totaling SEK 37 M, of which SEK 26 M for *Indutrade*, SEK 5 M for *Besam*, and SEK 6 M for *Isaberg Rapid*.

⁵ *Industrivärden* has ownership stakes in *Ericsson*, *SCA*, *Skanska*, and other companies which amount to at least 20 percent of the number of votes after full dilution (i.e., associated companies). The consolidated income statement and balance sheet presented in this report have been prepared in accordance with the acquisition value method. Once complete information from all associated companies is available – however, not later than two months after the end of the reporting period – a complementary income statement and balance sheet, prepared in accordance with the equity method, will be available upon request from *Industrivärden* or can be obtained from the Company's website.



PARENT COMPANY

Earnings after financial items for the Parent Company amounted to SEK 990 M (1,087), including SEK 912 M (835) in dividend income and SEK 394 M (458) in capital gains from sales of stocks. The Parent Company's earnings also include SEK -80 M (-55) in management costs, SEK 5 M (14) in other income, and SEK -241 M (-165) in net financial items.

CANCELLATION OF INDUSTRIVÄRDEN'S CPN LOAN

An Extraordinary General Meeting on October 25 resolved to cancel the Company's CPN loan 1988/2028 in accordance with the Board's proposal of August 15. An information folder with notification form for conversion is currently being distributed to owners of CPNs.

NOMINATING COMMITTEE FOR ELECTION OF BOARD MEMBERS

At the 2001 Annual General Meeting, it was resolved to authorize the Chairman of the Board to appoint four members from among the shareholders' representatives to form with him a nominating committee for future Board elections. Pursuant to this resolution, the following persons have been named members of the nominating committee: Bo Rydin (Chairman), Erling Gustafsson (the Sixth AP Fund), Curt Källströmer (Handelsbanken), Tor Marthin (AMF), and Lars Otterbeck (Alecta).

ACCOUNTING PRINCIPLES

The new accounting recommendations that took effect on January 1, 2001, have been applied in this interim report. In order to more clearly present the breakdown of Industrivärden's operations into portfolio management and operating companies, the layout of the income statement has been changed. Aside from this, the interim report has been prepared using the same accounting principles and calculation methods used in the 2000 Annual Report.

Stockholm, Sweden, October 31, 2001

Anders Nyrén
President and CEO

FINANCIAL CALENDAR

A year-end report for 2001 will be released on February 15, 2002.
The 2001 Annual Report will be published at the end of March 2002.
The Annual General Meeting will be held in Stockholm on April 17, 2002.
The first quarter interim report 2002 will be released on May 2, 2002.



Industrivärden Consolidated Income Statement

SEK M	2001 July-Sept.	2000 July-Sept.	2001 Jan.-Sept.	2000 Jan.-Sept.	2000 Jan.-Dec.
PORTFOLIO MANAGEMENT					
Dividend income from stocks	5	4	912	835	839
Result of sales of listed stocks	33	42	474	454	456
Result of sales of other stocks	-	1	-69	4	-90
Other income and expenses ⁶	-5	0	-8	14	14
Earnings from portfolio management	33	47	1,309	1,307	1,219
OPERATING COMPANIES					
Net sales	1,480	1,061	4,380	3,242	4,540
Cost of goods sold	-984	-703	-2,931	-2,126	-2,998
Development costs	-14	-13	-44	-46	-63
Selling costs	-249	-171	-743	-529	-723
Administrative costs	-115	-80	-327	-243	-326
Other operating income and expenses ⁶	4	6	21	54	69
Earnings from operating companies	122	100	356	352	499
Management costs	-31	-17	-80	-55	-95
Operating earnings	124	130	1,585	1,604	1,623
Interest income	7	14	34	77	91
Interest expenses (excl. CPN interest)	-102	-77	-283	-218	-307
Other financial items	5	-21	-50	-24	-43
Earnings after financial items	34	46	1,286	1,439	1,364
CPN interest	-47	-35	-141	-109	-192
Earnings before taxes	-13	11	1,145	1,330	1,172
Tax on earnings for the period	-44	-61	-115	-201	-143
Minority share in earnings for the period	1	-	2	-	-
Net earnings for the period	-56	-50	1,032	1,129	1,029
Depreciation included in operating earnings	-43	-32	-126	-95	-127
Net earnings per share and CPN, SEK ⁷	-0.05	-0.08	6.13	6.47	6.38

⁶The figure for 2000 includes repayment of surplus funds from Alecta, formerly SPP, totaling SEK 14 M for portfolio management and SEK 50 M for operating companies.

⁷Earnings after tax, excluding CPN interest, divided by 191,206,984 shares, after conversion of all CPNs to stock.



Breakdown by Business Unit

Net sales

SEK M	2001 July-Sept.	2000 July-Sept.	2001 Jan.-Sept.	2000 Jan.-Sept.	2000 Jan.-Dec.
Indutrade	761	448	2,313	1,414	1,919
Besam	521	465	1,523	1,356	1,977
Isaberg Rapid	198	148	543	471	642
Other, net	0	0	1	1	2
Total, operating companies	1,480	1,061	4,380	3,242	4,540

Earnings after financial items

SEK M	2001 July-Sept.	2000 July-Sept.	2001 Jan.-Sept.	2000 Jan.-Sept.	2000 Jan.-Dec.
Portfolio management ^{8,9}	-72	-54	988	1,087	881
Indutrade	46	40	140	121	150
Besam	48	44	128	129	212
Isaberg Rapid	9	13	28	44	59
Other, net ⁹	3	3	2	58	62
Total, operating companies	106	100	298	352	483
	34	46	1,286	1,439	1,364

Result of Sales of Listed Stocks

SEK M

July-September

Handelsbanken	11	
Other	<u>22</u>	33

January-September

Handelsbanken	235	
Skanska	219	
Eniro	57	
Other	<u>-37</u>	474

⁸ Parent Company and other portfolio management companies.

⁹ The figure for 2000 includes repayment of surplus funds from Alecta, formerly SPP, totaling SEK 14 M for portfolio management and SEK 50 M for operating companies.



Industrivärden Consolidated Balance Sheet

SEK M	Sept. 30 2001	Sept. 30 2000	Dec. 31 2000
Intangible assets	258	85	82
Tangible assets	731	570	591
Shares and participations	18,943	18,069	18,285
Other financial assets	136	321	210
Inventories	1,084	751	711
Accounts receivable, trade	1,157	872	916
Other current assets	247	133	208
Liquid assets	430	583	473
Total assets	22,986	21,384	21,476
Shareholders' equity	13,132	13,601	13,504
Minority shares	20	-	-
CPN loans	447	447	447
Provisions	364	303	297
Long-term liabilities, interest-bearing	3,325	3,149	3,521
Current liabilities, noninterest-bearing	1,378	1,077	1,164
Current liabilities, interest-bearing	4,320	2,807	2,543
Total shareholders' equity and liabilities	22,986	21,384	21,476
Visible equity ratio, percent	59	66	65
Adjusted equity ratio, percent ¹⁰	76	89	87

Change in shareholders' equity

SEK M	Capital stock	Restricted reserves	Unrestricted shareholders' equity	Total share- holders' equity
December 31, 2000	859	928	11,715	13,502
Effect of new accounting principles	-	-	2	2
Dividend to shareholders	-	-	-1,442	-1,442
Transfers between unrestricted and restricted shareholders' equity	-	-16	16	-
Translation differences	-	17	21	38
Net earnings for the period	-	-	1,032	1,032
September 30, 2001	859	929	11,344	13,132
December 31, 1999	859	927	11,739	13,525
Effect of new accounting principles	-	-	0	0
Dividend to shareholders	-	-	-1,065	-1,065
Conversion of CPN's	0	1	-	1
Transfers between unrestricted and restricted shareholders' equity	-	-1	1	-
Translation differences	-	1	10	11
Net earnings for the period	-	-	1,129	1,129
September 30, 2000	859	928	11,814	13,601

¹⁰Includes surplus values of listed stocks.



Industrivärden Consolidated Statement of Cash Flows

SEK M	2001 Jan.-Sept.	2000 Jan.-Sept.	2000 Jan.-Dec.
OPERATING ACTIVITIES			
Earnings after financial items	1,286	1,439	1,364
Adjustment of items not included in cash flows:			
Depreciation	126	95	127
Result of sales of listed stocks	-474	-454	-456
Result of sales of other stocks	69	-4	90
Reversal of other items not affecting cash flows	20	-6	-9
Taxes paid	-159	-168	-161
Cash flow from operating activities before changes in working capital	868	902	955
Cash flow from changes in working capital	-249	-135	-199
Net cash flow from operating activities	619	767	756
INVESTING ACTIVITIES			
Purchases of listed stocks	-1,402	-3,897	-4,400
Sales of listed stocks	1,150	878	1,053
Net purchase/sale of stock options	-23	100	160
Net purchase/sale of other stocks	-54	-214	-212
Net purchase/sale of subsidiaries	-313	-18	-29
Net purchase/sale of long-term fixed-income instruments	100	1,059	1,160
Net purchase/sale of other fixed assets	-81	-64	-107
Net cash flow from investing activities	-623	-2,156	-2,375
FINANCING ACTIVITIES			
Loans raised and amortization of debt	1,581	2,031	2,139
Dividends and CPN interest paid out	-1,631	-1,204	-1,204
Net cash flow from financing activities	-50	827	935
Net cash flow for the period	-54	-562	-684
Liquid assets at beginning of the year	473	1,153	1,153
Exchange-rate difference in liquid assets	11	-8	4
Liquid assets at end of the period	430	583	473

Change in interest-bearing net debt SEK M	Dec. 31 2000	Cash flow	Change in loans	Other changes	Sept. 30 2001
Liquid assets	473	-54	-	11	430
Long-term fixed-income instruments	100	-	-	-100	-
Long-term liabilities, interest-bearing	3,521	-	-196	-	3,325
Current liabilities, interest-bearing	2,543	-	1,777	-	4,320
Interest-bearing pension provisions	172	-	-	28	200
Interest-bearing net debt	5,663	-54	1,581	117	7,415

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