

**PRESS RELEASE**

Stockholm, September 19, 2005

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**Indutrade Initial Public Offering**

- Listing on the O-list of the Stockholm Stock Exchange is expected to commence on October 5, 2005
- Industrivärden is offering the general public in Sweden and institutional investors in Sweden and abroad (subject to certain exemptions and restrictions) the opportunity to acquire up to a total of 25,000,000<sup>1</sup> shares, given that the over-allotment option is exercised in full, corresponding to 62.5 percent of the share capital and voting rights in Indutrade
- Expected share price range of SEK 55 - 65 per share

In order to facilitate Indutrade's future development and growth the shareholder, Industrivärden has decided to implement a diversification of ownership of a major part of its wholly owned shareholdings in the company. After a potential sale of shares and call options to senior executives in the Indutrade Group after listing, Industrivärden will remain as an active owner of Indutrade, retaining approximately 35 percent of the share capital and voting rights. Indutrade has been granted approval from the Stockholm Stock Exchange Company Committee concerning a listing of the company's shares on the O-list of the Stockholm Stock Exchange.

**Indutrade in brief**

Indutrade markets and sells components, systems and services with a high-technological content to industrial customers within selected niches. The Group creates value for its customers by structuring the value chain and increasing the efficiency of its customers' use of technological components and systems. For the Group's suppliers, value is created through the offering of an efficient sales organization with technical expertise and solidly developed customer relations. The Group is divided into four business areas, Engineering & Equipment, Flow Technology, Industrial Components and Special Products.

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<sup>1</sup> The offering comprises a total of 22,000,000 shares. Industrivärden has also made a committed to sell up to 3,000,000 additional shares at the request of the participating banks to cover any over-allotment of shares.

Indutrade was formed in 1978 and the Group has since then completed approximately 40 acquisitions, including approximately 20 during the past ten years. The Group's operations are concentrated in markets in Northern Europe. The main markets are Sweden and Finland, which jointly accounted for approximately 74 percent of net sales in 2004.

Over the past ten-year period (1995–2004), consolidated net sales have increased from SEK 1,087 million to SEK 3,486 million and EBITA<sup>1</sup> has risen from SEK 107<sup>2</sup> million to SEK 264 million. Indutrade has been profitable each year since 1978 and during the last 25-year period the company's EBITA margin has never been below 7.0 percent.

In 2004, Indutrade's net sales amounted to SEK 3,486 million and the company reported an EBITA of SEK 264 million, corresponding to an EBITA margin of 7.6 percent, and a profit after financial items of SEK 243 million. The return on operating capital amounted to 26.0 percent. During 2004 the Indutrade Group had an average of some 1,415 employees.

During the first six months of 2005 Indutrade's net sales amounted to SEK 1,823 million and EBITA to SEK 148 million, corresponding to an EBITA margin of 8.1 percent. Return on operating capital amounted to 25.3<sup>3</sup> percent for the most recent 12-months period.

### **Background and reasons**

In 2001, Industrivärden initiated a process of change aimed at defining the company's role in an increasingly globalized financial market. On the basis of its relative strengths, Industrivärden chose to adapt its strategy to focus on active ownership in a transparent and concentrated equity portfolio of holdings in listed Nordic large and midcap companies. As a result, Industrivärden announced in its 2001 Annual Report that it intended to sell off its entire holdings in wholly owned subsidiaries, or parts thereof.

After evaluating possible alternatives, Industrivärden's Board of Directors decided in April 2005 to apply for an initial public listing of Indutrade's shares. After the initial listing of Indutrade and the potential sale of shares and call options to senior executives in the Indutrade Group after listing, Industrivärden intends to remain as an active owner, retaining approximately 35 percent of the shares. Industrivärden judges that a listing of Indutrade's shares is suitable in view of the company's size and character.

Industrivärden also assesses that Indutrade has potential for future growth and improved earnings and that the timing for a market listing of Indutrade is ideal. The company has shown strong financial development, has implemented a generation change in its management and has continued to implement value-generating acquisitions.

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<sup>1</sup> Operating income (according to IFRS) for the period including reversed amortization/write-downs of intangible fixed assets.

<sup>2</sup> After eliminations of non-recurring items.

<sup>3</sup> The Hanwel Group was acquired on June 27, 2005. The balance sheet was consolidated from the acquisition date while the income statement was consolidated from July 1, 2005. Pro forma prior to the Hanwel acquisition, return on operating capital amounted to 27.0 percent.

A market listing is expected to have a positive impact on Indutrade's future development. A listing entails increased attention from customers, suppliers, the media and the capital market, which in turn imposes more challenging demands on the organization. A diversification of ownership and a public listing will also create liquidity in the share.

*"We have now reached a position where an initial public offering of Indutrade is suitable. A listing is in line with our strategy to work as an active owner in a transparent equity portfolio of holdings in listed Nordic companies. At the same time, Indutrade today has the size and the structure in place that is required by a listed company. As a major shareholder of Indutrade going forward, we have strong faith in the future potential of Indutrade",* says Anders Nyrén, President and CEO of Industrivärden.

### **Details of the offering**

The offering comprises a total of 22,000,000 shares and consists of a sale of a major part of Industrivärden's wholly owned shareholding in Indutrade. Industrivärden has also made a commitment to sell up to 3,000,000 additional shares at the request of the participating banks to cover any over-allotment of shares.

The offer price per share will be determined by a book-building process and is expected to be in the range of SEK 55-65 per share.

The final offer price per Indutrade share will be announced on or about October 5, 2005. Assuming full exercise of the over-allotment option, the value of the offering will be between SEK 1,375 million and SEK 1,625 million.

Enskilda Securities and Handelsbanken Capital Markets are *joint lead managers* and *joint bookrunners* for the offer.

### **Press conference**

In respect of the decision to apply for a listing on the O-list of the Stockholm Stock Exchange (Stockholmsbörsen) Indutrade will today hold a press conference in the conference hall MARITIM at Strand Hotel, Nybrokajen 9, Stockholm. Industrivärden will be present at the press conference.

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Additional information about Indutrade's operations is available on the company's web page [www.indutrade.se](http://www.indutrade.se)