



Year-end Report 2002

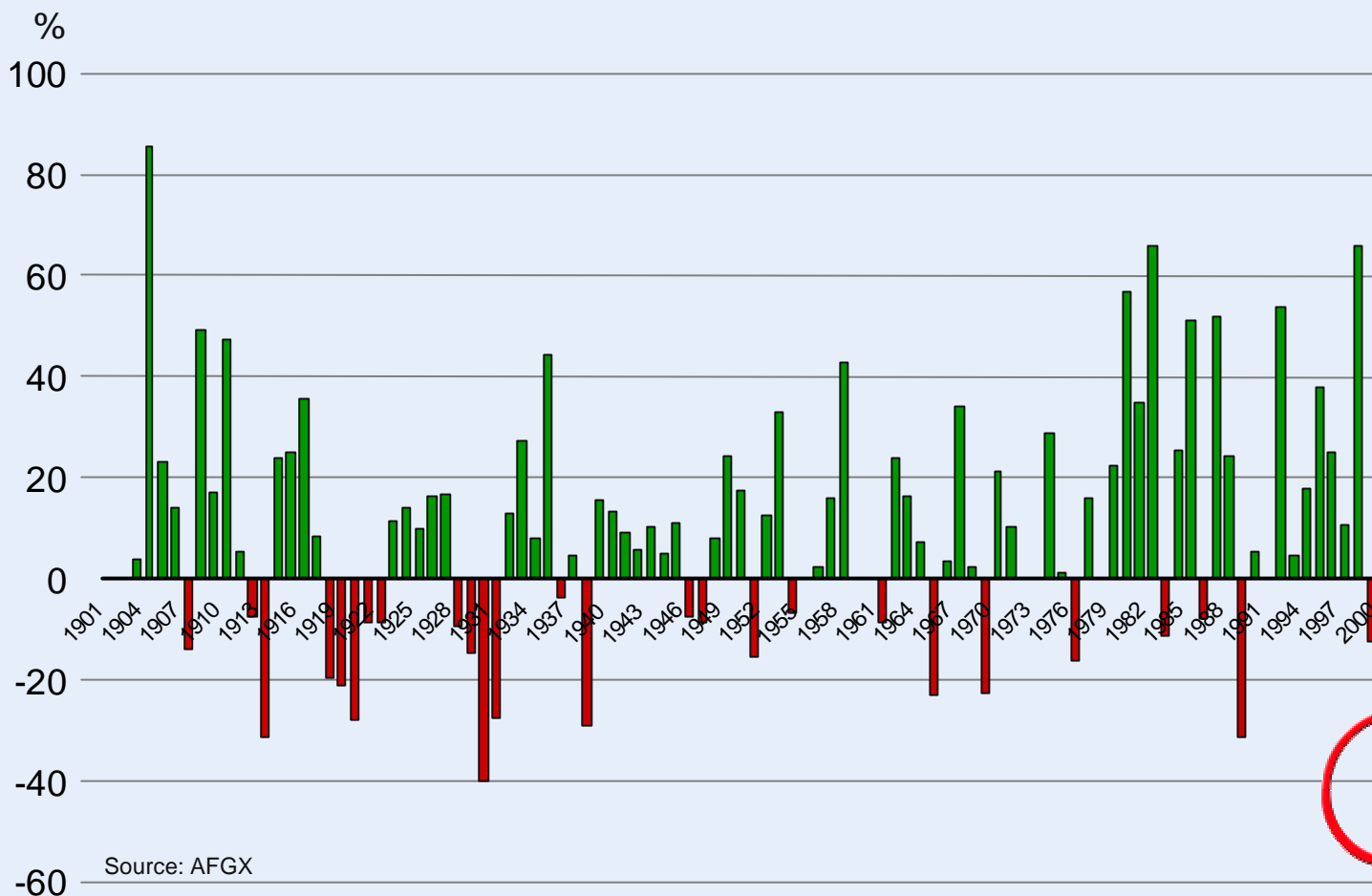
# A weak and turbulent year

- Disappointing world economy
- Geopolitical worries
- Confidence in corporations shaken
- Re-weighting of asset portfolios
- Higher oil prices and weaker dollar



# Yearly stock market development

1902-2002



Source: AFGX

# Focus 2002

- Intense and committed work with Core Holdings
- Develop promising holdings within New Investments
- Selectively investing in new companies and restructuring of non-performing holdings
- Manage financial flexibility and cost

# Highlights 2002

## Core Holdings



- Losec patent valid in the U.S. but one generic launched in December
- Strong development of growth drivers e.g. Nexium and Seroquel
- Promising pipeline



- Implementation of the 3C program
- Higher credit rating (Jan. 2003)



- Rights issue in difficult markets
- Cost-cutting measures implemented

# Highlights 2002

## Core Holdings



- New CEO
- Strong cash flow generation
- Steps to improve weaker businesses



- New CEO
- Strengthened balance sheet
- Steps to solve the asbestos issue
- Cost-cutting program



- Solid growth
- Encouraging margin trends



- Improved earnings
- Focus on core business  
(exit of V.A.G.)

# Highlights 2002

## Core Holdings



- New CEO
- Productivity enhancement



- Good order intake
- New CEO (Jan. 2003)



- Cost-cutting  
(e.g. close down of Jiway)
- Launch of EDX with LSE



- Focus on core business
- Cost-cutting

# Highlights 2002

## Core Holdings

### Changes:

			Capital %	Votes %
Ericsson	4.7	→	5.3	38.3
ABB	4.8	→	10.0	10.0
SEB	19.2	→	20.0	20.9
WM-data	14.1	→	17.9	31.0
AstraZeneca	5.4	→	5.0	5.0

# Highlights 2002

## New Investments

- Lower valuations, difficult exit market and reduced M&A activity
- Several investments within EQT and Investor Capital Partners
- Limited new investments within Investor Growth Capital
- IPOs of Ballingslöv and Kyphon

## Highlights 2002

### 3/Hi3G

- Services to be launched in phases in selected parts of Sweden first half of 2003
- Network build-out a key priority
- Video telephony operational
- Investor AB's estimated equity capital injection SEK 4-5 bn., of which SEK 1.4 bn. as of December 31, 2002
- SEK 3 bn. financing arranged for Investor AB's part of the debt component

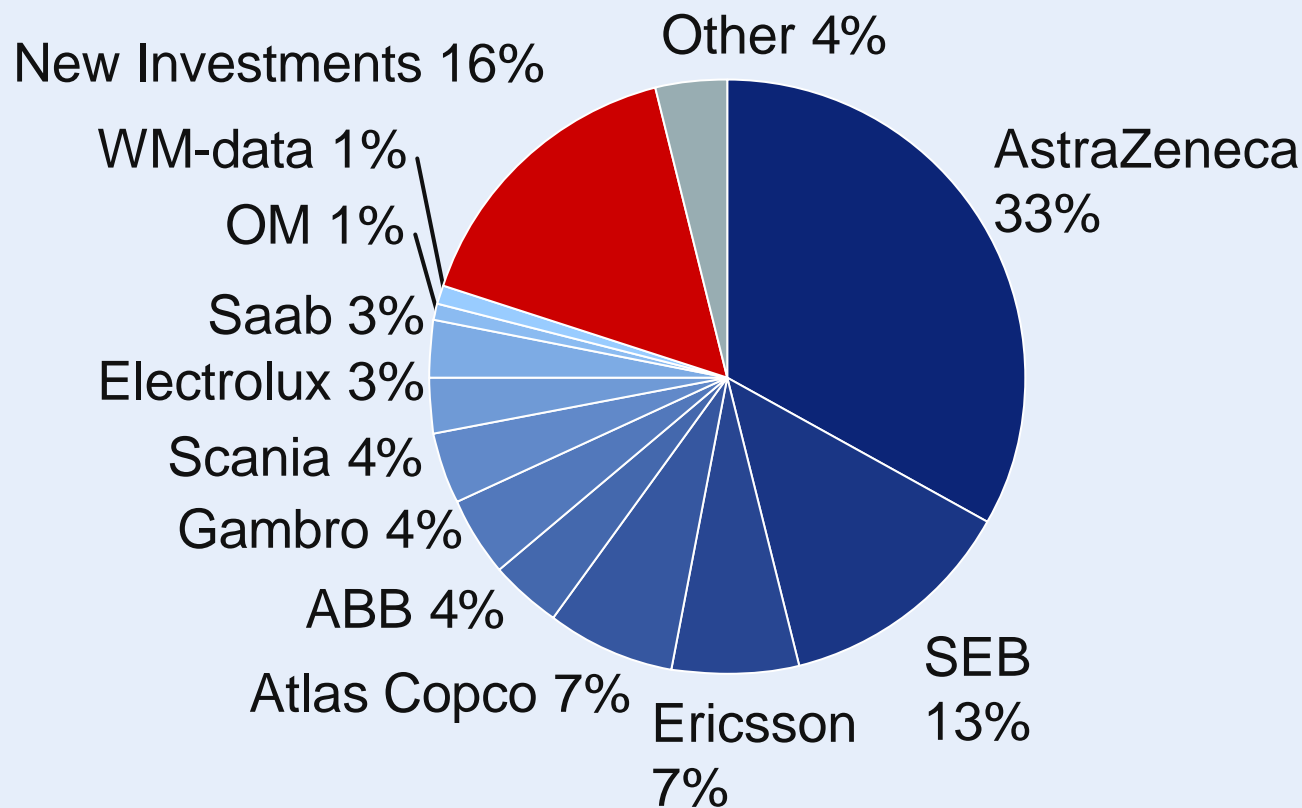


# Highlights 2002

## Other

- Divestment of Syngenta
- Divestment of additional Volvo shares
- Costs reduced by ~15% (SEK 116 m.)

# Holdings 2002



# Financials

# Net Asset Value

	December 31, 2002		December 31, 2001	
	SEK/share	SEK m.	SEK/share	SEK m.
Core Holdings	83	63 304	144	110 518
New Investments	16	12 860	16	12 410
Other Holdings	4	2 936	7	4 893
Other Operations	2	1 480	3	2 063
Other assets and liabilities	-2	- 1 477	-1	-518
<b>Total assets</b>	<b>103</b>	<b>79 103</b>	<b>169</b>	<b>129 366</b>
Net debt	-21	-16 234	-15	-11 082
<b>Total net asset value</b>	<b>82</b>	<b>62 869</b>	<b>154</b>	<b>118 284</b>

# Net Asset Value – summary

## January – December 2002

SEK m.

**January 1, 2002**

**118 284**

	P/L	Surplus change	Dividend paid	NAV change
Core Holdings	4 119	-51 498		-47 379
New Investments	-1 679	-625		-2 304
Other	-830	-683	-4 219	-5 732
<b>Total</b>	<b>1 610</b>	<b>-52 806</b>	<b>-4 219</b>	<b>-55 415</b>

**December 31, 2002**

**62 869**

# Change in Net Asset Value

	2001		2002			2002 Change Q1- Q4
SEK bn.	Q4	Q1	Q2	Q3	Q4	
Net Asset Value	118	119	87	57	63	-55
Change		+1	-32	-30	+6	
Change, %						-47%

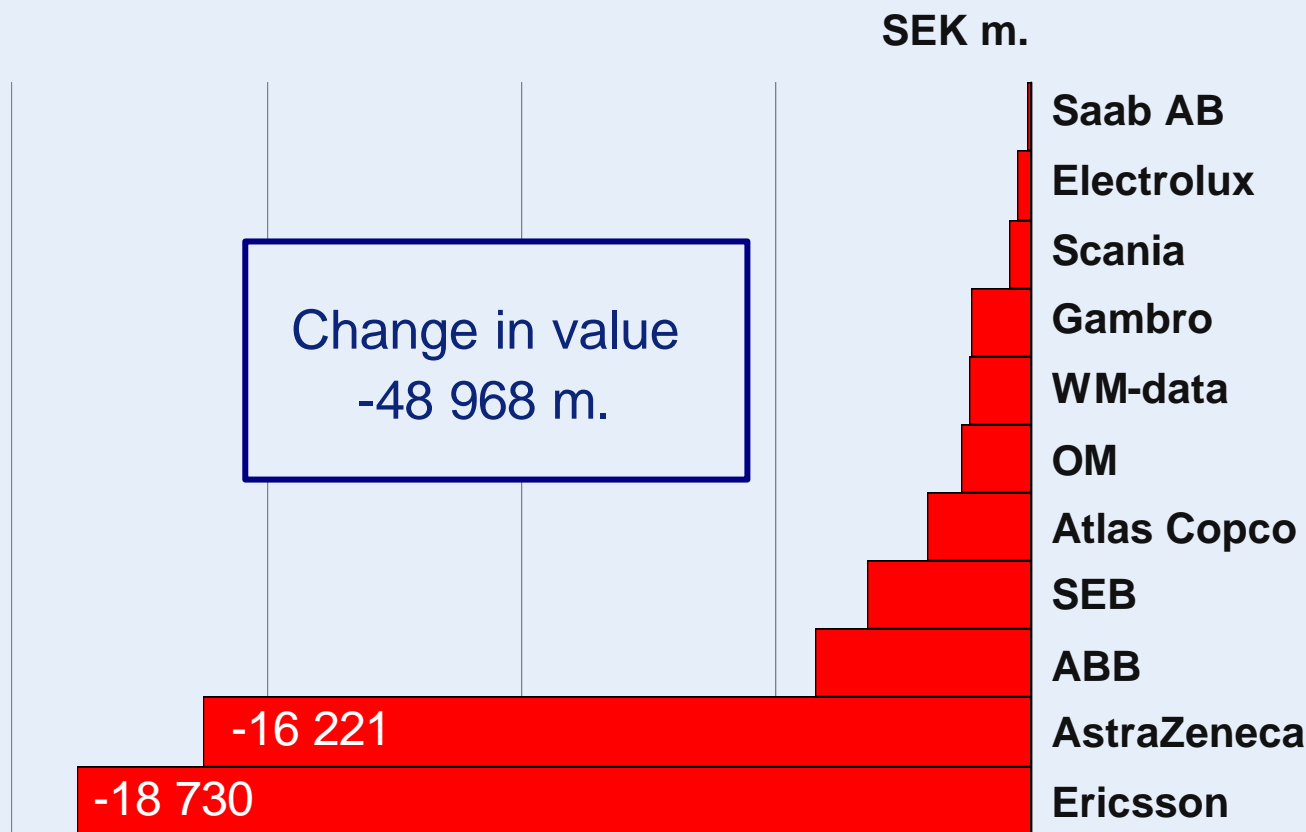
	2002
OMX	-42%
NASDAQ	-32%
S&P 500	-23%

# Changes in value – Core Holdings

## January – December 2002

### Share price performance 2002

Saab AB	-4%
Electrolux	-12%
Scania	-12%
SEB	-24%
Gambro	-27%
Atlas Copco	-28%
AstraZeneca	-36%
OM	-70%
WM-data	-71%
ABB	-75%
Ericsson	-85%

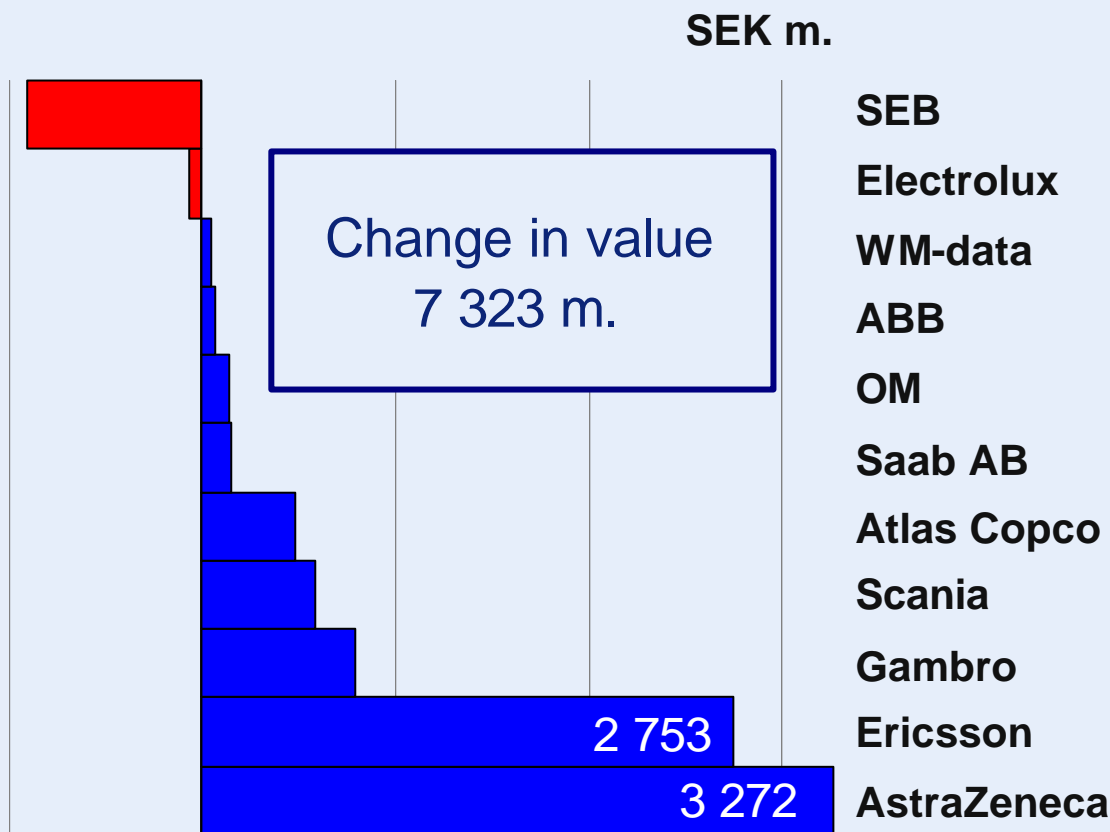


# Changes in value – Core Holdings

October 1, 2002 – December 31, 2002

## Share price performance Q4, 2002

Ericsson	81%
Gambro	34%
OM	30%
Scania	26%
AstraZeneca	11%
Atlas Copco	10%
WM-data	10%
Saab AB	8%
Electrolux	-2%
SEB	-8%
ABB	-18%



# Net Asset Value – Core Holdings

<u>Invested 2002</u>		<u>NAV</u>	<u>SEK/share</u>	<u>SEK m.</u>	<u>% of total assets</u>
Ericsson	2 372	AstraZeneca	35	26 520	33%
ABB	1 650	SEB	13	10 126	13%
SEB	410	Ericsson	8	5 840	7%
WM-data	308	Atlas Copco	7	5 347	7%
<u>Electrolux</u>	<u>9</u>	Gambro	4	3 329	4%
<b>Total</b>	<b>4 749</b>	ABB	4	3 235	4%
		Scania	4	3 020	4%
<u>Divested 2002</u>		Electrolux	3	2 681	3%
AstraZeneca	2 995	Saab AB	3	2 075	3%
		OM	1	597	1%
<b>Total</b>	<b>2 995</b>	WM-data	1	534	1%
		<b>Total</b>	<b>83</b>	<b>63 304</b>	<b>80%</b>

# New Investments, valuation principles

Listed  
holdings

Valued at market price less:

- 10%, if no restrictions
- 20%, if restrictions

Unlisted  
holdings

Valued at acquisition cost or lower,  
taking into account:

- Company performance vs. plan
- Development of comparable companies
- Re-financing rounds
- Form of equity capital

# New Investments

## Contribution to Net Asset Value

<b>SEK m.</b>	<b>2002</b>
Realized gain	297
Write-downs	-1 674
Operating costs	-302
<b>Result</b>	<b>-1 679</b>
Surplus change	-625
<b>Contribution to NAV</b>	<b>-2 304</b>

# New Investments

## Contribution to Net Asset Value

SEK m.	1998	1999	2000	2001	2002	1998-2002
Realized gain	709	2 399	3 004	524	297	6 933
Write-downs	-344	14	-1 228	-2 802	-1 674	-6 034
Operating costs	-210	-249	-325	-336	-302	-1 422
<b>Result</b>	<b>155</b>	<b>2 164</b>	<b>1 451</b>	<b>-2 614</b>	<b>-1 679</b>	<b>-523</b>
Surplus change	1 162	722	-955	-119	-625	185
<b>Contribution to NAV</b>	<b>1 317</b>	<b>2 886</b>	<b>496</b>	<b>-2 733</b>	<b>-2 304</b>	<b>-338</b>
<b>Market value</b>	<b>5 509</b>	<b>7 618</b>	<b>11 692</b>	<b>12 410</b>	<b>12 860</b>	

# Net Asset Value – New Investments

## Invested 2002

### IGC

Exigen  
Atrica  
ISTA Pharma.

### EQT

Haarmann & Reimer  
Finn-Power

### ICP

Cosmetic Group

**Total 4 364**

## Divested 2002

imGO  
Sylvan  
Lerado

**Total 1 926**

NAV	SEK/share	SEK m.	% of total assets
Investor Growth Capital (IGC)	10	7 942	10%
EQT	5	4 465	5%
Investor Capital Partners (ICP)	1	453	1%
<b>Total</b>	<b>16</b>	<b>12 860</b>	<b>16%</b>

# Net Asset Value – Other Holdings

## Invested 2002

3/Hi3G	1 090
RAM One	600
<b>Total</b>	<b>1 690</b>

## Divested 2002

Volvo	2 016
Syngenta	1 192
Other	65
<b>Total</b>	<b>3 273</b>

NAV	SEK/share	SEK m.	% of total assets
3/Hi3G	2	1 421	2%
Volvo	0	157	0%
Other	2	1 358	2%
<b>Total</b>	<b>4</b>	<b>2 936</b>	<b>4%</b>

# Cash flow summary

SEK m.	2002	2001
<b>Opening net debt</b>	<b>-11 082</b>	<b>-10 128</b>
Operating activities	1 227	3 144
Net investments	-2 241	111
Dividend paid	-4 219	-4 218
Other	81	9
Change	-5 152	-954
<b>Closing net debt</b>	<b>-16 234</b>	<b>-11 082</b>

## Other Operations

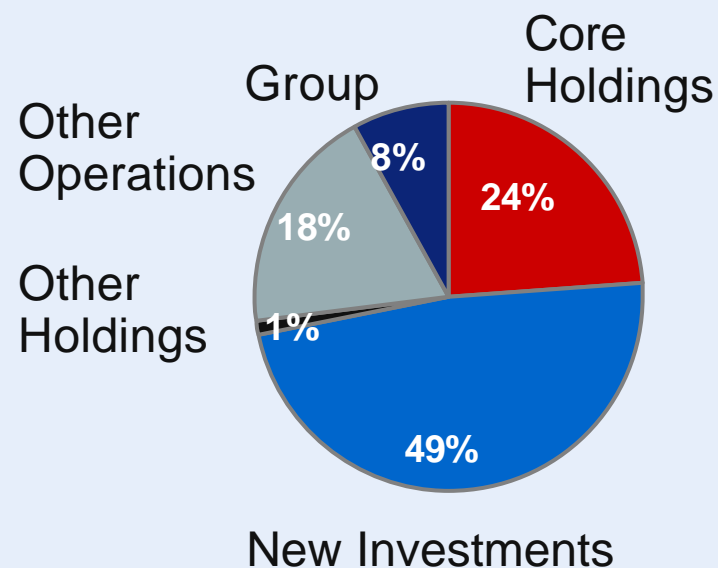
<b>SEK m.</b>	<b>2002</b>	<b>2001</b>
Trading profit	349	955

## Leverage

<b>SEK bn.</b>	<b>Dec. 2002</b>	<b>Dec. 2001</b>
Cash	5.4	3.4
Net debt	-16.4	-11.1
Market value assets	79.1	129.4
Leverage	21%	9%

# Operating costs – Investor Group

SEK m.	2002	2001	Change
Core Holdings	152	193	-41
New Investments	302	336	-34
Other Holdings	8	8	-
Other Operations	111	119	-8
Group	51	84	-33
<b>Total</b>	<b>624</b>	<b>740</b>	<b>-116</b>



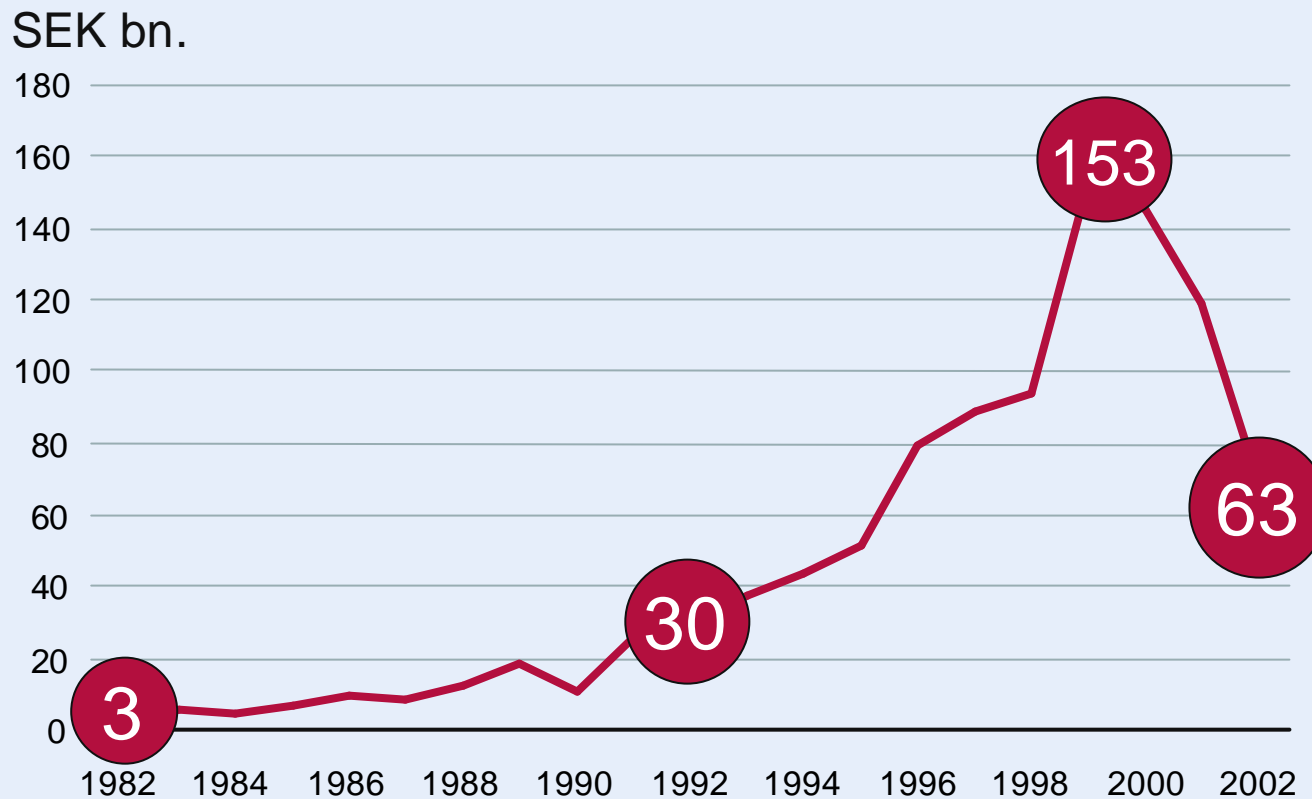
# Dividend proposal

<b>SEK per share</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Ordinary	2.25	3.00	3.00	3.00
Extra	1.15	2.50	2.50	0.40
<b>Total dividend</b>	<b>3.40</b>	<b>5.50</b>	<b>5.50</b>	<b>3.40</b>

<b>SEK m.</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Total dividend</b>	<b>2 608</b>	<b>4 219</b>	<b>4 218</b>	<b>2 596</b>

# Net Asset Value

## Development 1982-2002



# Priorities 2003

- Committed long-term ownership
  - Actively work with individual Core Holdings
  - Develop New Investments and restructure non-performing holdings
  - Look for investment opportunities
  - Maintain financial flexibility
- 