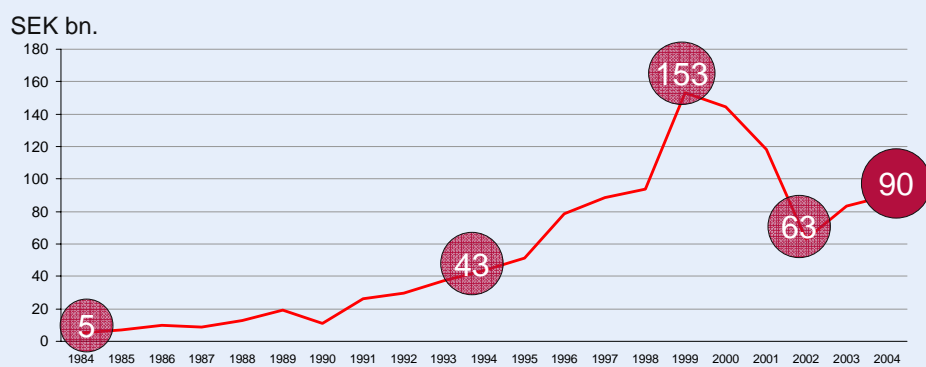




## Net Asset Value Report 2004

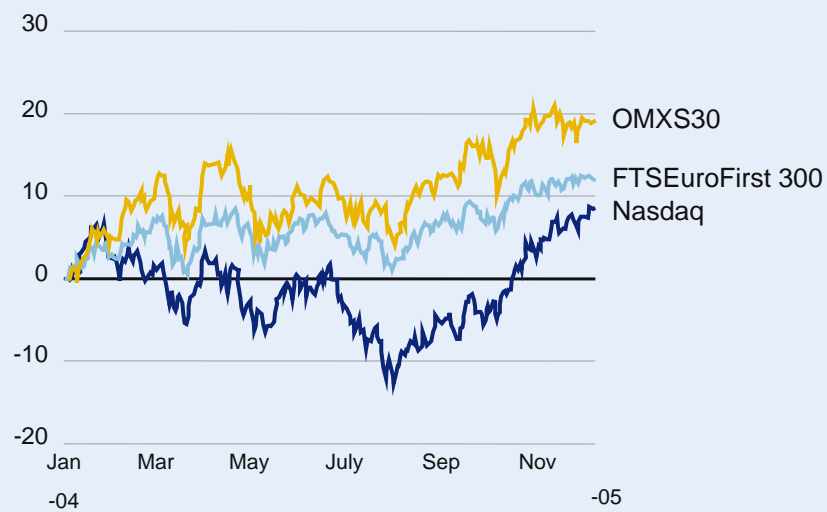
### Net Asset Value 1984 – 2004



## Highlights 2004

- **Global growth**
- **Focus** on China
- **Inflation** and **interest** rates remain low
- Geopolitical **worries**
- **High** raw material prices
- **Weaker** dollar

## Stock markets 2004



## Investment strategy

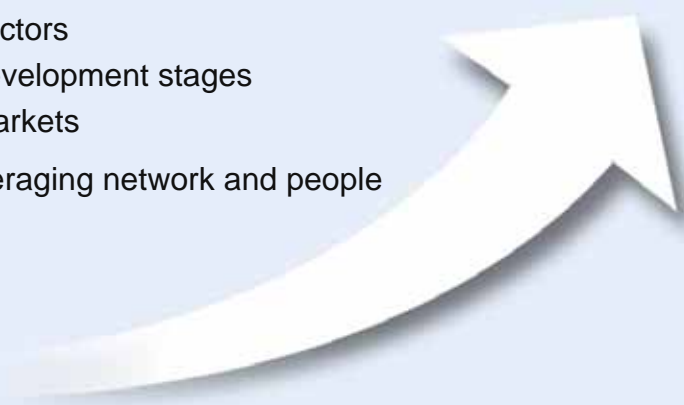
Building best-in-class companies

Focusing on selective:

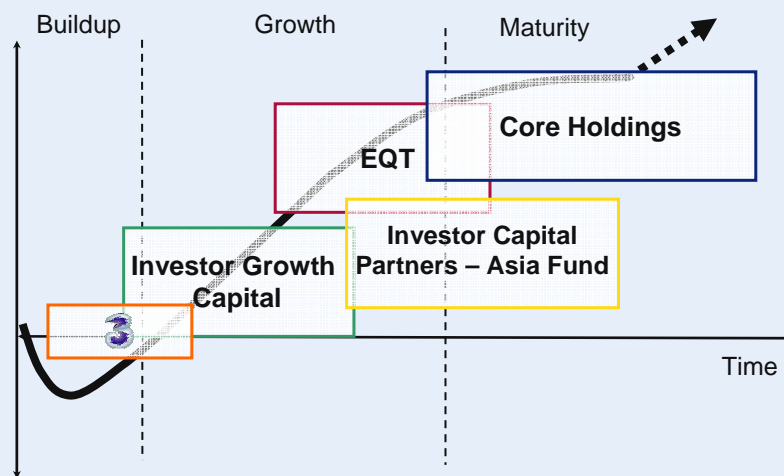
- sectors
- development stages
- markets

Leveraging network and people

Create sustainable NAV growth



## Focus on selective development stages



## Core Holdings 2004

- Strengthened operations and financials
- Sale of **AstraZeneca** shares
- Increased ownership in **Scania/Ainax**
- Participation in **Electrolux** share redemption program
- Conversion rights in **Ericsson** exercised



## New Investments 2004

- **Promising development** of holdings
- Eleven new investments and several exits/sales
- Substantial **positive cash flow** generated
- **Streamlining** of organization within Investor Growth Capital
- Ready to benefit from **improved exit markets**

### 3

- Positive momentum for 3 globally – 6.7 m. subscribers at year-end
- 3 in Scandinavia reported 350,000 on December 10, 2004
- High network coverage
- Gradual broadening of customer offerings
- Estimated equity investment unchanged at SEK 4-5 bn.
- Estimated investment for 2005 lower than 2004



**Foundation for  
Net Asset Value growth**



## Net Asset Value Report 2004



## Financials January - December 2004

(according to existing accounting principles)

## Net Asset Value

	December 31, 2004		December 31, 2003	
	SEK/share	SEK m.	SEK/share	SEK m.
Core Holdings	114	87 643	112	85 841
New Investments	14	10 820	16	12 745
Other Holdings	3	2 406	4	2 924
Other Operations	3	1 868	2	1 561
Other assets and liabilities	3	2 780	1	585
<b>Total assets</b>	<b>137</b>	<b>105 517</b>	<b>135</b>	<b>103 656</b>
Net debt	-20	-15 551	-27	-20 593
<b>Net asset value</b>	<b>117</b>	<b>89 966</b>	<b>108</b>	<b>83 063</b>

## Net Asset Value (NAV) – change January – December 2004

SEK m.

**January 1, 2004** **83 063**

	P/L	Surplus change	Dividend paid	NAV change
Core Holdings	7 841	1 645		9 486
New Investments	910	-763		147
Other	-604	-400	-1 726	-2 730
<b>Total</b>	<b>8 147</b>	<b>482</b>	<b>-1 726</b>	<b>6 903</b>

**December 31, 2004** **89 966**

## Net Asset Value – change

2004

SEK bn.	2004			
	Q1	Q2	Q3	Q4
NAV	92	94	92	90
Change, SEK bn.	+9	+2	-2	-2
Change, percent	10%	2%	-2%	-2%

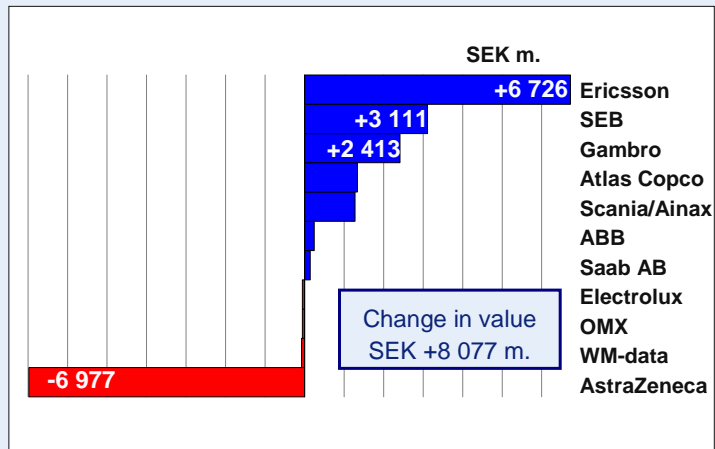
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## Core Holdings - changes in value

January – December 2004

### Share price performance 2004

Ericsson	+64%
Gambro	+59%
Scania	+30%
Ainax	+24%
SEB	+21%
Atlas Copco	+17%
Saab AB	+6%
ABB	+3%
Electrolux	-4%
OMX	-5%
WM-data	-7%
AstraZeneca	-31%



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## Core Holdings – market value

December 31, 2004

<u>Invested 2004</u>		<u>MV ASSET</u>	<u>SEK/share</u>	<u>SEK m.</u>	<u>% of total assets</u>
Ainax	1 022	SEB	23	17 768	17%
Scania A	487	Ericsson	23	17 437	17%
		AstraZeneca	20	15 327	14%
<b>Total</b>	<b>1 509</b>	Atlas Copco	13	9 436	9%
		ABB	10	7 613	7%
		Gambro	8	6 487	6%
		Scania	6	4 978	5%
		Ainax	2	1 182	1%
<u>Divested 2004</u>		Electrolux	4	2 806	3%
AstraZeneca	7 320	Saab AB	3	2 496	2%
Electrolux	117	OMX	1	1 101	1%
Scania B	296	WM-data	1	1 012	1%
<b>Total</b>	<b>7 733</b>	<b>Total</b>	<b>114</b>	<b>87 643</b>	<b>83%</b>

## New Investments

Contribution to Net Asset Value 2003 – 2004

<u>SEK m.</u>	<u>Full year 2003</u>	<u>Full year 2004</u>
Realized gain	420	791
Write-downs	-75	414
Operating costs	-271	-295 <sup>*)</sup>
<b>Result</b>	<b>74</b>	<b>910</b>
Surplus change	-34	-763
<b>Contribution to NAV</b>	<b>40</b>	<b>147</b>

<sup>\*)</sup> Includes the one-time restructuring cost of SEK 75 m.

## New Investments – market value

December 31, 2004

Invested 2004	MV ASSET	SEK/share	SEK m.	% of total assets
<b>"New"</b> 777				
- MC Technologies	Investor Growth Capital (IGC)	8	6 514	6%
- Dotomi	EQT	5	3 896	4%
- Greenway Medical	Investor Capital Partners –			
- Swedish Orphan	Asia Fund (ICP)	1	410	0%
- eSilicon				
- Sirona (EQT)				
<b>"Add-ons"</b> 1 041	<b>Total</b>	<b>14</b>	<b>10 820</b>	<b>10%</b>
<b>Total</b> 1 818				
<b>Divested 2004*</b>				
- Kyphon (partial)				
- Tessera (partial)				
- Idealab				
- Lycos (partial)				
- Dahl (EQT)				
- Thule (EQT)				
- Kingclean (ICP)				
<b>Total</b> 4 448				

\*) Includes redistribution of cash from b-bp amounting to SEK 871 m.

## Other Holdings – market value

December 31, 2004

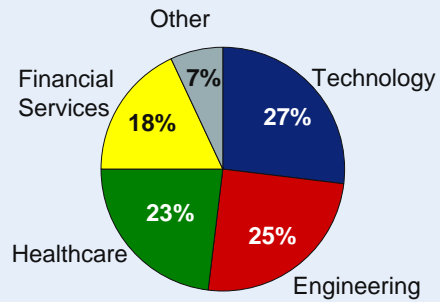
Invested 2004	MV ASSET	SEK/share	SEK m.	% of total assets
Other 216	3/Hi3G	2	1 621 *)	1%
	Funds	1	593	1%
<b>Total</b> 216	Other	0	192	0%
	<b>Total</b>	<b>3</b>	<b>2 406</b>	<b>2%</b>
<b>Divested 2004</b>				
Fiskars 418				
Funds 268				
Other 93				
<b>Total</b> 696				

\*) In addition:  
Loans of SEK 4,033 m. (Other assets and liabilities), whereof SEK 2,233 m. in 2004. Total exposure is SEK 5,681 m.

## Total assets/sectors – market value

December 31, 2004

	SEK m.
Technology	27 991
Engineering	26 889
Healthcare	23 856
Financial Services	19 154
Other	7 627
<b>Total assets</b>	<b>105 517</b>



## Investor Group – leverage

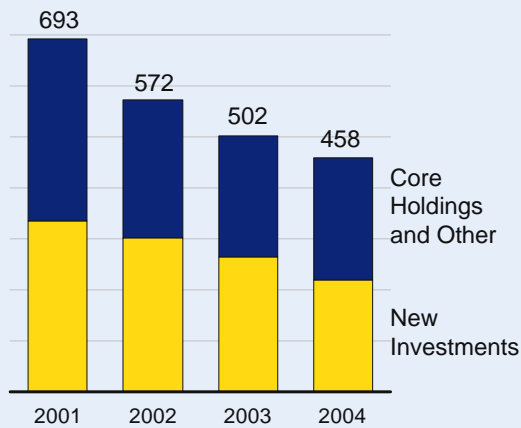
SEK bn.	December 2004	December 2003
Cash	12.1	9.8
Net debt	-15.6	-20.6
Market value assets	105.5	103.7
Leverage	15%	20%

### Current rating

Standard & Poor's AA-  
 Moody's A3 (under review for possible upgrade)

## Competitive cost structure

MSEK



- Mixed business operations
- Increased efficiency reflected in lowered costs

### Average cost/asset (fee)\*

Investment company	1.1%
Private equity Funds	1.5-2.0%
<b>Investor</b>	<b>0.4%</b>

\* Source: Lehman Brothers, Cheuvreux

## Dividend proposal

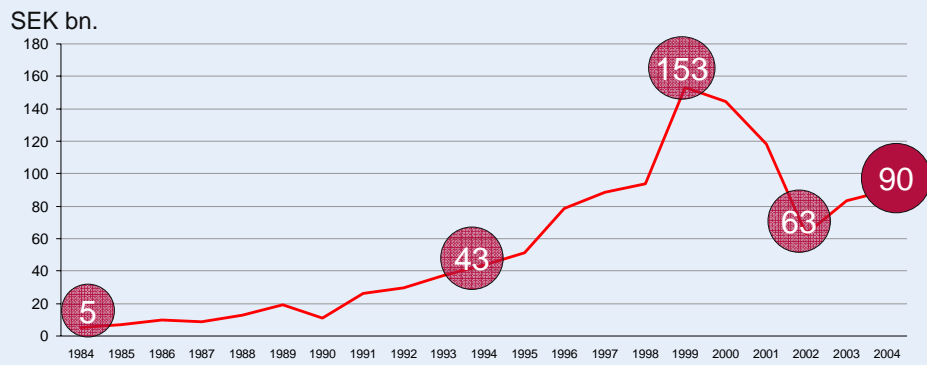
2004 (to be paid 2005)

	2004	2003
Ordinary (SEK/share)	2.25*	2.25
Total dividend (SEK m.)	1 726	1 726

\*) Proposed by Investor AB's Board of Directors

# Net Asset Value

1984 –2004



Net Asset Value Report 2004



## Effects of IFRS

### Background

- In accordance with an IAS regulation adopted by the European Union, listed companies throughout the EU shall apply International Financial Reporting Standards (**IFRS**) **as of 2005**.
- The standards stipulate that companies shall present at least **one year of comparable figures** in accordance with IFRS.
- Companies shall also explain how the transfer from previous accounting principles has affected their financial position, earnings and cash flow. The information shall be published, in accordance with IFRS 1, in connection with the **first interim report for fiscal year 2005** at the latest.
- In November 2004, the Stockholm Stock Exchange issued a **recommendation** to listed companies to publish information about the most important effects of transferring to IFRS in their **year-end report for 2004**.

## Accounting principles – significant differences

- Investor AB will only apply IFRS to its **consolidated financial statements**.
- In Investor's case, it is mainly the rules in **IAS 39**, concerning the accounting of financial instruments, which will affect reported values. The standard stipulates that primarily **financial instruments**, which for Investor comprise mainly equity-related investments and the loan portfolio, shall be valued at **fair value**, instead of at the lower of acquisition cost and fair value, the practice today.
- **Investments in associated companies** (in accordance with **IAS 28**) are also accounted for at **fair value** with changes in value recognized through the income statement.
- **Listed holdings** are valued on the basis of their **listed share price** and **unlisted holdings** are valued on the basis of either **a financing round, recent transaction or a comparables valuation**, when such value can be reliably measured. Valuations require individual consideration in each and every case.
- **Tangible fixed assets** will be revalued to fair value in accordance with **IAS 16** (making it equivalent to the value which is used in the Net Asset Value).

## Accounting principles – significant differences, cont'd.

- For the **loan portfolio**, Investor AB, will apply **hedge accounting**. Through hedge accounting the value changes in loans and derivatives are matched and the volatility that would appear in the income statement will be lower than if the basic rule was applied.
- Since changes in the holdings' market values will be recognized in the formal income statement and balance sheet in accordance with IFRS, the **volatility in earnings will increase** compared to before (corresponding to the current change in net asset value), which also will affect the equity.
- Other changes (no significant differences)
  - Stock option plans
  - Depreciation of components
  - Other assets and liabilities

## Significant financial effects

### Listed investments

- Listed investments are valued on the basis of their share price at the end of the reporting period.
- Listed investments within New Investments are no longer charged automatically with a liquidity discount.

### Unlisted holdings and funds

- Valuation of unlisted holdings will be made on the basis of a document<sup>1)</sup> published by EVCA, BVCA and AFIC.
- For directly owned holdings an overall evaluation will be made based on, for example:
  - latest financing round
  - recent transactions
  - applying relevant multiples derived from comparable companies.
- Valuation of funds will be made by applying each fund manager's own valuation (if not conflicting with IFRS regulations).

1) "Consultation Document – Valuation Guidelines for Private Equity and Venture Capital"

## Significant financial effects

- The new principles of valuation according to IFRS will affect:
  1. Accounts
  2. Net asset value



# 1. Accounts

## Effect on the accounts

### Effect on assets

Equity holdings, SEK m.	12/31 2004	Adjustment IFRS	IFRS 12/31 2004
Core Holdings	52 597	34 944	87 541
New Investments	9 690	4 206	13 896
Other Holdings	2 398	8	2 406
<b>Total equity holdings</b>	<b>64 685</b>	<b>39 158</b>	<b>103 843</b>

### Effect on tangible fixed assets

Tangible fixed assets, SEK m.	31/12 2004	Adjustments IFRS	IFRS 31/12 2004
Tangible fixed assets	1 269	506	1 775
<b>Total Tangible fixed assets</b>	<b>1 269</b>	<b>506</b>	<b>1 775</b>

# 1. Accounts

## Effect on the accounts

### Effect on liabilities

Liabilities, SEK m.	12/31 2004	Adjustment IFRS	IFRS 12/31 2004
Loans	27 450	500	27 950
<b>Total liabilities</b>	<b>27 450</b>	<b>500</b>	<b>27 950</b>

- Investor's equity increases with Adjustment IFRS, from approximately SEK 53 bn. to about SEK 92 bn.

## 2. Net Asset Value

- The new principles of valuation will affect the net asset value due to the application of the changed valuation.

### Effect on net asset value

Net asset value, SEK m.	12/31 2004	Adjust- ment IFRS	IFRS 12/31 2004
<b>Core Holdings</b>	87 643	-102	87 541
<i>New Investments</i>			
Investor Growth Capital	6 514	1 098	7 612
EQT	3 896	1 596	5 492
Investor Capital Partners – Asia Fund	410	382	792
<b>New Investments, total</b>	10 820	3 076	13 896
<b>Other Holdings</b>	2 406		2 406
<b>Other Operations</b>	1 868		1 868
<b>Other assets and liabilities</b>	2 761		2 761
<b>Total assets</b>	105 498	2 974	108 472
<b>Net debt</b>	-15 551	-500	-16 051
<b>Net asset value, total</b>	<b>89 947</b>	<b>2 474</b>	<b>92 421</b>