

The CEO Börje Ekholm's speech at Investor AB's Annual General Meeting, April 15 2013

Mr Chairman, dear Shareholders.

We had better let this entourage get off the stage before we start. Yes, welcome again. I was thinking about what the Chairman said: finally Monday! So, I will counter with this; finally the Annual General Meeting! I read somewhere that Investors Annual General Meeting is a certain sign of spring. It is a bit shaky this year, and we will probably have to wait another day, and I might also disappoint you that next year, spring will come even later because our Annual General Meeting will then be held in May. The Annual General Meeting gives you as a shareholder an opportunity to ask questions about the business you own, and it gives us a chance to explain and describe how we manage your assets. You have also had the chance to meet many of our employees here outside and I also hope that you all have had a look at some of the companies you actually own.

Before I start with 2012, I would like to talk about our vision.

Our vision is to be recognized as a premier Investor, developing best-in-class companies. This means that we want to do what is right for each company, so that they are given the best opportunities to develop industrially long-term. Yes, long-term. A bit repetitive you might think, but it is an important part of our DNA. But what do we mean by that? Well, we do not buy companies, nor do we invest in companies with the purpose of selling them. We do not have any so called "exit horizon". We own our core investments with a real long-term view. Portfolio turnover does not create any value in itself, rather quite the opposite. All it does is creating transaction costs, both directly in the form of compensation to intermediaries and indirectly because the company loses focus on its own operations. So, quite frankly we think that if we own a good company, then it is better to hold on to it. Furthermore, it is actually incredibly hard to find new ones that are as good. Therefore, we like to say that owning good companies forever cannot be a bad thing. This also allows us to focus on the companies' long-term cash flow. The present value of all future cash flows, what we call intrinsic value, is the value we work from.

The market value, which you know, goes up and down is actually not that interesting to us long-term owners. But we also know that every long-term actually is built on many short-terms. That is why we have to work hard to make sure that our companies deliver and develop in the short-term and also develop in a shorter-term perspective. Therefore, we are impatient when it comes to follow-up, without losing sight of what is right for each company long-term. So, how do we know if we have done a good job as an owner? Well, we know this if our companies develop better than their peers. Many of our companies have done so for a long time, but we have to keep working hard. I understand if this picture might be a bit detailed, but I brought a piece of our internal, slightly decoded material. What you see here is an example of how we benchmark our companies, the blue bars, with their peers looking at their working capital development. The main focus for us is to help our holdings to constantly improve, but also to make sure that we have the right companies in our portfolio. This is the driving force behind the first and most important of the building blocks of our goal, which is to build our net asset value.

We also work hard to operate efficiently. And the third building block is to create a stable and growing cash flow, enabling us to pay a steadily rising dividend.

So, let me describe 2012 by applying these three building blocks. 2012 was a year when our companies in general developed well. Our net asset value increased with 17 percent, when you add back the dividend we give to you shareholders, also including the divestment of Gambro. We also added Wärtsilä as a new core investment. I will get back to Wärtsilä later in

my presentation. An important part of our strategy to build our net asset value long-term, is to have both listed and unlisted companies. As you all know, historically we have primarily been owners of listed companies. However, by owning unlisted companies we can create value by running these companies and then return that value creation only to our own shareholders. This way, you could say that we ditch the free riders. Furthermore, this way we can generate a cash flow that we fully control, which gives us a greater opportunity to develop our own business.

Mölnlycke Health Care continued to develop well during the year, with good growth and strong cash flow. In our second major subsidiary Aleris, the majority of the operations perform well, but we have had problems within the healthcare division in Sweden. And as always, we have to keep working to strengthen Aleris, and to ensure that Aleris will emerge stronger from this position. We are convinced that Aleris is an attractive long-term investment for Investor.

Well, to make sure that the majority of the returns generated by our assets go back to you shareholders, it is important to reduce the burn-off, namely our costs. When we updated our strategy in 2011, one of the conclusions was to simplify our business model so that we could lower our costs. We also made Investor Growth Capital, IGC, a stand-alone entity. It carries its own costs. We could see this effect during 2012. Our costs during 2012 were SEK 377 m., down from SEK 646 m., two years earlier. And our ambition now is to keep our costs between SEK 90-95 m. on a quarterly basis, only adjusting that for inflation.

You have seen this slide before, but this is the platform we have created to generate strong cash flow. It gives us the ability to keep generating a steadily rising dividend to you shareholders.

During 2012 we received SEK 4.8 m. in dividends from our core investments. EQT gave us SEK 2.2 bn., and IGC gave us SEK 600 m., excluding the contribution of the last SEK 750 m., made during early 2012. Another major event was that for the first time, the mobile operator 3 gave a dividend to its shareholders. We received SEK 80 m. At the end of the year we announced the divestment, or we signed an agreement to divest Gambro. When the transaction is completed we will receive SEK 10.5 bn. The cash flow generated will be used for investments to create good conditions for future value growth in Investor, but also to generate dividend to you shareholders.

When we look at our dividend, we think it is very important that the dividend level is sustainable. For 2012, the Board proposes a dividend of SEK 7 per share. This is an increase of SEK 1 per share compared to the year before. We are well positioned to continue to pay a stable and a steadily rising dividend, because it is, in fact the case, that the dividend is a very important part of our total return. In this picture you can see that if you had invested SEK 10,000 in Investor shares 10 years ago, and reinvested the dividends, you would have had approximately SEK 46,000 today. You can compare this figure to the SEK 33,000 you would have today if you instead would have invested in an index fund. But what is also interesting is that nearly SEK 14,000 of the value increase of SEK 36,000, roughly 40 percent, came from dividends we have distributed during these past 10 years.

For long-term value creation, we need to develop our existing companies in the best way possible, but we also need to have a portfolio of great companies with prospects for long-term growth. And last year, as you all now, we added Wärtsilä to our portfolio. The fact is, we have talked about long-term, we do not evaluate our investments on such a short-term as one year. But it is still gratifying that our purchase price is about 30 percent lower than the current share price, so this certainly is a good start. We have pooled our ownership with the main owner Fiskars in a company where we have a shared ownership strategy. Together we roughly own 22 percent, and our ownership enacted through the joint venture, is 8.8 percent.

Wärtsilä offers complete power solutions for the marine- and energy markets. It has a global leading position, high exposure to growth markets and a considerable aftermarket business. We see strong long-term potential in the company, driven by tougher environmental legislation, increased demand for smart power solutions and increased demand for natural gas-powered engines. We are very pleased to be a long-term owner in this great Finnish engineering company.

A few weeks ago, we announced a new investment in Permobil, which will become a new wholly-owned subsidiary. Permobil is a global leader in advanced powered wheelchairs for disabled people. The company is a classic Swedish engineering company with a strong corporate culture, where the employees are committed to improve the living situation of its users and customers. Permobil has high quality products and very strong market positions with good profitability and stable cash flow. We will continue to invest in this company and its business. We see good prospects for long-term growth in this company.

Well, taking risk is part of our business, as well as sowing seeds for the future. This is why we have a limited portfolio of companies, based on world leading research. These aren't companies we talk about every quarterly review, nor will they have a huge impact on our total return over the next few quarters. But I am fully convinced that you will hear more about them, at least a few of them, sometime in the future, as really, really great companies.

A condition for getting more Swedish companies to grow stronger as independent entities, is that we have a well-functioning and dynamic stock exchange. Today, the stock market is sometimes compared to gambling, yes, even to a casino. But the importance of a stock exchange's role in providing financing for growth is often forgotten. In fact, the majority of the great companies that we have here in Sweden have been financed by the stock market and developed from there. Essentially, we need a stock exchange that functions well, attracting (new) capital for start-ups, in complement to the trading in existing companies. A good stock exchange creates stronger companies, more jobs and therefore higher prosperity in Sweden. It is therefore a good thing for Sweden to have a stock exchange that companies want to be listed on. I believe that the stock exchange is like the heart of a well-functioning economy. There is now an eagerness to regulate listed companies, many different topics are discussed, ranging from the composition of the Boards, to its auditors. I do not think this promotes the competitiveness of the stock exchange when comparing it with other forms of ownership. I hope that we will start discussing how important the stock exchange is for the economy, and how we can raise its competitiveness, instead of implementing regulations that lower the attractiveness.

Investor will never sway from its long-term perspective. We look for companies that we can help develop for a long period of time. We support our companies to make the correct long-term decisions, even if they are criticized short-term. We have strong finances and we are always ready to support our companies, if we think that it will maximize the value of the company. We also have funds available to make new exciting investments. We take responsibility for what we do.

An example of this is our ownership in the healthcare company Aleris. We are convinced that the healthcare market will increase quite considerably as the population ages. We always say that demographics do not lie. And through Aleris, we have made a long-term investment in this growing market and therefore we think that the ongoing debate of not allowing profits in this sector is concerning. Certainly, the goal of a company cannot be to make profits, it has to be to satisfy the customer's need and to supply a good product or service. Profit is more of a receipt that you are doing the right thing in an efficient way. But on the other hand, an unprofitable company, clearly, does not fulfill its community responsibility and has thereby no right to exist. Without innovation to increase productivity and quality in the health care sector,

taxes will have to be raised considerably. There are many different calculations regarding this, but we are talking about massive tax hikes. And if we are to avoid tax increases, well, then we need to limit people's access health care services or reduce the quality of healthcare. No, instead, we believe that you have to work on productivity instead.

Productivity and quality. This requires innovation and we believe that successful private companies can contribute. This demands long-term investments, and long-term investments from private companies need stable, political rules. That is why we also believe that we have to be part of the public debate and help ensure that we create the best systems possible in Sweden, so that we in turn can handle these challenges with a long-term approach. This is why we have chosen to reach out to politicians, faculties, trade unions, public officers and see how we can contribute. We have experience, resources and knowledge from many different industries, which we think can be valuable for this sector. Well, this stand-point and this responsibility is something that you get, as a shareholder in Investor, combined with a big serving of impatience for continuous improvement.

This slide shows how our principles and our philosophy are translated into value for you shareholders. Here you can see our return compared to the Stockholm Stock Exchange and our return requirements. We outperform the stock exchange over 1, 5, 10 and 20 years. And I am convinced that when we look back 20 years from now, we can show this same slide.

The companies you see on this slide are our back bone. All of them with opportunities, all with challenges, all with demands on us as an owner. But there is one thing they all have in common, they have an owner that in all specific questions and situations will defend what is best for the company long-term. Our model is not to communicate through the media. Our model is to communicate our views and thoughts to the company and to the Board in the company. This is how we build long-term trust between us and all of our holdings. We also build this trust with all the company employees so that they can go to work every day and know that they, in turn, are part of developing and building these companies long-term. Because I think we have a portfolio of truly magnificent companies, built by fantastic people.

I would like to thank you for the confidence that you shareholders have given us at Investor. We appreciate it immensely and we will do our utmost to deliver on this vote of trust in the best of ways, so that Investor will continue to have a competitive total return the next 20 or 50 years, as we historically have. I am convinced that we have created a solid base for achieving this!

Thank you!