



# Johan Forssell

Vice President and  
Head of Core Holdings

## Our Core Holdings

### Healthcare



### Technology



### Engineering



### Financial Services



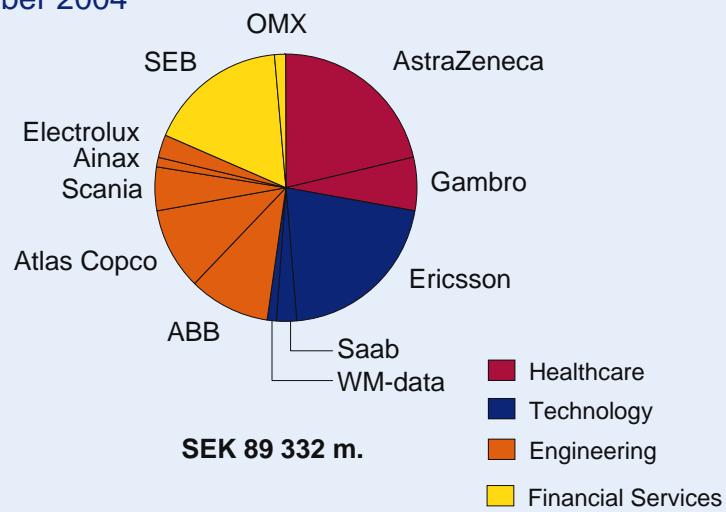
## Major transactions (> 1 billion SEK)

2001	2002	2003	2004 Sept 30
+ Ericsson	+ ABB	+ ABB	+ Ainax
+ SEB	+ Ericsson		
- SAS	- AstraZeneca	- Marginal changes in several holdings	- AstraZeneca
- SKF			
- Stora Enso			

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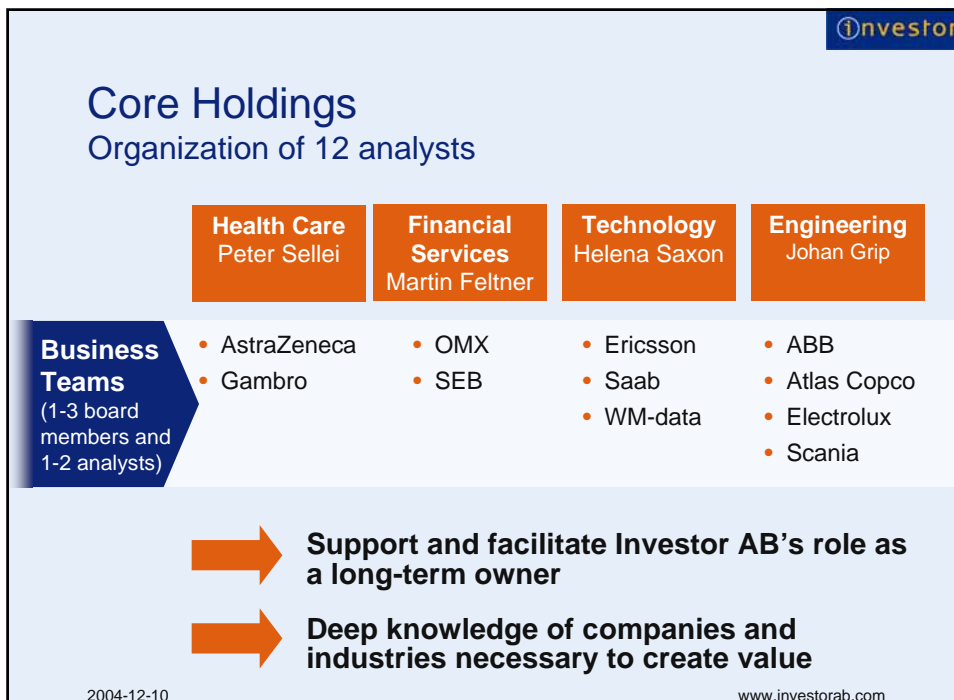
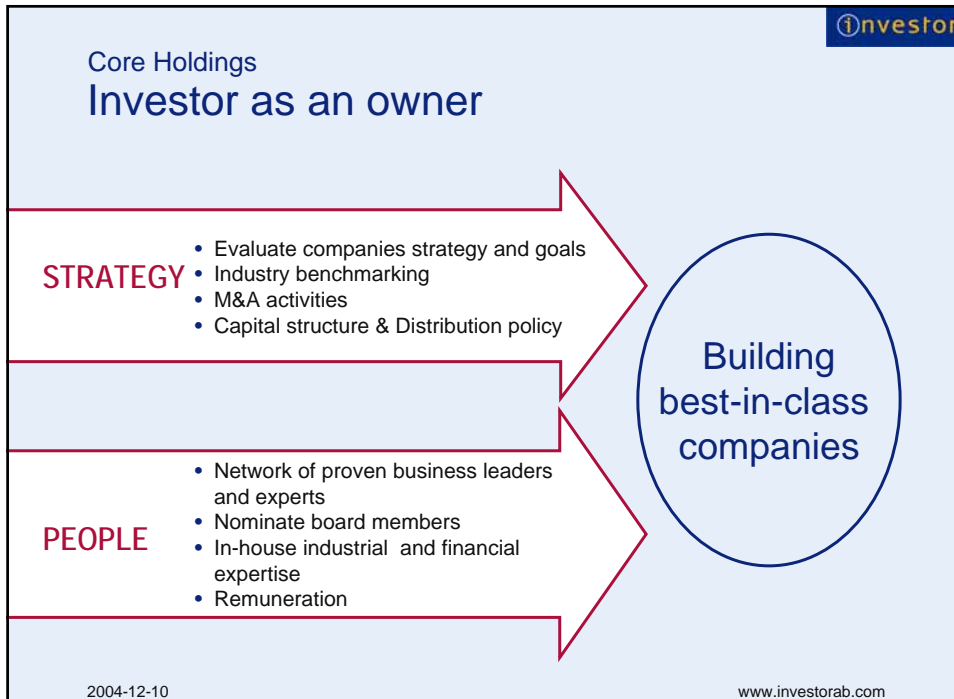
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## Portfolio mix September 2004

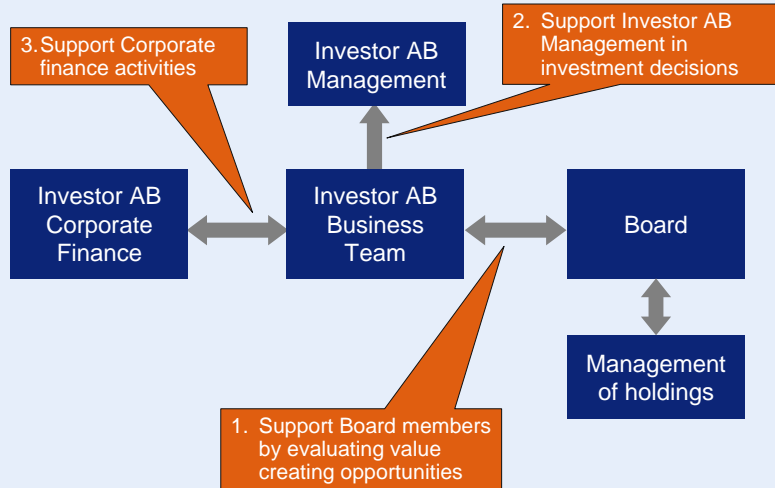


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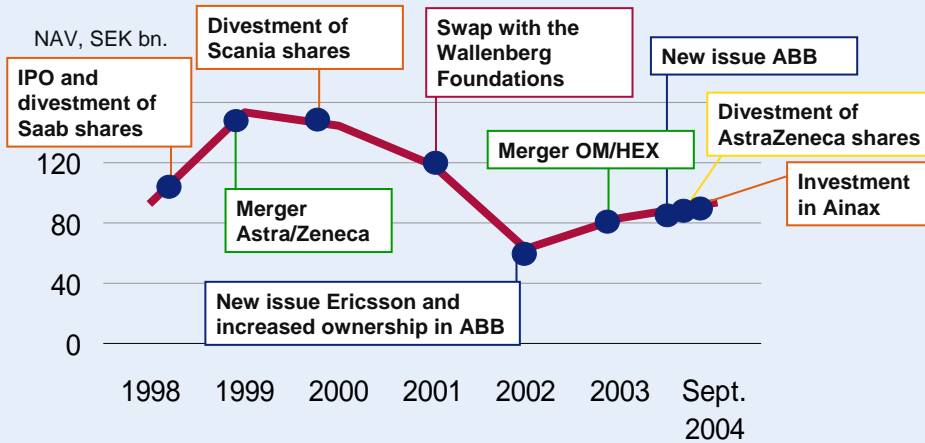
## Key roles



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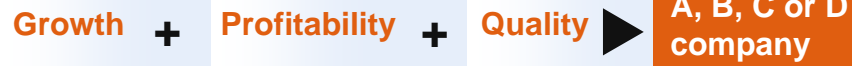
## Core Holdings Examples of activities



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## Ranking of core holdings



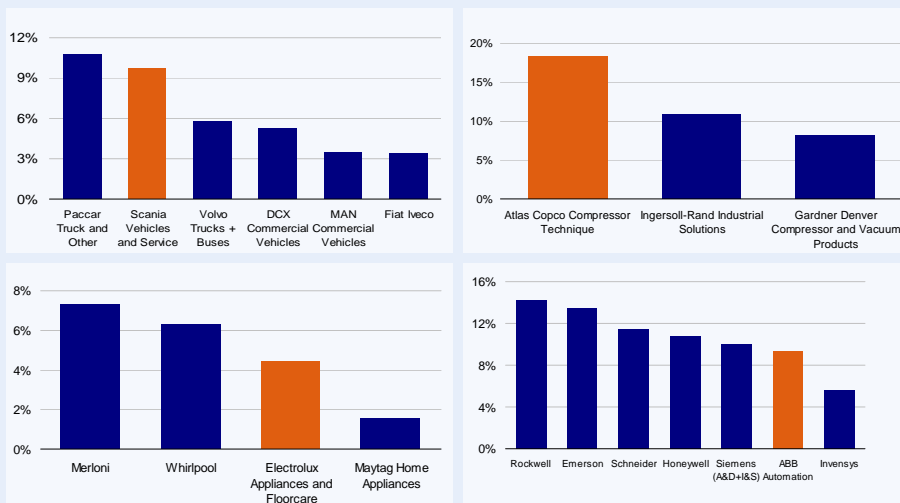
→ A structured approach to evaluate our holdings

→ A framework to evaluate how to improve C/B companies to A/B companies

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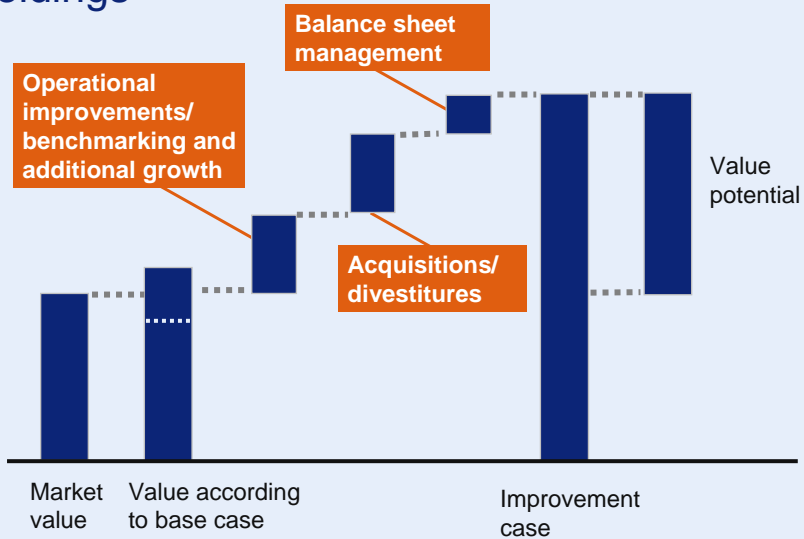
## Global Benchmarking (operating margin\*)



\* First 9 months 2004  
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## Identifying value potential within core holdings



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## Key drivers and uncertainties in Core Holdings' industries

### Healthcare

#### Drivers

- Demographics
- Unmet medical needs
- Emerging markets

#### Uncertainties

- Regulatory hurdles for approval
- R&D productivity
- Pricing

### Technology

#### Drivers

- Increased mobility
- Technological development
- Emerging markets

#### Uncertainties

- Consumer behavior
- Competitive dynamics
- Pricing

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## Key drivers and uncertainties in Core Holdings' industries

### Engineering

#### Drivers

- New products and applications
- Service and spare parts
- China, India, Eastern Europe...
- Energy, productivity, transport...

#### Uncertainties

- Business cycle and USD
- Cost increases vs. pricing power
- Globalization

### Financial Services

#### Drivers

- Ageing population – increased savings
- Eastern Europe, Russia...
- Product innovation

#### Uncertainties

- Regulatory changes
- Pricing

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## Building best-in-class companies

- High focus on **innovation**
- Grow revenues from **service and spare parts**
- Expansion in **emerging markets**
- Cost and capital **efficiency**
- Good **discipline** when conducting **acquisitions**

 **Strong management and corporate culture is key to succeed**

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## Summary – Value creating ownership

- In-depth knowledge about our companies and industries makes it possible to recommend value creating opportunities
- Ranking used as a tool to identify value creating opportunities in Core Holdings
- Profitable growth, the key value driver, but also the toughest challenge

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