INVESTOR AB

Press release

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Remarks by Marcus Wallenberg at Investor's Annual General Meeting:

Increased investments in new companies in expansive branches at the same time with active renewal of core holdings

"In order to meet shareholders' justified demands for return, we must continue with a strategy along two parallel lines – on the one hand we must through active ownership take part in the renewal of our core holdings and on the other hand we must invest in new investments. Increasing this part to 15 percent of our assets has high priority," says Marcus Wallenberg.

As we have previously stated, our goal is that the total return for the Investor share, that being the sum of reinvested dividends and share price appreciation, over a business cycle should be 3% higher on average per year than the total return of the Stockholm Stock Exchange. We have no ambition to develop into some form of index fund. And there are also reasons why the Stockholm index may not be the best measurement for Investor shares in the future. But given the fact that, during the last 10 years, we have delivered on average a yearly total return of 2.6% over the Stockholm index, we still believe that the 3% goal is fair, Mr. Wallenberg says.

When it comes to investment activities, Mr. Wallenberg gave examples of three lines of development that will have growing significance and that will influence Investor's business in the future. First of all, technological development in combination with freer world trade has dramatically changed how we produce, distribute and consume goods and services. He also cited demographic developments with new demands on healthcare, pharmaceuticals and service and the increased interest for

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pension savings and asset management. The fact that we grow older puts new demands on healthcare providers and the pharmaceutical industry, at the same time as new markets for various kinds of healthcare services develop. There is an increase in demand for products and services that make life a bit easier when the body has a more difficult time. Investor is well suited to participate in meeting these demands.
An older population increases the pressure on the public social security systems. Many of the pension systems of the West are not suited for this demographic development.

For the third, he took up the growing knowledge content of the economy and working life with increased needs for education. Today, there are very few tasks that do not demand a wide education. The individual's own knowledge is decisive in getting a job. At the same time, the knowledge of the staff becomes the most important resource of the corporation. What 20 years ago might have been a human resources cliché is today critical to survival for most corporations.

New investments

To meet legitimate demands for returns on investment, we have to continue a strategy along two parallel lines.
On the one hand, we will continue to take part in changes within our core holdings through active ownership. On the other hand, we will make new investments. Today, they are only 5% of our holdings. That is not enough. We have said earlier that this part should increase to 15%.
To reach this goal is a high priority for two important reasons.
First and foremost, this is because we have good opportunities to make money here. In 1998, our new investments overall had a very good return, in spite of the fact that a fairly significant part was negatively influenced by the crisis in Asia.

Our third and last structure for new investments is the Private Equity activity within EQT with companies both in Sweden and in Scandinavia. The business idea of EQT is to acquire, with its own or external capital, mid-sized companies in order to realize, with industrial and financial knowledge, the profit potential in these companies. Today in EQT there are already a range of activities, from kitchen carpentry to cable TV operators.
When an investment does not fit the strategy of the different activities, it should be divested or if appropriate acquired among Investor's core holdings. Our new investments are our options for the future, with good return potential.

Marcus Wallenberg also explained that Investor will now be smarter and sharper.
“At the same time we are developing our organization we must be able to hold our costs down for administration, without losing our acuity for and our capacity for being an active owner.
“Between now and the year 2000 Investor will therefore be able to implement a savings and restructuring program. Our goal is that administrative net costs should be held at 0.5 percent of the company’s net asset value.”

At the AGM, Mr. Wallenberg presented Investor’s new Management Group. It comprises, besides himself, Börje Ekholm, Hank Gooss, Adine Grate-Axén, Ulla Litzén, Nils Ingvar Lundin, Sven Nyman and Pia Rudengren.

In conclusion, he emphasized that Investor – despite increased rapidity and all the better capacity for adaptation – will not give up its far-sightedness.

“If we are going to conduct work with change and renewal, we cannot have merely a quarterly report perspective,” he said. “Far-sighted changes must take time.”

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