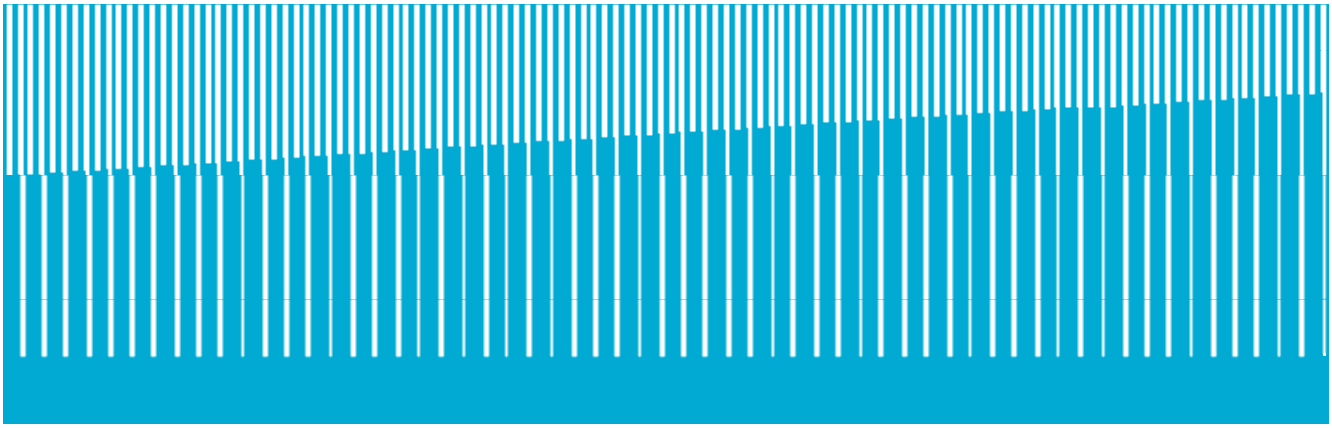
Core Investments
Johan Forssell
Head of Core Investments



Core Investments
Portfolio overview, March 31, 2010

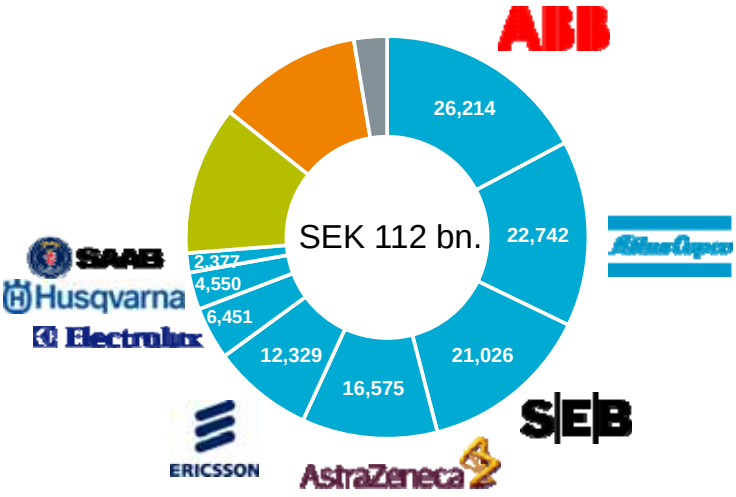
Core Investments

> Listed well-established global companies

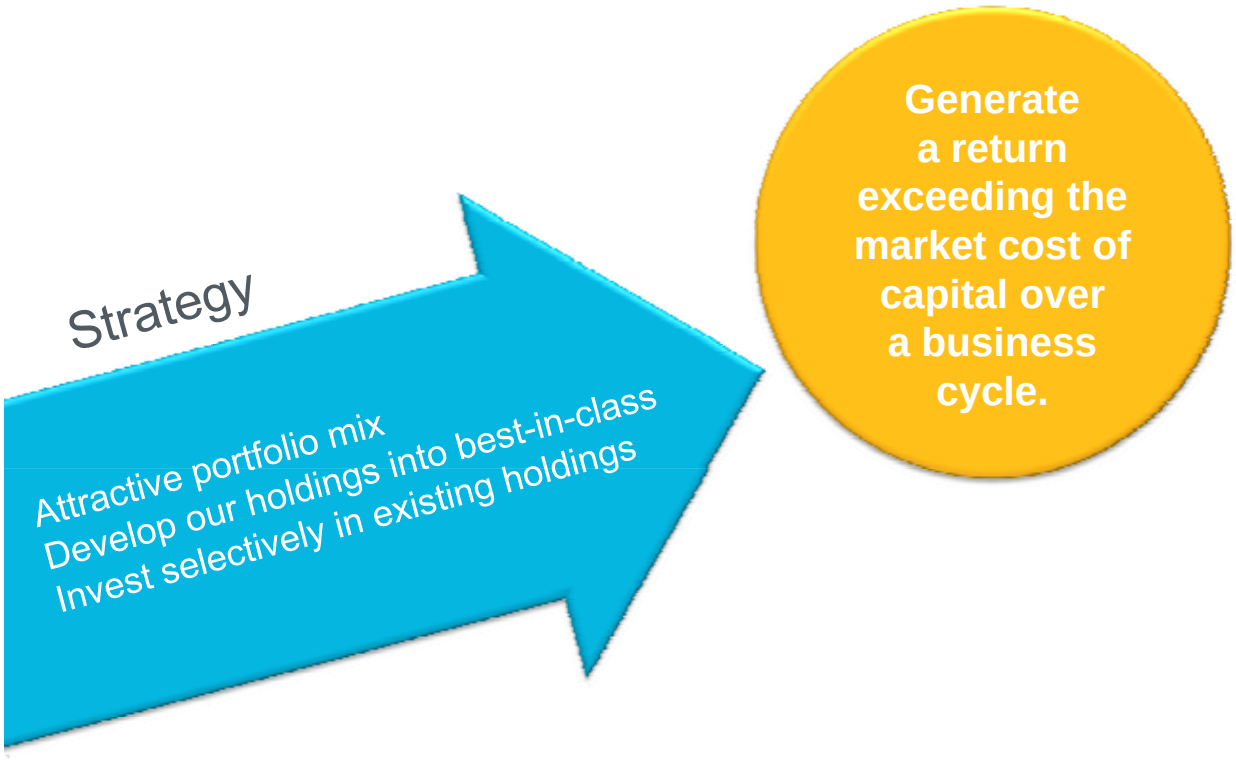
> Long-term ownership

> Significant minority position

74 % of total assets



Our objective and strategy

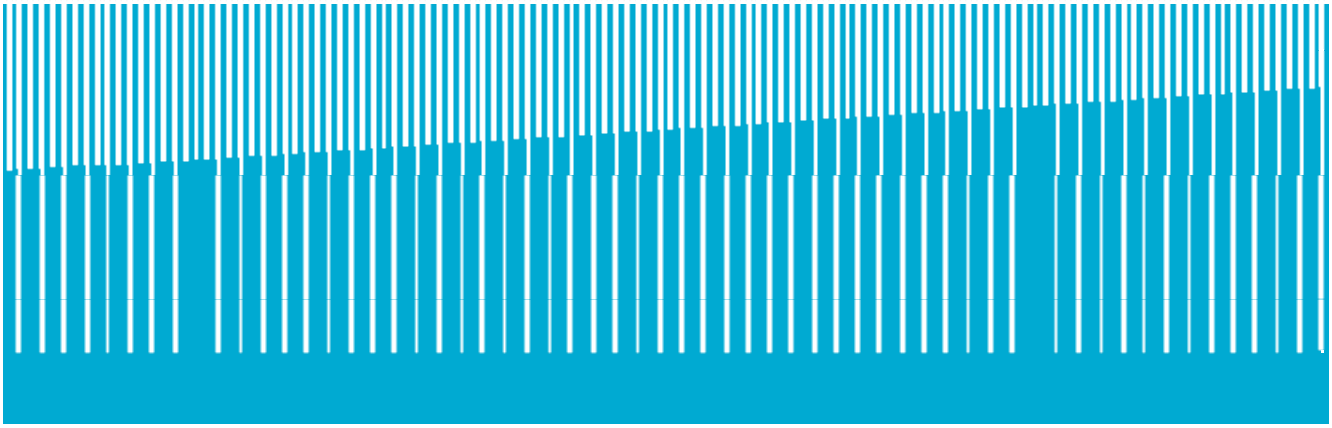


Core Investments

Strategy restart 2005

1. Focus Core Investments portfolio
   - Maximize value
   - Make sure the change is good for the companies
2. Continue strategy of active/engaged ownership
   - Develop and drive the implementation of structured Value Creation Plans for all companies
3. Strengthen ownership in selected Core Investments

1 Focusing Core Investments



Core Investments
Structural changes 2005-2009

Good price received for Scania
– divested in March 2008

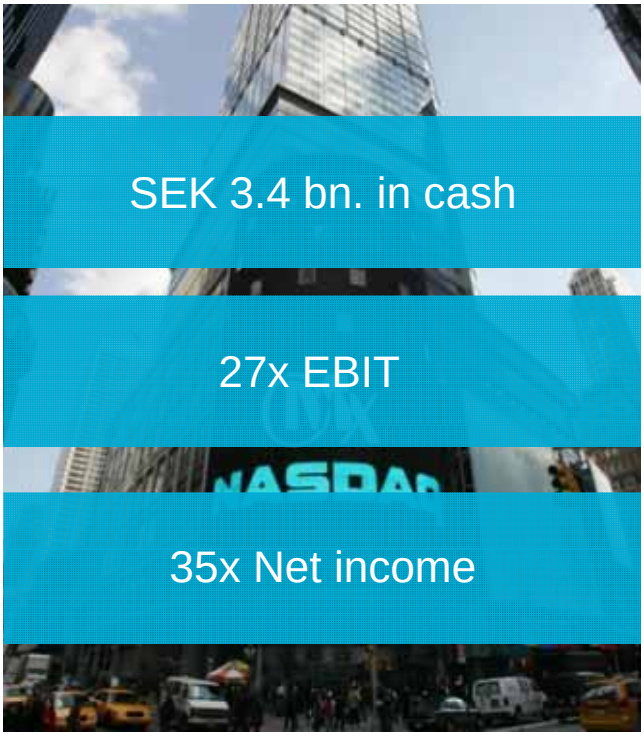


OMX divestment summary

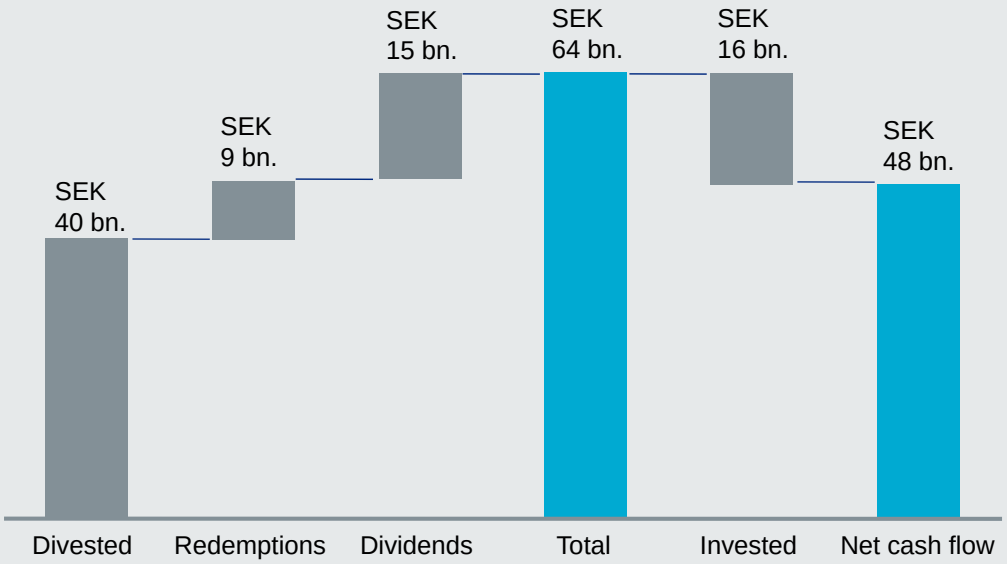
> Analysis in 2006 identified changed industry regulatory environment

> Combination with Nasdaq strategically seen as the right step forward

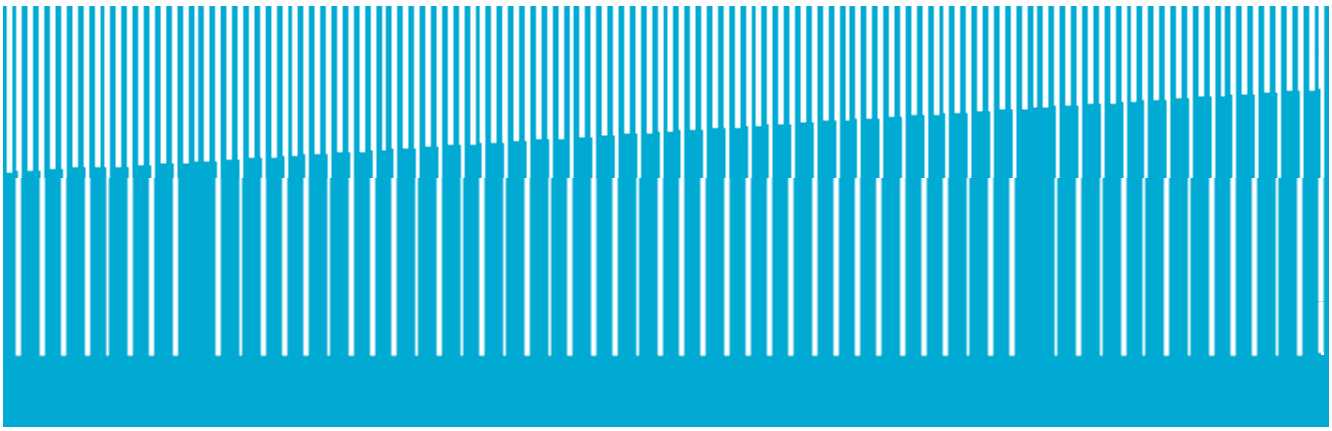
> Investor actively pursued this solution and made a financially attractive exit



Strong cash flow generation
2005–Q1 2010



2 Continue strategy of engaged ownership



We act through the Board



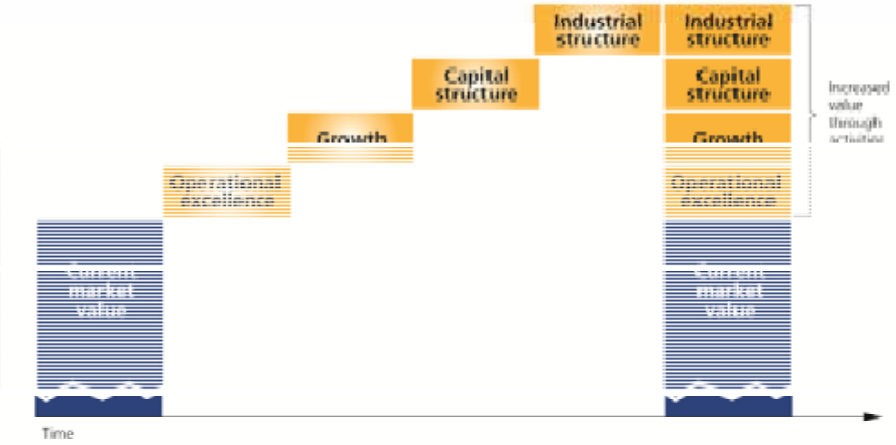
- Board recruitment
- Value Creation Plans
- Benchmarking/follow-up

- Appointing management
- Strategy and goals
- Financial development/reporting
- Capital structure

- Executes on strategic initiatives
- Runs day-to-day operations
- Report back to the Board

Value Creation Plans

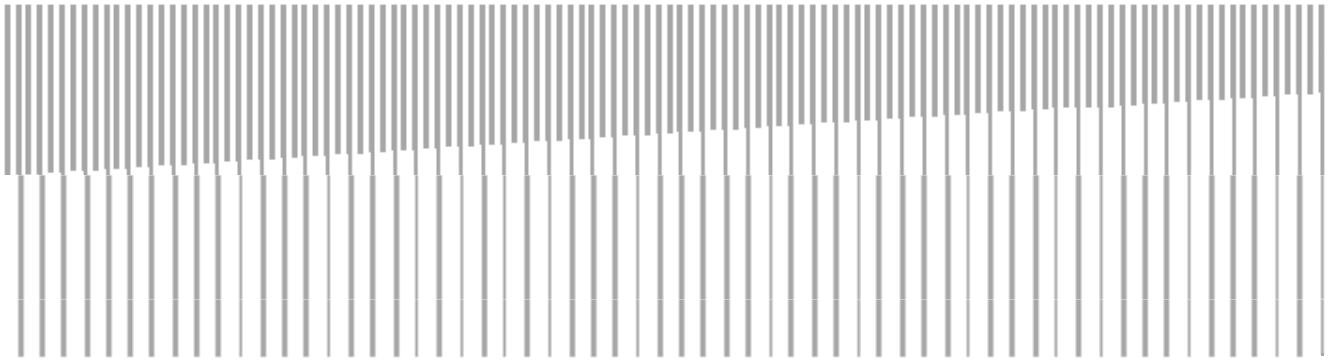
Structured approach to identify improvement potential



- We identify key activities from an ownership perspective
- The Value Creation Plans have a 3-5 year perspective
- The plans are developed and continuously refined by our business teams
  - Typically comprising two Board members and two analysts

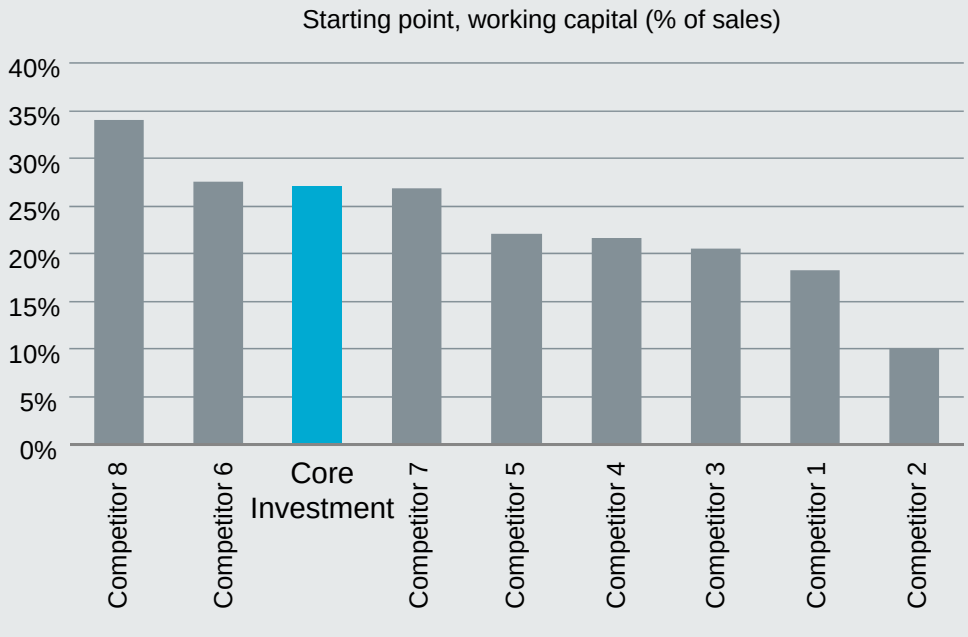
Benchmarking

Key process to identify improvement areas



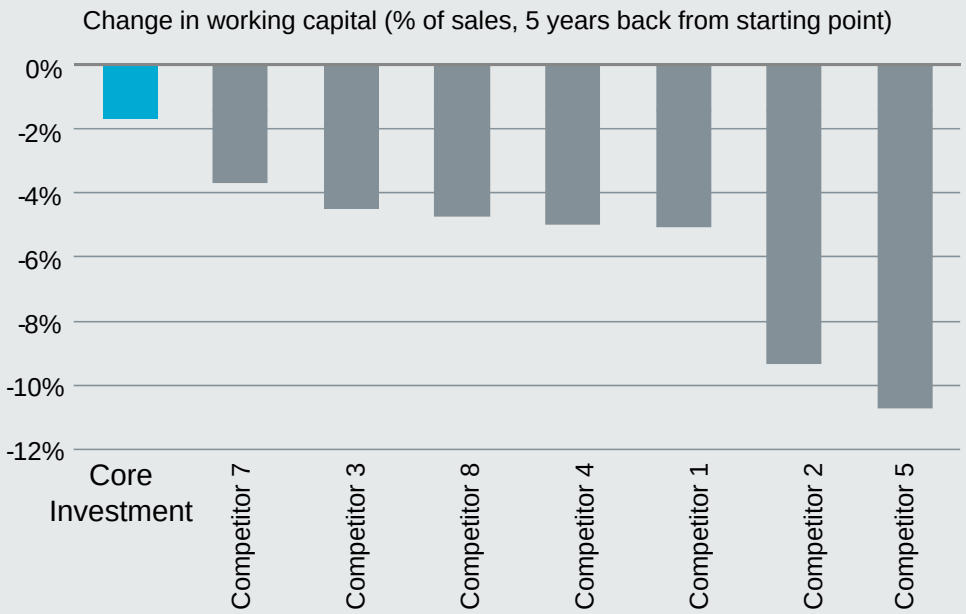
Benchmarking important tool

Actual case: working capital in a Core Investment



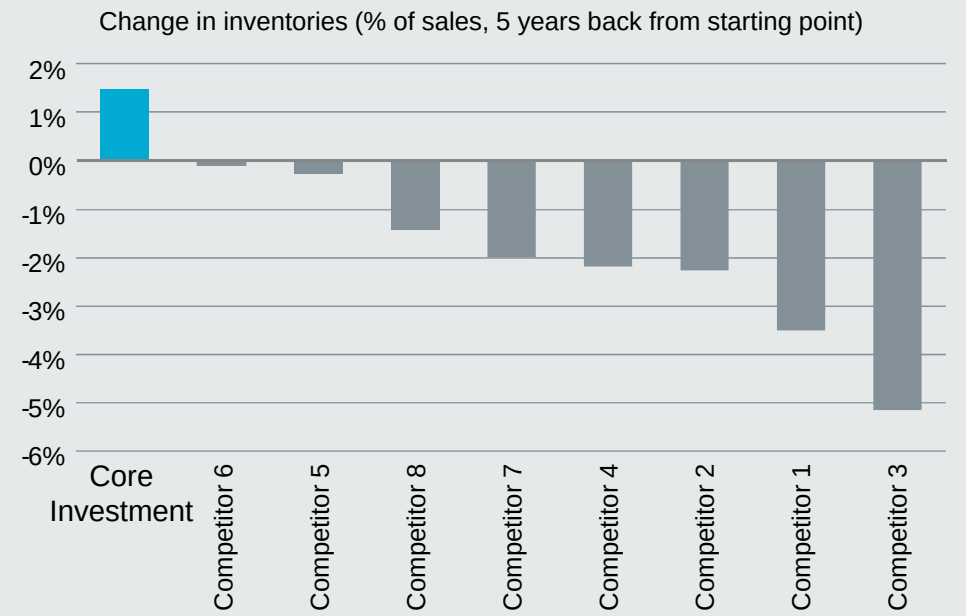
Benchmarking important tool

Limited improvement compared to competition indicated need for further actions



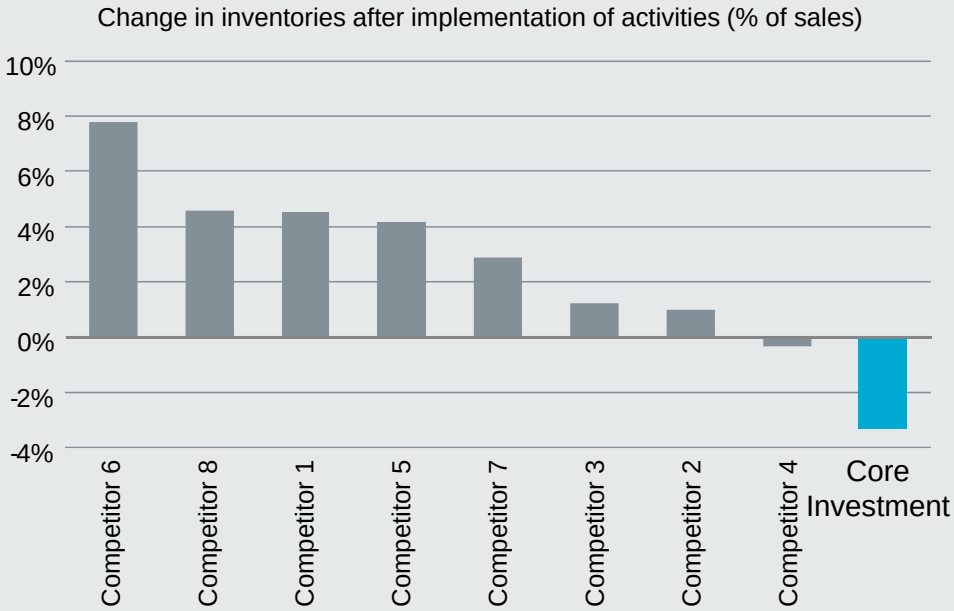
Benchmarking important tool

Inventory build up identified as key reason for underperformance



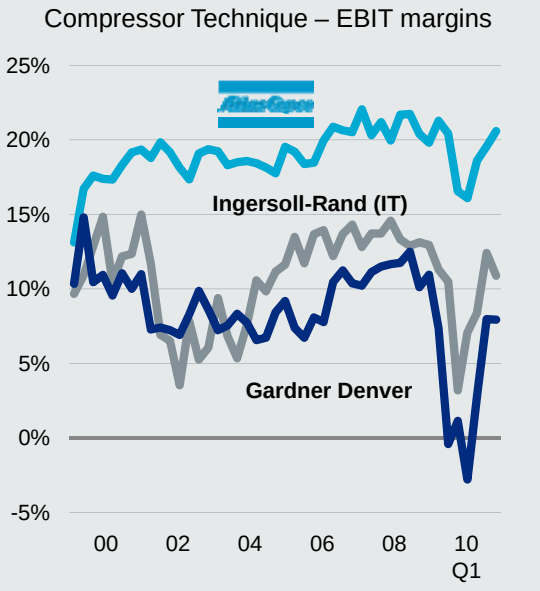
Benchmarking important tool

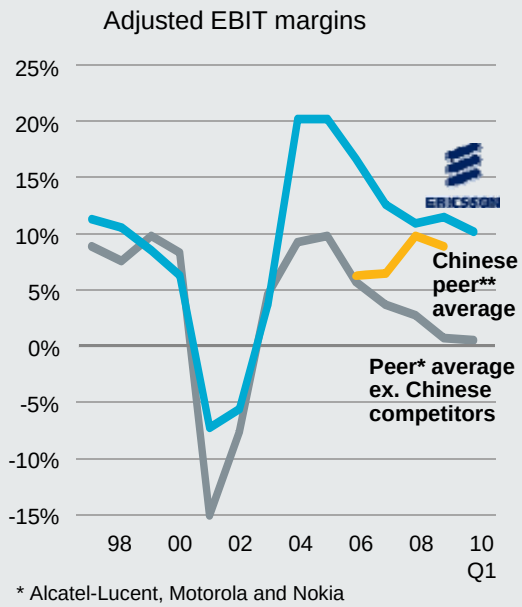
Follow-up process shows improvements



Best-in-class

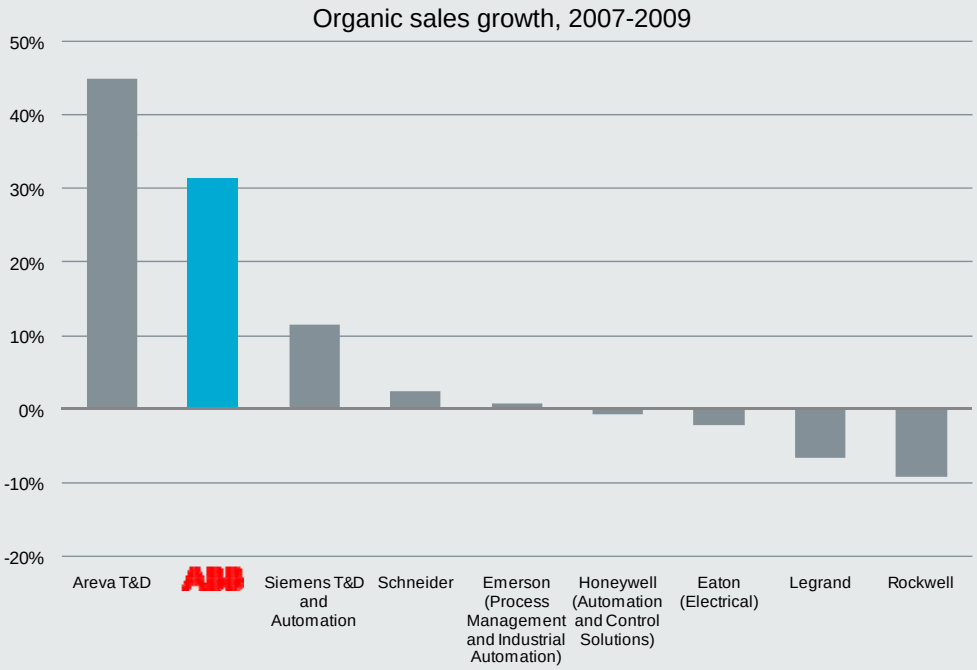
Atlas Copco and Ericsson – EBIT margin vs. peers





Moving towards best-in-class

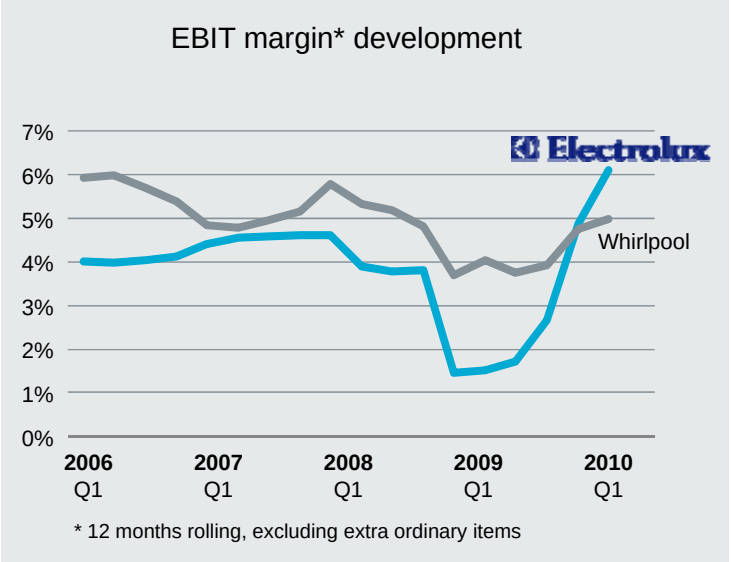
ABB vs. peers



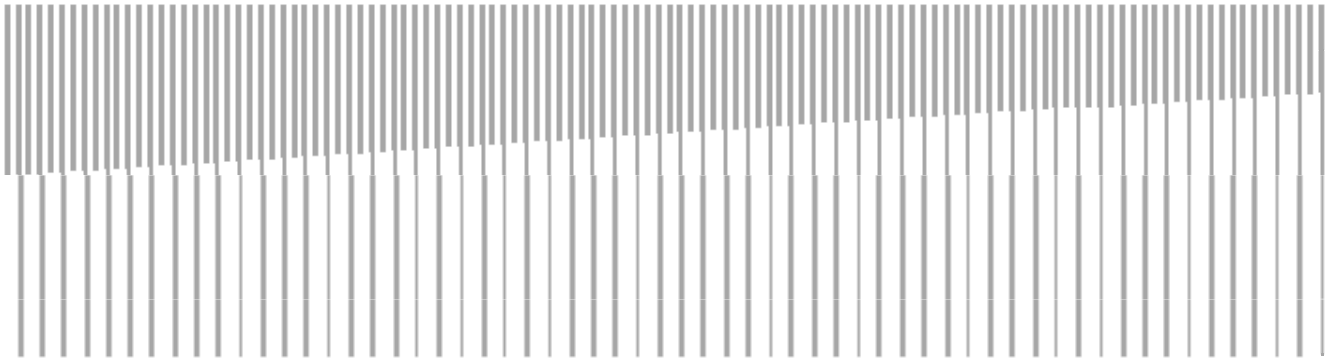
Moving towards best-in-class

Strategic work starting to pay off

- Manufacturing relocations to low cost countries
- Improved utilization of global strengths
- Build Electrolux-branded premium business in the US
- Turnaround in Europe



Challenges going forward



Challenges going forward

Examples of focus areas

ABB	> Handle increased competition from Chinese players > Efficient use of strong financial position
Atlas Copco	> Switch to growth mode after successful handling of the downturn > Efficient use of strong financial position
Electrolux	> Continued focus on successful execution of strategic plan
Husqvarna	> Achieve synergies from earlier acquisitions > Improve cost structure

Challenges going forward

Examples of key focus areas

- > Handle transition from hardware to software
- > Turnaround of Sony Ericsson
- > Continue efforts to reduce costs

- > Successfully implement new organizational structure reducing complexity
- > Cost savings to enable future R&D and marketing activities

- > Balancing focus on liquidity and non-performing loans with accelerating growth in prioritized areas

- > Improve R&D productivity
- > Continue successful cost reduction activities

New competitors emerging

Major long-term challenge

- > Many “Western” companies will face ”new” and aggressive competitors (Chinese, etc.)
- > The Mobile Systems market makes an interesting example
- > New competitors will go after more industries
  - – Risk differs between industries
  - – Size of home market and strength of leading locals
  - – Depth and complexity of technology







How to stay ahead of new competition

Case: Atlas Copco

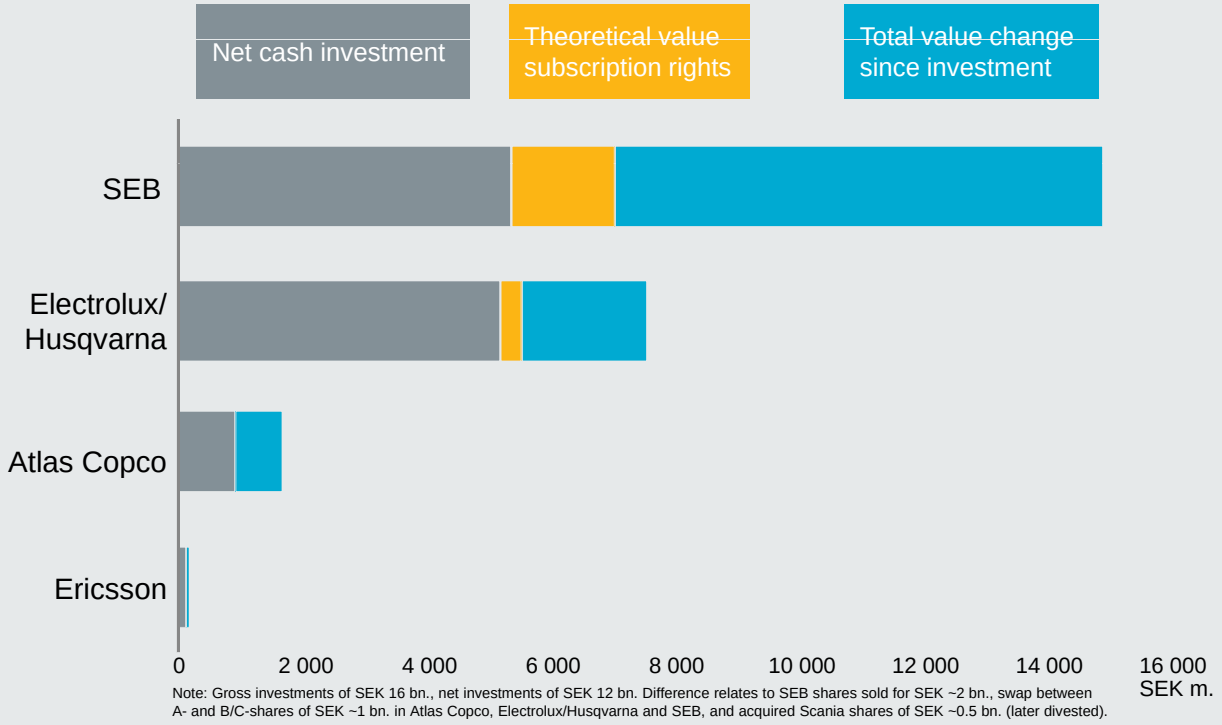
- Focus on innovation and R&D
- Focus on service and aftermarket
- More “feet on the street”
- Increased local production
- Tailored products for local markets
- Multi-brand strategy (e.g. through acquisition)
- Move top management to key markets





3 Strengthen ownership in selected Core Investments

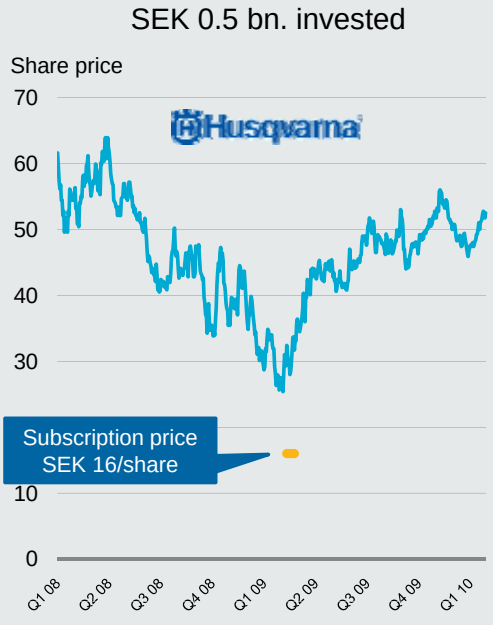
Return on investments
2005–Q1 2010



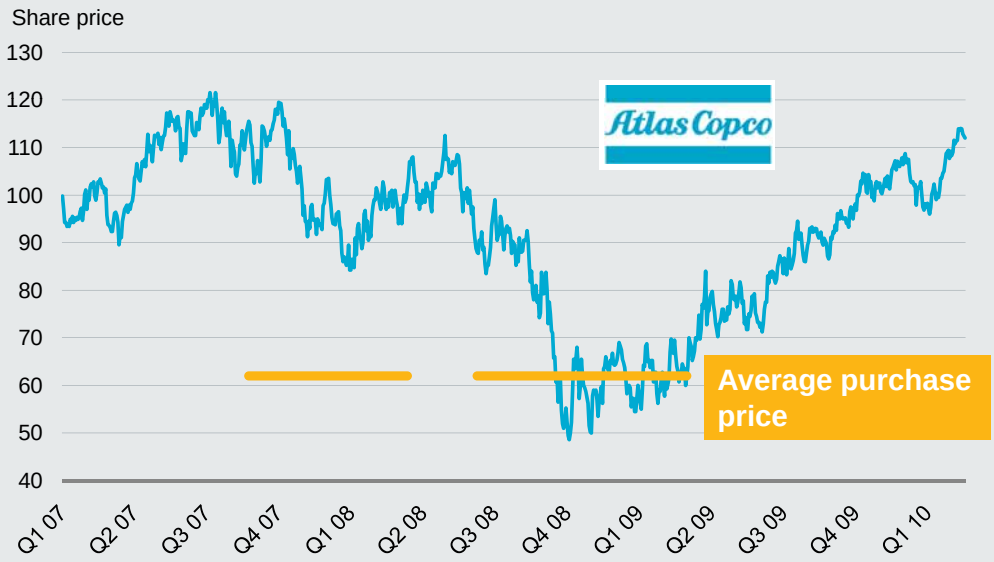
Note: Gross investments of SEK 16 bn., net investments of SEK 12 bn. Difference relates to SEB shares sold for SEK ~2 bn., swap between A- and B/C-shares of SEK ~1 bn. in Atlas Copco, Electrolux/Husqvarna and SEB, and acquired Scania shares of SEK ~0.5 bn. (later divested).

SEB and Husqvarna – the rights issues





Atlas Copco – SEK 1 bn. invested



Saab AB – SEK 1 bn. to be invested

10.2 percent of shares agreed to be acquired from BAE Systems

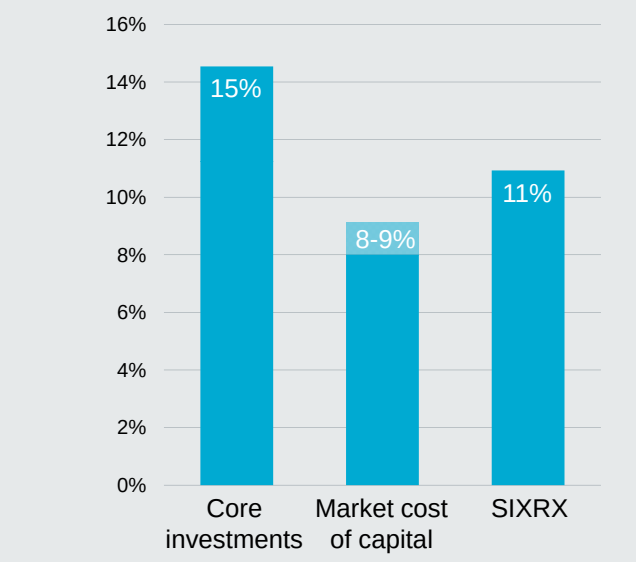
- Financially attractive investment
- Clarifies the ownership structure in Saab AB
- Transaction subject to customary regulatory approval



*Adjusted for dividend paid of SEK 2.25 per share

Delivering on the objective

Annual total return 2005 - Q1 2010



- Total return Core Investments: **104 percent**
- Total return Stockholm Stock Exchange total return index: **72 percent**

Excess return of SEK ~28 bn.

Strategic focus going forward

