

# Industrivärden

## Valuation more palatable, solid portfolio outlook

- Q1 in line with ABGSCe
- HOLD: P/NAV valuation remains a tad rich...
- ...but we have a positive bottom-up view

### NAV outperformed and discount narrowed slightly

NAVPS came in at SEK 386 (ABGSCe 387) and thus increased by 11% q-o-q in total-return terms. The stock (C-shares) gained 12% (SIXRX +8%), as the discount to NAV narrowed by 1pp to 5%. Volvo, SCA and SHB were the key outperformers in the portfolio, while Ericsson, Alleima and Essity underperformed. The balance sheet remains strong, as we estimate a net gearing of 2% in relation to the portfolio value once Industrivärden and Sandvik have paid out their dividends. We thus expect Industrivärden to continue to be opportunistic in terms of share purchases following the SEK 887m worth of purchases in Q1 (Sandvik, Volvo and SCA).

### Positive bottom-up view on value-tilted portfolio

We have a positive bottom-up view on the portfolio outlook, as we rate all holdings BUY, except for Sandvik (HOLD), and Alleima, which we do not cover.

### 7% NAV discount vs. 5Y average of 9% and targeted 10-15%

While the discount to NAV has expanded from the 2.5-year low of 3% in early February to the current 7%, we still consider P/NAV valuation to be on the high side. We think 10-15% is fair. Meanwhile, we also acknowledge that Industrivärden offers an attractive, value-tilted portfolio at a discount, and thus maintain our HOLD rating. Regardless, we continue to prefer Investor (BUY) in both the long and short terms. Regarding the Industrivärden A-C spread, we expect the premium of the A-shares to stay low, as we think that Lundbergs will continue to acquire C-shares while needing to offload A-shares to stay below the mandatory bid level. We raise our TP to SEK 357 (315) because of the higher NAV.

Reason: Post-results comment

BUY  HOLD  SELL

### Investment Companies

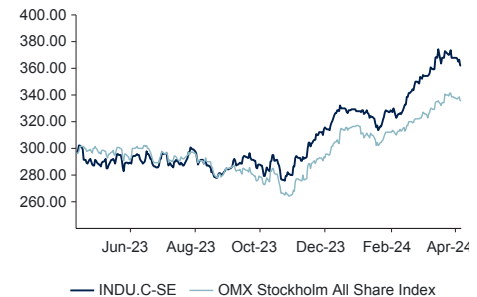
#### INDU.C-SE/INDUC SS

Share price (SEK)	5/4/2024	361.90
Target price	(315.0)	357.0

MCap (SEKm)	156,909
MCap (EURm)	13,616
No. of shares (m)	433.8
Free float (%)	65.0
Av. daily volume (k)	631

Next event Q2 Report 8 July 2024

### Performance



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## Company description

Industrivärden is one of the Nordic region's leading holding companies, with positions in a concentrated number of listed Swedish companies. Because the assets are public, disclosure is high and the portfolio is easy to replicate. The long-term goal is to increase (NAV) and thereby generate a return for shareholders in excess of the market's required rate of return. Triggered by the corporate shake-up in the Industrivärden/Svenska Handelsbanken sphere in 2015, Industrivärden's board adopted a new, refined strategy in February 2016. Changes include a stronger corporate governance model, a broader investment universe, and greater capacity and flexibility to act over time.

### Total return (2015-)

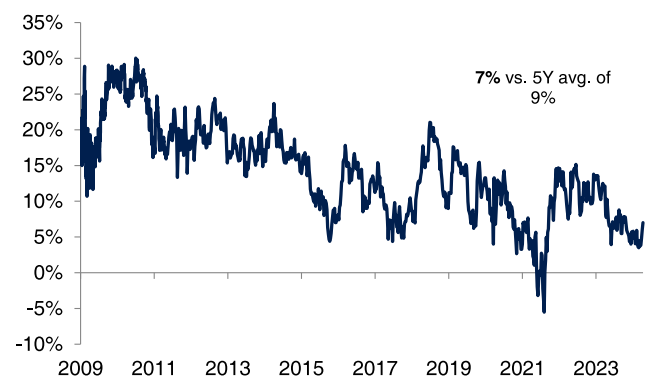


Source: ABGSC, Refinitiv

## Risks

We consider the main risk to be poor performance in the holdings, which conceivably could be driven by poor execution in ongoing and latent strategic initiatives, although the main risk certainly lies in the general market environment and the industries in which the companies operate in. Poorly timed investments and bad investment decisions in general are risks as well.

### ABGSCe NAV discount



Source: ABGSC, company data, Refinitiv

**Industrivärden HOLD** Price C: 363.60 NAV discount: 7% Target NAV discount: 15%  
 NAVPS: 391.1 Reported discount: 7% Fair value: 356.6

Holding	Number of shares (m)	Price	Industriv.'s NAV (m)	Industriv.'s NAVPS	ABG SC NAV (m)	ABG SC NAVPS	Of total assets	Interest Cap/Votes	ABG SC Rating
Sandvik	178.40	242.2	43,208	100.0	43,208	100.0	25.4%	14/14	Hold
Handelsbanken A	228.20	109.7	25,034	58.0	25,034	58.0	14.7%	11/11	Buy
Ericsson A	86.05	54.8	4,719	10.9	4,719	10.9	2.8%	3/5	Buy
Ericsson B	100	293.8	294	0.7	294	0.7	0.2%		Buy
SCA A	33.79	158.4	5,352	12.4	5,352	12.4	3.2%	10/29	Buy
SCA B	4160	158.3	6,583	15.2	6,583	15.2	3.9%		Buy
Volvo B	19.60	293.8	5,758	13.3	5,758	13.3	3.4%		Buy
Volvo A	166.60	302.0	50,313	116.5	50,313	116.5	29.6%	9/28	Buy
Skanska A	12.67	194.4	2,462	5.7	2,462	5.7	1.4%	7/24	Buy
Skanska B	19.50	194.4	3,790	8.8	3,790	8.8	2.2%		Buy
Essity A	33.26	257.0	8,547	19.8	8,547	19.8	5.0%	10/29	Buy
Essity B	38.40	256.8	9,861	22.8	9,861	22.8	5.8%		Buy
Alleima	50.30	69.1	3,476	8.0	3,476	8.0	2.0%	20/20	-
Other listed			486	11	484	11	0.3%		
<b>Total listed assets</b>			<b>169,883</b>	<b>393.3</b>	<b>169,881</b>	<b>393.3</b>	<b>100%</b>		
Other			0	0.0	0	0.0	0.0%		
<b>Total unlisted assets</b>			<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0.0%</b>		
Net debt (-) / cash (+)			-949	-2.2	-949	-2.2	-0.6%		
<b>NET ASSET VALUE</b>			<b>168,934</b>	<b>391.1</b>	<b>168,931</b>	<b>391.1</b>			

Net debt calculation (m)	
Reported net debt	3103/2024 -1064
Accrued interest expense (1%)	0
Management costs (126m p.a., ABGSCe)	-3
Cash flow subsidiaries	0
Dividends	18
Other transactions	0
<b>Net debt (-) / cash (+)</b>	<b>-949</b>
Management costs/NAV	0.07%

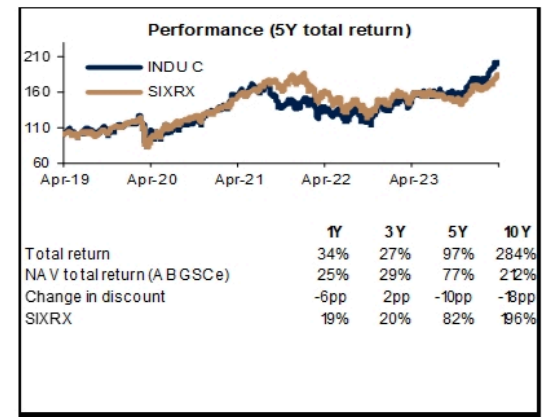
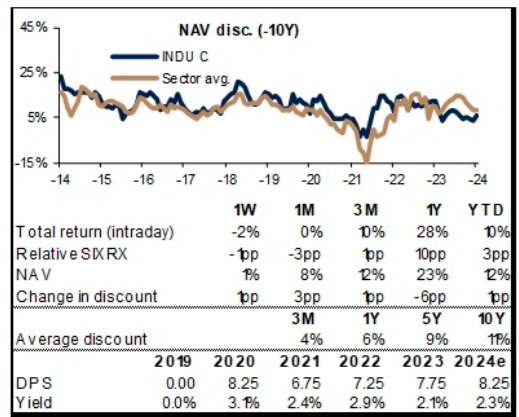
  

Shareholders	Capital	Votes
Lundbergföretagen	20%	25%
SHB forskningsstiftelser	7%	12%
Spiltan Fonder	5%	1%
Fredrik Lundberg	3%	2%
BlackRock	2%	2%
Free float	65%	

Stock data	
# Shares (m):	4319
M cap (SEKm):	157,039
Turnover (3M avg.):	18
High/Low (-12m):	377.2/273.7
Bloomberg code:	INDUCSS
Datastream code:	W:IUCF
Reuters code:	INDUCST

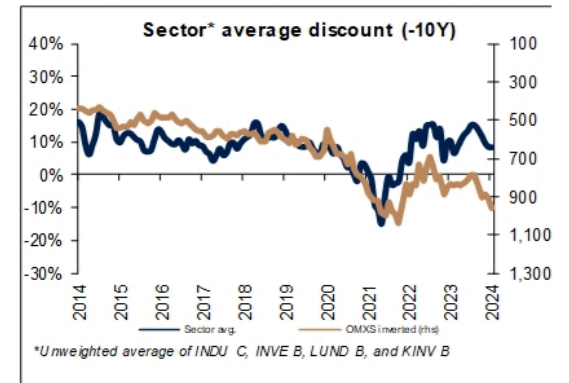
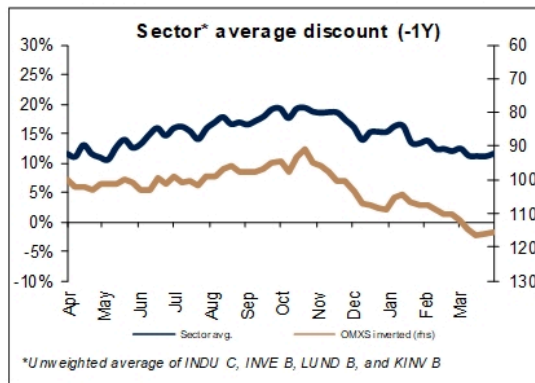
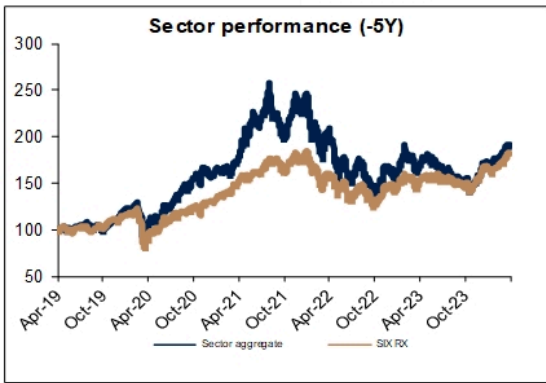
Company information	
Next report:	08/07/2024
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Source: Company data, ABGSC research, Infront, Bloomberg, Refinitiv

# Investment companies

(SE K) Company	Rec.	Mcap. (m)	Price	NAVPS	NAV discount ABG	NAV discount Reported	Target discount	Fair value	Up-/downside	5Y annualized TSR	5Y annualized NAV	Total return (TSR)				Change in discount				Average discount			Net gearing	Div. y. 2023	DPS CAGR 2020-2023	Mgmt. costs/NAV	Unlisted share
<b>Active coverage</b>																											
Industrivärden	HOLD	57,039	363.60	39115	7%	7%	6%	357	-2%	6%	12%	-2%	0%	10%	28%	1pp	3pp	1pp	-6pp	6%	9%	11%	1%	2.1%	-2%	0.07%	0%
Investor	BUY	795,895	259.85	298.57	13%	-1%	5%	289	11%	22%	20%	-2%	0%	14%	28%	1pp	2pp	-5pp	-4pp	15%	6%	21%	1%	1.8%	1%	0.07%	25%
Kinnevik	BUY	33,976	20.65	7144	30%	31%	20%	140	16%	2%	4%	2%	15%	17%	-23%	-1pp	-9pp	-11pp	4pp	33%	13%	6%	-24%	0.0%	na	0.81%	7%
<b>Other NAV calculations</b>																											
Latour	Not Rated	17,238	276.20	20183	-37%	-37%	N/A	N/A	N/A	8%	13%	-3%	2%	7%	35%	1pp	0pp	-1pp	-15pp	-24%	-33%	-5%	7%	15%	1%	0.02%	4%
Lundbergs	Not Rated	18,632	559.00	572.01	2%	2%	N/A	N/A	N/A	14%	12%	-4%	-1%	3%	8%	2pp	3pp	2pp	-5pp	5%	0%	1%	1%	0.8%	7%	0.06%	5%
Bure	Not Rated	24,276	327.40	285.96	-14%	-14%	N/A	N/A	N/A	6%	na	-6%	-4%	14%	27%	na	na	na	na	na	na	na	-8%	0.8%	8%	0.38%	13%
Öresund	Not Rated	5,11	117.00	108.33	-8%	-8%	N/A	N/A	N/A	1%	1%	-1%	4%	9%	4%	0pp	-2pp	-6pp	2pp	-5%	-2%	-5%	-10%	6.0%	5%	0.52%	6%
Creades	Not Rated	9,666	7120	69.88	-2%	-3%	N/A	N/A	N/A	8%	13%	-2%	-1%	1%	-13%	3pp	-2pp	8pp	16pp	-10%	-26%	N/A	-3%	2.2%	5%	2.53%	28%
VIVGlobal	Not Rated	3,193	23.74	50.54	53%	53%	N/A	N/A	N/A	na	na	14%	11%	20%	14%	-6pp	-6pp	-6pp	-9pp	66%	33%	N/A	10%	0.0%	na	156%	100%
VEF	Not Rated	2,462	2.24	4.24	47%	47%	N/A	N/A	N/A	na	na	8%	18%	17%	na	-2pp	-4pp	-1pp	2pp	53%	26%	N/A	4%	0.0%	na	136%	100%
<b>Average SIXR X</b>					<b>10%</b>	<b>9%</b>	<b>13%</b>		<b>8%</b>	<b>13%</b>	<b>12%</b>	<b>1%</b>	<b>5%</b>	<b>10%</b>	<b>12%</b>	<b>0pp</b>	<b>-2pp</b>	<b>-2pp</b>	<b>-2pp</b>	<b>16%</b>	<b>4%</b>	<b>5%</b>	<b>-5%</b>	<b>1.9%</b>	<b>7%</b>	<b>0.82%</b>	<b>45%</b>



Source: Company data, ABGSC research, Infront, Bloomberg, Refinitiv

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Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
<b>BUY</b>	63.10%	16%	7.14%
<b>HOLD</b>	30.42%	3%	2.78%
<b>SELL</b>	5.92%	0%	0.00%

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## Analyst stock ratings definitions

**BUY** = We expect this stock’s total return to exceed the market’s expected total return by 5% or more over the next six months.

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## Stock price, company ratings and target price history

Company: Industrivärden

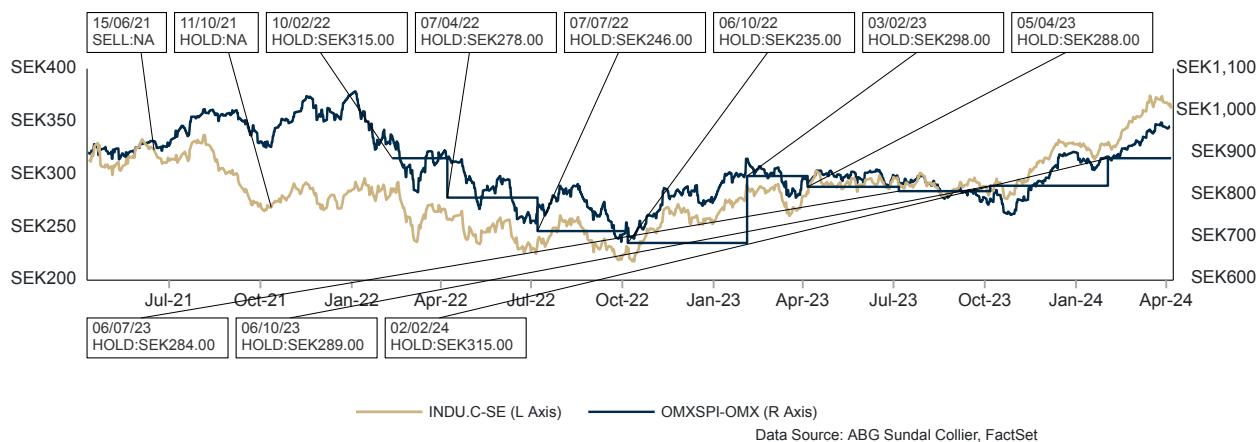
Currency: SEK

Current Recommendation: HOLD

Date: 5/4/2024

Current Target price: 357.0

Current Share price: 361.90



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Production of recommendation: 4/8/2024 13:14.

All prices are as of market close on 5 April, 2024 unless otherwise noted.

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