



# SVOLDER

## YEAR-END REPORT, 12 MONTHS

1st September 2014–31st August 2015 Report for Q4 2014/2015 begins on page 9.

» With a 14 and 15 per cent growth in share price and net worth respectively, Svolder has enjoyed good development in absolute terms.»

Managing Director's comments, page 2

### SHARE PRICE

# 104.75

SEK on 18th September 2015

### NET WORTH

# 114

SEK/share on 18th September 2015

### RESULTS FOR THE 2014/2015 FINANCIAL YEAR (12 MONTHS)

- » The company posted a result for the period of SEK **190.4** million (SEK 297.0 m), corresponding to SEK **14.90** (SEK 23.20) per share.
- » Net worth rose by **14.8%**, including reinvested dividend, to SEK **115.20** per share.
- » The listed price of the Class B share increased by **14.3%**, including reinvested dividend, to SEK **103.50** per share.
- » The Carnegie Small Cap Return Index rose by **22.6%**.
- » The closing discount on net worth was **10.2%**.
- » Proposed dividend SEK **2.50** (SEK 2.25) per share.

THE ANNUAL GENERAL MEETING  
WILL BE HELD ON 18TH NOVEMBER 2015

### MAJOR CONTRIBUTORS TO NET WORTH

The 2014/2015 financial year (12 months)

#### Positive (+)

Unibet  
Troax  
Nolato

#### Negative (-)

Orexo  
SSAB  
KappAhl

### MAJOR CHANGES IN THE EQUITIES PORTFOLIO

The 2014/2015 financial year (12 months)

#### Bought (+)

Troax  
Magnolia Bostad  
Elos Medtech

#### Sold (-)

Unibet  
Besqab  
Meda

# THE MANAGING DIRECTOR'S COMMENTS



## DEAR SHAREHOLDER,

Svolder's twenty-second year in business has come to an end. It has been a good year on the stock exchange, even though it has sometimes been turbulent and characterised by continued uncertainty surrounding economic growth in the world. We have described the stock exchange's valuation as a fight between the absolute and the relative. The stock exchange is expensive from an absolute perspective, but inexpensive in relation to past, and current, interest rates. Growth is positive, if weak, in Sweden's surroundings. Profit development, therefore, is largely dependent on the Swedish domestic market, the currency's weakness, corporate acquisitions and continued streamlining in the existing operations. At the same time the interest situation is a function of the central banks' highly expansive monetary policy, which favours assets such as shares, real estate and bonds. With a 14 and 15 per cent growth in share price and net worth respectively, Svolder has enjoyed good development in absolute terms. This is fully in line with development for the Swedish stock exchange as a whole and for an average of the world's stock exchanges, measured in Swedish kronor. On the other hand the CSRX, the index for Swedish companies with market values of up to around SEK 50 billion, developed far better. From this perspective Svolder's results during the financial year have been a disappointment.



## A PORTFOLIO OF JOY AND DISAPPOINTMENT

In a diversified equities portfolio there are always causes for both joy and disappointment. The largest contributor during the 2014/2015 financial year is gaming company Unibet. The company has shown impressive development and has far exceeded our expectations. Moreover, the political risks associated with the business have not burdened its expansion, profit growth or share price. We have progressively made gains from the company's shares, something that has since proved to be premature. Nevertheless, the shareholding is still the sixth largest in the portfolio on the closing day.

The largest portfolio holdings have developed well. Companies such as Nolato, Saab and Acando, together with Beijer Alma and XANO, have long been a part of Svolder's portfolio. They are all continuing to generate attractive contributions to net worth and a return which, with the exception of Beijer Alma, exceeds the portfolio average for the year. This group of companies has also contributed to Svolder's dividend capacity. If we also include Unibet's high dividend ratio, the above-mentioned six companies' share dividends contributed almost SEK 30 million to Svolder, which equates to almost the entire proposed dividend for the financial year.

Unfortunately, there are also companies that have not lived up to our expectations. Three of our holdings have strongly burdened the net worth during the year, i.e. Orexo, SSAB and KappAhl. As with the previously mentioned value-creators, we will outline in detail the reasons for the results and give our assessments for the future later on in this interim report and in the upcoming annual report.

## STOCK MARKET LISTINGS

Svolder, together with Investment AB Latour, took part in the stock market listing of engineering group Troax as an 'anchor investor'. The company makes modular protective panels for industry, warehouses and storage. Production is highly automated and the company has a leading market position in Europe.

The investment has been highly successful to date and is an example of how Svolder can take relatively large owner shares in smaller listed companies that are seeking new co-owners. We believe that more similar opportunities will emerge, but we are not sure whether the introductory prices will be attractive enough for new owners with a long-term valuation perspective.

Svolder has been relatively restrictive towards the IPOs carried out at the end of the financial year. In some cases the allocation has been very low in relation to the amount applied for, in other instances the price tag, process or company quality has led us to decline the opportunity. Managing all the new IPOs planned for the near future will be an interesting challenge for companies, sellers and investment banks alike.

## LISTING MEANS QUALITY

It is not long since the media and various parties in the business world predicted the death of the stock exchange. Companies were being bought off the stock exchange while hardly any new ones were being introduced. The venture capital companies, for example, argued that the companies fared better outside of the stock exchange. It would be virtually impossible to attract the most competent business leaders and board members to a public environment that was under the spotlight.

I questioned many of these fears and comments in my Managing Director's Comments in the annual report for the 2012/2013 financial year under the header "The stock exchange is not in crisis". I am, therefore, delighted to note that today there is a very swift stream of companies ready to be listed on the stock exchange. Nowadays former critics of the stock exchange are talking instead about the value of going public and being under the supervision of the stock exchange. Once again a listed company has become synonymous with quality. At the same time it is important to

point out that in their eagerness to increase the number of publicly listed companies, those taking part in listings on the stock exchange should not overlook shortcomings in their control function and let through inadequate decision-making material. Remember that, just like in sport: it's hard to get to the top, but perhaps even harder to stay there.

## EXCELLENT RETURN IN THE LONG TERM

During late summer and early autumn, in terms of seasons, the stock exchange is often in a period characterised by turbulence and worse share price development. Uncertainty surrounding financial growth in China, but also other parts of the world, is currently causing particular concern among investors. Strong movements in commodity prices, bond interest rates and share prices are also signs of this. At the same time it is worth focusing on the long-term benefits as investors on the Swedish stock market, and particularly within the segment of companies outside of those with the very highest market values.

### Total return<sup>1)</sup> % on 31st August 2015

	1 year 1/9 2014– 31/8 2015	3 years 1/9 2012– 31/8 2015	5 years 1/9 2010– 31/8 2015	10 years 1/9 2005– 31/8 2015
<b>Svolder</b>				
Net worth	15	100	103	243
Share price (Class B)	14	107	103	228
<b>Stock market index</b>				
CSRX	23	106	139	244
SIXRX	15	72	89	172

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

Svolder, as we know, is not an index fund manager and our results therefore differ from different indices depending on which time periods are measured. From the beginning our shareholders have had an average annual return, including reinvested dividends, of 13 per cent a year. This is also true for the last 10 years. During these periods the stock exchanges have also undergone serious events such as the Asia crisis, the IT crash, the sub-prime debacle in the US and the EU/euro crisis. It may be worth bearing this in mind when the media headlines are dramatic and the movements in share price are hard to explain.

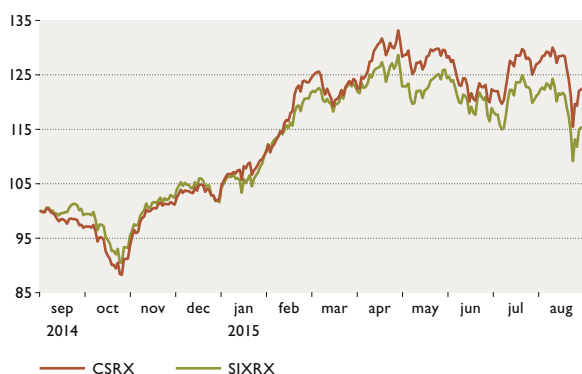
*Yours faithfully*

**ULF HEDLUNDH**  
*Managing Director*

## MARKET COMMENTARY

Svolder's 2014/2015 financial year, i.e. 1st September 2014 to 31st August 2015, was a strong year for listed companies. At the same time volatility increased and the financial year ended on a weak note. The small and medium-sized companies, measured like the dividend-adjusted CSRX, developed far better than the stock exchange as a whole. The CSRX rose by 22.6 per cent compared with 15.0 per cent for the stock exchange as a whole (SIXRX). This can be largely attributed to the performance of the stock exchange's real estate companies, whose shares far exceeded those of other listed companies. The Swedish stock exchange's absolute valuation continued to increase as the overall profit development did not correspond to the growth in share price.

Index performance (12 months)



The world's stock exchanges also reported good results. Measured in Swedish kronor they rose by 14 per cent in total. Central banks around the world have continued to pursue expansive monetary policy, which has benefited many asset prices. Growth in the OECD area was positive, although expectations were usually higher than the outcome. The development of exchange rates played a major role in the overall outcome on the various stock markets. The strengthening of the US dollar and the British pound was dramatic, with an increase of 21 and 12 per cent respectively against the Swedish krona. This trend has, however, considerably weakened during the end of the financial year. The euro strengthened at a more modest rate against the Swedish krona, i.e. just over 3 per cent. It is worth noting that one of Sweden's largest trading partners, Norway, saw its currency fall by just over 10 per cent against the Swedish krona.

Commodity prices fell sharply, measured in USD. As a result of the stronger US dollar Swedish importers, for example, have been affected to a far lesser extent by

this fall in prices. The downturn is usually attributed to the increasingly weak growth in China's economy and particularly to the increasing importance of services and consumer goods there, at the expense of producer and investment goods. The fall in the price of oil was dramatic, and almost halved in US dollars. The development of commodity prices affected the economies of many countries that produce commodities, while at the same time lower fuel and heating costs strengthen consumers' purchasing power.

## SHARE PRICE TRENDS

The closing price for Svolder's class B share was SEK 103.50, which corresponds to an increase during the financial year of 14.3 per cent, including reinvested dividend. The share's value on the closing day represented a discount of 10.2 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of just under 8,000 shares traded each day of trading on Nasdaq Stockholm.

Trading in Svolder's class A shares was limited and shares were traded on only 34 per cent of trading days, with an average of just under 100 shares each day of trading on Nasdaq Stockholm. Under the terms of Svolder's Articles of Association, Class A shareholders wishing to convert Class A shares into Class B shares may do so by application to Svolder's Board of Directors. 107,852 class A shares were converted into class B shares during the financial year. On the closing day, the total number of shares in Svolder amounted to 12,800,000, of which 622,836 were class A shares and 12,177,164 class B shares. The number of shareholders has increased by approximately 900, and amounted to 8,900 according to the most recently published share register on 30 June 2015.

### Total return<sup>1)</sup> %

	12 months 1/9 2014– 31/8 2015	12 months 1/9 2013– 31/8 2014
<b>Svolder</b>		
Share price (Class B)	14.3	34.2
Net worth	14.8	29.0
<b>Stock market index</b>		
Carnegie Small Cap Return Index	22.6	27.8
SIX Return Index	15.0	20.9

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

Source: Infront

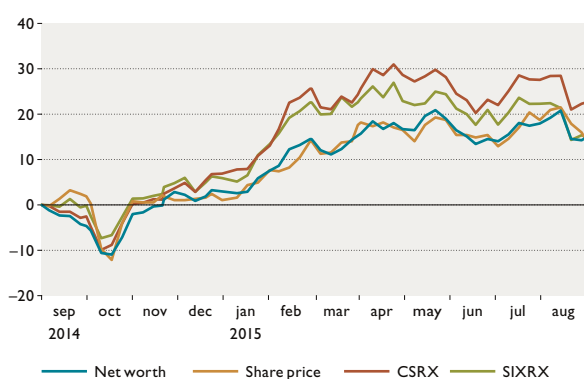
Source: Svolder Infront and Morningstar

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 115.20 per share, which represents an increase during the financial year of 14.8 per cent, including reinvested dividend. This figure is 7.8 percentage points below that of the CSRX comparison index, which rose by 22.6 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which has increased by 15.0 per cent.

The negative deviation from the CSRX is both industry and company specific and can be attributed in particular to a low proportion of real estate shares and the portfolio holdings Orexo, SSAB and KappAhl, which jointly burdened net worth by SEK 100 million during the year.

### Svolder<sup>1</sup> (SEK/share) and CSRX (12 months)



Source: Svolder and Infront

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

## Net worth trend (12 months) 1st September 2014–31st August 2015

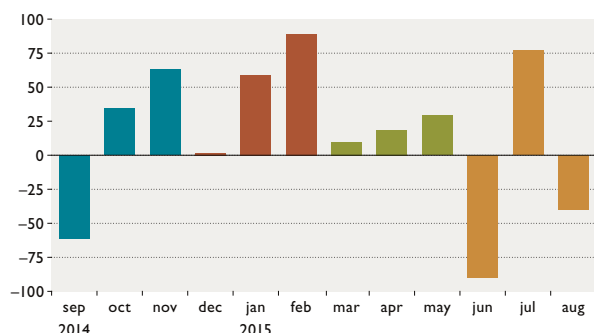
	SEK m	SEK/share
<b>Net worth, 31st August 2014</b>	<b>1,313.4</b>	<b>102.60</b>
<b>Equities portfolio</b>		
<b>Opening value</b>	<b>1,291.9</b>	<b>100.90</b>
Purchase of shares	396.6	
Sale of shares	-442.8	
Change in value, equities portfolio	162.8	116.6
<b>Closing value</b>	<b>1,408.5</b>	<b>110.00</b>
<b>Net debt (-)/Net receivable (+)</b>		
<b>Opening value</b>	<b>21.5</b>	<b>1.70</b>
Share dividends received	38.8	
Other operating income	4.2	
Dividend paid	-28.8	
Administrative costs	-15.3	
Net financial items	-0.2	
Sale of shares, net	46.2	45.0
<b>Closing value</b>	<b>66.5</b>	<b>5.20</b>
<b>Net worth, 31st August 2015</b>	<b>1,475.0</b>	<b>115.20</b>

## Biggest contributors to changes in net worth 1st September 2014–31st August 2015

(Based on net worth of SEK 1,313.4 million or SEK 102.60/share on 31st August 2014)

	SEK m	SEK/share
Unibet	63.0	4.90
Troax	51.1	4.00
Nolato	38.9	3.00
Saab	32.5	2.50
Acando	30.3	2.40
Besqab	14.5	1.10
Gränges	13.0	1.00
<b>Total, seven positive</b>	<b>243.1</b>	<b>19.00</b>
Orexo	-43.4	-3.40
SSAB Class B	-38.8	-3.00
KappAhl	-15.5	-1.20
<b>Total, three negative</b>	<b>-97.7</b>	<b>-7.60</b>
Other shares	60.5	4.70
<b>Shares, total</b>	<b>205.9</b>	<b>16.10</b>
Other	-15.5	-1.20
<b>Change in value before dividend</b>	<b>190.4</b>	<b>14.90</b>

### Change in net worth in SEK million per month (12 months)

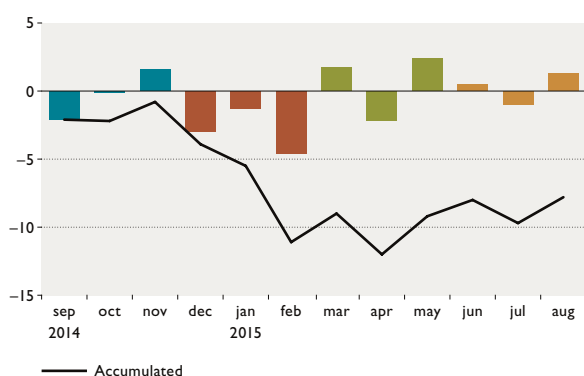


Excluding dividends of SEK 28.8 million (SEK 2.25/share) paid in November 2014.

Svolder's equities portfolio is not an index portfolio: investment decisions are, instead, based on valuation of the individual shares. The portfolio's results in relation to comparison indices may, therefore, differ substantially from one accounting period to another. Share evaluation is complemented by a certain strategic focus on individual sectors based on macroeconomic factors.

### Change in net worth relative to CSRX (12 months)

In percentage points per month and accumulated



## LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 66.5 million on the closing day, corresponding to 4.5 per cent of the company's net worth. This can be compared with a net receivable of SEK 21.5 million at the beginning of the financial year.

## THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 396.6 million during the financial year. Shares to the value of SEK 442.8 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 46.2 million. A dividend of SEK 28.8 million was paid to shareholders in November 2014 for the 2013/2014 financial year. The number of holdings in the equities portfolio on the closing day totalled 19 holdings in 18 companies, which was unchanged compared to the closing day last year (31st August 2014).

### Major net purchases for the equities portfolio (12 months) 1st September 2014–31st August 2015

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Troax	1,967,681	129.0	67.30
Magnolia Bostad	1,175,843	44.3	37.70
Elos Medtech	294,537	26.5	89.80
SSAB Class B	680,000	25.3	39.30
Oriflame	207,795	24.0	118.60

<sup>1)</sup>The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

Comments on the majority of purchases and sales have been continuously reported in Svolder's interim reports. Transactions, along with the prevailing portfolio strategy and focus, will be presented in detail in the forthcoming Annual Report which will be distributed at the beginning of November.

### Lending of shares

During the current reporting period, Svolder has lent shares to a limited extent with a Swedish bank as the counterparty. On the closing day, share lending amounted to 1.5 per cent of the equities portfolio. Income from share lending for the financial year amounts to SEK 1.2 million and is reported as other operating income. The share lending has taken place against securities mainly in large cap companies listed on Nasdaq Stockholm, equating to approximately 105 per cent of the loaned shares' market value.

### Major net sales from the equities portfolio (12 months) 1st September 2014–31st August 2015

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Unibet	143,621	71.6	497.00
Besqab	358,348	42.8	119.40
Meda	335,000	33.5	100.00
SAAB	140,000	30.9	214.40
SAS preference shares	60,500	29.4	485.40

<sup>1)</sup>The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period.

## THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 million, and a current liability of SEK 0.1 million. The Parent Company and the Group have an overdraft facility totalling SEK 200 million.

## RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 49 and in note 17 on page 61 of the 2013/2014 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed. No significant changes are deemed to have occurred subsequently.

## DIVIDEND

The Board will propose a share dividend of SEK 2.50 (2.25) per share for the 2014/2015 financial year at the 2015 Annual General Meeting, which equates to SEK 32.0 million (28.8 m). The proposal equates to 2.2 per cent of the closing net worth and a yield of 2.4 per cent based on the share price on the closing day. The proposal is based on Svolder's dividend policy. The following considerations have been made for the proposal:

Dividend received	SEK 38.8 m
Interest from convertibles received	SEK 3.0 m
'Normalised' dividend	SEK 3.0 m
Adjustment for liquidity	SEK 1.0 m
Extra dividends	SEK -0.2 m
Ongoing management costs	SEK -15.3 m
<b>Total</b>	<b>SEK 30.3 m</b>
	<b>(SEK 2.40/share)</b>
<b>Board of Directors' proposal</b>	<b>SEK 2.50/share</b>

The aim is to achieve a dividend level based on normalised dividends from a fully invested equities portfolio, with deductions for management costs excluding possible variable remuneration. The dividend level should, therefore, have the conditions to rise in line with the portfolio companies' increased dividend capacity.

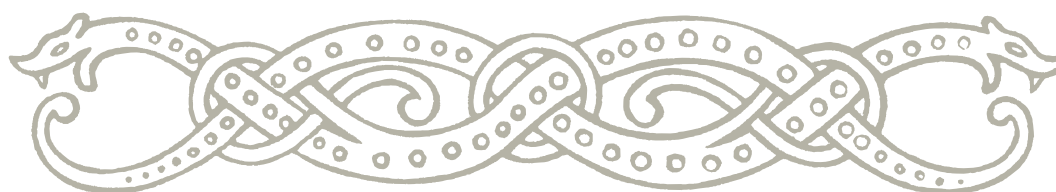
## EVENTS AFTER THE REPORTING PERIOD

The net worth on 18th September was SEK 114 per share and the listed price was SEK 104.75. The net worth has therefore decreased by SEK 1 per share, equating to 1 per cent, since the closing day on 31st August 2015. The Carnegie Small Cap Return Index and SIX Return Index have decreased by 1 and 3 per cent respectively during the same period.

## AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on Wednesday 18th November 2015 in Stockholm. The notice to attend will be announced with a press release on 16th October, a presentation on Svolder's website, an advertisement in Dagens Industri and information in the upcoming Annual Report.

The Annual Report will be distributed at the beginning of November to all shareholders, except for any who have requested not to receive corporate stock market information, whether to the company or via their depository bank. The interim report for the period 1st September – 30th November 2015 will be published on 11th December 2015.



## THE EQUITIES PORTFOLIO, 31ST AUGUST 2015

Sector/share	No. of shares	Share price (SEK) <sup>1)</sup>	Market value (SEK m)	% of net worth	Total net worth, %	Sector weighting in CSRX, %	Acc. change in value, %	Gross exposure (SEK) <sup>2)</sup>
<b>Energy and Utilities</b>					-	2.8	-	
<b>Materials</b>					4.1	7.3	-3.0	
SSAB CLASS B <sup>4)</sup>	1,960,000	30.94	60.6	4.1				4.70
<b>Capital Goods</b>					39.9	19.4	9.0	
Saab	860,000	216.30	186.0	12.6				14.50
Troax	1,967,681	91.50	180.0	12.2				14.10
Beijer Alma	573,382	183.50	105.2	7.1				8.20
XANO Industri	320,621	138.50	44.4	3.0				3.50
AGES Industri	299,400	130.00	38.9	2.6				3.00
Elos Medtech	294,537	113.50	33.4	2.3				2.60
<b>Commercial Services</b>					2.3	7.7	0.3	
Bong convertible shares	30	SEK 0.9 m	27.0	1.8				2.10
Bong	5,472,260	1.25	6.8	0.5				0.50
<b>Consumer Discretionary and Services</b>					18.5	18.7	4.8	
Unibet	125,000	666.00	83.3	5.6				6.50
New Wave Group	1,687,000	37.10	62.6	4.2				4.90
Magnolia Bostad	1,175,843	37.00	43.5	2.9				3.40
Oriflame	380,000	113.40	43.1	2.9				3.40
KappAhl	1,560,000	25.50	39.8	2.7				3.10
<b>Transport</b>					0.0	0.5	0.6	
<b>Healthcare</b>					1.7	10.3	-3.2	
Orexo <sup>4)</sup>	500,000	50.75	25.4	1.7				2.00
<b>Financials and Real Estate</b>					5.5	22.5	0.9	
Platzer Fastigheter	2,398,520	33.80	81.1	5.5				6.30
<b>Software and Services</b>					12.9	3.1	3.2	
Acando <sup>3)</sup>	8,530,000	13.35	113.9	7.7				8.90
Proact	720,800	106.25	76.6	5.2				6.00
<b>Technology Hardware and Equipment</b>					10.6	3.8	3.0	
Nolato	738,300	212.50	156.9	10.6				12.30
<b>Telecom Operators</b>					-	4.0	-	
<b>Equities portfolio</b>			1,408.5	95.5	95.5	-	15.7	110.00
<b>Net debt (-)/Net receivable (+)</b>			66.5	4.5	4.5	-	0.0	5.20
<b>Total/net worth</b>			1,475.0	100.0	100.0	100.0	15.7	115.20
<b>Change in value after management costs, 12 months</b>							14.5	

All securities holdings come under level 1 of the value hierarchy, except for Bong convertible shares which come under level 3.

<sup>1)</sup> In calculating the market value (fair value), the bid price for the securities on Nasdaq Stockholm on the closing day has been used.

<sup>2)</sup> Market value per Svolder share.

<sup>3)</sup> Of which 8,030,000 Acando Class B and 500,000 Acando Class A shares.

<sup>4)</sup> The above-mentioned holdings on the closing day 31st August 2015 included 100,000 Orexo and 573,549 SSAB Class B loaned shares.

The following is an example of information that can be drawn from the table: Svolder's largest holding is Saab, which has a market value of SEK 186.0 million, corresponding to 12.6 per cent of net worth. Saab is a company in the Capital Goods sector, which, together with other companies in the sector, accounts for 39.9 per cent of Svolder's net worth. The equivalent percentage for the Capital Goods sector in the CSRX is 19.4 per cent in total. Companies in the Capital Goods sector are, therefore, more dominant in the portfolio than in the CSRX. Shares in this sector have accounted for 9.0 percentage points of the change in Svolder's net worth during the 2014/2015 financial year, measured in relation to opening net worth.



# REPORT FOR Q4

Current reporting period: 1st June–31st August 2015 (3 months)



## RESULT FOR CURRENT REPORTING PERIOD (3 MONTHS)

- » The company posted a result for the period of SEK **-53.5** million (SEK -39.0 m), corresponding to SEK **-4.20** (SEK -3.00) per share.
- » The net worth decreased by **3.5%** to SEK 115.20 per share.
- » The listed price of the class B share decreased by **3.7%** to SEK 103.50 per share.
- » The Carnegie Small Cap Return Index fell by **4.4%**.

## MAJOR CONTRIBUTORS TO NET WORTH

Current reporting period (3 months)

### Positive (+)

Unibet  
Nolato

### Negative (-)

KappAhl  
SSAB  
Orexo

## MAJOR CHANGES IN THE EQUITIES PORTFOLIO

Current reporting period (3 months)

Bought (+)  
Magnolia Bostad

Sold (-)  
Besqab  
Unibet

## MARKET COMMENTARY

The current reporting period of 1st June – 31st August 2015 has been characterised by strong share price fluctuations both on stock markets and on capital and commodity markets in general. Swedish share prices fell in June and recovered in July and early August. During the final weeks of August the share prices fell again, this time more strongly than in June. In total the Swedish stock exchange decreased by 7.5 per cent (SIXRX) during the three-month period, which was slightly less than the world stock exchanges (MSCI) which fell by just over 8 per cent in Swedish kronor. The Swedish stock market for small and medium-sized companies, often described as CSRX, decreased by 4.4 per cent. The outcome can primarily be attributed to the relatively strong share price performance of real estate companies and their far larger representation in CSRX than in SIXRX.

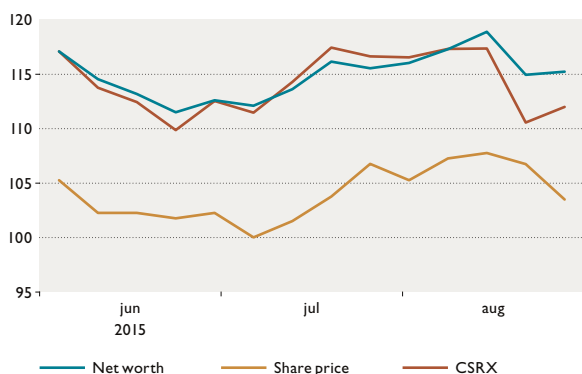
The summer was characterised by increased uncertainty regarding economic growth on several important markets. Developments in China are particularly worrying and several macroeconomic indicators are pointing in a negative direction. Other countries previously referred to as growth nations are also experiencing problems, such as Russia, Brazil and Turkey. Growth expectations in the US have recently been adjusted downwards while the economic climate in Europe, despite the Greece crisis and considerable streams of emigrants, appeared to be better than many feared.

Commodity prices are continuing to fall, and at a faster rate than the trend would suggest. The market prices for oil and several important industrial metals fell by 15-20 per cent during the three-month period. Gold also fell, although by a less dramatic 5 per cent.

Exchange rate changes between leading OECD companies' currencies were relatively small. Once again the Swedish krona weakened slightly against the euro. The exchange rates in several growth countries, however, fell sharply and were affected by the Chinese central bank's first downward adjustment of the currency, the Yuan, in a very long time.

Interest rates for government bonds and money markets in stable European countries fell further, and in many cases they are currently negative. The interest rates for US government bonds, however, rose slightly during the current reporting period.

Svolder (SEK/share) and CSRX (3 months)



## Total return<sup>1)</sup> %

	3 months 1/6 2015 – 31/8 2015	12 months 1/9 2014 – 31/8 2015
<b>Svolder</b>		
Share price (Class B)	-3.7	14.3
Net worth	-3.5	14.8
<b>Stock market index</b>		
Carnegie Small Cap Return Index	-4.4	22.6
SIX Return Index	-7.5	15.0

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 115.20 per share, which represents a decrease during the current reporting period of 3.5 per cent. This figure is 0.9 percentage points higher than the development of the CSRX comparison index, which decreased by 4.4 per cent during the corresponding period.

Net worth trend (3 months)  
1st June–31st August 2015

	SEK m	SEK/share
<b>Net worth, 31st May 2015</b>	1,528.5	119.40
<b>Equities portfolio</b>		
<b>Opening value</b>	1,431.4	111.80
Purchase of shares	82.1	
Sale of shares	-54.0	
Change in value, equities portfolio	-50.9	-1.80
<b>Closing value</b>	1,408.5	110.00
<b>Net debt (-)/Net receivable (+)</b>		
<b>Opening value</b>	97.2	7.60
Other operating income	1.0	
Administrative costs	-3.5	
Net financial items	-0.1	
Purchase of shares, net	-28.1	-2.40
<b>Closing value</b>	66.5	5.20
<b>Net worth, 31st August 2015</b>	1,475.0	115.20

Source: Svolder and Infront

## Biggest contributors to changes in net worth 1st June–31st August 2015

(Based on net worth of SEK 1,528.5 million or SEK 119.40 SEK/share on 31st August 2015)

	SEK m	SEK/share
Unibet	21.5	1.70
Nolato	10.4	0.80
Elos Medtech	2.5	0.20
<b>Total, three positive</b>	<b>34.4</b>	<b>2.70</b>
KappAhl	-20.9	-1.60
SSAB Class B	-18.6	-1.50
Orexo	-17.7	-1.40
New Wave Group	-10.2	-0.80
Proact	-6.8	-0.50
Oriflame	-5.4	-0.40
Saab	-2.4	-0.20
<b>Total, seven negative</b>	<b>-82.0</b>	<b>-6.40</b>
Other shares	-2.3	-0.20
<b>Shares, total</b>	<b>-49.9</b>	<b>-3.90</b>
Other	-3.6	-0.30
<b>Change in value</b>	<b>-53.5</b>	<b>-4.20</b>

**Unibet** was the largest contributor to net worth during the current reporting period. The interim report for the second quarter exceeded market expectations. The company is continuing to impress. Despite a lack of major sporting events, the betting surplus grew organically by 21 per cent in fixed exchange rates, while profitability also improved. In conjunction with the interim report, Unibet announced the acquisition of two gaming operators which will strengthen the company's market position in the UK, Nordic region and Central Europe.

**Nolato** reported very strong development for its Telecom business area during the second quarter. The Group's results thereby exceeded expectations and the share became a major contributor to Svolder's net worth. The margin in Telecom is forecast to remain high during the second half of 2015, although volumes are expected to return to normal levels.

The interim report for **KappAhl's** third quarter was significantly worse than expected, both in terms of sales and profit. The share price has subsequently shown very weak development and the holding is the largest negative contributor to net worth during the reporting period. The positive trend regarding margin, which has been noted over a longer period, was broken by these negative results. The stock market's expectations of the company's operating margin have decreased and are now far from the company's goal of 10 per cent. Cash flow during the quarter was, however, strong and net debt decreased further. The balance sheet is strong. In conjunction with the interim report the board announced that it will appoint a new Managing Director. Even though it is taking longer than we expected for KappAhl to achieve higher margins, the valuation is still considered to be attractive from a long-term valuation perspective.

Steel company **SSAB's** interim report for the second quarter was slightly lower than the market's expectations. The company's Swedish units experienced some production problems during the quarter which had a negative impact on deliveries. Cash flow was, however, strong and net debt decreased. Efforts to realise synergies from the acquisition of Rautaruukki are continuing. SSAB reiterated its expectation to realise annual savings of SEK 1.4 billion a year from the second half of 2016. Svolder considers the valuation to be low on the basis of expected profit for a normal year.

The market share for Zubsolv, which is pharmaceutical company **Orexo's** flagship product, has not developed in line with market hopes during the first half of 2015. On the other hand Zubsolv has achieved a sufficiently strong position among US insurers for the management to decide to strategically invest in a larger sales organisation for the future, and this has burdened operating profit. During the quarter it emerged that an important customer removed Zubsolv from its list of recommended medications for 2016 as Orexo lost the annual procurement. In August, the FDA approved Zubsolv for initiating maintenance treatment for opioid dependence. The approval represents yet another differentiation of Zubsolv compared with generic competitors, and places Zubsolv on an equal footing with the market-leading medication, Suboxone Film. According to Svolder, the foundation for Zubsolv to win market shares in the future has improved. To date, however, the stock market appears to have decided to focus solely on the negative aspects of the company.

## LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 66.5 million on the closing day, corresponding to 4.5 per cent of the company's net worth. This can be compared with a net receivable of SEK 97.2 million at the beginning of the current reporting period.

## EQUITIES PORTFOLIO

Shares to the value of SEK 82.1 million (gross) were acquired during the current reporting period. Shares for a gross amount of SEK 54.0 million were sold during the corresponding period, and net purchases hence totalled SEK 28.1 million.

During the three-month period Magnolia Bostad was added as a new holding and all shares in Besqab were sold. On the closing day, the portfolio thus comprised 19 holdings in 18 companies.

### Major net purchases for the equities portfolio (3 months) 1st June–31st August 2015

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Magnolia Bostad	1,175,843	44.3	37.70
Platzer Fastigheter	231,131	8.0	34.40

<sup>1)</sup>The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

Svolder acquired shares in real estate developer Magnolia Bostad when it was listed on Nasdaq First North on 9 June 2015. The acquisition was the largest during the current reporting period. The company has an explicit ambition to be listed on Nasdaq Stockholm within 18 months. The company develops new homes, primarily in Sweden's main city regions. The goal is a spread of around 80 per cent rental homes and around 20 per cent owner-occupier homes. The project portfolio includes over 5,000 homes in all. The view was that the IPO was reasonably priced. The company's business model, good growth opportunities and experienced management were important criteria in the investment decision. The share price decreased after the listing but developed on a par with the CSRX. The interim report for the company's second quarter was strong. Svolder feels that the company must broaden its communication with the stock market in order to make the company better known.

### Major net sales from the equities portfolio (3 months) 1st June–31st August 2015

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Besqab	250,000	30.2	120.80
Unibet	43,795	23.5	536.00

<sup>1)</sup>The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period.

Svolder sold its entire shareholding in housing development company Besqab during the current reporting period. One important reason behind the sale was a very strong development in its share price compared with other companies in the same industry.

## LENDING OF SHARES

During the current reporting period, Svolder has lent shares to a limited extent with a Swedish bank as the counterparty. On the closing day, share lending amounted to 1.5 per cent of the equities portfolio. Income from share lending for the three-month period amounts to SEK 0.2 million and is reported as other operating income. The share lending has taken place against securities mainly in large cap companies listed on Nasdaq Stockholm, equating to approximately 105 per cent of the loaned shares' market value.

## THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 million, and a current liability of SEK 0.1 million. The Parent Company and the Group have an overdraft facility totalling SEK 200 million.

STOCKHOLM, 25TH SEPTEMBER 2015  
SVOLDER AB (PUBL)

### THE BOARD OF DIRECTORS

*For additional information, please contact:*  
*Ulf Hedlundh, Managing Director +46 (0)8-440 37 73*  
*Pontus Ejderhamn, CFO +46 (0)8-440 37 72.*

*This Interim Report has not been subject  
to examination by the company's auditors.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months 1/6 2015– 31/8 2015	3 months 1/6 2014– 31/8 2014	12 months 1/9 2014– 31/8 2015	12 months 1/9 2013– 31/8 2014
<b>Management operations</b>				
Dividend income	-	0.8	38.8	34.6
Administrative costs	-3.5	-7.2	-15.3	-19.1
Earnings from securities	-50.9	-33.6	162.8	277.8
Other operating income	0.9	1.0	4.2	3.3
<b>Operating profit</b>	<b>-53.5</b>	<b>-39.1</b>	<b>190.6</b>	<b>296.6</b>
<b>Profit on financial investments</b>				
Financial income	-	0.1	0.0	0.8
Financial expenses	-0.1	-0.1	-0.2	-0.3
<b>Profit after financial items</b>	<b>-53.5</b>	<b>-39.0</b>	<b>190.4</b>	<b>297.0</b>
Tax	-	-	-	-
<b>Profit for the period</b>	<b>-53.5</b>	<b>-39.0</b>	<b>190.4</b>	<b>297.0</b>
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-53.5</b>	<b>-39.0</b>	<b>190.4</b>	<b>297.0</b>
<b>Earnings per share, SEK</b>	<b>-4.20</b>	<b>-3.00</b>	<b>14.90</b>	<b>23.20</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2015– 31/8 2015	3 months 1/6 2014– 31/8 2014	12 months 1/9 2014– 31/8 2015	12 months 1/9 2013– 31/8 2014
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2.9</b>	<b>-1.2</b>	<b>24.2</b>	<b>20.6</b>
<b>Changes in working capital</b>				
Increase (+)/decrease (-) in current liabilities	0.0	-0.2	0.0	-0.2
<b>Cash flow from operating activities</b>	<b>-2.9</b>	<b>-1.4</b>	<b>24.2</b>	<b>20.4</b>
<b>Investing activities</b>				
Purchase of securities	-85.1	-147.2	-405.6	-704.9
Sales of securities	55.7	75.9	454.3	677.2
Investment in machinery and equipment	-	-	-	-0.2
<b>Cash flow from investing activities</b>	<b>-29.4</b>	<b>-71.4</b>	<b>48.7</b>	<b>-27.8</b>
<b>Financing activities</b>				
Dividend paid	-	-	-28.8	-26.9
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-28.8</b>	<b>-26.9</b>
Increase (+)/decrease (-) in liquid assets	-32.3	-72.8	44.0	-34.3
Liquid assets at beginning of period	101.0	97.4	24.7	59.0
<b>Liquid assets at end of period</b>	<b>68.7</b>	<b>24.7</b>	<b>68.7</b>	<b>24.7</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/6 2015– 31/8 2015	3 months 1/6 2014– 31/8 2014	12 months 1/9 2014– 31/8 2015	12 months 1/9 2013– 31/8 2014
Change in net worth, SEK	-4.20	-3.00	12.60	21.10
Dividend paid during the period, SEK	-	-	2.25	2.10
Number of shares, million	12.8	12.8	12.8	12.8

Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends.

The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 12,800,000.

## CONSOLIDATED BALANCE SHEET

	<b>Assets</b>				
(SEK m)	31/8 2015	31/5 2015	31/8 2014	31/5 2014	31/8 2013
<b>Non-current assets</b>					
<i>Property, plant and equipment</i>					
Equipment	0.1	0.1	0.2	0.2	0.1
<i>Financial assets</i>					
Securities holdings	1,408.5	1,431.4	1,291.9	1,256.4	990.4
<b>Current assets</b>					
Current receivables	0.8	3.5	12.8	4.3	21.7
Cash and bank balances	68.7	101.0	24.7	97.4	59.0
<b>Total assets</b>	<b>1,478.2</b>	<b>1,536.0</b>	<b>1,329.5</b>	<b>1,358.3</b>	<b>1,071.1</b>

### Shareholders' equity and liabilities

(SEK m)	31/8 2015	31/5 2015	31/8 2014	31/5 2014	31/8 2013
<b>Shareholders' equity</b>	<b>1,475.0</b>	<b>1,528.5</b>	<b>1,313.4</b>	<b>1,352.4</b>	<b>1,043.2</b>
<b>Liabilities</b>					
Current liabilities	3.1	7.5	16.1	5.9	27.9
<b>Total liabilities and shareholders' equity</b>	<b>1,478.2</b>	<b>1,536.0</b>	<b>1,329.5</b>	<b>1,358.3</b>	<b>1,071.1</b>

## CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2015– 31/8 2015	3 months 1/6 2014– 31/8 2014	12 months 1/9 2014– 31/8 2015	12 months 1/9 2013– 31/8 2014
<b>Opening balance</b>	<b>1,528.5</b>	<b>1,352.4</b>	<b>1,313.4</b>	<b>1,043.2</b>
Dividend paid	-	-	-28.8	-26.9
Comprehensive income for the period	-53.5	-39.0	190.4	297.0
<b>Closing balance</b>	<b>1,475.0</b>	<b>1,313.4</b>	<b>1,475.0</b>	<b>1,313.4</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/8 2015	31/5 2015	31/8 2014	31/5 2014	31/8 2013
Net worth per share, SEK	115.20	119.40	102.60	105.70	81.50
Share price (Class B), SEK	103.50	107.50	92.75	94.75	71.00
Net worth, premium (+)/discount (-), %	-10	-10	-10	-10	-13
Liquidity (+)/Borrowing (-), %	5	6	2	7	5
Equity/assets ratio, %	100	100	100	100	99
Number of shares, million	12.8	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2013/2014. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 12,800,000.

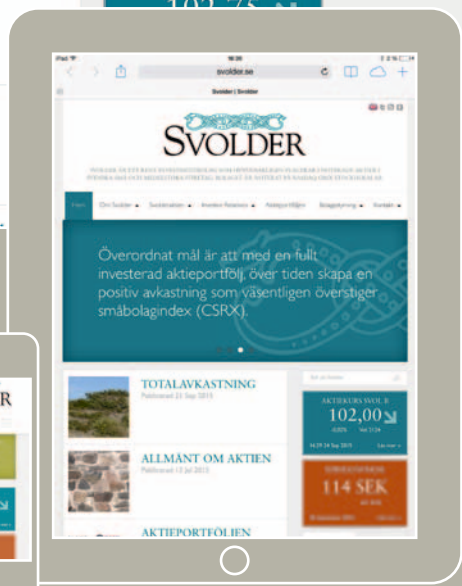
## ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with IAS 34, Interim Reporting.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and in accordance with Sweden's Annual Accounts Act. The Parent Company accounts follow Sweden's Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2.

Otherwise the same accounting principles and bases for assessment have been used as in the most recent Annual Report.

# VISIT SVOLDER.SE



Prioritaire **A**

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SVOLDER IS A DEDICATED INVESTMENT TRUST THAT INVESTS PRIMARILY IN THE SHARES OF SMALL AND MEDIUM-SIZED LISTED SWEDISH COMPANIES. THE COMPANY IS LISTED ON NASDAQ OMX STOCKHOLM AB. SVOLDER'S NET WORTH IS PUBLISHED WEEKLY AND APPEARS ON THE COMPANY'S WEBSITE AT [WWW.SVOLDER.SE](http://WWW.SVOLDER.SE)



SVOLDER

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