



# SVOLDER

INTERIM REPORT I 2016/2017

» *Svolder's performance continues to exceed that of the CSRX* »

Managing Director's comments, page 2

## Current reporting period

**3 months:** 1st September–30th November 2016

- The company posted a result for the period of SEK **83.1** million (SEK 239.6 m), corresponding to SEK **6.50** (SEK 18.70) per share
- The net worth increased by **3.8%**, including reinvested dividend, to SEK **174.20** per share
- The listed price of the Class B share increased by **16.3%**, including reinvested dividend, to SEK **184.50** per share
- The Carnegie Small Cap Return Index fell by **1.6%**
- The closing net worth premium was **6.0%**

SHARE PRICE

**174.00**

NET WORTH

**177**

SEK per share on 9th December 2016

Current reporting period (3 months)

## MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative –
Boule Diagnostics	Klövern
Saab	GARO
SSAB	

## MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold –
Mekonomen	Oriflame
JM	SSAB
Serneke	

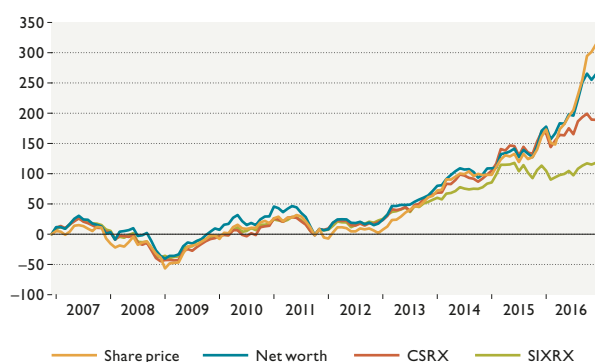
# Dear Shareholder,

Svolder's 2016/2017 financial year began well. Both the net worth and the share price increased, the latter so much so that Svolder shares were generally traded at a premium relative to net worth during the interim reporting period. Svolder's performance continues to exceed that of the CSRX, i.e. the index used by most managers of Swedish small and medium-sized companies. The very strong outcome in the previous financial year gave us reason to be concerned about the sustainability of both Svolder's administration results and the higher returns of small companies in relation large ones. The smaller listed companies have had a somewhat tougher time during the autumn than the larger ones. Despite this, Svolder has continued to follow the positive trend, even though growth in absolute terms is not as remarkable as in the previous financial year.

» *This means that Svolder to date has managed, on average, to double its net worth and share price every five years.* »

dividends, of just over 14 per cent, and this in a period with so many financial and political crises in the world. This means that to date Svolder has managed, on average, to double its net worth and share price every five years. Svolder strives to continue creating added value, but we do so with caution for the future and observe that while most of our portfolio holdings are rising in value, the opposite is unfortunately also sometimes true.

## Total return<sup>1)</sup> 10 years in % on 30th November 2016



Seen from a longer perspective and with the reversal of share dividends paid, which is considerable in conjunction with stock investment, the outcome is excellent for small companies in general and Svolder in particular. Over a period of 10 years, for instance, Svolder's average share price and net worth have increased annually almost twice as quickly as the stock exchange, and also palpably more than Swedish small and medium-sized listed companies. Since the company was formed in 1993, it is pleasing to be able to show an annual growth rate in net worth, including reinvested share

## Total return<sup>1)</sup> in % on 30th November 2016

	1 year	3 years	5 years	10 years
	1/12 2015–	1/12 2013–	1/12 2011–	1/12 2006–
	30/11 2016	30/11 2016	30/11 2016	30/11 2016
<b>Svolder</b>				
Net worth	35	113	242	265
Share price (Class B)	58	154	338	314
<b>Stock market index</b>				
CSRX	7	74	170	189
SIXRX	2	39	105	118

<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'S TWO CLASSES OF SHARE

In different presentations, it is understood that the share price relates almost exclusively to Class B shares, which are owned by 10,000 shareholders, as opposed to the Class A shares and the less than 200 shareholders who own them. In the past year we are proud and delighted to see that there were almost 2,000 new Class B shareholders. Every Monday, Svolder's net worth is published based on close of business on the stock market the previous Friday. Similarly, information is included on how the Class A and Class B share were traded in relation to this. At times there is reason to provide a warning about the large, volatile share price movements which occasionally characterise the Class A share, as opposed to the more liquid Class B share. For historical reasons, and with consideration for existing Class A shareholders, the Board has deemed it important to keep the Class A share listed in any case.

## UNCERTAIN WORLD, POSITIVE STOCK MARKETS

The outcome of the US presidential election, with Donald Trump as President elect and a Republican majority in both the Senate and the House of Representatives, was unexpected. The resulting reactions on the world's capital markets were likewise unexpected. Dramatic rises in commodity prices, a continued strengthening of the dollar, higher government bond interest rates and rising stock markets were not exactly what market players and specialists expected to happen following such a result.

There is considerable uncertainty surrounding in what direction inflation, interest rates, commodity prices, currency conditions, world trade and economic growth will develop. Simply the fact that a future world leader has started talking about investments and a focus on growth is clearly very welcome. All these trends cannot, however, continue in what investors perceive as a positive direction, and sooner or later the dividing lines will crystallise. It does seem though that the world's earlier growth assumptions are slowly improving, and can thus be reinforced through expansive American financial policy. But at the same time this could be countered on the capital markets by raised interest rates.

There will be several parliamentary elections in Continental Europe in the coming year, and taken as a whole they will be pivotal to political developments within the EU. There is therefore a considerable risk of economic setbacks on the stock markets, even though the more cynical stock exchanges tend not to be concerned by political leadership, provided the conditions for enterprise remain unchanged.

## MANY IPOs AND EQUITY OFFERINGS

The Swedish stock exchange is not in crisis. Generally speaking it is creating value for shareholders, and the previous opinions of several players on its inability to stimulate investment and a long-term approach have become increasingly subdued as more and more companies apply for listing on the various marketplaces. Even so, it is not out of place to issue a slight warning that the number of IPOs and subsequent offerings of principal owners' share equity could adversely impact market liquidity, and that quantity is in no way synonymous with quality. Selectivity is likely to be pivotal to each investor's success for the near future.

## VARYING OUTCOMES AMONG PORTFOLIO COMPANIES

Share prices are volatile and returns should, as mentioned previously, be gauged over slightly longer periods. Price

fluctuations can sometimes be overly dramatic, and it is rarely possible as a long-term asset manager to counter this inconsistency since the convertibility varies all the time. Convertibility is generally low when share prices are at their top or bottom. In Svolder's first quarter this year, it is also clear that some of the companies that contributed the most to net worth in the 2015/2016 financial year, such as GARO and Magnolia Bostad, saw weak share price development. It is not fair to say, however, that these companies are worse than they were three months ago, in fact in several respects I would say they are better.

Other companies in Svolder's portfolio continue to create value almost without interruption. These include defence and security group Saab, perhaps Sweden's most

high-tech multinational and the most important employer for qualified engineers. Geopolitical unrest in the wider world, combined with a higher degree of division and polarisation in political and military alliances, is placing increasingly high demands on increased defence spending. And at the same time, strained state finances are also leading the ordering clients to demand value for money. Even though Saab and Sweden as a country have fewer resources than their international competitors, Saab has demonstrated commercial and technological global leadership in the production and development of different types of craft, radar equipment and weapons systems. The key point for Saab moving forward will be to continue to win contracts from

its queries and bids – processes that can not only be lengthy, but also politically influenced and therefore sometimes commercially irrational. For several years, Saab has been one of Svolder's largest portfolio holdings.

## SHAREHOLDER SURVEY

Svolder recently conducted a survey among shareholders on the company's information and communication. The response frequency was high and many shareholders also gave some valuable individual comments. The results are strongly reminiscent of those we received in a similar survey four years ago. It is clear that Svolder's interim reports and annual reports are appreciated in their current form, and for most shareholders these are the most common sources of information about the company. The Board and management will collate and digest your comments and opinions, and we will report back no later than in conjunction with our Q2 report on how we shall do our best to continue providing swift, informative, comprehensive shareholder information.

*Yours faithfully*

ULF HEDLUNDH  
*Managing Director*



# THE EQUITIES PORTFOLIO

30TH NOVEMBER 2016

Share	Quantity	Share price (SEK) <sup>1)</sup>	Market value (SEK m)	% of net worth	% of the company's capital <sup>2)</sup>	% of the company's votes <sup>2)</sup>
Troax	1,638,494	152.50	<b>249.9</b>	11.2	8.0	8.0
Saab	700,000	341.80	<b>239.3</b>	10.7	0.6	0.6
Scandic Hotels	2,111,390	72.50	<b>153.1</b>	6.9	2.1	2.1
Acando <sup>3)</sup>	6,079,882	24.00	<b>145.9</b>	6.5	5.8	7.7
Klöver Class B	15,214,322	9.55	<b>145.3</b>	6.5	1.7	0.9
New Wave Group <sup>4)</sup>	2,581,099	46.80	<b>120.8</b>	5.4	3.8	1.0
Nolato	461,962	254.50	<b>117.6</b>	5.3	1.8	0.9
GARO	700,000	163.00	<b>114.1</b>	5.1	7.0	7.0
Boule Diagnostics	480,000	235.00	<b>112.8</b>	5.1	10.2	10.2
Mekonomen	621,367	165.00	<b>102.5</b>	4.6	1.7	1.7
Magnolia Bostad	900,206	113.00	<b>101.7</b>	4.6	2.4	2.4
JM	370,000	250.60	<b>92.7</b>	4.2	0.5	0.5
XANO Industri	374,655	204.00	<b>76.4</b>	3.4	5.2	1.5
Platzer Fastigheter (incl. TR) <sup>5)</sup>	1,400,000	50.11	<b>70.2</b>	3.1	1.2	0.5
Serneke	681,818	102.50	<b>69.9</b>	3.1	3.9	3.9
SSAB Class B	1,811,755	29.96	<b>54.3</b>	2.4	0.2	0.0
Beijer Alma	247,654	218.50	<b>54.1</b>	2.4	0.7	0.3
Nordic Waterproofing	626,696	85.25	<b>53.4</b>	2.4	2.6	2.6
Elos Medtech	490,302	100.00	<b>49.0</b>	2.2	8.1	3.1
AGES Industri	316,722	90.00	<b>28.5</b>	1.3	4.6	1.3
Verisec	229,095	88.00	<b>20.2</b>	0.9	5.2	5.2
Bong	16,661,088	0.74	<b>12.3</b>	0.6	7.9	7.9
<b>Equities portfolio</b>			<b>2,184.0</b>	<b>97.9</b>		
<b>Net debt (-)/net receivable (+)</b>			<b>46.4</b>	<b>2.1</b>		
<b>Total/net worth</b>			<b>2,230.4</b>	<b>100.0</b>		

174.20 SEK per Svolder share

All securities holdings come under level 1 of the value hierarchy.

<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> Based on outstanding shares in the portfolio company.

<sup>3)</sup> Of which 5,579,882 Acando Class B and 500,000 Acando Class A shares.

<sup>4)</sup> The above-mentioned holdings on the closing day 30th November 2016 included 424,000 New Wave Group loaned shares.

<sup>5)</sup> Of which 1,400,000 Platzer Class B at a bid price of SEK 46.00 and 1,400,000 Platzer Class B TR at a bid price of SEK 4.11.

The following is an example of information that can be drawn from the table: Svolder's largest holding is Troax, which has a market value of SEK 249.9 million, corresponding to 11.2 per cent of net worth. A one per cent change in Troax's share price (bid price on the closing day) affects Svolder's net worth by SEK 2.5 million, which equates to SEK 0.20 per Svolder share.

# INTERIM REPORT I

## CURRENT REPORTING PERIOD: 1ST SEPTEMBER – 30TH NOVEMBER 2016

### MARKET COMMENTARY

The current reporting period, which is also the interim period, i.e. 1st September – 30th November, was characterised by rising stock markets. This is particularly true measured in Swedish kronor, the value of which was seriously weakened during the period. The world and Europe indices rose a full 7.6 per cent and 2.3 per cent respectively, both measured in SEK. The overall Swedish stock exchange rose by 2.3 per cent. The small companies saw poorer development (CSRX: -1.6%) and the larger ones stronger development (OMX30: +4.7%). This is a change in trend compared with earlier in the 2016 calendar year, and also from a longer perspective.

Exchange rate fluctuations were sizeable during the three-month period. The Swedish krona fell a dramatic 8.0 per cent against the US dollar and 2.4 per cent against the euro. To find this level of relative weakness in the Swedish krona one has to look back to times such as the financial crisis of 2008–2009, the bursting of the dotcom bubble in 2001 and the aftermath of the great devaluation of 1992. The currency decline is so big that it should have palpable effects on Swedish inflation and competitiveness. The pound sterling strengthened slightly against the euro, while the Japanese yen weakened also against the Swedish krona. The Norwegian krone's recovery continued.

Interest rate movements were also considerable during the period. The US government bond interest rates in particular increased, but the ripples have also affected the rest of the world's interest rate markets, and Sweden to a greater extent than, say, Germany. Interest rates on the money markets remain low, and in some cases are even negative. The time for the next increase in the key interest rate from the US central bank, the FED, is ever nearer, and this has already been discounted in various interest rate derivatives.

Commodity prices rose dramatically, with the exception of gold. Industrial metals saw a double-digit price rise in dollars, and this will probably have knock-on effects on inflation globally.

Many of the dramatic price changes during the quarter are generally attributed to the results of the American presidential election, where expectations of major infrastructure programmes, expansive financial policy and rising protectionism in the US are likely main factors. The strong negative impact on the world's stock markets which was anticipated in the event of a Trump victory has so far failed to materialise.

Index performance (12 months)



Source: SIX

### SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 184.50. This equates to an increase during the current reporting period of 16.3 per cent, including reinvested dividend. The Class B share's value on the closing day represented a premium of 5.9 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of approximately 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 94 per cent of trading days, with an average of just over 200 shares each day of trading on Nasdaq Stockholm. The closing price for Svolder's Class A share was SEK 238.00, which means that the Class A share was valued at a premium of 36.6 per cent in relation to net worth. 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.

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

	3 months 1/9 2016– 30/11 2016	Rolling 12 months 1/12 2015– 30/11 2016	12 months 1/9 2015– 31/8 2016
<b>Svolder</b>			
Share price (Class B)	16.3	58.4	58.9
Net worth	3.8	34.6	50.9
<b>Stock market index</b>			
Carnegie Small Cap Return Index	-1.6	7.5	25.0
SIX Return Index	2.3	2.2	5.9

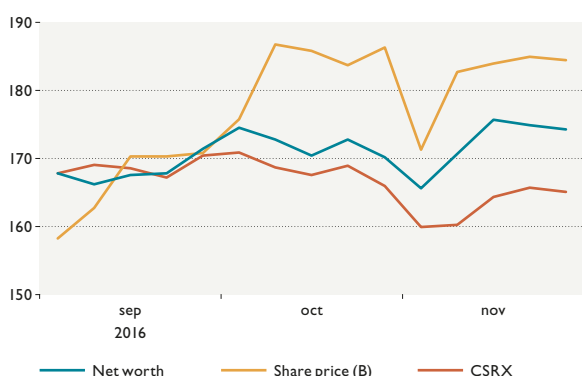
<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

Source: Svolder, SIX and Morningstar

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 174.20 per share, which represents an increase during the current reporting period of 3.8 per cent including reinvested dividend. This figure is 5.4 percentage points better than that of the small cap index (CSRX), which decreased by 1.6 per cent during the corresponding period. This can be compared with the Swedish stock market as a whole (SIXRX), which increased by 2.6 per cent.

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



Source: Svolder and SIX

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.

Net worth trend (3 months)  
1st September–30th November 2016

	SEK m	SEK/share
Net worth 31st August 2016	2,182.5	170.50
<b>Equities portfolio</b>		
Opening value	1,941.8	151.70
Purchase of shares	453.0	
Sale of shares	-298.2	
Change in value, equities portfolio	87.5	242.2
Closing value	2,184.0	170.60
<b>Net debt (-)/Net receivable (+)</b>		
Opening value	240.8	18.80
Dividend paid	-35.2	
Other operating income	0.0	
Administrative costs	-4.4	
Net financial items	-0.1	
Purchase of shares, net	-154.7	-194.3
Closing value	46.4	3.60
Net worth, 30th November 2016	2,230.4	174.20

**Boule Diagnostics** posted a very strong Q3 report. Sales of instruments and consumables for blood analysis increased by 36 and 15 per cent respectively. The operating margin increased by a full 13 percentage points to 24 per cent during the quarter, which show the company's inherent potential. The success of instrument sales during the year gives rise to strong sales development for consumables moving forward. The share price developed extremely well and was up almost 80 per cent during the current reporting period.

The share price of defence group **Saab** developed positively during the current reporting period, making it the second largest contributor to net worth. Optimistic statements from the company on extensive interest in their products, political statements on the need for rises in defence spending and increased unrest in the wider world could explain the share price development. Moreover, the corporate management has started talking ever more clearly about rising margins in the years to come. Svolder considers the share to still be trading below its long-term target price.

Steel company **SSAB's** Q3 report indicated a considerable improvement on last year, driven by higher prices and continued cost cutting. The market situation on SSAB's domestic markets did, however, vary. In North America demand for heavy plate was weak, while in Europe the underlying demand was stable. The main bright spot in the report was the development of the important SSAB Special Steels business area, which reported good growth in deliveries and excellent profitability. Svolder made a net sale of SSAB shares in the current reporting period.

IT consultancy **Acando's** figures for the third quarter were better than expected, and the share price developed positively during the current reporting period. The Swedish and German operations developed strongly, and the company remains optimistic about the future. Many companies' increasing interest in digitalisation bode well for companies like Acando. Svolder deems the future prospects to be excellent and believes this is not fully reflected in the current share price.

American government bond interest rates rose dramatically during the reporting period. Swedish long-term rates also enjoyed a boost, although not to the same degree. Real estate company **Klövern** has considerable debt through significant preference share capital. In addition, one major shareholder has sold its holding to start its own foreign property management business, and Ericsson's various notices of cutbacks have reduced the attractiveness of Kista, where Klövern has a considerable stock of real estate. All in all this led to a price drop in Klövern which, in Svolder's view, has impacted its shares far too heavily.

After a period of very strong price development and increasing valuation, the share price in electrical product company **GARO** fell during Svolder's first quarter, and the holding was a negative contributor to net worth. The company's Q3 report was strong, but did not quite meet the high expectations. Svolder believes the company's growth opportunities are good and that its product portfolio is interesting.

## Biggest contributors to changes in net worth 1st September–30th November 2016

(Based on net worth of SEK 2,182.5 million or SEK 170.50/share on 31st August 2016)

	SEK m	SEK/share
Boule Diagnostics	49.6	3.90
Saab	37.4	2.90
SSAB Class B	31.0	2.40
Acando	27.7	2.20
Nolato	13.2	1.00
Troax	10.5	0.80
JM	9.7	0.80
<b>Total, seven positive</b>	<b>179.1</b>	<b>14.00</b>
Klövern Class B	-25.9	-2.00
GARO	-24.9	-1.90
New Wave	-12.1	-0.90
<b>Total, three negative</b>	<b>-62.8</b>	<b>-4.90</b>
Other shares	-28.8	-2.20
<b>Shares, total</b>	<b>87.5</b>	<b>6.80</b>
Other	-4.5	-0.30
<b>Change in value</b>	<b>83.1</b>	<b>6.50</b>

## 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 46.4 million on the closing day, corresponding to 2.1 per cent of the company's net worth. This is to be compared with a net receivable of SEK 240.8 million at the beginning of the current reporting period.

## THE EQUITIES PORTFOLIO

Shares to the value of SEK 453.0 million (gross) were acquired during the current reporting period. Shares for a gross amount of SEK 298.2 million were sold during the corresponding period, and net purchases hence totalled SEK 154.7 million.

New holdings during the three-month period were **Mekonomen**, **JM** and **Serneke**, while all shares in **Oriflame** and **Orexo** were sold. On the closing day, the equities portfolio thus comprised 22 holdings.

### Major net purchases for the equities portfolio 1st September–30th November 2016 (3 months)

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Mekonomen	621,367	97.6	157.10
JM	370,000	83.0	224.30
Serneke	681,818	75.0	110.00
Scandic Hotels	911,390	63.2	71.00
Klövern	5,544,338	58.9	10.60

<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.

Svolder invested in **Mekonomen** during the reporting period, a leading Nordic wholesaler of car spares which runs a network of 350 stores and 2,100 workshops. Profitability has been squeezed in the past year, partly due to poor implementation of a new business system, but also to an unsuccessful restructuring of the sales organisation in Mekonomen Sweden. The share price developed weakly and the valuation appears attractive. At the end of November Mekonomen came under a new principal owner, when American company LKQ bought Axel Johnson's holding.

Residential development company **JM** experienced a period of weak price development, primarily due to falling margins in the highly profitable Stockholm region. Signs of stabilisation to rising prices in the subletting market in Stockholm after the summer and marginally positive statements from the corporate management meant that the share value was deemed to be too low. Svolder acquired shares in JM during the current reporting period, which meant that JM was the second largest acquisition for the period.

Construction company **Serneke** was recently listed on Nasdaq Stockholm. Svolder was one of four anchor investors in connection with the IPO. Unlike similar investments made by Svolder, such as Troax and Garo, the share price has fallen since the listing. In this respect Serneke is more reminiscent of the initial investment in Magnolia Bostad, which after a weak introductory period has since put in a very strong performance. Serneke received negative press in connection with the listing, which added to the company's uphill struggle. Svolder appreciates the fact that existing shareholders are standing by the company, and that the cash from the new issue is being used for the group's expansion. The Swedish construction market is expected to enjoy good growth for the foreseeable future, and this is reflected in Serneke's history and ambitious growth plans. Organic growth places more of a burden on the income statement than growth through acquisition, and rapid growth gives rise to both opportunities and risks. To date it appears that the stock market has focused on the latter.

**Scandic Hotels** continues to grow in the Nordics, with excellent profitability. Some of the growth is, however, going into the pockets of the owners of the hotel buildings as an extra rental cost due to variable rental contracts, although the same arrangement does mitigate the decline in times of recession. This very much distinguishes Scandic from other hotel operators and should be taken into account given that the hotel industry is fundamentally cyclical. During the reporting period, equity offerings were made on two occasions by the venture capital companies that are principal owners. Only around 20 per cent of the company's shares now remain until the ownership structure is normalised. These equity emissions took place at considerable discounts in relation to prevailing share prices, and Svolder took part in both.

### Major net sales from the equities portfolio 1st September–30th November 2016 (3 months)

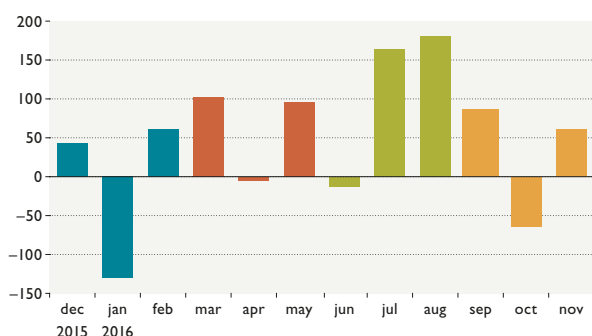
Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Oriflame	218,500	60.6	277.40
SSAB	1,353,245	41.8	27.30
Beijer Alma	152,346	32.6	214.10
Nolato	109,718	30.5	269.60
Saab	82,125	27.3	332.00
Orexo	523,492	19.6	37.40

<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 holding in cosmetics company **Oriflame** was sold in its entirety during the current reporting period. The primary reasons for the sale were a very positive share price development and as a result an increasingly high valuation.

During the quarter, Svolder sold all of its shares in **Orexo**. The investment has been a major disappointment and a loss maker. In November it was announced that Orexo had partially lost a patent case regarding generics company Actavis's violations of the company's Zubsolev patent. The final outcome for Orexo is not yet clear, as several other patent cases have yet to be decided. We can note that the uncertainty is likely to remain for another two years, and that continued high court costs will burden profits and cash flow. With hindsight, it is clear that the investment analysis underestimated the complexity of the American prescription drug market with its various players and stakeholders.

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



Excluding dividends of SEK 35.2 million (SEK 2.75/share) paid in November 2016.

### LENDING OF SHARES

During the current reporting period, Svolder has lent shares to a very limited extent with a Swedish bank as the counterparty. 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.

### RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 57 and in note 17 on page 70 of the 2015/2016 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.

### SVOLDER'S ANNUAL GENERAL MEETING

The AGM took place in Stockholm on Tuesday 15th November 2016. The meeting re-elected all Board members and re-elected Fredrik Carlsson as Board Chairman. All decisions were made in accordance with board and Nomination Committee proposals as presented in the full notice to attend, which can be found on the Svolder website.

### EVENTS AFTER THE REPORTING PERIOD

The net worth on 9th December was SEK 177 per share and the listed price was SEK 174.00.

### FINANCIAL CALENDAR

The reports for the period 1st September 2016–28th February 2017 (6 months) and for the now ongoing reporting period 1st December 2016–28th February 2017 will be published on 9th March 2017.

### STOCKHOLM 13TH DECEMBER 2016 SVOLDER AB (PUBL)

### THE BOARD OF DIRECTORS

*For additional information, please contact:*  
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*This Interim Report has not been subject to examination by the company's auditors.*



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months 1/9 2016– 30/11 2016	3 months 1/9 2015– 30/11 2015	Rolling 12 months 1/12 2015– 30/11 2016	12 months 1/9 2015– 31/8 2016
<b>Management operations</b>				
Dividend income	-	-	43.1	43.1
Administrative costs	-4.4	-3.8	-23.6	-23.0
Earnings from securities	87.5	242.6	563.0	718.1
Other operating income	0.0	0.8	0.7	1.5
<b>Operating profit</b>	<b>83.1</b>	<b>239.6</b>	<b>583.2</b>	<b>739.7</b>
<b>Profit on financial investments</b>				
Financial income	-	-	0.0	0.0
Financial expenses	-0.1	-0.1	-0.2	-0.2
<b>Profit after financial items</b>	<b>83.1</b>	<b>239.6</b>	<b>583.0</b>	<b>739.5</b>
Tax	-	-	-	-
<b>Profit for the period</b>	<b>83.1</b>	<b>239.6</b>	<b>583.0</b>	<b>739.5</b>
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>83.1</b>	<b>239.6</b>	<b>583.0</b>	<b>739.5</b>
Earnings per share, SEK	6.50	18.70	45.50	57.80

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/9 2016– 30/11 2016	3 months 1/9 2015– 30/11 2015	Rolling 12 months 1/12 2015– 30/11 2016	12 months 1/9 2015– 31/8 2016
<b>Cash flow from operating activities before changes in working capital</b>				
	-10.3	-4.5	23.1	28.8
<b>Changes in working capital</b>				
Increase (+)/decrease (-) in current liabilities	0.8	0.5	0.2	0.0
<b>Cash flow from operating activities</b>	<b>-9.5</b>	<b>-3.9</b>	<b>23.3</b>	<b>28.8</b>
<b>Investing activities</b>				
Purchase of securities	-405.6	-72.2	-1,020.7	-687.3
Sales of securities	290.6	163.8	998.4	871.6
Investment in machinery and equipment	-0.1	-	-	-0.1
<b>Cash flow from investing activities</b>	<b>-115.1</b>	<b>91.6</b>	<b>-22.3</b>	<b>184.2</b>
<b>Financing activities</b>				
Dividend paid	-35.2	-32.0	-35.2	-32.0
<b>Cash flow from financing activities</b>	<b>-35.2</b>	<b>-32.0</b>	<b>-35.2</b>	<b>-32.0</b>
Increase (+)/decrease (-) in liquid assets	-159.8	55.6	-34.4	181.0
Liquid assets at beginning of period	249.7	68.7	124.3	68.7
<b>Liquid assets at end of period</b>	<b>89.9</b>	<b>124.3</b>	<b>89.9</b>	<b>249.7</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/9 2016– 30/11 2016	3 months 1/9 2015– 30/11 2015	Rolling 12 months 1/12 2015– 30/11 2016	12 months 1/9 2015– 31/8 2016
Change in net worth, SEK	3.70	16.20	42.80	55.30
Dividend paid during the period, SEK	2.75	2.50	2.75	2.50
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

### Assets

(SEK m)	30/11 2016	30/11 2015	31/8 2016	31/8 2015
<b>Non-current assets</b>				
<i>Property, plant and equipment</i>				
Equipment	0.2	0.1	0.1	0.1
<i>Financial assets</i>				
Securities holdings	2,184.0	1,580.7	1,941.8	1,408.5
<b>Current assets</b>				
Current receivables	8.3	17.6	0.3	0.8
Cash and bank balances	89.9	124.3	249.7	68.7
<b>Total assets</b>	<b>2,282.4</b>	<b>1,722.7</b>	<b>2,191.9</b>	<b>1,478.2</b>

### Shareholders' equity and liabilities

(SEK m)	30/11 2016	30/11 2015	31/8 2016	31/8 2015
<b>Shareholders' equity</b>	<b>2,230.4</b>	<b>1,682.6</b>	<b>2,182.5</b>	<b>1,475.0</b>
<b>Liabilities</b>				
Current liabilities	52.0	40.1	9.4	3.1
<b>Total liabilities and shareholders' equity</b>	<b>2,282.4</b>	<b>1,722.7</b>	<b>2,191.9</b>	<b>1,478.2</b>

## CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/9 2016– 30/11 2016	3 months 1/9 2015– 30/11 2015	12 months 1/9 2015– 31/8 2016
<b>Opening balance</b>	<b>2,182.5</b>	<b>1,475.0</b>	<b>1,475.0</b>
Dividend paid	–35.2	–32.0	–32.0
Comprehensive income for the period	83.1	239.6	739.5
<b>Closing balance</b>	<b>2,230.4</b>	<b>1,682.6</b>	<b>2,182.5</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	30/11 2016	30/11 2015	31/8 2016	31/8 2015
Net worth per share, SEK	174.20	131.50	170.50	115.20
Share price (Class B), SEK	184.50	118.25	161.00	103.50
Net worth, premium (+)/discount (–), %	6	–10	–6	–10
Liquidity (+)/Borrowing (–), %	2	6	11	5
Equity/assets ratio, %	100	100	100	100
Number of shares, million	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2015/2016. 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



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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'S SHARES ARE LISTED ON NASDAQ STOCKHOLM AB. SVOLDER'S NET WORTH IS PUBLISHED WEEKLY AND APPEARS ON THE COMPANY'S WEBSITE AT WWW.SVOLDER.SE



COVER PHOTO: NÄR LIGHTHOUSE, SITUATED ON NÄRSHOLMEN ISLAND, OFF THE SMALL SETTLEMENT OF NÄR, GOTLAND. THE LIGHTHOUSE SITE WAS BUILT IN 1872 WITH A TOWER DESIGNED BY GUSTAF ERIK HÖJER AND ALBERT THEODOR GELLERSTEDT.



**SVOLDER**

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