



SVOLDER

INTERIM REPORT I 2017/2018

» *Svolder actively manages its equities portfolio without index considerations* »

The Managing Director's comments, page 2

SHARE PRICE

205.50

NET WORTH

212

SEK/share on 8th December 2017

Current reporting period

3 months: 1st September–30th November 2017

- The company posted a result for the period of SEK 44.2 million (SEK 83.1 m), corresponding to SEK 3.40 (SEK 6.50) per share
- The net worth decreased by 1.6%, including reinvested dividend, to SEK 213.00 per share
- The listed price of the Class B share increased by 2.8%, including reinvested dividend, to SEK 209.00 per share
- The Carnegie Small Cap Return Index increased by 1.9%
- A dividend of SEK 41.6 million, corresponding to SEK 3.25 per share, was paid during the period
- The closing discount on net worth for the Class B share was 1.9%, while the Class A share traded at a premium of 20.2%

Current reporting period (3 months)

MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative –
Nolato	GARO
Troax	Serneke
Saab	Nordic Waterproofing

MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold –
Nobina	Klövern
FM Mattsson Mora	Troax
GARO	

Dear Shareholder,

The 2017 calendar year is now nearing its end. For Svolder, with a financial year from September to August, a new year on the stock exchange has already begun. Developments during the first three months were not as positive as they have been for Svolder's portfolio in recent years. Whereas historically the trend has been for shares in small companies to outclass those of large companies and for Svolder to far exceed the small cap markets, the reverse is true of this latest three-month period. This is not entirely unexpected, as Svolder actively manages its equities portfolio without index considerations, and outcomes should be measured over longer periods than single quarters. The results of Svolder and the small companies remain excellent over periods of one to ten years, as shown in the graph and table below.

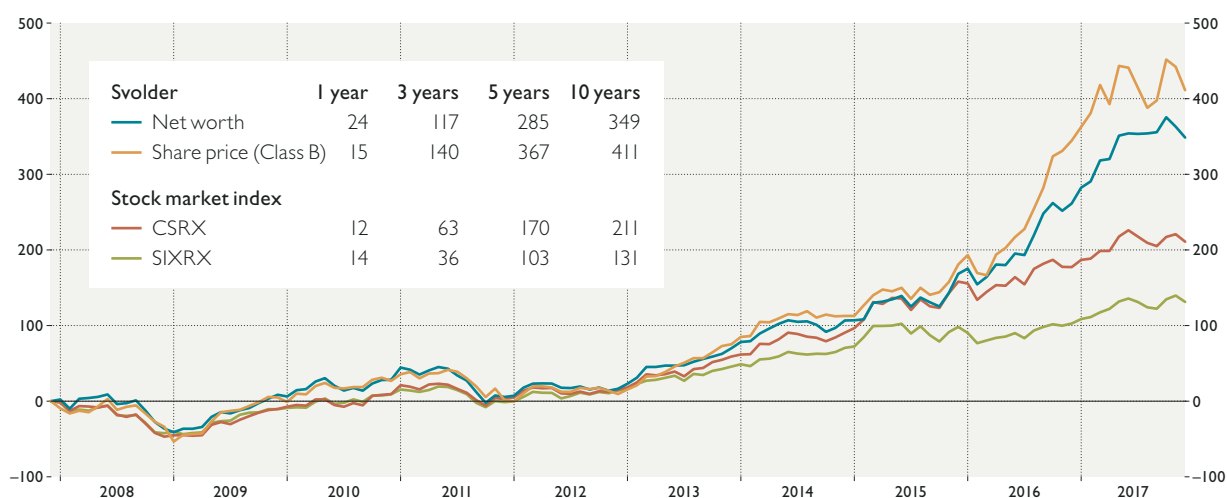
LARGE COMPANIES OUTPERFORMING SMALL ONES

For several years, the Swedish economy has performed better than economies in the rest of Europe. This pattern is changing, and growth rates are increasing quickly in coun-

tries like Spain, France and Italy. Sweden's domestic economy, assisted by domestic consumption, strong housing construction and a weak Swedish krona, remains strong, even though the positive change is now more powerful in Continental Europe. It is therefore only natural that global Swedish companies are seeing a bigger rise in demand than more local ones, even though this also includes many sub-contractors to the Swedish export industry who are working at full capacity, which usually has an impact on share prices.

The current reporting period has been characterised by two things in particular. For one, the smallest companies on Nasdaq Stockholm, i.e. those mainly with market values below SEK 10 billion, have developed weakly in both absolute and relative terms. The second stock exchange trend relates to the downturn in the construction sector generally, and in housing development and new construction specifically. The share prices of Svolder's portfolio companies have varied greatly during the quarter, but the above two general trends are deemed to be the main explanation for the weaker net worth trend.

Total return¹⁾ 10 years in % on 30th November 2017



Source: Morningstar Svolder and Infront

¹⁾ 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.

NOT ALL HOUSING DEVELOPERS ARE ALIKE

The uncertainty on the Swedish housing and construction market has been extensively covered in the Swedish media during the autumn. At Svolder, we have stressed that too many current construction projects relate to tenant-owner properties with high costs and high borrowing in several stages. The threat mainly lies in the expanded offering hitting the market when many projects are completed in 2018 and 2019, and in the fact that many housing developers have limited financial resources to resist situations fraught with stricter loan financing, empty apartments in started tenant-owner blocks, and unexpected rises in construction costs. As local plans are adopted in various municipalities, the designated or acquired land also has to be paid for, and if a project has not been fully financed or sold, this can be critical to the developers. These housing developers are generally outside of the 'real' stock market.

Svolder owns shares in housing development company Magnolia, and feels that the company's business model differs from that of more traditional housing developers. The risk level is reduced thanks to a concentration on rental properties and care homes, and the fact that the projects are already sold to institutional investors before building begins. The calculations are based on public housing rent levels in each area. If it is deemed possible that parts of the project can be tenant-owner properties, the profit is shared with the building owner, which means that Magnolia bears no risk or tied-up capital. Svolder expects Magnolia to be listed on Nasdaq's main list in the near future.

STRONG ECONOMY AND LOW INTEREST RATES

If housing prices should fall dramatically, this would affect households' consumption behaviour, stock investment and faith in the future. Moreover, further levies could risk reinforcing a trend that has gone from very positive to negative. It should also be stressed that the Swedish economy is generally strong, and the economy is growing stronger in the wider world as well. Interest rates are low, based on modest inflation and a desire among central banks not to disrupt the economies' recovery. Despite raised asset prices and commodity prices for intermediate materials, this is countered among other things by increased e-commerce, ever-growing digitalisation and continued strong global trade. Employment is generally high and concern about unemployment low. Furthermore, Swedish banks are financially strong, and their lending risks are currently deemed to be low.

NEUTRAL STOCK EXCHANGE SCENARIO

Consequently, external conditions are pointing in the right direction for the Swedish economy and the Swedish stock exchange, although there are also signs of overheating. One of these signs is the influx of companies onto lists that are not Nasdaq's main list. Many of these companies are in great need of financing with venture capital, as their operations are highly cash flow negative and there are only limited opportunities for loan financing from banks. The appetite for risk among private investors is high after years of rising stock markets, and it is this that is enabling these listings.

There will of course be winners among these companies, but the question is whether most investors have sufficient stamina when further rounds of financing become necessary.

In its annual report, Svolder has argued for a neutral stock exchange scenario. This means a normal stock exchange development equating to roughly the adopted return requirement of stock exchange investors of around 6–8 per cent a year, including dividend received. Consequently, we find it hard

to adopt the negative attitude which sometimes characterises the view of the Swedish construction market, while we are not fully convinced by the optimism so apparent in various IPO prospectuses or investment memos. The majority of our portfolio companies are expected to show higher operating profits in 2018, and therefore enable continued dividend rises. Investment alternatives to equities are few, and I believe that Svolder's selection process for its portfolio holdings still has the potential to create a positive development in both absolute and relative net worth.

STOCK SPLIT 2:1 IN DECEMBER

Close in time to this interim report, Svolder is conducting a stock split to double the number of shares. This will be done automatically, and shareholders do not have to take any action. The new shares will be registered with your asset manager or account operator, and you will be able to note the change and manage your shares shortly afterwards. The final day for trading shares on Nasdaq Stockholm before the split is 13 December.

Following the split, there will be roughly eight times the number of shares as when Svolder started in 1993. This means that the original investment capital of SEK 320 million has increased by just over SEK 2.4 billion. In addition, just over SEK 1 billion has been paid out in dividends. If this had been reinvested in Svolder shares, theoretically calculated without taxes and other fees, the return would have been as much as 15 per cent a year. Trends are no guarantee of future success, but we humbly accept the challenge for future net worth development that such a result entails.

Yours faithfully

ULF HEDLUNDH
Managing Director

THE EQUITIES PORTFOLIO

30TH NOVEMBER 2017

Share	Quantity	Share price (SEK) ¹⁾	Market value (SEK m)	% of net worth	% of the company's capital ²⁾	% of the company's votes ²⁾
Troax Group	1,300,000	297.50	386.8	14.2	6.5	6.5
Nolato	350,000	536.00	187.6	6.9	1.3	0.7
Platzer Fastigheter	3,570,163	46.60	166.4	6.1	3.0	1.2
Scandic Hotels Group	1,500,000	108.50	162.8	6.0	1.5	1.5
Mekonomen	1,029,301	150.50	154.9	5.7	2.9	2.9
Saab	379,516	406.60	154.3	5.7	0.4	0.3
GARO	850,000	177.00	150.5	5.5	8.5	8.5
FM Mattsson Mora Group	1,542,990	90.00	138.9	5.1	11.5	4.9
Acando ³⁾	5,017,391	27.10	136.0	5.0	4.8	6.9
Boule Diagnostics	515,000	260.00	133.9	4.9	10.7	10.7
Serneke Group	1,200,000	101.75	122.1	4.5	5.2	1.7
New Wave Group ⁴⁾	2,057,997	53.75	110.6	4.1	3.1	0.8
Klövern Class B	9,393,192	11.47	107.7	4.0	1.0	0.6
Nobina	2,145,791	49.80	106.9	3.9	2.4	2.4
XANO Industri	653,000	147.25	96.2	3.5	4.6	1.4
Nordic Waterproofing	1,207,514	70.50	85.1	3.1	5.0	5.0
Magnolia Bostad	1,394,009	57.75	80.5	3.0	3.7	3.7
Beijer Electronics Group	2,423,774	30.80	74.7	2.7	8.5	8.5
AGES Industri	500,000	94.00	47.0	1.7	7.1	2.1
Elos Medtech	667,000	68.75	45.9	1.7	11.0	4.2
Kambi Group	430,000	87.25	37.5	1.4	1.4	1.4
Verisec	229,095	122.50	28.1	1.0	5.2	5.2
Bong	16,600,000	1.00	16.6	0.6	7.9	7.9
Equities portfolio			2,730.7	100.2		
Net debt (-)/net receivable (+)			-4.4	-0.2		
Total/net worth			2,726.3	100.0		
			213.00	SEK per Svolder share		

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

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

²⁾ Based on outstanding shares in the portfolio company.

³⁾ Of which 4,517,391 Acando Class B and 500,000 Acando Class A shares.

⁴⁾ The above-mentioned holdings on the closing day 30th November 2017 included 70,000 New Wave Group loaned shares.

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 386.8 million, corresponding to 14.2 per cent of net worth. Based on the above figures, a one per cent change in Troax's share price affects Svolder's net worth by SEK 3.9 million, which equates to SEK 0.30 per Svolder share.

INTERIM REPORT I

CURRENT REPORTING PERIOD: 1ST SEPTEMBER – 30TH NOVEMBER 2017

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 was particularly true of large corporations on global stock exchanges and measured in Swedish kronor, the value of which was seriously weakened during the period. The overall Swedish stock exchange rose by 4.1 per cent. Smaller companies are not performing as strongly as the large ones. CSRX (which measures companies with market values up to about SEK 50 billion) rose by 1.9 per cent, while OMX Stockholm Small Cap (market values mainly under SEK 10 billion) fell 6.4 per cent. This follows a new trend noted earlier during the 2017 calendar year, whereby shares in small companies began to weaken based on a previous position of strength, seen from a longer-term perspective. The world and Europe indices rose during the current reporting period by 11.5 per cent and 10.3 per cent respectively, both measured in SEK.

Exchange rate fluctuations were sizeable during the three-month period. The Swedish krona fell a full 5.5 per cent against the US dollar and against the euro. The Swedish krona also fell against the pound sterling and the Japanese yen. The Swedish krona was also weak during the same period in 2016. The present Swedish currency situation is exceeded only by the dramatic 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 Norwegian krone, conversely, began weakening more and more against the Swedish krona, and the two currencies are now being traded at parity. A weak Swedish krona is in line with the Riksbank's strategy for importing inflation and stimulating Sweden's export industry.

Interest rate movements were also noted during the period. The US government bond interest rates in particular increased, while their Swedish counterparts decreased. European interest rates on the money markets remain low, and in some cases are even negative.

Commodity prices stopped rising during the three-month period, following an earlier display of strength in 2017. Oil prices developed conversely and rose by almost 19 per cent (Brent). The price of gold developed in line with the downturn in industrial metals.

Index performance (12 months)



Source: Infront

SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 209.00. This equates to an increase during the current reporting period of 2.8 per cent, including reinvested dividend. The Class B share's value on the closing day represented a discount of 1.9 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 12,000 shares traded each day of trading on Nasdaq Stockholm.

Trading in Svolder's Class A shares was limited and shares were traded on 95 per cent of trading days, with an average of just under 200 shares each day of trading on Nasdaq Stockholm.

The closing price for Svolder's Class A share was SEK 256.00, which means that the Class A share was valued at a premium of 20.2 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.

The number of Svolder shares will be doubled in a 2:1 share split in December 2017, see also "Events after the reporting period".

Total return¹⁾ in %

	Rolling		
	3 months	12 months	12 months
	1/9 2017 – 30/11 2017	1/12 2016 – 30/11 2017	1/9 2016 – 31/8 2017
Svolder			
Share price (Class B)	2.8	15.0	30.2
Net worth	-1.6	24.1	30.9
Stock market index			
Carnegie Small Cap Return Index	1.9	12.1	8.3
SIX Return Index	4.1	14.1	12.1

¹⁾ 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 213.00 per share, which represents a decrease during the current reporting period of 1.6 per cent including reinvested dividend. This figure is 3.5 percentage points lower than the development of the small cap index (CSRX), which rose by 1.9 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which has increased by 4.1 per cent. The negative deviation is company specific and is particularly attributable to companies exposed to construction and housing development, and the fact that small companies have performed worse than larger ones during the current reporting period.

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.



Source: Svolder, Infront and Morningstar

Net worth trend (3 months) 1st September – 30th November 2017

	SEK m	SEK/share
Net worth 31st August 2017	2,812.1	219.70
Equities portfolio		
Opening value	2,681.5	209.50
Purchase of shares	214.2	
Sale of shares	-125.9	
Change in value equities portfolio	-39.2	3.80
Closing value	2,730.7	213.30
Net debt (-)/Net receivable (+)		
Opening value	130.5	10.20
Share dividends received	1.3	
Dividend paid	-41.6	
Other operating income	0.3	
Administrative costs	-6.5	
Net financial items	-0.1	
Purchase of shares, net	-88.3	-10.50
Closing value	-4.4	-0.30
Net worth 30th November 2017	2,726.3	213.00

Polymer group Nolato's Q3 report 2017 was once again far above expectation. The share price rose significantly, and the holding was the largest contributor to net worth during the current reporting period. Business area Integrated Solutions (formerly Telecom) developed particularly well. The main reason was that Nolato has gained a significant new global customer in the expansive e-cigarette segment. A broadened customer and product base can increase the business area's stability, reduce the operating risk and raise the value. The other business areas, Medical and Industrial, also increased sales and profits. All three business areas now have everything in place to grow organically with good profitability. In addition financial resources are available for carrying out selective acquisitions.

Perimeter protection company **Troax** reported continued strong order intake and a rising margin for Q3. The development in order intake indicates continued positive sales and profit development for the immediate future. It was pleasing to see the operating margin increase, even though the American acquisition Folding Guard has not yet achieved the margins of other companies in the group. The company's share price increased after the report, and was once again a major contributor to Svolder's net worth. During the positive share price development of recent times Svolder has decreased its holding slightly, mainly due to the size of the holding in the equities portfolio.

Biggest contributors to changes in net worth 1st September – 30th November 2017

(Based on net worth of SEK 2,812.1 million or SEK 219.70 SEK/share on 31st August 2017)

Share	SEK m	SEK/share
Nolato	72.6	5.70
Troax	44.2	3.50
Saab	18.4	1.40
FM Mattsson Mora	14.0	1.10
Nobina	13.5	1.10
Total, five positive	162.7	12.70
GARO	-57.9	-4.50
Serneke	-29.6	-2.30
Nordic Waterproofing	-29.0	-2.30
Magnolia Bostad	-22.7	-1.80
Mekonomen	-19.7	-1.50
Total, five negative	-158.8	-12.40
Other shares	-41.6	-3.30
Shares, total	-37.7	-2.90
Other	-6.5	-0.50
Change in value before dividend	-44.2	-3.50

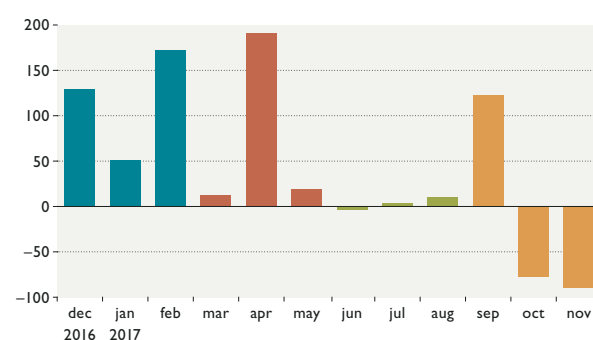
The shares in southern Swedish electrical product company **GARO** developed weakly during the three-month period, and is the share that has most burdened Svolder's net worth. A weaker result than expected was posted in the company's nine-month report, caused by extra costs for meeting continued rising demand, as well as more investment in marketing and product development. Production space has been extended, particularly in the existing unit in Poland, in order to better meet demand, and the logistical disruptions are now gradually decreasing. In addition, the stock market has now switched its focus from charging points and infrastructure for electric cars to new production of housing,

which has seriously impacted the GARO share. GARO as a company is characterised by quality and its ability to develop innovative electrical products for profitable growth. Smaller acquisitions are complementing organic growth. Svolder increased its shareholding in the company during the reporting period.

Construction and contracting company **Serneke** operates in Swedish growth areas, with a strong focus on the Gothenburg region and often with clients in the public sector. The construction side is showing growth with profitability and has reached a volume capable of challenging the main players in the industry. Serneke is also working in a partnership to develop Karlastaden, an area directly adjoining the Lindholmen district of Gothenburg. Lindholmen is characterised by strong growth of companies in fast-growing industries, with rents rising considerably. The mixed-use district being built up in Karlastaden, with homes, offices and hotels, as well as the Karlatornet tower block, has every potential to be a great success story. Like many construction and project-related operations, the Serneke share has developed weakly during the current reporting period and has burdened Svolder's net worth considerably. Nevertheless, the latest interim report does indicate a positive trend moving forward. The stock market, however, does not seem convinced, but appears to be focusing on project risks in Karlastaden and the uncertainty associated with a challenging, expansive player in a low-margin sector.

Waterproofing company **Nordic Waterproofing** reported Q3 results that were somewhat below expectations. The company also decreased its whole-year forecast, mainly because rising raw material prices could not be offset by its own increases in selling prices to the extent previously planned and communicated. The share price reacted negatively to this, and the share was the third biggest negative contributor to net worth during the current reporting period.

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



Excluding dividends of SEK 41.6 million (SEK 3.25/share) paid in November 2017.

LIQUIDITY/BORROWING

The net debt, which also includes the share trading's unliquidated transactions etc., totalled SEK 4.4 million on the closing day, corresponding to 0.2 per cent of the company's net worth. This is to be compared with a net receivable of SEK 130.5 million at the beginning of the current reporting period.

THE EQUITIES PORTFOLIO

Shares to the value of SEK 214.2 million (gross) were acquired during the current reporting period. Shares for a gross amount of SEK 125.9 million were sold during the corresponding period, and net purchases hence totalled SEK 88.3 million.

No new holdings were acquired during the three-month period, and no holdings were sold in their entirety. On the closing day, the equities portfolio thus still comprised 23 holdings.

Major net purchases for the equities portfolio (3 months) 1st September – 30th November 2017

Share	Quantity	SEK m	SEK/share ¹⁾
Nobina	1,638,362	73.2	44.70
FM Mattsson Mora	542,990	44.6	82.10
GARO	150,000	35.8	238.40
Platzer Fastigheter	485,055	24.2	49.80

¹⁾ 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.

Nobina is the largest public transport operator in the Nordic region. Its contracts run for several years and are primarily with public sector principals, such as transport departments in municipal and regional authorities. Nobina was listed on Nasdaq Stockholm in 2015, and Svolder was previously a not insignificant shareholder in the company. Following strong share price development, however, the holding was sold for valuation purposes in 2016. The share has since seen relatively weak development due to slightly lower results than the market expected. Svolder deems this to be temporary, and in autumn 2017 it once again became a shareholder in Nobina. Svolder believes the company is now in a period of positive profit development, and particularly appreciates Nobina's economic and operational stability, along with its capacity and propensity to pay dividends.

The share price of taps and mixer fittings manufacturer **FM Mattsson Mora** (FMM) developed positively during the

early part of the current reporting period. This was partly due to a positive analysis of the company and its share. The share has a relatively low trading turnover and poor coverage by analysts, so analyses and recommendations can have quite an impact on the share price. The company's Q3 report was slightly better than expected, which substantiated the previously positive share price development. Svolder was offered the opportunity to acquire a block of shares in FMM at the beginning of the current reporting period. This meant that FMM was one of the largest acquisitions and made a positive contribution to net worth during the three-month period.

Major net sales from the equities portfolio (3 months) 1st September – 30th November 2017

Share	Quantity	SEK m	SEK/share ¹⁾
Klövern	3,606,808	40.4	11.20
Troax	87,000	25.7	295.20

¹⁾ 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.

After a long period of purchases, Svolder instead decreased its holding in real estate company **Klövern** during the current reporting period. The share, which performed worse than those of most other listed real estate companies earlier in 2017, was now showing a reverse price development more in line with its existing commercial properties at attractive locations in Sweden. The decline was largely a consequence of the increase in real estate company **Platzer**, which is concentrated to the Gothenburg region.

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.

ALTERED DISTRIBUTION OF MANAGEMENT COSTS OVER TIME

Since 2012 there has been an incentive programme for Svolder employees, which can entail a variable annual bonus equating at most to a year's salary including payroll overheads. Such a bonus should be invested in Svolder shares to be held for at least three years. It is a condition of the bonus that Svolder's net worth over rolling three-year periods outperforms the small cap market, CSRX. Based on the company's strong development over the past two financial years, it is very likely that a bonus for the current rolling three-year period will be paid. An expense of SEK 1.95 million has therefore been reserved during the current reporting period, and Svolder intends to reserve a total sum of SEK 7.8 million during the 2017/2018 financial year. In the previous financial year, the entire cost for variable remuneration was posted in the year-end accounts (SEK 7.5 million).

In comparing Svolder's management costs in the two reporting periods in question, it is evident that the cost increase in 2017/2018, with the same form of distribution over time, would have been SEK 0.2 million, equating to approximately 3 per cent. Based on the closing net worth, Svolder's total management costs, including variable remuneration, currently amount to just under 1 per cent a year.

RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 59 and in note 17 on page 72 of the 2016/2017 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 Thursday 16th November 2017. 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 8th December was SEK 212 per share and the listed price was SEK 205.50.

In accordance with the decision at the Svolder AGM on 16th November 2017, a 2:1 share split will be carried out, whereby each existing Class A and Class B share will become two new shares of the same class, without affecting Svolder's share capital. The above information was also announced in a press release on 7th December 2017.

The timetable for the share split is as follows:

WEDNESDAY 13TH DECEMBER 2017: Final day for trading before the share split.

THURSDAY 14TH DECEMBER 2017: First day for trading after the share split.

FRIDAY 15TH DECEMBER 2017: Record day at Euroclear Sweden AB.

Shareholders do not need to take any action due to the company's share split. Following the share split, the total number of shares in Svolder will increase from 12,800,000 to 25,600,000, of which 1,245,672 are

Svolder Class A and 24,354,328 Svolder Class B shares.

From Thursday 14th December 2017, Svolder shares will be traded under new ISIN codes, as follows:

SVOLDER A, ISIN CODE: SE0010663302

SVOLDER B, ISIN CODE: SE0010663310

FINANCIAL CALENDAR

The reports for the period 1st September 2017 – 28th February 2018 (6 months) and for the now ongoing reporting period 1st December 2017 – 28th February 2018 will be published on 9th March 2018.

STOCKHOLM 13TH DECEMBER 2017
SVOLDER AB (PUBL)

THE BOARD OF DIRECTORS

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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 2017 – 30/11 2017	3 months 1/9 2016 – 30/11 2016	Rolling 12 months 1/12 2016 – 30/11 2017	12 months 1/9 2016 – 31/8 2017
Management operations				
Dividend income	1.3	-	57.4	56.2
Management costs	-6.5	-4.4	-26.7	-24.6
Earnings from securities	-39.2	87.5	506.6	633.3
Other operating income	0.3	0.0	0.4	0.1
Operating profit	-44.1	83.1	537.7	664.9
Profit on financial investments				
Financial income	-	-	0.0	0.0
Financial expenses	-0.1	-0.1	-0.2	-0.2
Profit after financial items	-44.2	83.1	537.5	664.7
Tax	-	-	-	-
Profit for the period	-44.2	83.1	537.5	664.7
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-44.2	83.1	537.5	664.7
Earnings per share, SEK	-3.50	6.50	42.00	51.90

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/9 2017 – 30/11 2017	3 months 1/9 2016 – 30/11 2016	Rolling 12 months 1/12 2016 – 30/11 2017	12 months 1/9 2016 – 31/8 2017
Cash flow from operating activities before changes in working capital				
	-9.2	-10.3	33.9	32.8
Changes in working capital				
Increase (+)/decrease (-) in current liabilities	4.9	0.8	4.1	0.0
Cash flow from operating activities	-4.3	-9.5	38.0	32.8
Investing activities				
Purchase of securities	-187.7	-405.6	-961.2	-1,179.2
Sales of securities	125.9	290.6	908.0	1,072.7
Investment in machinery and equipment	-	-0.1	-	-0.1
Cash flow from investing activities	-61.7	-115.1	-53.2	-106.6
Financing activities				
Dividend paid	-41.6	-35.2	-41.6	-35.2
Cash flow from financing activities	-41.6	-35.2	-41.6	-35.2
Increase (+)/decrease (-) in liquid assets	-107.6	-159.8	-56.8	-109.0
Liquid assets at beginning of period	140.8	249.7	89.9	249.7
Liquid assets at end of period	33.1	89.9	33.1	140.8

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/9 2017 – 30/11 2017	3 months 1/9 2016 – 30/11 2016	Rolling 12 months 1/12 2016 – 30/11 2017	12 months 1/9 2016 – 31/8 2017
Change in net worth, SEK	-6.70	3.70	38.70	49.20
Dividend paid during the period, SEK	3.25	2.75	3.25	2.75
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 2017	30/11 2016	31/8 2017	31/8 2016
Non-current assets				
<i>Property, plant and equipment</i>				
Equipment	0.1	0.2	0.1	0.1
<i>Financial assets</i>				
Securities holdings	2,730.7	2,184.0	2,681.5	1,941.8
Current assets				
Current receivables	0.4	8.3	0.3	0.3
Cash and bank balances	33.1	89.9	140.8	249.7
Total assets	2,764.3	2,282.4	2,822.7	2,191.9

Shareholders' equity and liabilities

(SEK m)	30/11 2017	30/11 2016	31/8 2017	31/8 2016
Shareholders' equity	2,726.3	2,230.4	2,812.1	2,182.5
Liabilities				
Current liabilities	38.0	52.0	10.6	9.4
Total liabilities and shareholders' equity	2,764.3	2,282.4	2,822.7	2,191.9

CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/9 2017 – 30/11 2017	3 months 1/9 2016 – 30/11 2016	12 months 1/9 2016 – 31/8 2017
Opening balance	2,812.1	2,182.5	2,182.5
Dividend paid	-41.6	-35.2	-35.2
Comprehensive income for the period	-44.2	83.1	664.7
Closing balance	2,726.3	2,230.4	2,812.1

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	30/11 2017	30/11 2016	31/8 2017	31/8 2016
Net worth per share, SEK	213.00	174.20	219.70	170.50
Share price (Class B), SEK	209.00	184.50	206.50	161.00
Net worth, premium (+)/discount (-), %	-2	6	-6	-6
Liquidity (+)/Borrowing (-), %	0	2	5	11
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 2016/2017. 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.

Prioritaire **A**

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COVER PHOTO: THIS 1907 LIGHTHOUSE STANDS OFF THE RIVER ESTUARY OUTSIDE UMEÅ, NORTHERN SWEDEN. ORIGINALLY CALLED HOLMSUND, THE LIGHTHOUSE WAS LATER RENAMED FJÄRDGRUND.

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