



# SVOLDER

INTERIM REPORT 3 2017/2018

» *A strong stock market quarter both for Svolder and the small cap market in general* »

The Managing Director's comments, page 2

SHARE PRICE

98.14

NET WORTH

115

SEK/share on 8th June 2018

## Result for the interim period

9 months: 1st September 2017–31 May 2018

- The company posted a result for the period of SEK 162.9 million (655.0 m), corresponding to SEK 6.40 (25.60) per share
- Net worth rose by 5.9%, including reinvested dividend, to SEK 114.60 per share
- The listed price of the Class B share decreased by 5.9%, including reinvested dividend, to SEK 95.74 per share
- The Carnegie Small Cap Return Index rose by 8.9%
- The closing discount on net worth was 16.4% for the Class B share and 12.7% for the Class A share

## Current reporting period

3 months: 1st March–31st May 2018

- The company posted a result for the period of SEK 188.4 million (220.7 m), corresponding to SEK 7.40 (8.60) per share
- The net worth rose by 6.9% to SEK 114.60 per share
- The listed price of the class B share decreased by 0.7% to SEK 95.74 per share
- The Carnegie Small Cap Return Index rose by 7.0%

Current reporting period (3 months)

## MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative –
Troax	Mekonomen
Nolato	
Platzer	

## MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold –
ITAB	Nolato
Platzer	Mekonomen
Garø	Nobina

# Dear Shareholder,

Another quarter (Mar-May) now goes down in the annals of history. It has been a strong stock market quarter both for Svolder and the small cap market in general – so something of a deviation from the previous quarter (Dec–Feb) och and the beginning of the calendar year. The rise on the Swedish stock market should be seen in relation to a weak Swedish krona, which has been particularly noticeable recently against the US dollar. At the same time the increasing volatility on the stock markets is probably a sign of increasing unease in the wider world, and that investors are unsure of how to position themselves for the future.

To begin with I would like to emphasise that Svolder's net worth has increased by 7 per cent in the past three months and 6 per cent over the past nine. This is on a par with the small cap market in terms of CSRX in the short term, and somewhat below in the slightly longer term. Looking at long cycles, as we always do in our financial reports, the development of both net worth and share price remains very strong. This should offer some comfort at a time when Svolder's share price has not quite followed its net worth recently, and a high discount (from a historical perspective)

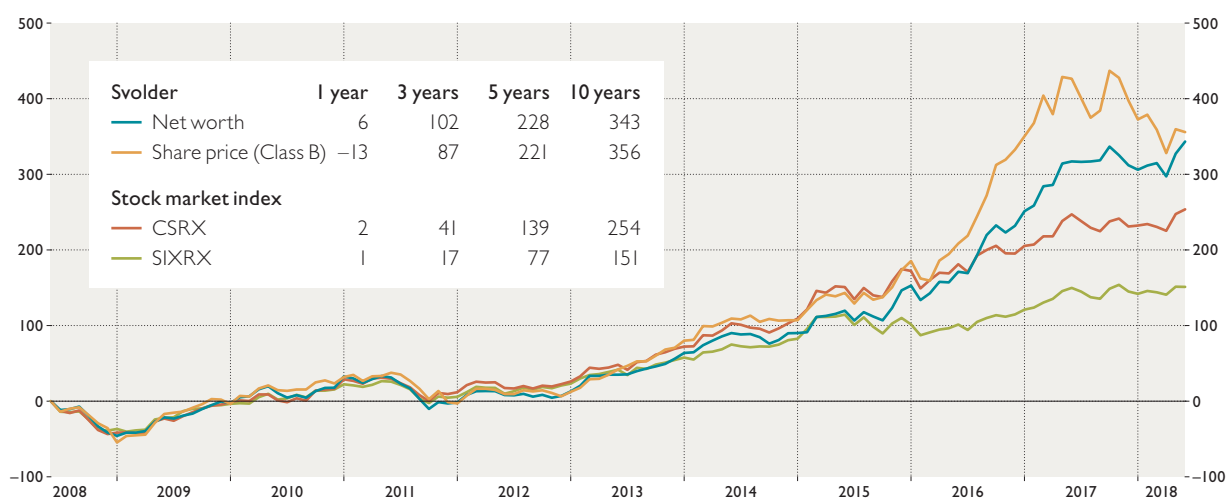
has been created. At Svolder, we always focus on creating long-term value growth over time by investing in healthy, listed small and medium-sized companies with the Swedish stock market as our base, but it is of course the stock market that determines the price of the Svolder share.

For several years we have been talking about a neutral stock exchange scenario, where we believe that the stock market should be able to yield an equities portfolio on a par with the market's adopted return requirement, i.e. 6–8 per cent including dividends. For the stock exchange as a whole this has been a relatively good approximation of how the value has developed, even though small companies in general and Svolder in particular have performed beyond this. Even though the stock market has achieved or exceeded this return both over three months and nine months, there is reason to stop a while and consider the future more closely.

## TIME OF PROSPERITY, BUT WITH CONCERNS

The global economy is continuing to develop relatively

Total return<sup>1)</sup> 10 years in % on 31st May 2018



Source: Morningstar 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.

strongly, even though in some places the rate of growth appears to be doing the opposite. Swedish export companies are taking advantage of the weak Swedish krona, while imports and many input materials are becoming more expensive. Moreover, Swedish listed companies are becoming cheaper and more attractive to potential foreign investors. At the same time though, Swedish households are growing less optimistic about the future, although crisis would be too strong a word. The perceived and reported unease on the housing market, especially the parts relating to new builds of owner-occupied homes, is leading to fewer projects being started, households that are less inclined to take risks, and even insolvency for housing developers with weak finances. The upcoming elections and the great uncertainty about what the balance of power in parliament, county councils and local authorities will be, are adding to the risk aversion.

Another factor affecting the future of the stock market is the constant stream of companies with a short history being listed on smaller marketplaces such as First North, NGM, Spotlight Stockmarket (Aktietorget), and even projects with grassroots financing and no marketplace. What all these companies have in common is that they almost exclusively talk about listing on 'the stock exchange', even though the scrutiny for listing on these marketplaces is far less rigorous than that required by Nasdaq Stockholm. The issue is further confused by the fact that the shares are often traded in the same trading system, and even financial journalists refer to 'the stock exchange' when writing about where these companies' shares are traded. Generally speaking, Svolder does not make any new investments outside of Nasdaq Stockholm, and we are working actively to ensure that the portfolio holdings traded on First North work their way up in the listing system so that they can be truly considered to be meeting the requirements for listed companies.

High new-listing activity, young companies with untried and tested business models and strong negative cash flows (often start-ups) are usually signs that investors have a high willingness to take risks following a long period of share profits, and that the economic cycle is reaching its peak. We at Svolder also notice that the peak is usually preceded by several mega-mergers among large corporate groups, perhaps especially in the banking and telecom spheres. Those of a pessimistic or conspiratorial bent might note that the major British banks Barclays and Standard Chartered have recently begun discussing a merger. Telia too has confirmed it has been having talks regarding the acquisition of TV4. Also, in March TDC of Denmark was intending to acquire MTG's media arm.

In the medium term, stock exchanges are more sensitive to company profits and real-world economic phenomena than they are to political turbulence, at least up to a certain level of uncertainty. Having said that, when the risk of trade war, parliamentary turbulence, currency collapse or struc-



tural breakdown reaches a certain level, the future focus changes from one of calm to one of unease, or in the worst case panic. How much can stock exchanges and economies cope with when it comes, for instance, to Donald Trump's 'negotiation diplomacy' on Twitter, the UK's handling of Brexit, Italy's governmental crises, growing trade sanctions, IT destabilisation or devolution-hungry Catalans? The day pessimism gains a foothold is the day the capital mar-

kets face many challenges. With the current zero interest rates and high national debts, the toolboxes of the various central banks and many governments are pretty empty. Moreover, there is no experience of how the capital markets react to the increasingly intelligent underlying software of the stock exchange computers. At any rate, in this situation it will be hard for any investor to find a safe harbour to hide in, and this creates opportunities for the long-term investor.

### GREATER PORTFOLIO LIQUIDITY

Even so, despite the above I still think we should not cry wolf straight away. The established listed companies are usually financially strong and the yield of equities far exceeds that of government bonds, which are still producing negative real interest. Nor does Svolder's strength normally lie in market timing, but more in its choice of portfolio companies. It should, though, be noted that we have adopted a somewhat more cautious position by raising the liquidity ratio in the portfolio over the past six months. One explanation is the share dividends received, but we have also sold off parts of holdings, or all of them in some cases. We have also declined to be involved in several IPOs since we deemed the selling prices too high, or the companies had not been in business long enough.

### NEW POLICY FOR DISTRIBUTING PRINTED REPORTS

Finally, please note that since the previous interim report, Svolder has introduced a new policy for sending out printed interim reports and annual reports. We continue to strive to bring you timely, informative reports that are easy to read, with a professional layout. Svolder's shareholders should also have the ability to receive the information the company publishes in their own preferred format, whether printed or digital. Shareholders who prefer to continue receiving printed material, and have informed Svolder of this via a previous mailing, will see no changes. For the majority who prefer to read Svolder's information digitally, we suggest subscribing to our e-mail service at <http://svolder.se/prenumerera-via-e-post> to ensure you don't miss a single report.

*Yours faithfully*

**ULF HEDLUNDH**  
*Managing Director*

# THE EQUITIES PORTFOLIO

31ST MAY 2018

Share	Number	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	1,182,191	285.00	<b>336.9</b>	11.5	5.9	5.9
Platzer Fastigheter	4,028,811	59.60	<b>240.1</b>	8.2	3.4	1.3
XANO Industri	613,828	275.00	<b>168.8</b>	5.8	4.4	1.3
GARO	1,005,070	166.00	<b>166.8</b>	5.7	10.1	10.1
Acando <sup>3)</sup>	4,980,000	32.05	<b>159.6</b>	5.4	4.7	6.8
Boule Diagnostics	486,000	304.00	<b>147.7</b>	5.0	10.0	10.0
Scandic Hotels	1,655,002	85.80	<b>142.0</b>	4.8	1.6	1.6
Saab	380,000	361.70	<b>137.4</b>	4.7	0.4	0.3
New Wave Group	2,404,954	52.60	<b>126.5</b>	4.3	3.6	1.0
Nordic Waterproofing	1,449,337	79.20	<b>114.8</b>	3.9	6.0	6.0
Serneke Group	1,200,000	94.90	<b>113.9</b>	3.9	5.2	1.7
FM Mattsson Mora	1,469,990	77.40	<b>113.8</b>	3.9	10.9	4.6
Klövern Class B	9,741,988	10.88	<b>106.0</b>	3.6	1.1	0.6
Beijer Electronics	2,438,645	41.10	<b>100.2</b>	3.4	8.5	8.5
ITAB Shop Concept	2,634,878	33.55	<b>88.4</b>	3.0	2.6	0.9
Magnolia Bostad	1,494,009	54.40	<b>81.3</b>	2.8	4.0	4.0
Elos Medtech	924,259	71.00	<b>65.6</b>	2.2	11.5	5.1
Nobina	896,094	59.15	<b>53.0</b>	1.8	1.0	1.0
AGES Industri	500,000	96.60	<b>48.3</b>	1.6	7.1	2.1
Nolato	58,205	758.00	<b>44.1</b>	1.5	0.2	0.1
Verisec	229,095	123.00	<b>28.2</b>	1.0	5.2	5.2
Bong	16,277,419	1.15	<b>18.7</b>	0.6	7.7	7.7
<b>Equities portfolio</b>			<b>2,602.3</b>	<b>88.7</b>		
<b>Net debt (-)/net receivable (+)</b>			<b>331.1</b>	<b>11.3</b>		
<b>Total/net worth</b>			<b>2,933.4</b>	<b>100.0</b>		

**114.60 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 4,480,000 Acando Class B and 500,000 Acando Class A shares.

The following information, for example, can be obtained from the table. Svolder's largest holding is Troax, which has a market value of SEK 336.9 million, corresponding to 11.5 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 3.4 million, which equates to SEK 0.10 per Svolder share.

# INTERIM REPORT 3

CURRENT REPORTING PERIOD:  
1ST MARCH – 31ST MAY 2018

## MARKET COMMENTARY

Globally, the outcome for many stock markets was characterised by unchanged indices during the current reporting period of 1st March–31 May 2018, even though volatility was high at times. The US dollar strengthened dramatically during the quarter, which is why the choice of reporting currency seriously affects the results in different countries. Measured in Swedish kronor, the world index (DJI) has risen almost 5 per cent. Adjusted for currency differences, the American stock exchanges developed somewhat better than those in Europe.

Measured in Swedish kronor and adjusted for dividends, the Swedish stock exchange (SIXRX) rose by just under 3 per cent, while the small cap market (CSRX) increased by a full 7 per cent. So far in 2018, value development in small companies has slightly exceeded that of large companies, and the same is true of Svolder's 2017/2018 financial year, which began on 1st September 2017.

Economic growth in the wider world remains good. In many cases, however, economists believe that the rate of growth will top out in the first half of 2018, or that it already did so in 2017. At any rate, all of the world's principal financial centres are expected to show growth in the foreseeable future. Swedish industry is generally reporting a good order intake and increasing sales, often favoured by the weak Swedish krona. Construction, on the other hand, is experiencing a severe slowing in demand, albeit from a very high starting level. The reason would appear to be that the oversupply of owner-occupied homes is having a very adverse impact on the willingness to invest and take risks in all owner and production stages. This probably also affects the expectations of Swedish households as regards their own financial future, as well as consumption and optimism in society at large.

The Swedish krona developed weakly again during this three-month period. It fell 6.3 per cent against the US dollar and 1.9 per cent against the euro. Political unease in Italy and Spain especially have had a negative impact on the euro. The Riksbank continues to pursue a highly expansive monetary policy, and Swedish politicians are happy to propose expenditure-raising reforms and measures ahead of the autumn elections. Negative developments in the wider world for Swedish owner-occupied home builders are providing fertile ground for problem descriptions among Swedish banks and construction companies. This has been particularly evident among foreign investors.

Interest rates for government bonds in strong economies have fallen, with the exception of American bonds. Interest rates for 10-year American government bonds have occasio-

nally reached over 3.0 per cent based on low unemployment, good growth and concerns regarding rising national debt. European interest rates have drifted apart as political events have contributed to growing uncertainty, particularly in Southern Europe. Swedish interest rates and bond interest rates fell during the three-month period and are generally negative.

The price of oil continued to rise with as much as a 20 per cent increase during the quarter (Brent). Prices for industrial metals, including gold, are generally showing a negative development. This is especially true of zinc, while the price of aluminium for instance has risen significantly. In several cases the price changes can be attributed to disruption on the commodity markets as a result of bilateral sanctions, broken agreements and trade barriers. Commodity prices are listed almost exclusively in USD and often show the opposite price movements.

Index performance (12 months)



Source: Infront

## SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 95.74, corresponding to a fall during the current reporting period of 0.7 per cent. The share's value on the closing day represented a discount of 16.4 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of approximately 16,000 shares traded each day of trading on Nasdaq Stockholm.

Svolder's Class A share is only traded through three auctions (known as Auction Only Market Segments) during the trading day: one on opening, one at about 13.30 and one when the market closes. The closing price for Svolder's Class A share was SEK 100.00, which means that the Class A share was valued at a premium of 12.7 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> %

	3 months 1/3 2018– 31/5 2018	9 months 1/9 2017– 31/5 2018	Rolling 12 months 1/6 2017– 31/5 2018
<b>Svolder</b>			
Share price (Class B)	-0.7	-5.9	-13.4
Net worth	6.9	5.9	6.3
<b>Stock market index</b>			
Carnegie Small Cap Return Index	7.0	8.9	1.9
SIX Return Index	2.9	6.7	0.5

<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 114.60 per share, which represents an increase during the current reporting period of 6.9 per cent. This figure is 0.1 percentage points lower than that of the small cap index (CSRX), which increased by 7.0 per cent during the corresponding period. This can be compared with the Swedish market as a whole (SIXRX), which increased by 2.9 per cent.

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.

### Net worth trend (3 months) 1st March–31st May 2018

	SEK m	SEK/share
<b>Net worth, 28th February 2018</b>	<b>2,745.0</b>	<b>107.20</b>
<b>Equities portfolio</b>		
<b>Opening value</b>	<b>2,683.7</b>	<b>104.80</b>
Purchase of shares	185.8	
Sale of shares	-399.3	
Change in value, equities portfolio	132.0	-81.5
<b>Closing value</b>	<b>2,602.3</b>	<b>101.70</b>
<b>Net debt (-)/Net receivable (+)</b>		
<b>Opening value</b>	<b>61.2</b>	<b>2.40</b>
Share dividends received	62.4	
Other operating income	0.0	
Management costs	-5.9	
Net financial items	-0.1	
Sale of shares, net	213.5	269.9
<b>Closing value</b>	<b>331.1</b>	<b>12.90</b>
<b>Net worth, 31st May 2018</b>	<b>2,933.4</b>	<b>114.60</b>

Svolder's largest holding, perimeter protection company **Troax**, reported developments for the first quarter which were in line with expectations in all essentials. On the positive side, there was a higher rate of increase for order intake, and stabilisation of the market in the UK. The development in order intake indicates continued positive sales and profit development for the immediate future, albeit at a lower tempo than in recent years. Cash flow remained strong and net debt decreased. The share price developed weakly during Svolder's second quarter and bottomed out at the end of March. A recovery then began which continued after the company's interim reporting date. The positive price development made the share the largest contributor to net worth during the current reporting period.

Polymer group **Nolato's** Q1 report for 2018 was once again above expectation. Primarily the business area Integrated Solutions (formerly Telecom) continued to develop very well. The main reason was significant growth in the expansive e-cigarette segment. The wider customer and product base enhances the business area's stability, reduces the operating risk and increases value. The other business areas, Medical and Industrial, also developed strongly with increased sales and profits. The conditions for organic growth with good profitability are now deemed favourable. In addition financial resources are available for carrying out selective acquisitions. The share price continued to rise after the interim report date and the holding became a major contributor to net worth during the current reporting period. As the share price has continued to rise, the holding has been reduced for valuation reasons.

Real estate company **Platzer** is concentrated to Gothenburg. The property market is characterised by historically low vacancies, rising rents and falling return requirements as interest primarily from institutional investors increases. A higher proportion of Platzer's growth in net worth is created through own production and development of commercial properties. Svolder appreciates Platzer's concentrated business model and believes that the Gothenburg property market remains attractively priced based on the region's current and future importance as regards logistics, industry and the public sector. The Platzer share was one of the largest contributors to Svolder's net worth during the current reporting period. Following further share acquisitions, the holding is now by far Svolder's greatest exposure to shares in the real estate sector.

Småland industry group **XANO** continues to convince the stock market, albeit with a small but growing stock exchange volume. The part of the business that sells products and services to the global food industry is particularly favoured by the current large investments in automation. The group companies that work directly with customers in the Nordic engineering industry are also showing good profitability and growth. The recently acquired Blowtech, with specialised plastic production primarily in Gnosjö, Småland, is expanding XANO and adding profit growth already during the current financial year.

In its Q1 report for 2018, automation and electronics group **Beijer Electronics Group** shows results that are,

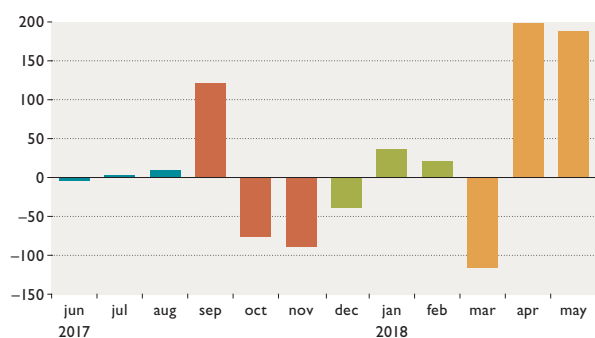
somewhat belatedly, developing towards the financial goals set in conjunction with the company's new share issue in September 2017. The stock exchange reacted very positively to the report. The operation has been extensively overhauled in recent years. The former agency deal with Mitsubishi Electric has come to an end, the product programme has been renewed, sales efforts have been clarified and the organisation has been streamlined. Above all the subsidiary Westermo is showing more success with the sale of advanced electronics components for global train and railway companies. If the company is able to carry on showing good order intake and sales growth in future financial reports, the faith of the stock market will be restored and the likely result will be that the share price will continue to develop strongly.

### Biggest contributors to changes in net worth 1st March–31st May 2018

(Based on net worth of SEK 2,745.0 million or SEK 107.20/share on 28th February 2018)

Share	SEK m	SEK/share
Troax	48.1	1.90
Nolato	41.0	1.60
Platzer Fastigheter	35.3	1.40
XANO Industri	33.2	1.30
Beijer Electronics	28.3	1.10
Acando	19.3	0.80
Nordic Waterproofing	9.1	0.40
Nobina	9.0	0.40
<b>Total, eight positive</b>	<b>223.3</b>	<b>8.70</b>
Mekonomen	-24.9	-1.00
ITAB	-9.4	-0.40
<b>Total, two negative</b>	<b>-34.4</b>	<b>-1.30</b>
Other shares	5.5	0.20
<b>Shares, total</b>	<b>194.4</b>	<b>7.60</b>
Other	-6.0	-0.20
<b>Change in value before dividend</b>	<b>188.4</b>	<b>7.40</b>

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



Excluding dividends of SEK 41.6 million (SEK 1.625/share) paid in November 2017.

## 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 331.1 million on the closing day, corresponding to 11.3 per cent of the company's net worth. This is to be compared with a net receivable of SEK 61.2 million at the beginning of the current reporting period.

## THE EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 185.8 million (gross) during the current reporting period. Shares for a gross amount of SEK 399.3 million were sold during the corresponding period, and net purchases hence totalled SEK 213.5 million.

All shares in **Mekonomen** and **Kambi** were sold during the three-month period. On the closing day, the equities portfolio thus comprised 22 holdings.

### Major net purchases for the equities portfolio (3 months) 1st March–31st May 2018

Share	Number	SEK m	SEK/share <sup>1)</sup>
ITAB	1,634,878	59.2	36.20
Platzer Fastigheter	518,811	28.4	54.60
GARO	135,070	23.8	176.30

<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.

**ITAB** develops, manufactures, sells and installs complete shop concepts for retail chains. It has a leading market position in Europe, particularly in checkouts, store interiors and lighting systems. From being one of the stock's market's most highly reputed and highly valued small companies, the share has seen very slow price development over the past two years or more. In the wake of increasing online shopping and negative media coverage of H&M and others, investor focus has shifted away from ITAB's core business of shop development and streamlining. Svolder's judgement is that the share price is now down at attractive price levels and has increased its holding during the current reporting period.

**GARO's** business primarily encompasses distribution boards, temporary electricity, electrical installation materials and chargers for batteries in electric cars. The stock market's focus has moved away from the growth market of electric car chargers to Swedish new production of housing, which has also caused quite a volatile share price development. GARO is the Nordic market leader in charging stations, although its other operations are more significant in terms of sales. Profitability, growth and financial stability are hallmarks of this Småland corporate group. The holding has been increased, and during the current reporting period Svolder announced that it now owns more than 10 per cent of the company's shares.

### Major net sales from the equities portfolio (3 months) 1st March 31–31st May 2018

Share	Number	SEK m	SEK/share <sup>1)</sup>
Nolato	248,795	174.3	700.70
Mekonomen	1,010,000	122.4	121.10
Nobina	709,586	44.4	62.60

<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.

Vehicle servicing chain **Mekonomen** is in a period of considerable external and internal change, and this has led to the operating margin in particular decreasing in recent years. The reported results and operational developments have not lived up to Svolder's expectations. We deem that no turnaround to warrant a higher share price is currently forthcoming, and have therefore sold our entire holding. The burden on Svolder's net worth during the current financial year amounts to as much as SEK 42 million (SEK 1.70 per share).

**Nobina** is the largest public transport operator in the Nordic region. Scheduled and charter services have also been a minor part of the operation; this business, which all comes under the express bus company Swebus, has been characterised by problems with profitability. At the beginning of May it was announced that Swebus had been sold to a competing company, news that was received well by the stock market with a subsequent continued rise in the share price. Svolder is particularly attracted by Nobina's high yield, stable operation and easy comparison figures for the current financial year, but the holding was reduced during the latter part of the current reporting period for reasons of valuation.

### MANAGEMENT COSTS

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. A cost of SEK 4.9 million has therefore been reserved during the reporting period, and the total cost for the 2017/2018 financial year is expected to be SEK 6.6 million. In the previous financial year, the entire cost for variable remuneration was posted in the year-end accounts (SEK 7.5 million).

Under the same accruals concept, the management costs for 2016/2017 would have totalled SEK 18.5 million after nine months, as compared to SEK 18.5 for the corresponding interim period in 2017/2018. Based on the closing net worth, Svolder's total management costs, including variable remuneration, currently amount to just under 1 per cent a year.

### 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 hol-

dings 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 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.

### NOMINATIONS COMMITTEE

As reported in a press release on 9th May 2018, a Nominations Committee has been formed in accordance with a decision at the 2017 Annual General Meeting. The Nominations Committee has appointed Öystein Engebretsen (Investment AB Öresund) as its Chairman. Other members are Christoffer Lundström (Provobis Holding/Rolf Lundström), Jörgen Wärmlöv (Spiltan Fonder AB) and Fredrik Carlsson (Chairman of the Board and convener).

Shareholders wishing to submit proposals for members of the Nominations Committee may contact the Committee's Chairman: Öystein Engebretsen, Investment AB Öresund, Tel: +46 (0)8-402 33 00, E-mail: oystein.engebretsen@oresund.se

### EVENTS AFTER THE REPORTING PERIOD

The net worth on 8th June was SEK 115 per share and the listed price was SEK 98.14.

### YEAR-END REPORT

A Year-End Report for the financial year 1st September 2017–31st August 2018, encompassing the three-month report for 1st June–31st August 2018, will be published on 27th September 2018.

### ANNUAL GENERAL MEETING 2018

The AGM will take place in Stockholm on Thursday 15th November 2018.

Shareholders wishing to have an issue discussed at Svolder's 2018 AGM must make a written request to the Board of Directors by 1st October 2018 at the latest to: Svolder AB (publ), Board of Directors, Box 70431, SE-107 25 Stockholm, Sweden.

STOCKHOLM 13TH JUNE 2018  
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.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months	3 months	9 months	9 months	Rolling	12 months
	1/3 2018– 31/5 2018	1/3 2017– 31/5 2017	1/9 2017– 31/5 2018	1/9 2016– 31/5 2017	12 months 1/6 2017– 31/5 2018	12 months 1/9 2016– 31/8 2017
<b>Management operations</b>						
Dividend income	62.4	54.5	64.5	54.5	66.2	56.2
Management costs <sup>1)</sup>	–5.9	–4.2	–18.5	–13.1	–30.0	–24.6
Earnings from securities	132.0	170.5	116.7	613.7	136.3	633.3
Other operating income	0.0	0.0	0.3	0.1	0.3	0.1
<b>Operating profit</b>	<b>188.5</b>	<b>220.7</b>	<b>163.1</b>	<b>655.2</b>	<b>172.8</b>	<b>664.9</b>
<b>Profit on financial investments</b>						
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	–0.1	0.0	–0.2	–0.1	–0.2	–0.2
<b>Profit/loss after financial items</b>	<b>188.4</b>	<b>220.7</b>	<b>162.9</b>	<b>655.0</b>	<b>172.6</b>	<b>664.7</b>
Tax	-	-	-	-	-	-
<b>Profit for the period</b>	<b>188.4</b>	<b>220.7</b>	<b>162.9</b>	<b>655.0</b>	<b>172.6</b>	<b>664.7</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>188.4</b>	<b>220.7</b>	<b>162.9</b>	<b>655.0</b>	<b>172.6</b>	<b>664.7</b>
<b>Earnings per share, SEK</b>	<b>7.40</b>	<b>8.60</b>	<b>6.40</b>	<b>25.60</b>	<b>6.70</b>	<b>26.00</b>
1) Of which accruals effect for variable remuneration	–1.6	-	–4.9	-	–12.4	–7.5

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months	3 months	9 months	9 months	Rolling	12 months
	1/3 2018– 31/5 2018	1/3 2017– 31/5 2017	1/9 2017– 31/5 2018	1/9 2016– 31/5 2017	12 months 1/6 2017– 31/5 2018	12 months 1/9 2016– 31/8 2017
<b>Cash flow from operating activities</b>						
Cash flow from operating activities before changes in working capital	58.7	51.3	45.8	36.3	42.3	32.8
<b>Changes in working capital</b>						
Increase (+)/decrease (–) in current liabilities	0.1	0.0	0.2	0.0	0.2	0.0
<b>Cash flow from operating activities</b>	<b>58.8</b>	<b>51.2</b>	<b>46.0</b>	<b>36.3</b>	<b>42.5</b>	<b>32.8</b>
<b>Investing activities</b>						
Purchase of securities	–180.6	–385.3	–472.0	–1,036.3	–614.9	–1,179.2
Sale of securities	341.8	189.3	606.1	886.2	792.6	1,072.7
Investment in machinery and equipment	0.0	0.0	–0.1	0.0	–0.1	–0.1
<b>Cash flow from investing activities</b>	<b>161.2</b>	<b>–196.0</b>	<b>134.0</b>	<b>–150.2</b>	<b>177.6</b>	<b>–106.6</b>
<b>Financing activities</b>						
Dividend paid	-	-	–41.6	–35.0	–41.8	–35.2
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>–41.6</b>	<b>–35.0</b>	<b>–41.8</b>	<b>–35.2</b>
Increase (+)/decrease (–) in liquid assets	220.0	–144.8	138.4	–149.1	178.6	–109.0
Liquid assets at beginning of period	59.2	245.3	140.8	249.7	100.6	249.7
<b>Liquid assets at end of period</b>	<b>279.2</b>	<b>100.6</b>	<b>279.2</b>	<b>100.6</b>	<b>279.2</b>	<b>140.8</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months	3 months	9 months	9 months	Rolling	12 months
	1/3 2018– 31/5 2018	1/3 2017– 31/5 2017	1/9 2017– 31/5 2018	1/9 2016– 31/5 2017	12 months 1/6 2017– 31/5 2018	12 months 1/9 2016– 31/8 2017
Change in net worth, SEK	7.40	17.20	4.70	24.20	5.10	24.60
Dividend paid during the period, SEK	-	-	1.63	1.38	1.63	1.38
Number of shares, million	25.6	25.6	25.6	25.6	25.6	25.6

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 25,600,000.

The historical number of shares and key ratios per share have been adjusted for the 2:1 share split of December 2017.

## CONSOLIDATED BALANCE SHEET

### Assets

(SEK m)	31/5 2018	28/2 2018	31/8 2017	31/5 2017	28/2 2017	31/8 2016
<b>Non-current assets</b>						
<i>Property, plant and equipment</i>						
Equipment	0.2	0.2	0.1	0.2	0.2	0.1
<i>Financial assets</i>						
Securities holdings	2,602.3	2,683.7	2,681.5	2,705.1	2,335.1	1,941.8
<b>Current assets</b>						
Current receivables	67.7	10.4	0.3	2.8	6.2	0.3
Cash and bank balances	279.2	59.2	140.8	100.6	245.3	249.7
<b>Total assets</b>	<b>2,949.3</b>	<b>2,753.5</b>	<b>2,822.7</b>	<b>2,808.7</b>	<b>2,586.7</b>	<b>2,191.9</b>

### Shareholders' equity and liabilities

(SEK m)	31/5 2018	28/2 2018	31/8 2017	31/5 2017	28/2 2017	31/8 2016
<b>Shareholders' equity</b>	<b>2,933.4</b>	<b>2,745.0</b>	<b>2,812.1</b>	<b>2,802.4</b>	<b>2,581.7</b>	<b>2,182.5</b>
<b>Liabilities</b>						
Current liabilities	15.9	8.5	10.6	6.3	5.1	9.4
<b>Total liabilities and shareholders' equity</b>	<b>2,949.3</b>	<b>2,753.5</b>	<b>2,822.7</b>	<b>2,808.7</b>	<b>2,586.7</b>	<b>2,191.9</b>

## CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/3 2018– 31/5 2018	3 months 1/3 2017– 31/5 2017	9 months 1/9 2017– 31/5 2018	9 months 1/9 2016– 31/5 2017	12 months 1/9 2016– 31/8 2017
<b>Opening balance</b>	<b>2,745.0</b>	<b>2,581.7</b>	<b>2,812.1</b>	<b>2,182.5</b>	<b>2,182.5</b>
Dividend paid	-	-	-41.6	-35.2	-35.2
Comprehensive income for the period	188.4	220.7	162.9	655.0	664.7
<b>Closing balance</b>	<b>2,933.4</b>	<b>2,802.3</b>	<b>2,933.4</b>	<b>2,802.3</b>	<b>2,812.1</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/5 2018	28/2 2018	31/8 2017	31/5 2017	28/2 2017	31/8 2016
Net worth per share, SEK	114.60	107.20	109.80	109.50	100.80	85.30
Share price (Class B), SEK	95.74	96.40	103.25	112.25	107.50	80.50
Net worth, premium (+)/discount (-), %	-16	-10	-6	3	7	-6
Liquidity (+)/Borrowing (-), %	12	3	5	4	10	11
Equity/assets ratio, %	100	100	100	100	100	100
Number of shares, million	25.6	25.6	25.6	25.6	25.6	25.6

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 25,600,000. The historical number of shares and key ratios per share have been adjusted for the 2:1 share split of December 2017.

## 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.



# REVIEW REPORT

Auditor's report on the review of the financial information in the interim report in summary (interim report), drawn up in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act.

## Introduction

We have reviewed the summarised interim financial information (Interim Report) for the period 1st September 2017 to 31st May 2018 for Svolder AB (publ), corporate ID no. 556469-2019. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

## Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus to and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The expressed conclusion based on a review does not, therefore, have the same certainty as an expressed conclusion based on an audit.

## Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act, regarding the Group, and with the Annual Accounts Act, regarding the Parent Company.

STOCKHOLM 13TH JUNE 2018  
ÖHRLINGS PRICEWATERHOUSECOOPERS AB

PETER NILSSON  
*Authorised Public Accountant*

Prioritaire **A**

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PAID

SVOLDER IS AN INVESTMENT TRUST THAT INVESTS PRIMARILY IN THE SHARES OF LISTED SMALL AND MEDIUM-SIZED SWEDISH COMPANIES. IN TERMS OF VALUE CREATION, SVOLDER IS STRIVING OVER TIME TO BE THE LEADING INVESTMENT TRUST ON NASDAQ STOCKHOLM.

THE COMPANY HAS BEEN LISTED ON NASDAQ STOCKHOLM AB SINCE 1993. SVOLDER'S NET WORTH IS PUBLISHED WEEKLY AND APPEARS ON THE COMPANY'S WEBSITE, WWW.SVOLDER.SE



COVER PHOTO: IN THE EARLY 19TH CENTURY THERE WERE SHIPWRECKS AT MORUPS TÅNGE, A TOUGH SAILING AREA OFF FALKENBERG IN SOUTH-WEST SWEDEN. THIS LIGHTHOUSE CAME INTO SERVICE IN 1843 TO WARN SHIPPING OF SHALLOW SEAS IN ALL DIRECTIONS.

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