



# SVOLDER

YEAR-END REPORT 2018/2019

» *The Board of Directors' proposal to the AGM means that the company is increasing its dividend for the sixth consecutive year.* »

The Managing Director's comments, page 2

SEK PER SHARE ON  
13TH SEPTEMBER 2019

SHARE PRICE  
**107.00**

NET WORTH  
**122**

## Results for the financial year

12 months: 1st September 2018 – 31st August 2019

- The company posted a result for the period of SEK -13.1 million (344.9 m), corresponding to SEK -0.50 (13.50) per share
- The net worth decreased by 0.1%, including reinvested dividend, to SEK 119.20 per share
- The listed price of the Class B share increased by 7.1%, including reinvested dividend, to SEK 109.60 per share
- The Carnegie Small Cap Return Index rose by 9.7%
- The SIX Return Index (SIXRX) rose by 2.8%
- The closing discount on net worth was 8.0% for the Class B share
- Proposed dividend SEK 2.15 (2.00) per share

The 2018/2019 financial year, 12 months

## MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative -
GARO	Boule Diagnostics
Platzer Fastigheter	Saab
Klövern	Magnolia Bostad

## MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold -
Elanders	Klövern
Nordic Waterproofing	Acando
Lime Technologies	Platzer Fastigheter

INTERIM REPORT 4 2018/2019  
BEGINS ON PAGE 9

# Dear Shareholder,

Svolder recently completed its twenty-sixth year in business, and we continue to operate on the Swedish stock market, focusing on small and medium-sized public companies. The financial year has been turbulent at times, although the low points have not been as bad as the ones that have previously affected the stock markets. Stock exchanges and their customers are accustomed to recovering following a fall in share prices, and in the longer term there is almost always positive value development for shareholders of well-managed companies. For Svolder this means that its net worth and its Class B share, both calculated including reinvested dividends, have risen by an average of over 14 per cent a year since the company's foundation 26 years ago.

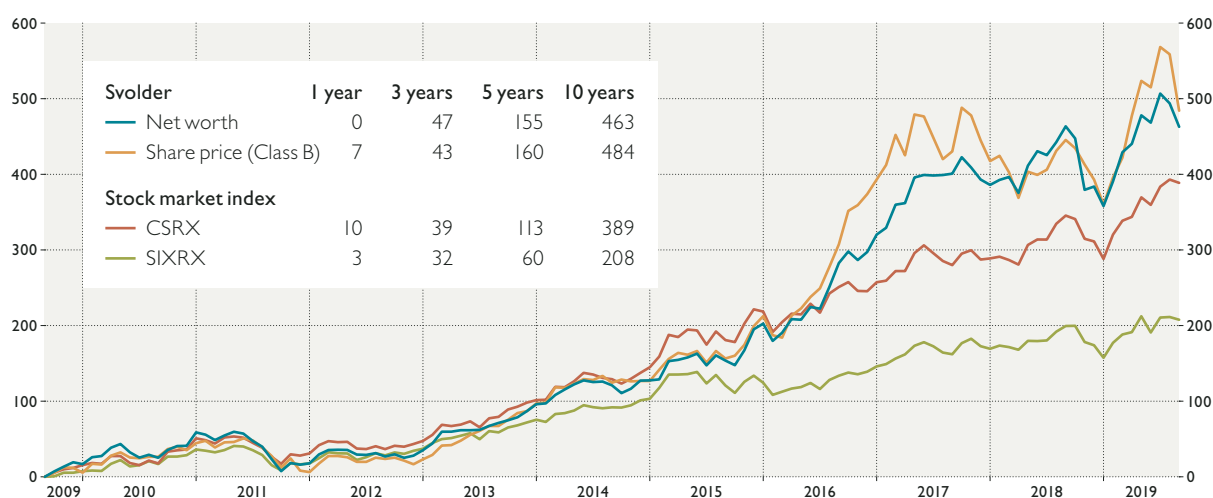
The past financial year was relatively unchanged in absolute terms, in that Svolder's net worth did not change once an adjustment had been made for paid dividends. Even so, the result is somewhat below the small cap market, measured as CSRX, and also slightly less than the stock exchange

» *The number of shareholders increased by 4,600, totalling 20,800.* »

as a whole (SIXRX). The deviation from the CSRX is primarily attributable to Svolder holding a lower proportion of real estate shares compared to the CSRX, and the fact that Svolder's investment focus and equities portfolio encompass far smaller companies than the ones in the CSRX, which included market values up to the SEK 59 billion of SCA on the closing day. As is known, Svolder is not an index investor, and over longer periods the concentrated portfolio in slightly smaller companies has created good added value for both the share and net worth.

We are also pleased to see a price rise for the Svolder Class B share during the year, with an accompanying reduction in discount to net worth. The number of shareholders increased by 4,600, totalling 20,800 on 30 June 2019. This is a clear display of confidence by you as owners in our Board and our employees, and we will continue unabated in our ongoing analysis and asset management, our primary goal being to create long-term added value for all our shareholders.

Total return<sup>1)</sup> 10 years in % on 31st August 2019



Source: Svolder Morningstar 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.

## LOWER MANAGEMENT COST RATIO

Svolder's net worth is now in excess of three billion kronor. This means that we can be a significant shareholder in the companies that we think have the potential to create significant value for Svolder and, therefore, the company's shareholders over time. Another benefit of the higher value is that the management cost ratio is falling, because costs are not increasing in proportion with the company's growth in value. Management costs came to just under 0.8 per cent of the opening net worth during the financial year. These costs also include a reserve for variable remuneration equating to just over 0.2 percentage points. This is paid to Svolder's employees if net worth over the latest three-year period grows by a certain amount more than the CSRX comparison index, and can be up to the cost of one year's pay. For the three-year period 2016–2019, net worth increased by almost 50 per cent and the CSRX was exceeded by roughly eight percentage points. In total the cost ratio, from an owner's perspective, is favourable compared to active Swedish small cap funds. For that reason, our cost-consciousness will not diminish, in fact the concept of value for money continues to be a guiding principle for Svolder today.



## HIGHER DIVIDEND

Svolder considers dividends to be the most natural form of profit sharing and transferring capital to its shareholders. Good long-term growth in dividends takes priority over one-off dividends or a high level that is not sustainable. These principles also guide our active ownership of the portfolio companies. The Board of Directors' proposal to the AGM means that the company is increasing its dividend for the sixth consecutive year, this time by almost 8 per cent. Svolder's dividend policy was changed almost six years ago to make it cash-flow neutral, i.e. based on dividends received less ongoing management costs. As a result there is no requirement to sell shares to create liquidity for dividends and the management strategy can be left intact. This is especially important during weak periods on the stock exchanges, when the convertibility of shares in general decreases and particularly among small cap shares. In those periods it is essential to at least be able to retain the various portfolio holdings if valuations and liquidity suggest this is the correct course of action. As the value of the portfolio companies increases, so generally do the dividends received, and probably faster than Svolder's management costs. Over the past six years we have therefore been able to more than double the dividend while keeping the fixed management costs virtually unchanged.

## AN UNCERTAIN WORLD

General developments on the Swedish stock market during the financial year fell slightly short of Svolder's original assumption at the beginning of the financial year, i.e. value growth of about 5–7 per cent. The scenario was deemed to be neutral, but with estimated risks primarily on the downside. Measured in central currencies such as USD and EUR,

moreover, stock exchange development was worse in Sweden, and for very large and very small listed companies the overall outcome was even negative. In the upcoming Annual Report we will discuss historical developments and our future views in more detail. However, let me say now that there are many indications that our overall view of the stock exchange remains neutral. Positive factors include global economic growth – albeit at a slower rate, low interest rates and many well-managed companies with good dividend capacity. Countering this positive view is uncertainty surrounding investors' faith in the central banks' ability to continue an extremely expansive monetary policy with negative real interest rates, while budgetary imbalances place

limits on fiscal measures. Add to this escalating political and military uncertainty, established protectionism and a good many newly started, highly valued companies with untried business models and weak balance sheets, and it is easy to take a negative view. Even so, it is worth emphasising the stock markets' long-term attractiveness, and that there are few alternatives when negative interest rates are a reality for more and more investors.

Svolder will hold its Annual General Meeting at 17:00 CET on 19 November 2019 at the IVA Conference Centre in Stockholm. The hour prior to that there will be opportunities to talk with representatives of some of Svolder's portfolio companies, and with Svolder's Board members and personnel. A separate notice to attend will be published as per formal requirements, while in early November the Annual Report will be sent to shareholders who have communicated that they wish to receive such written information. The easiest way to subscribe to Svolder's written financial materials is via our website [www.svolder.se](http://www.svolder.se), where reports are also available in digital format.

We hope to see you at our AGM!

*Yours faithfully*

**ULF HEDLUNDH**  
*Managing Director*

# THE EQUITIES PORTFOLIO

31ST AUGUST 2019

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>
GARO	1,466,279	271.00	<b>397.4</b>	13.0	14.7	14.7
Troax	3,022,713	98.30	<b>297.1</b>	9.7	5.0	5.0
Platzer Fastigheter	3,147,500	91.80	<b>288.9</b>	9.5	2.6	1.1
Nordic Waterproofing	2,986,780	79.40	<b>237.2</b>	7.8	12.4	12.4
New Wave Group	3,503,350	56.70	<b>198.6</b>	6.5	5.3	1.4
FM Mattsson Mora	1,791,964	90.00	<b>161.3</b>	5.3	12.9	5.6
Saab	560,000	273.60	<b>153.2</b>	5.0	0.4	0.4
Beijer Electronics Group	3,476,715	43.90	<b>152.6</b>	5.0	12.1	12.1
Scandic Hotels Group	2,000,000	75.80	<b>151.6</b>	5.0	1.9	1.9
ITAB Shop Concept	5,815,359	24.00	<b>139.6</b>	4.6	5.7	1.9
XANO Industri	1,132,736	112.00	<b>126.9</b>	4.2	4.0	1.2
Elanders	1,586,236	79.00	<b>125.3</b>	4.1	4.5	3.1
Elos Medtech	961,000	96.60	<b>92.8</b>	3.0	11.9	5.4
Boule Diagnostics	2,326,889	38.55	<b>89.7</b>	2.9	12.0	12.0
Lime Technologies	640,000	110.60	<b>70.8</b>	2.3	4.8	4.8
Serneke Group	1,293,400	52.00	<b>67.3</b>	2.2	5.6	1.9
Magnolia Bostad	1,918,400	34.35	<b>65.9</b>	2.2	5.1	5.1
AGES Industri	583,000	45.20	<b>26.4</b>	0.9	8.3	2.5
Verisec	250,095	82.20	<b>20.6</b>	0.7	5.1	5.1
Bong	16,161,716	0.85	<b>13.7</b>	0.5	7.7	7.7
<b>Equities portfolio</b>			<b>2,876.8</b>	<b>94.3</b>		
<b>Net debt (-)/net receivable (+)</b>			<b>174.3</b>	<b>5.7</b>		
<b>Total/net worth</b>			<b>3,051.1</b>	<b>100.0</b>		

119.20 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.

The following information, for example, can be obtained from the table. Svolder's largest holding is GARO, which has a market value of SEK 397.4 million, corresponding to 13.0 per cent of net worth. A one-per-cent change in GARO's share price (bid price on the closing day) would affect Svolder's net worth by SEK 4.0 million, which equates to SEK 0.20 per Svolder share.

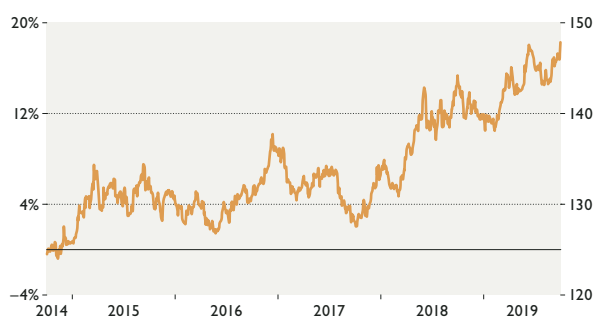
# YEAR-END REPORT

1ST SEPTEMBER 2018 – 31ST AUGUST 2019

## MARKET COMMENTARY

Svolder's 2018/2019 financial year was a volatile one for the stock market with weak, often negative absolute returns around much of the world. Due to strong appreciation of the US dollar, the outcome in other currencies was that much worse. The World Index (WDJ) measured in USD fell by almost 3 per cent, while it rose just over 4 per cent measured in SEK. The krona continued to weaken during the year, by just over 7 per cent against the USD and just under 2 per cent against the EUR. The monetary policy strategy of Sweden's central bank, the Riksbank, in particular has influenced this trend, partly through a negative key interest rate. Mounting concern over trade barriers in the world have probably had a negative impact because Sweden is a trade-dependent country with a small currency.

Development of the TCW trade-weighted currency index (5 years)



The Swedish stock market performed weakly as regards small and large companies, not adjusted for currency translation. Defensive large and medium-sized companies, however, especially in real estate and food sales, enjoyed strong stock market development. Small companies and large banks saw a corresponding negative value development. The overall stock exchange rose by just under 3 per cent. The CSRX exceeded the stock exchange with growth of almost 10 per cent, while the OMX30 declined by just over one percentage point. It should be noted that real estate equities are a predominant group of companies in the CSRX, which does not include any large banks.

Index performance (12 months)



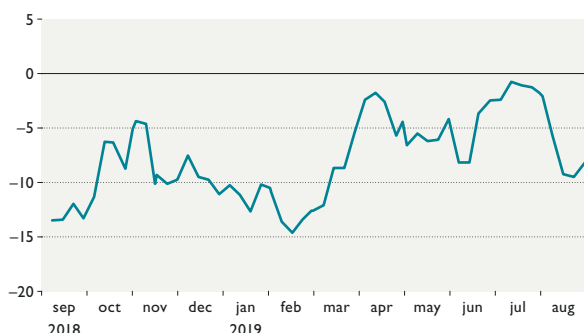
Source: Infront

Macroeconomic development around the world has been declining, even though several economies have shown growth. This negative trend has been particularly striking in capital goods, and has been reinforced by increasing protectionism. Inflation remains weak around the world, and the central banks are pursuing an expansive monetary policy. The US central bank, the Federal Reserve, shifted its previous position on an increasingly restrictive monetary policy during the financial year, the results being a palpable decrease in government bond interest rates and sharply falling commodity prices. During the financial year, the weakened growth rate in China, the UK and Germany in particular has been cause for concern. This can probably be attributed to the escalating tone on protectionism by the US administration moving from words to action, and to uncertainty surrounding Brexit in the UK. General uncertainty regarding financial prospects and geopolitical risks has boosted gold, which has risen by 26 per cent (measured in USD). At the same time, a corresponding fall in the price of oil has been noted.

## SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 109.60, which corresponds to an increase during the financial year of 7.1 per cent, including reinvested dividend. The Class B share's value on the closing day represented a discount of 8.0 per cent on net worth. The Class B share was traded on all trading days during the period, with an average of approximately 23,000 shares traded each day of trading on Nasdaq Stockholm.

### Net worth discount (-)/premium(+) in % (12 months)



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

	12 months 1/9 2018– 31/8 2019	12 months 1/9 2017– 31/8 2018
<b>Svolder</b>		
Share price (Class B)	7.1	2.8
Net worth	-0.1	12.5
<b>Stock market index</b>		
Carnegie Small Cap Return Index	9.7	17.2
SIX Return Index	2.8	14.3

<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 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 137.00, which means that the Class A share was valued at a premium of 14.9 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. No Class A shares were converted during the financial year.

On the closing day, the total number of shares in Svolder equalled 25,600,000, of which 1,245,672 were Class A shares and 24,354,328 were Class B shares. The number of shareholders has increased by approximately 4,600, and amounted to 20,800 according to the most recently published share register on 28 June 2019.

### CHANGE IN NET WORTH

Svolder's closing net worth was SEK 119.20 per share, which represents a decrease during the financial year of 0.1 per cent, including reinvested dividend. This figure is 9.8 percentage points below that of the CSRX comparison index, which rose by 9.7 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which increased by 2.8 per cent.

The negative deviation compared to the CSRX is explained by Svolder's low proportion of real estate equities, which represented almost a quarter of the CSRX on the balance sheet date (31st August 2019), and by the far higher percentage of companies with low market values in Svolder's portfolio compared to the CSRX.

### Net worth trend (12 months) 1st September 2018–31st August 2019



<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.

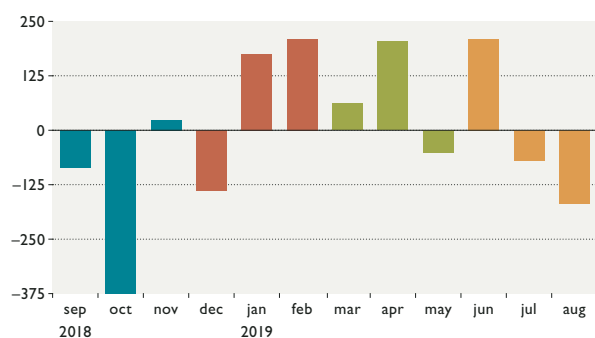
	SEK m	SEK/share
<b>Net worth, 31st August 2018</b>	3,115.4	121.70
<b>Equities portfolio</b>		
Opening value	2,768.3	108.10
Purchase of shares	565.7	
Sale of shares	-410.0	
Change in value, equities portfolio	-47.2	4.20
<b>Closing value</b>	<b>2,876.8</b>	<b>112.40</b>
<b>Net debt (-)/Net receivable (+)</b>		
Opening value	347.1	13.60
Share dividends received	58.8	
Dividend paid	-51.2	
Management costs	-24.4	
Net financial items	-0.2	
Purchase of shares, net	-155.8	-6.80
<b>Closing value</b>	<b>174.3</b>	<b>6.80</b>
<b>Net worth, 31st August 2019</b>	<b>3,051.1</b>	<b>119.20</b>

## Biggest contributors to changes in net worth accumulated financial year 2018/2019

(Based on net worth of SEK 3,115.4 million or SEK 121.70/share on 31st August 2018)

Share	SEK m	SEK/share
GARO	161.4	6.30
Platzer Fastigheter	105.9	4.10
Klövern Class B	36.8	1.40
FM Mattsson Mora	33.1	1.30
<b>Total, four positive</b>	<b>337.2</b>	<b>13.20</b>
Boule Diagnostics	-128.6	-5.00
Saab	-55.7	-2.20
Magnolia Bostad	-51.9	-2.00
Serneke Group	-42.6	-1.70
Scandic Hotels Group	-37.5	-1.50
New Wave Group	-29.8	-1.20
<b>Total, six negative</b>	<b>-346.1</b>	<b>-13.50</b>
Other shares	20.5	0.80
<b>Shares, total</b>	<b>11.6</b>	<b>0.50</b>
Other	-24.6	-1.00
<b>Change in value before dividend</b>	<b>-13.1</b>	<b>-0.50</b>

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

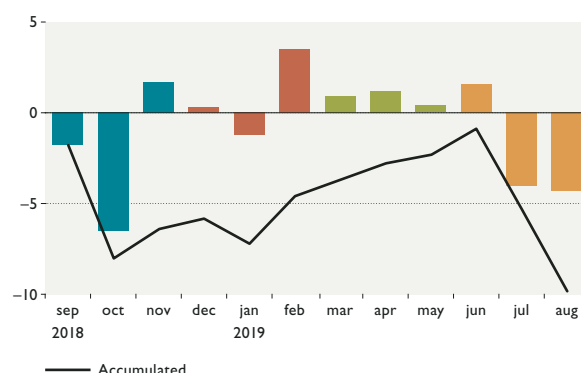


Excluding dividends of SEK 51.2 million (SEK 2.00/share) paid in November 2018.

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

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

In percentage points per month and accumulated



## LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which includes liquid assets and the share trading's unliquidated transactions etc., was SEK 174.3 million on the closing day, corresponding to 5.7 per cent of the company's net worth. This can be compared with a net receivable of SEK 347.1 million at the beginning of the financial year.

## THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 565.7 million during the financial year. Shares for a gross amount of SEK 410.0 million were sold during the corresponding period, and net purchases hence totalled SEK 155.8 million. A dividend of SEK 51.2 million was paid to shareholders in November 2018 for the 2017/2018 financial year. The number of holdings in the equities portfolio on the closing day totalled 20, which was as many as on the closing day last year (31st August 2018).

### Major net purchases for the equities portfolio (12 months) 1st September 2018–31st August 2019

Share	Number	SEK m	SEK/share <sup>1)</sup>
Elanders	1,586,236	131.8	83.10
Nordic Waterproofing	1,398,866	108.0	77.20
Lime Technologies	640,000	65.2	101.80
New Wave Group	741,491	44.0	59.30
Beijer Electronics Group	912,396	39.7	45.10

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

Comments on the majority of purchases and sales have been continuously reported in Svolder's interim reports. Transactions, along with the prevailing investment philosophy, will be presented in detail in the forthcoming Annual Report.

### Major net sales from the equities portfolio (12 months) 1st September 2018–31st August 2019

Share	Number	SEK m	SEK/share <sup>1)</sup>
Klövern	10,000,000	158.6	15.90
Acando	2,500,000	100.9	40.40
Platzer Fastigheter	881,311	61.2	69.40
Troax	277,287	29.2	104.00

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

## MANAGEMENT COSTS

Total management costs for the financial year amounted to SEK 2.4 million (23.8 m), which equated to 0.8 (0.8) per cent of average net worth.

Management costs include costs for an incentive programme for Svolder employees. The programme is based on the net-worth return over rolling three-year periods in relation to the CSRX. Over the latest three-year period Svolder's net worth, including reinvested dividends, performed 8 percentage points better than the CSRX. The variable remuneration has an annual ceiling and the sum paid must be invested in Svolder Class B shares to be held for at least three years. The reserve for the 2018/2019 financial year is a maximum of SEK 7.3 million (6.6 m). The reserve equates to 0.2 (0.2) per cent of the opening net worth.

## 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 (unutilised) overdraft facility totalling SEK 200 million.

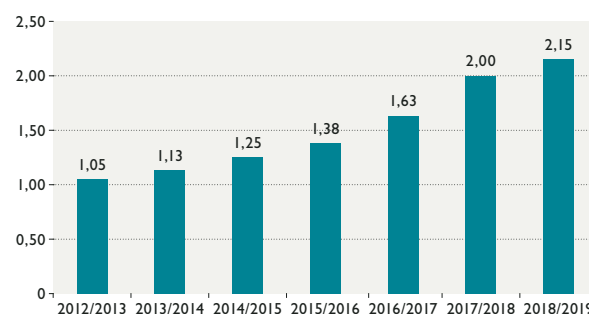
## RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 63 and in note 17 on page 76 of the 2017/2018 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed. No significant changes are deemed to have occurred subsequently.

## DIVIDEND

The Board will propose a share dividend of SEK 2.15 (2.00) per share for the 2018/2019 financial year at the 2019 Annual General Meeting, which equates to SEK 55.0 million (51.2 m). The proposal equates to 1.8 (1.6) per cent of the closing net worth and a yield of 2.0 (1.9) per cent based on the share price on the closing day. The proposed dividend is based on Svolder's dividend policy, i.e. based on the portfolio companies' dividends less Svolder's ongoing management costs.

### Dividend in SEK per share



2018/2019: dividend proposed by the Board of Directors.

## EVENTS AFTER THE REPORTING PERIOD

The net worth on 13th September was SEK 122 per share and the listed price (Class B share) was SEK 107.00.

## AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on Tuesday 19th November 2019 in Stockholm. The notice to attend will be announced on around 16th October with a press release, a presentation on Svolder's website, an advertisement in *Dagens Industri* and information in the upcoming Annual Report.

The Annual Report will be available on Svolder's website at the end of October and distributed in printed form in early November to shareholders who registered with the company to receive printed information. The interim report for the period 1st September – 30th November 2019 will be published on 10th December 2019.



# INTERIM REPORT 4

CURRENT REPORTING PERIOD:  
1ST JUNE – 31ST AUGUST 2019

## Result for current reporting period

- The company posted a result for the period of SEK **-29.7** million (182.0 m), corresponding to SEK **-1.20** (7.10) per share
- The net worth decreased by **1.0%** to SEK **119.20** per share
- The listed price of the Class B share decreased by **5.0%** to SEK **109.60** per share
- The Carnegie Small Cap Return Index increased by **6.3%**
- The SIX Return Index (SIXRX) rose by **5.8%**

## MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative -
Platzer Fastigheter	Boule Diagnostics
Klövern	Beijer Electronics Group
Troax	New Wave Group

## MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold -
Elanders	Klövern
Lime Technologies	Platzer Fastigheter
New Wave Group	Troax

## MARKET COMMENTARY

The current reporting period, 1st June – 31st August 2019, was mainly a strong stock exchange period, especially towards the end. Half-year reports from listed companies showed less clear trends, and the economic conditions were more varied. Weakened growth in several parts of the world, along with increasing protectionism and political turbulence, was more clearly discernible in the reports. At the same time, the ever lower government bond interest rates had a positive effect on the markets. Above all, the looser monetary policy from the USA bolstered share and bond prices. The World Index rose by 3.6 per cent measured in USD and just over 7 per cent measured in SEK. Swedish indices were positive, apart from those of the very smallest listed companies. The CSRX, with a high proportion of price-boosting real estate equities, improved by 6.3 per cent, and the Swedish stock market as a whole by 5.8 per cent (SIXRX).

The Swedish krona remained weak during the quarter with a decline of 3.4 per cent against the US dollar and 1.8 per cent against the euro. This puts the Swedish currency at its lowest level in relation to Sweden's trading partners since the financial crisis of 2008. Likely explanations are uncertainty ahead of public finances in the future, as well as the Riksbank's continued, highly expansive monetary policy.

Interest rate movements were considerable, with distinct downturns for government bond interest rates from already low levels. Interest rates for government bonds in European countries with good credit ratings generally remain negative. The declines in US interest rates were the most dramatic.

Commodity prices continued to fall during the three-month period, with the exception of gold and other precious metals. Oil and industrial metals fell in value, also measured in USD, the largest decline being for zinc. Prices were affected by heightened concerns about a trade war, weaker demand from industry in China and signs of a generally weaker economy around the world.

## SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 109.60, corresponding to a fall during the quarter of 5.0 per cent. The Class B share's value on the closing day represented a discount of 8.0 per cent on net worth. The Class B share was traded on all trading days during the three-month period, with an average of just over 36,000 shares traded each day of trading on Nasdaq Stockholm.

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

	3 months 1/6 2019– 31/8 2019	12 months 1/9 2018– 31/8 2019
<b>Svolder</b>		
Share price (Class B)	-5.0	7.1
Net worth	-1.0	-0.1
<b>Stock market index</b>		
Carnegie Small Cap Return Index	6.3	9.7
SIX Return Index	5.8	2.8

<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, Infront and Morningstar

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 119.20 per share, which represents a decrease during the current reporting period of 1.0 per cent. This figure is down 7.3 percentage points on that of the CSRX comparison index, which increased by 6.3 per cent during the corresponding period.

## Net worth trend (3 months) 1st June–31st August 2019

	SEK m	SEK/share
<b>Net worth, 31st May 2019</b>	<b>3,080.8</b>	<b>120.30</b>
<b>Equities portfolio</b>		
Opening value	2,838.0	110.90
Purchase of shares	259.8	
Sale of shares	-193.9	
Change in value, equities portfolio	-27.1	1.50
<b>Closing value</b>	<b>2,876.8</b>	<b>112.40</b>
<b>Net debt (-)/Net receivable (+)</b>		
Opening value	242.8	9.50
Share dividends received	3.5	
Management costs	-6.0	
Net financial items	-0.1	
Purchase of shares, net	-65.9	-2.70
<b>Closing value</b>	<b>174.3</b>	<b>6.80</b>
<b>Net worth, 31st August 2019</b>	<b>3,051.1</b>	<b>119.20</b>

Shares in listed Swedish real estate companies performed very strongly during the three-month period and the financial year as a whole. Economic conditions for the most heavily indebted sector on the stock market are and have been particularly favourable. Interest rate levels are very low in absolute terms, while real rates of interest are negative. In addition there is high demand for commercial premises in growth regions, and rent renegotiations have generated increased net operating income. Svolder's shareholding in **Platzer**, which has properties exclusively in the Gothenburg area, and in the less concentrated **Klöver**, both developed strongly like other players in the industry. Svolder is of the opinion, however, that price levels and return requirements on real estate equities generally have become harder to justify, which is why shares primarily in Klöver have been sold. These sales primarily took place in the latter part of the current reporting period, which has entailed a high contribution to net worth. The slightly larger holding in Platzer (in terms of value), meanwhile, is the largest positive contributor to Svolder's net worth during the three-month period.

### Biggest contributors to changes in net worth 1st June–31st August 2019

(Based on net worth of SEK 3,080.8 million or SEK 120.30/share on 31st May 2019)

Share	SEK m	SEK/share
Platzer Fastigheter	39.0	1.50
Klöver Class B	22.3	0.90
Troax	10.3	0.40
Serneke Group	7.9	0.30
Nordic Waterproofing	7.6	0.30
<b>Total, five positive</b>	<b>87.1</b>	<b>3.40</b>
Boule Diagnostics	46.4	-1.80
Beijer Electronics Group	-24.5	-1.00
New Wave Group	-18.9	-0.70
ITAB Shop Concept	-17.4	-0.70
AGES Industri	-13.6	-0.50
<b>Total, five negative</b>	<b>-120.8</b>	<b>-4.70</b>
Other shares	10.1	0.40
<b>Shares, total</b>	<b>-23.6</b>	<b>-0.90</b>
Other	-6.1	-0.20
<b>Change in value</b>	<b>-29.7</b>	<b>-1.20</b>

**Boule Diagnostics** focuses on the development, manufacture and sale of instruments and related consumable products for blood diagnostics. The share price saw weak development during the quarter, and was the largest negative con-

tributor to net worth. The company posted figures slightly below market expectations for the second quarter and this, along with news of the current CEO's departure, burdened the share during the interim period. Organic sales growth and an increase in the number of instruments sold were, conversely, positive factors during the quarter, which implies good potential moving forward. Boule's business model is based on a growing installed base of blood analysis instruments generating earnings from high-margin consumable products throughout the instruments' life. It is therefore significant and pleasing to see the company's recent investments for a renewed and expanded product platform beginning to yield results, and that Boule has managed to increase its growth rate in the installed base during the quarter, and during the first half of 2019 compared to last year.

**Beijer Electronics Group** develops, manufactures and sells hardware and software for industrial automation and data communication, and is a negative contributor to net worth during the interim period. The company's profits and order intake for the second quarter did not meet the market's expectations, which has led to a weaker price development for the share, which had previously risen dramatically during 2019. Svolder believes the weak nature of the report to be temporary; the phasing-out of an old product platform in the Beijer Electronics business area has temporarily contributed to higher quarterly fluctuations than expected, while large orders for wired traffic in the Westermo business area have been pushed back a quarter or so. The company's management remains very confident, asserting that the market situation is still favourable and that the underlying order level was at a good level during the quarter. Beijer Electronics Group is currently well-invested and attractively positioned for a raft of structural trends, and combined with considerable potential for ongoing margin improvements this should contribute to a favourable development for the share moving forward.

The **New Wave** brand group reported a continued strong sales performance over the past quarter, which means an unbroken period of sales growth over 20 consecutive quarters. The expansion within Craft Teamwear developed particularly well. A higher number of sales and marketing activities, along with improvement measures in various distribution units, incurred higher costs than expected, thus reducing the profit and margin somewhat. The stock market did not like the report, and this led to an acceleration during the summer in the already weak price development. The share was subsequently one of the largest negative contributors to net worth during the current reporting period. Svolder still deems the company's long-term valuation to be attractive, and has used the price fall to increase its holding to over 5 per cent of the capital, and this was announced in a disclosure notice on 14 August.

## LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which includes liquid assets and the share trading's unliquidated transactions etc., was SEK 174.3 million on the closing day, corresponding to 5.7 per cent of the company's net worth. This is to be compared with a net receivable of SEK 242.8 million at the beginning of the current reporting period.

## THE EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 259.8 million (gross) during the current reporting period. Shares for a gross amount of SEK 193.9 million were sold during the corresponding period, and net purchases hence totalled SEK 65.9 million.

All shares in Klöver were sold during the three-month period. On the closing day, the portfolio thus comprised 20 holdings.

### Major net purchases for the equities portfolio (3 months) 1st June–31st August 2019

Share	Number	SEK m	SEK/share <sup>1)</sup>
Elanders	1,497,405	124.6	83.20
Lime Technologies	500,000	55.1	110.20
New Wave Group	377,950	23.1	61.20
Nordic Waterproofing	199,473	15.9	79.90
Boule Diagnostics	208,092	10.9	52.30

<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.

The largest purchase during the interim period was **Elanders**, whose operation and business focus have undergone a considerable transformation in recent years. Elanders today is a global supplier of integrated logistics services, with operations on four continents and major customers in several different industries. Operations are run via two business areas, Supply Chain Solutions and Print & Packaging Solutions, and encompass services for entire customer supply chains or parts thereof. Market growth is driven, among other things, by increased global e-commerce, which places higher demands on flexibility and delivery reliability in the supply chain, and the fact that customers are outsourcing more of their logistics and production flow in order to focus more on their core business. The Elanders share has a good yield and an attractive valuation, and Svolder

therefore believes the company has good potential for value development.

Svolder's holdings in Lund-based software company **Lime Technologies** was increased during the interim period, when an opportunity arose to acquire a large block of shares at a discount from the principal owner Monterro in a placing process. Lime's business encompasses the development, sale and implementation of customer relationship management (CRM) systems with a focus on small and medium-sized companies, and the company is a leading CRM player on the Nordic market. Svolder deems that the company's strong market position and growth potential, as well as its scalable business model with a high percentage of repeat income, ought to continue generating good cash flows and creating significant shareholder value over time.

### Major net sales from the equities portfolio (3 months) 1st June – 31st August 2019

Share	Number	SEK m	SEK/share <sup>1)</sup>
Klöver Class B	8,200,000	136.6	16.70
Platzer Fastigheter	152,500	13.4	88.10
Troax	109,287	10.7	98.10

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

## THE PARENT COMPANY

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

STOCKHOLM, 19TH SEPTEMBER 2019  
SVOLDER AB (PUBL)

### THE BOARD OF DIRECTORS

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

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months 1/6 2019– 31/8 2019	3 months 1/6 2018– 31/8 2018	12 months 1/9 2018– 31/8 2019	12 months 1/9 2017– 31/8 2018
<b>Management operations</b>				
Dividend income	3.5	4.1	58.8	68.6
Management costs	–6.0	–5.3	–24.4	–23.8
Earnings from securities	–27.1	183.3	–47.2	299.9
Other operating income	0.0	0.0	0.0	0.3
<b>Operating profit/loss</b>	<b>–29.7</b>	<b>182.1</b>	<b>–12.8</b>	<b>345.1</b>
<b>Profit on financial investments</b>				
Financial income	0.0	0.0	0.0	0.0
Financial expenses	–0.1	–0.1	–0.2	–0.2
<b>Profit/loss after financial items</b>	<b>–29.7</b>	<b>182.0</b>	<b>–13.1</b>	<b>344.9</b>
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>–29.7</b>	<b>182.0</b>	<b>–13.1</b>	<b>344.9</b>
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>–29.7</b>	<b>182.0</b>	<b>–13.1</b>	<b>344.9</b>
<b>Earnings per share, SEK</b>	<b>–1.20</b>	<b>7.10</b>	<b>–0.50</b>	<b>13.50</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2019– 31/8 2019	3 months 1/6 2018– 31/8 2018	12 months 1/9 2018– 31/8 2019	12 months 1/9 2017– 31/8 2018
<b>Cash flow from operating activities before changes in working capital</b>	<b>–4.6</b>	<b>–1.1</b>	<b>32.7</b>	<b>44.7</b>
<b>Changes in working capital</b>				
Increase (+)/decrease (–) in current liabilities	–0.3	–0.2	0.0	0.0
<b>Cash flow from operating activities</b>	<b>–4.9</b>	<b>–1.3</b>	<b>32.7</b>	<b>44.7</b>
<b>Investing activities</b>				
Purchase of securities	–209.9	–215.6	–510.6	–687.6
Sale of securities	180.5	294.7	392.4	900.9
Investment in machinery and equipment	0.0	0.0	–0.1	–0.1
<b>Cash flow from investing activities</b>	<b>–29.4</b>	<b>79.1</b>	<b>–118.3</b>	<b>213.1</b>
<b>Financing activities</b>				
Dividend paid	-	-	–51.2	–41.6
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>–51.2</b>	<b>–41.6</b>
Increase (+)/decrease (–) in liquid assets	–34.3	77.8	–136.7	216.2
Liquid assets at beginning of period	254.5	279.2	357.0	140.8
<b>Liquid assets at end of period</b>	<b>220.2</b>	<b>357.0</b>	<b>220.2</b>	<b>357.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/6 2019– 31/8 2019	3 months 1/6 2018– 31/8 2018	12 months 1/9 2018– 31/8 2019	12 months 1/9 2017– 31/8 2018
Change in net worth, SEK	–1.20	7.10	–2.50	11.90
Dividend paid during the period, SEK	-	-	2.00	1.63
Number of shares, million	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)	31/8 2019	31/5 2019	31/8 2018	31/5 2018	31/8 2017
<b>Non-current assets</b>					
<i>Property, plant and equipment</i>					
Equipment	0.2	0.2	0.2	0.2	0.1
<i>Financial assets</i>					
Securities holdings	2,876.8	2,838.0	2,768.3	2,602.3	2,681.5
<b>Current assets</b>					
Current receivables	20.5	4.5	0.5	67.7	0.3
Cash and bank balances	220.2	254.5	357.0	279.2	140.8
<b>Total assets</b>	<b>3,117.7</b>	<b>3,097.3</b>	<b>3,125.9</b>	<b>2,949.3</b>	<b>2,822.7</b>

### Shareholders' equity and liabilities

(SEK m)	31/8 2019	31/5 2019	31/8 2018	31/5 2018	31/8 2017
<b>Shareholders' equity</b>	<b>3,051.1</b>	<b>3,080.8</b>	<b>3,115.4</b>	<b>2,933.4</b>	<b>2,812.1</b>
<b>Liabilities</b>					
Current liabilities	66.6	16.4	10.6	15.9	10.6
<b>Total liabilities and shareholders' equity</b>	<b>3,117.7</b>	<b>3,097.3</b>	<b>3,125.9</b>	<b>2,949.3</b>	<b>2,822.7</b>

## CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2019– 31/8 2019	3 months 1/6 2018– 31/8 2018	12 months 1/9 2018– 31/8 2019	12 months 1/9 2017– 31/8 2018
<b>Opening balance</b>	<b>3,080.8</b>	<b>2,933.4</b>	<b>3,115.4</b>	<b>2,812.1</b>
Dividend paid	-	-	-51.2	-41.6
Comprehensive income for the period	-29.7	182.0	-13.1	344.9
<b>Closing balance</b>	<b>3,051.1</b>	<b>3,115.4</b>	<b>3,051.1</b>	<b>3,115.4</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/8 2019	31/5 2019	31/8 2018	31/5 2018	31/8 2017
Net worth per share, SEK	119.20	120.30	121.70	114.60	109.80
Share price (Class B), SEK	109.60	115.40	104.60	95.74	103.25
Net worth, premium (+)/discount (-), %	-8	-4	-14	-16	-6
Liquidity (+)/Borrowing (-), %	6	8	11	12	5
Equity/assets ratio, %	100	100	100	100	100
Number of shares, million	25.6	25.6	25.6	25.6	25.6

Definitions as in the Annual Report for 2017/2018. 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.

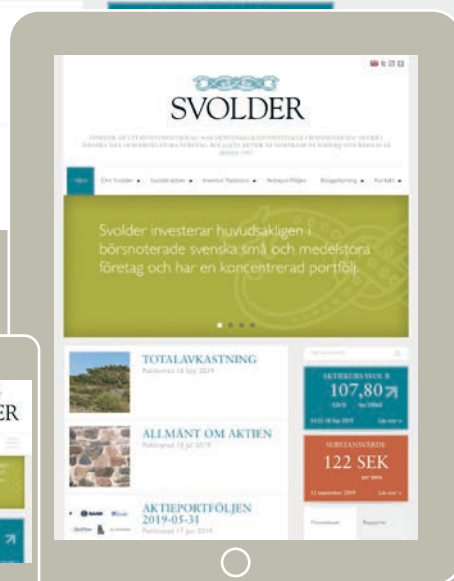
## ACCOUNTING PRINCIPLES

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.

# VISIT SVOLDER.SE



Prioritaire **A**

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



COVER PHOTO: KARLSKRONA NEDRE FRONT RANGE LIGHT WAS BUILT IN 1918 AT STUMHOLMEN. ALONG WITH THE KARLSKRONA ÖVRE REAR RANGE LIGHT, IT FORMS A LEADING LINE FROM THE BALTIC SEA, THROUGH THE SOUND BETWEEN ASPÖ AND KUNGSHOLMEN ISLANDS.



**SVOLDER**

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