

# Interim report January-March 2020



## RATOS

### Improved operating profit and continued favourable growth in the first quarter

- Net sales for Ratos's business areas increased by 7%, of which 10% comprised organic growth, and amounted to SEK 5,584m (5,210)
- EBITA for Ratos's business areas amounted to SEK 107m (75)
- Operating profit for the Ratos Group amounted to SEK 61m (27)
- Net cash in the parent company totalled SEK 1,391m
- Diluted earnings per share amounted to SEK -0.38 (-0.35)

### Financial performance

MSEK	Q1 2020	Q1 2019	Change%	LTM Rolling	Full Year 2019	Change %
<b>Ratos Group</b>						
Net sales	5,641	5,505	2%	25,197	25,061	1%
Operating profit	61	27	122%	1,689	1,655	2%
Profit/loss before tax	-85	-94	9%	1,069	1,061	1%
Diluted earnings per share, SEK	-0.38	-0.35	-10%	2.07	2.11	-2%
Cash and cash equivalents in the parent company, at period end	1,391	1,140	22%		1,607	
<b>Ratos business areas, Ratos's holding <sup>1)</sup></b>						
Net sales	5,584	5,210	7%	24,850	24,475	2%
EBITDA	384	340	13%	2,334	2,290	2%
EBITA	107	75	43%	1,228	1,196	3%
Profit/loss before tax	-92	-98	6%	476	470	1%
Cash flow from operations	-109	-274	60%	1,113	948	17%

<sup>1)</sup> Tables in a tinged background are alternative performance measures, refer to Note 3 Alternative performance measures, page 23 for reconciliation. Page 28 contains definitions.

## Improved earnings and continued favourable growth in a quarter with a moderate impact from Covid-19

EBITA in the business group increased by 43% and organic growth for the quarter amounted to 10%. Measures are being implemented in all companies to restrict the effects of the Covid-19 pandemic in coming quarters. Our focus is on rapid and effective measures in the areas of health, liquidity and earnings.

### Earnings trend in the companies

Organic growth amounted to 10% in the first quarter. EBITA increased from SEK 75m to SEK 107m. The higher earnings pertain to growth in Diab, HENT, Bisnode, TFS, Speed Group, HL Display and airteam. Cash flow from operations improved markedly and the debt/equity ratio declined as a result of earnings improvements and increased focus on working capital. The effects of Covid-19 vary between the companies, with Oase Outdoors being most negatively affected to date.

Sales in **Construction & Services** increased by 16%, of which organic growth accounted for 19%, and EBITA rose to SEK 76m (71). Aibel's sales increased strongly during the quarter. Several of the ongoing projects were negatively impacted during the quarter by the Covid-19 outbreak. This, in combination with the oil price development has resulted in increased risk provisions driven by the uncertainty. This had a significant impact on earnings in the first quarter.

airteam's operations developed positively in both Denmark and Sweden. Earnings, sales and the cash flow improved, with a record-high order book. The effects of the pandemic were limited during the quarter.

HENT continued to post favourable growth in a quarter where EBITA and cash flow developed positively due to a successively more stable project portfolio. Public sector customers account for approximately two thirds of the assignments. The effects of Covid-19 and the weak Norwegian krone have been limited to date, but are expected to have more impact in coming quarters.

Speed Group improved its earnings markedly through well-implemented action programmes in 2019, combined with continued healthy demand. The effects of the pandemic primarily impacted book distribution and measures have been taken and are planned for a potentially poorer market situation moving forward.

Sales in **Consumer & Technology** declined by 6% (0% organic growth) and EBITA declined to SEK -96m (-85) as a result of a significant decrease in earnings in Oase Outdoors and lower earnings in Plantasjen and Kvdbil.

Bisnode's efficiency enhancement activities in 2019 continued to contribute to improved earnings. Covid-19 generated larger demand in Credit Solutions, but lower demand in Marketing Solutions. Overall, the outlook for the coming quarters is uncertain.

Kvdbil had strong growth during the first two months of the quarter, but demand declined markedly in March. Some

stabilisation can be discerned and the company is capturing market shares in a weak market. The outlook for the coming quarters is difficult to assess.

Oase Outdoors was strongly impacted by the pandemic, with closed stores and campsites in its core markets. Official measures will be decisive for the coming quarters.

Plantasjen's sales were strong, with an 8% organic increase. However, earnings were negatively impacted by a weak Norwegian krone and increased costs of ensuring the safety of customers and employees in the stores.

**Industry** increased sales by 5% (3% organic) and EBITA increased to SEK 128m (89) primarily driven by Diab and TFS.

Diab continues to post strong growth and earnings improvement. Profitability also developed positively. The company has managed the effects of Covid-19 in its factories impressively. This applies not least to parts of China and Italy that have been severely affected by the pandemic. The order status remains strong despite reduced demand in aerospace and marine.

HL Display had a very strong start to the quarter. In March, the key market in France, in particular, was negatively impacted by the measures implemented by the authorities, which are expected to have a negative effect on future sales and earnings. HL Display's customers in most markets had a positive trend in their operations.

Sales in LEDiL declined somewhat, with a limited effect from the pandemic. Earnings continued to be charged with higher operating costs and write-downs of inventories. The impact of the pandemic is expected to increase moving forward.

TFS had a strong improvement in earnings as a result of the action programme in December. However, Covid-19 will impact revenue and earnings negatively moving forward, since the possibilities for conducting clinical studies at hospitals is limited during the intensive part of the pandemic.

We are all thinking about how the Covid-19 pandemic will affect us personally, the global economy and the markets for our own companies and operations. I will not try to make any forecast, other than to say that the uncertainty may continue for the remainder of the year. Our business group is heterogeneous and is affected to different degrees. The common factor for all companies is that measures are being taken at the same time as necessary investments are being implemented. This pandemic will pass. Overall, I am impressed with how quickly our companies acted and the preparedness for further measures. At the same time, I am also satisfied with the trend of earnings, growth and cash flow during the period, given the times we live in.

Jonas Wiström, President and CEO

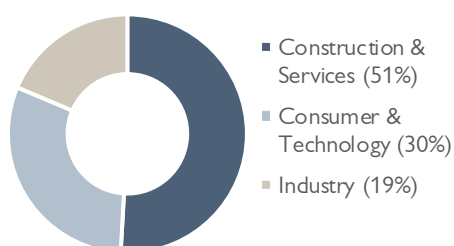
# Overview, Ratos's business areas

Ratos's companies are divided into three business areas: Construction & Services, Consumer & Technology and Industry. The figures for each business area and the portfolio as a whole are comparable with the year-earlier period. Net sales for the last 12-month period for Ratos's business areas, adjusted for Ratos's holdings, amounted to SEK 24,850m (22,208), up 12%. EBITA for the last 12-month period increased to SEK 1,228m (928), adjusted for Ratos's holdings. During the period, a small add-on acquisition was carried out in Bisnode. No other acquisitions or divestments were completed.

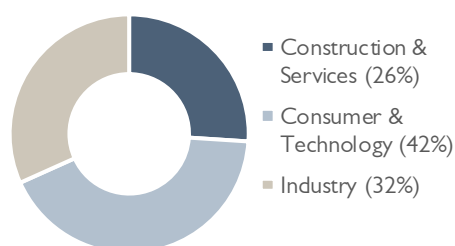
## Net sales and EBITA in Ratos's business areas and companies, adjusted for Ratos's holdings

LTM refers to the last 12-month period at 31 March, in this report corresponding to the period 1 April 2019 – 31 March 2020.

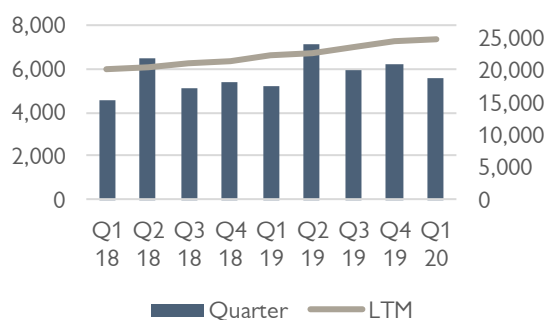
Share of net sales by business area (LTM)



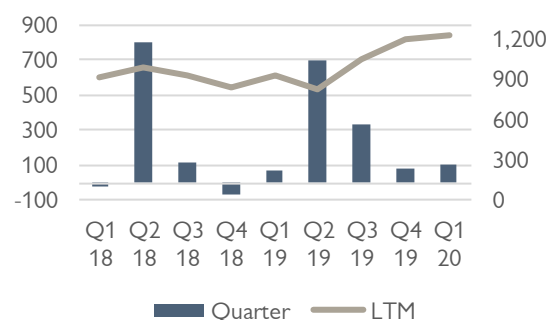
Share of EBITA by business area (LTM)



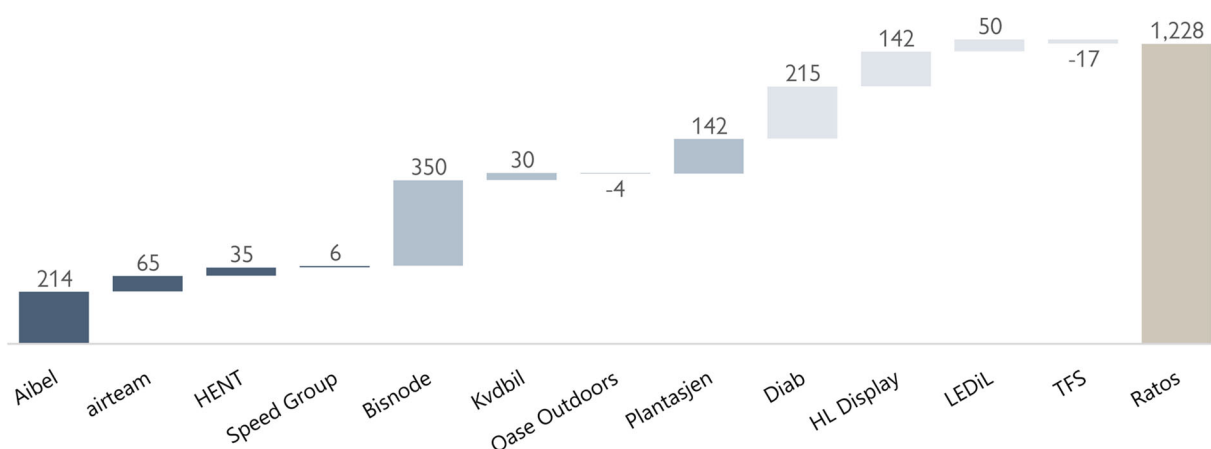
Net sales, trend (MSEK)



EBITA, trend (MSEK)



EBITA LTM (MSEK)



# Construction & Services

## Business area development

During the first quarter of 2020, net sales for Construction & Services increased by 16%, or 19% organically. EBITA increased to SEK 76m (71) due to higher EBITA primarily in HENT and Speed Group. The largest decline in EBITA was attributable to Aibel. For details, see each company box.

MSEK	Net sales				EBITA			
	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019
<b>Companies in its entirety</b>								
Aibel	3,318	2,444	13,435	12,562	91	165	668	742
airteam	276	235	1,176	1,135	8	5	93	90
HENT	2,266	2,123	9,648	9,504	48	25	48	24
Speed Group	172	169	710	707	8	-5	9	-4
<b>Companies total</b>	<b>6,032</b>	<b>4,971</b>	<b>24,970</b>	<b>23,908</b>	<b>156</b>	<b>190</b>	<b>818</b>	<b>852</b>
Adjustment for Ratos's holding	-3,005	-2,358	-12,318	-11,672	-80	-119	-498	-537
<b>Total, adjusted for Ratos's holding</b>	<b>3,027</b>	<b>2,612</b>	<b>12,651</b>	<b>12,236</b>	<b>76</b>	<b>71</b>	<b>320</b>	<b>315</b>
<i>Growth, net sales <sup>1)</sup></i>	16%	21%	3%	23%				
<i>EBITA margin % <sup>1)</sup></i>					2.5%	2.7%	2.5%	2.6%
<sup>1)</sup> Adjusted for Ratos's holding								

## aibel®

- The strong growth is driven by high activity in a number of key projects, which are generating high net sales.
- Several of the ongoing projects were negatively impacted during the quarter by the Covid-19 outbreak. This, in combination with the oil price development has resulted in increased risk provisions driven by the uncertainty.
- At the close of the quarter, the order book amounted to NOK 16.3 billion. Additionally, Aibel has a significant order value in the shared portion of the DolWin 5 offshore wind project.
- Due to Covid-19, Aibel implemented several health and safety rules for its employees. Aibel has prepared to temporarily lay off 3,000 employees due to Covid-19. Foreign labour, totalling approximately 400 employees, have been forced to leave Norway. Aibel's Spanish subcontractor Navantia (subcontractor for JS P2) has been forced to temporarily close its operations.

MNOK	Q1		LTM
	2020	2019	20/19
Net sales	3,248	2,286	12,651
EBITDA	150	214	877
EBITA	89	155	625
Cash flow from operations	-64	-10	1,192
Interest-bearing net debt	2,982	3,773	
Growth, Net sales	42%	20%	
- whereof currency effects	0%	1%	
Growth, Organic	42%	19%	
EBITDA margin	4.6%	9.4%	6.9%
EBITA margin	2.7%	6.8%	4.9%

Amounts referring to 100% of the company.

*Leading engineering and service company within the energy sector. The company provides optimal and innovative solutions in engineering, construction, modifications and maintenance throughout the entire life cycle. The company has operations along the Norwegian coast and in South East Asia. Customers are primarily the major energy companies operating on the Norwegian continental shelf with a growing international portfolio of contract projects.*

Holding  
**32%**

- Organic net sales growth of 9% for the quarter, driven by both the Danish and Swedish markets. airteam Sweden continues to expand, with a new service company in Stockholm.
- EBITA and the EBITA margin improved in both the Swedish and Danish operations. The effects of the initiatives implemented in Sweden can now be seen in the form of profitability and growth. Negative effects of Covid-19 had a very minor impact on EBITA.
- The order book amounted to DKK 941m, corresponding to more than one year's net sales and an increase of 12% year-on-year. During the first quarter, airteam secured a major ventilation and cooling contract in connection with the construction of a new underground line to Copenhagen's Sydhavn district.
- As an effect of Covid-19, airteam experienced a somewhat lower level of activity in the service sector, where customers are restrictive in permitting maintenance work to be carried out due to the risk of infection.

MDKK	Q1		LTM
	2020	2019	20/19
Net sales	193	168	825
EBITDA	8	5	75
EBITA	6	3	66
Cash flow from operations	31	-16	97
Interest-bearing net debt	113	228	
Growth, Net sales	15%	23%	
- whereof acquisitions	6%	25%	
Growth, Organic	9%	-2%	
EBITDA margin	4.2%	3.0%	9.1%
EBITA margin	3.0%	2.1%	8.0%

Amounts referring to 100% of the company.

*Danish company that offers high-quality and effective ventilation solutions in Denmark and Sweden.*

Holding  
**70%**

## HENT

- Net sales growth of 12%, of which 10% organic.
- EBITA and the EBITA margin improved during the first quarter. There was stable performance for most of the project portfolio, although challenges remain in some projects. Recently awarded projects developed well. Cash flow in the first quarter was strong.
- The order book amounted to NOK 16.4 billion (16.3) at the end of the first quarter, and the order intake amounted to NOK 3.6 billion.
- During the quarter, HENT signed an agreement with the Norwegian state administration authority Statsbygg, for the construction of the so-called D-block, the largest building in the new Government Quarter in Oslo. The project is worth around NOK 1 billion and is expected to start in the summer of 2021. The share of projects for the public sector now amounts to two-thirds of the current order book.
- Covid-19 impacted the operations to a minor extent and at the end of the quarter, the activity level in the projects was approximately 80-90%. Infection protection measures were implemented in all projects and offices in line with official demands. HENT expects activities to continue at a reduced level in the second quarter and that a negative impact on results can therefore be expected.

MNOK	Q1		LTM
	2020	2019	20/19
Net sales	2,219	1,986	9,077
EBITDA	65	34	110
EBITA	47	23	46
Cash flow from operations	172	9	99
Interest-bearing net debt	-539	-521	
Growth, Net sales	12%	15%	
- whereof currency effects	2%	0%	
Growth, Organic	10%	15%	
EBITDA margin	2.9%	1.7%	1.2%
EBITA margin	2.1%	1.2%	0.5%

Amounts referring to 100% of the company.

*Leading Norwegian construction contractor with projects in Norway, Sweden and Denmark. The company focuses on new builds of public and commercial real estate, and focuses its resources on project development, project management and procurement. The projects are largely carried out by a broad network of quality-assured subcontractors.*

Holding  
**73%**

- Net sales increased during the first quarter, driven by industrial customers in the logistics operations and the staffing operation. The trend in book distribution was negatively impacted by the declining market. During the quarter, a three-year agreement was signed with the Mondial publishing company, with operations set to commence in January 2021.
- EBITA improved during the quarter, driven by improved productivity and lower overheads as a result of last year's restructuring measures. Covid-19 had a very minor impact on EBITA during the quarter.
- With regard to Covid-19, Speed Group implemented a number of safety measures to safeguard its customers' operations and for the safety of personnel. Scenario planning, preventive measures, as well as daily follow-up, are ongoing in the company. To manage the reduced volumes in book distribution, approximately 40 persons have been placed on short-time working. Notice of termination has been issued in the staffing business to be able to address a potential lower level of demand in the long term.

MSEK	Q1		LTM
	2020	2019	20/19
Net sales	172	169	710
EBITDA	30	17	95
EBITA	8	-5	9
Cash flow from operations	15	2	24
Interest-bearing net debt	469	397	
Growth, Net sales	2%	17%	
- whereof acquisitions		5%	
- whereof divestments		4%	
Growth, Organic	2%	9%	
EBITDA margin	17.2%	10.0%	13.3%
EBITA margin	4.8%	-2.8%	1.2%

Amounts referring to 100% of the company.

*Swedish provider of services that extend from staffing, recruitment and training to full-scale warehouse management.*

Holding  
**70%**

# Consumer & Technology

## Business area development

During the first quarter of 2020, net sales for Consumer & Technology decreased by 6% (0% organic growth). EBITA decreased to SEK -96m (-85) primarily owing to developments in Plantasjen and Oase Outdoors. For details, see each company box.

MSEK	Net sales				EBITA			
	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019
<b>Companies in its entirety</b>								
Bisnode	937	927	3,785	3,776	83	66	501	484
Kvdbil	93	91	387	384	5	6	30	31
Oase Outdoors	127	172	383	427	13	28	-5	10
Plantasjen	548	616	4,259	4,327	-170	-160	143	154
<b>Companies total</b>	<b>1,705</b>	<b>1,806</b>	<b>8,814</b>	<b>8,914</b>	<b>-69</b>	<b>-60</b>	<b>670</b>	<b>680</b>
Adjustment for Ratos's holding	-313	-320	-1,251	-1,258	-27	-25	-151	-149
<b>Total, adjusted for Ratos's holding</b>	<b>1,392</b>	<b>1,486</b>	<b>7,563</b>	<b>7,657</b>	<b>-96</b>	<b>-85</b>	<b>519</b>	<b>530</b>
<i>Growth, net sales <sup>1)</sup></i>	-6%	8%	-1%	3%				
<i>EBITA margin % <sup>1)</sup></i>					-6.9%	-5.7%	6.9%	6.9%

<sup>1)</sup> Adjusted for Ratos's holding



- Net sales increased by 1%. The development in Credit Solutions and Business Information was positive, while the performance of Marketing Solutions was poorer due to Covid-19.
- The positive earnings trend was mainly driven by the continued efficiency enhancements and lower costs attributable to the initiatives implemented in the operations to increase efficiency and scalability.
- Bisnode's transformation of its customer offering is continuing according to plan, and the rate of growth for the new products is healthy.
- The company's EBITA was negatively affected by Covid-19 during the first quarter. The outlook for the second quarter is uncertain and, in total, reduced net sales are forecasted for the second quarter.

MSEK	Q1		LTM
	2020	2019	20/19
Net sales	937	927	3,785
EBITDA	143	122	742
EBITA	83	66	501
Cash flow from operations	169	160	405
Interest-bearing net debt	1,746	1,590	
Growth, Net sales	1%	3%	
- whereof currency effects	1%	3%	
- whereof acquisitions	1%	0%	
Growth, Organic	-1%	0%	
EBITDA margin	15.3%	13.1%	19.6%
EBITA margin	8.8%	7.1%	13.2%

Amounts referring to 100% of the company.

Leading European data and analysis company. The customer base comprises companies and organisations in Europe which use Bisnode's services to convert data into knowledge for both day-to-day issues and major strategic decisions.

Holding  
**70%**

- Net sales increased by 3% during the quarter. The strong expansion during the first two months of the year slowed down at the end of the quarter due to Covid-19. During the period, the company succeeded in capturing market shares in a vehicle broker sector that was negatively affected due to Covid-19.
- The negative EBITA trend was mainly attributable to lower volumes at the end of the quarter.
- The effect of Covid-19 on the company's EBITA during the first quarter was moderate. Given the pandemic, the future outlook is uncertain. The company is adapting its operating activities and costs to the new market conditions and has prepared further action programs to make it possible to offset any potential continued loss of revenue.

MSEK	Q1		LTM
	2020	2019	20/19
Net sales	93	91	387
EBITDA	12	11	57
EBITA	5	6	30
Cash flow from operations	12	10	28
Interest-bearing net debt	66	77	
Growth, Net sales	3%	29%	
- whereof acquisitions		0%	
Growth, Organic	3%	29%	
EBITDA margin	13.0%	12.5%	14.7%
EBITA margin	5.1%	6.1%	7.9%

Amounts referring to 100% of the company.

*Sweden's largest independent online marketplace offering broker services for secondhand vehicles. The company operates the auction sites kvd.se, kvdnorge.no, kvdpro.com and kvdcars.com, where cars, heavy vehicles and machines are offered for sale at weekly online auctions.*

Holding

**100%**



- Net sales declined by 28%, primarily due to Covid-19, which resulted in the shutdown of the core European markets at the end of the first quarter.
- The negative earnings trend was mainly attributable to the strong decrease in revenue during the period. EBITA was negatively impacted by Covid-19 during the quarter.
- Given Covid-19, the future outlook is uncertain. The company is adapting its operating activities to the new market conditions and has prepared action programs to make it possible to offset any continued loss of revenue. Oase Outdoors has implemented personnel reductions and is planning for temporary lay-offs.

MDKK	Q1		LTM
	2020	2019	20/19
Net sales	89	123	267
EBITDA	11	22	2
EBITA	9	20	-4
Cash flow from operations	-57	-71	32
Interest-bearing net debt	248	302	
Growth, Net sales	-28%	17%	
- whereof currency effects	0%	1%	
Growth, Organic	-28%	16%	
EBITDA margin	12.0%	17.6%	0.7%
EBITA margin	10.5%	16.5%	-1.4%

Amounts referring to 100% of the company.

*Danish company that develops, designs and sells high-quality camping and outdoor equipment.*

Holding

**78%**

## PLANTASJEN®

- Net sales increased by 8%, adjusted for the divestment of Spira and currency, driven by higher sales per customer.
- The negative earnings trend is mainly attributable to adverse changes in exchange rates, as well as higher personnel costs due to in-store measures relating to Covid-19.
- Prices were adjusted at the end of the period to avoid further negative effects resulting from exchange-rate fluctuations.
- Covid-19 did not impact Plantasjen's sales in the first quarter. The risk remains that stricter official restrictions could affect the operations during the high season in the second quarter.

MNOK	Q1		LTM
	2020	2019	20/19
Net sales	537	576	3,987
EBITDA	-47	-34	587
EBITA	-167	-150	126
Cash flow from operations	-382	-309	-65
Interest-bearing net debt	5,400	5,258	
Growth, Net sales	-7%	3%	
- whereof currency effects	2%	-1%	
- whereof divestments	-17%		
Growth, Organic	8%	5%	
EBITDA margin	-8.8%	-5.9%	14.7%
EBITA margin	-31.1%	-25.9%	3.2%

Amounts referring to 100% of the company.

*The Nordic region's leading chain for sales of plants and gardening accessories with more than 140 stores in Norway, Sweden and Finland and a primary focus on consumers.*

Holding

**99%**

# Industry

## Business area development

During the first quarter of 2020, net sales for Industry increased by 5% (3% organic). EBITA amounted to SEK 128m (89), an improvement driven primarily by Diab and TFS. For details, see each company box.

MSEK	Net sales				EBITA			
	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019
<b>Companies in its entirety</b>								
Diab	479	439	1,915	1,874	69	39	224	193
HL Display	405	400	1,599	1,594	36	32	144	140
LEDiL	110	110	433	433	21	27	75	81
TFS	233	223	934	924	11	2	-17	-27
<b>Companies total</b>	<b>1,227</b>	<b>1,172</b>	<b>4,881</b>	<b>4,826</b>	<b>138</b>	<b>100</b>	<b>426</b>	<b>388</b>
Adjustment for Ratos's holding	-62	-60	-246	-244	-10	-11	-36	-37
<b>Total, adjusted for Ratos's holding</b>	<b>1,165</b>	<b>1,112</b>	<b>4,635</b>	<b>4,582</b>	<b>128</b>	<b>89</b>	<b>390</b>	<b>351</b>
<i>Growth, net sales <sup>1)</sup></i>	5%	12%	1%	12%				
<i>EBITA margin % <sup>1)</sup></i>					11.0%	8.0%	8.4%	7.7%

<sup>1)</sup> Adjusted for Ratos's holding



- Net sales rose by 9%, driven by increased market shares in the wind segment combined with the new PET manufacturing facility, which commenced deliveries in the US.
- Improved EBITA, driven by higher operational efficiency and better product mix, increased volume and positive currency effects.
- Diab's production units were able to maintain production with few disruptions, despite Covid-19. Health and safety rules were implemented for personnel safety. The greatest challenges for Diab are in logistics and distribution to and from factories. Diab's net sales and EBITA were negatively impacted during the quarter. Covid-19 has had a negative impact on the air travel and marine segments, while the wind segment is unaffected to date. The order situation and trend currently remain positive, with a slight downturn in Europe and the US being offset by increased order intake in the wind segment in China.

MSEK	Q1		LTM
	2020	2019	20/19
Net sales	479	439	1,915
EBITDA	92	62	316
EBITA	69	39	224
Cash flow from operations	-1	23	-67
Interest-bearing net debt	946	787	
Growth, Net sales	9%	23%	
- whereof currency effects	2%	7%	
Growth, Organic	7%	16%	
EBITDA margin	19.3%	14.1%	16.5%
EBITA margin	14.5%	8.8%	11.7%

Amounts referring to 100% of the company.

Global company that develops, manufactures and sells core materials for sandwich composite structures including blades for wind turbines, hulls and decks for leisure boats, and components for aircraft, trains, industrial applications and buildings. The core materials have a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

Holding  
**96%**



- Net sales increased during the first two months of the quarter, but slowed down at the end of the quarter due to Covid-19.
- Improved EBITA driven by a positive product mix and continued improved efficiency.
- Covid-19 had a negative impact on sales and EBITA during the first quarter. Grocery Retail, HL Display's main segment, continued its strong development, but the company is seeing delays to planned projects. During the quarter, HL Display broadened its range to include sales of protective equipment for the retail food sector. Revenues are expected to decline and the company is implementing temporary lay-offs, which will not, however, offset the anticipated decline in sales.

MSEK	Q1		LTM
	2020	2019	20/19
Net sales	405	400	1,599
EBITDA	55	50	223
EBITA	36	32	144
Cash flow from operations	39	-22	210
Interest-bearing net debt	416	595	
Growth, Net sales	1%	7%	
- whereof currency effects	2%	4%	
Growth, Organic	-1%	3%	
EBITDA margin	13.7%	12.6%	13.9%
EBITA margin	9.0%	7.9%	9.0%

Amounts referring to 100% of the company.

*International supplier of store solutions for improved customer experience, profitability and sustainability. Installations in nearly 295,000 stores in 50 markets. Manufacturing takes place in Poland, Sweden, China and the UK.*

Holding  
**99%**



- Net sales decreased by 2% during the first quarter and were negatively affected, but to a lesser extent, by Covid-19. The first quarter of the preceding year was strong in terms of sales.
- EBITA was negatively impacted by somewhat lower net sales, inventory write-downs and higher operating expenses.
- Covid-19 is expected to have a negative impact on sales due to reduced commercial activity. Temporary lay-offs were implemented for everyone at the head office in Salo.

MEUR	Q1		LTM
	2020	2019	20/19
Net sales	10.3	10.5	40.7
EBITDA	2.8	3.2	10.0
EBITA	2.0	2.6	7.0
Cash flow from operations	2.2	2.4	7.6
Interest-bearing net debt	19.1	29.5	
Growth, Net sales	-2%	-10%	
- whereof currency effects	0%	2%	
- whereof acquisitions		1%	
Growth, Organic	-3%	-13%	
EBITDA margin	27.3%	30.6%	24.6%
EBITA margin	19.2%	24.8%	17.3%

Amounts referring to 100% of the company.

*Finnish leading global player within secondary optics for LED lighting. The products are sold by the company's own sales force as well as via agents and distributors in Europe, North America and Asia. Production is carried out by subcontractors in Finland and China.*

Holding  
**66%**

- Higher service sales of EUR 16.1m (14.8), driven by growth in Clinical Development Services (CDS), despite the negative effect of Covid-19 at the end of the first quarter.
- Significant improvement in EBITA, driven by the restructuring programme implemented in December 2019 and higher service sales.
- Under the prevailing circumstances with Covid-19, clinical trials cannot be conducted in a hospital environment to the usual extent, which will have a negative earnings impact during the coming quarters. EBITA was negatively affected in the first quarter. TFS is using technology to conduct studies remotely and is implementing measures to reduce costs. During the quarter, TFS entered a partnership to conduct a global study on the Covid-19 pandemic.

According to IFRS, TFS and other contract research organisations (CROs) generate two types of revenue: 1) Service sales (actual revenue-generating sales) and 2) re-invoicing of expenditure (for example, travel expenses, laboratory costs and other overheads) at no or a very low margin. In all material respects, service sales are the most important when it comes to the company's performance and earnings.

MEUR	Q1		LTM
	2020	2019	20/19
Net sales	21.8	21.4	87.7
EBITDA	1.7	0.8	0.9
EBITA	1.0	0.2	-1.7
Cash flow from operations	1.0	0.4	2.6
Interest-bearing net debt	3.8	11.8	
Growth, Net sales	2%	7%	
- whereof currency effects	0%	0%	
Growth, Organic	1%	7%	
EBITDA margin	7.9%	3.6%	1.1%
EBITA margin	4.8%	0.9%	-1.9%

Amounts referring to 100% of the company.

*Performs clinical trials in the human phase on behalf of the pharmaceutical, biotechnology and medical device industries.*

Holding  
**100%**

# Ratos's companies

Adjusted for Ratos's holdings

	Net sales				EBITDA			
	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019
MSEK								
Aibel	1,061	782	4,298	4,019	49	73	299	323
airteam	192	163	818	790	8	5	74	71
Bisnode	655	648	2,645	2,638	100	85	518	504
Diab	461	422	1,839	1,801	89	60	303	274
HENT	1,653	1,548	7,038	6,933	49	26	84	62
HL Display	399	394	1,576	1,571	55	50	219	214
Kvdbil	93	91	387	384	12	11	57	56
LEDiL	73	73	287	287	20	22	71	73
Oase Outdoors	100	135	300	335	12	24	3	14
Plantasjen	544	612	4,231	4,299	-48	-36	629	641
Speed Group	121	118	497	495	21	12	66	57
TFS	232	223	933	923	18	8	10	0
<b>Total</b>	<b>5,584</b>	<b>5,210</b>	<b>24,850</b>	<b>24,475</b>	<b>384</b>	<b>340</b>	<b>2,334</b>	<b>2,290</b>
<b>Change</b>	<b>7%</b>		<b>2%</b>		<b>13%</b>		<b>2%</b>	

	EBITA				Profit/loss before tax			
	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019
MSEK								
Aibel	29	53	214	237	-24	19	64	107
airteam	6	3	65	63	5	3	60	57
Bisnode	58	46	350	338	29	20	250	240
Diab	67	37	215	186	68	29	166	127
HENT	35	18	35	18	23	21	24	22
HL Display	36	31	142	138	27	21	109	102
Kvdbil	5	6	30	31	4	5	28	29
LEDiL	14	18	50	54	13	17	45	48
Oase Outdoors	11	22	-4	8	7	19	-16	-3
Plantasjen	-169	-159	142	153	-259	-243	-221	-205
Speed Group	6	-3	6	-3	2	-9	-13	-24
TFS	11	2	-17	-27	10	1	-20	-29
<b>Total</b>	<b>107</b>	<b>75</b>	<b>1,228</b>	<b>1,196</b>	<b>-92</b>	<b>-98</b>	<b>476</b>	<b>470</b>
<b>Change</b>	<b>43%</b>		<b>3%</b>		<b>6%</b>		<b>1%</b>	

	Cash flow from operations				Interest-bearing net debt				Ratos's holding (%)
	Q1 2020	Q1 2019	LTM Rolling	Full Year 2019	2020-03-31	2019-03-31	2019-12-31	2020-03-31	
MSEK									
Aibel	-21	-3	411	428	915	1,297	910	32	
airteam	31	-16	96	49	117	221	141	70	
Bisnode	118	112	283	277	1,220	1,111	1,228	70	
Diab	-1	22	-64	-41	909	756	880	96	
HENT	128	7	71	-50	-377	-409	-294	73	
HL Display	39	-22	207	146	410	586	438	99	
Kvdbil	12	10	28	26	66	77	76	100	
LEDiL	16	17	54	55	140	204	149	66	
Oase Outdoors	-64	-78	34	20	288	331	210	78	
Plantasjen	-388	-329	-50	9	5,146	5,614	5,254	99	
Speed Group	10	1	17	8	328	278	347	70	
TFS	10	4	28	21	42	123	55	100	
<b>Total</b>	<b>-109</b>	<b>-274</b>	<b>1,113</b>	<b>948</b>	<b>9,204</b>	<b>10,189</b>	<b>9,394</b>		
<b>Change</b>	<b>60%</b>		<b>17%</b>		<b>-10%</b>				

# Financial information

## Ratos Group results January-March

Operating profit for the period amounted to SEK 61m (27). Most of the companies reported better earnings compared with the year-earlier period despite Covid-19. Diab and HENT are the two companies that improved the most. However, Aibel had a significantly lower result than in the preceding year. Several of the ongoing projects were negatively impacted during the quarter by the Covid-19 outbreak. This, in combination with the oil price development has resulted in increased risk provisions driven by the uncertainty. Aibel also has negative currency effects.

Operating profit includes profit/a share of profits from the companies of SEK 94m (75).

Ratos's income and expenses attributable to the parent company and central companies amounted to SEK -35m (-47).

Net financial items amounted to SEK -146m (-121). The decrease in net financial items was mainly attributable to negative currency effects.

The loss before tax for the period amounted to SEK -85m (-94). This includes profit/a share of profits from the companies of SEK -62m (-67). Tax expense for the period amounted to SEK -28m (10). Despite the negative result, the group is charged with a tax expense since some companies in the group that generated a negative result do not expect to be able to utilise those losses against future profits in the coming years.

Refer to Note 5 on page 25 for more details on earnings for the period.

## Cash flow

Cash flow for the period was SEK -17m (-634), of which cash flow from operating activities accounted for SEK 259m (-40).

Cash flow from investing activities amounted to SEK -181m (-195) and cash flow from financing activities to SEK -95m (-399).

The improvement in cash flow is primarily attributable to operating activities and financing activities. In cash flow from operating activities, improved profitability and lower tied-up capital generated an effect during the period. Cash flow from financing activities improved as a result of higher borrowing compared with the preceding year and that the comparison year contained the cost of acquisition of shares from minority owner in TFS.

## Financial position and leverage

The Group's cash and cash equivalents at the end of the period amounted to SEK 3,184m (3,219 per 31 December 2019) and interest-bearing net debt totalled SEK 7,799m (7,826 per 31 December 2019). The

total translation effect of currency for interest-bearing liabilities amounted to approximately SEK -120m, of which approximately SEK -2m related to liabilities to credit institutions and approximately SEK -125m to financial lease liabilities.

## Ratos's equity

At 31 March 2020, Ratos's equity (attributable to owners of the parent) amounted to SEK 9,140m (8,751), corresponding to SEK 29 per share outstanding (27).

## Parent company

The parent company posted an operating loss of SEK -33m (-48). The parent company's profit before tax amounted to SEK 213m (134), of which SEK 175m (175) pertains to dividends from Group companies and SEK 65m (0) pertains to capital gains. Cash and cash equivalents in the parent company amounted to SEK 1,391m (1,607 per 31 December 2019).

## Ratos's Class B share

Earnings per share before dilution amounted to SEK -0.39 (-0.35) and after dilution to SEK -0.38 (-0.35) in the first quarter. The closing price for Ratos's Class B shares on 31 March 2020 was SEK 20.70. The total return on Class B shares in the first quarter amounted to -38%, compared with the performance for the SIX Return Index, which was -18%.

## Treasury shares and number of shares

No Class B shares were repurchased during the period. At 31 March, Ratos owned 5,126,262 Class B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 68. At 31 March 2020, the total number of shares in Ratos (Class A and B shares) amounted to 324,140,896 and the number of votes to 108,587,444. The number of outstanding Class A and B shares was 319,014,634.

## Credit facilities and new issue mandate

The parent company has a credit facility of SEK 1 billion including a bank overdraft facility. The purpose of the facility is to be able use it as needed for bridge financing. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period. In addition, there is also a mandate from the 2020 AGM to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions.

## Resolutions at the AGM

Ratos's Board of Directors resolved on 30 March to withdraw the revised dividend proposal of SEK 0.30 per share and instead propose no dividend for the 2019 financial year. The original dividend proposal was for SEK 0.65 per share. The 2020 Annual General Meeting resolved that no dividend would be paid for the 2019 financial year. It was instead noted that the Board of Directors intends to invite the shareholders to an Extraordinary General Meeting later in the year to resolve on a dividend if the market has stabilised at that time and Ratos's visibility of earnings has normalised.

Information on resolutions passed at the 2020 AGM can be accessed at <https://www.ratos.se/en/Investor-Relations/Corporate-Governance/Annual-General-Meetings/>

## Important events after the end of the period

No significant events have occurred since the end of the period that are expected to have a material impact.

## Key figures for Ratos's share

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>Key figures per share <sup>1)</sup></b>			
Total return, %	-38	-19	46
Dividend yield, %			0
Market price, SEK	20.70	18.83	33.42
Dividend, SEK			0
Equity attributable to owners of the parent, SEK <sup>2)</sup>	28.65	27.43	29.15
Basic earnings per share, SEK <sup>3)</sup>	-0.39	-0.35	2.11
Diluted earnings per share, SEK <sup>3)</sup>	-0.38	-0.35	2.11
Average number of ordinary shares outstanding:			
– before dilution	319,014,634	319,014,634	319,014,634
– after dilution	320,490,462	319,424,669	320,166,412
Total number of registered shares	324,140,896	324,140,896	324,140,896
Number of shares outstanding	319,014,634	319,014,634	319,014,634
– of which, Class A shares	84,637,060	84,637,060	84,637,060
– of which, Class B shares	234,377,574	234,377,574	234,377,574

<sup>1)</sup> Relates to Class B shares unless specified otherwise.

<sup>2)</sup> Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period.

<sup>3)</sup> For definition see page 28.

# Financial statements

## Consolidated income statement

MSEK	Q1 2020	Q1 2019	Full Year 2019
Net sales	5,641	5,505	25,061
Other operating income <sup>1)</sup>	18	20	588
Cost of goods and services sold	-3,168	-3,083	-14,357
Work performed by the company for its own use and capitalised	30	33	126
Employee benefit costs	-1,574	-1,580	-6,359
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets and right of use assets	-304	-290	-1,194
Other external costs	-555	-599	-2,349
Capital gain/loss from group companies	0		3
Share of profit/loss from investments recognised according to the equity method	-28	23	137
<b>Operating profit</b>	<b>61</b>	<b>27</b>	<b>1,655</b>
Financial income	18	20	37
Financial expenses	-164	-141	-632
<b>Net financial items</b>	<b>-146</b>	<b>-121</b>	<b>-595</b>
<b>Profit/loss before tax</b>	<b>-85</b>	<b>-94</b>	<b>1,061</b>
Tax	-28	10	-234
<b>Profit/loss for the period</b>	<b>-113</b>	<b>-84</b>	<b>827</b>
<i>Profit/loss for the period attributable to:</i>			
Owners of the parent	-124	-112	673
Non-controlling interests	10	28	153
Earnings per share, SEK			
- basic earnings per share	-0.39	-0.35	2.11
- diluted earnings per share	-0.38	-0.35	2.11

<sup>1)</sup> Other operating income for full year 2019 includes profit from sale of property Lejonet 4, with SEK 487m.

## Consolidated statement of comprehensive income

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>Profit/loss for the period</b>	<b>-113</b>	<b>-84</b>	<b>827</b>
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension obligations, net	-8		-97
Tax attributable to items that will not be reclassified to profit or loss	0		19
	<b>-8</b>	<b>0</b>	<b>-77</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation differences for the period	-28	214	151
Change in hedging reserve for the period	-22	-12	-2
Tax attributable to items that may be reclassified subsequently to profit or loss	8	2	2
	<b>-42</b>	<b>204</b>	<b>151</b>
<b>Other comprehensive income for the period</b>	<b>-49</b>	<b>204</b>	<b>74</b>
<b>Total comprehensive income for the period</b>	<b>-163</b>	<b>120</b>	<b>901</b>
<i>Total comprehensive income for the period attributable to:</i>			
Owners of the parent	-150	64	750
Non-controlling interest	-12	57	151



## Summary consolidated statement of financial position

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	11,603	11,651	11,610
Other intangible non-current assets	1,859	1,821	1,853
Property, plant, equipment and right-of-use assets	5,379	5,641	5,596
Financial assets	1,059	1,177	1,213
Deferred tax assets	426	559	508
<b>Total non-current assets</b>	<b>20,327</b>	<b>20,849</b>	<b>20,780</b>
<b>Current assets</b>			
Inventories	1,364	1,329	1,072
Current receivables	4,425	4,395	4,334
Cash and cash equivalents	3,184	2,840	3,219
<b>Total current assets</b>	<b>8,973</b>	<b>8,563</b>	<b>8,625</b>
<b>Total assets</b>	<b>29,300</b>	<b>29,413</b>	<b>29,405</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity including non-controlling interests</b>	<b>10,978</b>	<b>10,592</b>	<b>11,218</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7,597	8,860	8,399
Non-interest bearing liabilities	281	262	269
Pension provisions	672	534	642
Other provisions	24	23	21
Deferred tax liabilities	367	458	464
<b>Total non-current liabilities</b>	<b>8,939</b>	<b>10,137</b>	<b>9,795</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	2,784	2,108	2,051
Non-interest bearing liabilities	6,168	6,013	5,893
Provisions	431	563	448
<b>Total current liabilities</b>	<b>9,384</b>	<b>8,684</b>	<b>8,392</b>
<b>Total equity and liabilities</b>	<b>29,300</b>	<b>29,413</b>	<b>29,405</b>

## Summary statement of changes in consolidated equity

MSEK	2020-03-31			2019-03-31			2019-12-31		
	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity
<b>Opening equity</b>	<b>9,298</b>	<b>1,920</b>	<b>11,218</b>	<b>8,701</b>	<b>1,929</b>	<b>10,630</b>	<b>8,701</b>	<b>1,929</b>	<b>10,630</b>
Adjustment <sup>1)</sup>		-0	-0	-16	-2	-18	-20	-2	-22
<b>Adjusted equity</b>	<b>9,298</b>	<b>1,920</b>	<b>11,218</b>	<b>8,685</b>	<b>1,927</b>	<b>10,612</b>	<b>8,681</b>	<b>1,927</b>	<b>10,608</b>
Total comprehensive income for the period	-150	-12	-163	64	57	120	750	151	901
Dividends		-75	-75		-75	-75	-160	-75	-235
Non-controlling interests' share of capital contribution and new issue		2	2		15	15		15	15
The value of the conversion option of the convertible debentures							2		2
Option premiums							2		2
Put options, future acquisitions from non-controlling interests	-8	3	-4	-26	68	42	-8	54	46
Acquisition of shares in subsidiaries from non-controlling interests				29	-150	-121	30	-154	-123
Disposal of shares in subsidiaries to non-controlling interests							-0	2	1
<b>Closing equity</b>	<b>9,140</b>	<b>1,838</b>	<b>10,978</b>	<b>8,751</b>	<b>1,841</b>	<b>10,592</b>	<b>9,298</b>	<b>1,920</b>	<b>11,218</b>

<sup>1)</sup> Adjustment of opening balance 2019 relates to the change of accounting principles regarding IFRS 16 Leases.

## Consolidated statement of cash flows

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>Operating activities</b>			
Operating profit	61	27	1,655
Adjustment for non-cash items <sup>1)</sup>	401	253	547
	462	280	2,202
Income tax paid	-94	-95	-230
<b>Cash flow from operating activities before change in working capital</b>	<b>368</b>	<b>185</b>	<b>1,972</b>
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-341	-246	-40
Increase (-)/Decrease (+) in operating receivables	-77	-248	-311
Increase (+)/Decrease (-) in operating liabilities	308	270	288
<b>Cash flow from operating activities</b>	<b>259</b>	<b>-40</b>	<b>1,909</b>
<b>Investing activities</b>			
Acquisition, group companies	-28	-83	-93
Disposal, group companies	0		94
Acquisitions, investments recognised according to the equity method			-2
Purchase and disposal, intangible assets/property, plant and equipment <sup>1)</sup>	-158	-117	-120
Investments and disposal, financial assets	0	-1	0
Received interest	4	6	13
<b>Cash flow from investing activities</b>	<b>-181</b>	<b>-195</b>	<b>-107</b>
<b>Financing activities</b>			
Non-controlling interests' share of issue/capital contribution		15	15
Option premiums paid	3	2	6
Repurchase/final settlements options	-1	-2	-27
Acquisition and disposal of shares in subsidiaries from non-controlling interests		-120	-130
Dividends paid			-160
Dividends paid, non-controlling interests			-75
Borrowings	498	634	1,314
Amortisation of loans	-307	-628	-1,879
Paid interest	-114	-133	-465
Amortisation of financial lease liabilities	-173	-166	-665
<b>Cash flow from financing activities</b>	<b>-95</b>	<b>-399</b>	<b>-2,065</b>
<b>Cash flow for the period</b>	<b>-17</b>	<b>-634</b>	<b>-264</b>
Cash and cash equivalents at the beginning of the year	3,219	3,404	3,404
Exchange differences in cash and cash equivalents	-18	71	79
Cash and cash equivalents at the end of the period	3,184	2,840	3,219

1) Full year 2019 includes a capital gain of SEK 487m from the sale of Ratos's property, which was transferred to investing activities.

## Parent company income statement

MSEK	Q1 2020	Q1 2019	Full Year 2019
Other operating income <sup>1)</sup>	0	1	512
Administrative expenses	-33	-49	-145
Depreciation of property, plant and equipment	-0	-1	-2
<b>Operating profit/loss</b>	<b>-33</b>	<b>-48</b>	<b>365</b>
Gain from sale of participating interests in group companies	65		11
Dividends from group companies	175	175	175
Result from other securities and receivables accounted for as non-current assets			1
Other interest income and similar profit/loss items	8	9	6
Interest expenses and similar profit/loss items	-1	-1	-5
<b>Profit after financial items</b>	<b>213</b>	<b>134</b>	<b>552</b>
Tax	0	0	0
<b>Profit for the period</b>	<b>213</b>	<b>134</b>	<b>552</b>

<sup>1)</sup> Other operating income for full year 2019 included the capital gain of SEK 495m from the sale of the Lejonet property.

## Parent company statement of comprehensive income

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>Profit for the period</b>	<b>213</b>	<b>134</b>	<b>552</b>
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>213</b>	<b>134</b>	<b>552</b>

## Summary parent company balance sheet

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	58	2
Financial assets	7,744	7,343	7,770
Receivables from group companies	1	5	2
<b>Total non-current assets</b>	<b>7,747</b>	<b>7,406</b>	<b>7,773</b>
<b>Current assets</b>			
Current receivables	41	38	38
Receivables from group companies	181	177	8
Cash and cash equivalents	1,391	1,140	1,607
<b>Total current assets</b>	<b>1,613</b>	<b>1,355</b>	<b>1,653</b>
<b>Total assets</b>	<b>9,360</b>	<b>8,762</b>	<b>9,426</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>8,495</b>	<b>8,019</b>	<b>8,281</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities, group companies	355	578	357
Interest-bearing liabilities	36	41	44
Non-interest bearing liabilities	2	7	11
Convertible debentures	35	17	35
Deferred tax liabilities	1	0	1
<b>Total non-current liabilities</b>	<b>429</b>	<b>642</b>	<b>448</b>
<b>Current provisions</b>	<b>298</b>	<b>5</b>	<b>328</b>
<b>Current liabilities</b>			
Interest-bearing liabilities, group companies	92		92
Interest-bearing liabilities	0	0	1
Non-interest bearing liabilities, group companies		33	225
Non-interest bearing liabilities	46	62	52
<b>Total current liabilities</b>	<b>138</b>	<b>95</b>	<b>369</b>
<b>Total equity and liabilities</b>	<b>9,360</b>	<b>8,762</b>	<b>9,426</b>

## Summary statement of changes in parent company's equity

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>Opening equity</b>	<b>8,281</b>	<b>7,885</b>	<b>7,885</b>
Comprehensive income for the period	213	134	552
Dividends			-160
The value of the conversion option of the convertible debentures			2
Deferred tax, conversion option			-1
Option premiums			2
<b>Closing equity</b>	<b>8,495</b>	<b>8,019</b>	<b>8,281</b>

## Note 1 Accounting principles

Ratos's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and associated interpretations (IFRIC), as endorsed by the EU. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. The parent company also applies RFR 2 Accounting for Legal Entities. Reporting and measurement principles are unchanged compared with those applied in Ratos's 2019 Annual Report. The new and revised IFRS standards which came into force in 2020 have not had any material effect on the Ratos Group's financial statements.

## Note 2 Risks and uncertainties

Ratos is a business group that makes it possible for independent medium-sized companies to develop more rapidly by being a part of something larger. A focus on people, leadership, culture and values is a key component of Ratos. These operations include inherent risks attributable to both Ratos and the companies. These mainly comprise market, operational and transaction risks and can include both general risks, such as external factors and the macroeconomic development as well as company and sector-specific risks.

The financial risks consist of liquidity risk, interest rate risk, credit risk and currency risk. There are several financial risks to which most of the companies are exposed, primarily related to loans, trade receivables, trade payables and derivative instruments. The risks to which the companies are exposed are managed by each individual company.

Ratos is exposed to financial risks, mainly in terms of value changes in the companies and liquidity risk. Ratos's future earnings development is dependent to a large extent on the success of the underlying companies, which in turn is dependent on, among other things, how successful each company's management group and board of directors are at developing the company and implementing value-creating initiatives.

A more detailed description of the material risks and uncertainties to which the Group and the parent company are exposed is provided in the Directors' report and in Notes 25 and 31 in the 2019 Annual Report.

The ongoing spread of Covid-19 had an impact on earnings for the period and creates uncertainty for Ratos's financial development for the remainder of 2020. The impact of Covid-19 on Ratos's companies varies, since they are active in different segments, industries and geographies. Ratos's business model, with clearly decentralised earnings responsibility, entails that the companies make decisions independently and make adaptations to the prevailing circumstances. The effect on the measurement of balance-sheet items has been limited to date. However, there is uncertainty about the extent of the financial risks during the remainder of the year.

Ratos is carefully monitoring the development of the Covid-19 pandemic and ensures that the financial statements reflect the effects to give a fair view.

## Note 3 Alternative performance measures

### Reconciliations between alternative performance measures (APM) and IFRS

Ratos applies financial measures that are not defined in IFRS but are so-called alternative performance measures (APMs). The alternative performance measures presented are considered to be valuable supplementary information for analysts and other stakeholders for the evaluation and assessment of the Group's financial performance and position. The tables displayed with a tinted background are APMs. The performance measures are not to be regarded as a substitute for Ratos's financial statements, which are prepared in accordance with IFRS, but as a complement. Ratos's definitions of these performance measures may differ from other companies, which may calculate alternative performance measures in a different way and, accordingly, these are not always comparable with similar performance measures used in other companies.

The following reconciliations and accounts pertain to sub-components included in the material alternative performance measures used in this report. Reconciliation is made against the most reconcilable item, subtotal or total provided in the financial statements for the corresponding period. Definitions are available at [www.ratos.se](http://www.ratos.se) and on page 28 of this report.

#### Net sales

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>Net sales in the companies, Ratos's holding</b>	<b>5,584</b>	<b>5,210</b>	<b>24,475</b>
Net sales in subsidiaries, holding not owned by Ratos	1,124	1,077	4,631
Investments recognised according to the equity method	-1,061	-782	-4,019
Eliminations	-6		-26
<b>Ratos Group, Net sales</b>	<b>5,641</b>	<b>5,505</b>	<b>25,061</b>

#### EBITDA and EBITA

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>EBITDA in the companies, Ratos's holding</b>	<b>384</b>	<b>340</b>	<b>2,290</b>
Depreciation and impairment	-277	-266	-1,094
<b>EBITA in the companies, Ratos's holding</b>	<b>107</b>	<b>75</b>	<b>1,196</b>
EBITA in subsidiaries, holding not owned by Ratos	55	43	219
Exit gain from portfolio companies			31
Investments recognised according to the equity method	-57	-30	-102
Income and expenses in the parent company and central companies	-34	-47	359
<b>Ratos Group, EBITA</b>	<b>71</b>	<b>40</b>	<b>1,703</b>

## Cash flow from operations

MSEK	Q1 2020	Q1 2019	Full Year 2019
<b>Cash flow from operations in the companies, Ratos's holding</b>	<b>-109</b>	<b>-274</b>	<b>948</b>
Cash flow from operations, holding not owned by Ratos	105	30	159
Investments recognised according to the equity method	21	3	-428
Acquisitions and disposals, intangible assets/property, plant and equipment <sup>1)</sup>	158	117	670
Lease payment	233	230	914
Income tax paid	-94	-95	-230
Attributable to the parent company and central companies	-55	-48	43
Eliminations	0	-3	-167
<b>Ratos Group, Cash flow from operating activities</b>	<b>259</b>	<b>-40</b>	<b>1,909</b>

<sup>1)</sup> Cash flow from sale of the Lejonet 4 property, a total of SEK 550m for full year 2019, is not included in this item.

## Interest-bearing net debt

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>Total interest-bearing net debt in the companies, Ratos's holding</b>	<b>9,204</b>	<b>10,189</b>	<b>9,394</b>
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	805	815	841
Investments recognised according to the equity method	-915	-1,297	-910
Attributable to the parent company and central companies	-1,319	-1,135	-1,521
Other	24		22
<b>Ratos Group, Interest-bearing net debt</b>	<b>7,799</b>	<b>8,572</b>	<b>7,826</b>

	2020-03-31	2019-03-31	2019-12-31
Non-current interest-bearing liabilities, other	3,624	4,587	4,210
Non-current interest-bearing liabilities, leasing	3,972	4,273	4,189
Current interest-bearing liabilities, other	2,146	1,470	1,369
Current interest-bearing liabilities, leasing	638	638	682
Provisions for pensions	672	534	642
Interest-bearing assets	-69	-90	-47
Cash and cash equivalents	-3,184	-2,840	-3,219
<b>Ratos Group, Interest-bearing net debt</b>	<b>7,799</b>	<b>8,572</b>	<b>7,826</b>

## Note 4 Acquired and divested businesses

### Acquisitions within subsidiaries

In February, Bisnode acquired the assets of the Swiss company AXON INSIGHT and thereby extended its leading position in market and decisioning solutions, mainly for the banking and insurance industry. The operations taken over comprise a number of customer contracts in the

banking and insurance industry and have annual revenues of approximately SEK 22m.



## Note 5 Operating segments

MSEK	Net sales			EBITA and operating profit <sup>1)</sup>		
	Q1 2020	Q1 2019	Full Year 2019	Q1 2020	Q1 2019	Full Year 2019
Aibel				-28	23	135
airteam	276	235	1,135	8	5	90
HENT	2,266	2,123	9,504	48	25	24
Speed Group	172	169	707	8	-5	-4
<b>Total Construction &amp; Services</b>	<b>2,714</b>	<b>2,527</b>	<b>11,347</b>	<b>36</b>	<b>47</b>	<b>245</b>
Bisnode	937	927	3,776	83	66	484
Kvdbil	93	91	384	5	6	31
Oase Outdoors	127	172	427	13	28	10
Plantasjen	548	616	4,327	-170	-160	154
<b>Total Consumer &amp; Technology</b>	<b>1,705</b>	<b>1,806</b>	<b>8,914</b>	<b>-69</b>	<b>-60</b>	<b>680</b>
Diab	479	439	1,874	69	39	193
HL Display	405	400	1,594	36	32	140
LEDiL	110	110	433	21	27	81
TFS	233	223	924	11	2	-27
<b>Total Industry</b>	<b>1,227</b>	<b>1,172</b>	<b>4,826</b>	<b>138</b>	<b>100</b>	<b>388</b>
<b>Total companies in portfolio all reported periods</b>	<b>5,647</b>	<b>5,505</b>	<b>25,087</b>	<b>105</b>	<b>87</b>	<b>1,313</b>
Elimination of sales internal	-6		-26			
<b>Total Net Sales and EBITA, companies in portfolio</b>	<b>5,641</b>	<b>5,505</b>	<b>25,061</b>	<b>105</b>	<b>87</b>	<b>1,313</b>
Emaint/Euromaint						31
<b>Total exit gains</b>						<b>31</b>
<b>Total EBITA, Group companies</b>				<b>105</b>	<b>87</b>	<b>1,343</b>
Income and expenses in the parent company and central companies				-35	-47	366
Other				1		-7
<b>Consolidated EBITA</b>				<b>71</b>	<b>40</b>	<b>1,703</b>
Amortisation and impairment of intangible assets in connection with company acquisitions				-11	-13	-48
<b>Consolidated operating profit</b>				<b>61</b>	<b>27</b>	<b>1,655</b>

<sup>1)</sup> Subsidiaries are included with 100% in consolidated profit/loss. Investments recognised according to the equity method are included with holding percentage of profit/loss including tax for the period.

MSEK	Q1 2020	Q1 2019	Full Year 2019
<i>Break down of net sales</i>			
Sales of goods	1,737	1,822	8,932
Service contracts	1,306	1,256	5,246
Construction contracts	2,537	2,358	10,614
Reimbursable expenditures	61	68	269
	<b>5,641</b>	<b>5,505</b>	<b>25,061</b>

MSEK	Consolidated value <sup>1)</sup>		
	2020-03-31	2019-03-31	2019-12-31
Aibel	610	651	704
airteam	539	454	497
Bisnode	2,023	2,032	2,150
Diab	846	698	783
HENT	416	446	436
HL Display	740	655	709
Kvdbil	505	485	503
LEDiL	617	515	570
Oase Outdoors	235	196	213
Plantasjen	429	628	544
Speed Group	261	270	259
TFS	479	413	402
<b>Total</b>	<b>7,702</b>	<b>7,443</b>	<b>7,771</b>
Other net assets in the parent company and central companies <sup>2)</sup>	1,438	1,308	1,527
<b>Equity (attributable to owners of the parent)</b>	<b>9,140</b>	<b>8,751</b>	<b>9,298</b>

Of the decline in consolidated value compared with 31 December 2019, approximately SEK 40m consists of currency effects.

<sup>1)</sup> The companies are shown at their consolidated value, which corresponds to the Group's share of the holdings' equity, any residual values on consolidated surplus and deficit values minus any intra-group profits. Shareholder loans are also included.

<sup>2)</sup> Of which, cash and cash equivalents in the parent company account for SEK 1,391m (1,607 at 31 December 2019)

## Note 6 Financial instruments

Ratos applies fair value measurements to a limited extent and mainly for derivatives, synthetic options, contingent considerations and put options. These items are measured according to levels two and three, respectively, in the fair value hierarchy.

In the statement of financial position at 31 March 2020, the total value of financial instruments measured at fair value in accordance with level three was SEK 535m (508 at 31 December 2019). This change was attributable to the remeasurement of synthetic options, the currency translation of put options and additional contingent considerations.

In the statement of financial position at 31 March 2020, the net value of derivatives amounted to SEK 13m (-3 at 31 December 2019), of which SEK 16m (2 at 31 December 2019) was recognised as an asset and SEK 3m (5 at 31 December 2019) as a liability.

## Note 7 Goodwill

Goodwill changed during the period as shown below.

MSEK	Accumulated cost	Accumulated impairment	Total
<b>Opening balance</b>			
<b>1 January 2020</b>	13,346	-1,735	11,610
Translation differences for the period	-72	64	-8
<b>Closing balance</b>			
<b>31 March 2020</b>	<b>13,274</b>	<b>-1,671</b>	<b>11,603</b>

## Note 8 Related party disclosures

Transactions with related parties are made on market terms.

### Parent company

The parent company has a related party relationship with its Group companies. For more information, refer to Note 29 in the 2019 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 557m (609 at 31 December 2019).

The parent company's transactions with subsidiaries and associates for the period and the parent company's balance sheet items in relation to its subsidiaries and associates at the end of the period are presented below.

No unusual business transactions of material value occurred between Ratos and board members or other senior executives of the Group.

MSEK	Financial income	Other income	Capital contribution	Dividend
2020 Q1				175
2019 Q1	0		427	175
2019 Full Year	0	6	535	175

MSEK	Receivable	Provision	Liability	Contingent liability
2020-03-31	182	288	447	557
2019-03-31	182		611	794
2019-12-31	10	317	674	609

## Note 9 Exchange rates

Exchange rates, average

SEK	Q1 2020	Q1 2019	Helår 2019
Danish crowns, DKK	1.427	1.396	1.418
Euro, EUR	10.665	10.417	10.589
Norwegian crowns, NOK	1.021	1.069	1.075

Exchange rates, closing

SEK	2020-03-31	2019-03-31	2019-12-31
Danish crowns, DKK	1.484	1.396	1.397
Euro, EUR	11.083	10.422	10.434
Norwegian crowns, NOK	0.959	1.075	1.058

# Definitions

## Dividend yield

Dividend on ordinary shares expressed as a percentage of the Class B share's market price.

## Total return

Price development of Class B shares including reinvested dividends on ordinary shares.

## EBITDA

(Earnings Before Interest, Tax, Depreciation and Amortisation). EBITA with depreciation, amortisation and impairment reversed.

## EBITDA margin

EBITDA expressed as a percentage of net sales.

## EBITA

Operating profit before impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions and similar transactions. (Earnings Before Interest, Tax and Amortisation).

## EBITA margin

EBITA expressed as a percentage of net sales.

## Equity per share

Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period.

## Consolidated value

The Group's share of the company's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

## Organic growth

Net sales growth in comparable units, including currency fluctuations. The effects of acquisitions, divestments and exchange rate changes are excluded.

## Last 12-month period

The most recent 12 months.

## Basic earnings per share

Profit for the period attributable to owners of the parent company divided by the average number of outstanding ordinary shares.

## Diluted earnings per share

The calculation of diluted earnings per share is based on consolidated profit for the year attributable to the owners

of the parent company and on the weighted average number of shares outstanding during the year.

When calculating diluted earnings per share, earnings and the average number of shares are adjusted to take into account the effects of potential ordinary shares, which, for the reported periods, pertain to convertible debt instruments and warrants issued to employees. Dilution resulting from convertible debt instruments is calculated by increasing the number of shares by the total number of shares to which the convertibles correspond and increasing earnings by the recognised interest expense after tax. Potential ordinary shares are considered to have a dilutive effect only during periods when they result in lower earnings or a higher loss per share.

## Interest-bearing net debt

Interest-bearing liabilities and pension provisions minus fixed-income assets and cash and cash equivalents.

## Company performance measures

The following performance measures are presented for Ratos's business areas – both for the companies in their entirety (100% of the holdings in the companies) regardless of Ratos's holding and adjusted for the size of Ratos's holding in each company.

- *Net sales in the companies* – Net sales for the entire current period and comparative periods in the companies owned at the end of the reporting period.
- *EBITDA in the companies* – Operating profit before depreciation and amortisation in the companies owned at the end of the reporting period.
- *EBITA in the companies* – Operating profit for the entire current period and comparative periods in the companies owned at the end of the reporting period before impairment of goodwill as well as amortisation and impairment of other intangible assets arising in conjunction with company acquisitions and equivalent transactions.
- *Profit/loss before tax in the companies* – Profit or loss before tax in the companies owned at the end of the reporting period.
- *Interest-bearing net debt in the companies* – Interest-bearing liabilities and pension provisions minus fixed-income assets and cash and cash equivalents in companies owned at the end of the reporting period.
- *Cash flow from operations* – Cash flow from operating activities, excluding paid tax, but including cash flow from investments and divestments of intangible assets and property, plant and equipment, respectively, as well as amortisation of lease liabilities and interest paid on leasing.

## Telephone conference

28 April 10:00 am  
SWE: +46 8 505 583 74  
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## Financial calendar

**2020**  
Interim report January–June 17 July  
Interim report January–September 22 October

Stockholm, 28 April 2020  
Ratos AB (publ)



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This report has not been reviewed by Ratos's auditors.

This is information that Ratos AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 28 April 2020 at 8:00 a.m. CET.

**RATOS**

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*Ratos is a business group consisting of 12 companies divided into three business areas: Consumer & Technology, Construction & Services and Industry. In total, the companies have SEK 38 billion in sales and EBITA of SEK 1.8 billion. Our business concept is to develop mid-sized companies headquartered in the Nordics that are or can become market leaders. We enable independent mid-sized companies to excel by being part of something larger. A focus on people and leadership, culture and values are key components of Ratos. Everything we do is based on Ratos's core values: Simplicity, Speed in Execution and It's All About People.*