

Interim report

January – September 2011

Q3

- **Profit before tax SEK 935m (2,047)**
- **Earnings per share before dilution SEK 2.21 (4.93)**
- **Mixed development in the holdings – half with positive trend, half less favourable development**
- **Add-on acquisition of Sophion Bioscience**
- **Medisize sold – exit gain SEK 38m**
- **Total return on Ratos shares -33%**

Ratos in summary

SEKm	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010
Profit/share of profits	-27	522	374	1,168	1,419
Total profit/share of profits	-27	522	374	1,168	1,419
Exit gains	38	783	525	783	1,320
Remeasurement HL Display		140		140	140
Profit from holdings	11	1,445	899	2,091	2,879
Central income and expenses	35	5	36	-44	-11
Profit before tax	46	1,450	935	2,047	2,868

Important events

In the third quarter

- The sale of Medisize to Phillips Plastics was completed in August. The selling price for 100% of the shares amounted to approximately EUR 99.8m (SEK 920m). Ratos's exit gain amounted to SEK 38m and the average annual return (IRR) was 4%
- Biolin Scientific's acquisition of the Danish company Sophion Bioscience was completed in August. The purchase price (enterprise value) for 100% of the company amounted to DKK 145m (SEK 179m) with an additional DKK 10m which relates to sales milestones in 2011/12. Ratos provided SEK 65m in conjunction with the acquisition

- Kristina Linde was appointed as Ratos's new Head of Accounting with effect from 1 October
- In July, Inwido paid a dividend totalling SEK 301m whereby Ratos received SEK 290m

In the first and second quarters

- Acquisition of Finnkino was completed in April. The purchase price (enterprise value) amounted to EUR 96.4m (approximately SEK 860m), of which Ratos provided equity of EUR 45m (SEK 402m). Ratos's holding amounts to 98%. The seller was the media group Sanoma

cont.

RATOS

- In April, Mobile Climate Control (MCC) completed its acquisition of Carrier's bus AC operations in North America for a purchase price (enterprise value) of USD 32.1m (approximately SEK 200m). Ratos provided capital of SEK 114m in conjunction with the acquisition
- In March, a refinancing was carried out in Anticimex totalling SEK 476m and in conjunction with this Ratos received a cash payment of SEK 405m
- In March, a refinancing was carried out in Arcus-Gruppen totalling NOK 220m and in conjunction with this NOK 140m was distributed to the company's owners, of which Ratos's share amounted to NOK 117m (SEK 132m)
- The sale of Superfos to RPC Group Plc was completed in February. The sale generated an exit result for Ratos of SEK -99m and an average annual return (IRR) of approximately 2%
- The acquisition of and public offer for Biolin Scientific were completed in February. Ratos's holding amounts to 100% and the purchase price amounted to SEK 306m, of which SEK 269m was paid in 2010. In September Ratos was given advance access to the shares not submitted in the offer
- The sale of Ratos's holding in Camfil to the company's principal owners was completed in January. The sale provided Ratos with an exit gain of SEK 586m and an average annual return (IRR) of 13%

- During the period, add-ons and divestments were carried out in holdings including Arcus-Gruppen, Bisnode and Inwido

Events after the end of the period

- Euromaint has made a strategic decision to focus its business on maintenance for the rail transport sector and as part of this has signed an agreement to sell its subsidiary Euromaint Industry to Coor Service Management for approximately SEK 100m (enterprise value). The sale is conditional upon approval from the relevant competition authorities and is expected to be completed at the beginning of December
- At the end of October, Stofa acquired part of Canal Digital's Danish cable TV business from Telenor. The purchase price (enterprise value) amounted to DKK 51m (approximately SEK 62m). The acquired operations had sales of DKK 83m in 2010. The acquisition is financed with available liquid assets in Stofa

More information about important events in the holdings is provided on pages 7-12.

CEO comments

We continue to balance on the snowy and icy mountain crest up towards the southern peak of Kebnekaise which we compared with current global economic development, where the distance between something pleasant and a total catastrophe is very short. For this reason it is essential to constantly monitor global economic development and to be prepared to make rapid adjustments to our view of the business environment if required. We still believe in a scenario with global growth but below trend. Our holdings are well prepared with internal crash plans in place should the scenario fail to hold.

For Ratos the third quarter of the year developed in the same way as the first two quarters, with months, geographic areas and sectors fluctuating between strong and weak demand. Half of the holdings were performing better than in 2010 while half showed weaker development. For the full year we expect that the holdings' operating profit will be somewhat weaker at an aggregate level than in 2010 despite good prospects for an improved earnings development in the fourth quarter.



Arne Karlsson

Further CEO comments at www.ratos.se

Business environment and market

Ratos's macroeconomic scenario for 2011 was summarised in the acronym MOBBM, Make Or Break Becomes Make. The background to this acronym is that 2011 was expected to be a decisive year for the world, when many major questions needed to be solved. The three key issues we highlighted were:

- the euro crisis must be solved through political, proactive measures during the first half of the year otherwise the markets would revolt and force through a solution (alternatively a dissolution of the monetary union)
- the US must enter a self-sustaining economic upturn, otherwise there was a risk of a multi-year "Japanese" deflationary scenario with dramatic consequences for the global economy
- energy and commodity prices must not be allowed to reach sustained levels that are too high since this could break the fragile, global economic recovery in which we still find ourselves

So the world faced and still faces a Make Or Break year – and our working hypothesis was and is that the answer will Become Make, i.e. that the various obstacles to recovery and somewhat more stable growth can be overcome.

As can easily be understood, in view of the nature and complexity of these issues, a happy outcome is far from self-evident – on the contrary, the risks are numerous and major. In this context we made a comparison with hiking the final stretch up the Kebnekaise mountain, where the route follows a narrow, icy and snowy mountain crest. Provided you can balance on the crest, you are in a relatively pleasant place but all it takes is a few false steps and on the one side it is extremely steep and on the other even worse. So the distance between something pleasant and a total catastrophe is very short and in such an environment it is entirely logical that the financial markets are extremely volatile, i.e. tossed between hope and despair.

For this reason it is essential to constantly monitor global economic development and to be prepared to make rapid adjustments to our view of the business environment if required. The companies in our portfolio must also continue to be prepared with internal

Performance Ratos's holdings

	2011 Q 1-3	
	100%	Ratos's share
Sales	-1%	-2%
EBITA	-18%	-19%
EBT	-43%	-45%
2011 Q 3		
	100%	Ratos's share
Sales	+1%	0%
EBITA	-30%	-33%
EBT	-63%	-76%

To facilitate analysis, an extensive table is provided on page 12 with key figures for Ratos's holdings. A summary of income statements, statements of financial position, etc., for Ratos's associates and subsidiaries is available in downloadable Excel files at www.ratos.se.

crash plans, in the event economic growth ceases or is reversed.

For Ratos the third quarter of the year developed in the same way as the first two quarters, with months, geographic areas and sectors fluctuating between strong and weak demand. In addition, the third quarter was strongly affected by extraordinary expenses, mainly relating to efficiency improvement and action programmes implemented during the period but also to aggressive investments.

Ratos's 19 holdings have broad exposure to different sectors and geographies, which means that the portfolio to a great extent reflects the divided state of the world. This becomes clearer if we divide the companies into different groups as shown below where some hold-

ings develop extremely well while others are currently operating in a strong headwind.

At an aggregate level, in the first nine months of the year combined sales for the underlying portfolio of companies decreased by 1% compared with the previous year. Taking Ratos's ownership stakes into account, sales decreased by 2%. Corresponding figures for operating profit (EBITA) were -18% and -19% respectively and for profit before tax -43% and -45% respectively. In order to give an idea of the size of the extraordinary items (net), operating profit for the period January-September decreased by 13% (instead of 18%) adjusted for extraordinary effects. Most of the extraordinary expenses were incurred in the third quarter.

If the holdings are divided into three groups, development for the first three quarters is as follows:

	Sales	EBITA	EBT
Good development (10 companies)	+0%	+10%	-19%
Business cycle effect (7 companies)	-1%	-32%	-49%
Structural problems (2 companies)	-16%	-92%	(neg)
	-1%	-18%	-43%

At EBITA level and taking extraordinary items into account, the two companies in the structural problems group (DIAB and Hafa) account for approximately half of the decline in earnings in absolute numbers.

For the full year we expect that the holdings will have a somewhat weaker result at an aggregate level than in 2010 despite good prospects for an improved earnings development in the fourth quarter.

Ratos's results

Profit before tax for the first nine months of 2011 amounted to SEK 935m (2,047). The lower result is mainly due to a weaker earnings development in the holdings. The result included profit/share of profits from the holdings of SEK 374m (1,168) and exit gains of SEK 525m (783).

Central income and expenses

Ratos's central income and expenses amounted to SEK +36m (-44), of which personnel costs in Ratos AB amounted to SEK 98m (119). The variable

portion of personnel costs amounted to SEK 27m (45). Other management costs were SEK 72m (93). Net financial items amounted to SEK +206m (+168).

Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in consolidated profit or loss is affected, among other things, by the parent company's investment company status and by capital gains not liable to tax.

SEKm	2011 Q 1-3	2010 Q 1-3	2010
Profit/share of profits before tax ¹⁾			
AH Industries (69%)	-4	-11	-24
Anticimex (85%)	68	87	127
Arcus-Gruppen (83%)	-12	51	135
Biolin Scientific (100%) ²⁾	3		
Bisnode (70%)	49	189	274
Camfil (30%) ³⁾		79	99
Contex Group (99%)	38	37	43
DIAB (95%)	-16	135	149
Euromaint (100%)	-107	-79	-165
Finnkino (98%) ⁴⁾	-8		
GS-Hydro (100%)	-22	21	-27
Hafa Bathroom Group (100%)	-20	38	37
Haglöfs (100%) ⁵⁾		5	5
HL Display (99%) ⁶⁾	36	20	13
Inwido (96%)	209	287	328
Jøtul (61%)	-62	-27	25
KVD Kvarndammen (100%) ²⁾	30		
Lindab (11%)	18	43	38
Medisize (98%) ⁷⁾	42	85	95
Mobile Climate Control (100%)	-1	67	71
SB Seating (85%)	55	71	87
Stofa (99%) ⁸⁾	78	12	44
Superfos (33%) ⁹⁾		58	65
Total profit/share of profits	374	1,168	1,419
Exit Camfil	586		
Exit Superfos	-99		
Exit Medisize	38		
Exit Haglöfs		783	783
Exit Lindab			537
Total exit result	525	783	1,320
Remeasurement HL Display		140	140
Profit from holdings	899	2,091	2,879
Central income and expenses			
Management costs	-170	-212	-213
Financial items	206	168	202
Consolidated profit before tax	935	2,047	2,868

¹⁾ Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

²⁾ Biolin Scientific and KVD Kvarndammen were acquired at the end of December 2010 and are not included in consolidated profit for 2010.

³⁾ Camfil was sold at the beginning of January and is not included in consolidated profit for 2011. Until the sale, Camfil was recognised among Assets held for sale.

⁴⁾ Finnkino is included in the Group from May 2011.

⁵⁾ Haglöfs is included in consolidated profit through July 2010. The entire holding was sold in August 2010.

⁶⁾ HL Display included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

⁷⁾ Medisize is included in consolidated profit through July 2011. The entire holding was sold in August 2011.

⁸⁾ Stofa is included in the Group from August 2010.

⁹⁾ Superfos was recognised among Assets held for sale until it was sold in February and is thus not included in consolidated profit for 2011.

Financial position

Cash flow from operating activities and investing activities was SEK +1,125m (-501) and consolidated cash and cash equivalents at the end of the period amounted to SEK 2,506m (2,522), of which short-term interest-bearing investments accounted for SEK 1m (0). Interest-bearing liabilities including pension provisions amounted to SEK 14,765m (14,760).

Parent company

The parent company's profit before tax amounted to SEK 1,028m (873). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 775m (282). Taking into account financial transactions agreed but not yet carried out, at 9 November Ratos has a net liquidity of approximately SEK 700m. In addition, there is an existing credit facility of SEK 3.2 billion and authorisation from the 2011 Annual General Meeting to issue 35 million Ratos B shares in conjunction with agreements on acquisitions.

Risks and uncertainties

A description of the Group's and parent company's material risks and uncertainties is provided in the Directors' report and in Note 31 and 38 in the 2010 Annual Report. An assessment for the coming months is provided in the *Business environment and market* section on page 3.

Related-party transactions

The parent company received dividends from subsidiaries and associates of SEK 843m (105). In April, Ratos provided capital to Mobile Climate Control amounting to SEK 114m for the acquisition of Carrier, and in August Ratos provided capital to Biolin Scientific amounting to SEK 65m for the acquisition of Sophion Bioscience. A SEK 55m capital contribution has been provided to GS-Hydro.

Ratos shares

Earnings per share before dilution amounted to SEK 2.21 (4.93). The total return on Ratos shares during the period January to September 2011 amounted to -33%, compared with the performance of the SIX Return Index which was -20%.

Treasury shares and number of shares

638,845 shares were repurchased during the period January to September 2011. The number of call options exercised corresponded to 1,161,000 shares. At the end of September, Ratos owned 5,144,127 B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 69.

A division of shares (share split) was implemented in May and each existing share was divided into two shares of the same share class. The record date at Euroclear Sweden was 6 May 2011 and the final trading day before the split was 3 May.

At 30 September the total number of shares in Ratos (A and B shares) amounted to 324,140,896 and the number of votes was 108,587,444. The number of outstanding shares was 318,996,769. The average number of B treasury shares in Ratos in the first nine months of 2011 was 5,090,691 (5,759,730 in 2010, adjusted for the share split).

Other

Nomination Committee

In accordance with a decision at Ratos's Annual General Meeting on 5 April 2011, the company's major shareholders have appointed between themselves a Nomination Committee with the Chairman of the Board Olof Stenhammar as convener. Anders Oscarsson (AMF and AMF Fonder) was appointed as chairman of the committee. Other members of the Nomination Committee are: Björn Franzon (Swedbank Robur), Jan Söderberg (own and related parties' shares), Maria Söderberg (Torsten Söderberg Foundation), and Per-Olof Söderberg (Ragnar Söderberg Foundation and own and related parties' shares).

Ratos's equity ¹⁾

At 30 September 2011 Ratos's equity (attributable to owners of the parent) amounted to SEK 14,139m (SEK 14,069m at 30 June 2011), corresponding to

SEK 44 per outstanding share (SEK 44 at 30 June 2011, adjusted for the share split).

SEKm	30 Sept 2011	% of equity
AH Industries	632	4
Anticimex	566	4
Arcus-Gruppen	510	4
Biolin Scientific	365	3
Bisnode	1,373	10
Contex Group	1,023	7
DIAB	1,013	7
Euromaint	554	4
Finnkino	403	3
GS-Hydro	-62	0
Hafa Bathroom Group	149	1
HL Display	1,017	7
Inwido	1,940	14
Jøtul	329	2
KVD Kvarndammen	383	3
Lindab	317	2
Mobile Climate Control	756	5
SB Seating	1,176	8
Stofa	716	5
Total	13,160	93
Other net assets in central companies	979	7
Equity (attributable to owners of the parent)	14,139	100
Equity per share, SEK	44	

¹⁾ Holdings are shown at consolidated figures, which correspond to the Group's share of the holdings' equity, any residual values on consolidated surplus and deficit values minus any intra-group profits. Shareholders loans and interest on such loans are also included.

Credit facilities

The parent company has a five-year rolling credit facility of SEK 3.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridge financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period.

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. So far during 2011, 5,000 A shares were converted to B shares.

Holdings

More information about the holdings and a summary of income statements and statements of financial position for Ratos's holdings is available in downloadable Excel files at www.ratos.se.

AH Industries

- Sales SEK 658m (743) and EBITA SEK 17m (59)
- Due to a continued weak earnings development, action programmes including employee cutbacks have been implemented and a decision made to close the Danish operations within Tower & Foundations
- Strong development within Site Solutions driven by offshore wind power and new customers
- A broadening of the product offering in China has been initiated
- Earnings were positively affected by compensation awarded in an arbitration with a former supplier
- Continued uncertain market situation for the wind power industry in the short term

Ratos's holding in AH Industries amounted to 69% and the consolidated book value in Ratos was SEK 632m at 30 September 2011.

AH Industries is a world-leading supplier of metal components, modules, systems and services to the wind power and cement and minerals industries. The company is specialised in the manufacture and machining of heavy metal components with high precision requirements. Most of production is carried out in Jutland (Denmark) but the company also has operations in China.

Anticimex

- Sales SEK 1,418m (1,370) and EBITA SEK 149m (140)
- The EBITA margin amounted to 10.5% (10.3) and sales increased during the period by 5% adjusted for currency effects
- Continued favourable development particularly in Norway, Finland and Germany
- Lower sales of property-related services due to a reduced number of property transactions
- SEK 476m refinancing carried out in March, whereby Ratos received a cash payment of SEK 405m

Ratos's holding in Anticimex amounted to 85% and the consolidated book value in Ratos was SEK 566m at 30 September 2011.

Anticimex is a European service company that provides safe and healthy indoor environments through inspections, guarantees and insurance. Services include pest assurance, hygiene assurance, dehumidification, fire protection as well as property transfer and energy surveys. The Group has operations in Sweden, Finland, Denmark, Norway, Germany and the Netherlands.

Arcus-Gruppen

- Sales SEK 1,391m (1,340) and EBITA SEK 41m (55)
- Good sales growth for wine in Sweden and Norway. Slightly weaker sales of spirits in Norway due to raised alcohol tax
- EBITA negatively affected by a net amount of SEK 24m mainly relating to employee cutbacks prior to the move to a new factory and pension provisions
- Acquisition completed of 51% of the Norwegian wine wholesaler Excellars for NOK 65m (approximately SEK 75m) (enterprise value)
- Refinancing of NOK 220m was carried out in the spring. In conjunction with this NOK 140m was distributed to the company's owners, of which Ratos received NOK 117m (SEK 132m)

Ratos's holding in Arcus-Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 510m at 30 September 2011.

Arcus-Gruppen is Norway's leading spirits producer and one of the largest wine suppliers in the Nordic region through Vingruppen, Vinordia and Arcus Wine Brands. The group's best-known brands include Braastad Cognac, Linie Aquavit, Løiten and Vikingfjord Vodka.

Biolin Scientific

- Sales SEK 160m (167) and EBITA SEK 6m (11) (pro forma taking acquisition of Sophion Bioscience into account)
- Strong sales and earnings growth in the third quarter within all three business areas
- The compulsory acquisition process in Biolin Scientific AB is under way and advance access to the remaining shares was obtained in September
- Acquisition of Sophion Bioscience was completed in August

Ratos's holding in Biolin Scientific amounted to 100% and the consolidated book value in Ratos was SEK 365m at 30 September 2011.

Biolin Scientific develops, manufactures and markets analytical instruments for research, development, quality control and clinical diagnostics. The company's largest market niche is nanotechnology, primarily materials science and biophysics. Customers are found worldwide and mainly comprise researchers in universities, research institutes and the industrial sector.

Bisnode

- Sales SEK 3,144m (3,288) and EBITA SEK 341m (376)
- Continued weak organic sales development (adjusted for currency effects -2%)
- Credit Solutions continues to show good growth and earnings development. Very weak performance for the companies within Marketing Solutions and as anticipated lower sales for SPAR-related products
- Pointer in Sweden and Anopress IT in the Czech Republic were sold during the autumn
- Johan Wall resigned as CEO in October. CFO and business area director Fredrik Åkerman has been appointed acting CEO

Ratos's holding in Bisnode amounted to 70% and the consolidated book value in Ratos was SEK 1,373m at 30 September 2011.

Bisnode is a leading European provider of digital business information with services within market, credit and business information. Using Bisnode's services companies can increase their sales, reduce their risks and improve their day-to-day business decisions. Operations are conducted in 17 countries in Europe.

Contex Group

- Sales SEK 490m (552) and EBITA SEK 62m (78)
- Sales in local currency rose 2% during the period
- Sales in Z Corporation (3D Printing) rose 13% in local currency. Stable development for 2D Scanning

Ratos's holding in Contex Group amounted to 99% and the consolidated book value in Ratos was SEK 1,023m at 30 September 2011.

The Danish company Contex Group is a world-leading developer and manufacturer of innovative 2D and 3D digital imaging solutions. The company has two operating areas: 2D Scanning and 3D Printing. 2D Scanning comprises Contex, the world's largest manufacturer of wide-format scanners, and Vidar Systems, the global market leader within digital medical imaging. 3D Printing comprises Z Corporation which manufactures 3D printers.

DIAB

- Sales SEK 924m (1,080) and EBITA SEK 17m (166)
- Substantial downturn for the wind segment in China due to official directives on a temporary reduction of the rate of new wind power installations. China's long-term plans for the expansion of wind power remain positive, however
- Action programmes have been implemented. Most of the costs for these programmes were incurred in the third quarter (approximately SEK 30m)
- Good sales development within the segments Transport, Industry and Aerospace
- Weak profitability due to low sales volumes, low capacity utilisation and restructuring costs in conjunction with initiated action programme

Ratos's holding in DIAB amounted to 95% and the consolidated book value in Ratos was SEK 1,013m at 30 September 2011.

DIAB is a world-leading company that manufactures and develops core materials for composite structures including blades for wind turbines, hulls and decks for leisure boats, and components for aircraft, trains, buses and rockets. The material has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

Euromaint

- Sales SEK 2,409m (2,283) and EBITA SEK 84m (-11) (pro forma taking discontinued operations into account)
- A number of action programmes initiated designed to reduce costs and increase efficiency
- The Refurbishment business area has been closed down and is reported as a discontinued operation
- In October an agreement was signed to sell Euromaint Industry to Coor Service Management for approximately SEK 100m (enterprise value)

Ratos's holding in Euromaint amounted to 100% and the consolidated book value in Ratos was SEK 554m at 30 September 2011.

Euromaint is a leading provider of advanced maintenance services to the manufacturing industry and the rail transport sector. Operations are conducted in two subsidiaries: Euromaint Rail and Euromaint Industry. Euromaint conducts operations at 18 locations in Sweden, as well as in Germany, Belgium, Poland, the Netherlands and Latvia.

Finnkino

- Sales SEK 583m (624) and EBITA SEK 55m (69)
- Good development since Ratos's acquisition (1 May 2011). In the third quarter revenues in local currency rose 5% compared with the previous year and the number of visits rose 2%
- Revenue from peripheral sales per visit rose 6%
- Adjusted for extraordinary expenses, primarily related to the acquisition, EBITA in the third quarter amounted to SEK 21m (19)

Ratos's holding in Finnkino amounted to 98% and the consolidated book value in Ratos was SEK 403m at 30 September 2011.

Finnkino is the largest movie theatre chain in Finland and the Baltic countries with 25 movie theatres and 161 screens with a total of approximately 30,000 seats. The company also conducts film distribution and some distribution of DVDs and video films. The movie theatre operations are conducted under the name Finnkino in Finland and Forum Cinemas in the Baltic countries.

GS-Hydro

- Sales SEK 763m (950) and EBITA SEK 17m (52)
- Weaker sales due to market downturn for the company's customers and a late-cyclical position. The underlying trend has improved, however, which is expected to have a positive impact on GS-Hydro starting in the fourth quarter
- Cost-cutting measures implemented to adapt operations to the lower volume
- Ratos provided SEK 55m during the third quarter to strengthen the company's capital structure

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK -62m at 30 September 2011 (negative value due to refinancing in 2008).

GS-Hydro is a leading supplier of non-welded piping solutions. Products are mainly used in the marine and offshore industries as well as in the pulp and paper, metals and mining and automotive and aerospace industries. The head office is located in Finland.

Hafa Bathroom Group

- Sales SEK 245m (311) and EBITA SEK 1m (45)
- Lower sales due to a terminated customer contract and weak market development
- Significant new contracts concluded and under implementation
- Weak earnings development due to lower volume and costs related to aggressive marketing, construction of new product displays and costs for cost-cutting measures
- Operations in Denmark have been phased out and reported as discontinued operations from the third quarter

Ratos's holding in Hafa Bathroom Group amounted to 100% and the consolidated book value in Ratos was SEK 149m at 30 September 2011.

Hafa Bathroom Group with the Hafa and Westerbergs brands is one of the Nordic region's leading bathroom interiors companies.

HL Display

- Sales SEK 1,233m (1,226) and EBITA SEK 65m (59)
- Sales increased by 8% adjusted for currency effects. Good customer activity in most countries, primarily Asia, Southern Europe and the Nordic countries showed good growth
- Currency effects had a negative impact on EBITA of approximately SEK 26m
- New factory in Poland inaugurated. Manufacture in Karlskoga, Sweden, was relocated to Poland in the third quarter and a decision was made to close and relocate the factory in Falun, Sweden. Restructuring costs of approximately SEK 20m were charged against profit for the period

Ratos's holding in HL Display amounted to 99% and the consolidated book value in Ratos was SEK 1,017m at 30 September 2011.

HL Display is a global, market-leading supplier of products and systems for merchandising and in-store communication with operations in 33 countries. Manufacture takes place in China, Poland, the UK and Sweden.

Inwido

- Sales SEK 3,640m (3,758) and EBITA SEK 281m (363)
- Good growth in the industry segment while consumer demand was cautious. Increased market shares in the Nordic region during the year
- Streamlining of production structure is under way and a decision has been made to close down factories in Denmark, Sweden and Russia
- EBITA was negatively affected by costs affecting comparability related to the streamlining of SEK 67m (21), of which SEK 55m (0) in the third quarter
- Acquisition of the Danish window manufacturer Pro Tec completed in July
- Inwido paid a dividend of SEK 301m in July, of which Ratos's share amounted to SEK 290m

Ratos's holding in Inwido amounted to 96% and the consolidated book value in Ratos was SEK 1,940m at 30 September 2011.

Inwido develops, manufactures and sells a full range of windows and doors to consumers, construction companies and prefabricated home manufacturers. Operations are conducted in all the Nordic countries as well as in the UK, Ireland, Poland and Russia. The company's brands include Elitfönster, SnickarPer, Tiivi, KPK, Lyssand and Allan Brothers.

Jøtul

- Sales SEK 653m (660) and EBITA SEK 0m (29)
- Sales increased by 6% in local currency. Weak development in the third quarter in most sub-markets
- Lower margins due to changes in the product mix, exchange rate fluctuations and development of raw material prices
- Earnings for 2010 were positively affected by SEK 15m due to changed pension rules
- Arve Johan Andresen new CEO from 1 November 2011

Ratos's holding in Jøtul amounted to 61% and the consolidated book value in Ratos was SEK 329m at 30 September 2011.

The Norwegian company Jøtul is Europe's largest manufacturer of stoves and fireplaces with production facilities in Norway, Denmark, France, Poland and the US. The company dates back to 1853 and the products are sold worldwide, primarily through speciality stores, but also through the DIY trade.

KVD Kvarndammen

- Sales SEK 199m (171) and EBITA SEK 38m (30)
- Continued strong development in the third quarter, sales +25% and EBITA +75%
- Stronger market share in the Cars business area and increased revenue per item contributed to the good development
- New mobile site launched (m.kvd.se)

Ratos's holding in KVD Kvarndammen amounted to 100% and the consolidated book value in Ratos was SEK 383m at 30 September 2011.

KVD Kvarndammen is Sweden's largest independent online marketplace offering broker services for second-hand company cars and car fleets. The company, which was founded in 1991, runs kvd.se where cars, heavy vehicles, machines, liquidation goods and surplus goods are offered for sale at weekly online auctions. The number of unique visitors totals approximately 200,000 per week. The company includes Sweden's largest valuation portal for cars, bilpriser.se.

Lindab

- Sales SEK 5,023m (4,830) and EBITA SEK 283m (325)
- Sales increased by 9% adjusted for currency effects and acquisitions
- Lower growth rate for the third quarter
- Operating EBITA amounted to SEK 300m (278)

Ratos's holding in Lindab amounted to 11% and the consolidated book value in Ratos was SEK 317m at 30 September 2011.

Lindab is a leading European company within development, production, marketing and distribution of systems and products in sheet metal and steel for the construction industry. The group is established in 31 countries. Approximately 60% of sales go to countries outside the Nordic region. Lindab is listed on Nasdaq OMX Stockholm, Mid Cap List.

Mobile Climate Control (MCC)

- Sales SEK 772m (685) and EBITA SEK 25m (92)
- Acquisition of Carrier's North American operations within bus AC completed in April
- Increased sales as a result of the acquisition. Demand from the military and bus segment negatively affected by budget savings in North America while other operations developed well
- Consolidation of European production to Poland and closure of the factory in Norrtälje, Sweden, initiated
- Less favourable earnings development due to negative currency effects, higher raw material prices, a changed customer mix and non-recurring costs (SEK 46m) mainly related to factory closures and acquisition and integration costs

Ratos's holding in Mobile Climate Control amounted to 100% and the consolidated book value in Ratos was SEK 756m at 30 September 2011.

Mobile Climate Control (MCC) offers complete climate comfort systems for three main customer segments: buses, off road and military vehicles. Approximately 80% of the company's sales take place in North America and 20% in Europe. Major production plants are located in Toronto (Canada), Goshen (USA), Norrtälje (Sweden), and Wroclaw (Poland).

SB Seating

- Sales SEK 912m (874) and EBITA SEK 178m (152)
- Strong third quarter with 14% growth in local currency and EBITA margin 22% (19)
- During the first nine months of the year sales in local currency increased by 7%. Very good development in Sweden, Norway and Germany. Continued weak development in the UK and Benelux
- Improved EBITA margin, 20% (17), due to increased volumes and completed action programmes

Ratos's holding in SB Seating amounted to 85% and the consolidated book value in Ratos was SEK 1,176m at 30 September 2011.

SB Seating develops and produces ergonomic office chairs in Scandinavian design for private and public environments. The group markets three strong brands, HÅG, RH and RBM, which are mainly sold through retail outlets. The group is represented today in Norway, Sweden, Denmark, Germany, the UK, Benelux and France.

Stofa

- Sales SEK 1,008m (1,055) and EBITA SEK 116m (82)
- Sales in local currency increased by 2%
- In 2010, acquisition-related costs had a negative effect on EBITA of SEK 24m
- Increased sales of TV programmes and add-on services introduced in 2010 and 2011 had a positive impact on sales and profitability
- Fast subscriber growth for Stofa's telephony services
- Klaus Høeg-Hagensen new CEO from 1 August 2011
- Stofa acquired part of Canal Digital's Danish cable TV business at the end of October. The purchase price (enterprise value) amounted to DKK 51m (approximately SEK 62m)

Ratos's holding in Stofa amounted to 99% and the consolidated book value in Ratos was SEK 716m at 30 September 2011.

Stofa is a Danish triple-play operator (broadband, cable TV and telephony) which provides some 350,000 Danish households with cable TV and 40% of them with broadband as well. The services are delivered in close cooperation with 300 antenna associations throughout Denmark. In addition, Stofa also sells to end-user subscribers who are offered interactive TV services (pay TV), broadband and IP telephony.

Ratos's holdings at 30 September 2011

SEKm	Net sales			EBITA			EBT ^{A)}		
	2011 Q 1-3	2010 Q 1-3	2010	2011 Q 1-3	2010 Q 1-3	2010	2011 Q 1-3	2010 Q 1-3	2010
AH Industries ¹⁾	658	743	978	17	59	55	-4	39	26
Anticimex ²⁾	1,418	1,370	1,856	149	140	198	89	97	139
Arcus-Gruppen ³⁾	1,391	1,340	1,944	41	55	156	-17	37	116
Biolin Scientific ⁴⁾	160	167	242	6	11	24	-6	-1	8
Bisnode	3,144	3,288	4,451	341	376	536	122	263	376
Contex Group	490	552	750	62	78	97	38	37	43
DIAB	924	1,080	1,396	17	166	188	-15	135	149
Euromaint ⁵⁾	2,409	2,283	3,166	84	-11	-36	10	-60	-101
Finnkino ⁶⁾	583	624	846	55	69	87	13	30	32
GS-Hydro	763	950	1,244	17	52	27	-22	21	-27
Hafa Bathroom Group ⁷⁾	245	311	407	1	45	46	-1	44	45
HL Display ⁸⁾	1,233	1,226	1,617	65	59	66	35	36	29
Inwido	3,640	3,758	5,149	281	363	446	209	287	328
Jøtul	653	660	1,044	0	29	97	-26	4	67
KVD Kvarndammen ⁹⁾	199	171	239	38	30	32	30	23	22
Lindab	5,023	4,830	6,527	283	325	401	164	191	112
Mobile Climate Control	772	685	902	25	92	112	-1	67	71
SB Seating	912	874	1,203	178	152	197	130	141	180
Stofa ¹⁰⁾	1,008	1,055	1,411	116	82	117	78	52	83
Total	25,623	25,965	35,371	1,777	2,172	2,844	825	1,442	1,700
Change	-1%			-18%			-43%		

SEKm	Depreciation ^{B)} 2011 Q 1-3	Investment ^{C)} 2011 Q 1-3	Cash-flow ^{D)} 2011 Q 1-3	Equity ^{E)} 30 Sept 2011	Interest-bearing net debt ^{E)} 30 Sept 2011	Average no. employees 2010	Consolidated	Ratos's
							value 30 Sept 2011	holding 30 Sept 2011
AH Industries ¹⁾	41	39	-12	907	391	420	632	69%
Anticimex ²⁾	29	-	-	639	818	1,204	566	85%
Arcus-Gruppen ³⁾	26	-	-	644	206	452	510	83%
Biolin Scientific ⁴⁾	5	-	-	371	134	141	365	100%
Bisnode	94	86	138	2,408	2,501	3,080	1,373	70%
Contex Group	32	41	23	1,041	635	322	1,023	99%
DIAB	64	59	-92	1,157	917	1,327	1,013	95%
Euromaint ⁵⁾	46	-	-	570	783	2,713	554	100%
Finnkino ⁶⁾	50	-	-	410	373	620	403	98%
GS-Hydro	19	5	54	319	552	626	-62	100%
Hafa Bathroom Group ⁷⁾	4	0	22	38	75	177	149	100%
HL Display ⁸⁾	26	45	-27	1,132	517	1,102	1,017	99%
Inwido	105	58	110	2,188	1,779	3,759	1,940	96%
Jøtul	43	68	-185	616	740	714	329	61%
KVD Kvarndammen ⁹⁾	4	1	15	383	159	167	383	100%
Lindab	118	98	16	2,827	1,944	4,454	317	11%
Mobile Climate Control	13	8	51	782	594	501	756	100%
SB Seating	32	19	139	1,291	590	471	1,176	85%
Stofa ¹⁰⁾	72	94	204	723	430	429	716	99%

^{A)} Earnings with restored interest expenses on shareholder loan.

^{B)} Depreciation includes depreciation and impairment of property, plant and equipment as well as internally generated and directly acquired intangible assets. Depreciation and impairment are included in EBITA.

^{C)} Investments excluding company acquisitions.

^{D)} Cash flow refers to cash flow from operating activities including paid interest and investing activities before acquisition and disposal of companies.

^{E)} Equity includes shareholder loans. Interest-bearing debt excludes shareholder loans.

¹⁾ AH Industries' earnings and average number of employees for 2010 are pro forma taking the acquisition of RM Group into account.

²⁾ Anticimex's earnings for 2010 and 2011 are pro forma taking new financing into account.

³⁾ Arcus-Gruppen's earnings for 2010 and 2011 are pro forma taking new financing into account.

⁴⁾ Biolin Scientific's earnings are pro forma taking into account a new group structure, acquisition of Sophion Bioscience in August 2011 and new financing.

⁵⁾ Euromaint's earnings for 2010 and 2011 are pro forma taking into account discontinued operations (Refurbishment business area).

⁶⁾ Finnkino's earnings for 2010 and 2011 are pro forma taking Ratos's acquisition into account.

⁷⁾ Hafa Bathroom Group's earnings for 2010 and 2011 are pro forma taking discontinued operations in Denmark into account.

⁸⁾ HL Display's earnings for 2010 are pro forma taking the refinancing in August 2010 into account.

⁹⁾ KVD Kvarndammen's earnings for 2010 are pro forma taking Ratos's acquisition into account.

¹⁰⁾ Stofa's earnings and average number of employees for 2010 are pro forma taking Ratos's acquisition into account.

Stockholm, 9 November 2011
Ratos AB (publ)



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CEO

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Telephone conference

9 November
10.00 CET

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Listen to
CEO Arne Karlsson's
comments on
this report at
www.ratos.se

Financial calendar

2012

16 Feb	Year-end report 2011
18 April	Annual General Meeting
8 May	Interim report Jan-March
17 Aug	Interim report Jan-June
9 Nov	Interim report Jan-Sept

This information is disclosed pursuant to the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act or requirements stipulated in the listing agreement.

Review report

Introduction

We have reviewed this interim report for Ratos AB as at 30 September 2011 and the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditors of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us

to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

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

Stockholm, 9 November 2011
KPMG AB



Thomas Thiel
Authorised Public Accountant

Consolidated income statement

SEKm	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010
Net sales	7,172	6,856	21,684	20,083	27,953
Other operating income	39	87	171	208	376
Change in inventories	-88	-533	93	-367	27
Raw materials and consumables	-2,706	-2,172	-8,376	-7,115	-10,411
Employee benefit costs	-2,281	-1,984	-7,067	-6,414	-8,941
Depreciation and impairment of property, plant and equipment and intangible assets	-325	-255	-860	-725	-1,050
Other costs	-1,529	-1,407	-4,558	-4,309	-6,097
Remeasurement HL Display		140		140	140
Capital gain from the sale of group companies	32	783	33	778	774
Capital gain from the sale of associates			487		537
Share of profits of associates	20	85	28	219	253
Operating profit	334	1,600	1,635	2,498	3,561
Financial income	8	48	89	179	253
Financial expenses	-296	-198	-789	-630	-946
Net financial items	-288	-150	-700	-451	-693
Profit before tax	46	1,450	935	2,047	2,868
Tax	-36	-173	-211	-382	-455
Profit for the period	10	1,277	724	1,665	2,413
Profit for the period attributable to:					
Owners of the parent	9	1,229	705	1,568	2,255
Non-controlling interests	1	48	19	97	158
Earnings per share, SEK					
– before dilution	0.03	3.87	2.21	4.93	7.09
– after dilution	0.03	3.86	2.21	4.92	7.07

Consolidated statement of comprehensive income

SEKm	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010
Profit for the period	10	1,277	724	1,665	2,413
Other comprehensive income:					
Translation differences for the period	137	-622	249	-1,099	-1,153
Change in hedging reserve for the period	-42	51	-15	61	95
Tax attributable to other comprehensive income	11	-14	4	-16	-22
Other comprehensive income for the period	106	-585	238	-1,054	-1,080
Total comprehensive income for the period	116	692	962	611	1,333
Total comprehensive income for the period attributable to:					
Owners of the parent	104	698	904	680	1,352
Non-controlling interests	12	-6	58	-69	-19

Summary consolidated statement of financial position

SEKm	30 Sept 2011	30 Sept 2010	31 Dec 2010
ASSETS			
Non-current assets			
Goodwill	21,121	19,674	20,304
Other intangible assets	1,624	1,622	1,621
Property, plant and equipment	4,380	4,074	4,050
Financial assets	818	2,420	808
Deferred tax assets	682	490	632
Total non-current assets	28,625	28,280	27,415
Current assets			
Inventories	3,074	2,963	2,884
Current receivables	6,106	5,965	6,291
Cash and cash equivalents	2,506	2,522	2,855
Assets held for sale			1,318
Total current assets	11,686	11,450	13,348
Total assets	40,311	39,730	40,763
EQUITY AND LIABILITIES			
Equity including non-controlling interests	15,377	15,717	16,465
Non-current liabilities			
Interest-bearing liabilities	11,352	11,534	10,923
Non-interest bearing liabilities	561	446	405
Pension provisions	422	410	412
Other provisions	600	512	431
Deferred tax liabilities	756	710	778
Total non-current liabilities	13,691	13,612	12,949
Current liabilities			
Interest-bearing liabilities	2,991	2,816	2,872
Non-interest bearing liabilities	7,574	7,035	7,851
Provisions	678	550	626
Total current liabilities	11,243	10,401	11,349
Total equity and liabilities	40,311	39,730	40,763

Summary statement of changes in consolidated equity

SEKm	30 Sept 2011			30 Sept 2010			31 Dec 2010		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
Opening equity	15,091	1,374	16,465	15,302	1,500	16,802	15,302	1,500	16,802
Adjusted for changed accounting principle				-25		-25	-25		-25
Effect of adopted purchase price allocation	-23		-23						
Adjusted equity	15,068	1,374	16,442	15,277	1,500	16,777	15,277	1,500	16,777
Total comprehensive income for the period	904	58	962	680	-69	611	1,352	-19	1,333
Dividend	-1,678	-133	-1,811	-1,512	-23	-1,535	-1,512	-23	-1,535
New issue		7	7	43	125	168	43	145	188
Transfer of treasury shares (at acquisitions) in associates				10		10	10		10
Purchase of treasury shares	-74		-74	-34		-34	-34		-34
Transfer of treasury shares (exercise of call options)	88		88	80		80	80		80
Option premiums	6		6	9		9	9		9
Redemption of convertible programme in associates				-8		-8	-8		-8
Acquisition of non-controlling interests	-175	-156	-331	-109	-218	-327	-117	-234	-351
Disposal of non-controlling interests				-1	1			1	1
Redemption of options in subsidiary				-5		-5	-9		-9
Non-controlling interests at acquisition		102	102					32	32
Non-controlling interests in disposals		-14	-14		-29	-29		-28	-28
Closing equity	14,139	1,238	15,377	14,430	1,287	15,717	15,091	1,374	16,465

Consolidated statement of cash flows

SEKm	2011 Q 1-3	2010 Q 1-3	2010
Operating activities			
Profit before tax	935	2,047	2,868
Adjustment for non-cash items	114	-337	-621
	1,049	1,710	2,247
Income tax paid	-246	-141	-250
Cash flow from operating activities before change in working capital	803	1,569	1,997
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-246	-90	-2
Increase (-)/Decrease (+) in operating receivables	340	565	254
Increase (+)/Decrease (-) in operating liabilities	-413	-1,333	-447
Cash flow from operating activities	484	711	1,802
Investing activities			
Acquisition, group companies	-1,446	-1,358	-2,032
Disposal, group companies	804	1,103	1,118
Acquisition, shares in associates	-3	-491	-488
Disposal, shares in associates	1,874	3	858
Acquisition other intangible/tangible assets	-609	-518	-710
Disposal, other intangible/tangible assets	16	54	76
Investments, financial assets	-44	-49	-67
Disposal, financial assets	49	44	31
Cash flow from investing activities	641	-1,212	-1,214
Financing activities			
Purchase of treasury shares	-74	-34	-34
Exercise of options	41	71	71
Option premiums	34	24	26
Acquisition of non-controlling interests	-228	-254	-271
Dividend paid	-1,678	-1,512	-1,512
Dividend paid/redemption, non-controlling interests	-133	-23	-23
Borrowings	2,781	986	987
Amortisation of loans	-2,256	-1,147	-1,880
Cash flow from financing activities	-1,513	-1,889	-2,636
Cash flow for the period	-388	-2,390	-2,048
Cash and cash equivalents at beginning of the year	2,855	4,999	4,999
Exchange differences in cash and cash equivalents	39	-87	-96
Cash and cash equivalents at the end of the period	2,506	2,522	2,855

Consolidated key figures

1)	2011 Q 1-3	2010 Q 1-3	2010
Return on equity, %			15
Equity ratio, %	38	40	40
Key figures per share			
Total return, %	-33	31	40
Dividend yield, %			4.2
Market price, SEK	79.70	116.40	124.50
Dividend, SEK			5.25
Equity attributable to owners of the parent, SEK	44	45	47
Earnings per share before dilution, SEK	2.21	4.93	7.09
Average number of shares outstanding			
– before dilution	319,050,205	318,020,024	318,134,920
– after dilution	319,425,102	318,602,240	318,752,700
Total number of registered shares			
Number of shares outstanding	324,140,896	324,140,896	324,140,896
– of which A shares	84,637,060	84,651,060	84,647,060
– of which B shares	234,359,709	233,823,554	233,827,554

1) Relevant historical figures are recalculated taking the 2011 share split into account.

Parent company income statement

SEKm	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010
Other operating income		3	1	4	104
Other external costs	-12	-13	-62	-87	-139
Personnel costs	-17	-31	-98	-119	-167
Depreciation of property, plant and equipment	-2	-2	-4	-4	-5
Other operating expenses					
Operating profit/loss	-31	-43	-163	-206	-207
Capital gain from sale of participations in group companies	107	932	107	932	932
Dividends from group companies	290		827	93	93
Impairment of shares in group companies					-4
Reversed impairment of shares in group companies			37		
Capital gain from sale of interests in associates			78		737
Dividends from associates			16	12	12
Impairment of interests in associates					-3
Result from other securities and receivables accounted for as non-current assets	40	35	126	106	116
Other interest income and similar profit/loss items	0	1	33	5	7
Interest expenses and similar profit/loss items	-9	-41	-33	-69	-75
Profit after financial items	397	884	1,028	873	1,608
Tax					
Profit for the period	397	884	1,028	873	1,608

Parent company statement of comprehensive income

SEKm	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010
Profit for the period	397	884	1,028	873	1,608
Other comprehensive income:					
Change in fair value reserve for the period	0	-11	6	-21	-21
Other comprehensive income for the period	0	-11	6	-21	-21
Comprehensive income for the period	397	873	1,034	852	1,587

Summary parent company balance sheet

SEKm	30 Sept 2011	30 Sept 2010	31 Dec 2010
ASSETS			
Non-current assets			
Property, plant and equipment	83	87	87
Financial assets	12,728	13,021	13,711
Total non-current assets	12,811	13,108	13,798
Current assets			
Current receivables	101	24	43
Cash and cash equivalents	775	282	420
Total current assets	876	306	463
Total assets	13,687	13,414	14,261
EQUITY AND LIABILITIES			
Equity	12,871	12,758	13,493
Non-current provisions			
Pension provisions	2	2	2
Other provisions	39	136	31
Non-current liabilities			
Interest-bearing liabilities, group companies	606	244	272
Non-interest bearing liabilities	76	109	99
Current liabilities			
Interest-bearing liabilities, group companies			184
Non-interest bearing liabilities	93	165	180
Total equity and liabilities	13,687	13,414	14,261
Pledged assets and contingent liabilities	none	none	none

Summary statement of changes in parent company's equity

SEKm	30 Sept 2011	30 Sept 2010	31 Dec 2010
Opening equity	13,493	13,321	13,321
Comprehensive income for the period	1,034	852	1,587
Dividend	-1,678	-1,512	-1,512
Purchase of treasury shares	-74	-34	-34
New issue		43	43
Transfer of treasury shares (exercise call options)	88	80	80
Option premiums	8	8	8
Closing equity	12,871	12,758	13,493

Parent company cash flow statement

SEKm	2011 Q 1-3	2010 Q 1-3	2010
Operating activities			
Profit before tax	1,028	873	1,608
Adjustment of non-cash items	-346	-952	-1,759
	682	-79	-151
Income tax paid	-	-	-
Cash flow from operating activities before change in working capital	682	-79	-151
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables	-27	-8	-11
Increase (+)/Decrease (-) in operating liabilities	-52	-145	-128
Cash flow from operating activities	603	-232	-290
Investing activities			
Investment, shares in subsidiaries	-867	-1,896	-2,513
Disposal and redemption, shares in subsidiaries	1,486	1,489	1,489
Investment, shares in associates and other holdings		-486	-484
Disposal, shares in associates and other holdings	549		855
Acquisition, property, plant and equipment		-2	-2
Investment, financial assets	-50	-11	-40
Disposal, financial assets	46	80	80
Cash flow from investing activities	1,163	-826	-615
Financing activities			
Purchase of treasury shares	-74	-34	-34
Transfer of treasury shares (exercise call options)	88	80	80
Option premiums	10	8	11
Redemption incentive programme	-47		
Dividends paid	-1,678	-1,512	-1,512
Loans raised in group companies	290	22	4
Cash flow from financing activities	-1,411	-1,436	-1,451
Cash flow for the period	355	-2,494	-2,356
Cash and cash equivalents at the beginning of the year	420	2,776	2,776
Cash and cash equivalents at the end of the period	775	282	420

Operating segments

SEKm	Sales					EBT ¹⁾				
	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010	2011 Q 3	2010 Q 3	2011 Q 1-3	2010 Q 1-3	2010
Holdings										
AH Industries	215	152	658	371	611	-9	-7	-4	-11	-24
Anticimex	482	461	1,418	1,370	1,856	12	29	68	87	127
Arcus-Gruppen	507	476	1,391	1,340	1,944	-19	48	-12	51	135
Biolin Scientific ²⁾	44		103			4		3		
Bisnode	1,039	1,015	3,144	3,288	4,451	16	70	49	189	274
Camfil ³⁾							22		79	99
Contex Group	154	186	490	552	750	7	7	38	37	43
DIAB	285	362	924	1,080	1,396	-55	44	-16	135	149
Euromaint	737	845	2,547	2,583	3,532	-53	-9	-107	-79	-165
Finnkino ⁴⁾	196		327			-6		-8		
GS-Hydro	262	281	763	950	1,244	-5	-11	-22	21	-27
Hafa Bathroom Group	77	95	253	324	424	-17	6	-20	38	37
Haglöfs ⁵⁾		30		289	289		-4		5	5
HL Display ⁶⁾	409	270	1,233	270	662	8	3	36	20	13
Inwido	1,290	1,276	3,640	3,758	5,149	66	149	209	287	328
Jøtul	275	275	653	660	1,044	-14	25	-62	-27	25
KVD Kvarndammen ²⁾	65		199			13		30		
Lindab						14	36	18	43	38
Medisize ⁷⁾	66	236	617	826	1,079	-11	31	42	85	95
Mobile Climate Control	290	231	772	685	902	-14	30	-1	67	71
SB Seating	288	248	912	874	1,203	22	20	55	71	87
Stofa ⁸⁾	323	235	1,008	235	600	14	12	78	12	44
Superfos ⁹⁾							21		58	65
Total	7,004	6,674	21,052	19,455	27,136	-27	522	374	1,168	1,419
Exit Camfil								586		
Exit Superfos								-99		
Exit Medisize						38		38		
Exit Haglöfs							783		783	783
Exit Lindab										537
Exit result						38	783	525	783	1,320
Remeasurement HL Display							140		140	140
Holdings total	7,004	6,674	21,052	19,455	27,136	11	1 445	899	2,091	2,879
Central income and expenses	168	182	632	628	817	35	5	36	-44	-11
Group total	7,172	6,856	21,684	20,083	27,953	46	1 450	935	2,047	2,868

¹⁾ Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

²⁾ Biolin Scientific and KVD Kvarndammen were acquired at the end of December 2010 and are not included in consolidated profit for 2010.

³⁾ Camfil was sold at the beginning of January and is not included in consolidated profit for 2011. Until the sale, Camfil was recognised among Assets held for sale.

⁴⁾ Finnkino is included in the Group from May 2011.

⁵⁾ Haglöfs is included in consolidated profit through July 2010. The entire holding was sold in August 2010.

⁶⁾ HL Display included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

⁷⁾ Medisize is included in consolidated profit through July 2011. The entire holding was sold in August 2011.

⁸⁾ Stofa is included in the Group from August 2010.

⁹⁾ Superfos was recognised among Assets held for sale until it was sold in February and is thus not included in consolidated profit for 2011.

Accounting principles in accordance with IFRS

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report is prepared in accordance with IAS 34, Interim Financial Reporting. Pertinent regulations in the Swedish Annual Accounts Act are also applied.

The parent company's interim report is prepared in accordance with the Annual Accounts Act which is in accordance with the regulations in RFR 2 Accounting for Legal Entities.

The accounting principles and basis of calculation are the same as those applied for the Group and the parent company in preparation of the most recent annual report. IFRS requires uniform accounting principles within a group.

New accounting principles for 2011

The revised IFRS standards and interpretations from IFRIC which come into force in 2011 are not assessed as having any material effect on the performance, financial position or disclosures of the Group or parent company.

Significant accounting and valuation principles

A brief summary of Ratos's key accounting principles is provided below.

Business combinations

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements are applied to acquisitions of subsidiaries. How an acquisition/disposal is recognised in the accounts depends on the size of the share acquired/sold.

- In the event ownership in the company exists, without this providing a controlling interest, when a controlling interest is obtained in the acquired company a remeasurement is performed at fair value whereby profit/loss is recognised in profit or loss for the year. In a corresponding manner a disposal, which results in a loss of control, is recognised as a capital gain or loss from the disposal while the remaining share in the company is remeasured at fair value.
- Acquisitions that take place after control has been obtained or in the event of a disposal when control remains, are regarded as owner transactions, whereby any changes are recognised in equity.

- Contingent considerations will be measured at fair value on the transaction date and in cases where the contingent consideration results in a liability it will be measured at fair value on each accounting date. Remeasurement is recognised as income/expense in profit or loss for the year.
- Transaction costs that arise in conjunction with an acquisition are expensed immediately.
- For business combinations there are two alternative methods for recognising goodwill, either full or proportionate share of goodwill. The choice between these two methods will be made individually for every acquisition.

Purchase price allocations

Purchase price allocations (PPAs) are preliminary until adopted, which must take place within 12 months from the acquisition. In cases where a PPA is changed, income statements and balance sheets are adjusted for the comparative period when appropriate.

PPAs have been adopted for Stofa and HL Display. A definitive PPA for Stofa is reported under Business combinations. HL Display's PPA has been adopted in accordance with the preliminary PPA.

Goodwill and intangible assets

IFRS represents a requirement to identify and measure intangible assets at acquisition. To the extent intangible assets can be identified goodwill decreases correspondingly. Goodwill is not amortised but is subject to an annual test for impairment. Other intangible assets are amortised to the extent that an amortisation period can be determined. In such cases, testing for impairment is only carried out when there is an indication of a decline in value. If the amortisation period cannot be determined and amortisation is therefore not effected, an annual impairment test must be performed regardless of whether or not there is any indication of impairment.

When testing for impairment, goodwill and other intangible assets with an indeterminable useful life are attributable to cash-generating units, which in Ratos's case constitute separate subsidiaries (holdings). All holdings' carrying amounts, including the value of goodwill and intangible non-current assets attributable to the acquisition are tested by calculating the recoverable amount for the holdings. Holdings are tested for impairment annually regardless of whether or not there is any indication of impairment. Testing is conducted between annual periods if there is any indication of impairment.

Business combinations

Acquisitions

In March, Ratos signed an agreement with the Sanoma media group to acquire the Finnish movie theatre group Finnkinno. The acquisition was completed on 30 April. The consideration transferred amounted to EUR 71m (SEK 635m). Ratos provided equity of EUR 45m (SEK 402m). In the preliminary PPA goodwill amounts to SEK 537m. Finnkinno conducts movie theatre operations in both Finland and the Baltic countries. The goodwill recognised for the acquisition reflects the company's strong market position, a well-developed concept with movie theatres with many screens, digital and 3D technology as well as service through the sale of snacks, sweets and soft drinks, which have contributed to the company's rising profitability level.

The acquired company is included in consolidated sales from the acquisition date with SEK 327m and in profit before tax with SEK -8m. For the period January to September sales amounted to SEK 583m and profit before tax was SEK 13m. The acquisition company's interest expenses are stated pro forma to correspond to a full year. Acquisition-related costs amounted to SEK 26m for the period and are recognised as other operating expenses in consolidated profit or loss.

Purchase price allocation (PPA) Finnkinno

SEKm	
Intangible assets	3
Property, plant and equipment	622
Financial assets	1
Current assets	60
Cash and cash equivalents	53
Non-controlling interests	-7
Non-current liabilities and provisions	-474
Current liabilities	-160
Net identifiable assets and liabilities	98
Consolidated goodwill	537
Consideration transferred	635

Since the PPA is preliminary, fair value has not been finally identified for all items.

Adoption of purchase price allocations (PPAs) from the previous year

Customer relationships have been measured in the definite PPA for Stofa. Customer relationships are amortised over a 6-month period. As per September, customer relationships are therefore fully amortised.

Purchase price allocation (PPA) Stofa

SEKm	Preliminary PPA	New measurement	Definite PPA
Intangible assets	6	28	34
Property, plant and equipment	467		467
Financial assets	68		68
Deferred tax assets			0
Current assets	254		254
Cash and cash equivalents	131		131
Non-controlling interests	-1		-1
Non-current liabilities and provisions	-813		-813
Current liabilities	-329		-329
Net identifiable assets and liabilities	-217	28	-189
Consolidated goodwill	885	-28	857
Consideration transferred	668	0	668

Acquisitions in group companies

Bisnode acquired four Creditinfo Schufa companies in the Czech Republic, Slovakia and Poland which operate within credit and business information solutions. In Norway, Bisnode acquired the credit information company Lindorff Decision and 90.1% of the market information company Lindorff Match. The company also acquired 51% of Vendemore Nordic AB and Poslovna Domena in Croatia. The total consideration transferred for these acquisitions amounted to SEK 395m. The acquired companies are included in consolidated sales from the acquisition date with SEK 80m and in profit before tax with SEK 6m. For the period January to September sales amounted to SEK 147m and profit before tax was SEK 19m. Acquisition-related costs amounted to SEK 8m for the period and are recognised as other operating expenses in consolidated profit or loss.

Mobile Climate Control (MCC) acquired Carrier's bus AC operations in North America from the American group Carrier Corporation. Consideration transferred amounted to SEK 217m, whereby Ratos provided capital of SEK 114m. In addition to this a minor acquisition was made. The acquired companies are included in consolidated sales from the acquisition date with SEK 185m and in profit before tax with SEK 20m. Since the acquisition is an asset deal, no sales or profit before tax have been calculated for the period prior to the acquisition.

Arcus-Gruppen acquired 51% of the shares in the Norwegian wine wholesaler Excellars AS in August. Consideration transferred amounted to SEK 86m. The acquired company is included in consolidated sales

from the acquisition date with SEK 8m and in profit before tax with SEK 2m. For the period January to September sales amounted to SEK 79m and profit before tax was SEK 20m.

Inwido acquired the Danish window company Pro Tec Vinduer in July. Consideration transferred amounted to SEK 27m. The acquired company is included in consolidated sales from the acquisition date with SEK 44m and in profit before tax with SEK 4m. For the period January to September sales amounted to SEK 117m and loss before tax was SEK 14m. Acquisition-related costs amounted to SEK 1m and are recognised as other operating expenses in consolidated profit or loss.

In August, Biolin Scientific acquired all the shares in the Danish company Sophion Bioscience A/S from NeuroSearch A/S as well as a number of venture capital companies. Consideration transferred amounted to DKK 145m (SEK 179m). Ratos provided SEK 65m. In the preliminary PPA goodwill amounts to SEK 139m. Sophion Bioscience's strong position within Life Science will both provide the company with new technology and increase Biolin Scientific's opportunities to reach new customer groups, which motivates the recognised goodwill.

Sophion Bioscience is included in consolidated sales from the acquisition date with SEK 9m and in profit before tax with SEK 2m. For the period January to September sales amounted to SEK 66m and profit before tax was SEK 2m. Acquisition-related costs amounted to SEK 2m and are recognised as other operating expenses in consolidated profit or loss.

PPAs for each company are provided on the right.

Purchase price allocations (PPAs)

SEKm	Arcus-Gruppen	Biolin Scientific	Bisnode	Inwido	MCC
Intangible assets	5	12	40		140
Property, plant and equipment	0	4	2	8	7
Financial assets		2		0	
Deferred tax assets		12	0		
Current assets	50	26	29	45	111
Cash and cash equivalents	30	0	34	0	
Non-controlling interests	-97		-3		
Non-current liabilities and provisions	-1	-2	18	-8	
Current liabilities	-60	-14	-50	-43	-28
Net identifiable assets and liabilities	-73	39	70	3	231
Consolidated goodwill	159	139	325	24	
Consideration transferred	86	179	395	27	231

Since all the PPAs are preliminary, fair value has not been finally identified for all items.

Disposals

In November 2010, Ratos concluded an agreement with the principal owners on a sale of the associated company Camfil to the Larson and Markman families. Consideration transferred amounted to SEK 1,325m and Ratos's capital gain (exit gain) amounted to SEK 586m. The sale was completed in January 2011.

Ratos and co-owner IK Investment Partners concluded an agreement in December 2010 on the sale of all the shares in Superfos Industries A/S. The sale was completed in February and Ratos's share of the consideration transferred amounted to EUR 63m (SEK 549m) and the capital loss for Ratos (exit result) was SEK -99m.

The sale of the subsidiary Medisize to Phillips Plastics was completed on 12 August. Consideration transferred amounted to SEK 866m and Ratos's exit gain amounted to SEK 38m.

Share split

At the Annual General Meeting held on 5 April 2011 a decision was made to increase the number of shares in Ratos by each share being divided into two shares (2:1 share split). The share split was effected on 6 May 2011. After the split the number of shares amounted to 324,140,896 instead of 162,070,448, comprising

86,647,060 A shares and 239,493,836 B shares. The share split means that the quota value per share (share capital divided by the number of shares) has changed from SEK 6.30 to SEK 3.15. Earnings per share have been recalculated taking the above change into account.

RATOS

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