Year-end report 2019

Improved earnings and continued favourable growth in the fourth quarter

- Net sales for Ratos's business areas increased by 15%, of which 16% comprised organic growth, and amounted to SEK 6,221m (5,428)
- EBITA for Ratos's business areas, excluding IFRS 16, totalled SEK 57m (-69)
- Operating profit for the Group according to IFRS amounted to SEK 122m (-689)
- Net cash in the parent company totalled SEK 1,607m
- Basic and diluted earnings per share for full year 2019 amounted to SEK 2.11 (-1.40)
- Proposed dividend for full year 2019 of SEK 0.65 per share (0.50)

Financial performance

MSEK	Q4 2019	Q4 2018	Change%	Q1-4 2019	Q1-4 2018	Change%
Group, IFRS						
Net sales	6,206	5,919	5%	25,061	23,125	8%
Operating profit	122	-689	n/a	1,655	293	n/a
Profit before tax	-36	-765	n/a	1,061	-107	n/a
Diluted earnings per share, SEK	-0.53	-2.46	n/a	2.11	-1.40	n/a
Cash and cash equivalents in the parent company, at period end				1,607	1,734	-7%
Ratos business areas, Ratos's holding [1]						
Net sales	6,221	5,428	15%	24,475	21,531	14%
EBITDA, excluding IFRS 16 [2]	162	89	82%	1,474	1,300	13%
EBITA, including IFRS 16	88			1,196		
EBITA, excluding IFRS 16 [2]	57	-69	n/a	1,073	835	29%
Earnings in the company portfolio [3]	57	-72	n/a	1,073	846	27%
Earnings before tax, including IFRS 16 [2]	-98			470		
Earnings before tax, excluding IFRS 16 [2]	-76	-1,209	n/a	564	-671	n/a
Cash flow from operations	635	300	n/a	1,839	341	n/a

1) Tables in a tinged background are alternative performance measures, refer to Note 3 Alternative performance measures, page 24 for reconciliation. Page 29 contains definitions.

2) Excluding IFRS 16 means that leases are reported according to IFRS standards applicable up to and including 2018. Refer to Note 10, page 28 for the effects of the year 2019.

3) Reported EBITA excluding IFRS 16, for current company portfolio and period.

CEO comments on performance in the fourth quarter of 2019

Improved earnings and continued favourable growth in a quarter characterised by measures to improve earnings

EBITA in the company group improved, and organic growth for the quarter amounted to 16%. During the quarter, significant costs for measures, particularly in TFS and Plantasjen, were taken in connection with changes of CEOs. The rate of growth remains strong and the majority of the companies develops positively.

Earnings trend in the companies, adjusted for Ratos's holding (excluding IFRS 16 for comparability)

Organic growth amounted to 16% in the fourth quarter. Currency effects had a -1% effect on sales for the quarter. EBITA increased from SEK -69m to SEK 57m. The higher earnings pertain mainly to growth in Diab, HENT, Speed Group, HL Display, Bisnode and Kvdbil. Underlying growth is positive in several of the companies. Cash flow from operations improved markedly as a result of earnings improvements and increased focus on working capital.

Sales in **Construction & Services** increased by 28%, of which organic growth accounted for 26% and EBITA increased to SEK 104m (11). Aibel's sales increased significantly in the quarter as a result of a large order backlog that is still in an early phase and therefore has low revenue recognition.

airteam's operations, which had a favourable order intake during the quarter, are improving in terms of earnings, and the Swedish operations are beginning to stabilise. Operations in Denmark are undergoing changes aimed at further increasing profitability.

HENT continued to demonstrate favourable growth in the quarter, during which EBITA continued to be impacted the problem projects that led to write-downs earlier in the year. The project portfolio has developed well in general but a majority of the projects in the portfolio is still at an early stage leading to a prudent profit recognition.

Speed Group continued to improve its earnings according to plan as a result of well-implemented restructuring programmes earlier in the year.

Sales in **Consumer & Technology** decreased by 5% (0% organic growth) due to the sale of Plantasjen's subsidiary Spira. EBITA decreased to SEK -88m (-46), primarily due to Plantasjen's capital loss from the divestment of Spira, measures to improve earnings and lower underlying profitability. Necessary measures to reduce rental costs are ongoing in Plantasjen, in parallel with an action programme intended to improve the customer offering and profitability.

Bisnode's investments during the first half of the year continued to contribute to increased earnings this quarter.

Kvdbil is growing rapidly within Private Cars as well as Company Cars and its earnings improved during the quarter. New initiatives have been presented to make the vehicle fleet in Sweden less dependent on fossil fuels.

Oase Outdoors concluded a difficult year with costs for a smaller impairment of inventories and a bad debt loss in a seasonally weak quarter.

Sales in **Industry** increased by 10% (10% organic growth) and EBITA rose to SEK 41m (-34) driven by Diab and HL Display. Reported earnings were charged with restructuring costs at TFS, which has been underperforming in terms of profitability for a long time.

Diab continued to post strong growth and earnings improvements. A new production unit started up in the US and more units will go into operation in 2020. During the quarter, a three-year contract was signed for deliveries to a leading Chinese wind energy company.

HL Display continued to strengthen its earnings, with improved gross margins as a result of more efficient production and logistics in combination with new products.

LEDiL's sales increased somewhat as a result of its investment in the US market. Earnings were charged with higher operating costs and an impairment of inventories.

During the quarter, TFS carried out a cost-savings programme that is expected to provide annual savings of nearly SEK 30m, and a new CEO, Bassem Saleh, took office. Bassem most recently had the role as Head of TFS's largest business area, Clinical Development Services (CDS), which has had positive growth in both sales and earnings. The total costs for the change in CEO and the cost-savings programme amounted to SEK 41m, which was charged in its entirety to the fourth quarter. Underlying earnings improved during the quarter.

HL Display, LEDiL and fore most Diab are currently affected by production disruptions in China as a result of the Corona virus. It is currently difficult to make a forecast when the situation can be stabilized.

In short, I'm pleased with the developments from this quarter and the year as a whole, with measures and changes yielding results somewhat faster than expected. Reported EBITA for the year grew by 29%, while organic growth amounted to 14%. Cash flow from operations improved by approximately SEK 700m (excluding IFRS 16), which contributed to lower debt in the companies. Challenges remain in some companies, but the majority have stabilised and are demonstrating positive growth in EBITA and sales in an uncertain macroeconomic situation. Nevertheless, a great deal of work remains to be done to achieve top profitability in each industry and market. I look forward to 2020 with a sense of cautious optimism.

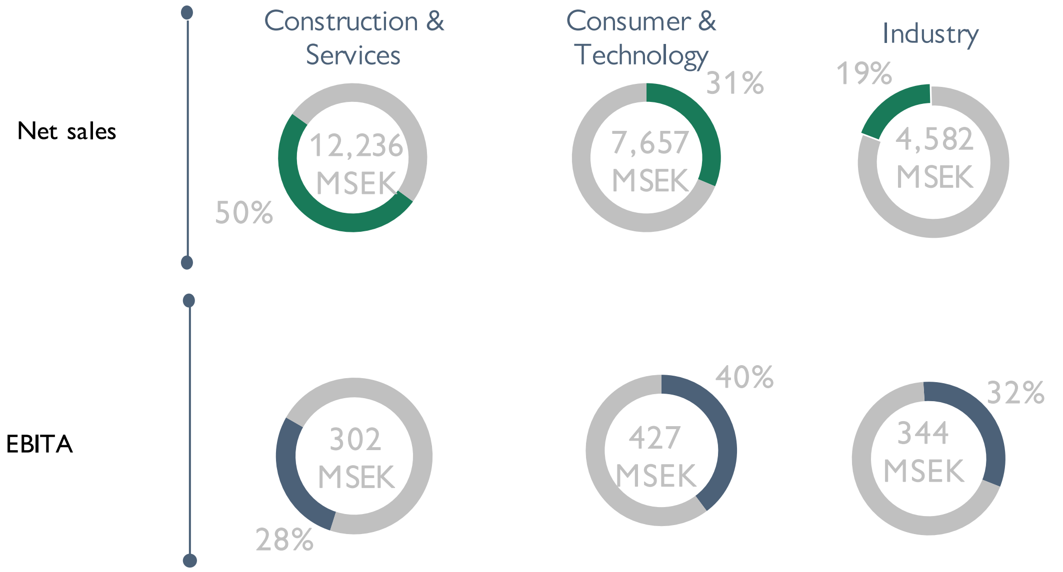
Jonas Wiström, CEO

Overview, Ratos's business areas

Ratos's companies are divided into three business areas: Construction & Services, Consumer & Technology and Industry. All figures displayed per business area and per company exclude the effects of IFRS 16. The figures for each business area and the portfolio as a whole are comparable with the year-earlier period. At 31 December 2019, net sales for Ratos's business areas, adjusted for Ratos's holdings, amounted to SEK 24,475m (21,531), up 14%. EBITA increased to SEK 1,073m at 31 December 2019 (835), adjusted for Ratos's holdings. Add-on acquisitions were carried out in airteam during the year, and Spira was sold in the fourth quarter.

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

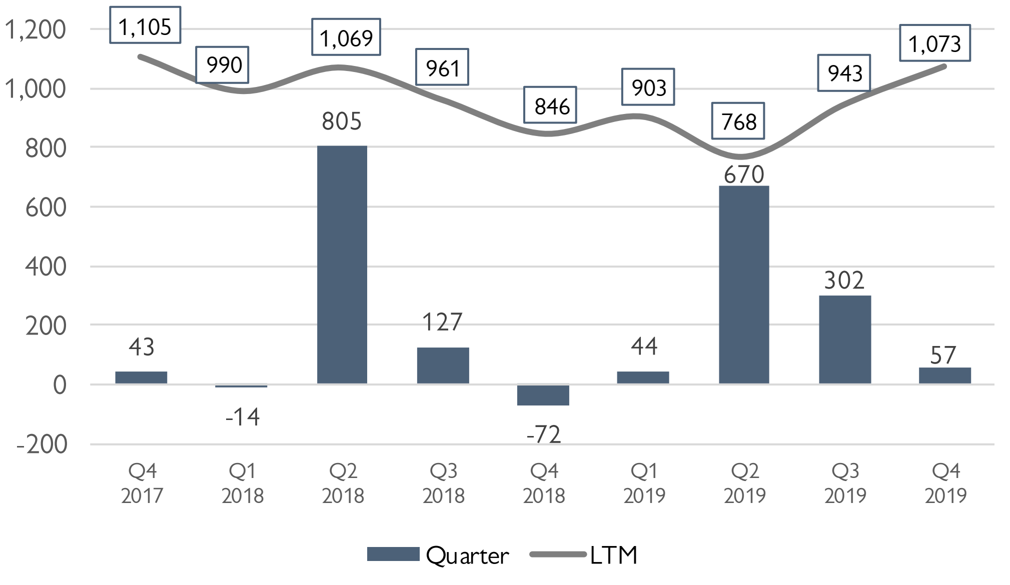
In absolute numbers and as a percentage of the Ratos Group's net sales and EBITA as of 31 December 2019.



Earnings in the company portfolio, adjusted for Ratos's holdings

One of Ratos's financial targets is for the earnings of the company portfolio to increase each year. The diagram below displays the development of this target, defined as reported EBITA excluding IFRS 16, for the current company portfolio and period. For the last 12-month period, earnings in the company portfolio amounted to SEK 1,073m (846), up 27%.

MSEK



Construction & Services

Business area development

During the fourth quarter of 2019, net sales for Construction & Services increased by 28%, of which organic growth accounted for 26%. EBITA increased to SEK 104m (11) due to higher EBITA, primarily in HENT and Speed Group.

	Net sales				EBITA			
MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Companies in its entirety								
Aibel	3,906	2,093	12,562	8,450	148	226	690	648
airteam	359	281	1,135	918	40	35	89	89
HENT	2,617	2,429	9,504	8,394	29	-103	22	162
Speed Group	192	196	707	738	11	-15	5	-8
Companies total	**7,073**	**4,999**	**23,908**	**18,500**	**228**	**143**	**806**	**891**
Adjustment for Ratos's holding	-3,531	-2,225	-11,672	-8,518	-124	-132	-504	-509
Total, adjusted for Ratos's holding	**3,542**	**2,774**	**12,236**	**9,982**	**104**	**11**	**302**	**382**
Reported growth [1]	*28%*	*14%*	*23%*	*8%*				
EBITA margin % [1]					*2.9%*	*0.4%*	*2.5%*	*3.8%*

[1] Adjusted for Ratos's holding

aibel

- The strong growth in the fourth quarter was fuelled by increased production and a growing order backlog.
- Market trends led to a change in the mix between multi-year design and construction projects in Field Development and modification and service projects in Modifications & Yard compared with previous years. Field Development now consists, to a larger extent, of operations with a larger portion of projects in an early phase, entailing low revenue recognition and a weaker EBITA margin in the fourth quarter. The positive effects generated by the conclusion of contracts had a favourable impact on profitability in the year-earlier period.
- Aibel won another major offshore wind contract from a consortium consisting of SSE Renewables and Equinor. In total, the company was awarded offshore wind contracts totalling approximately EUR 800m in 2019.
- The order intake in the quarter amounted to NOK 4 billion, and the order book at the close of the quarter amounted to approximately NOK 17 billion. Additionally, Aibel has a significant order value in the shared portion of the DolWin 5 offshore wind project.

Aibel reclassified one operation from Assets held for sale. This reclassification had a positive effect on EBITA during 2019. A corresponding adjustment was also made to the comparative figures for 2018. For full-year 2018, the positive effect on EBITA was NOK 70m.

	Q4		Q1-4	
MNOK	2019	2018	2019	2018
Net sales	3,681	1,949	11,689	7,907
EBITDA	161	227	716	683
EBITA	141	211	642	606
Cash flow from operations	647	259	1,397	-92
Interest-bearing net debt			1,609	2,634
Reported growth	89%		48%	
- whereof currency effects	0%		1%	
- whereof acquisitions				
EBITDA margin	4.4%	11.6%	6.1%	8.6%
EBITA margin	3.8%	10.8%	5.5%	7.7%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

airteam

- Growth was primarily driven by the acquisition of Creovent & Thorszelius, which was completed at the beginning of 2019, although net sales also increased when adjusted for the acquisition.
- Profitability in the Swedish operations remained low, but the situation stabilised during the year and the EBITA margin increased in the fourth quarter. Stable profitability in the Danish operations.
- The order book amounted to DKK 841m, corresponding to more than one year's net sales.

	Q4		Q1-4	
MDKK	2019	2018	2019	2018
Net sales	252	204	801	667
EBITDA	28	26	65	66
EBITA	28	25	63	64
Cash flow from operations	30	36	57	51
Interest-bearing net debt			130	61
Reported growth	24%		20%	
- whereof currency effects				
- whereof acquisitions	22%		23%	
EBITDA margin	11.3%	12.6%	8.1%	9.9%
EBITA margin	11.1%	12.4%	7.9%	9.6%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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

Holding
70%

HENT

- Growth in net sales of 9%, driven by an order book that corresponds to almost two years' net sales. The order book was approximately NOK 15 billion at the end of the period.
- The EBITA margin in the fourth quarter was affected by projects that led to write-downs earlier in the year. Some of these projects were concluded during the quarter, and the remaining projects will finish in the spring. The majority of the project portfolio has developed well in general but contains several projects at an early stage leading to a prudent profit recognition.
- The measures carried out during the year are starting to yield results.
- Order intake of about NOK 1 billion in the fourth quarter. Activity within tenders has been better adapted to the organisation's capacity and to the greater selection of projects available due to the ongoing favourable market situation.

	Q4		Q1-4	
MNOK	2019	2018	2019	2018
Net sales	2,473	2,264	8,843	7,855
EBITDA	29	-94	30	162
EBITA	27	-96	20	152
Cash flow from operations	192	109	-15	99
Interest-bearing net debt			-578	-694
Reported growth	9%		13%	
- whereof currency effects	1%		0%	
- whereof acquisitions				
EBITDA margin	1.2%	-4.2%	0.3%	2.1%
EBITA margin	1.1%	-4.3%	0.2%	1.9%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

- Stable growth in net sales, although somewhat lower activity in the staffing operations.
- EBITA improved, driven by the restructuring carried out in the second quarter of 2019 and overall increased efficiency in ongoing logistics contracts. The year-earlier EBITA was also negatively affected by non-recurring costs of SEK -10m.
- Mats Johnson assumed his new role as CEO of Speed Group in December. Mats joined the company from his role as Logistics Director at Tamro.

	Q4		Q1-4	
MSEK	**2019**	**2018**	**2019**	**2018**
Net sales	192	196	707	738
EBITDA	15	-11	23	6
EBITA	11	-15	5	-8
Cash flow from operations	26	5	70	-52
Interest-bearing net debt			64	69
Reported growth	-2%		-4%	
- whereof currency effects				
- whereof acquisitions			3%	
EBITDA margin	7.7%	-5.6%	3.2%	0.7%
EBITA margin	5.5%	-7.7%	0.7%	-1.0%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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 fourth quarter of 2019, net sales for Consumer & Technology decreased by 5% (0% organic growth). EBITA decreased to SEK -88m (-46) primarily owing to developments in Plantasjen.

	Net sales				EBITA			
MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Companies in its entirety								
Bisnode	1,006	985	3,776	3,696	198	188	480	471
Kvdbil	109	89	384	332	11	5	30	8
Oase Outdoors	13	12	427	421	-26	-22	10	36
Plantasjen	672	793	4,327	4,233	-219	-166	53	77
Companies total	**1,801**	**1,879**	**8,914**	**8,682**	**-35**	**5**	**574**	**591**
Adjustment for Ratos's holding	-310	-305	-1,258	-1,232	-53	-51	-147	-150
Total, adjusted for Ratos's holding	**1,491**	**1,575**	**7,657**	**7,450**	**-88**	**-46**	**427**	**441**
Reported growth [1]	*-5%*	*3%*	*3%*	*4%*				
EBITA margin % [1]					*-5.9%*	*-2.9%*	*5.6%*	*5.9%*

[1] Adjusted for Ratos's holding

Bisnode

- Net sales increased by 2%, driven by a continued strong performance in Credit Solutions.
- EBITA improved due to lower costs and initiatives implemented in the operations to increase efficiency and scalability.
- Bisnode's transformation of its offering is continuing according to plan, and the rate of growth for the new products is healthy. Sales of long-term subscription agreements increased in the quarter, which will generate recurring income over time.

	Q4		Q1-4	
MSEK	2019	2018	2019	2018
Net sales	1,006	985	3,776	3,696
EBITDA	232	221	627	608
EBITA	198	188	480	471
Cash flow from operations	150	111	500	380
Interest-bearing net debt			1,508	1,378
Reported growth	2%		2%	
- whereof currency effects	2%		2%	
- whereof acquisitions			0%	
EBITDA margin	23.1%	22.4%	16.6%	16.4%
EBITA margin	19.7%	19.0%	12.7%	12.7%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

- Reported growth of 22% compared with the year-earlier period, driven by higher sales in Private Cars and Company Cars.
- EBITA improved as a result of higher sales. EBITA in the fourth quarter and the year-earlier period was affected by non-recurring costs of SEK 2m and SEK 4m, respectively.
- During the quarter, Kvdbil launched www.bilberget.se, a project with Chalmers Industriteknik to spread knowledge about the environmental impact of vehicles and their optimal life span from the perspective of CO_2 emissions. In the beginning of 2020, Kvdbil decided to stop the export of environmental cars to speed up the reorganization of the Swedish vehicle fleet and thereby decrease its CO_2 emissions.

	Q4		Q1-4	
MSEK	2019	2018	2019	2018
Net sales	109	89	384	332
EBITDA	15	8	45	20
EBITA	11	5	30	8
Cash flow from operations	15	7	40	16
Interest-bearing net debt			16	37
Reported growth	22%		16%	
- whereof currency effects				
- whereof acquisitions			0%	
EBITDA margin	13.9%	9.4%	11.7%	6.1%
EBITA margin	10.4%	5.8%	7.9%	2.5%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

OASE OUTDOORS

- Higher net sales in the seasonally weakest quarter.
- EBITA was negatively affected by costs for impairment of inventories and trade receivables.
- In January 2020, the Outwell brand won "The Owner Satisfaction Award in Best Mainstream Tents" from the Camping and Caravanning Club.

MDKK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Net sales	9	8	301	306
EBITDA	-18	-16	9	28
EBITA	-18	-16	7	26
Cash flow from operations	-36	-58	21	3
Interest-bearing net debt			176	198
Reported growth	11%		-1%	
- whereof currency effects	7%		0%	
- whereof acquisitions				
EBITDA margin	neg	neg	3.1%	9.2%
EBITA margin	neg	neg	2.3%	8.5%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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

Holding
78%

PLANTASJEN

- The divestment of Spira had a negative effect on net sales growth. A weaker holiday season also led to lower sales.
- Capital losses from the divestment of the subsidiary Spira had a negative effect of NOK 26m on EBITA. EBITA was also affected by impairment of inventories, costs related to closing offices and lower sales.
- During the year, Plantasjen decided to close three unprofitable stores. A review of the entire store network to increase profitability will continue. In addition, necessary measures are being taken to lower the rental costs.
- Olav Thorstad started as CEO of Plantasjen on 1 October. Olav comes most recently from his role as CEO of SATS GROUP and has extensive experience in the retail sector.
- The company's discussions with its lenders were concluded in the fourth quarter, which is why the loans are once again reported as long-term. The company's debt level is high and the company is in the process of developing an action programme with the long-term goal to lowering costs.

MNOK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Net sales	645	737	4,026	3,961
EBITDA	-169	-128	160	180
EBITA	-202	-155	49	72
Cash flow from operations	93	-7	533	-71
Interest-bearing net debt			2,232	2,376
Reported growth	-12%		2%	
- whereof currency effects	2%		0%	
- whereof divestments	10%		2%	
EBITDA margin	-26.1%	-17.4%	4.0%	4.5%
EBITA margin	-31.3%	-21.1%	1.2%	1.8%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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 fourth quarter of 2019, net sales for Industry increased by 10% (10% organic). EBITA amounted to SEK 41m (-34), an improvement driven by Diab and HL Display.

	Net sales				EBITA			
MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Companies in its entirety								
Diab	489	411	1,874	1,496	40	-81	190	-155
HL Display	404	397	1,594	1,554	31	21	138	96
LEDiL	104	98	433	439	12	17	81	109
TFS	251	229	924	841	-36	11	-28	-6
Companies total	**1,248**	**1,134**	**4,826**	**4,330**	**47**	**-31**	**381**	**43**
Adjustment for Ratos's holding	-60	-55	-244	-231	-6	-3	-37	-32
Total, adjusted for Ratos's holding	**1,187**	**1,079**	**4,582**	**4,099**	**41**	**-34**	**344**	**11**
Reported growth [1]	*10%*	*14%*	*12%*	*4%*				
EBITA margin % [1]					*3.4%*	*-3.2%*	*7.5%*	*0.3%*

[1] Adjusted for Ratos's holding

Diab

- Growth in net sales of 19%, driven by a continued strong market, particularly the wind power market.
- The improvement in EBITA was driven by increased sales and last year's action programme. The year-earlier EBITA was also negatively affected by non-recurring costs of SEK -81m.
- The EBITA margin in the fourth quarter was lower than earlier in the year, due to negative currency effects and start-up costs related to a new PET manufacturing facility in the US. Investments were made to help address a larger share of the market and to become more competitive.

	Q4		Q1-4	
MSEK	2019	2018	2019	2018
Net sales	489	411	1,874	1,496
EBITDA	52	-1	246	-11
EBITA	40	-81	190	-155
Cash flow from operations	-75	-4	-4	-68
Interest-bearing net debt			798	890
Reported growth	19%		25%	
- whereof currency effects	5%		5%	
- whereof acquisitions				
EBITDA margin	10.6%	-0.3%	13.1%	-0.7%
EBITA margin	8.2%	-19.8%	10.1%	-10.4%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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 aircrafts, 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%

- Stable growth in net sales. HL Display continues to capture market shares.
- Increased EBITA margin through enhanced efficiency in production and logistics as well as product mix. The year-earlier EBITA was also negatively affected by non-recurring costs of SEK 8m.

	Q4		Q1-4	
MSEK	2019	2018	2019	2018
Net sales	404	397	1,594	1,554
EBITDA	42	30	176	133
EBITA	31	21	138	96
Cash flow from operations	75	77	192	97
Interest-bearing net debt			346	447
Reported growth	2%		3%	
- whereof currency effects	3%		3%	
- whereof acquisitions				
EBITDA margin	10.3%	7.5%	11.0%	8.6%
EBITA margin	7.6%	5.4%	8.7%	6.2%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

- The favourable sales trend in Europe had a positive impact on sales during the fourth quarter.
- EBITA was negatively affected by higher operating costs and impairment of inventories and trade receivables.
- Petteri Saarinen took over as the new CEO in December. He joined the company from his role as CEO of AQ Trafotek.

	Q4		Q1-4	
MEUR	2019	2018	2019	2018
Net sales	9.7	9.4	40.9	42.8
EBITDA	1.7	2.1	9.8	12.2
EBITA	1.1	1.7	7.7	10.6
Cash flow from operations	1.6	1.7	8.5	9.3
Interest-bearing net debt			19.9	29.3
Reported growth	3%		-4%	
- whereof currency effects	0%		2%	
- whereof acquisitions	0%		0%	
EBITDA margin	17.8%	22.5%	23.9%	28.5%
EBITA margin	11.6%	17.7%	18.7%	24.8%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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 17.3m (15.6), driven by CDS (Clinical Development Services), TFS's largest business area.
- EBITA was negatively impacted by non-recurring costs of EUR -3.9m related to a restructuring programme, which will improve EBITA by approximately EUR 2.8m during 2020. Underlying earnings growth is positive.
- Bassem Saleh assumed the position of CEO in December. Bassem most recently had the role as Head of TFS's largest business area, Clinical Development Services (CDS).

* According to IFRS, TFS and other contract research organisations (CRO) 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.

	Q4		Q1-4	
MEUR	2019	2018	2019	2018
Net sales	23.5	22.2	87.3	82.0
EBITDA	-3.1	1.4	-1.7	0.4
EBITA	-3.4	1.1	-2.6	-0.6
Cash flow from operations	2.5	-0.8	3.7	-2.0
Interest-bearing net debt			0.5	7.0
Reported growth	6%		6%	
- whereof currency effects	2%		1%	
- whereof acquisitions				
EBITDA margin	-13.3%	6.3%	-1.9%	0.5%
EBITA margin	-14.4%	4.8%	-3.0%	-0.8%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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, excluding IFRS 16 [1)]

	Net sales				EBITDA			
	Q4	Q4	Q1-4	Q1-4	Q4	Q4	Q1-4	Q1-4
MSEK	2019	2018	2019	2018	2019	2018	2019	2018
Aibel	1,250	670	4,019	2,703	54	78	246	233
airteam	249	196	790	638	28	25	64	63
Bisnode	703	689	2,638	2,583	162	154	438	425
Diab	470	394	1,801	1,437	50	-1	236	-11
HENT	1,909	1,772	6,933	6,124	23	-73	23	126
HL Display	399	391	1,571	1,531	41	29	173	131
Kvdbil	109	89	384	332	15	8	45	20
LEDiL	69	65	287	291	12	15	69	83
Oase Outdoors	11	9	335	330	-20	-17	11	30
Plantasjen	668	788	4,299	4,205	-182	-136	171	191
Speed Group	134	137	495	517	10	-8	16	4
TFS	250	229	923	840	-33	14	-18	4
Total	**6,221**	**5,428**	**24,475**	**21,531**	**162**	**89**	**1,474**	**1,300**
Change	**15%**		**14%**		**82%**		**13%**	

	EBITA				Profit/loss before tax			
	Q4	Q4	Q1-4	Q1-4	Q4	Q4	Q1-4	Q1-4
MSEK	2019	2018	2019	2018	2019	2018	2019	2018
Aibel	47	72	221	207	18	48	111	110
airteam	28	24	62	62	26	23	57	58
Bisnode	139	131	336	329	123	123	243	229
Diab	38	-78	182	-149	22	-489	128	-579
HENT	21	-75	16	118	24	-73	23	120
HL Display	30	21	136	94	27	18	105	68
Kvdbil	11	5	30	8	11	6	29	6
LEDiL	8	11	54	72	7	10	48	66
Oase Outdoors	-20	-17	8	28	-23	-19	-3	20
Plantasjen	-217	-165	53	76	-278	-852	-136	-738
Speed Group	7	-11	4	-5	4	-15	-13	-23
TFS	-36	11	-28	-6	-36	12	-29	-8
Total	**57**	**-69**	**1,073**	**835**	**-76**	**-1,209**	**564**	**-671**
Change	**n/a**		**29%**		**n/a**		**n/a**	

	Cash flow from operations [2)]				Interest-bearing net debt		Ratos's holding (%)
	Q4	Q4	Q1-4	Q1-4			
MSEK	2019	2018	2019	2018	2019-12-31	2018-12-31	2019-12-31
Aibel	221	88	480	-32	544	863	32
airteam	29	35	56	49	126	58	70
Bisnode	105	77	349	265	1,053	963	70
Diab	-72	-4	-4	-65	766	855	96
HENT	151	85	-12	78	-446	-519	73
HL Display	74	76	189	95	341	441	99
Kvdbil	15	7	40	16	16	37	100
LEDiL	11	12	59	63	138	199	66
Oase Outdoors	-40	-63	23	4	193	214	78
Plantasjen	96	-7	569	-76	2,346	2,418	99
Speed Group	19	4	49	-36	45	49	70
TFS	27	-8	39	-20	5	72	100
Total	**635**	**300**	**1,839**	**341**	**5,128**	**5,650**	
Change	**n/a**		**n/a**		**-9%**		

1) Aibel has been restated for 2018, since a reclassification was made from Assets held for sale to Investments recognised according to the equity method, which means that the result has changed (SEK 24m full-year 2018). For 2018, TFS includes a holding of 100%, which reflects the current holding. In addition, the change in the contingent consideration was moved from net financial items and instead impacts EBITA (SEK 8m full-year 2018). These changes mean that EBITA now amounts to SEK 834m for the full year, instead of SEK 804m as published in the 2018 Year-end Report.

2) 2019 includes IFRS 16, which means that cash flow from operations is not fully comparable with 2018.

Financial information

Ratos's results October–December

Operating profit for the quarter amounted to SEK 122m (-689). Most of the companies reported better earnings compared with the year-earlier period, and Diab and HENT are the two companies that improved the most. HENT's earnings in the preceding year were burdened by major project write-downs. TFS and Plantasjen were charged with significant non-recurring items, which affects the comparison with the preceding year. As previously announced, Plantasjen reported a capital loss of SEK -28m from the sale of the subsidiary Spira.

Operating profit includes profit/a share of profits from the companies amounting to SEK 132m (-76).

Ratos's management costs amounted to SEK -5m (-19). Management costs for the period were affected by a dissolution of provisions made during the year regarding non-recurring costs.

Net financial items amounted to SEK -158m (-76). The period was charged with interest costs of approximately SEK -50m regarding IFRS 16 and SEK -40m pertaining to the restatement of financial instruments.

The loss before tax for the quarter amounted to SEK -36m (-765). Profit/share of profit from the companies amounted to SEK -19m (-159). Earnings for the preceding year were charged with impairment of SEK 600m on Plantasjen's consolidated value.

Refer to Note 5 on page 26 for more details.

The transition to IFRS 16 Leases affected Ratos's operating profit and profit before tax. It had a positive impact of approximately SEK 24m on operating profit. Operating profit amounted to SEK 122m including IFRS 16 and SEK 97m excluding IFRS 16. Profit before tax declined by approximately SEK 25m. Earnings amounted to SEK -36m including IFRS 16 and SEK -11m excluding IFRS 16.

Ratos's results January–December

Operating profit for the full year amounted to SEK 1,655m (293). Operating profit for the year includes positive effects of IFRS 16 of SEK 100m, a capital gain from Ratos's sale of the Lejonet 4 property (487), the repayment of promissory notes following the sale of the subsidiary Euromaint (31) and the capital loss from Plantasjen's sale of Spira (-28). The results for the year-earlier period include capital gains attributable to HENT's sale of its residential development operations (89), Ratos's sale of Jøtul (26) and Gudrun Sjödén Group (36), and impairment of the consolidated value of Plantasjen (-600).

Operating profit includes profit/a share of profits from the companies of SEK 1,265m (944).

Ratos's management costs amounted to SEK -126m (-117).

Net financial items amounted to SEK -595m (-400). This deterioration in net financial items is primarily attributable to additional interest expenses of approximately SEK -200m regarding IFRS 16. Net financial items also includes remeasurement of financial instruments of SEK -77m (-25). Underlying net interest improved due to the lower average debt.

Profit before tax for the year amounted to SEK 1,061m (-107). This includes profit/a share of profits from the companies of SEK 653m (565).

Refer to Note 5 on page 26 for more details.

The implementation of IFRS 16 Leases resulted in an improvement to operating profit of SEK 100m. Excluding IFRS 16, operating profit amounted to SEK 1,555m. Profit before tax declined by SEK 102m. Excluding IFRS 16, profit before tax for the year amounted to SEK 1,163m.

Cash flow, January–December

Cash flow for the year was SEK -264m (-485), of which cash flow from operating activities accounted for SEK 1,909m (732).

Cash flow from investing activities amounted to SEK -107m (-256) and cash flow from financing activities to SEK -2,065m (-962).

The improvement in cash flow is primarily attributable to operating activities, with both improved profitability and lower tied-up capital having an effect throughout the year. The sale of Ratos's property has been excluded from cash flow from operating activities and is included in cash flow from investing activities in an amount of SEK 550m.

The introduction of IFRS 16 Leases resulted in an improvement in cash flow from operating activities, since the cash flow from leases, corresponding to approximately SEK 200m in the quarter and approximately SEK 800m for the full year, has been moved from operating activities to financing activities. IFRS 16 had no effect on total cash flow for the year.

Financial position and leverage

The Group's cash and cash equivalents at the end of the year amounted to SEK 3,219m (3,404) and interest-bearing net debt totalled SEK 7,826m (3,549). The total translation effect of currency for interest-bearing liabilities amounted to approximately SEK 30m, of which approximately SEK 100m related to liabilities to credit institutions and approximately SEK -80m to financial lease liabilities. Taking IFRS 16 Leases into account, interest-bearing net debt in the Group increased. Interest-bearing net debt, excluding IFRS 16, amounted to SEK 3,623m.

Ratos's equity

At 31 December 2019, Ratos's equity (attributable to owners of the parent) amounted to SEK 9,298m (8,701), corresponding to SEK 29 per share outstanding (27).

Parent company

Operating profit amounted to SEK 365m (-114). Profit for the year included the capital gain of SEK 495m from the sale of the Lejonet 4 property. The capital gain is differentiated from the profit reported in the Group due to the application of different accounting principles. The parent company's profit before tax amounted to SEK 552m (-239), of which SEK 175m (114) pertains to dividends from Group companies. Cash and cash equivalents in the parent company amounted to SEK 1,607m (1,734).

Ratos's Class B share

Earnings per share before and after dilution amounted to SEK 2.11 (-1.40) for the full year. At 31 December 2019, the closing price for Ratos's Class B share was SEK 33.42. The total return on Class B shares for the year amounted to 46%, compared with the performance for the SIX Return Index, which was 35%.

Incentive programmes

During the year, the parent company issued warrants and a convertible debenture in accordance with the decision of the Annual General Meeting (AGM) on 8 May 2019. In total, 518,700 warrants and 751,300 convertibles were issued.

Treasury shares and number of shares

No Class B shares were repurchased during the year. At 31 December, 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 December 2019, 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 year. In addition, there is also a mandate from the 2019 AGM to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions.

Impact of IFRS 16 Leases

The implementation of the new lease standard, IFRS 16 *Leases*, had a material impact on several financial key figures for the Ratos group. No comparative figures for 2018 have been recalculated. The report contains certain key figures where the figures for 2019 are presented excluding the effect of IFRS 16 in order to facilitate a better year-on-year comparison. For further details, refer to Note 1 Accounting principles and Note 10 Effect of IFRS 16.

Proposals to the 2020 AGM

AGM

Ratos's AGM will be held on 1 April 2020 at Skandiascenen, Cirkus, in Stockholm, Sweden.
The Annual Report will be available at the company's website, www.ratos.se, no later than the week starting 2 March 2020.

Proposed dividend for Class A and B shares

The Board proposes an ordinary dividend for the 2019 financial year of SEK 0.65 (0.50) per Class A and Class B share. The record date for the dividend is proposed as 3 April 2020 and dividends are expected to be paid from Euroclear Sweden on 8 April 2020.

Key figures for Ratos's share

MSEK	Q1-4 2019	Q1-4 2018
Key figures per share [1]		
Total return, %	46	-30
Dividend yield, %	1.9	2.1
Market price, SEK	33.42	23.28
Dividend, SEK	0.65 [4]	0.50
Equity attributable to owners of the parent, SEK [2]	29.15	27.27
Basic earnings per share, SEK [3]	2.11	-1.40
Diluted earnings per share, SEK [3]	2.11	-1.40
Average number of ordinary shares outstanding:		
– before dilution	319,014,634	319,014,634
– after dilution	320,166,412	319,424,669
Total number of registered shares	324,140,896	324,140,896
Number of shares outstanding	319,014,634	319,014,634
– of which, Class A shares	84,637,060	84,637,060
– of which, Class B shares	234,377,574	234,377,574

[1] Relates to Class B shares unless specified otherwise.

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

[3] For definition see page 29.

[4] Proposed dividend.

Financial statements

Consolidated income statement

MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Net sales	6,206	5,919	25,061	23,125
Other operating income [3]	24	51	588	126
Cost of goods and services sold	-3,613	-3,614	-14,357	-13,085
Work performed by the company for its own use and capitalised	32	35	126	128
Employee benefit costs	-1,641	-1,540	-6,359	-6,107
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets and right of use assets	-300	-784	-1,194	-1,167
Other external costs	-583	-792	-2,349	-3,010
Capital gain/loss from group companies	-28	-12	3	104
Impairment and capital gain from investments recognised according to the equity method		0		44
Share of profit/loss from investments recognised according to the equity method [1]	26	48	137	133
Operating profit/loss [2]	**122**	**-689**	**1,655**	**293**
Financial income	1	24	37	50
Financial expenses	-159	-100	-632	-450
Net financial items [2]	**-158**	**-76**	**-595**	**-400**
Profit/loss before tax	**-36**	**-765**	**1,061**	**-107**
Tax [1]	-80	-4	-234	-155
Profit/loss for the period	**-116**	**-769**	**827**	**-262**
Profit/loss for the period attributable to:				
Owners of the parent	-167	-787	673	-448
Non-controlling interests	52	18	153	186
Earnings per share, SEK				
- basic earnings per share	-0.52	-2.46	2.11	-1.40
- diluted earnings per share	-0.53	-2.46	2.11	-1.40

[1] Tax regarding profit/loss from investments recognized according to the equity method for the year 2018 has been moved from the row Tax to the row Share of profit/loss from investments recognised according to the equity method (SEK -38m for full year 2018 and SEK -18m for Q4 2018). The profit for the period is unchanged.

[2] Change in contingent consideration was reclassified from net financial item to Operating profit, net impact on profit/loss before tax is unchanged. Effect on full year and Q4 2018 is SEK 11m.

[3] In Other operating income for this year, profit from sales of property Lejonet 4 is included with 487 MSEK.

Consolidated statement of comprehensive income

MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Profit/loss for the period	**-116**	**-769**	**827**	**-262**
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit pension obligations, net	-97	-15	-97	-15
Tax attributable to items that will not be reclassified to profit or loss	19	1	19	1
	-77	-14	-77	-14
Items that may be reclassified subsequently to profit or loss:				
Translation differences for the period	-172	-216	151	209
Change in hedging reserve for the period	-14	-13	-2	-10
Tax attributable to items that may be reclassified subsequently to profit or loss	1	3	2	2
	-184	-225	151	201
Other comprehensive income for the period	**-261**	**-239**	**74**	**187**
Total comprehensive income for the period	**-377**	**-1,008**	**901**	**-75**
Total comprehensive income for the period attributable to:				
Owners of the parent	-371	-981	750	-307
Non-controlling interest	-6	-27	151	232

Summary consolidated statement of financial position

MSEK	2019-12-31	2018-12-31
ASSETS		
Non-current assets		
Goodwill	11,610	11,274
Other intangible non-current assets	1,853	1,761
Property, plant, equipment and right-of-use assets [1)]	5,596	1,586
Financial assets	1,213	1,213
Deferred tax assets	508	486
Total non-current assets	**20,780**	**16,320**
Current assets		
Inventories	1,072	1,060
Current receivables	4,334	4,020
Cash and cash equivalents	3,219	3,404
Total current assets	**8,625**	**8,483**
Total assets	**29,405**	**24,803**
EQUITY AND LIABILITIES		
Equity including non-controlling interests	**11,218**	**10,630**
Non-current liabilities		
Interest-bearing liabilities [1)]	8,399	4,938
Non-interest bearing liabilities	269	456
Pension provisions	642	524
Other provisions	21	21
Deferred tax liabilities	464	429
Total non-current liabilities	**9,795**	**6,368**
Current liabilities		
Interest-bearing liabilities [1)]	2,051	1,591
Non-interest bearing liabilities	5,893	5,509
Provisions	448	705
Total current liabilities	**8,392**	**7,805**
Total equity and liabilities	**29,405**	**24,803**

[1)] Refer to Note 1 for the description of IFRS 16 Leasing and the effect on the consolidated statement of financial position.

Summary statement of changes in consolidated equity

MSEK	2019-12-31 Owners of the parent	2019-12-31 Non-controlling interest	2019-12-31 Total equity	2018-12-31 Owners of the parent	2018-12-31 Non-controlling interest	2018-12-31 Total equity
Opening equity	**8,701**	**1,929**	**10,630**	**9,660**	**1,886**	**11,546**
Adjustment [1]	-20	-2	-22	-29	-17	-46
Adjusted equity	**8,681**	**1,927**	**10,608**	**9,631**	**1,869**	**11,500**
Total comprehensive income for the period	750	151	901	-307	232	-75
Dividends	-160	-75	-235	-638	-42	-680
Non-controlling interests' share of capital contribution, new issue and impaired equity		15	15		9	9
The value of the conversion option of the convertible debentures	2		2	2		2
Option premiums	2		2	1		1
Put options, future acquisitions from non-controlling interests	-8	54	46	8	-114	-106
Acquisition of shares in subsidiaries from non-controlling interests	30	-154	-123	3	-15	-12
Disposal of shares in subsidiaries to non-controlling interests	-0	2	1	1	5	6
Non-controlling interests at acquisition					0	0
Non-controlling interests in disposals					-15	-15
Closing equity	**9,298**	**1,920**	**11,218**	**8,701**	**1,929**	**10,630**

[1] Adjustment of opening balance 2018 is related to the change in valuation of associate companies in Aibel that has been reclassified from Assets held for sale to Investments recognised according to the equity method. The adjustment of opening balance 2019 relates to the change of accounting principles regarding IFRS 16 Leases.

Consolidated statement of cash flows

MSEK	Q1-4 2019	Q1-4 2018
Operating activities		
Operating profit	1,655	293
Adjustment for non-cash items [1)]	547	1,069
	2,202	1,362
Income tax paid	-230	-147
Cash flow from operating activities before change in working capital	**1,972**	**1,215**
Cash flow from change in working capital		
Increase (-)/Decrease (+) in inventories	-40	-73
Increase (-)/Decrease (+) in operating receivables	-311	-730
Increase (+)/Decrease (-) in operating liabilities	288	321
Cash flow from operating activities	**1,909**	**732**
Investing activities		
Acquisition, group companies	-93	-82
Disposal, group companies	94	92
Acquisitions, investments recognised according to the equity method	-2	-0
Disposals, investments recognised according to the equity method		233
Aquisition and disposal, intangible assets/property, plant and equipment [1)]	-120	-510
Investments and disposal, financial assets	0	1
Received interest	13	10
Cash flow from investing activities	**-107**	**-256**
Financing activities		
Non-controlling interests' share of issue/capital contribution	15	9
Option premiums paid	6	7
Repurchase/final settlements options	-27	-10
Acquisition and disposal of shares in subsidiaries from non-controlling interests	-130	-11
Dividends paid	-160	-638
Dividends paid, non-controlling interests	-75	-55
Borrowings	1,314	2,542
Amortisation of loans	-1,879	-2,475
Paid interest	-465	-301
Amortisation of financial lease liabilitities	-665	-31
Cash flow from financing activities	**-2,065**	**-962**
Cash flow for the period	**-264**	**-485**
Cash and cash equivalents at the beginning of the year	3,404	3,881
Exchange differences in cash and cash equivalents	79	7
Cash and cash equivalents at the end of the period	3,219	3,404

1) 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	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Other operating income [1)]	10	7	512	22
Administrative expenses	-21	-28	-145	-132
Depreciation of property, plant and equipment	-0	-1	-2	-4
Operating profit/loss	**-10**	**-22**	**365**	**-114**
Gain from sale of participating interests in group companies	11	38	11	614
Dividends from group companies			175	114
Impairment of shares in group companies		-810		-836
Result from other securities and receivables accounted for as non-current assets			1	2
Other interest income and similar profit/loss items	-4	0	6	12
Interest expenses and similar profit/loss items	-2	7	-5	-29
Profit/loss after financial items	**-5**	**-786**	**552**	**-239**
Tax	0	0	0	0
Profit/loss for the period	**-5**	**-786**	**552**	**-239**

1) Other operating income for the year includes the capital gain of SEK 495m from the sale of the Lejonet property.

Parent company statement of comprehensive income

MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Profit/loss for the period	**-5**	**-786**	**552**	**-239**
Other comprehensive income				
Change in fair value reserve for the period				-7
Other comprehensive income for the period	**0**	**0**	**0**	**-7**
Total comprehensive income for the period	**-5**	**-786**	**552**	**-245**

Summary parent company balance sheet

MSEK	2019-12-31	2018-12-31
ASSETS		
Non-current assets		
Property, plant and equipment	2	59
Financial assets	7,770	6,931
Receivables from group companies	2	5
Total non-current assets	**7,773**	**6,995**
Current assets		
Current receivables	38	21
Receivables from group companies	8	5
Cash and cash equivalents	1,607	1,734
Total current assets	**1,653**	**1,760**
Total assets	**9,426**	**8,755**
EQUITY AND LIABILITIES		
Equity	**8,281**	**7,885**
Non-current liablities		
Interest-bearing liabilities, group companies	357	572
Non-interest bearing liabilities	11	6
Interest-bearing liabilities	44	48
Convertible debentures	35	16
Deferred tax liabilities	1	0
Total non-current liabilities	**448**	**643**
Current provisions	**328**	**140**
Current liabilities		
Interest-bearing liabilities, group companies	92	
Interest-bearing liabilities	1	0
Non-interest bearing liabilities, group companies	225	33
Non-interest bearing liabilities	52	53
Total current liabilities	**369**	**87**
Total equity and liabilities	**9,426**	**8,755**

Summary statement of changes in parent company's equity

MSEK	2019-12-31	2018-12-31
Opening equity	**7,885**	**8,765**
Comprehensive income for the period	552	-245
Dividends	-160	-638
The value of the conversion option of the convertible debentures	2	2
Deferred tax, conversion option	-1	-0
Option premiums	2	2
Closing equity	**8,281**	**7,885**

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 year-end 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. As of 2019, Ratos applies IFRS 16 Leases. In all other respects, the reporting and measurement principles are unchanged compared with those applied in Ratos's 2018 Annual Report.

Changed accounting principles due to new IFRS 16 Leases

IFRS 16 Leases has replaced IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease and related rules as of 2019. Under the new standard, the lessee is required to recognise all contracts that meet the definition of a lease as a right-of-use asset and financial liability in the statement of financial position. The standard entails no difference for the lessee between operating and finance leases. Leases that previously comprised operating leases will now be recognised in the balance sheet, which entails that expenses previously reported as operating expenses corresponding to the lease payments for the period have now been replaced by depreciation and interest expense in profit or loss. Payments for short-term leases and low-value leases will be expensed on a straight-line basis in profit or loss. Short-term leases are leases with a term of 12 months or less. For the Ratos Group's financial statements, this has entailed improved operating profit before depreciation, higher depreciation and amortisation, weaker net financial items and increased total assets. Cash flow from leases has been moved from operating activities to financing activities (amortisation and interest paid). With the application of IFRS 16, the total lease cost is normally higher in the first few years of a lease, and then later diminishes over time. This is because the interest expense decreases over time as the lease liability is amortised.

Ratos has chosen to apply the modified retrospective approach during the transition to IFRS 16 using the practical expedients contained in the standard. This means the accumulated effect of the application of IFRS 16 will be recognised in retained earnings in the opening balance as of 1 January 2019 without restating comparative figures. The comparative figures for 2018 in this year-end report are thus based on earlier policies and are only restated for figures where specified. Leases that are of a low value as well as leases with a term of 12 months or less, referred to as short-term leases, or that end within 12 months from the transition date, were not included in the lease liability but rather expensed on a straight-line basis during the lease term. The Group has chosen to measure the opening lease liability and opening right-of-use asset for most of its leases at the same amount as of 1 January 2019, with the right-of-use asset adjusted for prepaid lease payments recognised in the balance sheet as of 31 December 2018. For leases classified as finance leases in accordance with IAS 17, the carrying amount for the right-of-use asset and lease liability according to IFRS 16 will, as of 1 January 2019, correspond to the carrying amount of the lease asset and lease liability in accordance with IAS 17 immediately prior to the transition to IFRS 16. For loss-making agreements, the Group has chosen to reduce the value of the right-of-use asset by the amount recognised as provisions as of 31 December 2018. The effect on equity is therefore limited. When determining the value of the right-of-use assets and financial lease liability, the most critical assessments are the following:

- Lease payments have been discounted by the incremental borrowing rate. The change in Plantasjen's interest-bearing liability accounts for 70% of the Group's change. Plantasjen has used an incremental borrowing rate of 4.1%–6.7%.
- Options to extend and terminate contracts have been taken into account for the leases when it has beenconsidered reasonably certain that these will be exercised.
- Historical information has been used when assessing the term of a lease in cases when an option exists to extend or terminate a contract.

The transition effect for the Ratos Group concerning IFRS 16

MSEK	2018-12-31	Effect of change in accounting principle	2019-01-01
ASSETS			
Right-of-use assets	496	4,021	4,517
Deferred tax asset	0	4	4
Current receivables	0	-13	-13
Total Assets	496	4,012	4,508
EQUITY AND LIABILITIES			
Equity	-187	-17	-205
Financial leasing liabilitiy (interest-bearing)	683	4,181	4,864
Provisions	0	-151	-151
Total Equity and Liabilities	496	4,012	4,508

See also Note 10 for further details about how the result for the period and interest-bearing net debt have been affected by IFRS 16. Approximately SEK 600m of the opening lease liability is short-term.

Note 2 Risks and uncertainties

Ratos is an investment company whose business comprises the acquisition and development of preferably unlisted Nordic enterprises.

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 macroeconomic development as well as company and sector-specific risks. Ratos's future earnings development is dependent to a large extent on the success and returns 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 companies and implementing value-creating initiatives.

Ratos is also exposed to various types of financial risks, primarily related to loans, trade receivables, trade payables and derivative instruments. The financial risks consist of liquidity risk, interest rate risk, credit risk and currency risk.

It is also essential that Ratos has the ability to attract and retain employees with the right skills and experience.

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 2018 Annual Report.

Note 3 Alternative performance measures

Reconciliations between alternative performance measures (APM) and IFRS

Due to the nature of Ratos's operations – acquisition and development of companies – differences may arise in the structure of the Group between periods. Accordingly, consolidated sales, earnings, cash flow and financial position may vary significantly from period to period as a result of differences in the composition of the companies. Moreover, earnings from company divestments normally arise at irregular intervals, generating significant non-recurrent effects. To facilitate a comparison between periods and enable follow-up of the ongoing earnings and performance of the companies, Ratos presents certain financial information that is not defined in accordance with IFRS – APM, i.e. alternative performance measures. The tables displayed with a tinted background are APM.

This information is intended to give the reader a better opportunity to evaluate Ratos's investments and should be regarded as a complement to financial information for the Group.

The following reconciliations and accounts pertain to components included in the alternative performance measures used in this report. Definitions are available at www.ratos.se and on page 29. See Note 10 for a summary of IFRS 16's effect on EBITDA, EBITA, profit/loss before tax and interest-bearing net debt for the period adjusted for holdings and pertaining to companies owned at the end of the reporting period.

Net sales

MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Net sales in the portfolio, Ratos's holding	**6,221**	**5,428**	**24,475**	**21,531**
Net sales in subsidiaries, holding not owned by Ratos	1,246	1,161	4,631	4,228
Subsidiaries divested during current year				70
Investments recognised according to the equity method	-1,250	-670	-4,019	-2,703
Eliminations	-11		-26	
Consolidated net sales, IFRS	**6,206**	**5,919**	**25,061**	**23,125**

EBITDA and EBITA

MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
EBITDA in the portfolio, excluding IFRS 16, Ratos's holding [1)]	**162**	**89**	**1,474**	**1,300**
Depreciation and impairment, excluding IFRS 16	-105	-158	-401	-466
EBITA in the portfolio, excluding IFRS 16, Ratos's holding [1)]	**57**	**-69**	**1,073**	**835**
Change in holding		-3	-1	1
EBITA from subsidaries divested during the year				10
Earnings in the company portfolio	**57**	**-72**	**1,073**	**846**
IFRS 16 effect on EBITA, Ratos's holding	31		123	
EBITA in subsidiaries, holding not owned by Ratos	82	35	219	243
Exit gain from portfolio companies			31	62
Investments recognised according to the equity method	-26	-26	-102	-86
Income and expenses in the parent company and central companies	-10	-13	359	-114
Consolidated EBITA, IFRS	**134**	**-75**	**1,703**	**952**

1) Excluding IFRS 16 means that leases are reported according to the IFRS standards applicable up to and including 2018.

Cash flow from operations

MSEK	Q1-4 2019	Q1-4 2018
Cash flow from operations in portfolio, Ratos's holding	**1,839**	**341**
Cash flow from operations in subsidiaries, holding not owned by Ratos	235	180
Cash flow from operations in subsidiaries, holdings divested during current year		-22
Investments recognised according to the equity method	-480	32
Acquisitions and disposals, intangible assets/property, plant and equipment [1]	670	510
Income tax paid	-230	-147
Attributable to the parent company and central companies	43	-45
Eliminations	-167	-116
Cash flow from operating activities, IFRS	**1,909**	**732**

[1] Cash flow from sale of the Lejonet 4 property, a total of SEK 550m, not included in this item.

Interest-bearing net debt

MSEK	2019-12-31	2018-12-31
Total interest-bearing net debt in the portfolio, Ratos's holding excluding IFRS 16 [1]	**5,128**	**5,650**
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	538	487
Investments recognised according to the equity method	-544	-863
Attributable to the parent company and central companies	-1,521	-1,725
Other	22	
Consolidated interest-bearing net debt, IFRS, excluding IFRS 16 [1]	**3,623**	**3,549**
Increase in liability due to implementation of IFRS 16	4,203	
Consolidated interest-bearing net debt, IFRS	**7,826**	**3,549**

Consolidated Interest-bearing net debt, MSEK	2019-12-31	2018-12-31
Non-current interest-bearing liabilities	8,399	4,938
Current interest-bearing liabilities	2,051	1,591
Provisions for pensions	642	524
Interest-bearing assets	-47	-100
Cash and cash equivalents	-3,219	-3,404
Consolidated interest-bearing net debt, IFRS	**7,826**	**3,549**

[1] Excluding IFRS 16 means that leases are reported according to the IFRS standards applicable up to and including 2018.

Note 4 Acquired and divested businesses

Acquisition of shares from non-controlling interests

Ratos acquired, January 11, the remaining shares (40%) in the subsidiary Trial Form Support International AB (TFS) from partner and founder Daniel Spasic for an equity value of EUR 11m. After the acquisition, Ratos's ownership share totals 100%.

Acquisitions within subsidiaries

airteam acquired, February 14, Creovent AB and Thorszelius Ventilation & Service AB, leading installers of climate and ventilation solutions in the Stockholm and Uppsala regions. Net sales for 2018 amounted to SEK 277m. In addition to the transactions reported above, a minor acquisition of operations took place at one of the subsidiaries during the period.

Divestments within subsidiaries

In October, Plantasjen sold its shares in Spira Blommor AB (formerly Saba Blommor AB), which is a supplier of flowers and plants to grocery retailers in Sweden, to the Dutch company Groenland BV. With some 110 employees, Spira has annual sales of approximately SEK 350m. The sale resulted in a capital loss of SEK -28m.

Note 5 Operating segments

MSEK	Net sales Q4 2019	Net sales Q4 2018	Net sales Q1-4 2019	Net sales Q1-4 2018	EBITA and operating profit [1] [2] Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Aibel					27	47	140	121
airteam	359	281	1,135	918	40	35	89	89
HENT	2,617	2,429	9,504	8,394	29	-103	22	162
Speed Group	192	196	707	738	11	-15	5	-8
Total Construction & Services	**3,168**	**2,906**	**11,347**	**10,050**	**107**	**-36**	**257**	**364**
Bisnode	1,006	985	3,776	3,690	198	188	480	464
Kvdbil	109	89	384	332	11	5	30	8
Oase Outdoors	13	12	427	421	-26	-22	10	36
Plantasjen	672	793	4,327	4,233	-219	-166	53	77
Total Consumer & Technology	**1,801**	**1,879**	**8,914**	**8,676**	**-35**	**5**	**574**	**585**
Diab	489	411	1,874	1,496	40	-81	190	-155
HL Display	404	397	1,594	1,554	31	21	138	96
LEDiL	104	98	433	439	12	17	81	109
TFS	251	229	924	841	-35	11	-28	-6
Total Industry	**1,248**	**1,134**	**4,826**	**4,330**	**47**	**-31**	**381**	**43**
Total companies in portfolio all reported periods	**6,217**	**5,919**	**25,087**	**23,056**	**119**	**-62**	**1,212**	**993**
Gudrun Sjödén Group								10
Jøtul				70				0
Total companies divested during reported periods				**70**				**10**
Elimination of sales internal	-11		-26					
Total Net Sales and EBITA, companies in portfolio	**6,206**	**5,919**	**25,061**	**23,125**	**119**	**-62**	**1,212**	**1,003**
Emaint/Euromaint							31	
Gudrun Sjödén Group								36
Jøtul								26
Total exit gains							**31**	**62**
IFRS 16 effect					24		100	
Total EBITA, Group companies					**144**	**-62**	**1,343**	**1,065**
Income and expenses in the parent company and central companies					-10	-13	359	-114
Consolidated EBITA					**134**	**-75**	**1,703**	**951**
Amortisation and impairment of intangible assets in connection with company acquisitions					-11	-613	-48	-659
Consolidated operating profit					**122**	**-689**	**1,655**	**293**

[1] 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. For 2018, tax regarding subsidiaries reported according to the equity method, has been moved from taxes to operating profit/loss. Change in contingent consideration has been moved from financial items and instead impacts EBITA and operating profit/loss, net is profit/loss before tax unchanged. Q4 2018 is affected.

[2] EBITA for portfolio companies are reported excluding IFRS 16 effect for 2019.

MSEK	Q4 2019	Q4 2018	Q1-4 2019	Q1-4 2018
Break down of net sales				
Sales of goods	1,766	1,795	8,932	8,434
Service contracts	1,408	1,346	5,246	5,113
Construction contracts	2,965	2,710	10,614	9,312
Reimbursable expenditures	67	68	269	267
	6,206	5,919	25,061	23,125

	Consolidated value 1)	
MSEK	2019-12-31	2018-12-31
Aibel	704	725
airteam	497	443
Bisnode	2,150	2,156
Diab	783	454
HENT	436	413
HL Display	709	621
Kvdbil	503	481
LEDiL	570	495
Oase Outdoors	213	188
Plantasjen	544	575
Speed Group	259	278
TFS	402	246
Total	**7,771**	**7,074**
Other net assets in the parent company and central companies 2)	1,527	1,627
Equity (attributable to owners of the parent)	**9,298**	**8,701**

Of the increase in consolidated value compared with 31 December 2018, approximately SEK 80m consists of currency effects.

1) The companies are shown at their consolidated value, 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. Shareholder loans are also included.
2) Of which, cash and cash equivalents in the parent company account for SEK 1,607m (1,734)

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 December 2019, the total value of financial instruments measured at fair value in accordance with level three was SEK 508m (475). This change was attributable to the remeasurement of synthetic options, the revaluation of put options and additional contingent considerations.

In the statement of financial position at 31 December 2019, the net value of derivatives amounted to SEK -3m (12), of which SEK 2m (17) was recognised as an asset and SEK 5m (5) as a liability.

Discussions with lenders for Plantasjen were concluded in the fourth quarter, which is why the company's loans are once again reported as long-term.

Note 7 Goodwill

Goodwill changed during the period as shown below.

MSEK	Accumulated cost	Accumulated impairment	Total
Opening balance 1 January 2019	12,987	-1,713	11,274
Business combinations	176		176
Divested companies	-7		-7
Translation differences for the year	190	-22	168
Closing balance 31 December 2019	**13,346**	**-1,735**	**11,610**

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 2018 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 609m (603).

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.

MSEK	Financial income	Other income	Capital contribution	Dividend
2019 Q1-4	0	6	535	175
2018 Q1-4	4	5	120	114

MSEK	Receivable	Provision	Liability	Contingent liability
2019-12-31	10	317	674	609
2018-12-31	10	135	606	603

During the quarter, Ratos provided a contribution of SEK 28m to LEDiL, SEK 34m to Oase Outdoors and SEK 47m to TFS. Earlier in the year, Ratos provided a contribution of SEK 207m to Plantasjen and SEK 220m to Diab.

Note 9 Exchange rates

Exchange rates, average

SEK	Q1-4 2019	Q1-4 2018
Danish crowns, DKK	1.418	1.376
Euro, EUR	10.589	10.257
Norwegian crowns, NOK	1.075	1.069

Exchange rates, closing

SEK	2019-12-31	2018-12-31
Danish crowns, DKK	1.397	1.376
Euro, EUR	10.434	10.275
Norwegian crowns, NOK	1.058	1.024

Note 10 Effect of IFRS 16

Summary of the effect of IFRS 16 Leases adjusted for holdings pertaining to 2019, and the companies owned at the end of the reporting period.

	EBITDA	
	Including IFRS 16	Excluding IFRS 16
Q1	340	138
Q2	976	771
Q3	607	403
Q4	368	162

	EBITA	
	Including IFRS 16	Excluding IFRS 16
Q1	75	44
Q2	702	670
Q3	331	302
Q4	88	57

	Profit/loss before tax	
	Including IFRS 16	Excluding IFRS 16
Q1	-98	-73
Q2	518	540
Q3	148	173
Q4	-98	-76

	Interest-bearing net debt	
	Including IFRS 16	Excluding IFRS 16
2019-03-31	10,189	5,887
2019-06-30	9,185	4,955
2019-09-30	9,595	5,372
2019-12-31	9,394	5,128

Definitions

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

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 and divestments are excluded.

Last 12-month period
The most recent 12 months.

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.
- *Earnings in the company portfolio* – Reported EBITA excluding IFRS 16 for the current company and period.
- *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 investments and divestments of intangible assets and property, plant and equipment, respectively.

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.

Telephone conference	
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Financial calendar	
2020	
Annual Report 2019	Published the week of 2 March
Annual General Meeting	1 April
Interim report January–March	28 April
Interim report January–June	17 July
Interim report January–September	22 October

Stockholm, 6 February 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, at 8:00 a.m. CET on 6 February 2020.

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Ratos is a corporate 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 medium-sized companies with headquarters in the Nordic region that are or have the potential to become market-leading. We make it possible for independent medium-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 our core values: Simplicity, Speed in Execution and It's All About People.