# Interim report, January–June 2018

## April–June 2018

- Consolidated net sales SEK 6,869m (6,741)
- Profit before tax SEK 738m (546)
- Earnings per share before and after dilution SEK 1.53 (0.98)

## January–June 2018

- Consolidated net sales SEK 11,781m (12,303)
- Profit before tax SEK 591m (514)
- Earnings per share before and after dilution SEK 1.06 (0.59)
- Cash and cash equivalents in the parent company SEK 1,536m (1,281)

## Development of the company portfolio, April–June 2018

- Net sales in the portfolio SEK 6,456m (6,003)
- EBITA in the portfolio SEK 798m (728)
- Adjusted EBITA in the portfolio SEK 764m (740)

## Development of the company portfolio, January–June 2018

- Net sales in the portfolio SEK 10,958m (10,637)
- EBITA in the portfolio SEK 780m (830)
- Adjusted EBITA in the portfolio SEK 778m (845)

## Acquisitions and divestments, January-June 2018

- Jøtul was divested in the first quarter, capital gain of SEK 26m

### Financial performance in the Group

| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|---|---|
| Net sales | 6,869 | 6,741 | 11,781 | 12,303 | 23,059 |
| EBITA | 857 | 711 | 840 | 818 | 1,741 |
| Operating profit | 844 | 683 | 808 | 761 | 1,081 |
| Profit before tax | 738 | 546 | 591 | 514 | 658 |
| of which, Profit/share of profits in portfolio companies | 779 | 626 | 663 | 635 | 679 |
| Earnings per share before dilution | 1.53 | 0.98 | 1.06 | 0.59 | 0.72 |
| Earnings per share after dilution | 1.53 | 0.98 | 1.06 | 0.59 | 0.72 |
| Cash flow for the period from operating activities | | | 718 | 682 | 1,299 |
| Cash and cash equivalents in the parent company | | | 1,536 | 1,281 | 2,226 |

Development of the company portfolio in comparison with year-earlier period pro forma. Adjusted EBITA excluding items affecting comparability. For a reconciliation of alternative performance measures, refer to Note 3.

CEO comments on performance in the second quarter of 2018

# Improved earnings but challenges in the company portfolio remains

In comparison with the year-earlier period, earnings in the company portfolio improved for the second quarter, which, due to seasonal variations, is historically Ratos's strongest quarter in terms of earnings. HL Display, Aibel and Bisnode all made positive contributions, as did HENT, whose results were positively impacted by the divestment of the majority of its residential development operations.  However, the trends for the quarter in several portfolio companies were far too weak and the company portfolio therefore continues to face considerable challenges. The earnings trend was primarily negative in Diab, but earnings for the quarter in Kvdbil, TFS, Ledil and Speed Group were also poor. Plantasjen, which reported somewhat better earnings than in the year-earlier period, was again impacted by challenging weather conditions that began with a late winter and finished with hot, dry conditions.

A final agreement was signed between Equinor (formerly Statoil) and Aibel during the quarter regarding a process platform for the continued expansion of the Johan Sverdrup field. Aibel's total order intake for the second quarter was approximately NOK 10 billion.

## Earnings trend

For the second quarter of 2018, company portfolio sales increased by 8% and EBITA rose from SEK 728m to SEK 798m, pro forma and adjusted for the size of Ratos's holdings. This improvement in earnings is largely due to the performance in HL Display, Aibel and Bisnode as well as the divestment of the majority of HENT's residential development operations. Plantasjen, for whom the second quarter is the seasonally strongest quarter, had somewhat better earnings this year, despite ongoing weather-related challenges. Diab reported a significant decrease in earnings due to a weak wind power market and low efficiency. A new CEO for Diab was recruited in the quarter, and will take office on 1 September. Kvdbil, TFS, Ledil and Speed Group also displayed poorer results for the quarter, where Kvdbil and TFS reported much lower result.

EBITA for the Ratos Group amounted to SEK 857m (711). This earnings improvement is due primarily to stronger earnings in the company portfolio. Profit before tax for the second quarter of 2018 amounted to SEK 738m (546).

## Events in portfolio companies

In April, Aibel signed a letter of intent, and later in the quarter a final agreement, with Equinor regarding engineering, procurement and construction of a process platform (P2) for the expansion of the Johan Sverdrup field, with a contract value of approximately NOK 8 billion. Planning has begun and construction will commence in the first quarter of 2019, with final delivery scheduled in 2022.

HENT issued a dividend of NOK 150m in the second quarter, of which Ratos's share totalled NOK 106m. During the quarter, HENT won an order regarding construction projects including a bus depot in Solna, Sweden, and factory premises for Norsk Kylling.

## Other events in the quarter

At our Capital Markets Day, Ratos presented new financial targets as well as our areas of focus moving forward and criteria for long-term holdings and new investments. Focus will remain on the current company portfolio, in which the agenda is stability followed by profitability and growth. In underperforming companies, the main focus will be on measures to strengthen profitability while guaranteeing correct management and active owner governance. A new CEO was recruited to one of the portfolio companies during the quarter, and changes were implemented with respect to the corporate governance of another company.

In May, the Annual General Meeting (AGM) adopted a proposal for an amended long-term incentive programme for Ratos's employees that is aligned with the shareholders' return. The programme, which consists of warrants and convertible debt instruments, has been implemented and fully subscribed. This is a sign of the confidence in the future found in Ratos's organisation.

Jonas Wiström, Chief Executive Officer

# Important events, April–June 2018

- In April, Aibel signed a letter of intent, and later in the quarter a final agreement, valued at approximately NOK 8 billion for engineering, procurement and construction of the deck for a process platform at the Johan Sverdrup field. Planning has begun and construction will commence in the first quarter of 2019, with final delivery scheduled in 2022.
- HENT divested its residential development operations, HENT Eiendomsinvest, to Fredensborg Bolig, which involved a capital gain of NOK 84m.
- In conjunction with its Capital Markets Day in June, Ratos presented new financial targets.
    1. The earnings of the company portfolio should increase each year
    2. A conservative leverage in the portfolio companies with an aggregate debt ratio including Ratos AB (Net debt / EBITDA) of less than 2.5x
    3. The total return on Ratos shares should, over time, outperform the average on Nasdaq Stockholm
- Ratos provided a capital contribution of SEK 100m to Kvdbil in the second quarter
- HENT issued a dividend of NOK 150m during the quarter, of which Ratos's share totalled NOK 106m

## Important events, January–March

- airteam acquired Luftkontroll Energy i Örebro AB. The company's sales in 2017 amounted to approximately SEK 80m. Ratos did not provide any capital in conjunction with the acquisition.
- Ratos divested all of its shares in Jøtul for NOK 364m (enterprise value). The divestment generated a capital gain of SEK 26m. The investment generated a negative average annual rate of return (IRR).
- In March, Ratos implemented changes to its management group and investment organisation that meant a total of five people left their positions at Ratos.

Refer to pages 6–11 for more information about significant events in the companies.

# Companies overview

The Ratos Group's net sales for the second quarter of 2018 amounted to SEK 6,869m (6,741). Operating profit for the same period totalled SEK 844m (683). To facilitate a comparison of the ongoing performance of Ratos's company portfolio, the section below presents certain financial information that is not defined in accordance with IFRS. For a reconciliation of the alternative performance measures used in this report with the most directly reconcilable IFRS measures, refer to Note 3.
Complete income statements, statements of financial position and statements of cash flows for all of the companies are available at www.ratos.se.


## Ratos's company portfolio

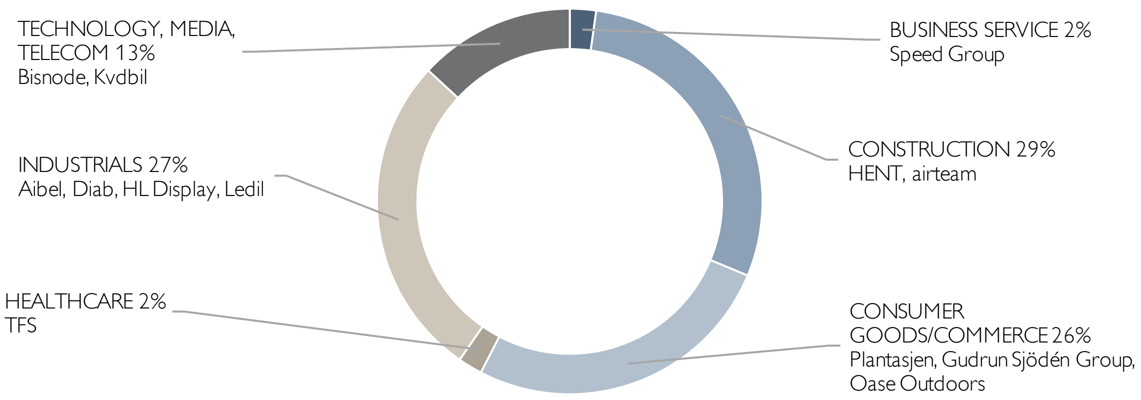
Ratos invests mainly in unlisted medium-sized Nordic companies and has 13 companies in its portfolio. The largest industries in terms of sales are Industrials, Consumer goods/Commerce and Construction.

13 companies with approximately

12,700* employees

* The number of employees is based on the average number of employees for full-year 2017 for the 13 companies.

**Sales breakdown by segment****



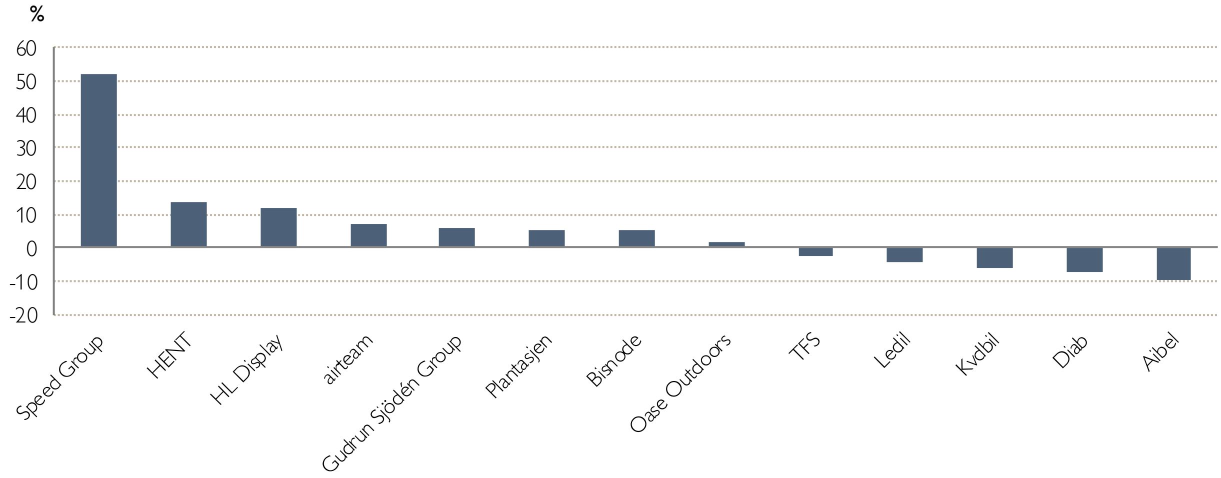

** Adjusted for the size of Ratos's holdings.

# Ratos's companies

## Q2 2018

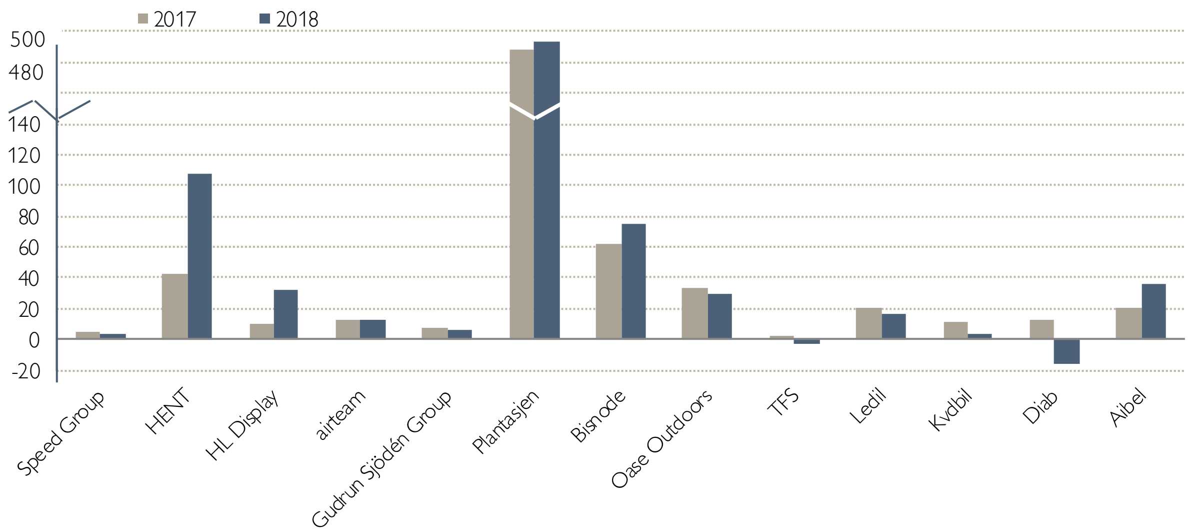
**Sales trend – 100%**

Local currency



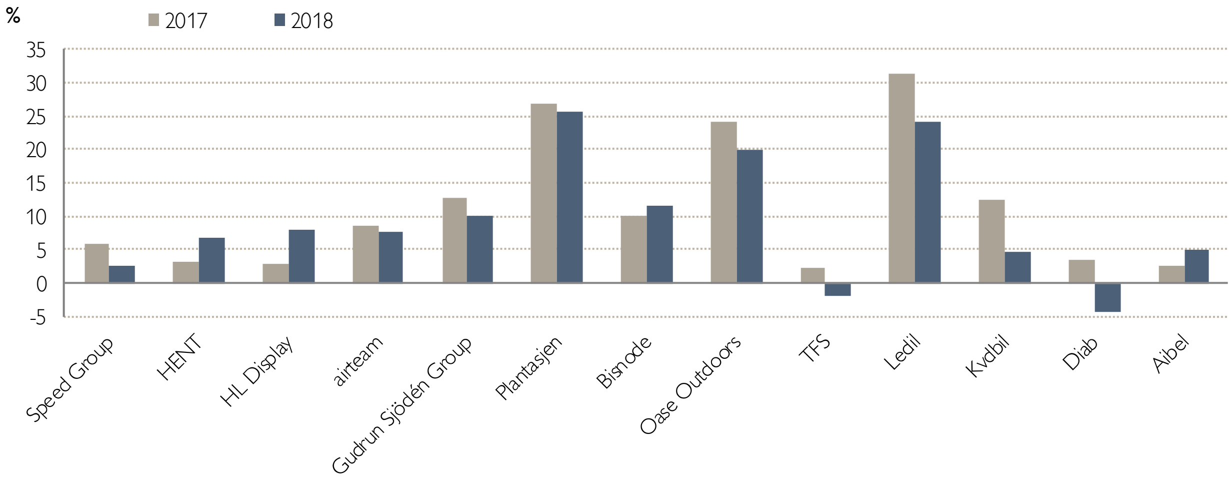

**EBITA – adjusted for the size of Ratos's holding**

SEKm




**EBITA margin – 100%**

Local currency




The information presented for each company on pages 6–11 refers to the company in its entirety and has not been adjusted for the size of Ratos's holding.

# Consumer goods/Commerce

## Plantasjen

- Sales growth of 6% in the second quarter, of which organic growth of 2.5%
- Weather brought major swings in sales; the heat early on in the second quarter resulted in strong traffic to the stores and a high level of sales, while the ensuing drought resulted in lower sales
- The EBITA margin was negatively impacted by increased costs related to changing in the weather, new store openings and marketing

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MNOK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 1,852 | 1,754 | 2,409 | 2,255 | 4,035 |
| EBITA | 477 | 472 | 272 | 328 | 156 |
| EBITA margin | 25.7% | 26.9% | 11.3% | 14.5% | 3.9% |
| Cash flow from operations | 692 | 734 | 424 | 468 | |

*The Nordic region's leading chain for sales of plants and gardening accessories with more than 120 stores in Norway, Sweden and Finland and a primary focus on consumers.*

Holding

99%

## Gudrun Sjödén Group

- Sales growth of 6% in the second quarter, primarily driven by positive currency effects and growth in international online shopping
- Lower EBITA due to costs for investments in the organisation and international expansion
- Continued focus on e-commerce and digital transformation

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MSEK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 191 | 180 | 374 | 371 | 796 |
| EBITA | 19 | 23 | 22 | 28 | 78 |
| EBITA margin | 10.1% | 12.8% | 5.9% | 7.4% | 9.8% |
| Cash flow from operations | 14 | 30 | -1 | 20 | |

*International design company with a unique, colourful style and a clear sustainability profile.*

Holding

30%

## Oase Outdoors

- Sales on par with the year-earlier period. Tougher market conditions in the UK were offset by stronger performance in the other markets. EBITA margin charged with ongoing investments in growth initiatives and product development
- Entirely new product line of tents launched prior to 2019 for Outwell, the company's largest brand

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MDKK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 134 | 132 | 239 | 238 | 317 |
| EBITA | 27 | 32 | 46 | 54 | 33 |
| EBITA margin | 20.0% | 24.0% | 19.1% | 22.7% | 10.3% |
| Cash flow from operations | 63 | 51 | 7 | -5 | |

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

Holding

78%

# Construction

## HENT

- Sales growth of 14% driven by a strong order book. Strong order intake of approximately NOK 2.6 billion during the second quarter. New orders include construction of a bus depot in Solna, Sweden, and factory premises for Norsk Kylling. The order book at 30 June 2018 amounted to approximately NOK 13.1 billion
- The EBITA margin of 6.9% was positively impacted by the capital gain from the divestment of the majority of the residential development operations. Adjusted EBITA margin of 2.7% during the quarter
- HENT divested HENT Eiendomsinvest to the Norwegian housing developer Fredensborg AS during the quarter. The divestment involved a capital gain of NOK 84m
- HENT issued a dividend of NOK 150m during the quarter, of which Ratos's share totalled NOK 106m

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MNOK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 2,018 | 1,770 | 3,745 | 3,422 | 7,357 |
| EBITA | 139 | 56 | 202 | 118 | 337 |
| EBITA margin | 6.9% | 3.2% | 5.4% | 3.5% | 4.6% |
| Cash flow from operations | 143 | -64 | 125 | -17 | |

*Leading Norwegian construction contractor with projects in Norway and Sweden. 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%

## airteam

- Sales growth of 7% in the second quarter, as a result of acquiring Luftkontroll Energy i Örebro AB
- Underlying market in Denmark remains strong, but project postponements continued to impact sales in Denmark during the second quarter
- A few completed low-margin products as well as transaction-related costs of approximately DKK 1m impacted the EBITA margin in the second quarter

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MDKK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 172 | 161 | 309 | 310 | 632 |
| EBITA | 13 | 14 | 21 | 22 | 59 |
| EBITA margin | 7.8% | 8.5% | 6.8% | 7.0% | 9.4% |
| Cash flow from operations | 20 | 24 | -1 | 23 | |

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

Holding

70%

# Industrials

## Aibel

- Sales declined during the quarter as a result of phasing out the Johan Sverdrup Drilling Platform contract. After an order intake of approximately NOK 10 billion during the quarter, the order book at the end of the period totalled approximately NOK 18 billion, up about 50% compared with 12 last months
- In April, Aibel signed a letter of intent, and later in the period a final agreement, with Equinor concerning engineering, procurement and construction (EPC) of a process platform (P2) for the continued expansion of the Johan Sverdrup field, with an estimated contract value of approximately NOK 8 billion. Planning has begun and construction will commence in the first quarter of 2019, with final delivery scheduled in 2022
- In April, Aibel was awarded a contract by Equinor for the refurbishment of the Njord Bravo FSU (Floating Storage Unit), with a contract value of NOK 1.3 billion. Aibel will have overall responsibility for fabrication, installation, construction and procurement

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MNOK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 2,138 | 2,368 | 4,045 | 4,834 | 8,292 |
| EBITA | 106 | 61 | 211 | 196 | 325 |
| EBITA margin | 5.0% | 2.6% | 5.2% | 4.0% | 3.9% |
| Cash flow from operations | -107 | 41 | -360 | 578 | |

*Leading Norwegian supplier of maintenance and modification services (Modification and Yard Services) for production platforms and onshore installations for oil and gas as well as new construction projects (Field Development) in oil and gas and renewable energy (Renewables). The company has operations along the Norwegian coast and in Asia. Customers are primarily the major oil companies operating on the Norwegian continental shelf.*

Holding

32%

## Diab

- Sales declined due to a weaker trend in the wind power segment, while the marine and TIA* segments delivered a favourable performance
- The weak EBITA is a result of lower sales, continued high commodity costs, lower efficiency and non-recurring costs related to the change of CEO. Adjusted EBITA totalled SEK -4m
- Tobias Hahn recruited as new CEO of Diab, starting in the third quarter. Tobias comes most recently from Atlas Copco

* Transport, industry and aerospace

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MSEK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 368 | 397 | 725 | 798 | 1,366 |
| EBITA | -16 | 14 | -13 | 40 | -53 |
| EBITA margin | -4.4% | 3.5% | -1.9% | 5.0% | -3.9% |
| Cash flow from operations | -56 | 6 | -55 | 19 | |

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

Holding

96%

# HL Display

- Currency-adjusted sales growth of 8%, driven by an improved product portfolio and market workup. Sales were impacted by positive currency effects
- Improved profitability due to a higher volume, enhanced efficiency in the sales chain and in the factories
- Measures to strengthen long-term profitability continue

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MSEK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 408 | 365 | 783 | 735 | 1,493 |
| EBITA | 32 | 11 | 54 | 25 | 71 |
| EBITA margin | 7.9% | 3.0% | 6.8% | 3.4% | 4.8% |
| Cash flow from operations | 2 | -39 | -10 | -55 | |

*Global supplier of products and systems for merchandising and in-store communication with operations in 47 countries. Manufacturing takes place in Poland, Sweden, China and the UK.*

Holding

99%

# Ledil

- Sales declined 4% during the second quarter due to lower growth, primarily in North America, and generally weaker market demand after a strong first quarter. Currency-adjusted sales growth in the second quarter totalled -1%
- Combined with a weak sales trend, investments in the organisation (R&D and new products) and global expansion led to lower EBITA year-on-year

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MEUR | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 10.1 | 10.5 | 21.8 | 20.3 | 41.9 |
| EBITA | 2.4 | 3.3 | 5.8 | 6.0 | 10.9 |
| EBITA margin | 24.2% | 31.4% | 26.7% | 29.4% | 26.1% |
| Cash flow from operations | 2.3 | 1.9 | 4.9 | 3.0 | |

*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%

# Technology, Media, Telecom

## Bisnode

- Sales growth of 5%, primarily driven by currency effects. Organic sales in the second quarter were in line with the year-earlier period, restructuring of the product mix is ongoing
- EBITA improved through favourable cost control and efficiency as a result of the change programme under way
- The extensive change initiatives to strengthen the core business and modernise the customer offering continue

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MSEK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 929 | 882 | 1,828 | 1,770 | 3,613 |
| EBITA | 108 | 89 | 180 | 169 | 408 |
| EBITA margin | 11.6% | 10.1% | 9.8% | 9.5% | 11.3% |
| Cash flow from operations | 84 | 109 | 219 | 244 | |

*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%

## Kvdbil

- Weak sales, -6% year-on-year, in Kvdbil's two main segments: Private Cars and Company Cars. Sales improved at the end of the second quarter
- Decline in EBITA due to lower volumes as well as planned cost increases related to IT and service development
- Ratos provided a capital contribution of SEK 100m in the second quarter

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MSEK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 84 | 90 | 155 | 171 | 330 |
| EBITA | 4 | 11 | -4 | 17 | 9 |
| EBITA margin | 4.6% | 12.5% | -2.9% | 10.1% | 2.6% |
| Cash flow from operations | 7 | 10 | 0 | 7 | |

*Sweden's largest independent online marketplace offering broker services for second-hand vehicles. The company operates the auction sites kvd.se, kvdnorge.no, kvdpro.com and kvdauctions.com, where cars, heavy vehicles and machines are offered for sale at weekly online auctions. The number of unique visitors totals approximately 200,000 per week. The company's service offering includes valuation portals for cars.*

Holding

100%

# Healthcare

## TFS

- Service sales* in the second quarter amounted to EUR 13.9m (15.2). The negative trend is attributable to restructuring in the company and cancellations of previous projects
- EBITA was negatively impacted by lower sales and restructuring costs of EUR 1m

* 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.

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MEUR | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 20.2 | 20.7 | 40.2 | 43.3 | 88.5 |
| EBITA | -0.4 | 0.5 | -1.1 | 1.3 | -3.1 |
| EBITA margin | -1.9% | 2.3% | -2.8% | 2.9% | -3.5% |
| Cash flow from operations | -1.5 | 0.9 | -2.4 | 0.9 | |

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

Holding

60%

# Business services

## Speed Group

- Sales growth of 52%, of which 15% organic, driven by high levels of activity in existing contracts. The acquisition of Samdistribution is proceeding well
- Profitability in the quarter continued to be charged with efficiency problems in new contracts, but improved during the quarter

| | Q2 | | Q1-2 | | LTM |
|---|---|---|---|---|---|
| MSEK | 2018 | 2017 | 2018 | 2017 | 17/18 |
| Sales | 200 | 132 | 345 | 256 | 601 |
| EBITA | 5 | 8 | 1 | 14 | 12 |
| EBITA margin | 2.7% | 5.8% | 0.4% | 5.5% | 2.0% |
| Cash flow from operations | -42 | 22 | -56 | 60 | |

*Swedish provider of services that extend from staffing and recruitment to full-scale warehouse management as well as production and education.*

Holding

70%

## Ratos's companies, adjusted for the size Ratos's holdings

| | Net sales in portfolio | | | | | | EBITA in portfolio | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 | LTM | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 | LTM |
| Aibel | 735 | 787 | 1,364 | 1,613 | 2,992 | 2,743 | 37 | 20 | 71 | 65 | 102 | 108 |
| airteam | 165 | 145 | 292 | 278 | 570 | 585 | 13 | 12 | 20 | 19 | 54 | 54 |
| Bisnode | 649 | 617 | 1,277 | 1,237 | 2,484 | 2,525 | 75 | 62 | 126 | 118 | 277 | 285 |
| Diab | 354 | 382 | 697 | 767 | 1,382 | 1,312 | -16 | 13 | -13 | 39 | 1 | -51 |
| Gudrun Sjödén Group | 57 | 54 | 112 | 111 | 238 | 239 | 6 | 7 | 7 | 8 | 25 | 23 |
| HENT | 1,585 | 1,347 | 2,888 | 2,611 | 5,300 | 5,578 | 108 | 43 | 156 | 90 | 190 | 256 |
| HL Display | 402 | 359 | 771 | 724 | 1,424 | 1,471 | 32 | 11 | 53 | 25 | 42 | 70 |
| Kvdbil | 84 | 90 | 155 | 171 | 346 | 330 | 4 | 11 | -4 | 17 | 30 | 9 |
| Ledil | 69 | 67 | 146 | 129 | 257 | 274 | 17 | 21 | 39 | 38 | 70 | 72 |
| Oase Outdoors | 145 | 134 | 256 | 241 | 321 | 336 | 29 | 32 | 49 | 55 | 42 | 36 |
| Plantasjen | 1,945 | 1,809 | 2,514 | 2,328 | 3,957 | 4,142 | 493 | 488 | 284 | 339 | 217 | 162 |
| Speed Group | 140 | 92 | 241 | 179 | 359 | 420 | 4 | 5 | 1 | 10 | 17 | 8 |
| TFS | 125 | 120 | 245 | 249 | 529 | 524 | -2 | 3 | -7 | 7 | -4 | -18 |
| **Total adjusted for Ratos's holding** | **6,456** | **6,003** | **10,958** | **10,637** | **20,159** | **20,480** | **798** | **728** | **780** | **830** | **1,063** | **1,014** |
| **Change** | **+8%** | | **+3%** | | | | **+10%** | | **-6%** | | | |

| | Adjusted EBITA in portfolio A) | | | | | | Cash flow from operations in portfolio B) | Interest-bearing net debt in portfolio | Ratos's holding (%) |
|---|---|---|---|---|---|---|---|---|---|
| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 | LTM | 2018 Q2 | 18-06-30 | 18-06-30 |
| Aibel | 37 | 20 | 71 | 65 | 131 | 137 | -38 | 949 | 32 |
| airteam | 14 | 12 | 21 | 19 | 54 | 55 | 18 | 113 | 70 |
| Bisnode | 82 | 66 | 140 | 123 | 297 | 313 | 59 | 1,057 | 70 |
| Diab | -4 | 13 | -1 | 39 | 1 | -39 | -53 | 842 | 96 |
| Gudrun Sjödén Group | 6 | 7 | 7 | 8 | 25 | 23 | 4 | -26 | 30 |
| HENT | 43 | 43 | 91 | 90 | 184 | 186 | 110 | -582 | 73 |
| HL Display | 32 | 11 | 54 | 25 | 49 | 78 | 2 | 537 | 99 |
| Kvdbil | 4 | 12 | -4 | 18 | 42 | 20 | 7 | 53 | 100 |
| Ledil | 17 | 21 | 39 | 38 | 70 | 72 | 16 | 225 | 66 |
| Oase Outdoors | 29 | 32 | 49 | 55 | 42 | 36 | 67 | 214 | 78 |
| Plantasjen | 497 | 495 | 311 | 347 | 229 | 193 | 716 | 1,857 | 99 |
| Speed Group | 4 | 5 | 2 | 10 | 17 | 9 | -30 | 64 | 70 |
| TFS | 3 | 3 | -1 | 7 | 2 | -6 | -9 | 43 | 60 |
| **Total adjusted for Ratos's holding** | **764** | **740** | **778** | **845** | **1,143** | **1,076** | **870** | **5,347** | |
| **Change** | **+3%** | | **-8%** | | | | | | |

A) EBITA, adjusted for items affecting comparability

B) Cash flow from operations, excluding paid tax and interest, but including investments and divestments of intangible assets and property, plant and equipment, respectively.

All figures in the above table are based on Ratos's holdings. Some holdings are reported pro forma where appropriate, in order to facilitate comparisons between years and provide a comparable structure.

Complete income statements, statements of financial position and statements of cash flows for all of the companies are available at www.ratos.se.

# Financial information

## Ratos's results April–June

EBITA for the second quarter of 2018 amounted to SEK 857m (711). This result includes profit/a share of profits from the companies of SEK 894m (769), an earnings improvement of SEK 125m. The improved earnings were impacted by HENT's divestment of its residential development operations, which yielded a capital gain of SEK 89m. Plantasjen, for whom the second quarter is the seasonally strongest quarter, contributed SEK 499m (494).

Profit before tax for the second quarter of 2018 amounted to SEK 738m (546). This result includes profit/share of profits in the portfolio companies of SEK 779m (626). Ratos's adjusted management costs amounted to SEK -34m (-39). Earnings were charged with expenses of SEK 2m for the new incentive programme.

## Ratos's results, January–June

EBITA for the first half of the year amounted to SEK 840m (818). This result includes profit/a share of profits from the companies of SEK 900m (913). Earnings were impacted positively by HENT's divestment of its residential development operations, which yielded a capital gain of SEK 89m. Diab and Plantasjen posted a year-on-year decline of SEK 54m and SEK 56m, respectively. Earnings include total capital gains of SEK 26m (2).

Profit before tax for the first half of 2018 amounted to SEK 591m (514). This result includes profit/share of profits in the portfolio companies of SEK 663m (635). Bisnode was impacted by major negative exchange rate changes in net financial items, SEK -56m (0).

Ratos's adjusted management costs amounted to SEK -83m (-84). Earnings for the period were charged with SEK 13m in personnel costs owing to organisational changes and expenses of SEK 2m for the new incentive programme.

## Cash flow

Cash flow for the period amounted to SEK -506m (-1,137), of which cash flow from operating activities accounted for SEK 718m (682), cash flow from investing activities for SEK -224m (338) and cash flow from financing activities for SEK -1,000m (-2,157). In addition to the conditions in the portfolio companies' operating activities, Ratos's cash flow was impacted by changes in the company portfolio. The portfolio companies owned in both periods posted a change in operating activities of SEK -46m, with Speed Group and Diab responsible for the largest negative changes and HENT responsible for the largest positive change.

## Financial position and leverage

The Group's cash and cash equivalents at the end of the period amounted to SEK 3,481m (3,196) and interest-bearing net debt totalled SEK 3,413m (5,059).

The portfolio's aggregate debt ratio, including the parent company, amounted to 3.0x (3.1x). Ratos's aim is to have a conservative leverage in the portfolio companies with an aggregate debt ratio, including the parent company, that falls below 2.5x on a long term basis (Net Debt/EBITDA).

## Ratos's equity

At 30 June 2018, Ratos's equity (attributable to owners of the parent) amounted to SEK 9,623m (SEK 9,660m at 31 December 2017), corresponding to SEK 30 per share outstanding (SEK 30 at 31 December 2017).

## Parent company

The parent company posted an operating loss of SEK -76m (-93). The parent company's profit before tax amounted to SEK 579m (1,123). The parent company's cash and cash equivalents totalled SEK 1,536m (1,281).

## Ratos's Class B share

Earnings per share before dilution totalled SEK 1.06 (0.59). The closing price for Ratos's Class B shares on 29 June 2018 was SEK 29.96. The total return on Class B shares for the second half of 2018 amounted to -10%, compared with the performance of the SIX Return Index, which was 4%.

## Incentive programmes

During the period, the parent company issued warrants and a convertible debt instrument in accordance with the Annual General Meeting (AGM) decision of 3 May 2018. In total, 515,472 warrants and 724,528 convertibles were issued.

## Treasury shares and number of shares

No Class B shares were repurchased at the end of June. 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. The 2018 Annual General Meeting (AGM) renewed the mandate for the company to acquire treasury shares. The holding of treasury shares may not exceed 7% of all shares.

At 30 June 2018, 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. The average number of Class B treasury shares in Ratos during the first half of 2018 was 5,126,262 (5,126,262 in full-year 2017).

## Credit facilities and new issue mandate

The parent company has a credit facility of SEK 2.2 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 with few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period. In addition, there is also a mandate from the 2018 Annual General Meeting (AGM) to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions.  After the end of the period, the parent company's credit facility was lowered to SEK 1.0 billion including a bank overdraft facility.

## Resolutions at the Annual General Meeting

Information on resolutions passed at the 2018 Annual General Meeting (AGM) can be accessed at https://www.ratos.se/en/Investor-Relations/Corporate-Governance/Annual-General-Meetings/. The Board of Directors proposed an ordinary dividend of SEK 2.00 per Class A and B share (2.00) for the 2017 financial year. Disbursement from Euroclear Sweden took place on 11 May 2018.

## Key figures for Ratos's share

| SEKm | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|
| **Key figures per share [1)]** | | | |
| Total return, % | -10 | -2 | -13 |
| Dividend yield, % | | | 5.6 |
| Market price, SEK | 29.96 | 40.20 | 35.84 |
| Dividend, SEK | 2.00 | 2.00 | 2.00 |
| Equity attributable to owners of the parent, SEK [2)] | 30 | 30 | 30 |
| Earnings per share before dilution, SEK [3)] | 1.06 | 0.59 | 0.72 |
| Earnings per share after dilution, SEK [3)] | 1.06 | 0.59 | 0.72 |
| | | | |
| Average number of ordinary shares outstanding: | | | |
| – before dilution | 319,014,634 | 319,014,634 | 319,014,634 |
| – after dilution | 319,103,187 | 319,014,634 | 319,014,634 |
| | | | |
| Total number of registered shares | 324,140,896 | 324,140,896 | 324,140,896 |
| Number of shares outstanding | 319,014,634 | 319,014,634 | 319,014,634 |
| – of which, Class A shares | 84,637,060 | 84,637,060 | 84,637,060 |
| – of which, Class B shares | 234,377,574 | 234,377,574 | 234,377,574 |

[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. Comparison periods have been adjusted for outstanding preference share capital. All preference shares were redeemed by the end of the second quarter 2017.

[3)] See defintion webside

# Financial statements

## Consolidated income statement

| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|---|---|
| Net sales | 6,869 | 6,741 | 11,781 | 12,303 | 23,059 |
| Other operating income | 35 | 23 | 59 | 39 | 79 |
| Change in inventories of products in progress, finished goods and work in progress | 8 | 157 | -1 | 29 | -16 |
| Work performed by the company for its own use and capitalised | 35 | 17 | 62 | 32 | 70 |
| Raw materials and consumables | -3,751 | -3,640 | -6,406 | -6,389 | -12,123 |
| Employee benefit costs | -1,567 | -1,568 | -3,088 | -3,176 | -6,098 |
| Depreciation/amortisation and impairment of property, plant and equipment and intangible assets | -124 | -155 | -250 | -313 | -1,163 |
| Other costs | -789 | -902 | -1,521 | -1,813 | -3,467 |
| Capital gain from group companies | 89 | 8 | 115 | -24 | 559 |
| Impairment and capital gain from investments recognised according to the equity method | 0 | | 8 | 33 | 161 |
| Share of pre-tax profit/loss from investments recognised according to the equity method [1)] | 38 | 2 | 50 | 40 | 19 |
| **Operating profit** | **844** | **683** | **808** | **761** | **1,081** |
| Financial income | 12 | 25 | 20 | 42 | 77 |
| Financial expenses | -118 | -163 | -238 | -290 | -500 |
| **Net financial items** | **-106** | **-137** | **-218** | **-248** | **-423** |
| **Profit before tax** | **738** | **546** | **591** | **514** | **658** |
| Tax | -154 | -151 | -128 | -173 | -234 |
| Share of tax from investments recognised according to the equity method [1)] | -7 | 2 | -10 | -12 | -17 |
| **Profit for the period** | **577** | **396** | **452** | **329** | **407** |
| | | | | | |
| *Profit for the period attributable to:* | | | | | |
| Owners of the parent | 488 | 333 | 339 | 228 | 268 |
| Non-controlling interests | 88 | 63 | 113 | 101 | 139 |
| | | | | | |
| Earnings per share, SEK | | | | | |
| – before dilution | 1.53 | 0.98 | 1.06 | 0.59 | 0.72 |
| – after dilution | 1.53 | 0.98 | 1.06 | 0.59 | 0.72 |

[1)] Tax attributable to shares of profit/loss before tax from investments recognised according to the equity method are presented on a separate line.

## Consolidated statement of comprehensive income

| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|---|---|
| **Profit for the period** | **577** | **396** | **452** | **329** | **407** |
| **Other comprehensive income** | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Remeasurement of defined benefit pension obligations, net | | | | | 8 |
| Tax attributable to items that will not be reclassified to profit or loss | | | | | 2 |
| | | | | | **10** |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Translation differences for the period | 129 | -140 | 513 | -123 | -29 |
| Change in hedging reserve for the period | 11 | -11 | -3 | -12 | -1 |
| Tax attributable to items that may be reclassified subsequently to profit or loss | -2 | 3 | -0 | 3 | 0 |
| | **137** | **-149** | **510** | **-132** | **-30** |
| **Other comprehensive income for the period** | **137** | **-149** | **510** | **-132** | **-20** |
| **Total comprehensive income for the period** | **714** | **247** | **962** | **197** | **387** |
| *Total comprehensive income for the period attributable to:* | | | | | |
| Owners of the parent | 606 | 225 | 743 | 135 | 248 |
| Non-controlling interest | 108 | 22 | 219 | 63 | 139 |

## Summary consolidated statement of financial position

| SEKm | 2018-06-30 | 2017-06-30 | 2017-12-31 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Goodwill | 12,172 | 12,101 | 11,583 |
| Other intangible non-current assets | 1,794 | 1,870 | 1,841 |
| Property, plant and equipment | 1,728 | 1,832 | 1,827 |
| Financial assets | 1,445 | 1,280 | 1,323 |
| Deferred tax assets | 476 | 518 | 478 |
| **Total non-current assets** | **17,616** | **17,602** | **17,053** |
| **Current assets** | | | |
| Inventories | 1,263 | 1,483 | 1,136 |
| Current receivables | 3,916 | 3,867 | 3,253 |
| Cash and cash equivalents | 3,481 | 3,196 | 3,881 |
| Assets held for sale | | 1,409 | |
| **Total current assets** | **8,661** | **9,955** | **8,270** |
| **Total assets** | **26,276** | **27,557** | **25,323** |
| EQUITY AND LIABILITIES | | | |
| **Equity including non-controlling interests** | **11,448** | **11,461** | **11,546** |
| **Non-current liabilities** | | | |
| Interest-bearing liabilities | 4,375 | 6,596 | 5,819 |
| Non-interest bearing liabilities | 752 | 403 | 356 |
| Pension provisions | 514 | 498 | 486 |
| Other provisions | 21 | 88 | 61 |
| Deferred tax liabilities | 586 | 527 | 500 |
| **Total non-current liabilities** | **6,247** | **8,112** | **7,222** |
| **Current liabilities** | | | |
| Interest-bearing liabilities | 2,111 | 1,271 | 1,019 |
| Non-interest bearing liabilities | 5,727 | 5,465 | 4,880 |
| Provisions | 743 | 676 | 656 |
| Liabilities attributable to Assets held for sale | | 572 | |
| **Total current liabilities** | **8,581** | **7,983** | **6,555** |
| **Total equity and liabilities** | **26,276** | **27,557** | **25,323** |

## Summary statement of changes in consolidated equity

| SEKm | 2018-06-30 Owners of the parent | 2018-06-30 Non-controlling interest | 2018-06-30 Total equity | 2017-06-30 Owners of the parent | 2017-06-30 Non-controlling interest | 2017-06-30 Total equity | 2017-12-31 Owners of the parent | 2017-12-31 Non-controlling interest | 2017-12-31 Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Opening equity** | **9,660** | **1,886** | **11,546** | **11,283** | **2,003** | **13,286** | **11,283** | **2,003** | **13,286** |
| Adjustment | | | | | | | 0 | 0 | -0 |
| **Adjusted equity** | **9,660** | **1,886** | **11,546** | **11,283** | **2,003** | **13,286** | **11,283** | **2,004** | **13,286** |
| Total comprehensive income for the period | 743 | 219 | 962 | 135 | 63 | 197 | 248 | 139 | 387 |
| Dividends | -638 | -42 | -680 | -659 | -90 | -750 | -659 | -90 | -749 |
| Non-controlling interests' share of capital contribution and new issue | | 0 | 0 | | 24 | 24 | | 27 | 27 |
| Purchase/redemption of treasury shares, net effect | | | | -1,300 | | -1,300 | -1,300 | | -1,300 |
| The value of the conversion option of the convertible | 2 | | 2 | | | | | | |
| Option premiums | 2 | | 2 | | | | 1 | | 1 |
| Put options, future acquisitions from non-controlling interests | -146 | -242 | -388 | | -2 | -2 | -3 | -2 | -5 |
| Acquisition of shares in subsidiaries from non-controlling interests | -0 | | -0 | | | | -1 | -6 | -6 |
| Disposal of shares in subsidiaries to non-controlling interests | 1 | 1 | 2 | 0 | 4 | 4 | 1 | 6 | 6 |
| Non-controlling interests at acquisition | | 10 | 10 | | | | | | |
| Non-controlling interests in disposals | | -6 | -6 | | 0 | 0 | | -101 | -101 |
| Adjusted non-controlling interests | | | | 91 | -91 | | 91 | -91 | |
| **Closing equity** | **9,623** | **1,825** | **11,448** | **9,550** | **1,912** | **11,461** | **9,660** | **1,886** | **11,546** |

## Consolidated statement of cash flows

| SEKm | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/loss before tax | 808 | 761 | 1,081 |
| Adjustment for non-cash items | 160 | 343 | 522 |
| | 968 | 1,105 | 1,602 |
| Income tax paid | -124 | -118 | -251 |
| **Cash flow from operating activities before change in working capital** | **845** | **987** | **1,351** |
| Cash flow from change in working capital | | | |
| Increase (-)/Decrease (+) in inventories | -212 | -177 | -26 |
| Increase (-)/Decrease (+) in operating receivables | -303 | -70 | 232 |
| Increase (+)/Decrease (-) in operating liabilities | 390 | -58 | -258 |
| **Cash flow from operating activities** | **718** | **682** | **1,299** |
| **Investing activities** | | | |
| Acquisition, group companies | -80 | -230 | -365 |
| Disposal, group companies | 95 | 16 | 709 |
| Acquisitions, investments recognised according to the equity method | -0 | -16 | -16 |
| Disposals, investments recognised according to the equity method | 8 | 781 | 1,065 |
| Purchase and disposal, intangible assets/property, plant and equipment | -254 | -231 | -572 |
| Investments and disposal, financial assets | 1 | 15 | 288 |
| Received interest | 7 | 3 | 25 |
| **Cash flow from investing activities** | **-224** | **338** | **1,135** |
| **Financing activities** | | | |
| Non-controlling interests' share of issue/capital contribution | 9 | 35 | 41 |
| Repurchase/redemption of treasury shares | | -1,300 | -1,300 |
| Option premiums paid | 3 | 11 | 19 |
| Repurchase/final settlements options | -3 | -5 | -24 |
| Acquisition and disposal of shares in subsidiaries from non-controlling interests | -2 | 4 | 0 |
| Dividends paid | -638 | -677 | -677 |
| Dividends paid, non-controlling interests | -42 | -90 | -90 |
| Borrowings | 669 | 622 | 662 |
| Amortisation of loans | -832 | -579 | -1,199 |
| Paid interest | -150 | -164 | -330 |
| Amortisation of finanicial lease liabilitities | -15 | -15 | -30 |
| **Cash flow from financing activities** | **-1,000** | **-2,157** | **-2,928** |
| **Cash flow for the period** | **-506** | **-1,137** | **-494** |
| Cash and cash equivalents at the beginning of the year | 3,881 | 4,389 | 4,389 |
| Exchange differences in cash and cash equivalents | 105 | -46 | -46 |
| Increase (-)/Decrease (+) of cash and cash equivalents classified as Assets held for sale | | -11 | 32 |
| Cash and cash equivalents at the end of the period | 3,481 | 3,196 | 3,881 |

## Parent company income statement

| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|---|---|
| Other operating income | 13 | 1 | 14 | 2 | 10 |
| Other external costs | -14 | -22 | -31 | -38 | -81 |
| Personnel costs | -23 | -27 | -57 | -55 | -98 |
| Depreciation of property, plant and equipment | -1 | -1 | -2 | -2 | -3 |
| **Operating loss** | **-26** | **-49** | **-76** | **-93** | **-172** |
| | | | | | |
| Gain from sale of participating interests in group companies | 576 | | 576 | | 844 |
| Dividends from group companies | 114 | 403 | 114 | 572 | 572 |
| Impairment of shares in group companies | | -28 | -26 | -123 | -533 |
| Gain from sale of interests in associates | | 0 | | 778 | 778 |
| Result from other securities and receivables accounted for as non-current assets | 2 | 2 | 2 | 2 | 2 |
| Other interest income and similar profit/loss items | 1 | 4 | 9 | 6 | 22 |
| Interest expenses and similar profit/loss items | -7 | -14 | -18 | -18 | -21 |
| **Profit after financial items** | **659** | **318** | **579** | **1,123** | **1,491** |
| | | | | | |
| Tax | | | | | |
| **Profit for the period** | **659** | **318** | **579** | **1,123** | **1,491** |

## Parent company statement of comprehensive income

| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|---|---|
| **Profit for the period** | **659** | **318** | **579** | **1,123** | **1,491** |
| | | | | | |
| **Other comprehensive income** | | | | | |
| Change in fair value reserve for the period | 0 | | -7 | | |
| **Other comprehensive income for the period** | 0 | | -7 | | |
| | | | | | |
| **Total comprehensive income for the period** | **659** | **318** | **573** | **1,123** | **1,491** |

## Summary parent company balance sheet

| SEKm | 2018-06-30 | 2017-06-30 | 2017-12-31 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 59 | 62 | 61 |
| Financial assets | 7,774 | 9,174 | 8,267 |
| Receivables from group companies | 0 | | 12 |
| **Total non-current assets** | **7,833** | **9,237** | **8,340** |
| **Current assets** | | | |
| Current receivables | 19 | 14 | 12 |
| Receivables from group companies | 3 | 49 | 2 |
| Cash and cash equivalents | 1,536 | 1,281 | 2,226 |
| **Total current assets** | **1,558** | **1,344** | **2,240** |
| **Total assets** | **9,392** | **10,580** | **10,581** |
| EQUITY AND LIABILITIES | | | |
| **Equity** | **8,703** | **8,396** | **8,765** |
| **Non-current liablities** | | | |
| Interest-bearing liabilities, group companies | 364 | 311 | 306 |
| Non-interest bearing liabilities | 11 | 17 | 18 |
| Other financial liabilities | 42 | 40 | 30 |
| Convertible debentures | 16 | | |
| **Total non-current liablities** | **433** | **368** | **354** |
| **Current provisions** | **178** | **160** | **140** |
| **Current liabilities** | | | |
| Interest-bearing liabilities, group companies | | | 13 |
| Non-interest bearing liabilities, group companies | 18 | 1,581 | 1,250 |
| Non-interest bearing liabilities | 59 | 75 | 59 |
| **Total current liabilities** | **77** | **1,656** | **1,322** |
| **Total equity and liabilities** | **9,392** | **10,580** | **10,581** |

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

| SEKm | 2018-06-30 | 2017-06-30 | 2017-12-31 |
|---|---|---|---|
| **Opening equity** | **8,765** | **9,232** | **9,232** |
| Comprehensive income for the period | 573 | 1,123 | 1,491 |
| Dividends | -638 | -659 | -659 |
| Purchase/redemption of treasury shares, net effect | | -1,300 | -1,300 |
| The value of the conversion option of the convertible debentures | 2 | | |
| Option premiums | 2 | | 1 |
| **Closing equity** | **8,703** | **8,396** | **8,765** |

## Parent company cash flow statement

| SEKm | 2018 Q1-2 | 2017 Q1-2 | 2017 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/loss before tax | 579 | 1,123 | 1,491 |
| Adjustment for non-cash items | -524 | -1,013 | -1,463 |
| | 55 | 110 | 27 |
| Income tax paid | | | |
| **Cash flow from operating activities before change in working capital** | **55** | **110** | **27** |
| Cash flow from change in working capital: | | | |
| Increase (-)/Decrease (+) in operating receivables | 5 | -14 | -19 |
| Increase (+)/Decrease (-) in operating liabilities | -31 | -82 | -69 |
| **Cash flow from operating activities** | **30** | **14** | **-61** |
| **Investing activities** | | | |
| Investment, shares in subsidiaries | -100 | -194 | -422 |
| Liabilities to group companies [1] | | | 1,228 |
| Disposal, shares in associates | | 781 | 781 |
| Acquisition, property, plant and equipment | -0 | -0 | -0 |
| Investments and disposals, financial assets | | -20 | |
| **Cash flow from investing activities** | **-100** | **567** | **1,587** |
| **Financing activities** | | | |
| Repurchase/redemption of treasury shares | | -1,300 | -1,300 |
| Option premiums paid | | 2 | 4 |
| Repurchase/final settlements options | -1 | | -16 |
| Convertible debentures | 18 | 0 | 0 |
| Dividends paid | -638 | -677 | -677 |
| **Cash flow from financing activities** | **-621** | **-1,975** | **-1,989** |
| **Cash flow for the period** | **-692** | **-1,394** | **-463** |
| Cash and cash equivalents at the beginning of the year | 2,226 | 2,677 | 2,677 |
| Exchange differences in cash and cash equivalents | 2 | -2 | 12 |
| Cash and cash equivalents at the end of the period | 1,536 | 1,281 | 2,226 |

[1] Liability to centrally administrated group company that arose in conjuction with divestment of group company.

## Note 1 Accounting principles

Ratos's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and associated interpretations (IFRIC), as endorsed by the EU. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. The parent company also applies RFR 2 Accounting for Legal Entities.

### Changed accounting principles due to new IFRS

As of 2018, Ratos applies IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The following changes have been made with respect to the application of the new standards. In all other respects, reporting and measurement principles are unchanged compared with those applied in Ratos's 2017 Annual Report.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 is to be applied from 2018 and addresses the recognition of revenue from contracts with customers and the sale of certain non-financial assets. It has replaced IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. The new standard introduces a new model for revenue recognition based on the core principle that revenue is to be recognised when control over goods or services has been passed to the customer and in an amount that reflects the consideration to which the company is entitled in exchange for those goods or services. The transition to IFRS 15 has not had any material impact on the Ratos Group's financial earnings or position.

Ratos has chosen to apply the full retrospective approach during the transition, using the practical solutions provided in the standard. All of Ratos's portfolio companies concluded that the application of IFRS 15 will not have any material impact on revenue recognition in the individual company and thus will not have any material impact on Ratos's consolidated financial statements. Since the transition to IFRS 15 has not had any material impact on the Ratos Group, no comparative figures have been restated and the Group has therefore not presented any disclosures regarding the transition.

Ratos is an investment company whose business comprises the acquisition, development and divestment of unlisted enterprises. At the end of the second quarter of 2018, the portfolio comprised 11 subsidiaries and two associated companies. The portfolio companies are active in different sectors, and operate strategically, operationally and financially independent of each other. Since the operations of Ratos's subsidiaries are so varied, the most relevant basis for revenue classification is considered to be by portfolio company and the industries in which the companies operate. These two categories provide information about the Ratos Group's primary analysis requirement and give the reader an opportunity to gain an understanding of the various industries in which Ratos is involved in order to assess the Group's sensitivity to market trends and other economic factors that could impact revenue.

Revenue classification according to the aforementioned categories is in line with IFRS 8 Operating Segments, where segment reporting is based on recognition and measurement in accordance with IFRS 15.

#### IFRS 9 Financial Instruments

IFRS 9 is to be applied from 2018 and has replaced IAS 39 Financial Instruments: Recognition and Measurement. For the Ratos Group, IFRS 9 does not entail any changes with respect to recognition in and derecognition from the Statement of financial position. However, changes will occur with respect to the classification and measurement of financial instruments. On initial recognition, all financial instruments are to be measured at fair value, which complies with IAS 39. After initial recognition, financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. The classification of financial assets is determined based on the company's business model and the contractual cash flows the company will receive from the financial asset.

The category of amortised cost includes trade receivables, financial receivables and cash and cash equivalents. The category of fair value through profit or loss includes derivatives not used as hedging instruments, synthetic options, additional purchase considerations and other securities held as non-current assets. The Ratos Group has no financial assets in the category of fair value through other comprehensive income. The measurement of financial liabilities is largely unchanged compared with IAS 39.

Under IFRS 9, the impairment requirement for receivables is to be determined based on expected credit losses, which for the Ratos Group mainly impacts the recognition of bad debts. The Group's bad debts have been non-material, and remain so after the transition to the new standard. Each portfolio company applies its own impairment model for trade receivables based on assumptions and historical information. Most portfolio companies have chosen to apply a simplified impairment model. Three portfolio companies apply factoring for invoices to a small number of customers, which are regarded as separate business models since they can be distinguished from the other receivables.

With respect to hedge accounting, IFRS 9 has had no impact on the Ratos Group's financial position and earnings. The comparative figures for 2017 are based on earlier principles and have not been restated. The transition to IFRS 9 has not had any impact on opening balance.

Refer to Note 16 Financial instruments and Note 26 Financial risks and risk policy in Ratos's 2017 Annual Report for a description of the hedges within the Ratos Group.

#### Convertible debt instrument and warrants

The parent company has issued a convertible debt instrument to personnel, who paid market value. Recognition of the convertible debt instrument is divided up into an interest-bearing debt and a conversion option. The conversion option is recognised in equity.

The initial fair value of the debt portion of the convertible debt instrument was calculated by using the market rate on the issue date for an equivalent non-convertible bond. On initial recognition, the debt is measured at amortised cost until it is converted or falls due. The remainder of the cash and cash equivalent is apportioned to the conversion option, recognised net after tax in equity, and is not remeasured. The convertible debt instrument issued entails no personnel costs. In the event of any future conversion of the debt instrument, new shares will be issued that increase equity at the same time as the debt portion is transferred to equity. If conversion does not take place, the debt will be repaid to the participants on the due date.

The parent company has also issued warrants to personnel. The warrants are offered free of charge, which means that the participants retain a benefit equivalent to the market value. The market value in connection with allotment was calculated using the Black–Scholes model. The associated benefit and social security contributions are recognised in their entirety as personnel costs upon issuance. The cost of the benefit is recognised with an equivalent increase of equity. In the event of any future utilisation of warrants, the parent company retains cash and cash equivalents corresponding to the exercise price, whereupon new shares will be issued and the exercise settlement recognised as an increase in equity.

### New IFRS that have not yet come into force

IFRS 16 Leases replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease and related rules. The standard is effective from 2019. Under the new standard, the lessee is required to recognise all contracts that meet the definition of a lease (except leases of 12 months or less and leases of low-value assets) as a right-of-use asset and liability in the statement of financial position. Leases that currently comprise operating leases will subsequently be recognised in the balance sheet, which entails that the current operating expense, corresponding to the leasing charges for the period, will be replaced by amortisation and interest expense in the income statement. Ratos's financial statements will largely be impacted as follows: Improved operating profit, increased total assets, cash flow from leases moved from operating activities to financing activities (amortisation and interest paid).

IFRS 16 will impact Ratos's portfolio companies to varying degrees and the companies are following the transition plan drawn up at year-end 2017, including an inventory and analysis of existing leases and other factors concerning materiality, discount rates and the need for system support.

## Note 2 Risks and uncertainties

Ratos is an investment company that acquires, develops and divests unlisted companies in the Nordic countries.

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 is also dependent, among other things, on how successful those responsible for the investments and each company's management group and board are at developing and implementing value-enhancing 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 financing 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 26 and 33 in the 2017 Annual Report.

## Note 3 Alternative performance measures

Due to the nature of Ratos's operations – acquisition, development and divestment 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 company portfolio. 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 company portfolio, Ratos presents certain financial information that is not defined in accordance with IFRS.

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.

### Net sales

| SEKm | 2018 Q1-2 | 2017 Q1-2 | Change | 2017 |
|---|---|---|---|---|
| **Net sales in the portfolio, Ratos's holding** | **10,958** | **10,637** | 3% | **20,159** |
| Net sales in subsidiaries, holding not owned by Ratos | 2,229 | 2,072 | | 4,143 |
| Subsidiaries divested during current year | 70 | 1,318 | | 1,987 |
| Investments recognised according to the equity method | -1,476 | -1,724 | | -3,230 |
| **Consolidated net sales** | **11,781** | **12,303** | -4% | **23,059** |

### Adjusted EBITA, EBITA and operating profit

| SEKm | 2018 Q1-2 | 2017 Q1-2 | Förändring | 2017 |
|---|---|---|---|---|
| **Adjusted EBITA in the portfolio, Ratos's holding** | **778** | **845** | -8% | **1,143** |
| Items affecting comparability, Ratos's holding | 3 | -15 | | -80 |
| **EBITA in the portfolio, Ratos's holding** | **780** | **830** | -6% | **1,063** |
| EBITA in subsidiaries, holding not owned by Ratos | 148 | 132 | | 272 |
| Subsidiaries divested during current year | 0 | -16 | | -30 |
| Exit gain/loss from portfolio companies | 26 | 2 | | 663 |
| Investments recognised according to the equity method | -28 | -33 | | -110 |
| Income and expenses in the parent company and central companies | -86 | -98 | | -119 |
| **Consolidated EBITA** | **840** | **818** | 3% | **1,741** |
| Amortisation and impairment of intangible assets in connection with company acquisitions | -31 | -56 | | -660 |
| **Consolidated operating profit** | **808** | **761** | 6% | **1,081** |

### Cash flow from operations

| SEKm | 2018 Q1-2 |
|---|---|
| **Cash flow from operations in portfolio Q2, Ratos's holding** | **870** |
| Cash flow from operations in portfolio Q1, Ratos's holding | -376 |
| **Cash flow from operations in portfolio Q1-2, Ratos's holding** | **494** |
| Cash flow from operations, holding not owned by Ratos | 97 |
| Cash flow from operations, holdings divested during current year | -22 |
| Investments recognised according to the equity method | 122 |
| Acquisitions and disposals, intangible assets/property, plant and equipment | 254 |
| Income tax paid | -124 |
| Attributable to the parent company | 30 |
| Eliminations | -133 |
| **Cash flow from operating activities** | **718** |

### Interest-bearing net debt

| SEKm | 2018-06-30 |
|---|---|
| **Total interest-bearing net debt in the portfolio, Ratos's holding** | **5,347** |
| Interest-bearing net debt in subsidiaries, holding not owned by Ratos | 586 |
| Investments recognised according to the equity method | -923 |
| Attributable to the parent company and central companies | -1,597 |
| **Consolidated interest-bearing net debt** | **3,413** |

| | 2018-06-30 | 2017-06-30 | 2017-12-31 |
|---|---|---|---|
| Non-current interest-bearing liabilities | 4,375 | 6,596 | 5,819 |
| Current interest-bearing liabilities | 2,111 | 1,271 | 1,019 |
| Provisions for pensions | 514 | 498 | 486 |
| Interest-bearing assets | -106 | -110 | -118 |
| Cash and cash equivalents | -3,481 | -3,196 | -3,881 |
| **Consolidated interest-bearing net debt** | **3,413** | **5,059** | **3,324** |

## Note 4 Acquired and divested businesses

### Divestment of Jøtul

In February 2018, Ratos divested all of its shares in the subsidiary Jøtul A/S (Jøtul) for NOK 364m (enterprise value). The sale was completed in February.

### Divestments within subsidiaries

HENT has divested its subsidiary, HENT Eiendomsinvest, to Fredensborg Bolig. The agreement includes a contingent consideration related to an option linked to the expansion of a project outside Oslo. The divestment of the operation yielded a capital gain of approximately NOK 84m, including a contingent consideration.

### Acquisitions within subsidiaries

Speed Group acquired Samdistribution Logistik Sverige AB during the period. Samdistribution Logistik Sverige AB is currently the leading logistics partner for the Swedish book market and conducts its operations from its 22,000-square-metre premises in Rosersberg in northern Stockholm. airteam completed the acquisition of Luftkontroll Energy i Örebro AB, a leading installer of ventilation solutions in the Mälardalen region. Luftkontroll Energy has approximately 35 employees and offices in Örebro. Sales for 2017 amounted to about SEK 80m. The company offers efficient ventilation and energy solutions, including after-sales and maintenance services. Through the acquisition of Luftkontroll Energy, airteam is taking its first, strategically important steps into Sweden.

In addition to the transactions reported above, a small number of minor add-on acquisitions took place in the portfolio companies during the period.

# Note 5 Operating segments

| | Sales | | | | | EBT [1] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
| Aibel | | | | | | 32 | -11 | 43 | 15 | -24 |
| airteam | 238 | 209 | 420 | 399 | 820 | 17 | 7 | 26 | 7 | 37 |
| Bisnode | 929 | 882 | 1,822 | 1,770 | 3,555 | 55 | 60 | 59 | 112 | 280 |
| Diab | 368 | 397 | 725 | 798 | 1,439 | -18 | -0 | -15 | 16 | -41 |
| Gudrun Sjödén Group | | | | | | 6 | 6 | 6 | 7 | 23 |
| HENT | 2,173 | 1,846 | 3,959 | 3,579 | 7,266 | 148 | 53 | 213 | 117 | 250 |
| HL Display | 408 | 365 | 783 | 735 | 1,445 | 25 | 5 | 33 | 13 | 17 |
| Kvdbil | 84 | 90 | 155 | 171 | 346 | 3 | 10 | -7 | 17 | 27 |
| Ledil | 104 | 101 | 222 | 195 | 388 | 23 | 23 | 54 | 37 | 93 |
| Oase Outdoors | 185 | 171 | 326 | 307 | 409 | 34 | 37 | 57 | 63 | 40 |
| Plantasjen | 1,971 | 1,833 | 2,547 | 2,359 | 4,009 | 460 | 450 | 211 | 254 | 51 |
| Speed Group | 200 | 132 | 345 | 256 | 513 | -1 | 4 | -10 | 6 | 10 |
| TFS | 209 | 200 | 408 | 416 | 882 | -4 | 1 | -18 | -0 | -30 |
| **Total companies in portfolio all reported periods** | **6,869** | **6,226** | **11,711** | **10,985** | **21,072** | **779** | **644** | **653** | **664** | **732** |
| AH Industries | | | | 265 | 265 | | | | -2 | -2 |
| Arcus | | | | | | | | | -0 | -0 |
| GS-Hydro | | 218 | | 416 | 542 | | -26 | | -50 | -79 |
| Jøtul | | 177 | 70 | 400 | 944 | | -25 | 10 | -45 | -46 |
| Nebula | | 92 | | 177 | 177 | | 20 | | 40 | 40 |
| Serena Properties | | | | | | | 13 | | 28 | 33 |
| **Total companies divested during reported periods** | | **487** | **70** | **1,258** | **1,929** | | **-18** | **10** | **-29** | **-53** |
| **Total companies in portfolio** | **6,869** | **6,713** | **11,781** | **12,243** | **23,001** | **779** | **626** | **663** | **635** | **679** |
| AH Industries | | | | | | | | | -32 | -32 |
| Arcus | | | | | | | | | 33 | 33 |
| Jøtul | | | | | | 0 | | 26 | | |
| Nebula | | | | | | | | | | 515 |
| Serena Properties | | | | | | | | | | 79 |
| **Total exit gains/loss** | | | | | | **0** | | **26** | **2** | **596** |
| Impairment Diab | | | | | | | | | | -200 |
| Impairment and result from bankruptcy GS-Hydro | | | | | | | | | | 68 |
| Impairment HL Display | | | | | | | | | | -350 |
| **Companies total** | **6,869** | **6,713** | **11,781** | **12,243** | **23,001** | **779** | **626** | **689** | **637** | **792** |
| **Income and expenses in the parent company and central companies** | | | | | | | | | | |
| Operating management costs | | | | | | -34 | -39 | -83 | -84 | -153 |
| Other income and expenses, incl. transaction costs | | 28 | | 60 | 58 | -5 | -16 | -5 | -14 | 34 |
| Costs which will be charged to portfolio companies | | | | | | 2 | -3 | 2 | 1 | 0 |
| Financial items | | | | | | -4 | -22 | -12 | -26 | -16 |
| **Group total** | **6,869** | **6,741** | **11,781** | **12,303** | **23,059** | **738** | **546** | **591** | **514** | **658** |

1) Subsidiaries are included with 100% in consolidated profit. Investments recognised according to the equity method are included with holding percentage of pre-tax profit/loss.

| | EBITA[1] | | | | |
|---|---|---|---|---|---|
| **SEKm** | **2018 Q2** | **2017 Q2** | **2018 Q1-2** | **2017 Q1-2** | **2017** |
| Aibel | 32 | -11 | 43 | 15 | -24 |
| airteam | 18 | 18 | 29 | 28 | 77 |
| Bisnode | 108 | 89 | 173 | 169 | 397 |
| Diab | -16 | 14 | -13 | 40 | 1 |
| Gudrun Sjödén Group | 6 | 6 | 6 | 7 | 23 |
| HENT | 148 | 58 | 214 | 124 | 261 |
| HL Display | 32 | 11 | 54 | 25 | 43 |
| Kvdbil | 4 | 11 | -4 | 17 | 30 |
| Ledil | 25 | 26 | 59 | 43 | 107 |
| Oase Outdoors | 37 | 41 | 62 | 70 | 53 |
| Plantasjen | 499 | 494 | 287 | 343 | 220 |
| Speed Group | 5 | 8 | 1 | 14 | 24 |
| TFS | -4 | 8 | -11 | 15 | -4 |
| **Total companies in portfolio all reported periods** | **894** | **773** | **900** | **911** | **1,208** |
| | | | | | |
| AH Industries | | | | 3 | 3 |
| Arcus | | | | | |
| GS-Hydro | | -23 | | -43 | -70 |
| Jøtul | | -15 | 0 | -29 | -17 |
| Nebula | | 26 | | 54 | 54 |
| Serena Properties | | 8 | | 18 | 18 |
| **Total companies divested during reported periods** | | **-3** | **0** | **2** | **-12** |
| **Total companies in portfolio** | **894** | **769** | **900** | **913** | **1,196** |
| | | | | | |
| AH Industries | | | | -32 | -32 |
| Arcus | | | | 33 | 33 |
| Jøtul | 0 | | 26 | | |
| Nebula | | | | | 515 |
| Serena Properties | | | | | 79 |
| **Total exit gains/loss** | **0** | | **26** | **2** | **596** |
| | | | | | |
| Impairment and result from bankruptcy GS-Hydro | | | | | 68 |
| **Companies total** | **895** | **769** | **926** | **915** | **1,860** |
| | | | | | |
| **Income and expenses in the parent company and central companies** | | | | | |
| Operating management costs | -34 | -39 | -83 | -84 | -153 |
| Other income and expenses, incl. transaction costs | -5 | -16 | -5 | -14 | 34 |
| Costs which will be charged to portfolio companies | 2 | -3 | 2 | 1 | 0 |
| **Group total** | **857** | **711** | **840** | **818** | **1,741** |

1) Subsidiaries are included with 100% in consolidated profit. Investments recognised according to the equity method are included with holding percentage of pre-tax profit/loss.

| | Sales breakdown by segment [1] | | | | |
|---|---|---|---|---|---|
| SEKm | 2018 Q2 | 2017 Q2 | 2018 Q1-2 | 2017 Q1-2 | 2017 |
| **Construction** | | | | | |
| airteam | 238 | 209 | 420 | 399 | 820 |
| HENT | 2,173 | 1,846 | 3,959 | 3,579 | 7,266 |
| | 2,410 | 2,055 | 4,379 | 3,978 | 8,086 |
| **Technology, Media, Telecom** | | | | | |
| Bisnode | 929 | 882 | 1,822 | 1,770 | 3,555 |
| Kvdbil | 84 | 90 | 155 | 171 | 346 |
| Nebula [2] | | 92 | | 177 | 177 |
| | 1,014 | 1,064 | 1,977 | 2,118 | 4,078 |
| **Industrials** | | | | | |
| AH Industries [3] | | | | 265 | 265 |
| Diab | 368 | 397 | 725 | 798 | 1,439 |
| GS-Hydro [4] | | 218 | | 416 | 542 |
| HL Display | 408 | 365 | 783 | 735 | 1,445 |
| Ledil | 104 | 101 | 222 | 195 | 388 |
| | 881 | 1,081 | 1,729 | 2,408 | 4,079 |
| **Consumer goods/Commerce** | | | | | |
| Jøtul [5] | | 177 | 70 | 400 | 944 |
| Plantasjen | 1,971 | 1,833 | 2,547 | 2,359 | 4,009 |
| Oase Outdoors | 185 | 171 | 326 | 307 | 409 |
| | 2,156 | 2,181 | 2,943 | 3,066 | 5,363 |
| **Healthcare** | | | | | |
| TFS | 209 | 200 | 408 | 416 | 882 |
| | 209 | 200 | 408 | 416 | 882 |
| **Business service** | | | | | |
| Speed Group | 200 | 132 | 345 | 256 | 513 |
| | 200 | 132 | 345 | 256 | 513 |
| Sales in central companies | | 28 | | 60 | |
| **Total** | 6,869 | 6,741 | 11,781 | 12,303 | 23,059 |

[1] Breakdown of sales according to the table above is in line with IFRS 8 Operating Segments where segment reporting is based on recognition and measurement in accordance with IFRS 15. For description of transition to IFRS 15, refer to note 1. Note 5 Operating segments includes sales from subsidiaries. Associates are recognized according to the equity method.

[2] Nebula was divested in July 2017

[3] AH Industries was divested in March 2017

[4] GS-Hydro was declared bankrupt in September 2017

[5] Jøtul was divested in February 2018

| | Consolidated value [1] | | |
|---|---|---|---|
| SEKm | 2018-06-30 | 2017-06-30 | 2017-12-31 |
| Aibel | 754 | 645 | 679 |
| airteam | 426 | 364 | 383 |
| Bisnode | 2,052 | 1,816 | 1,929 |
| Diab | 598 | 735 | 623 |
| GS-Hydro | | -64 | |
| Gudrun Sjödén Group | 190 | 171 | 183 |
| HENT | 475 | 348 | 410 |
| HL Display | 610 | 921 | 566 |
| Jøtul | | -33 | -34 |
| Kvdbil | 472 | 368 | 376 |
| Ledil | 477 | 381 | 418 |
| Nebula | | 308 | |
| Oase Outdoors | 213 | 169 | 155 |
| Plantasjen | 1,540 | 1,424 | 1,275 |
| Serena Properties | | 410 | |
| Speed Group | 293 | 295 | 297 |
| TFS | 234 | 170 | 239 |
| **Total** | **8,332** | **8,425** | **7,497** |
| Other net assets in the parent company and central companies [2] | 1,291 | 1,125 | 2,163 |
| **Equity (attributable to owners of the parent)** | **9,623** | **9,550** | **9,660** |

[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. Shareholder loans are also included.

[2] Of which cash and cash equivalents in the parent company totalled SEK 1,536m (1,281).

## 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.

For a description of IFRS 9, refer to Note 1. The transition to the new standard did not result in any changes to the company's measurement techniques during the period.

In the statement of financial position at 30 June 2018, the total value of financial instruments measured at fair value in accordance with level three amounts to SEK 762m (340 at 31 December 2017). This change was attributable to the remeasurement of synthetic options as well as additional put options and additional contingent considerations.

In the statement of financial position at 30 June 2018, the net value of derivatives amounted to SEK 10m (-1), of which SEK 27m (29) was recognised as an asset and SEK 17m (30) as a liability.

## Note 7 Goodwill

Goodwill changed during the period as shown below.

| SEKm | Accumulated cost | Accumulated impairment | Total |
|---|---|---|---|
| Opening balance 1 January 2018 | 13,172 | -1,589 | 11,583 |
| Business combinations | 57 | | 57 |
| Divested companies | -496 | 486 | -10 |
| Translation differences for the year | 559 | -18 | 541 |
| **Closing balance 30 June 2018** | **13,292** | **-1,121** | **12,172** |

## 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 2017 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 240m (320). In addition, the parent company guarantees that Medcro Intressenter AB and Outdoor Intressenter AB will fulfil their obligations in connection with the acquisition of TFS and Oase Outdoors, respectively. The parent company also guarantees that Sophion Holding AB and EMaint AB will fulfil their obligations in connection with the divestment of Sophion Bioscience and Euromaint, respectively.

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.

| SEKm | Capital contribution | Dividend |
|---|---|---|
| 2018 Q1-2 | 100 | 114 |
| 2017 Q1-2 | 166 | 572 |
| 2017 | 316 | 572 |

| SEKm | Receivable | Provision | Liability | Contingent liability |
|---|---|---|---|---|
| 2018-06-30 | 3 | 163 | 381 | 240 |
| 2017-06-30 | 49 | 132 | 1,892 | 320 |
| 2017-12-31 | 15 | 112 | 1,569 | 358 |

During the quarter, Ratos provided a contribution of SEK 100m to Kvdbil.

The six-month report provides a true and fair overview of the parent company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 16 August 2018
Ratos AB (publ)

Per-Olof Söderberg
Chairman

| | | |
|---|---|---|
| Ulla Litzén<br>Board member | Annette Sadolin<br>Board member | Karsten Slotte<br>Board member |
| Jan Söderberg<br>Board member | | Jonas Wiström<br>Board member |

# Auditor's report

Ratos AB (publ), Corp. Reg. No. 556008-3585

**Introduction**
We have reviewed the condensed interim financial information (interim report) of Ratos AB (publ) as of 30 June 2018 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm, 16 August 2018
PricewaterhouseCoopers AB

Peter Clemedtson
Authorised Public Accountant
Auditor in Charge

Helena Kaiser de Carolis
Authorised Public Accountant

| Telephone conference | |
|---|---|
| 17 August at 10:00 a.m. | SE: +46 8 566 426 69<br>UK: +44 20 3008 9807<br>US: +1 855 831 5948 |

| Financial calendar | |
|---|---|
| **2018** | |
| Interim report January–September 2018 | 25 October 2018 |
| **2019** | |
| Interim year end report 2018 | 15 February 2019 |

For further information, please contact:
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Helene Gustafsson, Head of IR and Press, +46 8 700 17 98

This information is information that Ratos AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 17 August 2018 at 8:00 a.m. CET.

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Tel +46 8 700 17 00 www.ratos.se Corp. Reg. No. 556008-3585

*Ratos owns and develops unlisted medium-sized companies in the Nordic countries. Our goal as an active owner is to contribute to long-term and sustainable business development in the companies we invest in and to make value-generating transactions. Ratos's portfolio consists of 13 medium-sized Nordic companies, with the largest segments in terms of sales being Industrials, Construction and Consumer goods/Commerce. Ratos is listed on Nasdaq Stockholm and has approximately 12,700 employees.*

RATOS