Annual Report 2013

RATOS

2013 highlights

Significant events during the year

- Steady improvement in the holdings
- Acquisition of Aibel, HENT and Nebula, merger of SF Bio and Finnkino and add-on investment in Jøtul
- Stofa divested – IRR 54%
  Contex divested – IRR -16%
- Preference share issue carried out

Results

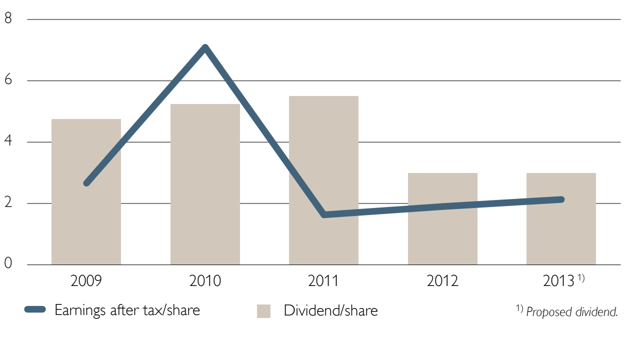
SEKm	2013	2012	2011	2010	2009
Profit/share of profits	602	-29	546	1,419	1,295
Exit gains	895	978	525	1,320	
Revaluations and impairment	-308	-375	-312	140	
Profit from holdings	**1,189**	**574**	**759**	**2,879**	**1,295**
Central income and expenses	-106	193	101	-11	80
Profit before tax	**1,083**	**767**	**860**	**2,868**	**1,375**
Equity	13,778	12,353	13,658	15,091	15,302

Data per share [1]

SEK per share	2013	2012	2011	2010	2009
Earnings after tax [2]	2.13	1.90	1.63	7.09	2.66
Equity [3]	38	39	43	47.50	48
Dividend [2]	3.00 [4]	3.00	5.50	5.25	4.75
Dividend yield, %	5.2 [4]	4.8	6.8	4.2	5.1
Total return, %	-2	-17	-32	40	47
Market price	58.15	62.50	80.75	124.50	92.50
Market price/equity, %	153	160	188	262	193

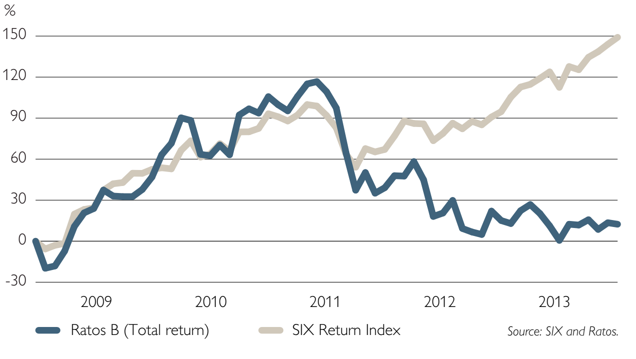
1) Applicable historical figures are recalculated taking into account the split in 2011. Refers to B share unless otherwise stated.
2) Per ordinary share.
3) Equity attributable to owners of the parent with deduction for total Preference capital divided by the number of outstanding ordinary shares at the end of the period.
4) Proposed dividend.

Earnings and dividend



1) Proposed dividend.

Total return



Source: SIX and Ratos.

Holdings in brief

18 holdings with total

sales of SEK **42** billion

operating profit SEK **2.8** billion and

21,000 employees

Our holdings

INDUSTRIALS

AH Industries
Danish supplier of metal components, modules, systems and services to the wind energy, cement and mineral industries.

Sales	SEK 1,018m
Operating profit/loss	SEK -39m
Ratos's holding	69%
Investment year	2007

www.ah-industries.dk

DIAB
Global company that manufactures, develops and sells core materials for composite structures including blades for wind turbines.

Sales	SEK 864m
Operating profit/loss	SEK -50m
Ratos's holding	96%
Investment year	2001

www.diabgroup.com

HENT
A leading Norwegian construction company that focuses on new construction of public and commercial properties.

Sales	SEK 4,213m
Operating profit	SEK 120m
Ratos's holding	73%
Investment year	2013

www.hent.no

HL Display
International supplier of products and solutions for in-store communication and store merchandising.

Sales	SEK 1,596m
Operating profit	SEK 128m
Ratos's holding	99%
Investment year	2001/2010

www.hl-display.com

Mobile Climate Control
Offers complete climate comfort systems mainly for buses, off-road and defence vehicles.

Sales	SEK 978m
Operating profit	SEK 97m
Ratos's holding	100%
Investment year	2007

www.mcc-hvac.com

OIL & GAS

Aibel
Leading Norwegian supplier of maintenance and modification services as well as new construction projects within offshore on the Norwegian continental shelf.

Sales	SEK 14,029m
Operating profit	SEK 839m
Ratos's holding	32%
Investment year	2013

www.aibel.com

GS-Hydro
Global supplier of non-welded piping solutions to, among others, the marine and offshore industries.

Sales	SEK 1,237m
Operating profit	SEK 83m
Ratos's holding	100%
Investment year	2001

www.gshydro.com

CONSUMER SERVICES

KVD
Sweden's largest second-hand car broker via the marketplace kvd.se, which has approximately 200,000 unique visitors per week.

Sales	SEK 297m
Operating profit	SEK 44m
Ratos's holding	100%
Investment year	2010

www.kvd.se
www.kvdauctions.com

Nordic Cinema Group
The Nordic region's largest cinema group with 66 wholly owned cinemas with 444 screens in Sweden, Finland, Norway and the Baltic countries.

Sales	SEK 2,425m
Operating profit	SEK 305m
Ratos's holding	58%
Investment year	2011/2013

www.finnkino.fi
www.sf.se

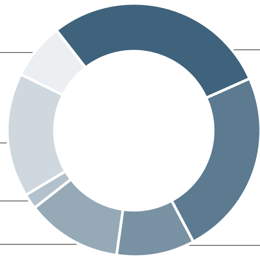
Sector-neutral investments in the Nordic region

Ratos invests in medium-sized to large companies in the Nordic region. Companies can be in all sectors.

The biggest sector in terms of consolidated book value is industrials followed by consumer goods and services.

An overview of Ratos's holdings is presented below and a detailed description of each holding is provided on pages 32–67

Sector breakdown by consolidated book value



CONSUMER GOODS

SB Seating
Develops and produces ergonomic office chairs with a Scandinavian design for private and public sector office environments.

Sales	SEK 1,112m
Operating profit	SEK 222m
Ratos's holding	85%
Investment year	2007

www.sbseating.com

Arcus-Gruppen
One of the Nordic region's leading suppliers of wine and spirits. The group's best-known brands include Aalborg and Lysholm Linie Aquavit.

Sales	SEK 2,516m
Operating profit	SEK 274m
Ratos's holding	83%
Investment year	2005

www.arcus-gruppen.no

Hafa Bathroom Group
With the Hafa and Westerbergs brands a leading Nordic company within bathroom interiors.

Sales	SEK 238m
Operating profit/loss	SEK -13m
Ratos's holding	100%
Investment year	2001

www.hafabg.com

Inwido
Develops, manufactures and sells windows and exterior doors in the Nordic region and selected countries in northern Europe.

Sales	SEK 4,300m
Operating profit	SEK 299m
Ratos's holding	97%
Investment year	2004

www.inwido.com

Jøtul
One of Europe's largest manufacturers of stoves and fireplaces. The company dates back to 1853 and the products are sold worldwide.

Sales	SEK 930m
Operating profit/loss	SEK -15m
Ratos's holding	93%
Investment year	2006

www.jotul.com

BUSINESS SERVICES

Bisnode
A leading European supplier of decision support within business, market and credit information.

Sales	SEK 3,724m
Operating profit	SEK 328m
Ratos's holding	70%
Investment year	2005

www.bisnode.com

Euromaint
Independent maintenance company for the rail transport sector in Sweden, Germany, the Netherlands and Latvia.

Sales	SEK 2,416m
Operating profit	SEK 25m
Ratos's holding	100%
Investment year	2007

www.euromaint.com

Nebula
Provider of cloud-based IT capacity services, IT managed services and connection services for small and medium-sized enterprises in Finland. The company has over 34,000 customers.

Sales	SEK 228m
Operating profit	SEK 87m
Ratos's holding	72%
Investment year	2013

www.nebula.fi

LIFE SCIENCE

Biolin Scientific
Offers advanced analytical instruments for research, development and diagnostics.

Sales	SEK 233m
Operating profit	SEK 23m
Ratos's holding	100%
Investment year	2010

www.biolinscientific.com

Ratos is an owner company. Our mission is to provide the highest possible return through the professional, active and responsible exercise of our ownership role in a number of selected companies and investment situations.

Value creation with Ratos as owner
Ratos's financial target is that each investment should generate an average annual return (IRR) of at least 20%. Since 1999 our IRR has amounted to 25% on the total of 36 exits we have completed. Most value creation occurs through industrial development during the holding period.

Read more about our vision, mission, targets and strategies on pages 6–7

Long tradition of active ownership
Ratos has a 148-year tradition of active ownership. The business has had an industrial focus from the outset through its origins in the steel wholesaler Söderberg & Haak which was founded in 1866. In the subsequent century operations were developed and operating subsidiaries were added, primarily within trading and engineering, as well as a portfolio of listed shares. Ratos was listed on the stock exchange in 1954, at the time as a mixed investment company. Today Ratos is a private equity conglomerate which seeks to combine the best from the private equity and the conglomerate sectors. Ratos is listed on Nasdaq OMX Stockholm, Large Cap and in 2014 will have been listed for 60 years.

Read more about our 60 listed years on pages 16–17

People are the key
What is decisive for Ratos over time is how well we succeed as active owners. This craftsmanship is carried out by our organisation. Achieving our goals requires ideas, access to capital and people with the will, expertise and stamina to implement ambitious plans. The some 25 people who currently work in our investment organisation are responsible for the development of our holdings. In addition, active ownership is supported by the rest of our organisation and industrial advisors.

Ratos has a total of approximately 50 employees. The organisation is presented on pages 18–23

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Blood, sweat and tears

2013 was an eventful year for Ratos. In the relatively tough economic climate which the year presented we have taken many important steps forward in building what we refer to internally as "Ratos 2.0" – a further developed Ratos. We have among other things focused on creating favourable conditions for future growth in value by taking extensive measures in the holdings and thus creating a better breeding ground for profit growth. We have made acquisitions which added exciting companies with substantial potential to the Ratos portfolio and we have significantly increased our financial flexibility through Ratos's preference shares. Taken overall, I feel pleased with what we have achieved, although we are a long way from the end of our journey of improvement.

Payback from reduced costs when growth returns
2013 was affected by the global macroeconomic uncertainty in many ways. News reports have been full of information and analysis, some of it contradictory, about where the world is heading. As the year progressed, the storm clouds cleared somewhat and forecasts for the future became more optimistic, a view that we share.

At Ratos we have naturally been affected by the weak economic development in recent years in the Nordic region and the rest of Western Europe, the main markets for many of our portfolio companies. In 2012, unusually extensive action was therefore taken in our holdings (we incurred approximately SEK 750m in non-recurring costs for restructuring measures in 2012). 2013 also required us to have a major focus on efficiency improvements and cost cutting in many companies. Reducing costs is seldom easy or much fun since it involves many difficult and tough decisions and measures. This has taken a lot of energy for the holdings' management teams, boards and of course for us at Ratos during the year. But it is having an effect.

Therefore, overall we now have a portfolio of companies which are in significantly better shape and with appreciably reduced break-even points in many cases. We have already seen some effects from this in the form of a more stable profit growth for the holdings during the year, but the real payback for this improved efficiency will not come until growth returns. That is when we will be paid in full for everything that has been done.

Severe structural or strategic challenges meant that in some holdings we had to fight an even harder uphill battle. For example, in DIAB, AH Industries and Jøtul development was for various reasons previously really weak and extensive measures were taken towards the end of 2012 and in 2013. Therefore, it is of course gratifying to see that the trend stabilised and improved in all three companies in 2013, although we are not yet finished with the change programmes – from where we stand today, we see a significant upside for these companies in the coming years. That said, it is of course part of our daily lives to manage companies that are facing tough times since we will always have one or two companies with challenges.

Many exciting acquisitions

In addition to working with value creation in our holdings, a central component of our business model is to acquire new companies with development potential and to realise the values that are built up. 2013 was an extremely active year for transactions and several attractive companies have been added to the Ratos portfolio at the same time as some have left us.

Exciting acquisitions during the year included the spirits brands, including Aalborg and Gammel Dansk, which were added to Arcus-Gruppen's portfolio and which significantly strengthen strategic positions in the spirits segment; the acquisition of 32% in the Norwegian company Aibel which provides us with exposure to an interesting long-term oil service market with a relatively low sensitivity to the price of oil; the acquisition of SF Bio which provided a clear strategic fit and which we merged with Finnkino which we already owned; acquisition of the cloud services company Nebula with fine growth through its leading position in the small and medium enterprise segment in Finland; and last, but not least, the Norwegian construction company HENT which has been a clear winner in the Norwegian construction market through its focused and flexible business model and good market position.

What our new portfolio companies have in common is that they have operations which in the years ahead we can be involved with and further develop together with strong management teams. We have high expectations that the new companies will contribute to good value growth in Ratos in the coming years.

The important preference share issue

I have often stated that Ratos has an excellent starting-point with a viable, proven strategy, a strong organisation and a history as a long-term, industrially oriented financial owner. There is a deep industrial understanding in the Ratos organisation and significant operational experience among the industrial advisors who are closely linked to us. This is an important precondition for our value creation.

One key strategic prerequisite for us is that we have the financial flexibility to make acquisitions and exits when they are judged to be optimal and not when Ratos's financial situation permits or demands. This can be rather a puzzle and we already had a credit facility and mandate to issue B shares to get this to work. At the Annual General Meeting in 2013 we added a key piece of the jigsaw when we received a mandate to issue preference shares, which was a new instrument for Ratos. The mandate was utilised just before the summer when we issued preference shares for approximately SEK 1.45 billion in an issue that must be regarded as highly successful. Ratos's good reputation was a strong contributory factor to the issue being such a success and we gained about 6,000 owners of Ratos's preference shares (C shares). Many of our ordinary shareholders also chose to take part in the issue. The preferences shares are a real "win-win" investment since they are an opportunity for our owners of A and B shares to take advantage of financing at good terms and with a low financial risk for Ratos. At the same time, they provide an opportunity for preference shareholders to obtain a stable return at low risk from a reputable issuer.

The foundation is laid

It might sound simple when we describe what has been achieved in Ratos and in many of our holdings during the year. But an enormous amount of effort lies behind both intensive work with value creation (particularly on the costs side) and an unusually high number of transactions. The past year has brought a lot of blood, sweat and tears for the Ratos organisation and the holdings' management groups, boards and employees. Frustratingly enough it is often when times are not easy that you have to work the hardest, while in the short term you do not get paid for all that hard work. Payment comes later.

If the economic pros have got it right, it looks as if 2014 will be a year of improved macroeconomic conditions globally, including large parts of the Nordic region and Western Europe. I share this view, and although I believe that the recovery is likely to remain sluggish, development is heading in the right direction. This scenario is also the one for which we are preparing our holdings.

We now have two relatively tough years, with a major focus on restructuring, behind us and feel that we can also look ahead. The strong foundation that has now been laid at Ratos means there are opportunities for 2014 to be the first year when we start to see a clear payback on everything that has been done. Reduced break-even levels, leaner production structures and effective businesses mean that a good ability to leverage an economic upswing is built into the Ratos portfolio. I wonder if we have ever had so many lean and well-managed companies in our portfolio as we have today.

In June 2014, Ratos's shares will have been listed for 60 years. Viewed over this period, Ratos shares have been a good investment which has provided a total return four times better than the benchmark. During the past couple of years, however, Ratos's share price has unfortunately had a very uninspiring development. This is of course linked to the economic situation and company specific challenges which have provided an earnings development that failed to meet the market's (and our own) expectations. I am convinced, however, that our most important job at Ratos is to focus on what creates value, i.e. to create profit increases in our holdings and continue to make value-creating transactions. My colleagues and I are therefore working tirelessly to further develop our holdings, with Ratos 2.0 (with our sights on 3.0) and we are continuously on the lookout for attractive deals.

Susanna Campbell
CEO

2013 in 3 minutes

2013 was an intensive year for Ratos. Three new holdings were added to the portfolio, two exits, one merger and a preference share issue were carried out. In addition, several initiatives were implemented in the holdings which create good growth in value over time.

JANUARY

Arcus-Gruppen made strategic acquisitions
Arcus-Gruppen acquired the brands Aalborg, Gammel Dansk and Malteserkreuz in January. These brands strengthen the company's market presence in the spirits segment in the Nordic region and Germany as well as broadening the portfolio of export brands.

JANUARY

Contex Group exit completed
In January, the remaining subsidiary in Contex Group, Contex A/S, was sold for USD 41.5m (approximately SEK 275m) to the private equity fund Procuritas. Contex A/S is the world's largest manufacturer of large-format 2D scanners. Ratos's average annual return (IRR) on the total investment in Contex Group was -16%.

FEBRUARY

Stofa exit – IRR 54%
In February, the subsidiary Stofa, a Danish operator within broadband, cable TV and telephony, was sold to the Danish energy and telecom group SE (Syd Energi) for DKK 1,900m (approximately SEK 2,200m). Ratos made an exit gain of SEK 895m and an average annual return (IRR) of 54%. Read about how on page 12.

APRIL

Photo: Øyvind Sætre

Ratos's second-largest investment to date – acquisition of Aibel
In April, Ratos together with the Sixth AP Fund and Ferd completed the acquisition of Aibel, a leading Norwegian supplier of maintenance and modification services for oil and gas production platforms and the renewable energy sector. Enterprise value for 100% of Aibel was NOK 8,600m. Ratos acquired 32% of the company and provided equity of NOK 1,429m (SEK 1,676m).

APRIL

Acquisition of Nebula
Nebula, Finland's leading provider of cloud services to small and medium-sized enterprises, was acquired in April. The purchase price for 100% of Nebula amounted to EUR 82.5m (approximately SEK 700m), of which Ratos provided equity of EUR 34m (SEK 284m) for a holding corresponding to 72%.

MAY

New Nordic cinema group

In May, a new leading cinema player was formed in the Nordic and Baltic regions through the merger of the two cinema groups SF Bio and Ratos-owned Finnkino. The new group, Nordic Cinema Group, is owned to 58% by Ratos and 40% by Bonnier.

JUNE

Issue of preference shares

In order to finance the acquisition of Nebula and HENT as well as part of the acquisition of Aibel, in June Ratos made a directed new issue of 830,000 preference shares for SEK 1,750 per preference share with a total value of approximately SEK 1,452.5m before issue costs. The issue was oversubscribed and approximately 6,000 investors received an allocation. The first day of trading was 28 June 2013.

JULY

Increased holding in Jøtul

In July, Ratos increased its ownership in Jøtul from 61% to 93% by acquiring Accent Equity's shares. The purchase price amounted to NOK 12m (SEK 13m).

JULY

Acquisition of HENT

The Norwegian construction company HENT was acquired in July. Enterprise value for 100% of the company amounted to approximately NOK 450m (approximately SEK 510m), of which Ratos provided equity of NOK 307m (SEK 347m) for 73% of the shares.

OCTOBER

Signatory of: PRI Principles for Responsible Investment

THE GLOBAL COMPACT WE SUPPORT

Ratos signs UN Global Compact and PRI

In October, Ratos adopted the ten principles in the UN Global Compact in the areas of human rights, labour and employment conditions, the environment and anti-corruption. At the same time, Ratos signed the UN's six principles for responsible investment, PRI, which govern how investors can incorporate environmental, social and corporate governance issues in major investments.

DECEMBER

SB Seating refinanced

A refinancing of SB Seating was carried out in December, whereby Ratos received a payment of SEK 405m. The refinancing was made possible by SB Seating's favourable development and cash flow in recent years.

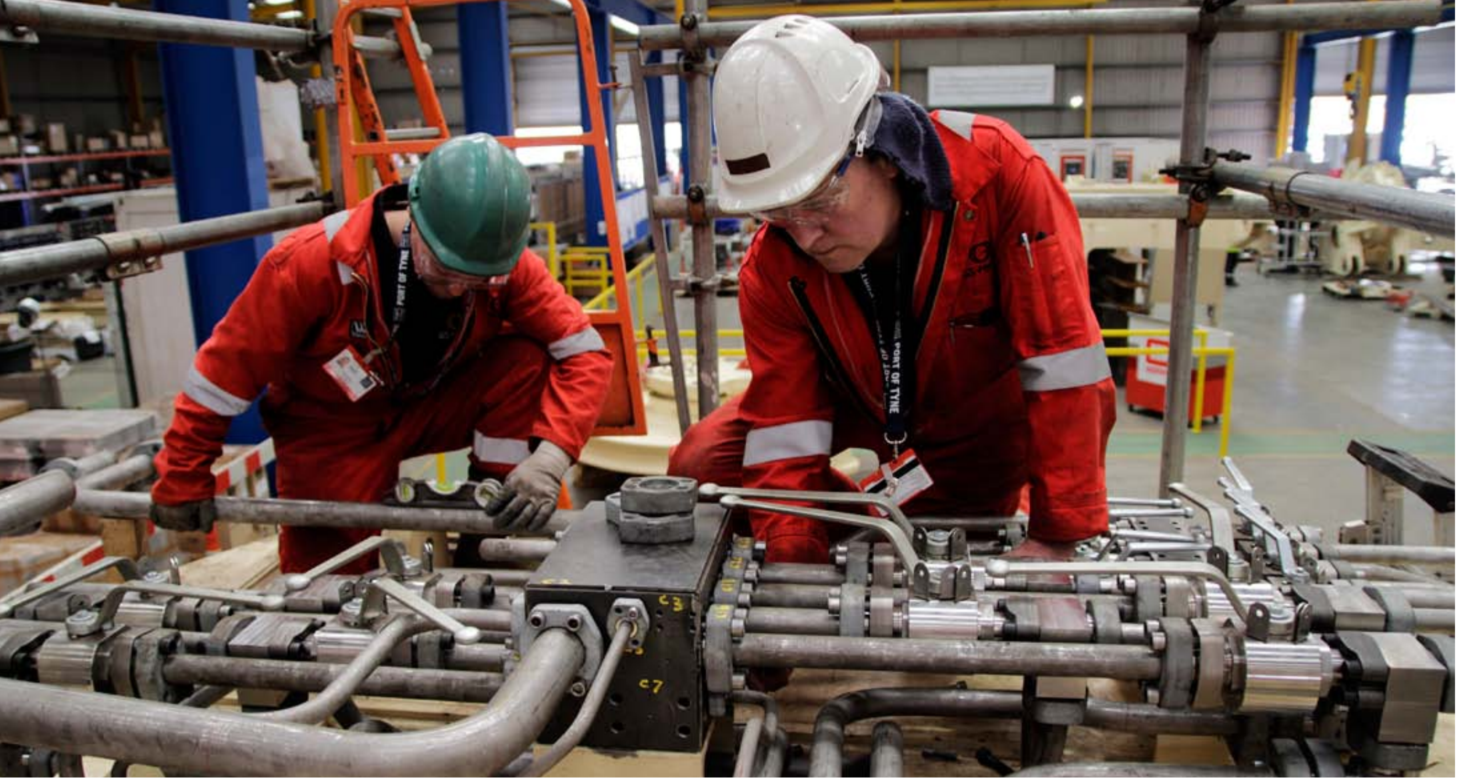
DECEMBER

Updated CR framework for the holdings

An updated CR framework was drawn up during the year. It sets out Ratos's demands and expectations on the holdings regarding their CR initiatives and will be implemented in 2014. Read more on pages 24–26.

SELECTION OF EVENTS IN THE HOLDINGS DURING THE YEAR

- KVD increased brokerage of privately owned cars during the year
- Despicable Me 2 and The Hobbit were the films with the largest cinema audiences in 2013
- HENT won several new orders and the order book at 31 December amounted to NOK 7.5 billion
- SB Seating launched three new chairs which won several design and environmental awards
- Aibel extended its maintenance contract with Statoil with a value of approximately NOK 5 billion
- Bisnode went from selling under 277 different brands to one single brand



Vision, mission, targets and strategy

Vision

Ratos shall be perceived as the best owner company in the Nordic region.

Mission

Ratos is a private equity conglomerate whose business comprises acquisition, development and divestment of preferably unlisted companies.

Ratos's mission is to generate, over time, the highest possible return through the professional, active and responsible exercise of its ownership role in a number of selected companies and investment situations, where Ratos provides stock market players with a unique investment opportunity. Added value is created in connection with acquisition, development and divestment of companies.

Financial target

Average annual return (IRR) on each individual investment to exceed 20%.

36 exits have been completed since 1999 with an average IRR of 25%. Two exits were completed in 2013. Returns will always vary over time and between investments. Since 2008, the macroeconomic situation and other factors have had a negative impact on returns. This means that a few investments in the existing portfolio will not meet the return requirement. This applies, for example, to some of the companies we acquired in 2007. At the same time, many companies in the portfolio are expected to meet the required rate of return.

Ratos's return target is regularly reviewed by the Board which so far has not seen any need to change it. This means that all new investments have an anticipated return of at least 20% IRR.

Investment criteria

- *Holding* at least 20% and normally the principal owner.
- *Investment size* SEK 300m–5,000m in equity. Ratos does not invest in early phases of companies' life cycles.
- *Preferably unlisted companies.*
- *Nordic acquisitions.* We invest solely in companies with their head office in the Nordic region. Add-on acquisitions via our holdings can be made globally.
- *Sector generalist.* Ratos's core competence is to be an active owner, which is independent of sector expertise. We have therefore chosen to be sector-neutral – although Ratos never invests in the arms industry or pornography, or in companies with an obvious negative environmental impact.
- *Focus on own deal flow.*
- *Active exit strategy.* Ratos does not have any set limit on its ownership period. Every year, an assessment is made of the ability of each holding to generate an average annual return (IRR) of at least 20% and Ratos's ability to contribute to further development of the holding.

Ideas for potential acquisitions come from many sources. A large number, however, originate in our own inquisitiveness and a genuine interest in entrepreneurship and Nordic business life. In addition, we take part in processes conducted by investment banks and other advisors.

Our active exit strategy includes an assessment of the ability of each holding to continue to generate an average annual return (IRR) of at least 20% and Ratos's ability to contribute to further development of the holding. Ratos does not set any limit on its holding period and we place great importance on making a responsible exit.

It is during the holding period that most of Ratos's value creation takes place. How well an acquired company develops depends, among other things, on the chosen strategy, development of the industry and economy, as well as the ability of the company's management and employees to conduct operations in an effective manner. Through active and industry focused exercise of its ownership role Ratos acts to increase earnings and sales in the holdings over time. Approximately 70% of value creation in exits made so far has come from industrial development.

Dividend policy ordinary shares

- The dividend over time shall reflect the actual earnings development in Ratos.
- Historically an average of over 50% of profit after tax has been distributed as a dividend.
- The aim is for an even dividend development.

The proposed dividend for the 2013 financial year is SEK 3 per A and B share, which corresponds to 141% of earnings per share for 2013. The dividend yield on Ratos shares based on the closing price at year-end amounted to 5.2%.

Dividend policy Class C preference shares

Dividends on preference shares are regulated in the Articles of Association and amount to SEK 25 per quarter and share, although a maximum of SEK 100 per year and share.

Other targets

- *Total return on Ratos shares should outperform the average on Nasdaq OMX Stockholm.*
  Total return in the last ten years for Ratos shares is 265% (14% per year), compared with the SIX Return Index 212% (12% per year). In the last five years total return amounted to +13% (+2% per year) compared with the SIX Return Index +149% (+20% per year). In 2013 the total return for Ratos amounted to -2% and +28% for the benchmark index.
- *Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality.*
  During the last five years Ratos has placed itself among the top fifteen in the annual Regi survey on communication from listed companies, IR Nordic Markets. Ratos came twelfth in 2013.

Financial strategy in brief

- The parent company Ratos AB is normally unleveraged.
- Only "normal" bank loans (senior debt). No syndicated loans, i.e. loans sold in small portions to different players.
- Focus on Nordic bank relationships.
- Ratos generally has no formal undertakings for debt in the portfolio companies. We are, however, a responsible owner which works with long perspectives and we therefore nurture our reputation and confidence.
- Ratos seeks to ensure that the holdings have an optimal financial structure based on prevailing conditions.

Management costs

Management costs at Ratos are approximately 1% of market capitalisation.

Ratos as owner

Our 148-year history, our legal form and our long-term and industrial focus are components that contribute to us being regarded in the owner sector as a little different. Even though we continuously develop the way we work, we still always carry with us a history of entrepreneurship as well as a professional, active and responsible exercise of our ownership role.

Ratos is an owner company

Considerable expertise in transactions and financing is essential in our business. Making the right acquisitions, in terms of both timing and situation, is an art and has a considerable impact on the ability to achieve a good return. What is also the common denominator for owner companies that have been successful over time is active ownership where most of the value creation takes place through industrial development. It is here our strength lies and has lain historically.

Market and new investments

The road to acquisition

There is really no "typical" process with a straight line from start to finish. Sometimes acquisitions are made within a few months while others take considerably longer. Ratos might have been in contact with a company for several years before an acquisition takes place. Ideas for potential acquisitions come from several sources, from processes conducted by investment banks for example, but a high proportion of the deal flow is our own – which means that we ourselves pursue an idea on acquisition of a company. A large part of these self-generated transactions originate in our own inquisitiveness and a genuine interest in entrepreneurship and Nordic business life. In addition, we also work in a structured manner by surveying specific sectors or a specific region.

It is of strategic importance that we have a high and continuous flow of investment ideas. In order to identify the best investments we analyse a large number of companies every year, approximately 200–250. Only a few of these result in an acquisition. Many of the companies identified are weeded out early in the process because they do not meet Ratos's investment criteria or the owner does not wish to sell right then. We invest in most sectors and focus on medium-sized to large companies in the Nordic region. The common denominator for the companies in which we finally have the opportunity to invest is that they are assessed as meeting our required rate of return.

A changing industry

The number of private equity players in Europe has seen strong growth over the past 15 years and assets under management remain substantial. This has led to increased competition for attractive acquisition candidates and therefore also higher demands on owners – an owner must provide more than just financial expertise in order to achieve a good return.

Access to capital, particularly bank financing, at good terms has been a strong driver for the growing number of private equity companies for many years. The Nordic banking market functions well and the banks, having been restrictive in their lending for some years after the 2008–2009 financial crisis, are now lending about double as much as when the situation was at its worst. Ratos has a good reputation in the Nordic banking market and with our responsible and long-term approach, we have good access to bank financing at reasonable levels and terms.

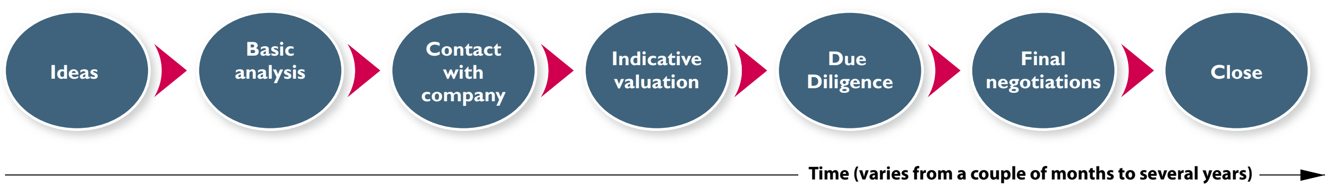
Ownership – how are returns created?

Our main financial target is that each individual investment should generate an average annual return (IRR*) of at least 20%. An assessment of whether we have managed to achieve this target requires an analysis of the "exit portfolio" – the portfolio of companies that Ratos has sold and where the final result for these investments can be seen.

During the just over 15 years (from 1999 to February 2014) that Ratos has had its present business concept,

* IRR: Average annual return (Internal Rate of Return) – the annual return on the invested amount calculated on the basis of the original investment, final selling price and other capital flows, taking into account when in time all these payments were made to or from Ratos.

INVESTMENT PROCESS



How was 25% average annual return (IRR) achieved?

Approximately 72% of value creation comes from the companies' industrial development, i.e. efforts to increase sales and improve profitability. Sales growth has in turn been created both through organic growth and acquisitions.

Approximately 32% of value creation comes from financial effects. Some of these effects, approximately half, can basically be derived from an improved cash flow as a result of sales growth and improved margins. This is why approximately 90% of value creation is really explained by the industrial development work in the companies. The remainder is explained by both traditional internal work with financial efficiency (inventories, accounts receivable, investment efficiency, taxes, etc.) and efforts to optimise the financial structures, which mean among other things that an acquisition is leveraged.

Multiple arbitrage is the price of the company in relation to the company's profits. Multiple arbitrage has provided a negative contribution of 4%, i.e. Ratos has on average sold for lower multiples than those that applied at acquisition.

36 portfolio company divestments (exits) have been made which together have contributed approximately SEK 35 billion to Ratos's cash flow. In total, these exits have generated an IRR of 25%. The portfolio companies that we have sold have thus met the return requirement of at least 20% by a wide margin. This result contains both successful investments that fully met the goals set up when the investment was made (in 2013 for example Stofa where we achieved an IRR of 54%) as well as investments that must be summarised as less successful (such as Contex where we had a negative return).

Focus on industrial value creation

As an active owner we work to build better and more successful companies. It is during the holding period that most of Ratos's returns are created mainly through sales growth and profitability improvements in the holdings (see illustration above). 20% IRR is a challenge but through methodical work with all the tools at our disposal as well as our business model, where we through a firmly established business plan and strategy together with management and the rest of the board in the holding work to achieve the set goals, our assessment is that the required rate of return can be achieved in the future as well.

Neither does creating a good return always require major growth in profits and sales. In Anticimex, during our holding period we increased sales by 7% per year, improved operating profit by 9% per year and improved the operating margin by just over one percentage point. That does not sound like much but combined these were the main reasons we achieved an IRR of 24%.

Adapted exercise of ownership

Our investment approach varies from holding to holding. Sometimes our value creation consists of providing capital and resources which enable the companies to grow and invest for example in product development, improved customer offerings, geographic expansion or to make add-on acquisitions. In Stofa, market adjustment of the customer offering together with an increased number of broadband customers were the key to the good improvement in sales and profitability. This also helped to make this a highly successful investment for Ratos. In other cases our aim might be to improve efficiency and raise productivity in a company by investing in new production technology. Arcus-Gruppen is a good example where we invested in a new highly efficient production facility which will contribute to higher profitability in future years.

Even if the way we exercise ownership is adapted to the specific company, there are some common denominators for how we work:

- A well-formulated, established and communicated strategy that provides clarity.
- A business plan that is worked out together with management, with detailed objectives and action plans, which clearly sets out the intentions of management, board and owner and simplifies follow-up.
- Targets which support the owner's required return, in Ratos's case at least 20% per year.
- A co-investment programme, where management (and sometimes the board) co-invests with Ratos which creates common interests between management and owner and is an effective tool to persuade management to "raise their sights" and have value creation as their principal aim.
- Clear division of roles and responsibilities between owner, board and management where management has complete operational responsibility to implement adopted plans.
- Professional board work and the right board composition with an external chairman. This provides valuable expertise and creates dynamics.
- Ratos employees who play an active role and support management in specific projects in the holdings.
- Good control and high quality of reporting and follow-up.
- An open, honest and frequent dialogue between management, board and owner in day-to-day work and when decisions are being prepared.

The distinct focus and frequent dialogue that characterise good work as owner are particularly important when things do not go as planned, for example when the economic situation creates unforeseen challenges. In such situations fast and effective decision-making are key, which is facilitated by management, board and owner being on the same playing field from the start. Read more about this at www.ratos.se.

Active ownership 180

Our ownership already starts during the acquisition process when our valuation of a company is based on a number of incisive hypotheses about how to create value growth in the company. These hypotheses are an important part of our investment case and we dive deep and verify these during the acquisition process. During the first six months of our ownership our agenda as owner is clarified through a number of key initiatives being adopted and prioritised according to which ones add the most value to our investment. We call this part of our active ownership Active ownership 180 (AO 180) and it is a toolbox where we collect our experiences from the some 70 acquisitions we have made since 1999. Every investment situation is unique, however, not least there are different people and different corporate cultures in each individual holding as well as major differences in the stage of development which the holding has reached. So even if we have a common toolbox, tools and relevant initiatives are adapted to each new holding.

Taking advantage of positive momentum
The initial holding period and the measures carried out in conjunction with acquisition are of major importance for value growth in a holding. Having a specific programme for this initial period is nothing new and there are as many opinions about what this should contain as there are about how long it should take. We believe that the classic 100 days is rather too short a time and have found from experience that it takes longer to build consensus and get to the bottom of every issue.

There are, however, several reasons why it is important to get off to a quick start when exercising ownership. In particular in purely financial terms since we measure our performance through IRR, where time is one of the parameters. But it is equally important to take advantage of the initial willingness to change in the company and the expectations on a new owner. A third reason is that an acquisition process is a period of high activity for the company and for Ratos. This pace and drive are something we want to keep and we are therefore keen to make an early start with initiatives and plans.

Our activities in the holding during the first 180 days can be divided into three main stages:

1 *Corporate governance*
At the same time as the work of owner gets underway, key formal and corporate governance issues need to be put in place. These include recruiting the board, establishing forms of cooperation, principles and areas of responsibility between the company and Ratos and setting up the troika (CEO, board chairman and Ratos). This stage also includes practical matters such as making sure reporting to Ratos functions on time and at the required level of detail.

2 *Activity/business plan – build consensus on how main initiatives will be realised*
During our due diligence process, we have spent a lot of time building a deep understanding of an industry and a company, analysing the value creation potential and identifying risks. We share this analysis with the company's management and agree on conclusions. Relevant insights, industry data and customer interviews are important input to the detailed action plan and business plan that we formulate together with management. We believe strongly in transparency between owner, management and board both in this phase and throughout the entire holding period.

It may sound banal, but getting to know each other is an important part of the first 180 days since much of how well the partnership will work is established at this stage. We therefore spend a lot of time building consensus between owner, management and board and thus creating the best conditions for a real common agenda. This takes a lot of time, but it is time well spent and the trust that is built up is repaid many times over the remainder of the holding period.

In acquisition processes where there is considerable competition, opportunities to check our hypotheses with management before the acquisition are sometimes limited and often there is no opportunity to meet people further out in the organisation. It is therefore even more important to spend time with management and other senior people after the acquisition and to dig deeper together as well as reach agreement over and establish our investment hypotheses on a broad front. Part of this is to identify the 3–5 key initiatives that are assessed as most value-creating for the next few years. Some of these initiatives come from our investment hypotheses and others can come from management.

Each initiative is planned in detail and adopted with clear objectives, responsibilities, follow-up routines and timetables, and then regularly reported to the board and to Ratos. Ratos is always closely involved in all projects. After 180 days the business plan for the next few years should be so clear to everyone that it is just to "go ahead".

3 *Ensure implementation and follow-up*

What characterises a good owner from a management group's point of view varies depending on the situation. Common denominators are an owner who is well-read, accessible, makes quick decisions, pragmatic and flexible on the basis of external conditions and gives management scope to take advantage of business opportunities that arise, can make tough decisions when required and at the same time sets clear goals and communicates a clear strategy and expectations. The kind of management we want in our holdings finds high demands stimulating, likes change and has some degree of impatience. It is essential that management knows what we want since we cannot carry out our plans without them. We are owners and together with the board and management we chisel out the strategy, i.e. draw up the framework or playing field. But what should be on the field and how it should be managed, i.e. operationalisation of the strategy, that is a management decision. It is therefore critical that we have the right management to implement the set agenda. In order to be sure of this we normally perform a management assessment, where management and organisational skills are mapped out and set against the most important initiatives in the business plan.

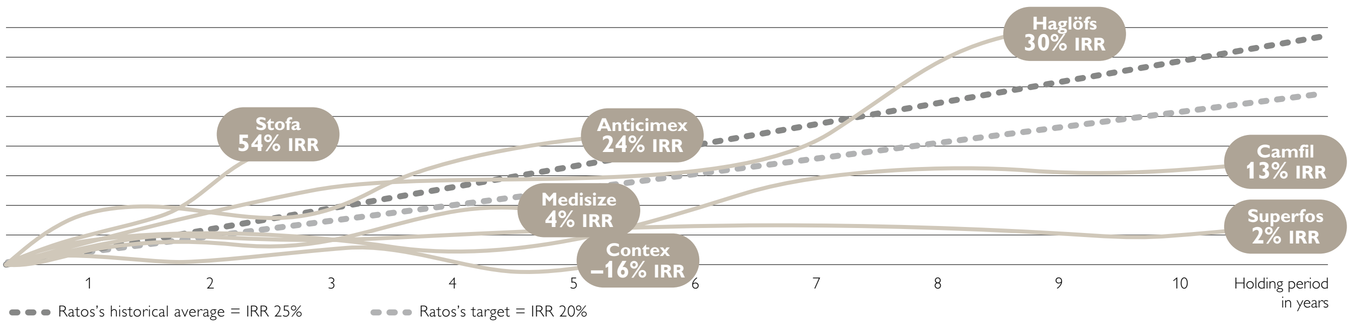
To sum up, development of a company is never-ending work. Plans are made and carried out, new plans take shape, the business environment changes and requires us to move in another direction than the one we initially planned. Being an owner is not a science, it is more of an art form, which requires a long-term approach, courage and pragmatism. It is also this environment and these prerequisites that mean that new opportunities are constantly lurking round the corner…

An exit is only a confirmation

We divest a holding when we have completed what we intended to do in the company or assess that it will be difficult to achieve our required rate of return in the future. Assessments are based on current market value and we never look back. The same owner is not necessarily suitable in all situations and stages of a company's development, which can also influence our decision to sell. This is also one of the explanations for why a new owner can take advantage of different opportunities than us and therefore be prepared to pay a good price. The proceeds from completed exits are used for Ratos's dividends and for acquisition of new companies.

We have carried out 36 exits so far and after almost every one where we have achieved our return requirement we hear: "Now you have sold all the good companies and only the 'rubbish' is left". This is an interesting comment – not just because we hear it so often (which demonstrably means it cannot be true) but because it puts the finger on the effect of our business and the fact that despite our transparency it is difficult to evaluate our value creation. We buy a company after a thorough analysis and review, at a price that can be difficult for an outsider to see the extent to which it is reasonable. During the years immediately after the acquisition we quite often make extensive changes that perhaps temporarily reduce the reported profit but which after a few years create a better company with higher profits and sales. These measures, and our activities during the holding period, can be difficult to put a value on during individual quarters before they start to be reflected in earnings and can be the explanation for the claim that 'only the rubbish' is left. When we eventually sell, we do this hopefully at a price where we achieve our return requirement. The selling price, however, only confirms whether or not an investment has been successful. Ratos's value creation takes place during the holding period.

Illustrative example of performance



Our target is that together our investments will provide an average annual return of at least 20%. Some holdings will exceed the target while others will perform less well. So far we have achieved 25% on 36 exits.

Stofa – IRR 54%

Stofa:

Ratos acquired Stofa from TeliaSonera in 2010. The company was sold after almost three years, a relatively short ownership period for Ratos, to the Danish company SE (Syd Energi). By actively making the board and management focus on a clear value-creating strategy, and through management's successful implementation of this, Ratos achieved an IRR of 54% (60% in Danish kronor) on this investment.

Stofa in brief

Stofa is a Danish operator within broadband, cable TV and telephony which in 2012 provided approximately 375,000 households with cable TV and broadband. In 2010, Stofa was Denmark's second-largest supplier of cable TV and the fourth largest for broadband.

Ratos's investment case

At a first glance in 2010 Stofa could look less than attractive as an investment with a slowing earnings trend and falling operating margin. The company was well-invested in terms of technology and networks to enable it to achieve high quality and capacity. On the basis of Ratos's knowledge of the sector and due diligence of the company, potential for value creation was identified by defining a new and clear strategy which mainly involved simplifying operations, simplifying the offering and focusing on end customers – a re-positioning that would lead to good exit potential through the company's strategic value and stable earnings.

Ratos's active ownership

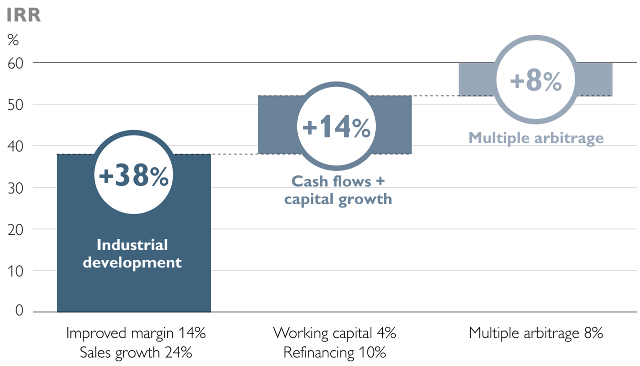
The key goal of the new strategy was primarily to increase profitability through a number of initiatives: create growth within the existing customer base (particularly broadband customers), better utilise the company's negotiating position with suppliers and major customers, strengthen financial governance in order to achieve cost efficiency, and improve the efficiency of the organisation, particularly customer service. Stofa's strong corporate culture characterised by a high degree of loyalty among employees and strong customer orientation, offered unutilised potential.

Further investments within both technology and networks were made to prepare the company for the TV and broadband market of the future with the aim of Stofa providing the market's best TV experience for digital boxes, web and tablets. The quality of the network was demonstrated among other things by Stofa being ranked by Netflix as Denmark's best broadband operator.

In order to implement this strategy a new board was recruited and a new CEO, Klaus Hoeg-Hagensen. Klaus had a background from the newspaper world, a sector that has undergone major change processes with several parallels to Stofa's operations, including factors such as the sales model with subscription sales.

How an IRR of 54% (60% in Danish kronor) was achieved

During Ratos's ownership the number of existing broadband customers increased from 145,000 to 180,000 and profitability improved markedly (operating margin rose from 9.5% to 11.5%) through higher sales, efficiency improvements and reduced costs. Growth and profitability were also improved when Stofa acquired parts of the Danish cable TV operations in Canal Digital in 2011, with major synergies. Between 2009 and 2012 the company achieved an annual sales growth of 9%, of which organic growth was 7%. Cash flow improved significantly due among other things to better handling of accounts receivable. As a result of the favourable development in the company a refinancing could be carried out at the end of 2011 and Ratos received a dividend of DKK 425m, i.e. 80% of the initial investment.



Ratos signed an agreement to sell Stofa to SE in October 2012. Stofa was then a better run and better invested company where the many investments and changes carried out in 2010–2012 were expected to continue to provide a good earnings trend in the years ahead. The selling price took this into account. The sale was made at an EV/EBITA multiple of over 12, compared with approximately 11 at the acquisition in 2010. The company continued to perform very well during 2013.

FINANCIAL FACTS ABOUT THE INVESTMENT

Investment year	July 2010
Refinancing	January 2012, DKK 425m dividend to Ratos
Exit	January 2013
IRR	54%, 60% in DKK
Money multiple	2.6x
Exit gain for Ratos	SEK 895m

DKKm	Enterprise value	Market cap	Sales [1]	EBITA [1]
At acquisition	1,100	528	1,024	92
At exit	1,900	1,075	1,344	155

[1] Relates to 2009 and 2012 respectively.

Ratos share data

The total return on Ratos shares (price development including reinvested dividends) in 2013 was -2% compared with the SIX Return Index which was +28%.

Brief facts 2013

Share listing	Nasdaq OMX Stockholm, Large Cap
Total number of shares	324,970,896
No. of ordinary shares outstanding	319,006,019
Closing price, 30 Dec 2013	SEK 58.15 (Ratos B)
Highest/lowest quotation	SEK 69.60/51 (Ratos B)
Market capitalisation, 30 Dec 2013	SEK 21 billion
Reuters ticker code	RATOb.ST, RATOpref.ST
Bloomberg ticker code	RATOB SS, RATOPREF SS

Share price performance

Performance for Ratos B shares was -7% compared with the OMXSPI which was +23% in the same period. The highest quotation during the year (SEK 69.60) occurred in April and the lowest (SEK 51) in July. The closing price on 30 December was SEK 58.15. The total return (price development including reinvested dividends) for Ratos B shares in 2013 amounted to -2% compared with the SIX Return Index which was +28% during the same period.

Issue of Class C preference shares

A new issue of 830,000 preferences shares for SEK 1,750 per preference share to a total value of approximately SEK 1,452.5m before issue costs was made during the year. The issue was oversubscribed and approximately 6,000 investors received an allocation. The first trading day was 28 June 2013. The share price at year-end was SEK 1,895. Dividends on preference shares are regulated in the Articles of Association and amount to SEK 100 per preference share and year. Dividends are paid quarterly in February, May, August and November. For more information: www.ratos.se.

Trading

A total of 172 million Ratos shares (of which B shares accounted for 171 million) were traded via Nasdaq OMX Stockholm during 2013 at a value of over SEK 11 billion.

An average of approximately 690,000 shares, of which 685,000 B shares, were traded per day. The turnover rate, i.e. the proportion of shares traded in relation to average market capitalisation, was 71% for Ratos B shares (65% in 2012). Over 3,200 preference shares were traded per day.

Trading in Ratos B shares also takes place outside Nasdaq OMX Stockholm via other marketplaces (multilateral trading facilities), such as Chi-X, Boat, Turquoise and Burgundy. An additional approximately 470,000 Ratos B shares were traded via these marketplaces in 2013.

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 21 billion at year-end. This ranks the company as number 41 in terms of size of the 257 companies listed on Nasdaq OMX Stockholm and number 74 of the 544 companies on the joint Nordic Exchange.

Shareholder statistics

Number of shares	Number of shareholders	Share of capital, %
1–500	32,576	2
501–1,000	8,865	2
1,001–5,000	11,743	8
5,001–10,000	2,048	5
10,001–20,000	908	4
20,001–	912	79
Total	**57,052**	**100**

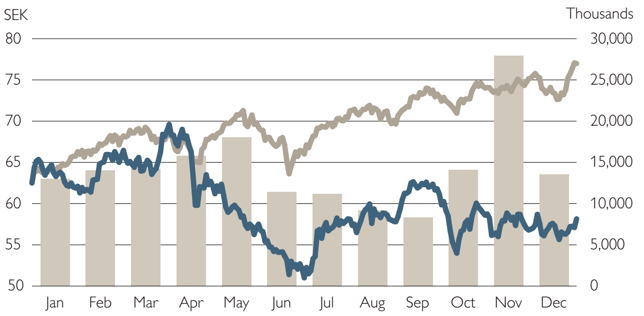
Source: Euroclear Sweden

Breakdown by class of share

Share class	Number of shares	% of voting rights	% of capital
A	84,637,060	77.9	26.0
B	239,503,836	22.0	73.7
C (preference shares)	830,000	0.1	0.3
Total	**324,970,896**	**100**	**100**

Source: Euroclear Sweden

Share price trend and trading 2013

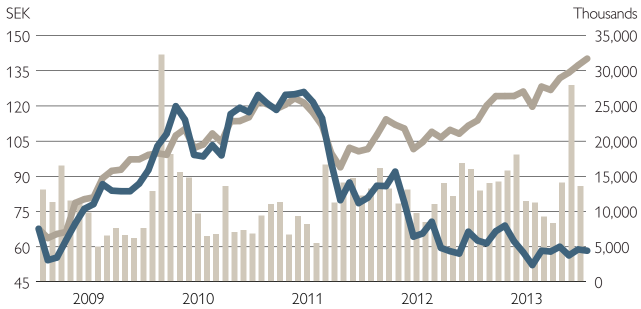


Ratos B — OMX Stockholm_PI

Total number of shares traded via Nasdaq OMX, thousands per month

Source: SIX

Share price trend and trading 2009–2013



Ratos B — OMX Stockholm_PI

Total number of shares traded via Nasdaq OMX, thousands per month

Source: SIX

Dividend ordinary shares

The Board of Directors proposes an ordinary dividend for the 2013 financial year of SEK 3.00 per A and B share. Dividend yield amounts to 5.2% based on the closing price at year-end. Since 1999, Ratos has issued an average dividend of 57% (60% incl. extraordinary dividend in 2006) of profit after tax.

The dividend has a major impact on the long-term return. This effect is illustrated in the table below.

	Price development alone		Total return (price+reinvested dividend)	
Investment year, SEK	**Ratos B**	**Index**	**Ratos B**	**Index**
1954*	667,730	255,810	6,869,520	1,748,570
20 years	12,970	5,040	35,900	9,160
10 years	2,210	2,160	3,650	3,120
5 years	860	2,080	1,130	2,490
1 year	930	1,230	980	1,280

* Ratos was listed in June 1954.

Source: Nasdaq OMX Stockholm, SIX, Ratos.

An investment of SEK 1,000 in Ratos shares when Ratos became a listed company in 1954 was worth almost SEK 0.7m at year-end 2013 and if the dividends had been reinvested the value was SEK 6.9m.

Employee ownership in Ratos

Key people at Ratos are encouraged to have a shared outlook with the company's shareholders which is achieved through owning their own shares and well-balanced option programmes. Read more in the corporate governance report on page 82–83 and on Ratos's website.

Share capital and number of shares

Ratos's share capital at year-end 2013 amounted to SEK 1,024m divided among a total of 324,970,896 shares, of which 84,637,060 A shares, 239,503,836 B shares and 830,000 preference shares. The number of outstanding ordinary shares amounted to 319,006,019, and the number of outstanding preference shares was 830,000. Ratos A shares each carry entitlement to one vote, Ratos B shares 0.1 votes and preference shares 0.1 votes. The total number of votes amounts to 108,670,443.6.

Purchase of treasury shares

The 2013 Annual General Meeting renewed the mandate for the company to acquire treasury shares. The holding of treasury shares may not exceed 4% of the total number of shares in the company. Ratos did not repurchase any shares in 2013. 4,660 treasury shares were transferred to administrative employees during the year. At year-end, Ratos owned 5,134,877 B shares (corresponding to 1.6% of the total number of shares), with an average purchase price of SEK 69.

Conversion of shares

Since the 2003 Annual General Meeting there has been a conversion clause allowing conversion of A shares to B shares in the Articles of Association. No shares were converted in 2013. Since 2003, a total of 963,724 A shares have been submitted for conversion to B shares.

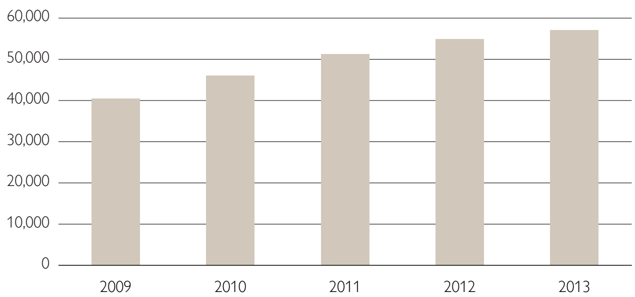
Issue of Class B shares

Since the 2009 Annual General Meeting there has been a decision that Ratos, in connection with acquisitions, may issue B shares in Ratos – through set-off, non-cash or a cash payment. This mandate was renewed at the 2013 Annual General Meeting and applies for a maximum of 35 million shares.

Ownership structure

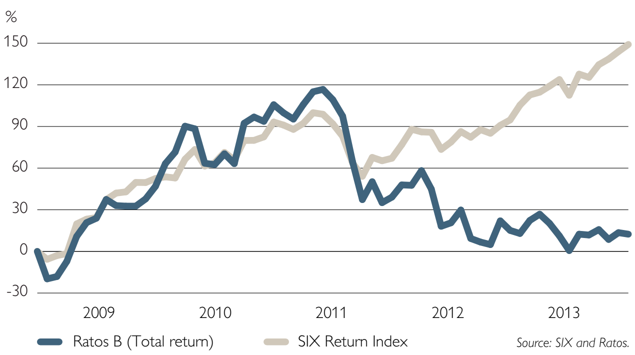
The number of shareholders amounted to 57,052 at year-end. The ten largest shareholders accounted for 76% of the voting rights and 44% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 14%. The UK, the US and Luxembourg account for the largest shareholdings outside Sweden. 57% of Ratos's shareholders own 500 shares or less and together accounted for almost 2% of the share capital.

Number of shareholders



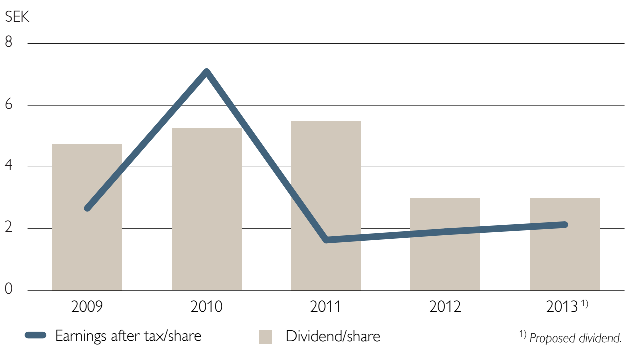
Source: Euroclear Sweden

Total return



Source: SIX and Ratos.

Earnings and dividend



1) *Proposed dividend.*

Ratos's shareholder meetings

In 2013, Ratos took part in shareholder meetings at seven locations, including Gothenburg, Kungsbacka, Mariestad, Stockholm and Södertälje and met a total of about 900 shareholders.

Analysts who monitor Ratos

A current list of analysts who monitor Ratos is available on the website under Investor Relations/Share information/Analysts.

Data per share*	2013	2012	2011	2010	2009
Earnings per share before dilution, SEK	2.13	1.90	1.63	7.09	2.66
Dividend per A and B share, SEK	3.00 [1]	3.00	5.50	5.25	4.75
Dividend per C share (preference share), SEK	100 [1]	75			
Dividend per A and B share as % of earnings	141 [1]	158	337	74	179
Dividend per A and B share as % of equity	8 [1]	8	13	11	10
Equity, SEK [2]	38	39	43	47.50	48
Closing market price, B share, SEK	58.15	62.50	80.75	124.50	92.50
Market price/equity, %	153	160	188	262	193
Dividend yield, B share, %	5.2 [1]	4.8	6.8	4.2	5.1
Total return, B share, %	-2	-17	-32	40	47
P/E-ratio	27.3	32.9	49.5	17.6	34.8
Highest/lowest price paid, B share, SEK	69.60/51	93/53.75	134.70/69.05	128.75/92.75	94.50/49.50

Key figures*	2013	2012	2011	2010	2009
Market capitalisation, SEKm [3]	20,508	19,938	25,759	39,650	29,344
Number of shareholders	57,052	54,911	51,294	46,009	40,494
Average number of A and B shares outstanding before dilution	319,005,200	319,000,693	319,036,699	318,134,920	316,248,738
Number of outstanding A and B shares at year-end	319,006,019	319,001,359	318,996,769	318,474,614	317,231,290
Average number of traded Ratos shares/day, (Nasdaq OMX)	690,000	625,000	675,000	602,000	454,000
Dividend, SEKm [4]	1,040 [1]	1,019	1,754	1,678	1,512

* Applicable historical figures are recalculated taking the 2011 share split into account. Unless stated otherwise refers to B share.

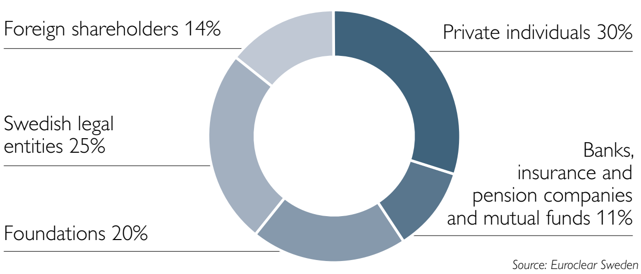
1) Proposed dividend. 2) Defined with effect from 2013 as equity attributable to owners of the parent with deduction for total Preference capital divided by the number of outstanding ordinary shares at the end of the year. Preference share capital amounts to SEK 1,837.50 per preference share, which corresponds to the redemption amount after the 2017 Annual General Meeting. 3) Refers to ordinary shares. 4) Dividend refers to ordinary shares and preference shares in 2012 and 2013.

Ratos's shareholders*	Number			Share of	
30 December 2013	A shares	B shares	Preference shares	capital, %	voting rights, %
Söderberg family with companies	49,170,569	11,659,294	4,276	18.7	46.3
Torsten Söderberg Foundation	11,951,411	16,030,900	0	8.6	12.5
Ragnar Söderberg Foundation	14,708,453	12,633,340	0	8.4	14.7
Handelsbanken funds	0	5,471,632	7,822	1.7	0.5
Avanza Pension	27,344	4,662,508	13,155	1.4	0.5
JPM CHASE NA	0	3,607,162	0	1.1	0.3
SEB Investment Management	0	3,329,064	0	1.0	0.3
Swedbank Robur	0	3,196,807	0	1.0	0.3
Uppsala University Foundation Admin	0	3,155,000	4,344	1.0	0.3
Danske Capital AB	0	3,063,044	9,710	0.9	0.3
Treasury shares	0	5,134,877	0	1.6	0.5
Other	8,779,283	167,560,208	790,693	54.6	23.5
Total	**84,637,060**	**239,503,836**	**830,000**	**100**	**100**

* Refers to shares registered with Euroclear Sweden at 30 December 2013. Pledged shares are not included in shareholder statistics.

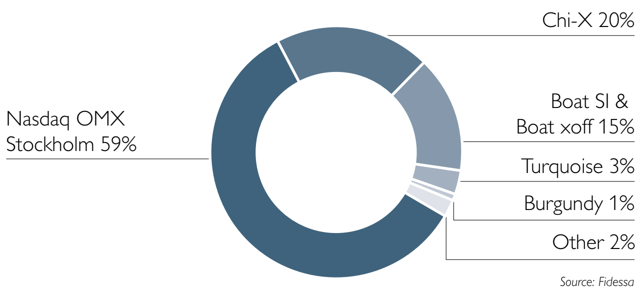
Source: Euroclear Sweden

Breakdown of Ratos's shareholders, % of capital



Source: Euroclear Sweden

Trading by marketplace

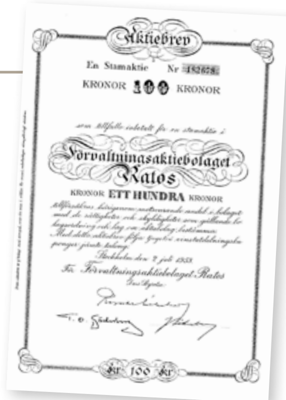


Source: Fidessa

Ratos 60 listed years

In June this year, Ratos will have been a listed company for 60 years. Ratos shares were introduced on the Stockholm Stock Exchange in 1954 and the company acquired some 1,000 new shareholders. Since 1954 one share has become 2,268 shares through nine bonus issues and four share splits. A SEK 1,000 investment is worth SEK 6.9 million today, including reinvested dividends. Ratos's business focus has changed a few times over the years, but the connecting thread throughout our history is our role as an active owner in Nordic companies.

1950s



Förvaltnings AB Ratos was listed on the stock exchange in 1954 and 20% of the 150,000 shares were offered to outsiders. The subscription price was SEK 200. The Swedish business magazine Affärsvärlden wrote *"A well balanced portfolio of listed industrial shares. Major hidden reserves can be noted."* The share issue was immediately oversubscribed.

Ratos included a number of subsidiaries primarily within trading and engineering as well as a significant share portfolio headed by Gränges, ASEA, Holmen, Bulten and Esselte. Ragnar Söderberg was both Chairman of the Board and CEO.

Stock exchange: There were 93 listed companies on the Stockholm Stock Exchange and annual turnover amounted to a couple of hundred million kronor. Trading took place in Börshuset, the former stock exchange on Stortorget in Stockholm's old town and was conducted through some ten members and about 50 stockbrokers.

1960s

Photo: Leif Engberg /DN/TT

The links to steel and ownership of Söderberg & Haak and Smedjebacken remained the core of Ratos until the 1970s. Investments in the listed share portfolio continued, the shareholdings in Holmen and Bulten were not sold until the 1980s and in ASEA in the 1990s.

The two Söderberg foundations were formed in 1960 when the brothers Ragnar and Torsten Söderberg donated 20,000 Ratos shares to each foundation. The purpose of the foundations was to promote scientific research and studies in economics, medicine and law. The stock exchange listing and the formation of the foundations gave Ratos shares a market value and the company acquired a stable owner situation.

Stock exchange: In 1965 there were 15 listed investment companies. Otherwise the stock exchange was characterised by engineering, forest and manufacturing companies. The exchange had shown dull development since the crisis in the 1930s. New issues had not yet taken off and there were still only some 100 listed companies. In 1965 there were about 400,000 shareholders in Sweden.

1970s

Photo: AP/TT

The steel industry suffered from a deep recession in the mid-1970s and Ratos's steel operations were sold. This marked the end of an over 100-year chapter in the company's history. Ratos's very strong financial position combined with extensive wholesaler expertise, opened up opportunities, however, for the development of new business activities.

Stock exchange: VPC (the Swedish Securities Register Centre) was formed and share registers became electronic, which resulted in simpler handling and a better insight into the ownership structure of Swedish companies. At that time there were restrictions on foreign companies owning Swedish shares and in 1970 Ratos therefore introduced B shares with fewer voting rights to enable foreign ownership. In 1973, 105 companies were listed on the Stockholm Stock Exchange.

1980s

Ratos had the character of a mixed investment company. As well as a listed portfolio there were also a number of subsidiaries and associated companies. The holdings included shares in Esso's hotel and restaurant chain, from which the wholly owned subsidiary Scandic Hotels was formed. The Danish HVAC and plumbing wholesaler Brødrene Dahl became a wholly owned subsidiary, and the acquisition of Nordisk Transport & Spedition led to the formation of the subsidiary Inter Forward. Ratos's stock market investments developed very well and by the end of the 1980s Ratos had approximately 7,500 shareholders and a market capitalisation of SEK 10 billion in today's money.

Stock exchange: New rules and new technology contributed to greater owner diversification on the stock market and a sharp increase in both the number of private individuals and foreign institutions that owned shares. The Swedish National Pension Funds were launched. Approximately 2 million Swedes owned shares. OM started trading in share options. By the end of the 1980s, 226 companies were listed on the Stockholm Stock Exchange. In October 1987 the stock markets around the world experienced the biggest crash since 1929 on what became known as Black Monday.

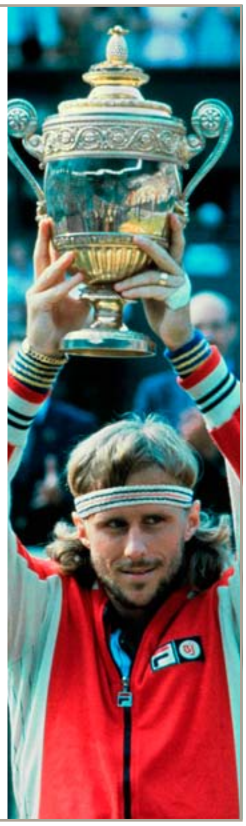


Photo: Jacob Forsell/TT

1990s

Fotograf Claes Hedberg/TT

A streamlining of Ratos was started after the macroeconomic situation had put intense pressure on the subsidiaries and share portfolio. Between 1995 and 1998 Ratos was transformed into a pure-play investment company and Dahl and Scandic Hotels were listed on the stock exchange. In January 1999, the Board and management presented a new strategy where the idea of a pure share managing investment company was abandoned. It was decided instead that Ratos should be a listed private equity conglomerate and invest in preferably unlisted medium-sized to large companies in the Nordic region. At the end of the 1990s, Ratos had approximately 16,000 shareholders and a market capitalisation in excess of SEK 7 billion in today's money.

Stock exchange: The 1990s came to be characterised by a weak economic climate and a number of events which had a highly negative impact on the stock market. The property crisis and subsequent banking crisis at the start of the 1990s when Riksbanken raised the key interest rate to 500% were followed by a crisis in Asia. Towards the end of the 1990s a strong stock market upturn occurred once more driven by IT and telecom, known as the IT boom. In 1999 the stock exchange rose by almost 70% and there were 276 listed companies.

Ratos today

Ratos has now been a private equity conglomerate for 15 years and owns 18 unlisted companies in the Nordic region. The number of shareholders has continued to rise and now totals approximately 57,000. Market capitalisation as per February 2014 amounted to approximately SEK 22 billion. Arne Karlsson is Chairman of the Board and Susanna Campbell CEO.

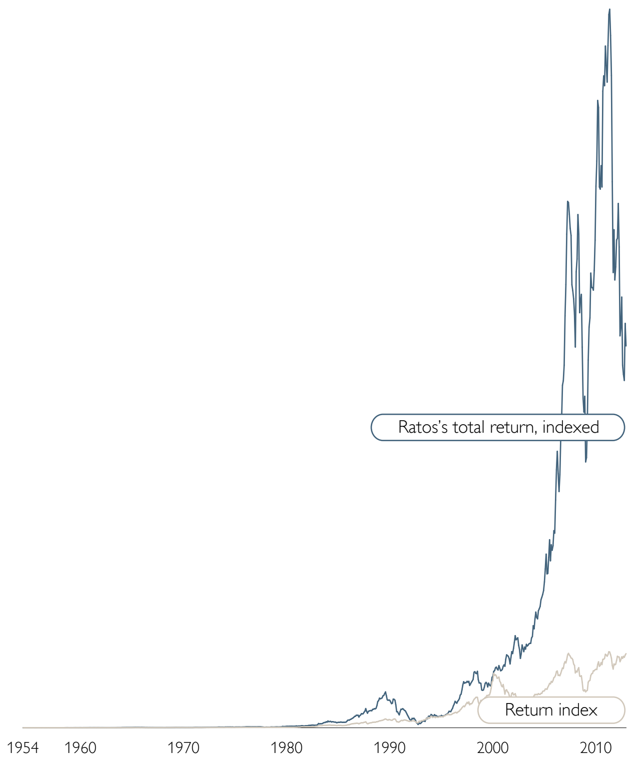
Stock exchange: Today approximately 80% of Sweden's population owns shares, most via mutual funds. 257 companies are listed on Nasdaq OMX Stockholm as the Stockholm Stock Exchange is now called, and annual turnover amounts to approximately SEK 3,000 billion. New regulations have resulted in Nasdaq OMX Stockholm no longer being the sole player in the market and an increasing share of trading is starting to take place on alternative marketplaces. For Ratos shares this means that about 40% of total trading today takes place on marketplaces other than Nasdaq OMX Stockholm.

2000s

At the beginning of the 21st century the listed share portfolio was sold and the acquisition of Atle in 2001 marked the completion of the transformation towards private equity when Ratos became owner of 13 new holdings. In addition, a buyout of Lindab was effected in the same year. Following an initially sceptical reception of the new strategy it proved successful and both share price and the number of shareholders increased substantially in the next few years. 16,000 shareholders became 40,000 and market capitalisation increased to SEK 29 billion.

Stock exchange: The start of the 21st century was also marked by major stock market events. First the IT bubble burst and many IT-related shares lost up to 90% of their value or disappeared entirely from the stock market. Then came the terrorist attack on 11 September 2001 which created turbulence on the world's stock markets. 2003–2008 were good years on many stock markets, but then in 2008 came the Lehman crash which led to several years of financial crisis and recession and confidence in the euro disappeared. In 2009, 258 companies were listed on the Stockholm Stock Exchange.

Oli Scarff / Getty Images



Source: Nasdaq OMX, SCB, Ratos.

The people at Ratos

Ratos's head office has been at Drottninggatan 2 in Stockholm, right by the Swedish parliament, since 1939. All the approximately 50 employees are based here half of whom work in the investment organisation and the rest within business support, providing support to Ratos's business with expertise in financing, accounting and communications.

The employees in the investment organisation have long experience of developing companies, primarily from a background as management consultants. They are continuously involved with current transactions and processes, as well as leading the work in Ratos's holdings together with each company's management.

Each holding has a dedicated team which consists of two Ratos employees where one is responsible for the holding. The team is often the same throughout the entire holding period, from acquisition to exit. In this way we create continuity and therefore trust between Ratos and the management of each company.

We also have a number of industrial advisors who have long experience of Nordic business life. They act as advisors to Ratos and board members in the holdings. A presentation of our industrial advisors is available at www.ratos.se.

Ratos's ownership aims to be professional, active and responsible. Our work is based on these three core values and on the way employees act towards each other and our stakeholders. Our employees must be professional, knowledgeable and objective. Being active is essential for our ability to influence and create value in our holdings. By acting responsibly we ensure that the business is conducted in a correct and ethical manner and in accordance with expectations from our holdings, shareholders and other stakeholders.

Together with the managements in our holdings we develop ambitious plans in order to achieve our return requirement. How well we succeed depends on the ability of management and employees to run their business and implement the business plan. This requires experience, knowledge and expertise within the holdings and this is

RATOS'S HR INITIATIVES

Some of our HR initiatives

- Network Days
- Chairman Forum
- CEO Summit
- Ratos Talent Award
- CFO Executive Programme

Ratos Talent Award

Ratos Talent Award was presented for the second time during 2013. The award was established to increase the focus on talent development in our holdings. The ability to attract and retain talent in the organisations is a decisive factor for the long-term success of the companies.

The three prize winners in 2013 were:

- Elin Ljung, Marketing and Communications Director, Bisnode
- Sigmund Øvereng, Project Manager and Product Development Manager, SB Seating
- Anders Repfennig, Workshop Manager, Euromaint

Meet Ratos employee – Mikael Norlander, Senior Investment Manager

What does a Senior Investment Manager at Ratos do?
My role is extremely multi-faceted and varied. I work both with existing holdings and with making acquisitions. This means that every day I familiarise myself with and make decisions on a very wide range of issues, everything from contracts, strategies, company valuations to leadership issues and recruitment. Above all this is about the interaction between people since in the holdings we work actively through the companies' boards and managements. Moving between all these issues and shuffling overall matters and details is what I believe makes this job enjoyable, but of course also what makes it frustrating at times since I can seldom focus on just one thing. The longer you work at Ratos, and the more senior your role, the more varied working duties and situations you are faced with.

During one and the same day I might have a board meeting in one company, strategic discussions with the CEO in another and then meet the management of a company we are interested in acquiring.

What would be your advice to someone who wants to work as an investor and with active ownership?
You must be genuinely interested in how a company works and is managed. I believe that is the most important thing. Then of course you must be inquisitive and want to learn more. Being a good owner takes time and requires you to build up experience. Analysis, governance and leadership are a whole that is linked together. Corporate development takes place in many dimensions and can be encouraged from many different roles, but to enjoy working as an owner you should be able to appreciate the multi-faceted and whole and be comfortable working through others. And of course you must enjoy doing business. This requires you to take calculated risks and have the courage to strike a deal.

Then it is important to choose the right company to work for. During my years as a management consultant I met various private equity players and their portfolio companies and saw major differences. Not least in attitude, values and working methods, which are factors that are important to me if I am to enjoy my work. I also met Ratos in this context and liked both the people I met and the approach to ownership that Ratos represents.

Mikael Norlander, 35, has worked at Ratos since 2008. He is responsible for the holding Arcus-Gruppen and also works with Bisnode.

why talent development is a prioritised issue for us as owners. We are also keen to ensure that our holdings – and Ratos itself – are attractive employers. We conduct a number of HR initiatives.

Through these initiatives we wish to ensure that our holdings can attract, develop and retain skilled employees and talents. The long-term, overall aim is also that it should be interesting and positive to work for a company that is part of the Ratos Group – an owner that gives individuals opportunities to develop, to be challenged and to take major steps in their careers.

We make active efforts in the boards of our holdings to raise awareness of these issues in each holding and make sure that HR strategies are established within each company. In addition, we conduct several concrete initiatives where we bring together CEOs, boards and management groups at various training or development events. This is also one of the strengths of a conglomerate – the ability to make a tangible contribution to the exchange of experience between different companies, industries and environments.

Ratos in the Nordic region

The Nordic countries differ in several respects, including corporate structure, sector distribution and business culture. Ratos's Nordic business and organisation have therefore been adapted to local conditions in each country. To improve our contact base, we have set up Advisory Boards in Denmark, Finland and Norway. These consist of people with many years of industry experience. They act as Ratos's representatives and contribute – together with some of our own employees – with knowledge of local business life and with their individual networks. In each country we also have a broad network of selected people who contribute to the deal flow, but who can also serve on the boards of our holdings as industry experts, for example.

RATOS'S INVESTMENT TEAMS IN THE NORDIC REGION

Denmark

Ratos Team Denmark
- Henrik Blomé (responsible)
- Robin Molvin
- Martin Højbjerg

Advisory Board
- Anders Thoustrup (chairman)
- Carsten Gerner
- Peter Leschly

Finland

Ratos Team Finland
- Per Frankling (responsible)
- Jan Pomoell
- Lina Arnesson

Advisory Board
- Bertel Paulig
- Lauri Ratia
- Peter Seligson

Norway

Ratos Team Norway
- Henrik Joelsson (responsible)
- Henrik Lundh
- Lene Sandvoll Stern

Advisory Board
- Henning Øglænd (chairman)
- Kaare Frydenberg
- Helge Midttun
- Lars I Røiri

Employees

Investment organisation

Jonathan Wallis, Mårten Bernow, Henrik Joelsson, Bo Jungner, Johan Pålsson
Cecilia Lundberg, Jenny Askfelt Ruud, Johan Rydmark, Per Frankling, Daniel Repfennig, Berit Lind

Lina Arnesson
Investment Manager
Born 1984. MSc Econ.
Employed by Ratos since 2012.
Greenhill & Co 2009–12.

Jenny Askfelt Ruud
Senior Investment & CR Manager
Born 1973. MSc Econ.
Employed by Ratos since 2007.
McKinsey & Company 2001–07.
Arts Alliance 2000–01.
Morgan Stanley 1998–2000.

Mårten Bernow
Investment Manager
Born 1983. MSc Econ.
Employed by Ratos since 2012.
The Boston Consulting Group 2008–12.

Henrik Blomé
Investment Director
Responsible for the holdings Bisnode, DIAB, GS-Hydro and HENT.
Born 1974. MSc Econ.
Employed by Ratos since 2001.
Bain & Company 1998–2001.

Susanna Campbell
CEO
Born 1973. MSc Econ.
Employed by Ratos since 2003.
McKinsey & Company 2000–03.
Alfred Berg Corporate Finance 1996–2000.

Hanna Eiderbrant
Investment Manager
Born 1982. MSc Eng and MSc Econ.
Employed by Ratos since 2013.
A.T. Kearney 2008–2013.

Per Frankling
Investment Director
Responsible for the holdings Inwido, Jøtul and Nebula.
Born 1971. MSc Econ and MSc Eng.
Employed by Ratos since 2000.
McKinsey & Company 1999–2000.
Arkwright 1996–99.

Oscar Hermansson
Investment Manager
Born 1979. MSc Econ.
Employed by Ratos since 2010.
Bain & Company 2004–07, 2008–10.

Martin Højbjerg
Investment Manager
Born 1979. MSc Econ.
Employed by Ratos since 2013.
FIH Partners 2008–12.

Henrik Joelsson
Investment Director
Responsible for the holdings Aibel and Biolin Scientific.
Born 1969. MSc Econ and MBA.
Employed by Ratos since 2004.
Bain & Company 1995–2003.

Bo Jungner
Deputy CEO and Investment Director
Born 1960. MSc Econ.
Employed by Ratos since 1998.
Brummer & Partners 1996–98.
SEB/Enskilda 1983–96.

Berit Lind
Investment Manager
Born 1961. MSc Econ.
Employed by Ratos since 2000.
Own business 1996–2000.
Öhman 1987–96.

Mikael Norlander, Hanna Eiderbrant, Henrik Lundh, Jan Pomoell, Robin Molvin, Susanna Campbell, Martin Højbjerg, Lina Arnesson, Oscar Hermansson, Lene Sandvoll Stern, Henrik Blomé

Cecilia Lundberg
Investment Manager
Born 1978. MSc Econ.
Employed by Ratos since 2006.
Alfred Berg Corporate Finance 2003–06.

Henrik Lundh
Senior Investment Manager
Responsible for the holding SB Seating.
Born 1972. MSc Econ.
Employed by Ratos since 2007.
Keystone Advisers 2000–07.
UBS Warburg 1998–2000.

Robin Molvin
Senior Investment Manager
Responsible for the holdings AH Industries and HL Display.
Born 1972. MSc Econ.
Employed by Ratos since 2006.
Nordstjernan 1999–2005.
Alfred Berg Corporate Finance 1997–99.

Mikael Norlander
Senior Investment Manager
Responsible for the holding Arcus-Gruppen.
Born 1978. MSc Econ.
Employed by Ratos since 2008.
Bain & Company 2003–08.

Jan Pomoell
Senior Investment Manager
Responsible for the holdings Mobile Climate Control and Nordic Cinema Group.
Born 1976. MSc Econ.
Employed by Ratos since 2007.
Tamro Corporation 2002–07.
The Boston Consulting Group 2000–02.

Johan Pålsson
Senior Investment Manager
Responsible for the holding Hafa Bathroom Group.
Born 1979. MSc Econ.
Employed by Ratos since 2007.
Arthur D. Little 2004–07.

Daniel Repfennig
Investment Manager
Born 1983. MSc Eng and BSc Econ.
Employed by Ratos since 2010.
Arthur D. Little 2008–10.

Johan Rydmark
Senior Investment Manager
Born 1977. MSc Econ.
Employed by Ratos since 2008.
AAC Capital Partners 2007–08.
ABN AMRO Capital 2003–07.

Lene Sandvoll Stern
Investment Manager
Born 1981. MSc Econ.
Employed by Ratos since 2008.
McKinsey & Company 2004–08.

Jonathan Wallis
Senior Investment Manager
Responsible for the holdings Euromaint and KVD.
Born 1974. MSc Econ.
Employed by Ratos since 2007.
Bain & Company 2000–07.

For information about our industrial advisors, see www.ratos.se

Employees

Business support

Helene Gustafsson, Daniel Johansson, Emma Rheborg, Carina Strid, Johan Andersson, Monica Andersson, Ingrid Nordeman, Suzanne Boghammar, Kerstin Dard, Linda Bergman, Soraya H. Contreras

Nina Aggebäck
Assistant to the CEO
Born 1957.
Employed by Ratos since 2008.
Vattenfall 2006–08.
Skandia 1998–2006.

Anna Ahlberg
Project Manager
Born 1970. MSc Econ.
Employed by Ratos since 2001.
Sjunnesson & Krook Corporate Finance 2000–01. PwC Corporate Finance 1994, 1996–2000.

Johan Andersson
Facilities Manager
Born 1964.
Employed by Ratos since 1989.
Örlogsvarvet Muskö 1987–89.
Ministry for Foreign Affairs 1985–87.
Snickeriservice 1984–87.

Monica Andersson
Accounts
Born 1966. Accountant.
Employed by Ratos since 1990.
Nandorfs Revisionsbyrå 1986–90.

Linda Bergman
Staff manager/Accounts assistant
Born 1983.
Employed by Ratos since 2009.
AP3 2004–08.

Suzanne Boghammar
Housekeeper
Born 1953.
Employed by Ratos since 1994.
Own business 1985–94.
Linjeflyg 1976–85.

Yvonne Bonnier
Property and Service Organisation Manager
Born 1960. Accountant.
Employed at Ratos since 1987.
Skandinaviska Processinstrument 1981–87.
Ragnar Bjurfors 1979–81.

Soraya H. Contreras
Assistant Investment Organisation
Born 1979.
Employed by Ratos since 2010.
Arctos Mergers & Acquisitions 2008–10.
Securitas 2007–08.
Brottsofferjouren 2004–06.

Kerstin Dard
Receptionist
Born 1953.
Employed by Ratos since 1991.
Pronordic 1989–91.
Ekonomisk Företagsledning 1980–89.

Per Djursing
Reception/Property
Born 1978.
Employed by Ratos since 2010.
Own business 2005–10.

Fredrik Evén
IT Manager
Born 1976.
Employed by Ratos since 2005.
IDE 1998–2005.

Maria Glifberg
Group Accounts
Born 1961. MSc Econ.
Employed by Ratos since 2008.
SAS Group 2000–08.
SAS Internal Audit 1998–2000.
Deloitte 1985–98.

Maria Glifberg, Yvonne Bonnier, Jenny Skördeman, Catrine Tham, Carina Melander, Nina Aggebäck, Karl Molander, Per Djursing, Fredrik Evén, Helena Jansson, Kristina Linde, Anna Ahlberg

Helene Gustafsson
IR Manager
Born 1982. MSc Econ.
Employed by Ratos since January 2014.
Sandvik 2010–13.
Principal Global Investors 2008–10.

Helena Jansson
Assistant Communications & IR
Born 1965.
Employed by Ratos since 1990.
SveaBanken 1989–90.
Mora Bilkompani 1987–89.

Daniel Johansson
IT
Born 1991.
Employed by Ratos since 2012.
Peak-IT 2011–12.

Kristina Linde
Head of Accounting
Born 1964. MSc Econ.
Employed by Ratos since 2010.
KPMG 1997–2009.
Swedish Tax Authority in Stockholm 1994–96.
KPMG 1987–94.

Carina Melander
Group Accounts
Born 1970. MSc Econ.
Employed by Ratos since 2009.
LRF Group 1989–2009.

Karl Molander
Head of Debt Management
Born 1957. BSc Econ.
Employed by Ratos since 2010.
Nordea 2000–10.
ICB Shipping AB 1989–2000.

Ingrid Nordeman
Accounting Specialist
Born 1956. MSc Econ and MBA.
Employed by Ratos since 2012.
Lantmännen 2006–12.
Cognos/Frango 2003–06.
KPMG 1997–2003.

Emma Rheborg
Head of Corporate Communications and Investor Relations
Born 1972. MSc Econ.
Employed by Ratos since 2007.
JKL 2001–07.
Hagströmer & Qviberg 1997–2000.

Jenny Skördeman
Conference and Service.
Born 1985. Archaeologist.
Employed by Ratos since 2010.
Armémuseum 2008–09.

Carina Strid
Finance Manager
Born 1968. MSc Econ.
Employed by Ratos since 2013.
KPMG 2012–13.
Swedish Financial Supervisory Authority 2011–12.
Ratos 2002–11.
KPMG 1997–2002.
Pharmacia & Upjohn 1988–96.

Catrine Tham
Reception
Born 1950.
Employed by Ratos since 2001.

Maintain and create value

CEO'S COMMENTS

Sustainable business is important to Ratos, because it is a cornerstone of being a responsible owner as well as value-creating. We regard sustainability as a strategic issue where a good CR standard has become increasingly essential for doing business. And as an owner we help our companies to raise the standard of their sustainability initiatives during our holding period.

We have increased our focus on sustainability issues in recent years and, to show that we take these issues seriously, in 2013 we became signatories to the UN principles for responsible business operations, Global Compact, as well as the UN Principles for Responsible Investment, PRI.

Our duties as owner include ensuring that our holdings conduct their businesses in a responsible manner and we both make demands and support them to ensure that we and they continue to develop sustainability. We work to integrate CR initiatives into our strategic efforts with the companies in order to ensure that these issues are handled at the right level and that we contribute to building strong, sustainable Nordic companies at the same time as we create the highest possible returns for our shareholders through the professional, active and responsible exercise of our ownership role.

Susanna Campbell
CEO

Our approach to sustainability

Sustainability or CR (Corporate Responsibility) – i.e. accepting responsibility for the company's impact on its environment and stakeholders – is a key part of efforts to manage and develop the trust that Ratos has built up in the Nordic business community and society over a period of almost 150 years. Our work with CR is part of our active ownership, where the exercise of the role of owner must combine long-term sustainable development with the highest possible returns.

Objectives of Ratos's CR work

- To create strong and sustainable companies
- Take advantage of business opportunities, for example by integrating sustainability into strategy and product development, create and meet demand for more environmentally friendly products and establish stronger customer relationships
- To meet the requirements and expectations of key target groups (holdings' customers and suppliers, employees, investors, and others) since sustainability is often a key evaluation parameter in qualifying for funding, in procurement processes or part of an investor's ethical criteria
- Risk management and proactive improvement work, for example to limit financial losses, create a safe working environment, work systematically to ensure good business ethics and prevent corruption and irregularities as well as optimise production and logistics, and thus reduce both the company's costs and its environmental impact
- Nurture our brand as a professional, active and responsible owner – sustainability is an important part of living up to these values

CR aspects also influence the choice of sectors and businesses in which we invest. We never invest in companies in the arms industry or pornography, or in companies which have an obvious negative environmental impact.

For Ratos as an investor, responsible ownership and sustainability mean more than being a force for good in our business environment. We therefore work with sustainability both strategically and operationally, with clear objectives and follow-up with our holdings in sustainability issues.

Our sustainability work

As a service company, the parent company Ratos AB's direct impact on the environment and its surroundings is limited. Key sustainability issues for Ratos AB include:

- Good values and business ethics are key issues for a knowledge-based company like Ratos and our code of conduct and other policies contain guidelines, rules and recommendations for these.
- Transparency and openness. We aim to provide our stakeholders with timely information of the highest quality at the same time as we are also open about what we do and how our holdings are performing.
- Our employees are our most important resource and we have high ambitions as an employer regarding development, job satisfaction, working environment and health.
- We want to set a good example to our holdings and have an environmental policy and an environmental plan with guidelines for our internal environmental work.

As principal owner of 18 holdings, several of which have broad international operations, Ratos's greatest opportunity to have a positive influence is to act as a responsible owner and ensure that they conduct good CR work. We continuously make new acquisitions where we work to steadily highlight sustainability initiatives during the holding period. Therefore the portfolio companies will always include a combination of companies with well-developed sustainability work and those which are less mature. Over time through our active ownership we can contribute to a growing number of medium-sized companies in the Nordic region strengthening their sustainability initiatives.

Today, CR is part of corporate governance throughout our entire period as owner of a company – from the decision process ahead of an acquisition to a responsible divestment. The base of Ratos's responsible corporate governance is our CR policies, including a group-wide code of conduct, as well as our membership of UN Global Compact and PRI (read about these principles at www.ratos.se). Ratos has produced a CR framework which clarifies our expectations and demands on the holdings related to governance and management of sustainability programmes as well as the companies' conduct regarding human rights, labour, business ethics and anti-corruption, and the environment.

In the holdings Ratos tries to make sure that the companies handle sustainability in the same way as other business critical issues. This means that we aim to ensure that sustainability is integrated into the companies' business processes, which means managed by the operational units such as purchasing, production and product development. Read more about the holdings' most significant CR issues on pages 32–67.

Ratos's CR framework

Ratos's CR framework defines Ratos's requirements and expectations on the holdings in their CR work. An updated framework was drawn up at the end of 2013 and implementation will start in 2014. As before, it is divided into the same key areas as the UN Global Compact's ten principles within human rights, labour, environment and anti-corruption, as well as aspects related to strategy and governance of sustainability.

The framework includes tangible proposals for processes and activities within the different areas, as well as performance indicators to measure and follow up the holdings' status and progress in CR work. The framework is flexible – demands and indicators can be adjusted to each holding. This is essential since our holdings operate in different sectors and in different markets and therefore face different challenges and issues within CR.

VALUE CREATION THROUGH RESPONSIBLE OWNERSHIP

Risks and opportunities within sustainability are included in the evaluation of new investments. The purpose of the evaluation is not to reject companies that have flaws but to identify status and any needs for in-depth due diligence. In meetings with company managements, a common set of values and approach to the principles in Ratos's code of conduct is ensured. The conclusions of the analysis are used to identify the key sustainability issues to work on after a possible acquisition.

Ratos will carry out responsible divestments in accordance with our business model where the exercise of our ownership role combines long-term sustainable development with the highest possible returns and we want our holdings to be given good opportunities for continued favourable development and survival.

Structured CR work has the greatest significance during the holding period. As owner, Ratos works in the same way with CR issues as with other business critical issues in the holdings, i.e. by making demands on boards and management through company teams that act as sounding boards and share good examples among the holdings. CR issues are also included in Ratos's regular forums and processes, such as network days and meetings of chairmen of the boards. The investment organisation receives training on specific issues in order to support the holdings and have well-informed discussions about sustainability. A follow-up of CR work at the holdings is performed in Ratos's annual evaluation of each holding.

The base level in the framework – Ratos's CR standard – applies to all holdings and is designed to ensure a satisfactory level for all holdings (corresponds in principle to levels 1+2 of the previous framework). In addition to the base level the CR framework contains further requirements and expectations that apply to some of the holdings, depending among other things on their business and market presence. This may include companies with their own production and/or an increased risk of accidents, companies with operations or suppliers in countries with a high risk of violating human rights or labour law, companies with operations in markets with a high risk of corruption or companies with higher levels of product liability. The requirement level is decided in consultation between the company and Ratos. In addition, we encourage the companies to continue to develop their sustainability work and we support their own initiatives and activities.

The new framework sets the requirement that the base level must be achieved within one year of acquisition and for all current holdings by the end of 2014 at the latest.

The former CR framework from 2011 was divided into three CR levels where the aim from the start was that all companies should reach level 2 by 2013. The majority of the 15 companies that were in the Ratos portfolio in both 2011 and 2013 have reached the relevant levels on time.

Responsibility and governance

Ratos's CEO, together with the CR Manager, has overall responsibility for Ratos's strategy and work with CR. The CR Manager defines and coordinates requirements, guidelines and follow-up of the holdings' sustainability work as well as providing Ratos's investment teams – and where necessary the holdings – with training, inspiration, information, good examples and tools. The CR Manager reports to the CEO who in turn is accountable to the Board. Ratos's sustainability work was discussed by the Board on several occasions in 2013.

Ratos works with the holdings here, as with other issues, through each board and our own company teams. The CEO and management of each company have ultimate responsibility for ensuring the company complies with Ratos's and the company's policies and guidelines. The people responsible for the holdings at Ratos ensure that each company meets Ratos's CR requirements and perform an annual review of CR work at the holdings.

In the holdings which are associated companies, Ratos's ability to exert an influence is different which is why demands and processes can be different.

CR WORK AT RATOS

Activities 2013	Planned activities for 2014–2015
Commitments	**Commitments**
▪ Signatory to the principles of UN Global Compact and PRI ▪ New policy for CR and responsible investment ▪ Updated group-wide code of conduct	▪ First reports on CR activities to UN Global Compact and PRI
Ratos AB: Responsible Investments	**Ratos AB:** Responsible Investments
▪ Tool developed for systematic analysis of CR issues ahead of possible acquisitions (due diligence) ▪ Training investment organisation, including the code of conduct, bribery legislation and anti-corruption	▪ Implementation of the tool for due diligence ▪ Code of conduct for Ratos's suppliers ▪ Training sessions for the organisation, including dilemma training ▪ Development of a CR handbook for Ratos and the holdings
Holdings: Sustainable business	**Holdings:** Sustainable business
▪ Updated CR framework drawn up ▪ Analysis of work with anti-corruption in the holdings: overall risk analysis performed, improvement opportunities identified ▪ Needs-based updates of companies' codes of conduct and implementation in each organisation, based on Ratos's group-wide code of conduct ▪ Review and where necessary strengthening of the holdings' processes for identification and management of risks ▪ Introduction of formal annual feedback on CR and risk management from the chairman of each holding to Ratos's CEO	▪ Implementation of the CR framework with annual follow-up ▪ Implementation of updated code of conduct ▪ Follow-up of identified areas for development regarding anti-corruption ▪ Evaluation of whistle-blowing system and implementation of system in selected companies

Involved community citizen

Our social engagement is based on our history as a pioneer and positive force in society.

Ratos has a long history of being a responsible owner which is involved in the community. At the beginning of the 20th century Ratos, through Olof A Söderberg, was one of the initiators behind the foundation of the Stockholm School of Economics. He was also a driving force in regulating and securing pensions for salaried employees through the foundation of what was later to become Alecta. Olof's son, Ragnar Söderberg, as CEO of Ratos at the beginning of the 1960s, was among the first to offer his employees social benefits such as free dental and medical care and a "child allowance".

Two of Ratos's largest owners, the Torsten Söderberg Foundation and the Ragnar Söderberg Foundation, are among Sweden's biggest private providers of funding for scientific research and educational or study programmes (mainly in economics, medicine and law). Grants from the foundations are financed to a great extent with dividends from Ratos.

Today's community involvement

Ratos wants to contribute to helping vulnerable and marginalised groups in the markets in which we operate. We therefore support organisations that work proactively to prevent marginalisation and, for example, help children and young people to a good start in life. We also support organisations that assist individuals in emergency situations or to return to a life free of substance abuse.

Entrepreneurship is a key component of Ratos's history and has clear links to operations today. Good growth for convincing ideas that develop into companies that grow even bigger is important to Ratos. For this reason we support entrepreneurs by contributing our expertise and acting as mentors or supporting organisations with an entrepreneurial culture.

Ratos's Board has established a number of criteria and guidelines that govern the selection of our community involvement. Among others things our cooperation partners must be neutral and non-political organisations with audited accounts and offer Ratos good insight. Ratos's social responsibility activities are evaluated annually and approved by the Board in order to ensure that our support has a good effect.

Our collaborations in 2013

Ratos's community involvement is channelled in a number of focused collaborations, contributions and association memberships in the Nordic countries in which we operate. Ratos's collaborations in 2013 are listed in the table below.

In addition to these activities, Ratos has a number of business-promoting memberships. Ratos supports the Stockholm School of Economics and the Centre for Business and Policy Studies (SNS). Susanna Campbell also participates in the IVA (Royal Swedish Academy of Engineering Sciences), project Prince Daniel's Fellowship and Entrepreneurship Programme, a council of experts who share their own experiences in order to encourage and inspire young people to dare to consider entrepreneurship as an option.

Ratos's community involvement in 2014

For 2014 Ratos has decided to extend its cooperation with Mentor Sweden and to support Mentor International to become established in the Nordic region. Through Mentor our employees can also become involved in various types of mentorship which give young people a bridge into the adult world. Ratos will also continue to support the Stockholm City Mission's house Klaragården, Cooperation Against Trafficking and Børnehjælpsdagen (The Children's Aid Foundation).

During 2014 Ratos will also start a cooperation with Inkludera Invest, a non-profit organisation that works to combat marginalisation in Sweden by backing social entrepreneurs who have developed solutions to social problems. Inkludera Invest uses expertise, human capital and financing from the business community to develop the entrepreneurs' activities. Inkludera Invest's operations are well in line with the Ratos tradition of being a pioneer and supporting new types of business, at the same time as working methods and the "business model" are similar to Ratos in many ways.

Mentor · Børnehjælpsdagen – hver eneste dag · Stockholms Stadsmission · Insamlingsstiftelsen MotTrafficking · Karolinska Institutet · Red Barnet Save the Children Denmark

Cooperation Against Trafficking	Supports the victims of human trafficking including providing direct support, long-term initiatives, and advisory services/lectures.
Mentor Sweden	Works to prevent drug abuse and violence among young people, among other things through various mentorship programmes.
Ersta Flickhem (Ersta Diakoni)	Accommodation and care for traumatised girls who may have suffered sexual abuse.
Stockholm's City Mission	Support for the house Klaragården, a daytime refuge for homeless women in Stockholm.
Research project, Cecilia Söderberg-Nauclér, KI	To honour the memory of Ratos's employee Magdalena Aniansson, who passed away in 2009, and at the same time support Swedish cancer research.
Børnehjælpsdagen (Denmark)	Activities to support children and young people who live in children's homes or with a foster family in Denmark.
Save the Children Denmark	Support to vulnerable families in Denmark through the "Children's Friendship Families" project.
SOS Children's Villages (Finland)	Support to the integrated Children's Village in Tampere.
Disaster relief and Christmas gift	In conjunction with the natural disaster in the Philippines a contribution was given to Médecins Sans Frontières (MSF) and a Christmas gift was sent to SOS Children's Villages.

Holdings

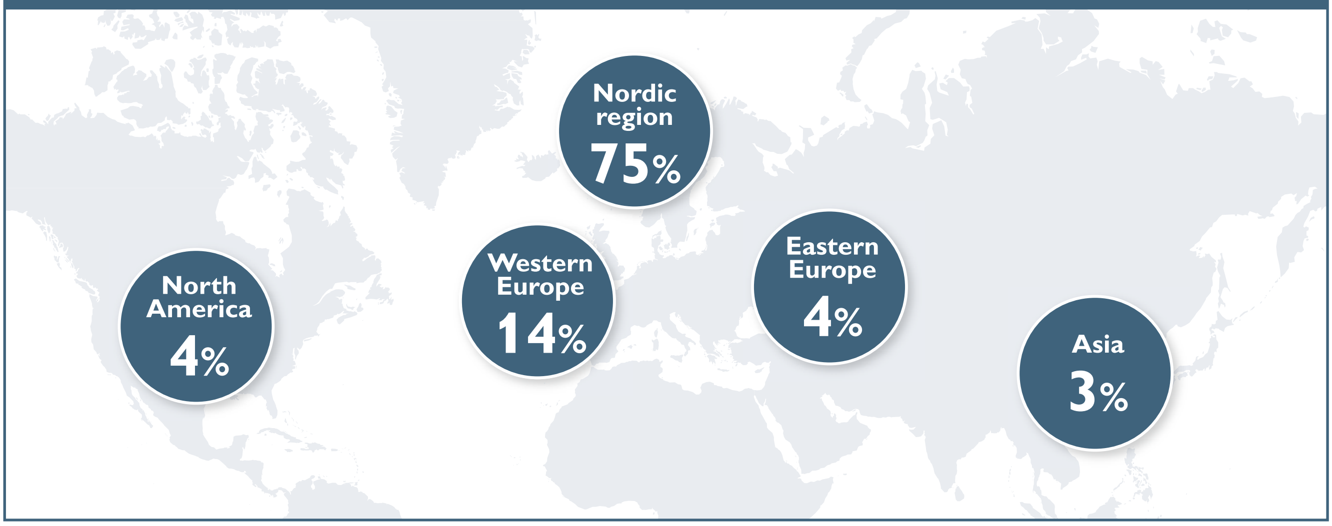
Holdings overview

Ratos's portfolio of companies consists of 18 holdings with combined sales in 2013 of SEK 42 billion, with an operating profit (EBITA) of SEK 2.8 billion and 21,000 employees. The financial performance of the holdings is updated quarterly in Ratos's interim reports and on the website www.ratos.se.

	Net sales		EBITA		Adjusted EBITA [A]	
SEKm	**2013**	**2012**	**2013**	**2012**		
AH Industries	1,018	1,062	-39	-45	14	-7
Aibel [1]	14,029	12,709	839	892	691	892
Arcus-Gruppen	2,516	2,278	274	5	246	205
Biolin Scientific [2]	233	235	23	23	26	23
Bisnode [3]	3,724	3,869	328	339	440	416
DIAB	864	1,003	-50	-217	-11	-75
Euromaint [4]	2,416	2,484	25	60	67	90
GS-Hydro	1,237	1,352	83	123	83	123
Hafa Bathroom Group	238	268	-13	7	-13	7
HENT [5]	4,213	3,360	120	113	134	113
HL Display	1,596	1,657	128	104	140	125
Inwido [6]	4,300	4,476	299	328	350	347
Jøtul	930	913	-15	-52	-8	-52
KVD	297	287	44	41	44	44
Mobile Climate Control	978	1,250	97	108	103	111
Nebula [7]	228	211	87	70	75	70
Nordic Cinema Group [8]	2,425	2,577	305	324	312	329
SB Seating	1,112	1,176	222	237	230	237
Total 100%	**42,354**	**41,168**	**2,759**	**2,461**	**2,921**	**2,999**
Change	**3%**		**12%**		**-3%**	
Total adjusted for holding	**28,250**	**28,100**	**1,827**	**1,542**	**2,038**	**2,003**
Change	**1%**		**18%**		**2%**	

All figures in the above table relate to 100% of each holding. In order to facilitate comparisons between the years and provide a comparable financial structure, where appropriate some holdings are reported pro forma, which is reported in a note on the right.

Sales by geographic area*



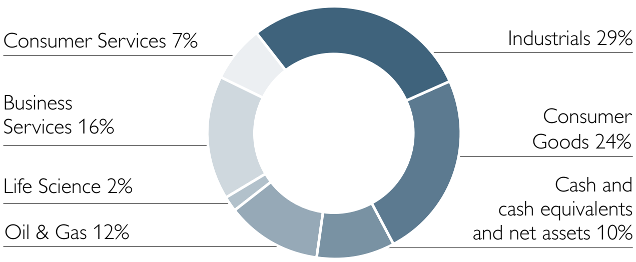
* Holdings' sales to 100% except for Aibel which is included with Ratos's holding size.

SEKm	Depreciation 2013	Invest-ments [B] 2013	Cash flow [C] 2013	Interest-bearing net debt 31 Dec 2013	Ratos's holding 31 Dec 2013	Share of profits [D] 2013	Consolidated value 31 Dec 2013
AH Industries	62	20	5	356	69%	-78	317
Aibel [1]	177	–	–	3,797	32%	141	1,585
Arcus-Gruppen	52	28	10	1,179	83%	75	559
Biolin Scientific [2]	9	–	–	169	100%	-13	328
Bisnode [3]	120	127	281	1,862	70%	9	1,274
DIAB	97	25	-55	731	96%	-109	674
Euromaint [4]	42	–	–	542	100%	-76	670
GS-Hydro	22	26	39	433	100%	57	47
Hafa Bathroom Group	3	3	1	61	100%	-13	163
HENT [5]	5	–	–	-420	73%	28	343
HL Display	38	36	91	296	99%	106	1,130
Inwido [6]	108	88	301	971	97%	220	2,459
Jøtul	59	39	-23	557	93%	-89	164
KVD	2	7	18	203	100%	29	276
Mobile Climate Control	15	8	92	464	100%	68	864
Nebula [7]	18	–	–	320	72%	40	326
Nordic Cinema Group [8]	156	–	–	1,647	58%	120	651
SB Seating	33	68	77	947	85%	86	618

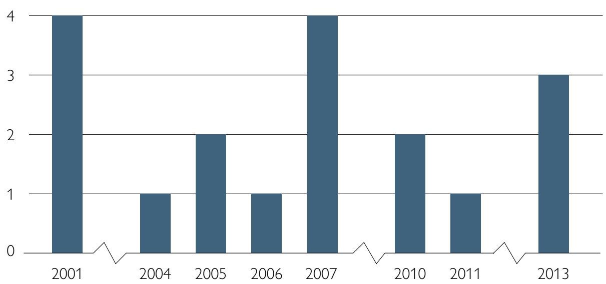
[A] EBITA excluding items affecting comparability.
[B] Investments excluding business combinations.
[C] Cash flow from operating activities and investing activities before acquisition and disposal of companies.
[D] Holding's contribution to consolidated profit before tax. Companies acquired during the year are included from the date the acquisition was completed.

[1] Aibel's earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition, new financing, final purchase price allocation and amortisation of intangible assets.
[2] Biolin Scientific's earnings for 2013 are pro forma taking into account discontinued operations Farfield.
[3] Bisnode's earnings for 2012 are pro forma taking into account discontinued operation Product Information.
[4] Euromaint's earnings for 2013 and 2012 are pro forma taking into account discontinued operations in Germany and Belgium.
[5] HENT's earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.
[6] Inwido's earnings for 2012 are pro forma taking into account sale of Home Improvement.
[7] Nebula's earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.
[8] Nordic Cinema Group's earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.

Sector breakdown by consolidated book value in Ratos



Investment year



AH Industries

The year saw a low level of activity and continued major uncertainty in the wind energy market. The market gradually improved, however, and the long-term growth opportunities are still considered positive. A new CEO was appointed in May and extensive market adjustments of operations were carried out.

Operations

AH Industries (AHI) is a leading supplier of metal components, modules, systems and services to the wind energy, cement and minerals industries. The company is specialised in manufacturing and machining of heavy metal components with high demands on precision and technical expertise.

The group has two business areas: Wind Solutions and Industrial Solutions. Wind Solutions consists of four divisions: Nacelle & Hub (N&H) Heavy Parts, which supplies heavy components such as shafts and hubs to turbine manufacturers; N&H Small Parts which supplies smaller components, also to turbine manufacturers; Tower & Foundation (T&F), which supplies flanges to tower manufacturers; and Site Solutions, which supplies services and lifting equipment to turbine manufacturers and wind park owners. Industrial Solutions supplies components and other parts to the cement and mineral industries, often in the form of modules or system solutions.

AHI has approximately 420 employees and production facilities in Denmark, China and Germany.

Market

The wind energy industry is in a restructuring phase which has led to major cutbacks in both employees and production capacity in recent years. The market situation continues to put pressure on suppliers with an intensive focus on cost cutting and increased relocation of production from Europe to Asia, particularly for small components where transport costs are lower. Some suppliers have gone out of business which creates opportunities for players with a competitive product offering and cost-effective production.

The global market for cement and minerals equipment showed weak development during the year due to the economic slowdown. Long-term demand, however, is still assessed as good.

The year in brief

2013 was an intensive year for AHI. Knud Andersen was appointed as the new CEO in May and since then has carried out extensive measures designed to adapt operations towards an even greater focus on costs.

In Wind Solutions market activity increased somewhat, although from lower levels and with considerable variations between the divisions. Performance for N&H was hindered by lower volumes in parts of the Danish operations, while other parts showed positive development. As a result of this weak development, extensive restructuring was carried out during the autumn. Development for T&F improved, but continues to be affected by low volumes. Site Solutions performed better and new products were well received by customers.

Industrial Solutions reports an improvement due to a strong start to the year. Later in the year operations were affected by an economic slowdown.

Ratos provided equity of SEK 40m during the year.

Future prospects

Market uncertainty remains high in the wind energy industry. Cost efficiency will continue to be in focus during the next few years. As a result of the measures carried out, AHI is considered to have a competitive platform.

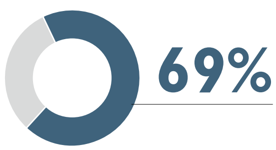
The global wind energy market is expected to show annual growth of approximately 5% in 2013–2018, although with major differences between product segments and geographic markets. AHI is well placed for the offshore wind segment in northern Europe, where the biggest growth is expected. A production presence in China means that AHI is in a good position for increased relocation of production from Europe to Asia.

Corporate responsibility

Sustainability is an integrated part of AHI's overall strategy and the company has a major focus on building close relationships with both suppliers and customers. AHI has several environmental certificates and became a signatory to the UN Global Compact in 2013. During 2014 AHI will intensify its focus on the company's internal processes for risk analysis and anti-corruption.

Ratos's ownership

Holding



Ratos acquired AH Industries in 2007. Co-owners are AH Industries' founder Arne Hougaard via Bjert Invest A/S (16%), RM Group's founder Ole Jørgensen via RM Group Holding A/S (10%) and management and board members (5%). Consolidated book value in Ratos amounted to SEK 317m at year-end.

Our view of the holding

The wind energy industry has been negatively affected by the global financial crisis which broke out in 2008. The crisis has led to a major change programme in AHI with substantial cost savings, production consolidation, a strong strategic platform, a broader product offering due to add-on acquisitions and an expanded geographic presence, which put the company in a good position to participate in future market growth. Management changes made during the year have given the change programme a new, positive impetus which will continue in 2014.

We still have a positive long-term view of the wind energy industry and AHI's abilities as a leading competitive supplier. We also see potential to broaden operations within Industrial Solutions to additional industrial segments.

Robin Molvin, responsible for holding

INCOME STATEMENT, DKKm	2013	2012	2011	2010[1]	2009[1]
Net sales	**877**	**908**	**763**	**763**	**866**
Operating expenses	-858	-898	-716	-678	-767
Other income/expenses	1	0	19	2	0
Share of profits of associates					
Result from disposals					
EBITDA	**20**	**10**	**66**	**87**	**99**
Depreciation and impairment	-53	-49	-46	-45	-39
EBITA	**-33**	**-38**	**20**	**43**	**61**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**-33**	**-38**	**20**	**43**	**61**
Financial income	5	6	6	3	3
Financial expenses [2]	-38	-30	-31	-25	-25
EBT	**-65**	**-62**	**-5**	**20**	**38**
Tax	16	18	2	-4	-7
Profit/loss from discontinued operations					
Profit/loss for the year	**-49**	**-44**	**-3**	**17**	**31**
Attributable to owners of the parent	-49	-44	-3	17	31
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-45	-33	7	-9	
Adjusted EBITA	12	-6	13	52	61

FINANCIAL POSITION, DKKm	2013	2012	2011	2010[1]	2009[1]
Goodwill	672	672	672	670	
Other intangible assets	2	2	3	2	
Property, plant and equipment	179	216	220	225	
Financial assets, interest-bearing					
Financial assets, non-interest bearing	17	11	5	26	
Total non-current assets	**869**	**902**	**900**	**923**	–
Inventories	100	128	136	105	
Receivables, interest-bearing					
Receivables, non-interest bearing	209	157	207	149	
Cash, bank and other short-term investments			43	55	
Assets held for sale					
Total current assets	**309**	**285**	**386**	**309**	–
Total assets	**1,177**	**1,187**	**1,286**	**1,232**	–
Equity attributable to owners of the parent [3]	705	720	730	734	
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	6	12	13	31	
Liabilities, interest-bearing	297	341	352	355	
Liabilities, non-interest bearing	169	113	190	112	
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,177**	**1,187**	**1,286**	**1,232**	–

STATEMENT OF CASH FLOWS, DKKm	2013	2012	2011	2010[1]	2009[1]
Cash flow from operating activities before change in working capital	-4	-11	44		
Change in working capital	24	-13	-13		
Cash flow from operating activities	**20**	**-24**	**31**	–	–
Investments in non-current assets	-18	-43	-42		
Disposals of non-current assets	2		2		
Cash flow before acquisition/disposal of companies	**5**	**-67**	**-9**	–	–
Net investments in companies					
Cash flow after investing activities	**5**	**-67**	**-9**	–	–
Change in loans	-40	-11	-2		
New issue		35			
Dividend paid					
Other	36				
Cash flow from financing activities	**-5**	**24**	**-2**	–	–
Cash flow for the year	**0**	**-43**	**-11**	–	–

KEY FIGURES, DKKm	2013	2012	2011	2010[1]	2009[1]
EBITA margin (%)	-3.8	-4.2	2.6	5.6	7.0
EBT margin (%)	-7.5	-6.8	-0.6	2.7	4.4
Return on equity (%)	-6.9	-6.1	-0.4	–	–
Return on capital employed (%)	-2.7	-3.0	2.4	–	–
Equity ratio (%)	60	61	57	60	–
Interest-bearing net debt	297	341	309	300	–
Debt/equity ratio, multiple	0.4	0.5	0.5	0.5	–
Average number of employees	419	456	457	420	405

[1] Earnings and average number of employees in 2010 and 2009 are pro forma taking the acquisition of RM Group into account.
[2] Excluding interest on shareholder loan.
[3] Equity at 31 December 2013 includes shareholder loan of DKK 36m.

Facts

AH Industries
improving solutions together

www.ah-industries.dk

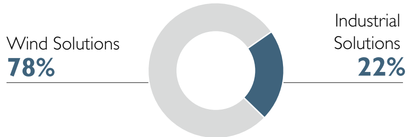
Management

Knud Andersen	CEO
Thomas Thomsen	CFO

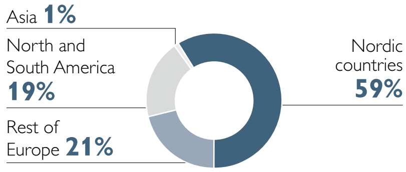
Board of Directors

Anders Lindblad	Chairman
Peter Leschly	Deputy Chairman
Lars Frithiof	
Erik Jørgensen	
Ole Jørgensen	
Robin Molvin	Ratos (responsible for holding)
Anders Paulsson	
Niels Larsen	Employee representative
Charlotte Matthiesen	Employee representative
Lars Wahlquist	Employee representative
Martin Højbjerg	Deputy, Ratos

Sales by business area



Sales by region



Aibel

Extensive add-on work in the final phase of older contracts resulted in strong growth in 2013. Temporarily lower activity on the Norwegian Shelf is expected to affect sales and earnings in 2014, but the long-term market prospects are positive.

Photo: Øyvind Sætre

Operations

Aibel is a leading Norwegian supplier of maintenance (MMO) and upgrading (Modification) services for production platforms and onshore installations for oil and gas as well as new construction projects within the oil, gas (Field Development) and renewable energy (Offshore Wind) sectors.

Aibel's operations cover the entire value chain from planning, design and development to construction and installation.

The company has operations along the entire Norwegian coast, including a yard in Haugesund, as well as engineering services and a yard in Asia. Customers are primarily the major oil companies operating on the Norwegian Shelf.

Aibel has some 6,000 employees and, depending on workload, a relatively large number of subcontractors and consultants.

Market

The Norwegian offshore industry has grown strongly in recent years driven by, among other things, a long-term imbalance between supply and demand for oil, significant recent discoveries of oil in the North Sea, a large number of mature oilfields with infrastructure requiring upgrades as well as plans in Norway for significant investments to increase recovery levels from existing fields.

Demand for maintenance and upgrading services is relatively stable while demand and market growth within Aibel's other business areas can fluctuate sharply between years depending on when individual major projects are initiated and delivered.

Aibel has a strong market position based on the company's integrated business model which covers the entire value chain, a combination of Norwegian and Asian resources, and strong customer relations. Aibel and Aker Solutions are the largest players on the Norwegian Shelf within maintenance and upgrading services (MMO and Modification). Other competitors in these two areas are mainly smaller Norwegian companies. In the business area Field Development competitors are multinational players and Asian yards.

Long-term growth prospects in Aibel's markets remain very good, although an increased focus on cash flow and limited engineering and project management resources at customers is expected to result in lower market growth in the short term.

The year in brief

Aibel's sales development has been very strong during 2013 driven by a high level of activity in the business area Field Development arising from extensive add-on work in the two big projects Gudrun and Troll. Final delivery of the three-year Gudrun project was made to Statoil during the year. Profitability for the year has been adversely affected by the sales mix with the strong growth within Field Development taking place at low margins compared with the other business areas. Development is stable in the other business areas.

Future prospects

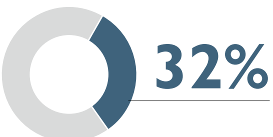
In the short term there is uncertainty about market development since temporarily lower activity for MMO, Modification and new contracts is expected to affect sales and earnings in 2014. At the end of 2014 and in 2015 contract activity is expected to increase again. Continued new construction on the Norwegian Shelf and extended production from older fields together with Aibel's market position and the company's unique integrated and international business model create good conditions for a long-term positive development for the company. Sales and earnings can fluctuate sharply between individual quarters depending on where projects are in the project cycle.

Corporate responsibility

The most important CR issues for Aibel are health, safety and environment (HSE) as well as anti-corruption, which has a high priority throughout the industry. The company has well-advanced sustainability work which is well integrated into ongoing operations. There are clear internal targets and requirements as well as well-developed systems and processes to monitor compliance and ensure continuous improvement.

Ratos's ownership

Holding



Ratos acquired Aibel in 2013. Ratos's co-owner is the Norwegian company Ferd, with a 49% holding. Ratos also represents the Sixth AP Fund's shares in Aibel and thus represents 49% of ownership. The company's board and management have a share of 2%.

Consolidated book value in Ratos amounted to SEK 1,585m at year-end.

Our view of the holding

We acquired Aibel because the company has a leading position in an attractive market with good long-term growth potential, strong customer relations and a unique business model. There are interesting growth opportunities in all of the company's business areas. In addition, there are possibilities to grow the company through, among other things, expansion into adjacent market sectors and geographic expansion in selected markets.

In the short term our focus will be on adjusting operations to prevailing demand. Action to improve efficiency, reduce costs and an increased proportion of project deliveries from Aibel's Asian units will ensure improved profitability in the company in future. 2014 will be a year of adjustment.

Henrik Joelsson, responsible for holding

INCOME STATEMENT, NOKm	**2013**[1]	**2012**[1]	**2012**	**2011**	**2010**
Net sales	**12,645**	**10,918**	**10,918**	**8,584**	**7,177**
Operating expenses	-11,733	-10,036	-10,020	-7,824	-5,905
Other income/expenses	4	16			
Share of profits of associates	0	0			
Result from disposals					
EBITDA	**916**	**898**	**898**	**760**	**1,272**
Depreciation and impairment	-159	-132	-132	-114	-84
EBITA	**756**	**767**	**766**	**646**	**1,188**
Amortisation and impairment of intangible assets	-81	-81	-292	-292	-344
Impairment of goodwill					
EBIT	**675**	**686**	**474**	**354**	**844**
Financial income	5	16	175	49	194
Financial expenses	-475	-411	-501	-405	-652
EBT	**205**	**290**	**148**	**-2**	**386**
Tax	-58	-84	-28	-9	-101
Profit/loss from discontinued operations	37	-33	-33	-18	-39
Profit/loss for the year	**184**	**173**	**87**	**-29**	**246**
Attributable to owners of the parent	184	173	87	-29	246
Attributable to non-controlling interests					
Items affecting comparability in EBITA	134			-19	487
Adjusted EBITA	623	767	766	665	701

FINANCIAL POSITION, NOKm					
Goodwill	8,049		3,353	3,353	3,353
Other intangible assets	1,305		573	855	1,147
Property, plant and equipment	365		436	291	243
Financial assets, interest-bearing	34		137	141	110
Financial assets, non-interest bearing	526		438	623	605
Total non-current assets	**10,278**	–	**4,936**	**5,262**	**5,457**
Inventories	93		276	110	153
Receivables, interest-bearing					
Receivables, non-interest bearing	1,729		2,111	2,111	1,604
Cash, bank and other short-term investments	325		703	748	365
Assets held for sale	135		6	15	22
Total current assets	**2,283**	–	**3,097**	**2,983**	**2,143**
Total assets	**12,561**	–	**8,033**	**8,245**	**7,600**
Equity attributable to owners of the parent	4,742		342	225	240
Non-controlling interests					
Provisions, interest-bearing	136		95	141	143
Provisions, non-interest bearing	662		522	694	736
Liabilities, interest-bearing	3,813		3,515	3,869	4,170
Liabilities, non-interest bearing	3,179		3,513	3,176	2,119
Financial liabilities, other					
Liabilities attributable to Assets held for sale	29		46	140	192
Total equity and liabilities	**12,561**	–	**8,033**	**8,245**	**7,600**

STATEMENT OF CASH FLOWS, NOKm					
Cash flow from operating activities before change in working capital			540	347	275
Change in working capital			139	584	81
Cash flow from operating activities	–	–	**679**	**931**	**356**
Investments in non-current assets			-293	-156	-92
Disposals of non-current assets			6		3
Cash flow before acquisition/disposal of companies	–	–	**392**	**775**	**267**
Net investments in companies			-10		
Cash flow after investing activities	–	–	**382**	**775**	**267**
Change in loans			-354	-301	-265
New issue					
Dividend paid					
Other			36	-36	45
Cash flow from financing activities	–	–	**-318**	**-337**	**-220**
Cash flow for the year	–	–	**64**	**438**	**47**
Discontinued operations	–	–	-111	-60	25
Cash flow for the year adj. for discont. ops.	–	–	**-47**	**378**	**72**

KEY FIGURES, NOKm					
EBITA margin (%)	6.0	7.0	7.0	7.5	16.6
EBT margin (%)	1.6	2.7	1.4	0.0	5.4
Return on equity (%)	–	–	30.7	-12.5	251.7
Return on capital employed (%)	–	–	16.2	9.2	23.6
Equity ratio (%)	38	–	4	3	3
Interest-bearing net debt	3,589	–	2,771	3,122	3,839
Debt/equity ratio, multiple	0.8	–	10.6	17.8	17.9
Average number of employees	5,794	5,120	5,120	4,187	3,728

[1] Earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition, new financing, final PPA and amortisation of intangible assets.

Photo: Øyvind Sætre

Facts

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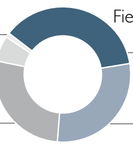
Management

Jan Skogseth	CEO
Erling Matland	Deputy CEO and EVP Business Development
Idar Eikrem	CFO
Ingelise Arntsen	Chief of Staff
Jan Ståle Skår	EVP MMO and Modifications
Nils Arne Hatleskog	EVP International
Stig Jessen	EVP Field Development
Tore Engevik	EVP Renewables

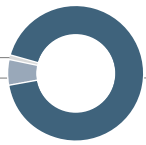
Board of Directors

Kjell Pedersen	Chairman
Morten Borge	
Henrik Joelsson	Ratos (responsible for holding)
Torfinn Kildal	
Helge Midttun	
Karsten Amble Bøe	Employee representative
Bjørg W Andreassen	Employee representative
Momir Repaja	Employee representative
Anne Øyen	Deputy, Employee representative
Leif Johansson	Deputy
Johan Pålsson	Deputy, Ratos

Sales by business area



Sales by region



Arcus-Gruppen

Arcus-Gruppen reports a good earnings trend driven by acquisitions and organic growth within Spirits and improved margins. The brands acquired in January 2013 have now been integrated, operations in the new facility streamlined and the logistics operations Vectura separated from the rest of the business.

Operations

Arcus-Gruppen is a leading supplier of wine and spirits in the Nordic region. Operations are divided into three business areas: Spirits, Wine and Logistics (Vectura).

The company's best known own brands within Spirits include Aalborg Akvavit, Braastad Cognac, Gammel Dansk, Lysholm Linie Aquavit and Vikingfjord Vodka. Arcus-Gruppen also owns 34% of the cognac producer Tiffon in France.

Within Wine, Arcus-Gruppen both has its own brands such as Doppio Passo and My World, and an agency business, where the company represents producers such as Masi, Louis Roederer and E. Guigal.

Vectura is Norway's leading logistics company for alcoholic beverages.

Market

Arcus-Gruppen's home market is the Nordic region where the company conducts its own sales operations. In Norway, Arcus-Gruppen is market leader within both wine and spirits. In Denmark, the company is market leader for spirits, and in Sweden for wine. Arcus-Gruppen also sells to Finland, Germany and the US, where sales are mainly concentrated to aquavit, cognac and vodka. Sales are also conducted in the tax free segment.

Within spirits, Arcus-Gruppen competes with multinational companies with international brands, such as Bacardi, Diageo and Pernod Ricard, as well as with local players such as the Finnish company Altia. In Arcus-Gruppen's most important spirits segment, aquavit, the market only consists of local players, since tastes and consumption patterns vary considerably between different national markets.

The Nordic wine markets mainly comprise local importers (agents) which both represent international producers and develop their own locally adapted brands which are mainly sold in the national retail monopolies.

Wine and spirits are consumed to largely the same extent regardless of the economic situation. In recent years, the consumption pattern in the Nordic countries has shifted from spirits to wine.

The year in brief

Arcus-Gruppen continued to show good sales growth in 2013, both organic and through acquisitions, many driven by the spirits business. Operating profit rose due to sales growth and measures designed to improve margins as well as lower costs affecting comparability. The acquisition of the brands Aalborg, Gammel Dansk and Malteserkreuz was completed in January 2013. The wine operations continued to perform well.

Following Vectura's weak performance with a cost level that is too high, extensive restructuring of the logistics operations is underway. As part of this work, the business area was separated from other operations on 1 October in order to create focus and because the various operational components require different expertise.

Future prospects

Arcus-Gruppen has a unique position in the Norwegian market. The acquisition of brands strengthens the company's position in the other Nordic countries and Germany, and broadens the portfolio of export brands. This, combined with a growing wine market, lays the foundation for continued good growth potential for the company. In addition, efficiency gains can be realised within production.

Vectura has a high level of costs and the aim is to achieve profitability within two years.

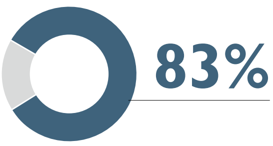
Corporate responsibility

Arcus-Gruppen focuses its sustainability efforts on human rights, the environment and anti-corruption. The company complies with the Nordic alcohol monopolies' common code of conduct and makes high demands on both its own organisation and its suppliers. The company takes active social responsibility towards alcohol abuse through its involvement with AKAN[1] and has subscribed to the UN Global Compact since 2012.

[1] The Workplace Advisory Centre for issues related to alcohol, drugs and addictive gambling in the workplace.

Ratos's ownership

Holding



Ratos acquired Arcus-Gruppen in 2005. Co-owners are HOFF Norske Potetindustrier with 10% and the company's management and board with 7%. Consolidated book value in Ratos amounted to SEK 559m at year-end.

Our view of the holding

Arcus-Gruppen has undergone major changes since Ratos's acquisition, including the divestment of operations which do not belong to the core business, property sales, a number of add-ons and investment in a new production and logistics facility which is expected to provide major efficiency gains. The company has developed into a leading Nordic wine and spirits supplier.

We have achieved the targets set for the company at acquisition, and the purchase of the brands Aalborg, Gammel Dansk and Malteserkreuz and the move to the new facility mean that the next step in the company's development has been taken and we see continued major development opportunities. The weak performance within Vectura requires a considerable focus. Essential restructuring has been carried out which is important for the entire operations.

Arcus-Gruppen operates in a non-cyclical market with weak growth. The strategic plan focuses on organic growth and efficient production and with a stronger management group the company is well equipped for the future. The goal is that Arcus-Gruppen will continue to grow with increased profitability.

Mikael Norlander, responsible for holding

INCOME STATEMENT, NOKm	**2013**	**2012**	**2011[1]**	**2010**	**2009**
Net sales	**2,268**	**1,957**	**1,789**	**1,632**	**1,504**
Operating expenses	-2,034	-1,925	-1,649	-1,473	-1,288
Other income/expenses	49	0	9		-27
Share of profits of associates	11	6	6	2	3
Result from disposals					
EBITDA	**294**	**38**	**155**	**160**	**191**
Depreciation and impairment	-47	-34	-29	-29	-28
EBITA	**247**	**4**	**126**	**131**	**163**
Amortisation and impairment of intangible assets	-5	-5	-5	-5	-3
Impairment of goodwill					
EBIT	**242**	**0**	**121**	**126**	**160**
Financial income	9	8	14	9	26
Financial expenses	-184	-70	-69	-23	-50
EBT	**68**	**-63**	**67**	**113**	**136**
Tax	-1	16	-17	-28	-50
Profit/loss from discontinued operations					
Profit/loss for the year	**66**	**-47**	**50**	**85**	**86**
Attributable to owners of the parent	39	-77	29	55	68
Attributable to non-controlling interests	28	30	21	30	18
Items affecting comparability in EBITA	26	-172	-43	-9	63
Adjusted EBITA	221	176	169	140	100

FINANCIAL POSITION, NOKm					
Goodwill	983	601	602	465	460
Other intangible assets	620	228	233	234	240
Property, plant and equipment	400	404	124	99	100
Financial assets, interest-bearing					6
Financial assets, non-interest bearing	196	166	96	71	65
Total non-current assets	**2,200**	**1,399**	**1,056**	**869**	**871**
Inventories	319	249	252	209	211
Receivables, interest-bearing					
Receivables, non-interest bearing	1,211	1,025	1,230	1,045	935
Cash, bank and other short-term investments	149	364	416	429	378
Assets held for sale					153
Total current assets	**1,678**	**1,638**	**1,897**	**1,682**	**1,677**
Total assets	**3,878**	**3,036**	**2,954**	**2,552**	**2,548**
Equity attributable to owners of the parent	633	445	526	823	758
Non-controlling interests	31	35	25	61	41
Provisions, interest-bearing	36	29	38	32	38
Provisions, non-interest bearing	99	65	68	71	74
Liabilities, interest-bearing	1,227	708	392	140	183
Liabilities, non-interest bearing	1,796	1,715	1,874	1,402	1,434
Financial liabilities, other	55	39	31	23	17
Liabilities attributable to Assets held for sale					3
Total equity and liabilities	**3,878**	**3,036**	**2,954**	**2,552**	**2,548**

STATEMENT OF CASH FLOWS, NOKm					
Cash flow from operating activities before change in working capital	65	-60	66	102	171
Change in working capital	-203	87	6	-131	-11
Cash flow from operating activities	**-138**	**27**	**71**	**-28**	**160**
Investments in non-current assets	-25	-109	-54	-29	-156
Disposals of non-current assets	172	1	9	2	7
Cash flow before acquisition/disposal of companies	**9**	**-81**	**26**	**-56**	**10**
Net investments in companies	-681		-49	153	
Cash flow after investing activities	**-672**	**-81**	**-22**	**97**	**10**
Change in loans	454	49	252	-36	-113
New issue					
Dividend paid	-33	-21	-149	-14	-6
Other	6	3	-98		
Cash flow from financing activities	**428**	**31**	**6**	**-50**	**-119**
Cash flow for the year	**-244**	**-50**	**-17**	**47**	**-109**

KEY FIGURES, NOKm					
EBITA margin (%)	10.9	0.2	7.0	8.0	10.8
EBT margin (%)	3.0	-3.2	3.7	6.9	9.0
Return on equity (%)	7.2	-15.9	–	6.9	9.3
Return on capital employed (%)	16.0	0.7	–	13.1	17.0
Equity ratio (%)	17	16	19	35	31
Interest-bearing net debt	1,115	373	14	-256	-163
Debt/equity ratio, multiple	1.9	1.5	0.8	0.2	0.3
Average number of employees	460	441	469	452	463

[1] Earnings for 2011 are pro forma taking new financing into account.

Facts

ARCUSGRUPPEN

www.arcus-gruppen.no

Management

Arcus-Gruppen AS

Otto Drakenberg	Group CEO
Rune Midtgaard	CFO
Thomas Patay	Group Director Wine
Erik Bern	MD Supply Chain
Erlend Stefansson	Group Director Spirits
Per Bjørkum	Head of Communication
Ann-Christin Gussiås	Group Director HR

Vectura AS

Lorna Stangeland	CEO
Jon Simen Rustad	CFO

Board of Directors

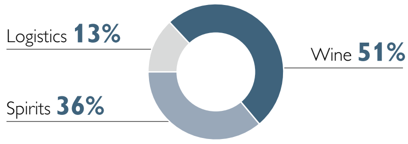
Arcus-Gruppen AS

Kaare Frydenberg	Chairman
Eilif Due	
Stefan Elving	
Michael Holm Johansen	
Leif Johansson	
Mikael Norlander	Ratos (responsible for holding)
Hanne Refsholt	
Leena Saarinen	
Erik Hagen	Employee representative
Arne Larsen	Employee representative
Bjørn Gunnar Nilsen	Employee representative
Knut Røe	Employee representative

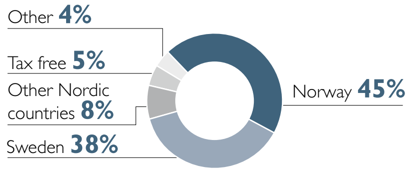
Vectura AS

Ingar Skaug	Chairman
Eilif Due	
Peter Nilsson	
Mikael Norlander	Ratos (responsible for holding)
Daniel Repfennig	Ratos
Thomas Wallberg	
Arne Wiborg	Employee representative
Akhtar Hussain	Employee representative

Sales by operating area



Sales by market



Biolin Scientific

Stable sales and stable earnings in a hesitant market, where uncertainty in Europe and the US had a negative impact on publicly funded research customers. A new CEO took up his position in February 2013.

Operations

Biolin Scientific, which offers advanced analytical instruments for research, development and diagnostics, is divided into three product areas: Analytical Instruments, Drug Discovery and Dental Diagnostics. Analytical Instruments – with the brands Q-Sense, KSV NIMA and Attension – is active in areas such as chemical engineering, development of new materials and the energy sector (such as battery technology, solar panels, oil handling). The majority of customers are in academic research but the proportion of industrial customers is growing. Drug Discovery, with the Sophion brand, is active within cell analysis. Customers are in pharmaceutical development where the applications for the instruments include testing new drug safety and efficacy. Dental Diagnostics, with the Osstell brand, offers instruments that measure the stability of dental implants. Customers are dentists and oral surgeons.

The head office is in Sweden but the company also has operations in Denmark, Finland, the UK, the US, China and Japan. Sales are global and are conducted through the company's own sales teams in major markets and through distributors. The company has approximately 135 employees.

Market

The global market for analytical instruments has annual sales of approximately SEK 250 billion and growth of approximately 5–6% per year. Biolin's products have strong niche positions due to patent protection and/or unique functionality. Growth within academic research is driven by public and private grants, while growth among industrial customers is driven by product development and new process technologies.

Biolin's most important geographic markets are North America, Western Europe, Japan and China.

The year in brief

Development within Analytical Instruments was weak, primarily at the beginning of the year. The direct sales market performed better after a weak 2012 while some distributor markets faced challenges. During the year, the sales organisation was strengthened by new recruitment.

Drug Discovery had a stable development. A new automated instrument which will make it possible to reach new customer groups within pharmaceutical development was launched towards the end of the year.

Development for Dental Diagnostics was good and the company started a cooperation with an implant company which sells a version of the instrument ISQ under its own brand.

Johan von Heijne took over as the new CEO in February 2013. A reorganisation was carried out and development, purchasing and production are now coordinated at group level.

Future prospects

The market is expected to continue to show positive development with the highest anticipated growth in Asia (China). In Analytical Instruments, the intention is to build growth through a higher proportion of industrial customers, something that also makes a positive contribution to aftermarket sales. New recruitments of salespersons is planned, mainly in China. In Drug Discovery, the recently launched instrument is expected to contribute to good sales development. For Dental Diagnostics increased product awareness in the company's markets is expected to enhance growth. In addition to organic growth, the aim is to make additional add-on acquisitions.

Corporate responsibility

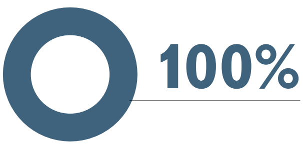
Biolin's sales are mainly made through procurement and customers often rely on public funding. High business ethical standards for sales work is essential and this is governed by the company's code of conduct. The company mainly operates in markets with tough legislation for labour, health and safety. The direct environmental impact is small and the company contributes to a more sustainable society in many of its product applications, for example in renewable energy and research into new materials.

Financial targets

- Annual organic growth >10%
- EBITA margin >20%

Ratos's ownership

Holding



Ratos acquired Biolin Scientific through a buyout from Nasdaq OMX Stockholm in 2010. Biolin Scientific was delisted in February 2011. Consolidated book value in Ratos amounted to SEK 328m at year-end.

Our view of the holding

We acquired Biolin Scientific with the intention of taking advantage of a major growth potential for the company's products and carrying out value-creating add-on acquisitions. One major acquisition has been made since then (Sophion), and the intention is to make more acquisitions.

The business climate, with few sellers and fewer acquisition opportunities than expected, has meant that we have not yet achieved our goals. We have full focus in the years ahead on developing existing operations and identifying add-ons. In the existing business areas the focus in Analytical Instruments is to increase its presence in the industrial sector. In Drug Discovery, we expect that the new instrument will provide growth. Dental Diagnostics has a strong order book and there is growing market awareness of the company's ISQ technology. The intention is that the company will continue to invest in developing new generations of instruments and applications where we see good growth potential for the company's technologies.

Henrik Joelsson, responsible for holding

INCOME STATEMENT, SEKm	**2013[2]**	**2012**	**2011[1]**	**2010[1]**	**2009**
Net sales	**233**	**235**	**232**	**227**	**137**
Operating expenses	-207	-212	-224	-208	-120
Other income/expenses	7	8	13	5	
Share of profits of associates					
Result from disposals					
EBITDA	**33**	**31**	**22**	**23**	**17**
Depreciation and impairment	-9	-8	-7	-7	-5
EBITA	**23**	**23**	**15**	**17**	**12**
Amortisation and impairment of intangible assets	-1	-1	-1	-1	
Impairment of goodwill					
EBIT	**22**	**23**	**14**	**16**	**12**
Financial income	2	5	0	0	0
Financial expenses	-13	-13	-15	-15	-1
EBT	**11**	**14**	**0**	**2**	**11**
Tax	-16	-5	0	25	22
Profit/loss from discontinued operations	-21		-17	7	
Profit/loss for the year	**-27**	**9**	**-17**	**33**	**33**
Attributable to owners of the parent	-27	9	-17	33	33
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-3		-1		
Adjusted EBITA	26	23	16	17	12

FINANCIAL POSITION, SEKm					
Goodwill	306	299	307		85
Other intangible assets	96	98	80		25
Property, plant and equipment	10	7	9		5
Financial assets, interest-bearing	0	0	0		
Financial assets, non-interest bearing	52	68	74		37
Total non-current assets	**465**	**472**	**470**	–	**153**
Inventories	30	30	34		16
Receivables, interest-bearing					
Receivables, non-interest bearing	73	71	69		46
Cash, bank and other short-term investments	9	17	34		35
Assets held for sale					
Total current assets	**112**	**118**	**137**	–	**97**
Total assets	**577**	**590**	**607**	–	**250**
Equity attributable to owners of the parent	334	349	351		176
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	1	4	5		2
Liabilities, interest-bearing	178	172	183		43
Liabilities, non-interest bearing	58	59	60		30
Financial liabilities, other	7	6	7		
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**577**	**590**	**607**	–	**250**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital		19			16
Change in working capital		-3			-9
Cash flow from operating activities	–	**16**	–	–	**7**
Investments in non-current assets		-26			-10
Disposals of non-current assets					0
Cash flow before acquisition/disposal of companies	–	**-11**	–	–	**-3**
Net investments in companies					
Cash flow after investing activities	–	**-11**	–	–	**-3**
Change in loans		-6			9
New issue					22
Dividend paid					
Other					
Cash flow from financing activities	–	**-6**	–	–	**32**
Cash flow for the year	–	**-17**	–	–	**28**

KEY FIGURES, SEKm					
EBITA margin (%)	10.0	10.0	6.4	7.4	9.0
EBT margin (%)	4.6	5.9	0.0	0.7	8.4
Return on equity (%)	-7.9	2.6	–	–	22.4
Return on capital employed (%)	4.6	5.2	–	–	7.0
Equity ratio (%)	58	59	58	–	70
Interest-bearing net debt	169	155	149	–	8
Debt/equity ratio, multiple	0.5	0.5	0.5	–	0.2
Average number of employees	134	136	141	141	71

[1] Earnings and average number of employees in 2011 and 2010 are pro forma taking into account a new group structure, acquisition of Sophion Bioscience in August 2011, new financing and divestment of Farfield.
[2] Earnings for 2013 are pro forma taking into account the Farfield discontinued operations.

Facts

BiolinScientific

www.biolinscientific.com

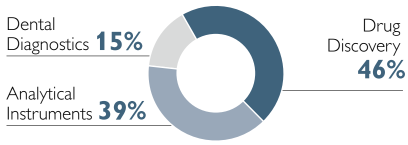
Management

Johan von Heijne	CEO
Christina Rubenhag	CFO
Andreas Andersson	VP Analytical Instruments
Morten Sunesen	VP Drug Discovery
Jonas Ehinger	VP Dental Diagnostics
Carsten Faltum	VP R&D
Henrik Norgreen	VP Supply Chain
Jonas Kasemo	VP Corporate Development

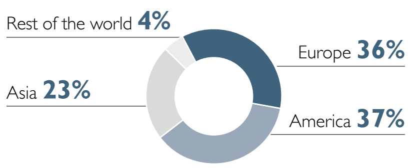
Board of Directors

Peter Ehrenheim	Chairman
Arne Bernroth	
Henrik Joelsson	Ratos (responsible for holding)
Mats Lönnqvist	
Maria Strömme	
Lina Arnesson	Deputy, Ratos

Sales by product area



Sales by region



Bisnode

Work to create a more unified Bisnode continued with high intensity in 2013. Organic sales growth was stable with good growth within credit services while demand for direct marketing services showed weaker development.

Operations
Bisnode is one of Europe's leading suppliers of decision support information. Bisnode helps decision makers make smart decisions by supplying relevant business, credit and market information. Companies and organisations throughout Europe are offered solutions to turn data into insights for both small day-to-day questions and large strategic decisions. Bisnode has some 2,900 employees in 19 countries.

Bisnode offers different services based partially on the same information. This realises economies of scale through joint information purchasing and data processing giving lower costs for customisation, packaging and distribution.

Bisnode currently has one of Europe's largest databases with information on companies in the whole of Europe as well as information about consumers in a large number of countries.

Market
Bisnode operates in the European market for business information and decision support. The market is fragmented with many local players and only a few multinational players such as Experian, Bureau van Dijk and Creditsafe. The trend is towards consolidation of this sector.

Historically the market has been characterised by high fixed costs for data collection and database management and low margin costs for customisation, packaging and distribution. Increasing volumes and accessibility of information are creating pressure for change in the market. Bisnode is therefore working to increase value added in the form of analyses and integrated tools for decision support. This is most obvious within market information where traditional media and marketing channels are being partially replaced by digital distribution. The market for credit information is more stable and partly contra-cyclical.

Increased global competition and an increased need for information are clear growth-drivers. Bisnode's market is expected to grow somewhat faster than GDP over a business cycle.

The year in brief
The extensive change project started in 2012 and targeted at creating a more unified Bisnode has been in focus during 2013. The organisational structure has been simplified by integrating all operational companies in each country to create more cost-effective business processes and offer customers a broader portfolio of products and services. From spring 2013 all companies trade under the Bisnode brand.

The underlying operating profit improved due to implemented cost rationalisation. Reported earnings of SEK 328m were affected by items affecting comparability of SEK 111m attributable to the change programme.

Future prospects
By integrating and streamlining operations in each country, Bisnode has created good conditions for further developing its customer offering and strengthening its position in the growing European market. Bisnode will seize the opportunities arising from increased information volumes by, among other things, moving up the value chain and integrating more closely with customers.

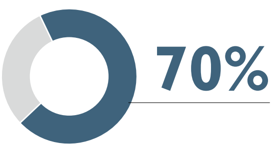
Bisnode's business is affected by access to public information and the regulatory frameworks governing handling. This information and its distribution are handled with the greatest possible respect and data security and compliance with laws and regulations in each market. Future changes in legislation can have both positive and negative effects on profitability.

Corporate responsibility
Bisnode's most important CR issues are business ethics and integrity protection. Bisnode's operations have limited direct environmental impact since the company's services are primarily produced and distributed digitally resulting in reduced consumption of paper and electricity and thus lower emissions. Bisnode has common ethical guidelines for all employees.

Financial targets
- Annual organic growth >5%
- Operating margin (EBITA) >15%

Ratos's ownership

Holding



Ratos acquired a majority holding in BTJ Infodata in 2004. Ratos effected a buyout of the whole of Infodata in 2005 in order to merge the company with Bonnier Business information. The newly formed group's name was changed to Bisnode. The co-owner is Bonnier. Consolidated book value in Ratos amounted to SEK 1,274m at year-end.

Our view of the holding
The formation of Bisnode created a company with a strong position in the European market for business information and decision support. The company has developed significantly since then. Initially the focus was on exploiting the synergy gains from the merger. Then came a period of growth, where Bisnode grew organically and through acquisitions. In recent years there has been a streamlining with divestment of units that are not part of the core business. In 2012 a major change programme was initiated in order to create a more unified Bisnode. The priority for the future is to realise the synergies that these changes enable and to increase the rate of organic growth by delivering increased added value and a broader customer offering. We see considerable potential in Bisnode which through its scalable business model has good opportunities to improve margins in the future.

Henrik Blomé, responsible for holding

INCOME STATEMENT, SEKm	2013	2012[1]	2012	2011	2010
Net sales	**3,724**	**3,869**	**3,935**	**4,310**	**4,451**
Operating expenses	-3,313	-3,423	-3,478	-3,757	-3,820
Other income/expenses	44	34	34	29	49
Share of profits of associates					
Result from disposals	-7	2	163	-5	-9
EBITDA	**448**	**482**	**655**	**577**	**671**
Depreciation and impairment	-120	-143	-144	-130	-135
EBITA	**328**	**339**	**511**	**447**	**536**
Amortisation and impairment of intangible assets	-57	-52	-54	-85	-102
Impairment of goodwill	-244	-118	-251	-15	
EBIT	**27**	**170**	**206**	**347**	**434**
Financial income	22	27	32	16	106
Financial expenses [2]	-179	-166	-168	-160	-164
EBT	**-129**	**31**	**70**	**203**	**376**
Tax	-31	-33	-34	-46	-91
Profit/loss from discontinued operations					
Profit/loss for the year	**-161**	**-2**	**36**	**158**	**285**
Attributable to owners of the parent	-161	-5	33	156	272
Attributable to non-controlling interests	0	3	3	1	14
Items affecting comparability in EBITA	-111	-77	86	-78	-58
Adjusted EBITA	440	416	425	525	594

FINANCIAL POSITION, SEKm	2013	2012[1]	2012	2011	2010
Goodwill	3,837		4,096	4,767	4,530
Other intangible assets	469		518	612	652
Property, plant and equipment	152		185	281	285
Financial assets, interest-bearing	7		7	16	12
Financial assets, non-interest bearing	89		101	141	142
Total non-current assets	**4,554**	–	**4,907**	**5,817**	**5,621**
Inventories	0		1	6	6
Receivables, interest-bearing	4		5	3	7
Receivables, non-interest bearing	766		813	865	888
Cash, bank and other short-term investments	229		186	207	259
Assets held for sale					
Total current assets	**998**	–	**1,005**	**1,080**	**1,161**
Total assets	**5,552**	–	**5,912**	**6,897**	**6,781**
Equity attributable to owners of the parent [3]	1,993		2,136	2,339	2,232
Non-controlling interests	20		24	20	47
Provisions, interest-bearing	237		175	217	245
Provisions, non-interest bearing	196		217	276	304
Liabilities, interest-bearing	1,863		2,097	2,436	2,322
Liabilities, non-interest bearing	1,235		1,250	1,605	1,631
Financial liabilities, other	8		13	5	
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**5,552**	–	**5,912**	**6,897**	**6,781**

STATEMENT OF CASH FLOWS, SEKm	2013	2012[1]	2012	2011	2010
Cash flow from operating activities before change in working capital	310		301	327	483
Change in working capital	65		-81	34	-19
Cash flow from operating activities	**375**	–	**220**	**360**	**464**
Investments in non-current assets	-127		-100	-133	-95
Disposals of non-current assets	33		4	2	23
Cash flow before acquisition/disposal of companies	**281**	–	**124**	**229**	**391**
Net investments in companies	24		394	-334	-179
Cash flow after investing activities	**305**	–	**518**	**-105**	**212**
Change in loans	-264		-434	117	-294
New issue				1	
Dividend paid	0		-109	-14	-1
Other	-1		10	-51	-4
Cash flow from financing activities	**-266**	–	**-533**	**54**	**-298**
Cash flow for the year	**39**	–	**-15**	**-51**	**-86**

KEY FIGURES, SEKm	2013	2012[1]	2012	2011	2010
EBITA margin (%)	8.8	8.8	13.0	10.4	12.0
EBT margin (%)	-3.5	0.8	1.8	4.7	8.4
Return on equity (%)	–	–	1.5	6.8	12.2
Return on capital employed (%)	–	–	5.0	7.4	10.6
Equity ratio (%)	36	–	37	34	34
Interest-bearing net debt	1,862	–	2,074	2,427	2,289
Debt/equity ratio, multiple	1.0	–	1.1	1.1	1.1
Average number of employees	2,849	2,848	2,933	3,016	3,080

[1] Earnings and average number of employees for 2012 are pro forma taking into account the discontinued operations Product Information.
[2] Excluding interest on shareholder loan.
[3] Equity at 31 December 2013 includes shareholder loan of SEK 1,425m.

Facts

Bisnode

www.bisnode.com

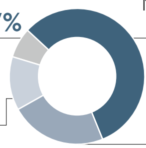
Management

Lars Pettersson	CEO
Annika Muskantor	CFO
Martine Bayens	Regional Director
Martin Coufal	Regional Director
Eckhard Geulen	Regional Director
Björn-Erik Karlsson	Regional Director

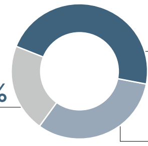
Board of Directors

Ingrid Engström	Chairman
Henrik Blomé	Ratos (responsible for holding)
Philip Cotter	
Anders Eriksson	
Jochen Gutbrod	
Erik Haegerstrand	
Mikael Norlander	Ratos
Andreas Schönenberger	
Filippa Bylander	Employee representative
Tommy Håkansson	Employee representative

Sales by region



Sales by market segment



DIAB

Following two weak years, the development in the wind energy market in China stabilised in 2013 and DIAB showed growth towards the end of the year. Operating profit improved significantly due to a rigorous action programme.

Operations

DIAB is a global company that develops, manufactures and sells core materials for composite structures for among other things leisure boats, blades for wind turbines and components for aircraft, trains, industrial applications and buildings. The core material – which has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance – is used in structures within several market segments: Wind energy, Marine, Industry, Aerospace and Transport.

Over 95% of DIAB's sales are to customers outside Sweden. The company has production units for material in Sweden, Italy, the US and Ecuador. Material processing takes place in the production units as well as in China and Lithuania. The company has about 1,000 employees in some 20 countries. The head office is in Laholm, Sweden.

Market

The market for core material grows with underlying customers' production volumes, such as the number of wind turbines and boats, and also through the increased use of sandwich structures in existing and new applications. This growth is driven by efforts to achieve structures with greater strength and lower weight. DIAB has a strong global position in the market for core materials for sandwich structures, with special strength within cellular plastics. The company's competitors include 3A Composites and Gurit. As a result of weak volume development for DIAB's customers in recent years, primarily in the wind energy market in China, there is some overcapacity in the market which in the short term has led to increased price competition.

The year in brief

The Chinese wind energy market, which is so significant for DIAB, continued to show weak development for most of the year. At the same time, DIAB's sales to the wind energy market in the US were negatively affected by uncertainty around wind energy subsidies at the start of the year. Sales to the marine segment were slightly down while DIAB's development in the TIA segment (Transport, Industry, Aerospace) continued to be good. In total, DIAB's sales fell by 14% in 2013. However, sales development stabilised during the year and in the fourth quarter DIAB showed growth compared with the same quarter in the previous year.

In 2012 DIAB decided to carry out a cost-cutting programme with a target of SEK 130m and with full effect expected in 2014. Thanks to cost savings and a more favourable customer mix, the company's adjusted EBITA improved significantly in 2013.

During the year Ratos provided capital to DIAB of SEK 61m to strengthen the company's liquidity and financial position.

Future prospects

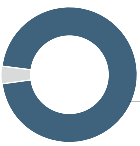
DIAB has a strategically good position as a world-leading manufacturer of core material. A recovery in the wind energy sector in China and the US is expected in the coming years. This, together with an expected positive development in other customer segments as well as the opportunity to broaden the use of composites, gives DIAB good long-term development potential. Through aggressive cost-cutting activities, DIAB has laid the foundation for a significant improvement in earnings in the future.

Corporate responsibility

Proactive anti-corruption efforts and systematic environmental work are key issues for DIAB. The products contribute to reducing weight in customers' applications and thus result in reduced fuel consumption in vehicles, boats and aircraft. DIAB works continuously on reducing environmental impact from its own production of core material, mainly by reducing raw material consumption.

Ratos's ownership

Holding



96%

Ratos became an owner of DIAB in 2001 in conjunction with the acquisition of Atle. In 2009, Ratos and DIAB's board and management acquired 3i's shares in DIAB whereupon Ratos became the majority owner. Consolidated book value in Ratos amounted to SEK 674m at year-end.

Our view of the holding

During the period of Ratos's ownership we have helped to develop DIAB into a global player and through investments in the company's product offering and production created a world-leading supplier of core material for composite structures. Our assessment is that DIAB has an attractive long-term growth profile driven by the need for strong and light structures as well as good prospects for growth in applications. In the short term we have focused on supporting DIAB in the implementation of strong measures to adjust the company's cost structure to prevailing market conditions. We expect market conditions to gradually improve and create the foundation for improved earnings in the future. We intend to continue to contribute to the development of DIAB's product offering, the company's global market presence and a sales organisation with applications expertise.

Henrik Blomé, responsible for holding

INCOME STATEMENT, SEKm	2013	2012	2011	2010	2009
Net sales	**864**	**1,003**	**1,219**	**1,396**	**1,322**
Operating expenses	-818	-1,046	-1,134	-1,120	-1,077
Other income/expenses	2	1	-1	-1	
Share of profits of associates					
Result from disposals					
EBITDA	**47**	**-43**	**85**	**275**	**245**
Depreciation and impairment	-97	-174	-90	-87	-89
EBITA	**-50**	**-217**	**-5**	**188**	**156**
Amortisation and impairment of intangible assets				0	
Impairment of goodwill					
EBIT	**-50**	**-217**	**-5**	**188**	**156**
Financial income	2	0	1	0	1
Financial expenses [1]	-46	-62	-45	-39	-59
EBT	**-94**	**-279**	**-50**	**149**	**97**
Tax	-15	36	-36	-34	-17
Profit/loss from discontinued operations					
Profit/loss for the year	**-109**	**-243**	**-85**	**115**	**81**
Attributable to owners of the parent	-109	-243	-85	115	81
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-39	-142	-40		
Adjusted EBITA	-11	-75	35	188	156

FINANCIAL POSITION, SEKm					
Goodwill	1,094	1,094	1,094	1,094	1,094
Other intangible assets	10	21	53	41	35
Property, plant and equipment	332	391	521	559	608
Financial assets, interest-bearing					
Financial assets, non-interest bearing	66	82	77	103	90
Total non-current assets	**1,502**	**1,588**	**1,744**	**1,797**	**1,827**
Inventories	195	178	231	255	218
Receivables, interest-bearing					
Receivables, non-interest bearing	291	371	288	210	227
Cash, bank and other short-term investments	61	44	38	62	167
Assets held for sale					
Total current assets	**547**	**593**	**557**	**527**	**611**
Total assets	**2,049**	**2,181**	**2,301**	**2,324**	**2,438**
Equity attributable to owners of the parent [2]	1,037	1,141	1,142	1,212	1,204
Non-controlling interests					
Provisions, interest-bearing	41	43	33	34	34
Provisions, non-interest bearing	27	68	36	20	19
Liabilities, interest-bearing	750	771	893	848	977
Liabilities, non-interest bearing	193	157	197	210	204
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,049**	**2,181**	**2,301**	**2,324**	**2,438**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	-33	-56	30	216	161
Change in working capital	2	45	-52	-45	117
Cash flow from operating activities	**-31**	**-11**	**-22**	**171**	**279**
Investments in non-current assets	-25	-32	-67	-81	-49
Disposals of non-current assets	1	7	0	0	1
Cash flow before acquisition/disposal of companies	**-55**	**-36**	**-88**	**91**	**231**
Net investments in companies					
Cash flow after investing activities	**-55**	**-36**	**-88**	**91**	**231**
Change in loans	-26	-102	39	-110	-272
New issue	95				82
Dividend paid	-110				
Other	115	145	25	-80	80
Cash flow from financing activities	**74**	**43**	**64**	**-190**	**-110**
Cash flow for the year	**20**	**7**	**-24**	**-99**	**121**

KEY FIGURES, SEKm					
EBITA margin (%)	-5.8	-21.6	-0.4	13.5	11.8
EBT margin (%)	-10.9	-27.8	-4.1	10.7	7.4
Return on equity (%)	-10.0	-21.1	-7.2	9.6	7.4
Return on capital employed (%)	-2.5	-10.8	-0.2	8.7	7.0
Equity ratio (%)	51	52	50	52	49
Interest-bearing net debt	731	771	888	820	844
Debt/equity ratio, multiple	0.8	0.7	0.8	0.7	0.8
Average number of employees	1,008	1,169	1,389	1,327	1,132

[1] Excluding interest on shareholder loan.
[2] Equity at 31 December 2013 includes shareholder loan with SEK 159m.

Facts

DIAB

www.diabgroup.com

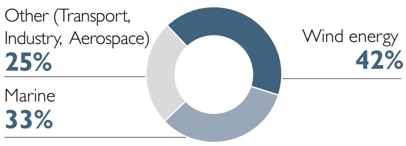
Management

Lennart Hagelqvist	CEO
Peter Sundback	CFO
Johan Gralén	EVP Wind & Marine and responsible for Region Asia
Lennart Thalin	EVP Aerospace & CCG and responsible for Region Americas
Rolf Backe	EVP Supply Chain
Magdalena Sandström	EVP Marketing and R&D

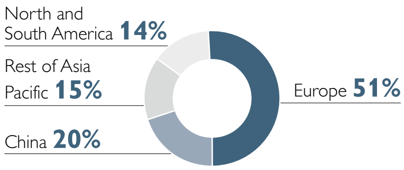
Board of Directors

Stig Karlsson	Chairman
Torben Bjerre-Madsen	
Henrik Blomé	Ratos (responsible for holding)
Georg Brunstam	
Lene Sandvoll Stern	Ratos
Carl-Erik Ridderstråle	
Cecilia Klang Larsson	Employee representative
Valerian Vancea	Employee representative
Michael Edvinsson	Deputy, employee representative
Per Månsson	Deputy, employee representative

Sales by customer segment



Sales by market



Euromaint

Development in the Swedish operations was in line with the previous year, while development in Germany remained weak. An improvement programme is underway to counteract the trend in Germany, raise competitiveness and efficiency in Sweden and exploit opportunities in a changing market.

Operations

Euromaint is one of Europe's leading independent maintenance companies for the rail transport industry. The company offers qualified technical maintenance to meet customer requirements for well-functioning rolling stock fleets. Euromaint's services and products guarantee the reliability and service life of track-mounted vehicles such as passenger trains, locomotives, freight wagons and work machines. Customers are primarily train operators, freight wagon owners and infrastructure companies.

Euromaint has most of its operations in Sweden but the company also has extensive operations in Germany as well as a presence in the Netherlands and Latvia. The number of employees is approximately 2,300.

Market

Euromaint's markets are characterised by good conditions for growth driven by greater environmental consideration when choosing means of transport and ongoing deregulation in Europe.

The underlying growth rate for passenger traffic in Sweden is good. Deregulation provides further growth opportunities for Euromaint. The underlying growth rate for goods traffic is also positive, but more exposed to cyclical effects. Development in 2013 has been negative due to lower volumes of goods transports.

Euromaint has a strong position in the Swedish train maintenance market. The company's position is upheld through a nationwide network of workshops, a high level of technical knowledge of its customers' trains, maintenance-specific skills and customer contracts.

In Germany, Euromaint is the leading independent provider of maintenance for freight wagons. The company offers availability and capacity to handle large volumes as well as high-quality work. The company also has a workshop dedicated to maintenance of passenger trains.

The year in brief

Euromaint had a weak earnings trend during the year. The Swedish operations developed in line with the previous year while the German operations performed far less well than planned. Reported earnings were charged with costs of SEK 42m related to a lost contract dispute and an action programme. Taking this into account, adjusted EBITA for the year was SEK 67m (90).

In Sweden, Euromaint completed the improvement programme initiated in 2011 in order to achieve a lasting increase in competitiveness and efficiency. The programme included measures to improve delivery and contract management as well as release tied-up capital. During the autumn Euromaint initiated a new cost-cutting programme to further reduce primarily fixed costs.

In Germany, the freight market continued its negative development. In addition, a major customer changed its purchasing behaviour which further reduced volumes. To counteract the effects of volume reductions a comprehensive cost-cutting programme has been initiated which will continue throughout 2014.

A capital contribution of SEK 100m was provided to strengthen the company's balance sheet and allow investments in operations.

Future prospects

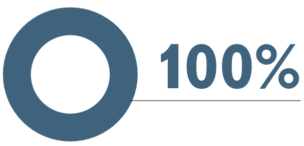
In 2014, Euromaint will focus on carrying out the restructuring in Germany and continue the ongoing cost-cutting programme in Sweden. Euromaint will position itself as an efficient and value-creating maintenance partner ahead of the major procurements coming up in the next two to three years.

Corporate responsibility

Euromaint intensified its work with sustainability during the year which affects both the company's processes and working methods as well as its relations with suppliers. Euromaint follows a code of conduct which meets Ratos's requirements. The most important CR issues for Euromaint are the environment, safety and quality as well as business ethics.

Ratos's ownership

Holding



Ratos acquired Euromaint in 2007. Consolidated book value in Ratos amounted to SEK 670m at year-end.

Our view of the holding

The main reasons for Ratos's acquisition of Euromaint were the company's strong market position, a growing market due to increased rail transports and potential for improvement in the company. Since the acquisition, Euromaint has focused on its core business (train maintenance), initiated an international expansion through add-on acquisitions in Germany and worked continuously to improve delivery and efficiency. The internal improvement programme has taken longer than initially planned. Market conditions will stabilise over time which will provide opportunities for Euromaint.

The goal for the future is to continue to further develop and streamline Euromaint's internal processes and thereby improve profitability and the attractiveness of the offering. This will position Euromaint to take advantage of opportunities that arise due to deregulation, underlying demand, and upcoming procurements.

Jonathan Wallis, responsible for holding

INCOME STATEMENT, SEKm	**2013[2)]**	**2012[2)]**	**2012**	**2011[1)]**	**2010[1)]**
Net sales	**2,416**	**2,484**	**2,489**	**2,860**	**2,814**
Operating expenses	-2,366	-2,407	-2,420	-2,727	-2,835
Other income/expenses	18	33	33	28	63
Share of profits of associates					
Result from disposals				-2	
EBITDA	**68**	**111**	**102**	**159**	**41**
Depreciation and impairment	-42	-51	-51	-57	-56
EBITA	**25**	**60**	**51**	**102**	**-15**
Amortisation and impairment of intangible assets				-2	-4
Impairment of goodwill					
EBIT	**25**	**60**	**51**	**100**	**-19**
Financial income	9	2	2	3	2
Financial expenses [3)]	-44	-48	-48	-51	-63
EBT	**-10**	**14**	**5**	**52**	**-79**
Tax	26	-18	-18	43	33
Profit/loss from discontinued operations	-5	-9		-118	-30
Profit/loss for the year	**11**	**-12**	**-12**	**-23**	**-77**
Attributable to owners of the parent	11	-12	-12	-23	-77
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-42	-30	-30	-35	-184
Adjusted EBITA	67	90	81	137	169

FINANCIAL POSITION, SEKm					
Goodwill	712		710	712	
Other intangible assets	3		8	9	
Property, plant and equipment	176		164	185	
Financial assets, interest-bearing					
Financial assets, non-interest bearing	16		0	24	
Total non-current assets	**907**	–	**882**	**930**	–
Inventories	421		432	454	
Receivables, interest-bearing					
Receivables, non-interest bearing	480		459	690	
Cash, bank and other short-term investments	22				
Assets held for sale					
Total current assets	**924**	–	**892**	**1,144**	–
Total assets	**1,831**	–	**1,774**	**2,075**	–
Equity attributable to owners of the parent	719		594	737	
Non-controlling interests					
Provisions, interest-bearing	12		11	19	
Provisions, non-interest bearing	24		32	47	
Liabilities, interest-bearing	552		577	628	
Liabilities, non-interest bearing	522		548	632	
Financial liabilities, other	1		11	11	
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,831**	–	**1,774**	**2,075**	–

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital			47		
Change in working capital			-13		
Cash flow from operating activities	–	–	**34**	–	–
Investments in non-current assets			-29		
Disposals of non-current assets					
Cash flow before acquisition/disposal of companies	–	–	**5**	–	–
Net investments in companies					
Cash flow after investing activities	–	–	**5**	–	–
Change in loans			-54		
New issue					
Dividend paid			-135		
Other			183		
Cash flow from financing activities	–	–	**-5**	–	–
Cash flow for the year	–	–	**0**	–	–

KEY FIGURES, SEKm					
EBITA margin (%)	1.0	2.4	2.1	3.6	-0.5
EBT margin (%)	-0.4	0.6	0.2	1.8	-2.8
Return on equity (%)	–	–	-1.8	–	–
Return on capital employed (%)	–	–	4.1	–	–
Equity ratio (%)	39	–	33	36	–
Interest-bearing net debt	542	–	588	647	–
Debt/equity ratio, multiple	0.8	–	1.0	0.9	–
Average number of employees	2,291	–	2,437	2,442	2,373

[1)] Earnings and average number of employees for 2011 and 2010 are pro forma taking into account discontinued operations (Refurbishment business area) and disposal of business (Euromaint Industry).
[2)] Earnings for 2013 and 2012 are pro forma taking into account discontinued operations in Germany and Belgium.
[3)] Excluding interest on shareholder loan.

Facts

EuroMaint
www.euromaint.com

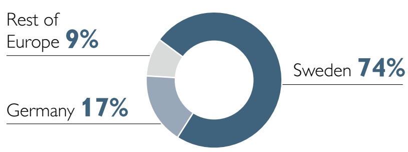
Management

Ove Bergkvist	CEO
Jens Wikman	CFO
Henrik Dagberg	Business Area Manager Passenger
Ingela Erlinghult	Business Area Manager Components
Lena Gellerhed	HR Manager
Gustav Jansson	Business Area Manager Work Machines
Robert Lehmann	Business Area Manager Germany
Mattias Wessman	CIO
Anne-Catherine Worth	Head of Communications

Board of Directors

Leif Johansson	Chairman
Kjell Ivar Carlsson	
Jonathan Wallis	Ratos (responsible for holding)
Elisabet Wenzlaff	
Bertil Hallén	Employee representative
Karin Nyberg	Employee representative
Oscar Hermansson	Deputy, Ratos

Sales by market



GS-Hydro

Lower sales due to fewer large offshore projects and continued weak sales in the marine segment. Positive long-term prospects for offshore, an incipient recovery within marine and a focus on development of GS-Hydro's aftermarket offering create opportunities for future growth.

Operations

GS-Hydro is a leading global supplier of non-welded piping solutions. Piping systems are mainly used for hydraulic applications with high demands for fast installation, cleanliness and minimal production shutdowns.

The company supplies complete piping systems, prefabricated piping modules, components for piping systems and related services such as design, installation, documentation and maintenance.

GS-Hydro's products and services are used within the marine and offshore industries as well as in land-based segments such as the pulp and paper, mining and metals, automotive and aerospace industries. The company has approximately 675 employees in 17 countries. The head office is in Helsinki, Finland.

Market

Non-welded piping solutions account for a relatively small part of the global market for piping systems for hydraulic applications. Opportunities to increase market share are created by marketing the advantages of the system compared with welded solutions.

GS-Hydro conducts operations worldwide and the offshore industry is the company's largest single customer segment. Fundamental driving forces – such as a long-term imbalance between oil supply and demand and significant new oil discoveries in the North Sea – point to favourable development for this market segment over time. Furthermore, non-welded piping systems offer clear advantages within offshore – among other things during installation and maintenance when customers' production can continue without costly shutdowns since no welding flame is required.

The advantages of non-welded systems are also clear within marine and relevant land-based industries. In these industries demand has stabilised at a low level and there is potential for recovery in the years ahead.

The year in brief

GS-Hydro's sales development during the year was comparatively stable in the land-based customer segment. In offshore, sales decreased slightly due to fewer large projects and in marine development remained weak. The decline in marine seen in recent years levelled out in 2013, however, and a recovery may be imminent. In total, GS-Hydro's sales decreased by 8% in 2013 compared with the previous year.

GS-Hydro's operating profit in 2013 was negatively affected by lower sales and costs for the development of GS-Hydro's aftermarket offering and business system.

Future prospects

In the short term there is some uncertainty about the growth rate within offshore but the long-term prospects for the offshore industry are positive, driven by factors such as a growing imbalance between supply and demand for oil, significant new oil discoveries in the North Sea and elsewhere, as well as an ageing oil rig fleet. At the same time, there is potential for a recovery within marine and land-based investments. Increased use of non-welded piping systems, combined with expansion in growth markets and within service, are other growth drivers for GS-Hydro in future years.

Corporate responsibility

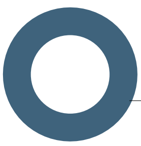
GS-Hydro's key CR issues are preventive anti-corruption initiatives, since the company operates in a number of markets with high risk, and the environment. The company makes clear internal demands on its operations and processes are in place for monitoring and ensuring continuous development. There is also business potential in the company's environmental work since from an environmental perspective GS-Hydro's non-welded piping systems are a better solution than welded systems.

Financial targets

- Sales growth >10% annual average
- EBITA margin >10%

Ratos's ownership

Holding



100%

Ratos became owner of GS-Hydro in 2001 in conjunction with the acquisition of Atle. Consolidated book value in Ratos amounted to SEK 47m at year-end.

Our view of the holding

GS-Hydro has a strong position in an attractive market niche, a global presence, strong applications expertise and the ability to supply total solutions for piping systems.

Since Ratos became owner, GS-Hydro's sales have trebled. Growth has been driven by the non-welded technology capturing market shares from traditional welded technology, the company's expansion into new markets and overall positive underlying market development. Good long-term growth within offshore and a potential recovery in marine and for land-based investments, mean that market prospects should be good for the years ahead. In addition, the company has opportunities to continue to develop its aftermarket offering, gain market shares from welded solutions and continue its geographic expansion.

Henrik Blomé, responsible for holding

INCOME STATEMENT, EURm	2013	2012	2011	2010	2009
Net sales	**143.0**	**155.3**	**118.8**	**130.3**	**140.7**
Operating expenses	-130.9	-139.1	-112.8	-124.6	-127.4
Other income/expenses	0.1	0.4	0.1		
Share of profits of associates					
Result from disposals					
EBITDA	**12.2**	**16.6**	**6.1**	**5.7**	**13.3**
Depreciation and impairment	-2.6	-2.5	-2.7	-2.9	-2.7
EBITA	**9.6**	**14.1**	**3.4**	**2.8**	**10.6**
Amortisation and impairment of intangible assets					
Impairment of goodwill				-0.8	
EBIT	**9.6**	**14.1**	**3.4**	**2.0**	**10.6**
Financial income	0.4	0.2	1.1	0.6	0.5
Financial expenses	-3.4	-9.3	-6.0	-5.4	-5.6
EBT	**6.6**	**5.0**	**-1.4**	**-2.9**	**5.5**
Tax	-1.5	-1.5	0.0	-0.1	-2.5
Profit/loss from discontinued operations					
Profit/loss for the year	**5.1**	**3.5**	**-1.4**	**-3.0**	**3.0**
Attributable to owners of the parent	5.1	3.5	-1.4	-3.0	3.0
Attributable to non-controlling interests					
Items affecting comparability in EBITA					
Adjusted EBITA	9.6	14.1	3.4	2.8	10.6

FINANCIAL POSITION, EURm	2013	2012	2011	2010	2009
Goodwill	56.1	56.2	56.2	56.2	56.8
Other intangible assets	0.8	0.6	0.7		
Property, plant and equipment	6.9	7.0	6.9	8.8	9.6
Financial assets, interest-bearing					
Financial assets, non-interest bearing	5.6	1.9	2.2	1.2	0.9
Total non-current assets	**69.3**	**65.8**	**66.0**	**66.2**	**67.4**
Inventories	22.7	27.4	24.5	26.1	31.6
Receivables, interest-bearing					
Receivables, non-interest bearing	32.1	36.1	30.4	34.4	35.9
Cash, bank and other short-term investments	7.2	11.5	10.9	9.2	6.9
Assets held for sale					
Total current assets	**62.0**	**75.0**	**65.7**	**69.6**	**74.3**
Total assets	**131.3**	**140.8**	**131.7**	**135.8**	**141.7**
Equity attributable to owners of the parent	46.3	40.8	36.1	34.1	34.8
Non-controlling interests					
Provisions, interest-bearing	0.2	0.2	0.0	-0.3	-0.5
Provisions, non-interest bearing	1.8	1.9	1.4	0.4	0.5
Liabilities, interest-bearing	55.4	63.6	70.1	78.0	81.6
Liabilities, non-interest bearing	22.6	29.0	22.9	21.7	23.4
Financial liabilities, other	4.9	5.2	1.3	1.9	1.9
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**131.3**	**140.8**	**131.7**	**135.8**	**141.7**

STATEMENT OF CASH FLOWS, EURm	2013	2012	2011	2010	2009
Cash flow from operating activities before change in working capital	7.5	10.6	1.3	1.0	6.6
Change in working capital	-0.2	-0.9	3.3	4.9	0.9
Cash flow from operating activities	**7.4**	**9.6**	**4.5**	**5.8**	**7.5**
Investments in non-current assets	-3.0	-2.5	-1.1	-1.6	-2.6
Disposals of non-current assets	0.1	0.1			
Cash flow before acquisition/disposal of companies	**4.5**	**7.2**	**3.4**	**4.3**	**4.9**
Net investments in companies					
Cash flow after investing activities	**4.5**	**7.2**	**3.4**	**4.3**	**4.9**
Change in loans	-8.4	-6.8	-7.7	-4.0	-10.9
New issue					
Dividend paid					
Other	0.0		6.0	1.4	
Cash flow from financing activities	**-8.4**	**-6.8**	**-1.7**	**-2.6**	**-10.9**
Cash flow for the year	**-3.9**	**0.4**	**1.7**	**1.6**	**-6.0**

KEY FIGURES, EURm	2013	2012	2011	2010	2009
EBITA margin (%)	6.7	9.1	2.9	2.1	7.5
EBT margin (%)	4.6	3.2	-1.2	-2.2	3.9
Return on equity (%)	11.8	9.1	-4.0	-8.7	9.8
Return on capital employed (%)	9.7	13.6	4.2	2.3	9.4
Equity ratio (%)	35	29	27	25	25
Interest-bearing net debt	48.4	52.3	59.2	68.5	74.2
Debt/equity ratio, multiple	1.2	1.6	1.9	2.3	2.3
Average number of employees	673	636	608	626	623

Facts

GS-Hydro

www.gshydro.com

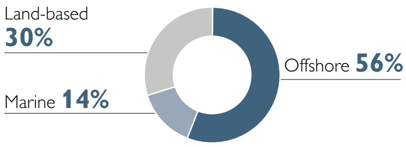
Management

Pekka Frantti	CEO
Kristiina Leppänen	CFO
Fernando Guarido	Managing Director GS-Hydro Brazil
Chris Hargreaves	Managing Director GS-Hydro UK
Terho Hoskonen	VP Sales and Marketing
Harri Jokinen	VP Technology & Sourcing
Suvi-Maarit Kario	Head of Global HR
Seppo Lusenius	Director Finnish and Russian Operations
Heikki Pennanen	VP Global Projects
Jukka Suotsalo	VP Business Development
Roland van de Ven	Managing Director GS-Hydro Benelux

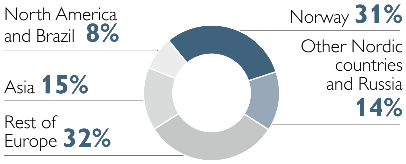
Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Henrik Blomé	Ratos (responsible for the holding)
Olli Isotalo	
Johan Pålsson	Ratos
Eli K Vassenden	

Sales by segment



Sales by region



Hafa Bathroom Group

Performance in 2013 was affected by weak market development, an unfavourable sales mix and project-specific non-recurring costs. Completed cost adjustments and investments for growth create conditions for improved earnings in the future.

Operations

Hafa Bathroom Group is a leading supplier of bathroom interiors in the Nordic region. The company designs, develops and sells a broad range of bathroom products – such as furniture, shower solutions and whirlpool baths – via retailers in Sweden, Norway and Finland. Production is carried out by subcontractors in Europe and Asia, with the exception of the company's customised assembly of whirlpool baths in Sweden.

The product range is sold and marketed under the brands Hafa, which primarily sells through DIY outlets and building materials stores, and Westerbergs, which to a greater extent sells through specialised retailers such as plumbers' merchants and dealers. Most of Hafa Bathroom Group's sales relate to renovations of bathrooms in private homes and to a limited extent to new construction projects.

Market

Hafa Bathroom Group operates in the Nordic bathroom market with a special focus on the consumer repairs and maintenance (R&M) sector. The competitive landscape in the Nordic market is fragmented with a large number of players who focus on different product categories, customer segments, distribution channels and geographic markets. Hafa Bathroom Group, despite a modest total market share in the Nordic region, is a significant player within bathroom products for building materials stores, DIY outlets and specialised retailers.

The weak market development seen in recent years continued in 2013, particularly in the company's prioritised customer segment. However, the market has long-term growth potential due to a major underlying need for renovation and a strong interest in interior decoration and design. The long-term opportunities for growth in Hafa Bathroom Group's market segment are therefore positive.

The year in brief

A weak market development combined with an unfavourable sales mix and project-specific non-recurring costs, had a negative impact on Hafa Bathroom Group's earnings during 2013. During the year cost adjustments were implemented to improve the company's profitability and ensure long-term competitiveness. The action carried out will have full effect from 2014 onwards.

Future prospects

After a period of weak development in Hafa Bathroom Group's market segment there are some signs of an improved underlying demand ahead of 2014, driven among other things by higher activity in the Swedish housing market. The cost adjustments in recent years, combined with efforts to develop the company's customer relationships in the Nordic region and growth within the professional segment, create potential for profitable growth.

Corporate responsibility

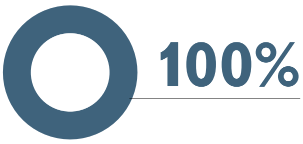
The company's key sustainability issues within human rights, labour law and anti-corruption are linked to the company's large proportion of partners and suppliers in low-cost countries. The environment is also an important sustainability issue. The company has therefore had clear policies and requirements on both its own operations and its partners and suppliers for many years. Sustainability issues are a natural and integrated part of the company's operations.

Financial targets

- Organic growth faster than the market
- EBITA margin >8%

Ratos's ownership

Holding



Ratos became an owner of Hafa Bathroom Group in 2001 in conjunction with the acquisition of Atle. Consolidated book value in Ratos amounted to SEK 163m at year-end.

Our view of the holding

Hafa Bathroom Group has built a strong position in the Nordic bathroom market with its Hafa and Westerbergs brands. We see good opportunities for the company to grow in existing markets by further strengthening the brands, realising the full potential of its customer relationships through more intense cooperation with existing customers and retailers, winning new customers, growing in the professional segment and continuing to be a leading player in online retail.

In order to adapt operations to the weaker market conditions, Hafa Bathroom Group has carried out cost adjustments in recent years. Combined with the company's ongoing efforts to focus on growth and to improve the efficiency of its inventory management and purchasing processes, this creates good opportunities to improve Hafa Bathroom Group's profitability.

Johan Pålsson, responsible for holding

INCOME STATEMENT, SEKm	**2013**	**2012**	**2011 [1]**	**2010 [1]**	**2009**
Net sales	**238**	**268**	**324**	**407**	**390**
Operating expenses	-248	-259	-324	-357	-334
Other income/expenses					
Share of profits of associates					
Result from disposals					
EBITDA	**-10**	**9**	**0**	**50**	**56**
Depreciation and impairment	-3	-2	-5	-4	-5
EBITA	**-13**	**7**	**-5**	**46**	**51**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**-13**	**7**	**-5**	**46**	**51**
Financial income	2	1	6	1	
Financial expenses	-2	-3	-3	-2	-11
EBT	**-14**	**5**	**-2**	**45**	**40**
Tax	5	-2	1	-16	-9
Profit/loss from discontinued operations			-12	-9	
Profit/loss for the year	**-8**	**3**	**-13**	**20**	**31**
Attributable to owners of the parent	-8	3	-13	20	31
Attributable to non-controlling interests					
Items affecting comparability in EBITA					
Adjusted EBITA	-13	7	-5	46	51

FINANCIAL POSITION, SEKm					
Goodwill	40	40	40	42	42
Other intangible assets	6	4	1	1	1
Property, plant and equipment	1	3	4	9	12
Financial assets, interest-bearing					
Financial assets, non-interest bearing	3	4	7	5	6
Total non-current assets	**51**	**51**	**52**	**57**	**60**
Inventories	68	74	76	110	92
Receivables, interest-bearing					
Receivables, non-interest bearing	55	39	47	98	73
Cash, bank and other short-term investments	0	1	1	2	21
Assets held for sale					
Total current assets	**123**	**113**	**124**	**210**	**185**
Total assets	**174**	**165**	**176**	**267**	**245**
Equity attributable to owners of the parent	52	42	40	51	122
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	12	15	18	19	16
Liabilities, interest-bearing	61	62	59	87	21
Liabilities, non-interest bearing	49	44	56	102	76
Financial liabilities, other	0	2	2	9	9
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**174**	**165**	**176**	**267**	**245**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	-14	2	-14	42	42
Change in working capital	18	-2	60	-33	43
Cash flow from operating activities	**4**	**0**	**47**	**10**	**85**
Investments in non-current assets	-3	-4	-2	-4	-5
Disposals of non-current assets			0	0	0
Cash flow before acquisition/disposal of companies	**1**	**-4**	**45**	**6**	**80**
Net investments in companies					
Cash flow after investing activities	**1**	**-4**	**45**	**6**	**80**
Change in loans	-1	3	-34	66	-54
New issue					
Dividend paid				-90	
Other		1	-13	0	-7
Cash flow from financing activities	**-1**	**4**	**-46**	**-24**	**-61**
Cash flow for the year	**0**	**0**	**-1**	**-18**	**19**

KEY FIGURES, SEKm					
EBITA margin (%)	-5.5	2.6	-1.4	11.3	13.0
EBT margin (%)	-5.7	1.8	-0.5	11.1	10.3
Return on equity (%)	-17.5	7.0	-29.1	23.7	29.1
Return on capital employed (%)	-10.3	8.1	1.4	33.5	32.9
Equity ratio (%)	30	26	23	19	50
Interest-bearing net debt	61	61	58	85	0
Debt/equity ratio, multiple	1.2	1.5	1.5	1.7	0.2
Average number of employees	121	136	176	177	166

[1] Earnings for 2011 and 2010 are pro forma taking discontinued operations in Denmark into account.

Facts

HAFA BATHROOM GROUP | hafa westerbergs

www.hafabg.com

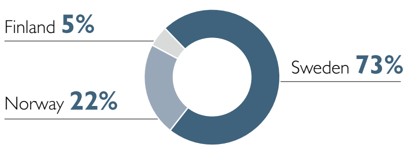
Management

Ola Andrée	CEO
Tina Brandt	CFO
Eva Östergren	Chief Marketing Officer

Board of Directors

Stig Karlsson	Chairman
Thomas Holmgren	
Staffan Jehander	
Anders Reuthammar	
Johan Pålsson	Ratos (responsible for holding)
Ola Andrée	CEO
Hanna Eiderbrant	Deputy, Ratos

Sales by market



HENT

Ratos acquired HENT in 2013, becoming the new majority owner of the company. HENT performed extremely well during the year with good development in ongoing projects and a strong order book.

Operations

HENT is a leading Norwegian building contractor focusing on the construction of new public and commercial properties, The company runs projects throughout the whole of Norway from its head office in Trondheim and local offices in Oslo, Ålesund, Bergen and Hamar.

HENT focuses on project development, project management and purchasing. The projects to a great extent are carried out by a broad network of quality-assured subcontractors. HENT has strong established customer relations and often works closely with customers to develop projects together.

HENT has expanded rapidly in recent years with stable profitability and has continuously strengthened its market position.

Market

The total construction market in Norway amounts to approximately NOK 250 billion of which construction of new public and commercial properties accounts for some NOK 50-60 billion. The market for new buildings is cyclical but has historically shown good structural growth. Since the start of the 2000s annual market growth has been approximately 5% and good market growth is also expected in the future.

The Norwegian construction market is highly fragmented. HENT is one of the leading players and competes with, among others, Veidekke, Skanska, AF-Gruppen, NCC and Kruse Smith.

HENT's market position is especially strong in central and northern Norway in the segment for large projects (NOK >250m) as well as schools, healthcare-related buildings, offices and hotels.

The year in brief

HENT's sales development was very positive in 2013 with growth of 30% which further strengthened market position. This growth was a result of strong orders from previous years and good development in projects. Adjusted for acquisition-related costs, EBITA amounted to NOK 121m.

HENT gained market shares during 2013 and had strong order bookings. The order book amounted to approximately NOK 7.5 billion at year-end. During the year HENT signed a contract to develop a major hospital project at Gardermoen outside Oslo. The project is expected to provide sales of approximately NOK 800-900m with building planned to start in 2015. HENT also won an order worth approximately NOK 500m to extend Skansekaia in Ålesund starting in 2014.

The order book includes both smaller (NOK 30m–100m) and extremely large projects such as the Fornebu Project – HENT's largest project ever with a contract value of around NOK 1.7 billion. The project includes the construction of two six storey, two basement office blocks and an outdoor environment at Fornebu in Oslo. Building started in spring 2013.

Extension of the organisation continued to enable growth to outpace the market.

Future prospects

The outlook for the Norwegian construction market is good driven by an underlying strong Norwegian economy with stable public finances, low unemployment, positive growth prospects, demographic growth and the need to invest in infrastructure and public buildings.

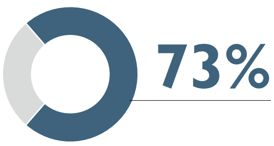
HENT has good potential to be a successful player in this market in the future due to its strong order book and business model. HENT will grow in Norway, primarily within its current market segments.

Corporate responsibility

HENT's most important sustainability issues include labour law (focusing on conditions for subcontractors), health, working environment, safety and business ethics. All of these are related to HENT's strategy and managing them is central to the company's commercial success. HENT works actively to develop its internal processes to further strengthen work with all these issues.

Ratos's ownership

Holding



Ratos acquired HENT in 2013. Co-owners are the company's management with a share of approximately 27%. Consolidated book value in Ratos amounted to SEK 343m at year-end.

Our view of the holding

We invested in HENT because it is a well-run company with a good strategic position and a mature business model. The company's strong position in the growing Norwegian construction market, its focused business model, record-large order book and flexible cost structure, which allows matching of costs to demand and managing fluctuations in the cyclical construction market, mean that we take a positive view of the company's future prospects.

HENT has a skilled and dedicated management which increased its ownership in conjunction with Ratos becoming an owner in 2013 – strong proof of belief in the company's future. Together with the management we will further develop the company within its current business model and create conditions for organic growth. The aim is that the profitable growth of recent years will continue.

Henrik Blomé, responsible for holding

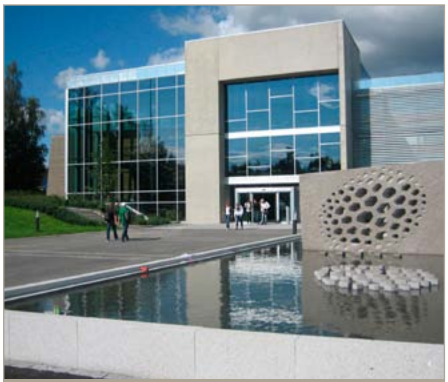
INCOME STATEMENT, NOKm	2013[1)]	2012[1)]	2012	2011	2010
Net sales	**3,797**	**2,886**	**2,886**	**3,090**	**2,058**
Operating expenses	-3,623	-2,731	-2,731	-2,953	-1,935
Other income/expenses	-62	-53	-53	-49	-49
Share of profits of associates	0	0	0	0	0
Result from disposals					
EBITDA	**112**	**101**	**101**	**87**	**74**
Depreciation and impairment	-4	-4	-4	-9	-7
EBITA	**108**	**97**	**97**	**78**	**66**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**108**	**97**	**97**	**78**	**66**
Financial income	22	10	10	13	7
Financial expenses [2)]	-31	-26	-12	-15	-16
EBT	**98**	**81**	**95**	**76**	**58**
Tax	-25	-27	-27	-23	-17
Profit/loss from discontinued operations					
Profit/loss for the year	**73**	**54**	**68**	**53**	**41**
Attributable to owners of the parent	73	54	68	53	41
Attributable to non-controlling interests	0	0	0	0	0
Items affecting comparability in EBITA	-13				
Adjusted EBITA	121	97	97	78	66

FINANCIAL POSITION, NOKm					
Goodwill	870		486	486	486
Other intangible assets	3		1	1	1
Property, plant and equipment	32		20	21	11
Financial assets, interest-bearing	14		11	12	2
Financial assets, non-interest bearing	3		7	12	32
Total non-current assets	**922**	–	**526**	**532**	**532**
Inventories					
Receivables, interest-bearing	20		119	109	90
Receivables, non-interest bearing	708		766	583	398
Cash, bank and other short-term investments	665		332	185	278
Assets held for sale					
Total current assets	**1,394**	–	**1,217**	**876**	**766**
Total assets	**2,315**	–	**1,743**	**1,408**	**1,299**
Equity attributable to owners of the parent [3)]	428		435	411	387
Non-controlling interests	0		1	1	5
Provisions, interest-bearing	0		2	2	3
Provisions, non-interest bearing	260		167	123	77
Liabilities, interest-bearing	302		13	28	45
Liabilities, non-interest bearing	1,324		1,125	843	782
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,315**	–	**1,743**	**1,408**	**1,299**

STATEMENT OF CASH FLOWS, NOKm					
Cash flow from operating activities before change in working capital					
Change in working capital					
Cash flow from operating activities	–	–	–	–	–
Investments in non-current assets					
Disposals of non-current assets					
Cash flow before acquisition/disposal of companies	–	–	–	–	–
Net investments in companies					
Cash flow after investing activities	–	–	–	–	–
Change in loans					
New issue					
Dividend paid					
Other					
Cash flow from financing activities	–	–	–	–	–
Cash flow for the year	–	–	–	–	–

KEY FIGURES, NOKm					
EBITA margin (%)	2.8	3.4	3.4	2.5	3.2
EBT margin (%)	2.6	2.8	3.3	2.5	2.8
Return on equity (%)	–	–	16.0	13.3	10.7
Return on capital employed (%)	–	–	23.9	20.6	14.8
Equity ratio (%)	19	–	25	29	30
Interest-bearing net debt	-397	–	-447	-275	-323
Debt/equity ratio, multiple	0.7	–	0.0	0.1	0.1
Average number of employees	468	397	397	397	392

1) Earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.
2) Excluding interest on shareholder loan 2013.
3) Equity at 31 December 2013 includes shareholder loan with NOK 42m.



Facts

HENT

www.hent.no

Management

Jan Jahren	CEO
May Helen Dahlstrø	CFO
Knut Alstad	Market & Development Director
Endre Persen	Quality Director
Terje Hugubakken	HR Director
Kåre Myran	HSE Director
Bjørnar Lund	Department Head Calculation & Purchasing
Trygve Gjøvik	Head Production Trondheim
Hans Wold Haug	Department Head Calculation & Purchasing Oslo
Ole Kristian Berg	Department Head Production Oslo

Board of Directors

Helge Midttun	Chairman
Mårten Bernow	Ratos
Henrik Blomé	Ratos (responsible for holding)
Jan Jahren	CEO
May Helen Dahlstrø	CFO

HL Display

Overall earnings development was positive due to good control of costs, relocation of production and other strategic initiatives. Currency effects and the macroeconomic situation led to slightly lower full-year sales. The end of the year was more positive with growth in the fourth quarter.

Operations

HL Display is an international supplier of products and solutions for in-store communication and merchandising. The three key customer segments are retail food, brand manufacturers and retail non food.

HL Display helps its customers to create an attractive store environment which increases sales and facilitates a more efficient and functional store. The company's products include datastrips, shelf management systems, printed store communication, display stands, frames, bulk food dispensers, lighting systems and digital signage.

Production takes place in Poland, Sweden, China and the UK. Sales are conducted through 34 own sales subsidiaries and 13 distributors in a total of 47 countries. The company's largest markets are the UK, France, Sweden, Norway and Russia. HL Display has a total of approximately 1,150 employees.

Market

The global and regional development of the retail sector is pivotal for demand for HL Display's products. Newly opened stores, store refurbishing, the launch of new store concepts, and improved store efficiency and productivity are key growth factors, as well as the campaigns and profiling ambitions of brand manufacturers.

The Nordic region and the rest of Europe account for approximately 91% of HL Display's sales. Asia, which accounts for about 9% of sales is expected to have the highest growth in future. The company operates in a highly fragmented sector with many local competitors. HL Display is, however, the only global player in its niche.

The year in brief

Sales were slightly lower compared with the previous year as a result of volume reductions caused by postponed investments by several customers and currency effects. Sales growth was good in Northern Europe and the UK continued to develop strongly while development was weaker in Eastern and Southern Europe due to a clear impact from the macroeconomic situation.

In Asia sales development overall was stable but with major differences between countries. The focus in recent years on increasing sales in China gave results in 2013 with a sales increase of 18%.

The production facility in Poland established in 2011 provided significant cost savings and gross margin improvement in 2013 despite some reduction in volume. Combined with lower operating costs, this contributed to an improved operating profit.

The company has started a number of growth projects including an increased focus on sales and innovation. The year saw the launch, among other things, of Ad'Pulse™, large digital displays for use in retail stores.

Future prospects

HL Display has the potential to increase growth and improve profitability. There are good opportunities for sales growth by a further focus on concept sales, better structured processing of global customers and continued product innovation. Some geographic markets with high growth potential will be given a special focus. Combined with continued positive effects from restructuring in recent years, these initiatives are expected to deliver both growth and improved profitability in the years ahead.

Corporate responsibility

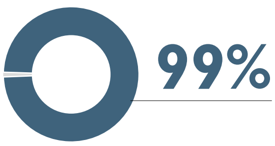
HL Display has worked actively with sustainability issues for many years and works continuously on improvements with a special focus on anti-corruption and environmental issues. All production facilities are certified according to ISO 14001. Since 2010, HL Display subscribes to the UN Global Compact and reports sustainability according to GRI.

Financial targets

- Organic growth 5–10%
- EBITA margin 12%

Ratos's ownership

Holding



Ratos became an owner of HL Display in 2001 in conjunction with the acquisition of Atle and until 2010 owned 29% of the capital. In 2010, Ratos acquired additional shares in HL Display after a public takeover offer and the company was delisted from Nasdaq OMX Stockholm. Co-owners are the company's management and board. Consolidated book value in Ratos amounted to SEK 1,130m at year-end.

Our view of the holding

We increased our holding in 2010 since we saw a company with a market-leading position in an attractive sector with good growth potential and major opportunities for efficiency improvements.

Since the buyout HL Display has reviewed its production structure, relocated production to low-cost countries and implemented a cost-cutting programme. The next step is an increased focus on growth in existing markets and customer segments through a new sales model. We see good conditions for continued growth, mainly through strengthening positions in existing markets but also through add-on acquisitions. At the same time there is further potential for efficiency improvements in the company through ongoing and completed action programmes.

Robin Molvin, responsible for holding

INCOME STATEMENT, SEKm	**2013**	**2012**	**2011**	**2010**[1)]	**2009**
Net sales	**1,596**	**1,657**	**1,643**	**1,617**	**1,360**
Operating expenses	-1,422	-1,513	-1,515	-1,505	-1,233
Other income/expenses	-8	-1	-28	-8	-5
Share of profits of associates					
Result from disposals		0		0	
EBITDA	**166**	**142**	**100**	**104**	**121**
Depreciation and impairment	-38	-38	-36	-38	-36
EBITA	**128**	**104**	**64**	**66**	**86**
Amortisation and impairment of intangible assets	-1	-1	-2	-2	
Impairment of goodwill					
EBIT	**126**	**103**	**63**	**65**	**86**
Financial income	5	2	3	8	
Financial expenses	-25	-35	-41	-44	-2
EBT	**106**	**70**	**24**	**29**	**84**
Tax	-28	-28	-6	-11	-26
Profit/loss from discontinued operations					
Profit/loss for the year	**78**	**42**	**18**	**18**	**58**
Attributable to owners of the parent	78	42	18	18	58
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-12	-21	-39	-27	
Adjusted EBITA	140	125	103	93	86

FINANCIAL POSITION, SEKm					
Goodwill	1,158	1,154	1,157	1,180	231
Other intangible assets	55	49	10	7	13
Property, plant and equipment	188	196	227	214	223
Financial assets, interest-bearing	2	2	2	13	
Financial assets, non-interest bearing	13	23	34	24	21
Total non-current assets	**1,416**	**1,424**	**1,430**	**1,438**	**488**
Inventories	170	155	177	195	180
Receivables, interest-bearing					
Receivables, non-interest bearing	333	318	332	381	360
Cash, bank and other short-term investments	202	175	163	206	213
Assets held for sale					
Total current assets	**705**	**648**	**673**	**783**	**753**
Total assets	**2,121**	**2,072**	**2,103**	**2,221**	**1,242**
Equity attributable to owners of the parent	1,246	1,156	1,123	1,120	551
Non-controlling interests				3	
Provisions, interest-bearing	4	3	3	4	5
Provisions, non-interest bearing	9	12	22	24	24
Liabilities, interest-bearing	496	570	632	705	352
Liabilities, non-interest bearing	366	330	324	364	309
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,121**	**2,072**	**2,103**	**2,221**	**1,242**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	128	95	59		90
Change in working capital	-1	25	16		36
Cash flow from operating activities	**127**	**120**	**75**	–	**126**
Investments in non-current assets	-36	-51	-53		-24
Disposals of non-current assets					
Cash flow before acquisition/disposal of companies	**91**	**70**	**22**	–	**102**
Net investments in companies					-266
Cash flow after investing activities	**91**	**70**	**22**	–	**-164**
Change in loans	-72	-59	-65		202
New issue					
Dividend paid					-43
Other					
Cash flow from financing activities	**-72**	**-59**	**-65**	–	**159**
Cash flow for the year	**19**	**11**	**-43**	–	**-5**

KEY FIGURES, SEKm					
EBITA margin (%)	8.0	6.3	3.9	4.1	6.3
EBT margin (%)	6.6	4.2	1.5	1.8	6.2
Return on equity (%)	6.5	3.7	1.6	–	10.6
Return on capital employed (%)	7.5	6.0	3.6	–	11.0
Equity ratio (%)	59	56	53	51	44
Interest-bearing net debt	296	396	469	490	144
Debt/equity ratio, multiple	0.4	0.5	0.6	0.6	0.6
Average number of employees	1,144	1,140	1,158	1,102	906

1) Earnings for 2010 are pro forma taking into account new group and capital structure.

Facts

www.hl-display.com

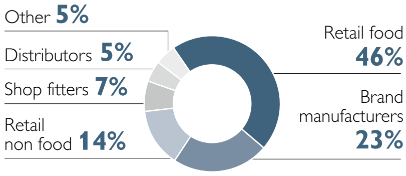
Management

Gérard Dubuy	CEO
Magnus Bergendorff	CFO
Håkan Eriksson	Area Sales and Business Development Director
Marc Hoeschen	COO
Duncan Hill	Area Manager, UK
Reinhard Rollett	Area Manager, West Europe

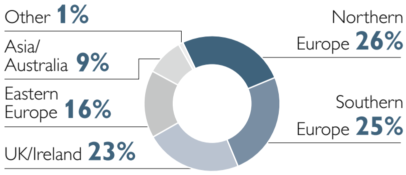
Board of Directors

Stig Karlsson	Chairman
Peter Holm	
Mats-Olof Ljungkvist	
Robin Molvin	Ratos (responsible for holding)
Lars-Åke Rydh	
Gérard Dubuy	CEO
Magnus Jonsson	Employee representative
Kent Mossberg	Employee representative
Lene Sandvoll Stern	Deputy, Ratos
Henrik Smedlund	Deputy, employee representative

Sales by customer segment



Sales by market



Inwido

Following a weak start to the year several markets gradually stabilised towards year-end. As a result of significant cost-cutting programmes, profitability strengthened despite lower sales. Uncertainty remains in some markets and the company plans to carry out restructuring.

Operations

Inwido operates in the window and exterior door market in the Nordic region (92%) and in selected countries in Northern Europe: the UK, Poland and Ireland, and, from 2013, Austria.

The company's products are windows and exterior doors primarily made of wood, but also other materials, which are sold to consumers, construction companies and manufacturers of prefabricated homes. The company markets brands such as Elitfönster, Outline, Hajom and SnickarPer in Sweden; KPK, Outline and Pro Tec in Denmark; Tiivi and Pihla in Finland; Lyssand and Diplomat in Norway; Allan Brothers in the UK; Carlson in Ireland; Sokolka in Poland; and Hemmafönster in Austria. The Inwido group has some 3,000 employees.

Market

The Nordic window and exterior door market is estimated at approximately SEK 16 billion with windows accounting for approximately 90%.

The markets in different countries are fragmented and national with their own window systems, fittings and dimensions. Distribution models also vary by market. Inwido is market leader in Sweden and Finland and among the leaders in Denmark and Norway,

Demand is driven by repairs and maintenance (R&M) to existing properties and construction of new homes. Approximately two-thirds of Inwido's sales are related to R&M. Inwido's largest segment is the consumer market with approximately 70% of sales via the building materials trade and installation engineers or directly to private individuals. Remaining sales are to industrial customers such as major developers, building contractors and manufacturers of prefabricated homes.

Key drivers for market development include consumer confidence in the future, GDP growth, interest rates, real income development and turnover in the housing market. Demand continues to grow for products that are environmentally friendly, energy efficient and secure. Design and technical innovation are also increasingly important.

The year in brief

Market development at the start of the year was poor with some improvement in the latter part of the year. Development was weak to varying extents in all Nordic markets. Inwido gained market shares in Finland, Denmark and, to a certain extent, Norway, and grew in Finland despite a market downturn. Orders decreased by 4% during the year.

Profitability improved during the year due to increased efficiency, strategic pricing and completed cost savings. The action programmes have not yet had full effect. Outside the Nordic region profitability was affected by launch costs in Austria and weakened earnings in the UK.

The streamlining of the company's production structure continued with the closure of two small units in Sweden at the end of the year. Further restructuring is being prepared.

Future prospects

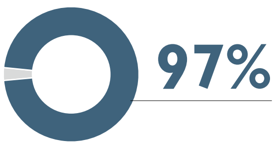
Strong local brands give Inwido a leading market position in the Nordic region with maintenance-free, environmentally friendly and energy efficient windows. Entering 2014, the company is ready for both weak and increased demand. Completed structural actions have created the potential for improved profitability and future profitability is supported by ongoing efficiency improvements measures and a continued focus on product development and brands.

Corporate responsibility

The most important sustainability issues for Inwido are health, safety and environment (HSE). The focus in 2013 was to reduce sickness absence, accidents, production waste and energy consumption. A group-wide survey of business ethics and environmental work was carried out during the year. Quality and environmental certification is ongoing and local in conjunction with the streamlining of the company's production structure.

Ratos's ownership

Holding



Ratos acquired Inwido in 2004. Co-owners are senior executives in Inwido. Consolidated book value in Ratos amounted to SEK 2,459m at year-end.

Our view of the holding

Since Ratos acquired Elitfönster, the leading window manufacturer in Sweden, the company (which later changed its name to Inwido) has made 31 add-on acquisitions and established itself as the leading Nordic player within windows and exterior doors with a strong market position in Finland, Denmark and Norway as well. During these years significant efficiency improvements have been achieved through economies of scale and a simplified production structure.

Due to the weak market development in 2012 and 2013, Inwido's recent activities have involved adjusting costs to the market situation. This is starting to show results and will continue. In the coming years Inwido will benefit from its leading positions in the Nordic markets in order to improve profitability, among other things by continued efficiency improvements in production, intensified marketing and a stronger product programme.

Per Frankling, responsible for holding

INCOME STATEMENT, SEKm	2013	2012[1]	2012	2011	2010
Net sales	**4,300**	**4,476**	**4,607**	**5,050**	**5,149**
Operating expenses	-3,896	-4,061	-4,182	-4,517	-4,532
Other income/expenses	3	25	25	5	6
Share of profits of associates	0	1	1	2	2
Result from disposals			-51		
EBITDA	**407**	**441**	**400**	**541**	**625**
Depreciation and impairment	-108	-113	-113	-133	-179
EBITA	**299**	**328**	**288**	**407**	**446**
Amortisation and impairment of intangible assets				-4	-7
Impairment of goodwill				-8	
EBIT	**299**	**328**	**288**	**395**	**439**
Financial income	9	34	34	18	33
Financial expenses	-87	-72	-75	-98	-144
EBT	**220**	**290**	**246**	**315**	**328**
Tax	-71	-72	-74	-107	-121
Profit/loss from discontinued operations					
Profit/loss for the year	**150**	**218**	**172**	**208**	**207**
Attributable to owners of the parent	150	216	171	208	208
Attributable to non-controlling interests	0	2	2	0	-1
Items affecting comparability in EBITA	-51	-19	-70	-69	-80
Adjusted EBITA	350	347	358	476	527

FINANCIAL POSITION, SEKm	2013	2012[1]	2012	2011	2010
Goodwill	2,950		2,909	3,155	3,159
Other intangible assets	26		20	18	26
Property, plant and equipment	574		600	634	687
Financial assets, interest-bearing	26		23	23	23
Financial assets, non-interest bearing	81		74	78	87
Total non-current assets	**3,656**	–	**3,625**	**3,908**	**3,982**
Inventories	409		416	474	505
Receivables, interest-bearing					
Receivables, non-interest bearing	597		643	812	750
Cash, bank and other short-term investments	77		99	283	517
Assets held for sale					
Total current assets	**1,082**	–	**1,158**	**1,569**	**1,772**
Total assets	**4,738**	–	**4,783**	**5,476**	**5,754**
Equity attributable to owners of the parent	2,538		2,363	2,224	2,314
Non-controlling interests	1		4	4	26
Provisions, interest-bearing			0	0	0
Provisions, non-interest bearing	136		105	140	117
Liabilities, interest-bearing	1,073		1,253	1,677	2,041
Liabilities, non-interest bearing	979		1,046	1,404	1,224
Financial liabilities, other	10		11	28	32
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**4,738**	–	**4,783**	**5,476**	**5,754**

STATEMENT OF CASH FLOWS, SEKm	2013	2012[1]	2012	2011	2010
Cash flow from operating activities before change in working capital	339		337	469	488
Change in working capital	36		-89	77	-105
Cash flow from operating activities	**375**	–	**248**	**547**	**383**
Investments in non-current assets	-88		-87	-81	-69
Disposals of non-current assets	13		6	3	6
Cash flow before acquisition/disposal of companies	**301**	–	**167**	**469**	**321**
Net investments in companies			191	-27	0
Cash flow after investing activities	**301**	–	**357**	**442**	**321**
Change in loans	-212		-489	-362	-364
New issue					
Dividend paid			-1	-303	-4
Other	-111		-52	-10	-33
Cash flow from financing activities	**-323**	–	**-541**	**-675**	**-401**
Cash flow for the year	**-22**	–	**-184**	**-233**	**-80**

KEY FIGURES, SEKm	2013	2012[1]	2012	2011	2010
EBITA margin (%)	7.0	7.3	6.2	8.1	8.7
EBT margin (%)	5.1	6.5	5.3	6.2	6.4
Return on equity (%)	6.1	–	7.4	9.2	9.2
Return on capital employed (%)	8.5	–	8.5	10.0	10.0
Equity ratio (%)	54	–	49	41	41
Interest-bearing net debt	971	–	1,131	1,372	1,501
Debt/equity ratio, multiple	0.4	–	0.5	0.8	0.9
Average number of employees	3,077	3,249	3,287	3,523	3,759

[1] Earnings and average number of employees 2012 are pro forma taking into account divestment of Home Improvement.

Facts

INWIDO
Great Windows & Doors

www.inwido.com

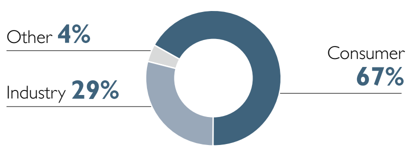
Management

Håkan Jeppsson	CEO
Peter Welin	CFO
Lars Petersson	SVP Operations & Development
Jonna Opitz	SVP Marketing, Sales & Communication
Lena Wessner	SVP Human Resources, Organisation & Sustainability
Mikael Carleson	SVP Sweden
Mads Storgaard Mehlsen	SVP Denmark
Timo Luhtaniemi	SVP Finland
Espen Hoff	SVP Norway

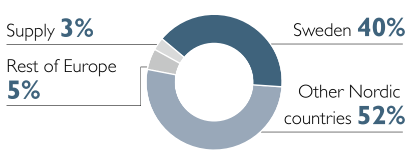
Board of Directors

Anders C. Karlsson	Chairman
Benny Ernstson	
Per Frankling	Ratos (responsible for holding)
Eva S Halén	
Leif Johansson	
Henrik Lundh	Ratos
Anders Wassberg	
Ulf Jakobsson	Employee representative
Robert Wernersson	Employee representative
Tony Johansson	Deputy, employee representative
Annika Nicklasson	Deputy, employee representative

Sales by customer group



External sales by market



Jøtul

Demand for stoves and fireplaces strengthened to some extent during the year. Jøtul's stability, efficiency and profitability improved significantly in 2013 now that the operational problems that arose in 2011 and 2012 have been resolved. Continued efficiency improvements will be carried out during the next few years.

Operations

Jøtul is one of Europe's largest manufacturers of stoves and fireplaces. The company, which is one of Norway's oldest dating back to 1853, manufactures cast-iron stoves and fireplaces, cassettes, surrounds and accessories. The group's most important brands are Jøtul and Scan. Jøtul stoves are made of cast iron with an emphasis on their timeless, Norwegian origins, while Scan's products are manufactured from sheet steel with a modern design. Manufacturing mainly takes place in Norway and Denmark, with smaller units in France and the US. The products are sold worldwide through the company's sales subsidiaries and importers. Products reach end consumers through specialised stores and in Norway also through the DIY channel.

Market

Jøtul's largest markets are the Nordic countries, France and the US. The market share in the Nordic countries is approximately 20%. The main competition comes from local players in Jøtul's various markets, but the main competitor in the Nordic region, Nibe, like Jøtul has an international presence. Short-term demand is affected by the macroeconomic situation and consumers' willingness to invest. Long-term market growth is mainly driven by an increased focus on heating with renewable energy and by the cost trend for alternative heating sources – electricity, oil and natural gas. Market development is also affected by factors such as weather, interest rates, property prices, housing starts and renovations. Key product characteristics for stoves and fireplaces are design as well as the ability of the product to burn the wood cleanly so that particulate emissions are minimised. In Norway, tough demands on clean-burning were introduced at an early stage and Jøtul's products exhibit very good properties.

The year in brief

Following very weak demand during the high season in autumn 2012, demand improved slightly in 2013. Jøtul strengthened its market shares in the Norwegian market and developed in line with the market in other countries. During 2013, the problems that resulted from changes in production and logistics carried out in 2012 were resolved. Efficiency is not yet optimised, however, so further measures will be implemented.

In 2013 a new programme with chimneys was introduced in the Nordic market, in cooperation with an external supplier. Both Jøtul and Scan have launched several new products, including Scan 83, a product with a clean and simple design with unique solutions, including a door with a soft close function.

Jøtul's CEO Arve Andresen left in August, and Eskil Zapffe took over as the new CEO at the beginning of 2014.

Ratos provided SEK 39m during the year.

Future prospects

The focus for the next two years will be on further improving efficiency of operations in order to restore profitability after the weak market development in 2011 and 2012. This will include implementation of substantial continued production optimisation. Jøtul will continue to invest in product development in order to further develop the company's strong market position, among other things in connection with changes in European regulations relating to emissions and efficiency of stoves and fireplaces.

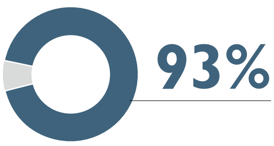
Corporate responsibility

High quality and environmentally friendly products are central to Jøtul's product development and manufacturing process. All cast-iron used in production is manufactured from recovered scrap-iron and hydropower is used almost exclusively in the manufacturing process. Jøtul's products are among the most energy efficient in the market and have a very clean burning technology. Jøtul aspires to the company's products being environmentally certified in accordance with local environmental certification standards, such as the Nordic Ecolabel.

The company places great emphasis on health and safety. Jøtul's code of conduct, revised in 2013, meets Ratos's requirements and the guidelines in the UN Global Compact.

Ratos's ownership

Holding



Ratos acquired Jøtul in 2006. Co-owners are the company's management. Consolidated book value in Ratos amounted to SEK 164m at year-end. In July 2013, Ratos increased its holding from 61% to 93%.

Our view of the holding

Jøtul's operations derive long-term benefits from several factors in the business environment, including an increased focus on climate-neutral energy sources, and the company has a strong global market position. Despite this, the market has developed negatively since Ratos acquired the company. Jøtul has strengthened its market shares but the company's revenue trend has been unsatisfactory. In conjunction with operational realignments related to IT, production and logistics in 2011 and 2012, internal problems arose. These were solved in 2013 and efficiency and productivity have steadily improved. Today Jøtul has stable operations and production but profitability is still at an unsatisfactory level. In the next few years continued action will be taken to restore more normal margins for the industry. We have recruited a new CEO who took over at the beginning of 2014. His key task is to strengthen margins and refocus on growth.

Per Frankling, responsible for holding

INCOME STATEMENT, NOKm	2013[1]	2012	2011[1]	2010[1]	2009[1]
Net sales	**838**	**784**	**859**	**876**	**859**
Operating expenses	-804	-786	-845	-756	-745
Other income/expenses	6	7	7	9	8
Share of profits of associates					
Result from disposals					
EBITDA	**40**	**6**	**21**	**129**	**122**
Depreciation and impairment	-53	-50	-50	-48	-49
EBITA	**-13**	**-44**	**-29**	**81**	**73**
Amortisation and impairment of intangible assets					
Impairment of goodwill		-58			
EBIT	**-13**	**-102**	**-29**	**81**	**73**
Financial income	1	8	12	15	89
Financial expenses	-67	-37	-41	-39	-70
EBT	**-80**	**-131**	**-57**	**57**	**92**
Tax	-4	0	0	-6	-17
Profit/loss from discontinued operations					
Profit/loss for the year	**-83**	**-131**	**-57**	**50**	**75**
Attributable to owners of the parent	-83	-131	-57	50	75
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-7		-24	14	
Adjusted EBITA	-7	-44	-5	67	73

FINANCIAL POSITION, NOKm					
Goodwill	418	410	471	472	475
Other intangible assets	214	206	205	205	203
Property, plant and equipment	210	228	224	226	230
Financial assets, interest-bearing		14			
Financial assets, non-interest bearing	19	4	17	6	4
Total non-current assets	**861**	**861**	**918**	**908**	**913**
Inventories	174	158	174	180	177
Receivables, interest-bearing					
Receivables, non-interest bearing	114	109	120	141	140
Cash, bank and other short-term investments	8				
Assets held for sale					
Total current assets	**295**	**267**	**294**	**321**	**317**
Total assets	**1,156**	**1,127**	**1,211**	**1,229**	**1,230**
Equity attributable to owners of the parent [2]	394	427	475	533	487
Non-controlling interests					
Provisions, interest-bearing	6	10	16	17	38
Provisions, non-interest bearing	63	66	77	88	94
Liabilities, interest-bearing	528	502	524	458	483
Liabilities, non-interest bearing	164	122	120	134	128
Financial liabilities, other	1	1	1	1	1
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,156**	**1,127**	**1,211**	**1,229**	**1,230**

STATEMENT OF CASH FLOWS, NOKm					
Cash flow from operating activities before change in working capital	-8	-42	-10	60	66
Change in working capital	22	31	6	11	15
Cash flow from operating activities	**14**	**-11**	**-4**	**70**	**81**
Investments in non-current assets	-35	-58	-63	-56	-32
Disposals of non-current assets		0		11	0
Cash flow before acquisition/disposal of companies	**-21**	**-70**	**-68**	**25**	**49**
Net investments in companies					
Cash flow after investing activities	**-21**	**-70**	**-68**	**25**	**49**
Change in loans	-7	-20	68	-25	-121
New issue		90			70
Dividend paid					
Other	35				
Cash flow from financing activities	**28**	**70**	**68**	**-25**	**-50**
Cash flow for the year	**8**	**0**	**0**	**0**	**-2**

KEY FIGURES, NOKm					
EBITA margin (%)	-1.6	-5.7	-3.3	9.2	8.5
EBT margin (%)	-9.5	-16.7	-6.7	6.5	10.7
Return on equity (%)	-20.3	-29.1	-11.3	9.8	17.9
Return on capital employed (%)	-1.3	-9.6	-1.6	9.5	16.0
Equity ratio (%)	34	38	39	43	40
Interest-bearing net debt	527	499	540	474	521
Debt/equity ratio, multiple	1.4	1.2	1.1	0.9	1.1
Average number of employees	635	683	713	714	717

[1] Financial expenses excluding interest on shareholder loan.
[2] Equity at 31 December 2013 includes shareholder loan with NOK 37m.

Facts

JØTUL

www.jotul.com

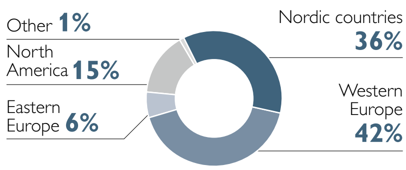
Management

Eskil Zapffe	CEO
Øyvind Sandnes	CFO
Kristian S. Iversen	VP Operations
Peter K. Sørensen	VP R&D
Marius Torjusen	VP Brands
Rene Christensen	SVP Sales

Board of Directors

Anders Lindblad	Chairman
Per Frankling	Ratos (responsible for holding)
Olav Kjell Holtan	
Lennart Rappe	
Johan Rydmark	Ratos
Geir Bunes	Employee representative
Arild Johannessen	Employee representative
Rune Stokvold	Employee representative

Sales by market



KVD

KVD developed well in Sweden during the year and the number of privately owned vehicles that were brokered rose strongly in an otherwise weak car market. Steady increase in volumes following establishment in Norway.

Operations

KVD is Sweden's largest independent internet-based marketplace for brokering second-hand vehicles. The company has two business areas, Cars and Machines & Heavy Vehicles, and operates the auction site kvd.se where trading in cars, heavy vehicles and machines takes place on a weekly basis. KVD handles the entire transaction from client order to end customer as well as guaranteeing the quality of the brokered item. KVD is independent (does not own the item itself) and represents both buyer and seller in the transaction. The aim is to offer the most secure and effective process with the lowest risk for both parties. The company also offers additional services such as reconditioning, guarantees, financing and extra equipment. Revenues comprise commission on brokered sales and services.

The marketplace kvd.se has about 200,000 unique visitors per week and KVD has facilities at 11 locations in Sweden and one in Norway. The company also includes Sweden's largest valuation portal for cars, bilpriser.se. KVD has approximately 185 employees.

Market

KVD conducts operations in the market for second-hand cars as well as machines and heavy vehicles. The company has a market share of approximately 10% in segment for sales of second-hand company cars (primarily leased cars) in Sweden and is therefore the market leader. The company car market is growing by 1–2% per year. The most important competing channel for sales to end customers is car dealers. KVD also competes with auction companies that sell only to dealers. Since 2012 KVD has also brokered cars owned by private individuals and thus doubled the potential market in Sweden.

In the Machines & Heavy Vehicles business area KVD's current market share is less than 5% but growing. The market is highly fragmented both in terms of brokered items and alternative sales channels.

The year in brief

Sales in 2013 rose by 3% compared with 2012, mainly due to an increased number of brokered items within Cars (+5%). The proportion of cars brokered on behalf of private individuals amounted to about 7% of the total number of cars in 2013 compared with 1% in 2012. Machines & Heavy Vehicles continued to prioritise high-value items. In total, sales decreased by approximately 10% mainly due to a lower volume of insolvency transactions.

KVD's initiative in Norway continued during the year. Start-up costs affected operating profit by SEK 14m (9). Excluding these costs, operating profit increased by 17% during the year. A volume increase, improved production efficiency and larger average income helped strengthen gross and operating margins.

Future prospects

KVD has a strong market position and continually increases its market shares in both brokerage of cars and in prioritised segments within Machines & Heavy Vehicles. In recent years the company has made major investments in technology, marketing, facilities and customer offerings.

During 2014 KVD will focus on continued profitable growth, in Sweden mainly driven by an increased market share in the company car segment, continued strong volume growth within private cars as well as reduced average costs for item handling. In Norway, the company will focus on continuing to increase volumes with the aim of achieving profitability during the year.

Corporate responsibility

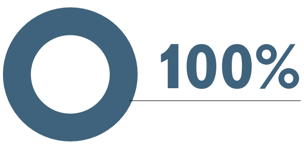
KVD's business is to offer an efficient process for brokering second-hand items, which in turn leads to more efficient use of resources and a more sustainable society. To be the leading marketplace requires confidence and transparency. These are the foundation of the company's internal work with ethics.

Financial targets

KVD's target is to grow faster than the market and to increase the operating margin from today's level.

Ratos's ownership

Holding



Ratos acquired KVD in 2010. Consolidated book value in Ratos was SEK 276m at year-end.

Our view of the holding

KVD has a highly competitive business model which was the main reason for Ratos's original acquisition of the company. We also saw that the company had the potential to expand both inside and outside Sweden. Since the acquisition the company's business has been streamlined and key steps have been taken for continued growth. These include the start of brokerage of privately owned cars and KVD's establishment in Norway.

During 2013 KVD took a number of important initiatives including increasing production efficiency and the volume of brokered privately-owned cars increased considerably. The company currently has a good platform for growth and our goal as owner is to pursue continued strong organic growth, primarily in Sweden and Norway. We intend to increase margins through a combination of ongoing efficiency improvements in the company and growth-driven economies of scale.

Jonathan Wallis, responsible for holding

INCOME STATEMENT, SEKm	2013	2012	2011	2010[1)2)]	2009[1)2)]
Net sales	**297**	**287**	**276**	**239**	**221**
Operating expenses	-256	-243	-220	-202	-183
Other income/expenses	6	1	0	0	-2
Share of profits of associates			0	0	
Result from disposals		0	1		
EBITDA	**46**	**46**	**57**	**37**	**35**
Depreciation and impairment	-2	-4	-5	-5	-4
EBITA	**44**	**41**	**52**	**32**	**31**
Amortisation and impairment of intangible assets				0	-1
Impairment of goodwill					
EBIT	**44**	**41**	**52**	**32**	**30**
Financial income	0	1	1	1	0
Financial expenses	-15	-17	-11	-10	-11
EBT	**29**	**25**	**42**	**22**	**20**
Tax	-7	-9	-11	-10	-8
Profit/loss from discontinued operations					
Profit/loss for the year	**22**	**16**	**31**	**13**	**12**
Attributable to owners of the parent	22	16	31	13	12
Attributable to non-controlling interests					
Items affecting comparability in EBITA		-2		-12	
Adjusted EBITA	44	44	52	44	31

FINANCIAL POSITION, SEKm					
Goodwill	511	511	511	513	
Other intangible assets	4				
Property, plant and equipment	7	8	63	63	
Financial assets, interest-bearing				4	
Financial assets, non-interest bearing	5		0	0	
Total non-current assets	**527**	**518**	**574**	**580**	–
Inventories	5	7	5	3	
Receivables, interest-bearing					
Receivables, non-interest bearing	79	66	43	63	
Cash, bank and other short-term investments	5	14	18	47	
Assets held for sale					
Total current assets	**89**	**86**	**67**	**114**	–
Total assets	**615**	**605**	**640**	**694**	–
Equity attributable to owners of the parent	276	255	392	360	
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	4	1	2	2	
Liabilities, interest-bearing	209	234	163	228	
Liabilities, non-interest bearing	107	99	77	103	
Financial liabilities, other	19	17	7		
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**615**	**605**	**640**	**694**	–

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	25	26	35		
Change in working capital	-3	0	-4		
Cash flow from operating activities	**22**	**26**	**31**	–	–
Investments in non-current assets	-7	-3	-2		
Disposals of non-current assets	3	26			
Cash flow before acquisition/disposal of companies	**18**	**49**	**29**	–	–
Net investments in companies		27	1		
Cash flow after investing activities	**18**	**76**	**30**	–	–
Change in loans	-27	71	-65		
New issue					
Dividend paid		-153			
Other	1	1	7		
Cash flow from financing activities	**-27**	**-81**	**-58**	–	–
Cash flow for the year	**-8**	**-4**	**-28**	–	–

KEY FIGURES, SEKm					
EBITA margin (%)	14.8	14.4	18.9	13.4	14.1
EBT margin (%)	9.8	8.8	15.2	9.4	9.1
Return on equity (%)	8.5	4.9	8.4	–	–
Return on capital employed (%)	9.1	8.1	9.4	–	–
Equity ratio (%)	45	42	61	52	–
Interest-bearing net debt	203	220	144	178	–
Debt/equity ratio, multiple	0.8	0.9	0.4	0.6	–
Average number of employees	186	184	177	167	–

1) Earnings for 2010 and 2009 are pro forma taking Ratos's acquisition into account.
2) Earnings for 2010 and 2009 are adjusted for reversed goodwill amortisation.

Facts

www.kvd.se
www.kvdauctions.com

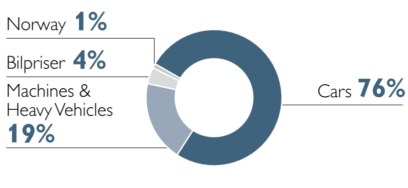
Management

Ulrika Drotz Molin	CEO
Karin Nilsson	CFO
Per Blomberg	Head of Machines & Heavy Vehicles
Mattias Forslund	Head of Cars
Henrik Otterstedt	COO
Benny Karlsson	Head of Marketing
Mathias Björkman	MD KVD Bilpriser AB

Board of Directors

Ebbe Pelle Jacobsen	Chairman
Peter Carrick	
Ingrid Engström	
Stefan Holmgren	
Cecilia Lundberg	Ratos
Bo Sandberg	
Jonathan Wallis	Ratos (responsible for holding)
Annika Alfredsson	Employee representative
Ann Roslund	Employee representative
Camilla Engverth	Deputy, employee representative

Sales by business area



Mobile Climate Control

MCC reported significantly improved margins during the year as a result of action to improve profitability. Sales decreased mainly due to weak demand in the defence vehicle segment in North America, as well as a macro-driven market decline in Europe and a weak bus market in North America.

Operations

Mobile Climate Control (MCC) develops, manufactures and sells complete climate control systems with high demands on product performance and quality for vehicles produced in short series. The climate systems are designed to customer specifications and include heating and/or cooling (HVAC) which provides a pleasant environment for drivers and passengers.

MCC has three main customer segments: bus manufacturers, off-road vehicle manufacturers (such as construction vehicles, mining and materials handling vehicles and forest machines) and defence vehicle manufacturers. The head office is in Stockholm and production mostly takes place in Canada (Toronto), the US (Goshen) and Poland (Olawa). Approximately 80% of sales take place in North America and the remainder mainly in Europe. The company also has some sales in China.

Market

Market growth is driven by a long-term increase in the number of vehicles produced and by the fact that a growing proportion are equipped with HVAC systems. The trend is for end customers to demand increased comfort for passengers and drivers.

MCC has a strong position in its customer segments. In North America, the company is market leader in the bus segment and has a strong position within off-road vehicles. In Europe, MCC's position is strong for heating systems but weaker in cooling systems for buses. The company has a good market position in off-road vehicles in the Nordic region. In defence vehicles, MCC's operations focus on North America where the company has a strong market position.

The year in brief

The year was characterised by a weak market in Europe while the North American market showed signs of an imminent recovery. MCC's volumes to the defence vehicle segment fell sharply due to cuts in the US defence budget. Adjusted for currency effects, MCC's sales decreased by 19% during the year, mainly due to a major order to the American defence sector in 2012. Excluding this order, sales decreased by 4% in local currency. Despite the sharp fall in volume, profitability strengthened driven by measures carried out in 2012 and 2013. The adjusted EBITA margin strengthened to 10.5% (8.9).

During the year, MCC continued to work with the margin improvement programmes initiated in 2012. Costs in the operations acquired from Carrier (2011) and for the production relocated to Poland (2012) fell significantly.

Future prospects

Following a weak performance in recent years, MCC's markets are at a very low level. The North American bus market in particular is at a historically low level with a major need to replace worn out buses. The European market as a whole is weak due to the macroeconomic situation.

A market recovery is expected but there is uncertainty as to when. Completed efficiency improvement measures mean that MCC has a good position ahead of the anticipated recovery.

In the longer term the company's good market position and structural growth forces in the market give MCC a strong base for long-term profitable growth.

Corporate responsibility

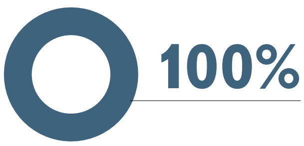
MCC works to reduce the company's environmental impact, ensure that human rights are respected throughout its value chain, and reduce the risks of corruption. This is achieved through a number of policies and processes ("the MCC Way") which are a central part of the company's business model.

Financial targets

- Average annual organic growth >10%
- Average EBITA margin over a business cycle >15%

Ratos's ownership

Holding



Ratos acquired 60% of MCC in 2007 and the remaining 40% in 2008. Consolidated book value in Ratos amounted to SEK 864m at year-end.

Our view of the holding

MCC is a profitable niche company in a market with good structural growth potential. Since Ratos's acquisition, MCC has developed from a successful entrepreneur-controlled company into a professional industrial player. The company's market position has been strengthened by two strategic add-on acquisitions and efficiency has improved through reorganisation and optimisation of production as well as systematic work with purchasing. However, market development has been challenging for the company for several years and the company has therefore not met the growth and profitability expectations we had at acquisition.

Our assessment is that MCC's markets have reached the bottom and that the years ahead have significant growth potential, although it is uncertain when the recovery in the markets will take place. In the next few years we will focus on providing continued support to the company in its growth ambitions and continued efforts to improve efficiency. MCC is today well positioned for profitable growth both strategically and operationally.

Jan Pomoell, responsible for holding

INCOME STATEMENT, SEKm	**2013**	**2012**	**2011**	**2010**	**2009**
Net sales	**978**	**1,250**	**1,048**	**902**	**1,085**
Operating expenses	-868	-1,125	-986	-692	-902
Other income/expenses	2	-1	-1	-81	-40
Share of profits of associates					
Result from disposals					
EBITDA	**112**	**124**	**61**	**128**	**144**
Depreciation and impairment	-15	-16	-16	-17	-16
EBITA	**97**	**108**	**45**	**112**	**128**
Amortisation and impairment of intangible assets	-5	-8	-8	-7	-8
Impairment of goodwill					
EBIT	**92**	**100**	**37**	**105**	**120**
Financial income	8	2	3	0	1
Financial expenses	-32	-35	-33	-34	-37
EBT	**68**	**67**	**7**	**71**	**85**
Tax	-15	-14	-7	-26	-42
Profit/loss from discontinued operations					
Profit/loss for the year	**53**	**53**	**0**	**44**	**43**
Attributable to owners of the parent	53	53	0	44	43
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-6	-3	-58		
Adjusted EBITA	103	111	103	112	128

FINANCIAL POSITION, SEKm					
Goodwill	1,101	1,101	1,117	970	975
Other intangible assets	1	7	25	22	32
Property, plant and equipment	89	97	106	106	124
Financial assets, interest-bearing					
Financial assets, non-interest bearing	25	21	15	21	37
Total non-current assets	**1,216**	**1,226**	**1,263**	**1,120**	**1,168**
Inventories	156	165	170	94	114
Receivables, interest-bearing					
Receivables, non-interest bearing	148	197	196	124	131
Cash, bank and other short-term investments	63	29	80	66	87
Assets held for sale					
Total current assets	**367**	**392**	**447**	**284**	**331**
Total assets	**1,583**	**1,617**	**1,710**	**1,405**	**1,499**
Equity attributable to owners of the parent	890	845	807	695	678
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	26	26	40	11	57
Liabilities, interest-bearing	527	592	651	575	639
Liabilities, non-interest bearing	139	153	210	121	122
Financial liabilities, other	1	2	1	2	2
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,583**	**1,617**	**1,710**	**1,405**	**1,499**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	67	57	42	66	57
Change in working capital	32	-47	31	7	97
Cash flow from operating activities	**100**	**9**	**73**	**73**	**154**
Investments in non-current assets	-8	-7	-13	-50	-10
Disposals of non-current assets					
Cash flow before acquisition/disposal of companies	**92**	**2**	**60**	**23**	**144**
Net investments in companies			-221		
Cash flow after investing activities	**92**	**2**	**-161**	**23**	**144**
Change in loans	-66	-35	37	-51	-89
New issue					
Dividend paid	-7	-23	-3	-34	-24
Other	15	7	143	46	33
Cash flow from financing activities	**-59**	**-51**	**177**	**-39**	**-81**
Cash flow for the year	**33**	**-49**	**16**	**-16**	**63**

KEY FIGURES, SEKm					
EBITA margin (%)	9.9	8.6	4.3	12.4	11.8
EBT margin (%)	7.0	5.4	0.7	7.9	7.8
Return on equity (%)	6.1	6.4	0.0	6.5	6.7
Return on capital employed (%)	7.0	7.0	3.0	8.1	9.2
Equity ratio (%)	56	52	47	50	45
Interest-bearing net debt	464	562	570	509	553
Debt/equity ratio, multiple	0.6	0.7	0.8	0.8	0.9
Average number of employees	658	628	630	501	591

Facts

Mobile Climate Control

www.mcc-hvac.com

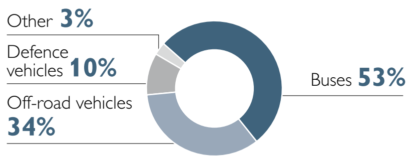
Management

Clas Gunneberg	CEO
Ulrik Englund	CFO

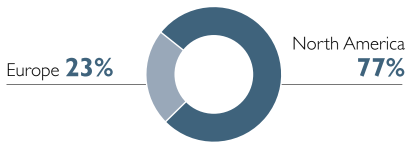
Board of Directors

Anders Lindblad	Chairman
Michael Mononen	
Jan Pomoell	Ratos (Responsible for holding)
Per Svantesson	
Daniel Repfennig	Deputy, Ratos

Sales by segment



Sales by market



Nebula

Ratos acquired 72% of Nebula in 2013. We see great potential to continue to develop the company's position in the fast-growing market for web-based IT services among small and medium-sized enterprises. During the year several initiatives were taken to facilitate continued growth.

Operations

Nebula is a market leader within cloud-based IT capacity services, IT managed services and connection services for small and medium-sized enterprises in the Finnish market.

Nebula's operations are split into three areas: Cloud services (capacity, software and platform services delivered over the internet), IT managed services (management and monitoring of servers at the customer's site or on dedicated hardware at Nebula's data centre) and Connection services (internet connections via fibre and DSL, and private networks).

The company has four data centres, two in Finland, one in London and one in Singapore, and its own leased fibre network between the largest towns in Finland. In total Nebula has just over 34,000 customers. 90% of sales are subscription-based. The head office is in Helsinki.

Market

The total market for IT services in Finland is around EUR 3.8 billion with an average annual growth rate of approximately 3%. Within Nebula's market niche, small and medium enterprises, the underlying growth is stronger. Demand is driven by an increasing need to store, process and transmit data flexibly, securely and with high availability, by efficiency gains customers can obtain from outsourcing some of their IT operations to a specialised supplier, and by the fact that standardised and scalable cloud services are cheaper than traditional solutions. The advantages of cloud services are judged to be especially relevant for small and medium enterprises (flexible and cost-effective with less requirement for special modifications than for large companies) which means that this segment is expected to grow more rapidly than the overall market.

The market for cloud services is also growing significantly faster than the total market for IT services. The market is fragmented and competitors are mainly local cloud service providers, although for standardised services global internet players such as Google and Amazon are also competitors.

The part of the market for IT managed services in which Nebula operates is growing by approximately 5% annually. The market for connection services is stable and is expected to show only limited growth in the next few years. Growth can mainly be created here by taking market shares from the big operators. Competitors within IT managed services and connection services are the major operators such as TeliaSonera and IT companies such as CGI and Tieto.

The year in brief

2013 was an active year for Nebula. A new business plan for the coming years, which forms the basis of Ratos's holding strategy, was prepared. Several growth-promoting initiatives were taken to create a structure and conditions for continued growth. These initiatives include reinforcing the sales team, marketing resources and web platform, as well as additional data centre capacity.

Sales growth during the year was 9%. In cloud services growth was over 20%, while connection services showed stable development. The company's organisation was expanded, within sales and other areas, which is expected to contribute to growth in the years ahead.

Future prospects

The current trend for small and medium enterprises to outsource their IT environment is expected to last and contribute to continued growth in the sector. Nebula's niche position provides conditions to take market shares and play an active role in market consolidation.

Corporate responsibility

The most significant sustainability issues for Nebula are information security, ethics (for example processing sensitive information) and the environment. In 2013 the company established a basic framework for how sustainability work should be carried out and the company's board approved a code of conduct in line with Ratos's guidelines and the principles in the UN Global Compact.

Ratos's ownership

Holding

Ratos acquired Nebula in 2013. Co-owners are the previous majority owner Rite Ventures with a holding of approximately 16% and the company's management and other key persons with about 12%. Consolidated book value in Ratos amounted to SEK 326m at year-end.

Our view of the holding

Ratos invested in Nebula because it is a fast-growing, well-run company with a leading position in markets with strong underlying growth. Nebula focuses on quality and has a good reputation, a local presence and acknowledged technical expertise which are of great importance when customers choose a service provider.

We see considerable potential to develop Nebula with continued growth and good profitability since the company, in addition to its strong market position, has an attractive and scalable business model with low margin costs for new customers, good customer relationships, high customer satisfaction, strong cash flows and relatively non-cyclical services.

Nebula is well-positioned to continue to benefit from the strong underlying market growth in its core business areas and to successfully participate in the consolidation of the fragmented cloud services market.

Per Frankling, responsible for holding

INCOME STATEMENT, EURm	2013[1)]	2012[1)]	2012	2011	2010
Net sales	**26.4**	**24.2**	**24.2**	**21.5**	
Operating expenses	-15.5	-14.5	-14.5	-13.9	
Other income/expenses	1.2	0.0	0.0	0.0	
Share of profits of associates					
Result from disposals					
EBITDA	**12.1**	**9.8**	**9.8**	**7.7**	
Depreciation and impairment	-2.1	-1.8	-1.8	-1.6	
EBITA	**10.0**	**8.0**	**8.0**	**6.1**	
Amortisation and impairment of intangible assets	-0.5	-0.6	-1.9	-1.7	
Impairment of goodwill					
EBIT	**9.5**	**7.4**	**6.1**	**4.4**	
Financial income	0.0		0.0	0.0	
Financial expenses	-2.9	-2.0	-1.3	-1.2	
EBT	**6.7**	**5.4**	**4.8**	**3.3**	
Tax	-1.7		-1.3	-1.0	
Profit/loss from discontinued operations					
Profit/loss for the year	**5.0**	**5.4**	**3.5**	**2.3**	
Attributable to owners of the parent	5.0	5.4	3.5	2.3	
Attributable to non-controlling interests					
Items affecting comparability in EBITA	1.4				
Adjusted EBITA	8.7	8.0	8.0	6.1	

FINANCIAL POSITION, EURm					
Goodwill	82.9		23.4	23.4	
Other intangible assets	0.4		11.7	13.5	
Property, plant and equipment	5.5		6.1	5.2	
Financial assets, interest-bearing					
Financial assets, non-interest bearing	0.0		0.0	0.2	
Total non-current assets	**88.8**	–	**41.2**	**42.3**	
Inventories	0.0		0.0	0.1	
Receivables, interest-bearing				0.0	
Receivables, non-interest bearing	2.9		2.4	1.6	
Cash, bank and other short-term investments	3.7		3.3	3.9	
Assets held for sale					
Total current assets	**6.6**	–	**5.7**	**5.6**	
Total assets	**95.4**	–	**46.9**	**47.8**	
Equity attributable to owners of the parent	50.3		15.8	12.7	
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	0.2		3.2	3.5	
Liabilities, interest-bearing	39.5		19.6	25.4	
Liabilities, non-interest bearing	5.4		8.4	6.1	
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**95.4**	–	**46.9**	**47.8**	

STATEMENT OF CASH FLOWS, EURm					
Cash flow from operating activities before change in working capital			5.9	7.1	
Change in working capital			-0.2	0.1	
Cash flow from operating activities	–	–	**5.8**	**7.1**	
Investments in non-current assets			-2.8	-2.6	
Disposals of non-current assets			0.1	0.1	
Cash flow before acquisition/disposal of companies	–	–	**3.0**	**4.7**	
Net investments in companies				-0.3	
Cash flow after investing activities	–	–	**3.0**	**4.4**	
Change in loans			-3.1	-3.0	
New issue					
Dividend paid			-0.5		
Other				0.3	
Cash flow from financing activities	–	–	**-3.6**	**-2.8**	
Cash flow for the year	–	–	**-0.5**	**1.6**	

KEY FIGURES, EURm					
EBITA margin (%)	38.1	33.0	33.0	28.2	
EBT margin (%)	25.2	22.5	19.9	15.3	
Return on equity (%)	–	–	24.7	–	
Return on capital employed (%)	–	–	16.7	–	
Equity ratio (%)	53	–	34	27	
Interest-bearing net debt	35.7	–	16.3	21.5	
Debt/equity ratio, multiple	0.8	–	1.2	2.0	
Average number of employees	112	103	103	90	

[1)] Earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.

Facts

nebula

www.nebula.fi

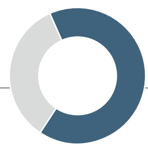
Management

Ville Skogberg	CEO
Kari Vuorihovi	CFO
Jani Tyyni	Service Offering
Anssi Sallinen	Sales
Teemu Sipilä	Production
Jussi Tolvanen	Customer Service

Board of Directors

Pekka Eloholma	Chairman
Per Frankling	Ratos (responsible for holding)
Christoffer Häggblom	
Johan Rydmark	Ratos
Riitta Tiuraniemi	
Peter Lindell	Deputy

Sales by business area



Nordic Cinema Group

The largest cinema player in the Nordic and Baltic regions was created in 2013 through the merger of Finnkino and SF Bio. Integration is underway to take advantage of the best of the two groups.

Operations

Nordic Cinema Group is the leading cinema player in the Nordic and Baltic regions with 66 wholly owned cinemas with 444 screens and a total of 64,700 seats in six countries – Sweden, Finland, Norway, Estonia, Latvia and Lithuania. The group also conducts film distribution in Finland and the Baltic countries as well as some distribution of DVDs in Finland. The cinema operations are conducted under strong, local brands: SF Bio in Sweden, Finnkino in Finland, Forum Cinemas in the Baltic countries and SF Kino in Norway. In addition to ticket and distribution revenues, significant sources of income include sales of snacks, sweets and soft drinks (concession sales) as well as advertising. The number of admissions to the company's cinemas in 2013 totalled 22.3 million. The company had approximately 1,560 employees at year-end.

Market

The cinema market in the Nordic region is stable and non-cyclical. In the short term the availability of attractive films affects the number of cinema-goers since a visit to the cinema competes with other entertainment for consumers' free time. In the longer term, attractive cinema concepts in prime locations are key factors for success.

In the Baltic countries, where purchasing power is considerably lower than in the Nordic countries, the cinema market is more dependent on the economic climate which has had a negative impact on the number of admissions in recent years, but is now starting to recover.

Nordic Cinema Group is market leader in all its markets except Norway. The Norwegian cinema market is fragmented and many cinemas are owned by municipalities. A change process where municipalities are selling all or part of their cinema portfolio to private players has started.

In the Baltic countries, a number of property development projects are planned, especially new shopping centres in Estonia, which will provide opportunities to open new cinemas.

The year in brief

2012 was a record year due to a number of very big films, while 2013 was a more normal film year. The number of cinema-goers in 2013 amounted to 22.3 million, a decrease of 7% compared with 2012, which contributed to a fall in sales of 6%. Concession sales per visitor rose 8%.

The films that attracted the biggest audiences in 2013 were The Hobbit: The Desolation of Smaug and Despicable Me 2.

During the year SF Bio acquired 49% of Bergen Kino, which operates cinemas in Bergen municipality and is the third-largest cinema chain in Norway, and signed an agreement to take over the municipality of Skien's minority holding in a local cinema.

Digitalisation of cinemas was completed and by year-end all the group's cinemas were digital.

Future prospects

The range of films on offer varies between the years and 2014 is expected to be on a par with 2013 while 2015 is expected to be a stronger film year with several major film premieres already announced. The focus for the company in the immediate future is to complete the work on integration, including sharing experiences within the organisation.

There are opportunities to open more cinemas, primarily in attractive locations in the Baltic countries and in Norway. In Norway, the municipalities' sales plans are also being monitored. New cinemas are also planned in other markets in the years ahead.

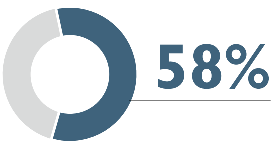
Continuous efforts to improve the customer offering provide good opportunities for continued profitable development in the future.

Corporate responsibility

Nordic Cinema Group has drawn up a CR policy which covers the entire group. This means among other things that the company makes active efforts to reduce environmental impact through efficient and environmentally friendly energy supplies to the cinemas and accepts responsibility for a varied range of films designed to attract all target groups.

Ratos's ownership

Holding



Nordic Cinema Group was formed in spring 2013 through a merger of Ratos-owned Finnkino (owned since 2011) and Bonnier-owned SF Bio. Co-owners are Bonnier (40%) and the company's management and board (2%). Consolidated book value in Ratos amounted to SEK 651m at year-end.

Our view of the holding

The merger of Finnkino and SF Bio which took place in 2013 created a strong cinema player in the Nordic and Baltic regions. The new group has strong local brands and given its size has good opportunities to offer attractive cinema concepts in the region in the long term. At present, we are working on utilising and implementing the best of the two organisations in the new group.

The key to good long-term development is to be an attractive cinema player for both distributors and visitors. We have no control over the films available, but by working to offer modern cinemas and developing the complete customer offering, for example through digital distribution channels for reservations and purchase of cinema tickets, and further development of concepts and the product portfolio in concession sales in conjunction with cinema visits, we can create conditions for growth and good profitability in the years ahead in this relatively non-cyclical sector. Higher advertising revenues also offer future growth potential.

Jan Pomoell, responsible for holding

INCOME STATEMENT, SEKm	**2013[1)]**	**2012[1)]**	**2011**	**2010**	**2009**
Net sales	**2,425**	**2,577**			
Operating expenses	-2,144	-2,159			
Other income/expenses	156	45			
Share of profits of associates	25	21			
Result from disposals	-1				
EBITDA	**461**	**484**			
Depreciation and impairment	-156	-159			
EBITA	**305**	**324**			
Amortisation and impairment of intangible assets	-2				
Impairment of goodwill					
EBIT	**303**	**324**			
Financial income	2	2			
Financial expenses	-172	-115			
EBT	**133**	**211**			
Tax	-25	-38			
Profit/loss from discontinued operations					
Profit/loss for the year	**108**	**172**			
Attributable to owners of the parent	108	172			
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-7	-5			
Adjusted EBITA	312	329			

FINANCIAL POSITION, SEKm					
Goodwill	2,920				
Other intangible assets	25				
Property, plant and equipment	814				
Financial assets, interest-bearing	5				
Financial assets, non-interest bearing	282				
Total non-current assets	**4,046**	–			
Inventories	19				
Receivables, interest-bearing					
Receivables, non-interest bearing	352				
Cash, bank and other short-term investments	373				
Assets held for sale					
Total current assets	**744**	–			
Total assets	**4,789**	–			
Equity attributable to owners of the parent	1,536				
Non-controlling interests					
Provisions, interest-bearing	73				
Provisions, non-interest bearing	43				
Liabilities, interest-bearing	1,952				
Liabilities, non-interest bearing	1,185				
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**4,789**	–			

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital					
Change in working capital					
Cash flow from operating activities	–	–			
Investments in non-current assets					
Disposals of non-current assets					
Cash flow before acquisition/disposal of companies	–	–			
Net investments in companies					
Cash flow after investing activities	–	–			
Change in loans					
New issue					
Dividend paid					
Other					
Cash flow from financing activities	–	–			
Cash flow for the year	–	–			

KEY FIGURES, SEKm					
EBITA margin (%)	12.6	12.6			
EBT margin (%)	5.5	8.2			
Return on equity (%)	–	–			
Return on capital employed (%)	–	–			
Equity ratio (%)	32	–			
Interest-bearing net debt	1,647	–			
Debt/equity ratio, multiple	1.3	–			
Average number of employees	1,561	1,343			

[1)] Earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.
Historical financial information about Finnkino is available at www.ratos.se

Facts

NCG
NORDIC CINEMA GROUP

www.finnkino.fi
www.sf.se

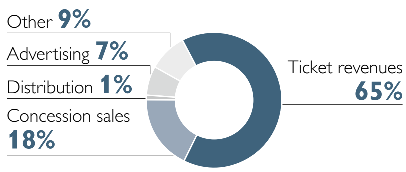
Management

Jan Bernhardsson	CEO

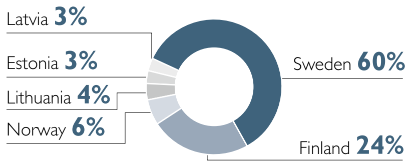
Board of Directors

Mikael Aro	Chairman
Per Frankling	Ratos
Torsten Larsson	
Jan Pomoell	Ratos (responsible for holding)
Ulrika Saxon	
Per Tengblad	
Frida Westerberg	
Lina Arnesson	Deputy, Ratos

Sales by operating area



Sales by market



SB Seating

SB Seating has strengthened its market position significantly in recent years and, despite weak demand in Europe, increased its profitability in 2013 due to a strong market position and production efficiency. The company launched several new products during the year which were well received in the market.

Operations

SB Seating develops and produces ergonomic office chairs of high quality with a Scandinavian design for private and public office environments. The product portfolio includes swivel chairs and chairs for meeting rooms and conferences. The products are sold under the HÅG, RH and RBM brands and distributed through retailers to companies and organisations. The three brands share a strong focus on ergonomics, visual design, environment and quality.

The group has subsidiaries in Norway, Sweden, Denmark, Germany, the UK, the Netherlands, France, Switzerland and Singapore. In addition, SB Seating is represented by importers in over 30 countries. The group has approximately 460 employees. Production takes place at two factories in Norway and Sweden.

Market

SB Seating is the largest office chair player in Western Europe with a market share of approximately 7%. The west European market for office furniture can be divided into four product segments: seating solutions, tables, storage and partitions. Seating solutions account for approximately 40% of the market and can be divided into swivel chairs (more than half the value) meeting-room chairs and lounge chairs. The group's main markets – Scandinavia, Germany, the UK and the Netherlands – account for more than half of the west European market for office chairs which amounts to approximately SEK 14 billion. Scandinavia accounts for approximately 14% of the west European market and SB Seating has a market share of over 40%.

The market is mainly driven by GDP development, employment levels, office construction and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with Scandinavia comprising one of the more consolidated markets.

The year in brief

The west European office furniture market, which showed negative growth in 2012, stabilised in 2013. SB Seating has strengthened its market position in recent years, however, both in market shares and not least its proportion of the industry's total profitability.

The result for the year is mainly explained by slightly lower sales and investments for future growth, at the same time as purchasing and production efficiency improvements.

Substantial investments in ongoing product development continue. The new chairs HÅG SoFi, RH Mereo and RBM Noor were launched at the beginning of 2013. These chairs have been well received and won a number of design awards.

Future prospects

SB Seating has a strong market position in the Nordic countries and profitable niche positions particularly in Germany, the Netherlands and the UK, where the company's ergonomic products have a clear differentiation compared with products from other players. This gives SB Seating a strong foundation on which to build in the future. The market for ergonomic office chairs is expected to have positive growth over a business cycle and opportunities for continuing growth-promoting activities in existing and new geographic markets are considered good. A fragmented industry structure in Europe provides an attractive opportunity for SB Seating.

Corporate responsibility

SB Seating has had environmental issues on the agenda for over 20 years. In addition, the company pursues CR issues in order to create a good and safe working environment both internally at the company and externally among its suppliers. SB Seating has certifications according to ISO, EPD, Nordic Green Energy, Green Dot, Nordic Ecolabel, Greenguard, REPA and Leed.

Ratos's ownership

Holding

85%

Ratos acquired the office chair producers HÅG in Norway, RH Form in Sweden, and RBM in Denmark in 2007. The companies were merged to form the new group SB Seating. Co-owners are the company's management and board members. The consolidated book value in Ratos amounted to SEK 618m at year-end.

Our view of the holding

Since the formation of SB Seating a weak business climate has been compensated by value-creating activities. Initially synergy gains and then a focus on continuous efficiency improvement work have increased productivity with no loss of capacity. Purposeful and ongoing focus on product development and marketing initiatives, such as the recently reorganised marketing organisation, have strengthened the company's market position and profitability potential.

SB Seating has gained market shares in recent years. Today the company is market leader in the Nordic region, has a strong position in Northern Europe and has initiated a presence in Asia. The aim is to continue to achieve organic growth that exceeds market growth. In addition, there is consolidation potential in the European market. Due to a strong present and future product portfolio, SB Seating benefits from an ergonomic design trend in the European and global office chair market.

Henrik Lundh, responsible for holding

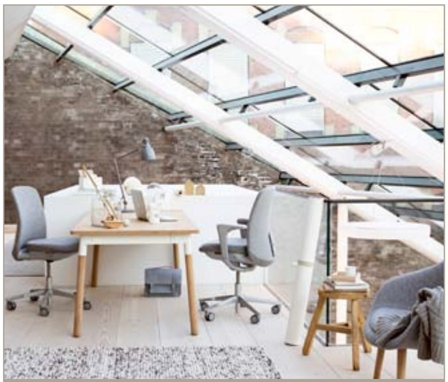
INCOME STATEMENT, NOKm	**2013**	**2012**	**2011**	**2010**	**2009**
Net sales	**1,003**	**1,011**	**1,091**	**1,010**	**989**
Operating expenses	-772	-775	-837	-804	-885
Other income/expenses					
Share of profits of associates					
Result from disposals					
EBITDA	**230**	**236**	**254**	**206**	**104**
Depreciation and impairment	-30	-32	-36	-41	-59
EBITA	**201**	**204**	**219**	**165**	**46**
Amortisation and impairment of intangible assets	-1				
Impairment of goodwill					
EBIT	**200**	**204**	**219**	**165**	**46**
Financial income	19	3	7	25	70
Financial expenses [1]	-65	-52	-57	-39	-54
EBT	**153**	**155**	**169**	**151**	**63**
Tax	-23	-10	-33	-22	-2
Profit/loss from discontinued operations					
Profit/loss for the year	**130**	**145**	**136**	**129**	**61**
Attributable to owners of the parent	130	145	136	129	61
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-7				-58
Adjusted EBITA	207	204	219	165	104

FINANCIAL POSITION, NOKm	2013	2012	2011	2010	2009
Goodwill	1,388	1,388	1,388	1,388	1,388
Other intangible assets	48	32	22	18	24
Property, plant and equipment	152	131	117	133	148
Financial assets, interest-bearing	0	1	1	1	0
Financial assets, non-interest bearing	16	11	11	14	32
Total non-current assets	**1,604**	**1,563**	**1,539**	**1,555**	**1,592**
Inventories	54	42	48	59	57
Receivables, interest-bearing					
Receivables, non-interest bearing	176	128	171	167	171
Cash, bank and other short-term investments	47	95	96	47	33
Assets held for sale					
Total current assets	**278**	**265**	**316**	**272**	**261**
Total assets	**1,882**	**1,828**	**1,854**	**1,827**	**1,853**
Equity attributable to owners of the parent	746	1,010	917	1,006	899
Non-controlling interests					
Provisions, interest-bearing	2	4	11	11	6
Provisions, non-interest bearing	10	9	6	8	7
Liabilities, interest-bearing	941	668	751	664	808
Liabilities, non-interest bearing	184	138	168	138	132
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,882**	**1,828**	**1,854**	**1,827**	**1,853**

STATEMENT OF CASH FLOWS, NOKm	2013	2012	2011	2010	2009
Cash flow from operating activities before change in working capital	154	171	185	185	49
Change in working capital	-23	20	-2	5	66
Cash flow from operating activities	**131**	**191**	**184**	**189**	**115**
Investments in non-current assets	-61	-58	-28	-19	-31
Disposals of non-current assets			7		4
Cash flow before acquisition/disposal of companies	**70**	**133**	**162**	**170**	**89**
Net investments in companies					
Cash flow after investing activities	**70**	**133**	**162**	**170**	**89**
Change in loans	260	-81	86	-159	-120
New issue	3				
Dividend paid		-52			
Other	-383		-198		
Cash flow from financing activities	**-120**	**-133**	**-112**	**-159**	**-120**
Cash flow for the year	**-50**	**0**	**49**	**11**	**-31**

KEY FIGURES, NOKm	2013	2012	2011	2010	2009
EBITA margin (%)	20.0	20.1	20.0	16.4	4.6
EBT margin (%)	15.3	15.3	15.5	15.0	6.3
Return on equity (%)	14.8	15.0	14.1	13.5	7.1
Return on capital employed (%)	13.0	12.3	13.5	11.2	6.7
Equity ratio (%)	40	55	49	55	49
Interest-bearing net debt	895	575	666	627	781
Debt/equity ratio, multiple	1.3	0.7	0.8	0.7	0.9
Average number of employees	472	468	479	471	457

[1] Excluding interest on shareholder loan.



Facts

SCANDINAVIAN BUSINESS SEATING

www.sbseating.com

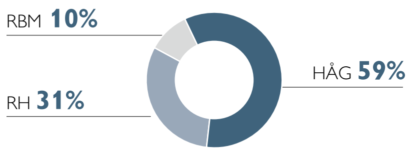
Management

Lars I Røiri	CEO
Eirik Kronkvist	CFO
Ketil Årdal	SVP Commercial Operations
Lillevi Ivarson	SVP HR & Organisational Development
Christian Eide Lodgaard	SVP Products & Brand Concepts
Patrik Röstlund	SVP Manufacturing & Purchase Operations

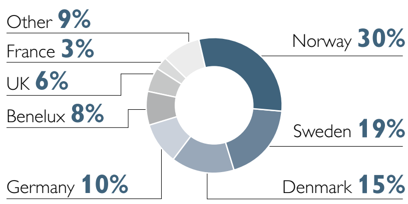
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Anne Breiby	
Oscar Hermansson	Ratos
Olav Kjell Holtan	
Henrik Lundh	Ratos (responsible for holding)
Sven-Gunnar Schough	

Sales by brand



Sales by region



Financial statements

RATOS

Guide to Ratos's accounts

Ratos prepares its accounts in accordance with applicable rules and legislation. However, in a company with operations such as Ratos's the formal accounts can appear complicated and unfortunately do not always reflect reality. A summary guide with a number of tables and help towards understanding Ratos's financial performance is therefore provided on the following pages. Complete accounting principles are shown in Note 1, Accounting Principles.

Since Ratos normally owns its holdings for several years, the effects of company divestments appear in the income statement at long intervals and often with major one-time effects. For continuous monitoring of Ratos, the consolidated income statement (complemented with all the information on the individual holdings Ratos provides in its reports) is relevant. Since profits from subsidiaries and associates are included continuously this means that Ratos's earnings are evened out to some extent between the years.

In principle, Ratos can be evaluated in the same way as any other company, i.e. on the basis of anticipated return. Ratos's target is that the average annual return (IRR) shall exceed 20% on each individual investment.

Parent company – Income statement

It is Ratos's parent company, Ratos AB, that is listed on Nasdaq OMX Stockholm. The parent company can be regarded as an owner company where the portfolio of companies varies over time, but the parent company's operations (acquisition, development and divestment of holdings) remain constant. The parent company's income statement contains the income and expenses associated with conducting these operations.

Parent company income statement

SEKm	2013	2012
Other operating income	12	2
Other external costs	-76	-82
Personnel costs	-130	-119
Depreciation of property, plant and equipment	-5	-5
Operating profit/loss	**-199**	**-204**
Profit from investments in group companies	-428	416
Profit from investments in associates		275
Result from other securities and receivables accounted for as non-current assets	133	137
Other interest income and similar profit/loss items	18	33
Interest expenses and similar profit/loss items	-157	-51
Profit after financial items	**-633**	**606**
Tax		
Profit for the year	**-633**	**606**

Expenses
Expenses largely comprise personnel costs as well as consulting and legal costs from transactions and processes. A large portion of these expenses are variable which means that in times of many acquisitions and disposals (exits) costs will be higher while in times of few acquisitions and exits they will be lower. In a year with no acquisitions and exits, management of Ratos costs less than SEK 200m per year, which is approximately 1% of market capitalisation.

Since Stofa was sold via a Ratos subsidiary, no capital gain is recognised in the parent company in 2013.

Income
Income includes exit gains, from the sale of holdings, which is the income item with the greatest impact on earnings development in the parent company. As mentioned above, this income can accrue irregularly, with long periods in between and lead to substantial one-time effects.

Tax for investment companies
Ratos is taxed according to the rules for investment companies. Companies which mostly manage securities and similar assets are classed as investment companies if they have a well-diversified portfolio that contains several different companies within different sectors as well as an ownership spread (more than a couple of hundred shareholders). For investment companies capital gains are not liable to tax, instead a standard income is reported corresponding to 1.5% of the market value of listed shares which at the start of the year have been held for less than one year, and where ownership is less than 10% (Ratos had no holding in this category in 2013). Dividends received and interest income are recognised as income liable to tax. Interest expenses and overheads are normally tax deductible as are dividends paid.

Parent company balance sheet

SEKm	31 Dec 2013	31 Dec 2012
ASSETS		
Non-current assets		
Property, plant and equipment	73	78
Financial assets		
Investments in group companies	10,675	8,723
Receivables from group companies	1,202	1,424
Other securities held as non-current assets	71	88
Total non-current assets	**12,021**	**10,313**
Current assets		
Current receivables		
Receivables from group companies	41	2
Other receivables	9	14
Prepaid expenses and accrued income	4	4
Short-term investments, other		499
Cash and bank balances	1,273	1,324
Total current assets	**1,327**	**1,843**
Total assets	**13,348**	**12,156**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (number of A shares 84,637,060 number of B shares 239,503,836, number of C shares 830,000)	1,024	1,021
Statutory reserve	286	286
Unrestricted equity		
Premium reserve	1,556	128
Retained earnings	8,909	9,315
Fair value reserve	43	29
Profit for the year	-633	606
Total equity	**11,185**	**11,385**
Non-current provisions		
Provisions for pensions	1	1
Other provisions	7	7
Total non-current provisions	**8**	**8**
Non-current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	552	442
Non-interest bearing liabilities		
Other liabilities	30	29
Total non-current liabilities	**582**	**471**
Current provisions		
Other provisions	**10**	**28**
Current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	1,477	174
Non-interest bearing liabilities		
Trade payables	9	8
Other liabilities	24	20
Accrued expenses and deferred income	53	62
Total current liabilities	**1,563**	**264**
Total equity and liabilities	**13,348**	**12,156**
Pledged assets	none	none
Contingent liabilities	none	none

Assets

The parent company's largest asset item is shares and shareholder loans in the holdings. The value stated in the balance sheet is in principle the acquisition cost to Ratos.

Equity

Equity largely comprises unrestricted equity, i.e. distributable funds. For 2013 the proposed dividend is SEK 3 (3) per share. Preference capital amounts to SEK 1,525m (SEK 1837.50 per preference share), which corresponds to the redemption amount after the 2017 Annual General Meeting.

Liabilities

The parent company should normally be unleveraged. Ratos has a rolling five-year credit facility of SEK 3.2 billion which when required can be used when bridge financing is needed for acquisitions, or to finance dividends and day-to-day running costs in periods of few or no exits. The credit facility was unutilised at 31 December 2013. In order to achieve an optimal financial structure, loans are raised in the holdings. Each holding has independent responsibility for its financial strategy and financing.

The liabilities in the parent company are mainly liabilities to non-operating subsidiaries.

Shareholder loans or equity

Shareholder loans are sometimes used as part of the equity Ratos provides at acquisition of new holdings or at add-on acquisitions. These shareholder loans can be part of the long-term capital structure in the holding or be bridge financing over a shorter period. Ratos regards shareholder loans as a form of equity. The background is that the capital could instead have been provided via a new issue in the holding (i.e. new shares and therefore equity). An advantage of a shareholder loan is that it is more flexible than providing equity.

In the formal financial statements Ratos's shareholder loans are found under financial assets in the parent company balance sheet. In the Group, Ratos's shareholder loans are eliminated since all existing shareholder loans are attributable to subsidiaries. In the notes under each subsidiary's financial overview the amount of any shareholder loan is specified.

Shareholder loans are not included in interest-bearing liabilities or interest-bearing net debt but are recognised in equity.

Group – Income statement

In an analysis of Ratos on the basis of consolidated financial statements it should be taken into account that these may include different holdings in different years. Most other groups have a relatively comparable structure over the years and adjustments can be made for an individual acquisition or disposal. On the other hand, given Ratos's business includes buying and selling companies, the difference in the Group's structure can be considerable from one year to the next.

In the consolidated financial statements, 100% of subsidiaries' income and expenses are reported on the respective line in the consolidated income statement – regardless of how much Ratos owns. A better way to report Ratos's earnings, in our opinion, is as in the table below. This table clearly shows which holdings contribute to consolidated profit before tax and by how much. Consolidated profit before tax is the same in both presentations.

Development in each individual holding is shown in the table on pages 30–31, Holdings' overview, as well as in financial facts for the holdings (pages 32–67). These are updated quarterly in conjunction with Ratos's interim reports and published on the website.

Income statement presented according to IFRS

Consolidated income statement

Combined capital gains or losses for Ratos and the subsidiaries

SEKm	2013	2012
Net sales	26,084	27,100
Other operating income	362	171
Change in inventories	-66	-32
Raw materials and consumables	-11,151	-10,918
Employee benefit costs	-8,033	-8,644
Depreciation and impairment of property, plant and equipment and intangible assets	-1,225	-1,942
Other costs	-4,859	-5,391
Capital gain from the sale of group companies	864	1,179
Capital gain from the sale of associates		81
Share of profits of associates	183	18
Operating profit	**2,159**	**1,622**
Financial income	90	154
Financial expenses	-1,166	-1 009
Net financial items	**-1,076**	**-855**
Profit before tax	**1,083**	**767**
Tax	-281	-244
Profit for the year	**802**	**543**
Attributable to:		
Owners of the parent	742	606
Non-controlling interests	60	-63
Earnings per share, SEK		
– before dilution	2,13	1,90
– after dilution	2,13	1,90

Consolidated earnings (EBT) average

SEKbn	Profit before tax (EBT)
10 years	2.4
5 years	1.4
3 years	0.9

Income and expenses of associates (holdings where Ratos owns 20–50%) are not included in other parts of the consolidated income statement but Ratos's share of associates' profit before tax is specified on a separate line, *Share of profits of associates.*

The part of earnings in subsidiaries which the majority owner (Ratos) does not own is specified under the income statement.

Ratos's results

SEKm	2013	2012
Profit/share of profits before tax		
AH Industries (69%)	-78	-72
Aibel (32%)	141	
Anticimex (85%)		51
Arcus-Gruppen (83%)	75	-73
Biolin Scientific (100%)	-13	14
Bisnode (70%)	9	-31
Contex Group (100%)		-150
DIAB (96%)	-109	-287
Euromaint (100%)	-76	-49
GS-Hydro (100%)	57	44
Hafa Bathroom Group (100%)	-13	5
HENT (73%)	28	
HL Display (99%)	106	70
Inwido (97%)	220	246
Jøtul (93%)	-89	-160
KVD (100%)	29	25
Lindab (11%)		4
Mobile Climate Control (100%)	68	67
Nebula (72%)	40	
Nordic Cinema Group (58%)	120	82
SB Seating (85%)	86	97
Stofa (99%)	1	88
Total profit/share of profits	**602**	**-29**
Exit Anticimex		897
Exit Lindab		81
Exit Stofa	895	
Total exit result	**895**	**978**
Impairment DIAB	-234	
Impairment Jøtul	-74	-100
Impairment AH Industries		-275
Profit from holdings	**1,189**	**574**
Central income and expenses		
Management costs	-240	-222
Capital gains/loss within central income and expenses		168
Financial items	134	247
Consolidated profit before tax	**1,083**	**767**

Management costs in *Central income and expenses* mainly relate to costs in the parent company as well as transaction-related costs. Financial items include interest income on shareholder loans to the holdings.

Ratos's average exit gain

SEKbn	Exit gain
10 years	1.2
5 years	0.6
3 years	0.5

Group – Consolidated statement of financial position

According to the same principles as in the consolidated income statement, subsidiaries' assets and liabilities are shown to 100% and included on the respective line in the Statement of financial position. In order to obtain a clearer picture of the financial position of the holdings, refer instead to each holding's statement of financial position, the parent company's balance sheet and monitor current information provided by Ratos. The table below right illustrates the share each holding has of Ratos's equity.

Consolidated statement of financial position

SEKm	31 Dec 2013	31 Dec 2012
ASSETS		
Non-current assets		
Goodwill	18,800	15,502
Other intangible assets	1,645	1,292
Property, plant and equipment	3,581	3,461
Investments in associates	2,726	64
Financial assets	58	73
Non-current receivables	186	88
Deferred tax assets	550	557
Total non-current assets	**27,546**	**21,037**
Current assets		
Inventories	2,374	2,387
Tax assets	135	114
Trade receivables	4,716	3,953
Prepaid expenses and accrued income	432	334
Other receivables	626	505
Cash and cash equivalents	3,337	3,203
Assets held for sale		2,054
Total current assets	**11,620**	**12,550**
Total assets	**39,166**	**33,587**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,024	1,021
Other capital provided	1,842	414
Reserves	-524	-590
Retained earnings including profit for the year	11,436	11,508
Equity attributable to owners of the parent	**13,778**	**12,353**
Non-controlling interests	**2,385**	**788**
Total equity	**16,163**	**13,141**
Liabilities		
Non-current interest-bearing liabilities	10,160	7,937
Other non-current liabilities	554	522
Other financial liabilities	153	238
Provisions for pensions	416	370
Other provisions	154	179
Deferred tax liabilities	478	396
Total non-current liabilities	**11,915**	**9,642**
Current interest-bearing liabilities	2,306	2,489
Other financial liabilities	106	87
Trade payables	2,850	2,124
Tax liabilities	325	194
Other liabilities	2,916	1,824
Accrued expenses and deferred income	2,224	2,184
Provisions	361	138
Liabilities attributable to assets held for sale		1,764
Total current liabilities	**11,088**	**10,804**
Total liabilities	**23,003**	**20,446**
Total equity and liabilities	**39,166**	**33,587**

Goodwill arises at almost all acquisitions. Goodwill is an asset and is not amortised, but in accordance with current accounting rules the value is tested annually or every quarter if there is an indication of a decrease in value. Impairments are recognised in the income statement.

Net of assets and liabilities in associates is reported on the line *Investments in associates.*

Holdings are recognised at book value and not measured at market value. Book value, or consolidated value, means put simply Ratos's share of the holding's equity. This value increases with Ratos's share of the holding's profit and decreases with dividends and refinancing. In addition, Ratos's shareholder loans are included in the consolidated value.

Ratos's equity

SEKm	31 Dec 2013	% of equity
AH Industries	317	2
Aibel	1,585	12
Arcus-Gruppen	559	4
Biolin Scientific	328	2
Bisnode	1,274	9
DIAB	674	5
Euromaint	670	5
GS-Hydro	47	0
Hafa Bathroom Group	163	1
HENT	343	3
HL Display	1,130	8
Inwido	2,459	18
Jøtul	164	1
KVD	276	2
Mobile Climate Control	864	6
Nebula	326	2
Nordic Cinema Group	651	5
SB Seating	618	5
Total	**12,448**	**90**
Other net assets in central companies	1,330	10
Equity (attributable to owners of the parent)	**13,778**	**100**

Mostly comprises cash and cash equivalents in the parent company.

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2013. The registered office of the Board is in Stockholm, Sweden.

Company's activities

Söderberg & Haak – Sweden's first wholesaler for iron and iron products – was formed on 5 May 1866. In 1934, all the assets were placed in an investment company under the name Ratos, as in Ragnar and Torsten Söderberg. Business direction has changed a few times over the years, but the connecting thread throughout Ratos's history is the company's role as an active owner of Nordic companies. Today, Ratos is a listed private equity conglomerate whose activities comprise acquisition, development and divestment of primarily unlisted companies. Ratos's business concept is to generate, over time, the highest possible return through the professional, active and responsible exercise of its ownership role in a number of selected companies and investment situations, where Ratos provides stock market players with a unique investment opportunity. Added value is created in connection with acquisition, development and divestment of companies.

Ratos currently owns 18 holding in the Nordic region.

Holding	Ratos's holding 31 December 2013
AH Industries	69%
Aibel	32%
Arcus-Gruppen	83%
Biolin Scientific	100%
Bisnode	70%
DIAB	96%
Euromaint	100%
GS-Hydro	100%
Hafa Bathroom Group	100%
HENT	73%
HL Display	99%
Inwido	97%
Jøtul	93%
KVD	100%
Mobile Climate Control	100%
Nebula	72%
Nordic Cinema Group	58%
SB Seating	85%

Ratos operates as an active owner and most returns are created during the holding period. Approximately 50 people work at Ratos, of whom approximately 25 in the investment organisation.

Targets and strategies

Financial target

Average annual return (IRR) on each individual investment to exceed 20%.

Investment criteria

- Holding at least 20% and normally the principal owner.
- Investment size SEK 300m-5,000m in equity.
- Preferably unlisted companies with head office in the Nordic region.
- Sector generalist. Ratos's core competence is to be an active owner which is independent of sector expertise.
- Focus on own deal flow.
- Active exit strategy. Ratos does not have any set limit on its ownership period. Every year an assessment is made of the ability of each holding to generate an average annual return (IRR) of at least 20% and Ratos's ability to contribute to further development of the holding.

Dividend policy A and B shares

- The dividend over time shall reflect the actual earnings development in Ratos.
- Historically an average of over 50% of profit after tax has been distributed as a dividend.
- The aim is for an even dividend development.

Dividend policy preference shares

- Dividends on preference shares are regulated in the Articles of Association and amount to SEK 25 per quarter and share, although a maximum of SEK 100 per year and share.
- Payments are made in February, May, August and November.

Events during the year

Acquisitions

In January, Arcus-Gruppen acquired the brands Aalborg, Brøndums, Gammel Dansk and Malteserkreuz. The brands strengthen the company's market presence in the spirits segment in the Nordic region and Germany as well as broadening the portfolio of export brands. As required by the competition authorities, Brøndums was sold in June for EUR 11m (approximately SEK 95m) which generated a capital gain in Arcus-Gruppen of approximately SEK 40m.

In April, together with the AP6 and Ferd, Ratos completed the acquisition of Aibel, a leading Norwegian supplier of maintenance and modification services for production platforms for oil, gas and renewable energy. The enterprise value for 100% of Aibel was NOK 8,600m. Ratos acquired 32% of the company and provided equity of NOK 1,429m (SEK 1,676m).

In April, the acquisition of Nebula, Finland's leading provider of cloud services to small and medium-sized enterprises was completed. The purchase price (enterprise value) for 100% of the company amounted to EUR 82.5m (approximately SEK 700m), of which Ratos provided equity of EUR 34m (SEK 284m) for a holding corresponding to 72%.

A new leading cinema player in the Nordic and Baltic regions was created in May through the merger of the two cinema groups SF Bio and Ratos-owned Finnkino. The new group, Nordic Cinema Group, is owned to 58% by Ratos and 40% by Bonnier.

In July, Ratos increased its ownership in Jøtul from 61% to 93% by acquiring Accent Equity's shares. The purchase price amounted NOK 12m (SEK 13m).

The Norwegian construction company HENT was acquired in July. Enterprise value for 100% of the company amounted to approximately NOK 450m (approximately SEK 510m), of which Ratos provided equity of NOK 307m (SEK 347m) for 73% of the shares.

Disposals

In January, the remaining subsidiary in Contex Group, Contex A/S, was sold for USD 41.5m (approximately SEK 275m) to the private equity fund Procuritas. Contex A/S is the world's largest manufacturer of advanced large-format 2D scanners. Ratos's average annual return (IRR) on the entire investment in Contex Group was -16%.

The subsidiary Stofa, a Danish operator within broadband, cable TV and telephony, was sold in February to the Danish energy and telecom group SE (Syd Energi) for DKK 1,900m (approximately SEK 2,200m). Ratos made an exit gain of SEK 895m and achieved an average annual return (IRR) of 54%.

Refinancing

A refinancing of SB Seating was carried out in December, in conjunction with which a shareholder loan of NOK 385m (approximately SEK 406m) was repaid to the owners, whereby Ratos received a cash payment of SEK 405m. The refinancing was made possible by SB Seating's favourable development and cash flow in recent years.

Capital contributions

Ratos provided capital contributions during the year to AH Industries (SEK 40m), DIAB (SEK 61m), Euromaint (SEK 100m) and Jøtul (SEK 39m).

Extraordinary general meeting

Ratos held an Extraordinary General Meeting on 25 April in order, according to "the Leo rules", to obtain approval to transfer all the shares in the subsidiary BTJ Group AB to Per Samuelson, Chairman of the Board of BTJ Group. The purchase price for all the shares amounted to SEK 1. Taking the company's net debt into account, the purchase price corresponds to an enterprise value of approximately SEK 43m. The Meeting resolved to approve the transfer which was completed in May. The sale did not have any earnings impact on Ratos.

Environmental impact

Operations that require a permit under the Environmental Protection Act are conducted within some subsidiaries. Permits relate to environmental impact in the form of emissions of solvents to air as well as dust, effluent and noise.

Corporate Responsibility (CR)

Sustainability or CR (Corporate Responsibility) – i.e. accepting responsibility for the company's impact on its environment and stakeholders – is a key part of efforts to manage and develop the trust that Ratos has built up in the Nordic business community and society over a period of almost 150 years. CR is part of Ratos's active ownership, where the exercise of the role of owner must combine long-term sustainable development with the highest possible returns.

In 2013, Ratos became a signatory to the UN principles for responsible business operations, Global Compact, as well as the UN Principles for Responsible Investment, PRI.

Ratos has produced a CR framework which clarifies our expectations and demands on the holdings related to governance and management of sustainability programmes as well as the companies' conduct regarding human rights, labour, business ethics and anti-corruption, and the environment. It contains the same key areas as the UN Global Compact's ten principles as well as aspects related to strategy and governance of sustainability. The base level in the framework comprises Ratos's CR standard and is intended to ensure a satisfactory level for the holdings.

The CEO and management of each holding have operational responsibility for the holding's CR work. The holding's board has ultimate responsibility for ensuring that the company complies with Ratos's and the holding's policies and guidelines. The person responsible for each holding at Ratos makes sure that each company meets Ratos's CR requirements and performs an annual review of each holding's CR work. In holdings which are associates, Ratos has a different degree of influence, so demands and processes may be different.

Results

The parent company's result before and after tax amounted to SEK -633m (606). The Ratos's Group's profit before tax (see Note 2) amounted to SEK 1,083m (767). This result included profit from holdings of SEK 1,189m (574), including exit gains of SEK 895m (978). The higher reported earnings are mainly due to improved share of profits from the holdings. Following a weak start to the year, several markets levelled out during the second half and in some cases activity increased slightly. For Ratos's holdings more stable market conditions combined with completed action programmes in the holdings led to improved earnings for 2013.

Financial position

Cash and cash equivalents in the Group amounted to SEK 3,337m (3,203) at year-end, of which short-term interest-bearing investments amounted to SEK 0m (499).

The Group's interest-bearing net debt at year-end amounted to SEK 9,456m (7,547). Interest-bearing liabilities including pension provisions amounted to SEK 12,882m. Interest-bearing net debt for associates is not included.

The Group's equity ratio amounted to 41% (39).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 1,273m (1,823) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries. The parent company has a five-year rolling credit facility of SEK 3.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridge financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company shall normally be unleveraged. At the end of the period the facility was unutilised.

In addition there is a mandate from the 2013 Annual General Meeting to authorise the Board, in conjunction with company acquisitions, to make a decision on a new issue of a maximum of 35 million Ratos B shares as well as an authorisation to issue a maximum of 1,250,000 preference shares, of which 420,000 are unutilised in the existing mandate that applies until the 2014 Annual General Meeting.

For further information, refer to Note 30 Financial risks and risk policy.

Future development

The first signals for 2014 indicate that market stabilisation continues and Ratos's assessment is that overall market development is moving in the right direction with an anticipated steady, slow recovery in 2014. In view of this, and the extensive measures implemented in many of Ratos's holdings, to strengthen margins and reduce break-even levels, the assessment is that conditions exist for higher operating profits (adjusted for the size of Ratos's holdings) in the holdings in 2014.

Risks and uncertainties

Ratos's value depends on development in the holdings which Ratos acquires and the ability to realise the value in these holdings. The success and value development of the holdings depend on how skilled those responsible for the investments and each holding's management group and board are at implementing value-enhancing improvements. Value is also dependent on external factors such as the general macroeconomic climate as well as on positive development in the markets in which the holdings operate. It is also essential that Ratos has the ability to attract and retain employees with the right skills and experience.

Considerable expertise in transactions and financing are essential for Ratos's business. Making the right acquisitions with regard to both timing and situation is an art and has a significant impact on the ability to provide good returns. The common denominator for owner companies that have been successful over time is active ownership through industrial development. This is where Ratos has, and has had historically, its strength.

The Group through its activities is exposed to various types of financial risks related to trade receivables, trade payables, loans and derivative instruments. These financial risks consist of financing risks, interest rate risks, credit risks and currency risks. Ratos's Board approves the financial strategy for the parent company while the board of each subsidiary adopts financial strategies for the company. The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy. The Group has no central treasury department, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. The financial policy is adopted annually by the board of each subsidiary.

The work of the Board of Directors

The Corporate Governance Report includes a report on the work of the Board, see page 80 onwards.

The Board's proposal to the 2014 Annual General Meeting for decision on guidelines for remuneration to senior executives

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background, a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of shareholders.

The system comprises a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles.

- Ratos's employees shall be offered competitive terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year the compensation is earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately 1% of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value but also take a personal risk by paying a market premium for the options.

With regard to the costs for the proposed option programmes, refer to the Board's proposal regarding call options (item 17) and synthetic options (item 19) in the Notice of the Annual General Meeting. Pension benefits are generally paid in accordance with the ITP Plan. For pension benefits that deviate from the ITP Plan, defined contribution pension benefits apply.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail.

The Corporate Governance Report contains an account of the guidelines for compensation to senior executives which the 2013 Annual General Meeting decided should apply until the 2014 Annual General Meeting.

Ratos shares

Total number of A shares at year-end	84,637,060
Total number of B shares at year-end	239,503,836
Total number of C shares (preference shares) at year-end	830,000
Total number of shares	324,970,896

In June, a directed new issue was made of 830,000 preference shares at SEK 1,750 per preference share with a total value of SEK 1,452.5m excluding issue costs. The issue was made to finance the acquisition of Nebula and HENT as well as part of the acquisition of Aibel. The new issue was oversubscribed and approximately 6,000 investors received an allocation. The first day of trading was 28 June.

Class A shares carry entitlement to one vote per share and Class B and C shares (preference shares) to 1/10 of a vote per share. A shares can be issued in a maximum number that corresponds to 27% of the share capital and B shares in a number that corresponds to 100%, and C shares in a number that corresponds to 10%. The Söderberg family owns 18.7% of the capital and 46.3% of the voting rights. The Torsten Söderberg Foundation owns 8.6% of the capital and 12.5% of the voting rights. The Ragnar Söderberg Foundation owns 8.4% of the capital and 14.7% of the voting rights.

The company knows of no agreements between shareholders that might lead to restrictions in the right to transfer shares.

Holdings of treasury shares

The 2013 Annual General Meeting renewed the mandate that the company may repurchase A or B shares during the period until the next Annual General Meeting. Purchases may be made on one or more occasions before the next Annual General Meeting. Acquisition shall take place on Nasdaq OMX Stockholm at a price within the price band prevailing on Nasdaq OMX Stockholm on each occasion. The company's holding may not exceed 4% of all the shares in the company.

Purchases of treasury shares are carried out in order to give the Board greater freedom of action in its efforts to create value for the company's shareholders. This includes hedging of call options issued within the framework of Ratos's incentive programme.

No shares were repurchased in 2013. 4,660 treasury shares were transferred to administrative employees during the year. At year-end, the company held 5,134,877 treasury shares, corresponding to 1.6% of the total number of shares with a quota value of SEK 3.15 per share. A total of SEK 356m was paid for the shares.

Proposed distribution of profit

The following amounts are at the disposal of the Annual General Meeting:

	SEKm
Retained earnings	8,909
Share premium reserve	1,556
Fair value reserve	43
Profit for the year	-633
Total	9,875

The Board of Directors proposes the following distribution of profit:

Dividend to holders of A and B shares, SEK 3.00 per share [1]	957
Dividend to holders of Class C preference shares issued 19 June 2013 [2]	83
Dividend to holders of Class C and/or Class D preference shares of SEK 25 per quarter, although a maximum of SEK 100 per share, in the event of maximum utilisation of the authorisation [3]	125
To be carried forward	8,710

1) Based on the number of shares outstanding on 20 February 2014. The number of treasury shares on that date was 5,134,877 and may change during the period until the record date for dividends.

2) Dividends on preference shares are regulated in the Articles of Association following a general meeting resolution. The dividend amounts to SEK 25 per quarter, although a maximum of SEK 100 per preference share and year. Payment is made quarterly in February, May, August and November.

3) In accordance with the Board's proposal to the 2014 Annual General Meeting regarding possible new issue of preference shares.

Chairman's letter

During my almost 14 years as CEO of Ratos I had the good fortune to have Olof Stenhammar as a fantastic and supportive chairman. Olof and I have totally different personalities, however – where I am perceived at least as methodical and focused on detail (which is my way of handling my basically rather sloppy self), Olof is more of a multi-faceted artist who spreads joy.

There were times when Olof found board work in Ratos a trifle boring, after all, everything worked perfectly (thanks to my colleagues and employees in the organisation) down to the smallest detail. The few times when a minor mistake was actually made, I could therefore be sure of having a radiant Olof on the line, ready to offer (wise) advice on how we should deal with the issue.

This introduction illustrates two things:

- how well Ratos handles internal governance and controls as well as management of CR-related issues, something which has also been repeatedly noted by the various auditors we have had during my now 15 years with the company
- that all company managements need a challenging board, able to provide a strategic long-term approach and a bird's eye view which are sometimes difficult to dock into everyday operations.

That things work well is not, of course, grounds for complacency. As in the world of sport, there is a whole new competition or match the very next day. Simply maintaining a high standard requires a lot of effort, being even better requires further development and innovation. This is why we on the Ratos Board have noted with satisfaction that management during the year has in several areas further raised the standard of work on formalities through tough action. And as I said in last year's chairman's letter, I regard formalities as a pure hygiene factor – something important that needs to be done perfectly in order to avoid negative consequences, but which also must be second nature so that time and thought can be devoted to more value-creating activities. We must be structured and organised if we are to be creative and flexible.

Running operations impeccably is not only important for Ratos, it is also a long-term profitability and welfare issue for Swedish business and for Sweden as a highly export-dependent nation. If the self-regulation which has been so very significant for Sweden and Swedish companies is to survive the regulatory attacks of ignorant EU bureaucrats and others, we must make sure that there is no reason to question it. And we will do this by understanding that the word self-regulation has two parts:

- *self,* which means that the business community's organisations within the framework of the Association for Generally Accepted Principles in the Securities Market must be allowed, in addition to laws and regulations, to formulate the prerequisites that are essential for a dynamic, profitable and responsible business community
- *regulation,* which means that clear rules in a number of areas must be formulated and then complied with (and if this does not happen, action must be taken) – so "self" is not an alibi for doing what we want and/or whatever happens to further our own interests and our own wallets.

Should we, contrary to expectations, fail to maintain the Swedish self-regulatory corporate governance model, the threat is legislation and regulations which are formulated by people without insight into business realities and everyday activities. Then we will also risk rules motivated by populist politicians' reactions to events, which are often just isolated phenomena and not the result of some basic fault in the system. Incidentally, this is a threat we live with anyway, in the form of EU bureaucracy's at times unbridled rule-writing fury, where the proposal on limits on the number of directorships (of a specific type!) which a member of a bank board can have, is just the latest example of what can happen if laws and rules are formulated by people who lack insight into and experience of the world they seek to regulate.

I would also like to point out here that I do not share the opinion which is sometimes put forward which is "now we have the (EU) system we have – so let's just fix the details and the problem will solve itself". If, in the former Soviet Union, there was a traffic problem because the bread queue went to the left, this detail could perhaps be solved by moving the queue to the right and letting the traffic through. However, this would not automatically mean that people sympathised with the system which itself cause the bread queues, or the overall principles (for example that you should sneak on neighbours who complain about the queues) inherent in the system.

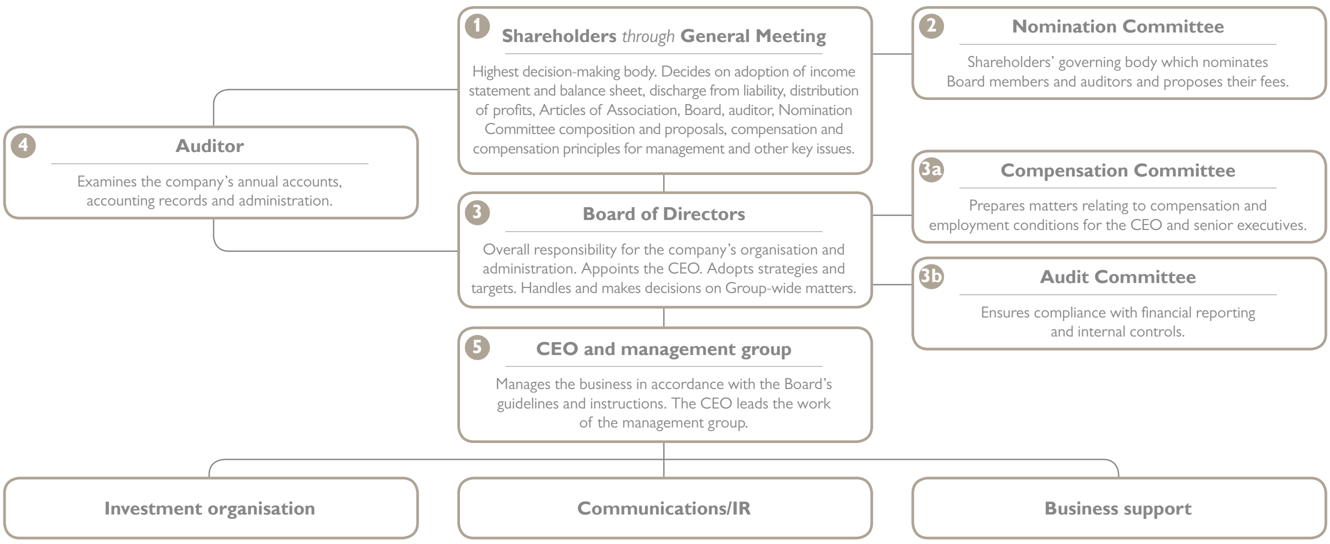
This is why it is extremely central that we value, develop and, not least, meet the requirements in Swedish self-regulation. And I hope that the good understanding for this that has existed so far in the business community, and among politicians and legislators will continue to be there in the future.

We at Ratos will under all circumstances do everything we can to defend a winning Swedish model. And we do this in the first instance not because we must, but because the resultant transparency and orderliness help us with the long-term creation of shareholder value!

Arne Karlsson
Chairman of the Board

Corporate governance report

GOVERNANCE STRUCTURE AT RATOS



Corporate governance in Ratos

Ratos AB is a public limited company and the basis for governance of Ratos is the Swedish Companies Act, Nasdaq OMX Stockholm Rules for Issuers and the Swedish Code of Corporate Governance (the Code). In addition, the Articles of Association are important for governance of operations. The Articles of Association specify where the Board shall be domiciled, the focus of operations, rules about general meetings, information about class of shares and share capital, etc.

In order to establish guidelines for the company's activities, the Board has also prepared and adopted thirteen policy documents. The policy documents set out the basic values that must characterise the organisation and the conduct of its employees. In addition there are internal rules and documents which provide a basis for governance of the company's activities.

Ratos applies the Code and does not report any non-compliance with the Code in the 2013 financial year, except with regard to the composition of the Nomination Committee (see Nomination Committee on page 79).

The corporate governance report has been reviewed by the company's auditor.

Key external rules

- Swedish Companies Act
- Accounting legislation and recommendations
- Nasdaq OMX Stockholm Rules for Issuers
- Swedish Code of Corporate Governance

Key internal rules and documents

- Articles of Association
- The Board's formal work plan
- Decision-making procedures/authorisation instructions
- Reporting guidelines for holdings
- Internal guidelines, policies and manuals which provide guidelines and guidance for the Group's operations and employees, such as Ratos's information policy, owner policy and code of conduct.

For further information

- Swedish Companies Act, www.regeringen.se
- Nasdaq OMX Stockholm, www.nasdaqomxnordic.com
- Swedish Code of Corporate Governance and special Swedish rules for corporate governance, www.bolagsstyrning.se

1 Shareholders and general meetings

Share capital and shareholders

Ratos has been listed on Nasdaq OMX Stockholm since 1954. At year-end 2013 the share capital amounted to SEK 1,024m divided among a total of 324,970,896 shares, of which 84,637,060 A shares, 239,503,836 B shares and 830,000 C shares (preference shares). The company's A shares carry entitlement to one vote per share while B shares and preference shares carry entitlement to one-tenth of a vote per share. A and B shares carry the same right to a share of the company's assets and to the same amount of dividend. The dividend on preference shares is regulated by the Articles of Association and includes preferential right before A and B shares to the company's assets. The Annual General Meeting decides on dividends.

At year-end Ratos had a total of 57,052 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 76% of the voting rights and 44% of the capital. The proportion of shares owned by shareholders outside Sweden amounted to 14%. 57% of Ratos's shareholders owned 500 shares or less and together accounted for just under 2% of the share capital. More information about Ratos's shareholders and share performance in 2013 is provided on pages 13–15.

General meetings

The general meeting is the highest decision-making body in Ratos and it is through attendance at general meetings that Ratos's shareholders exercise their influence on the company. Normally one general meeting is held each year, the Annual General Meeting of Shareholders which is convened in Stockholm before the end of June. Notice of an ordinary general meeting is published in the form of an announcement in the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Ratos's

Read more about Ratos's corporate governance

Read more about Ratos's corporate governance on our website under About Ratos/Corporate governance

- Articles of association
- Information from general meetings in previous years
- Nomination Committee
- The Board and its committees
- Corporate governance reports from previous years

website. Publication of the notice is announced in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in Swedish and English.

In order to have a matter considered at an Annual General Meeting a shareholder must submit a written request to the Board in good time so that the matter can be included in the notice of the meeting, normally approximately seven weeks before the Annual General Meeting. The closing date for such requests is stated on Ratos's website.

All shareholders who are registered on Euroclear Sweden's list of shareholders and who have notified their attendance to the company in due time are entitled to attend the Meeting and to vote for their holding of shares. Shareholders may attend in person or through a proxy. Shareholders may bring an assistant to the meeting provided they have notified the company.

Resolutions at general meetings are normally passed by a simple majority. Pursuant to the Swedish Companies Act certain resolutions, such as those related to compensation or amendments to the Articles of Association require a qualified majority.

The following business shall be resolved at the Annual General Meeting:
- adoption of the income statement and balance sheet
- discharge from liability for the Board and CEO
- disposition of the company's profit or loss
- determination of fees to be paid to the Board of Directors and auditor
- election of the Board of Directors and auditor
- guidelines for compensation to senior executives
- amendments to the Articles of Association.

Ratos's Articles of Association specify that election of the Board must always take place at the Annual General Meeting. Apart from this, the Articles of Association do not contain any regulations on how Board members are appointed or dismissed or on amendments to the Articles of Association. Ratos's Articles of Association are available at www.ratos.se.

Extraordinary general meetings may also be held, which occurred in 2013. Shareholders who own at least one tenth of the votes in Ratos are entitled to request an extraordinary general meeting. The Board and Ratos's auditor can also convene an extraordinary general meeting.

2013 Annual General Meeting

The 2013 Annual General Meeting was held on 17 April at the Stockholm Concert Hall in Stockholm. The Meeting was attended by 636 shareholders, proxies or assistants, who together represented 78.1% of the voting rights and 50.8% of the capital.

Ratos's Board, management and auditor were present at the Meeting. The CEO's address to the Meeting was published on the website. Minutes in Swedish and English versions were available on the website within one week after the Meeting.

Decisions at the 2013 Annual General Meeting included the following:
- Adoption of income statement and balance sheet.
- Dividend of SEK 3.00 per A and B share, a total of SEK 957m.
- Fees of SEK 1,000,000 to the Chairman of the Board and SEK 450,000 to each member of the Board as well as fees to auditors.
- Re-election of all members of the Board. Arne Karlsson was elected as Chairman of the Board.
- Re-election of audit firm PricewaterhouseCoopers (PwC).
- Principles for how the Nomination Committee should be appointed.
- Adoption of guidelines for compensation to senior executives.
- Offer to key people in Ratos on acquisition of call options in Ratos and of synthetic options relating to holdings.
- Authorisation for the Board to acquire Ratos shares up to 4% of all shares.
- Authorisation for the Board to decide on a new issue of a maximum of 35 million B shares to be used for acquisitions.
- Authorisation for the Board to decide on a new issue of a maximum of 1,250,000 Class C preference shares to be used for acquisitions.
- Amendments to the Articles of Association to enable a new issue of Class C preference shares.

Extraordinary General Meeting 2013

Ratos held an Extraordinary General Meeting at the head office on 25 April. The Meeting was attended by 14 shareholders and proxies who together represented 69.5% of the voting rights and 39.8% of the capital.

The Meeting resolved in accordance with the Board's proposal to approve the transfer of all shares in the subsidiary BTJ Group AB to Per Samuelson, Chairman of the Board of BTJ Group, or to an acquisition company controlled by Per Samuelsson.

2014 Annual General Meeting

Ratos's 2014 Annual General Meeting will be held on 27 March at 16.30 CET at Stockholm Waterfront Congress Centre, Stockholm.

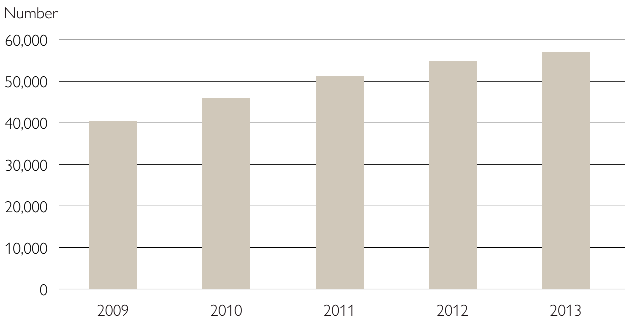
For matters related to the Nomination Committee, Annual General Meeting or the Chairman of the Board refer to Ratos's website.

2 Nomination Committee

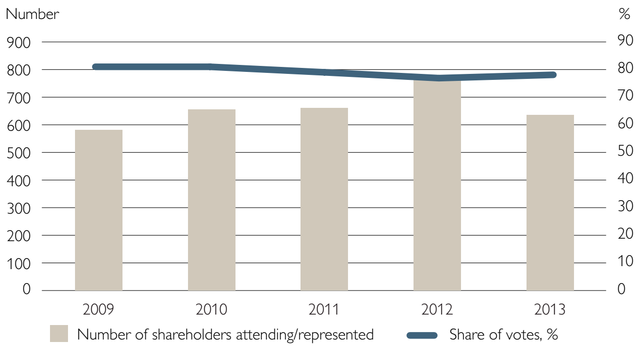
The Annual General Meeting decides principles for how the Nomination Committee should be appointed. The 2013 Annual General Meeting resolved that the company's Chairman in consultation with the company's major shareholders should appoint a nomination committee ahead of the 2014 Annual General Meeting. According to the resolution, the Nomination Committee shall comprise the company's Chairman plus a minimum of four members of the major shareholders in terms of voting rights registered at 31 August 2013. If an already appointed member resigns from the Nomination Committee, the company's major shareholders shall appoint a replacement. The Nomination Committee appoints a chairman between themselves. The Chairman of the Board may not be the chairman of the Nomination Committee. The Nomination Committee's term of office extends until a new Nomination Committee is constituted. The members of the Nomination Committee do not receive any remuneration from the company but are entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment if this is regarded as necessary for the fulfilment of its duties.

The composition of the Nomination Committee was announced on Ratos's website and disclosed through a press release on 26 September 2013.

Shareholders



Attendance at Annual General Meetings



The work of the Nomination Committee

The duties of the Nomination Committee include:

- to evaluate the composition and work of the Board
- to prepare a proposal to the Meeting regarding election of the Board and the Chairman of the Board
- to prepare a proposal, in cooperation with the company's Audit Committee, to the Meeting regarding election of auditor
- to prepare a proposal to the Meeting regarding fees to the Board and auditor
- to prepare a proposal to the Meeting regarding a chairman for the Meeting
- to prepare a proposal regarding principles for the composition of the next Nomination Committee

Deviations/violations

Ratos complies with the Code except in the following respect. Ratos deviates from the Code's rule 2.4, second paragraph, which states that if more than one Board member sits on the Nomination Committee, a maximum of one of them may be non-independent in relation to the company's major shareholders. Two of the shareholders who have appointed members of the Nomination Committee have appointed Board members Per-Olof Söderberg and Jan Söderberg, both of whom are regarded as non-independent in relation to the company's major shareholders. Against the background of these persons' in-depth knowledge of Ratos, their roots in the ownership group and their network in Swedish industry, it was deemed beneficial to the company to deviate from the Code on this point. No violations of Nasdaq OMX Stockholm's Rules for Issuers or good practice in the stock market have taken place.

Nomination Committee ahead of the 2014 Annual General Meeting

Ahead of the 2014 Annual General Meeting the Nomination Committee has held five minuted meetings and, in addition, the Nomination Committee has on several occasions discussed the recruitment of a new member of the Board.

As previously, the Nomination Committee has in its work taken into account the strategic issues the operations and the Board are expected to face in the years ahead and as a starting point in the work related to the composition and size of the Board weighed in diversity and breadth, as well as the Board members' competence, experience and background. An even gender distribution is sought over time. Independence to Ratos and Ratos's major shareholders has been also discussed. The general opinion of the Nomination Committee is that the Board functions very well and this was also confirmed by an external appraisal.

A committee within the Nomination Committee, composed of members independent of the Board has specifically examined the issue of fees to the Chairman of the company and other Board members as well as fees for committee work.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2014 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and also be presented at the 2014 Annual General Meeting.

3 Board of Directors

Responsibilities and duties of the Board

The Board has overall responsibility for Ratos's organisation and management of its affairs, in the interests of both the company and its shareholders. The duties of the Board include assessing the financial situation of the company, ongoing control of the work, appointment and dismissal of the CEO, drafting effective systems for risk management and internal control and ensuring that the provision of information is transparent and correct. The Board should also support and guide management. The work of the Board is regulated, among other things, by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board for its work.

Ratos's Board shall comprise a minimum of four and a maximum of nine members with a maximum of three deputies. Board decisions only apply if more than half the elected Board members are agreed. Over time an even distribution of men and women on the Board is sought. At present there are two women Board members, which is unchanged since 2009. The Board is appointed by shareholders at the Annual General Meeting. The mandate period is thereby one year.

The 2013 Annual General Meeting resolved on seven Board members and re-elected Arne Karlsson (who was also elected as Chairman), Lars Berg, Staffan Bohman, Annette Sadolin, Jan Söderberg, Per-Olof Söderberg and Margareth Øvrum. No deputies were elected. The CEO is not a member of the Board but attends Board meetings, although not where a conflict of interests arises or where this is unsuitable for other reasons. The composition of the Board and an assessment of each Board member's independence is presented in more detail on page 81.

The Board is Ratos's investment committee

The Board adopts financial targets and develops the company's strategy and business plan. The decision-making procedures for the company's Board and CEO relating to investment activities stipulate that all acquisitions of, and add-on investments in, companies that are to be included among Ratos's holdings must be submitted to the Board for decision. This also applies to the sale, wholly or partly, of a holding. Guarantees or pledging of other collateral from Ratos is decided by the Board. Ratos has had a principle not to provide security for loans since the 1890s. The Board adopts a plan for its work every year. Information material and documentation on which decisions are to be based at board meetings are normally sent out approximately one week prior to each meeting. An evaluation of all the holdings is performed every year in which an analysis of holding strategy, results and forecasts for the coming years are presented. These evaluations are presented to the Board by the person responsible for the holding. The Board adopts policy documents annually

The Board's formal work plan

Each year the Board adopts a formal work plan for its work designed to ensure that the company's operations and financial circumstances are

NOMINATION COMMITTEE AHEAD OF 2014 ANNUAL GENERAL MEETING

Name	Represents	Share of voting rights 31 Aug 2013
Ulrika Danielson	AP2, Chairman of Nomination Committee	0.4%
Ulf Fahlgren	Akademiinvest	0.5%
Arne Karlsson	Chairman of Ratos's board, own holding	0.0%
Jan Söderberg	Own and related parties' holdings, Board member	13.8%
Maria Söderberg	Torsten Söderberg Foundation	12.5%
Per-Olof Söderberg	Ragnar Söderberg Foundation, own and related parties' holdings, Board member	30.1%
Total		**57.3%**

controlled in an adequate manner. The formal work plan describes the special role and duties of the Chairman of the Board, decision-making procedures, instructions for Ratos's CEO as well as areas of responsibility for the committees.

The Board's overall responsibility cannot be delegated but the Board may appoint committees tasked to prepare and evaluate issues ahead of a Board decision.

Chairman of the Board

The main duty of the Chairman of the Board is to lead the work of the Board and ensure that Board members carry out their respective duties. Other areas of responsibility include the following:

- Responsible for ensuring that the Board follows a good formal work plan.
- Ensuring that decisions are made on requisite matters and that minutes are kept.
- Responsible for convening meetings and ensuring that requisite decision material is sent to Board members.
- Acting as a contact and maintaining regular contact with the CEO and management.
- Maintaining regular contact with auditors and ensuring that auditors are summoned to attend a meeting in conjunction with the interim report as per September and the year-end report.
- Ensuring that an annual evaluation is performed of the Board and its members.
- Annually evaluating and reporting on the work of the CEO.

Work of the Board in 2013

During 2013, 15 minuted board meetings were held: seven ordinary meetings, including one statutory meeting, and eight extra board meetings. Board meetings have a recurrent structure with the key items as illustrated on the next page.

Extra board meetings normally examine acquisition and exit questions as well as financing and are held when such matters requiring a Board decision arise. The minutes were taken by the Company Secretary who during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Other senior executives at Ratos attended board meetings to present specific issues.

Evaluation of the Board

The Chairman of the Board decides annually on the extent to which an evaluation of the work of the Board shall be performed where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and the scope of the assignment. For the 2013 financial year this evaluation was performed with the help of an external consultant regarding the work of the Board as a whole and its members individually. The evaluation was performed among other things through a questionnaire and in-depth interviews with Board members and a number of senior executives at Ratos. As in evaluations made in previous years the work of the Board was assessed as functioning very well. All members of the Board were considered to have made a constructive contribution to both strategic discussions and the governance of the company. The dialogue between the Board and management was also perceived as very good.

Committees

The Board has established a Compensation Committee and an Audit Committee in order to structure, improve efficiency and assure the quality of work within these areas. The members of these committees are appointed annually at the statutory board meeting.

3a Work of the Compensation Committee

At Ratos, structured work with compensation principles has been ongoing for many years. The Compensation Committee has both an advisory function (follow-up and evaluation) and a preparatory function for decision matters prior to their examination and decision by the Ratos Board.

The following matters are handled by the Compensation Committee

- The CEO's terms of employment and terms for employees directly subordinate to the CEO according to "the grandfather principle".
- Advice where required on general policy formulations.
- Matters of principle concerning pension agreements, severance pay/notice periods, bonus/earnings-related compensation, fees (Swedish/foreign), benefits, etc.
- Matters relating to the incentive systems for Ratos and the holdings.
- The Board's proposal to the Annual General Meeting on guidelines for remuneration to senior executives.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination is carried out to see whether there are any major compensation-related issues of principle to prepare. If such issues exist they are processed ahead of a final proposal at the ordinary meeting in January. The Compensation Committee also prepares and processes guidelines for the structure of general salary development for the years ahead and conducts an annual review of Ratos's long-term incentive systems.

During 2013 Arne Karlsson (chairman), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg were members of the Compensation Committee.

The Compensation Committee held six minuted meetings in 2013 and in between has been in regular contact. Ratos's CEO, Susanna Campbell, took the minutes.

3b Work of the Audit Committee

The Audit Committee includes all members of the Board. The chairman is the Chairman of the Board. The Audit Committee has both an advisory and preparatory function for decision matters prior to review and decision by Ratos's Board.

The main duties of the Audit Committee are as follows:

- Examine the quality of accounts and internal control as well as audit arrangements.
- Discuss valuation issues and assessments in closing accounts.
- Evaluate the work of the auditing firm and prepare for the election of an auditor (support the Nomination Committee).
- Discuss risk assessments, public financial information, auditors' fees, cooperation between auditors and management.
- Examine and evaluate accounting principles with a major impact on the Group.

COMPOSITION OF THE BOARD

					Attendance at meetings		
Name	Elected year	Independent of company	Independent of major shareholders	Total fee, SEK	Compensation Committee	Audit Committee	Board meetings
Arne Karlsson, Chairman	1999	No	Yes	1,100,000	6/6	3/3	15/15
Lars Berg	2000	Yes	Yes	480,000		3/3	15/15
Staffan Bohman	2005	Yes	Yes	510,000	6/6	2/3	14/15
Annette Sadolin	2007	Yes	Yes	480,000		3/3	13/15
Jan Söderberg	2000	Yes	No	510,000	6/6	3/3	15/15
Per-Olof Söderberg	2000	Yes	No	510,000	6/6	2/3	15/15
Margareth Øvrum	2009	Yes	Yes	480,000		1/3	13/15
Total				**4,070,000**			

WORK OF THE BOARD IN 2013

● AUDIT COMMITTEE MEETING
● COMPENSATION COMMITTEE MEETING

JANUARY – FEBRUARY – MARCH – APRIL – MAY – JUNE – JULY – AUGUST – SEPTEMBER – OCTOBER – NOVEMBER – DECEMBER

1. Annual evaluations of all holdings and decision on acquisition matters.
2. Year-end report, decisions on compensation issues and incentive programmes, adoption of policies, decision on proposals to the Annual General Meeting and acquisition issues.
3. Extra board meeting – discussions and decisions on acquisition issues.
4. Extra board meeting – authorisation for issue of preference shares, divestment of BTJ Group.
5. Extra board meeting – discussions and decisions on acquisition issues.
6. Extra board meeting – discussions and decisions on acquisition issues.
7. Extra board meeting – decision on notice of Extraordinary General Meeting.
8. Ordinary meeting and statutory meeting in conjunction with the Annual General Meeting.
9. Extra board meeting – issue of preference shares and approval of prospectus.
10. Visit to holding. Inwido in Lenhovda. Corporate Responsibility.
11. Extra board meeting – allocation of preference shares.
12. Extra board meeting – discussions and decisions on acquisition issues.
13. Six-month report. Corporate Responsibility.
14. Strategy meeting.
15. Risk assessment and community involvement. Discussions and decisions on acquisition issues. Evaluation of the Board.

The company's auditor presented his review and observations to the Audit Committee on two occasions in 2013. In addition, the Audit Committee held three minuted meetings. Minutes are made available to all members of the Board and the auditor. The Chairman of the Board maintains regular contact with the company's auditor.

Evaluation of the need for an internal audit

Ratos's exercise of its ownership role shall be conducted professionally, actively and responsibly throughout the holding period, from acquisition to exit. Ratos's core expertise is not industry-specific and Ratos's holdings today are represented in widely differing sectors and with a wide geographic spread. Furthermore, Ratos's mission means that holdings are acquired and divested. For these reasons a general internal audit function would be difficult to establish. With regard to Ratos and the need for an internal audit it has been judged more suitable to discuss and decide for each individual holding, so that this can accompany the holding when it is sold, rather than setting up an internal audit at Group level.

The parent company Ratos AB with approximately 50 employees is a relatively small company which lacks complex functions that are difficult to analyse. So the need to introduce an internal audit function for the parent company Ratos AB must therefore be regarded as negligible. Against this background, the Audit Committee has decided not to introduce an internal audit function at Group level or for the parent company Ratos AB.

4 Auditor

Ratos's auditor is appointed annually by the Annual General Meeting. Nominations are made by the Nomination Committee. The auditor is tasked on behalf of shareholders to examine the company's annual accounts and consolidated accounts as well as the administration of the company by the Board and the CEO and the corporate governance report. The review work and auditor's report are presented at the Annual General Meeting.

At the 2013 Annual General Meeting the audit firm PricewaterhouseCoopers was elected as auditor until the next Annual General Meeting. PwC has appointed Peter Clemedtson as Senior Auditor. In addition to this assignment in Ratos, Peter Clemedtson is Senior Auditor for, among others, AB Volvo and SKF.

5 CEO and management group

The CEO is appointed by the Board and is responsible together with the management group for daily operations in Ratos in accordance with the Board's instructions. The management group at Ratos consists of the CEO, deputy CEO, head of Corporate Communications and three Investment Directors. The management group meets once a week and discusses, among other things, development in the holdings, acquisition and exit processes, personnel issues and strategic projects. The CEO provides the Board with regular updates on operations.

Compensation to the Board of Directors, auditor, CEO and senior executives

Compensation to the Board and the CEO

The 2013 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 450,000 per member and year. Compensation to the Chairman of the Board should amount to SEK 1,000,000 per year. It was decided to pay an additional SEK 30,000 per year and committee to Board members who sit on committees while compensation to committee chairmen was set at SEK 50,000 per year and committee.

Information on compensation to the CEO is provided in Note 9 on pages 112–115.

Auditor's fees

Compensation is paid to the company's auditor in accordance with a special agreement on this matter in accordance with a resolution at the Annual General Meeting. In 2013, audit fees in the parent company amounted to SEK 2m and SEK 36m in the Group. In addition, the parent company paid SEK 1m in fees for other assignments to the company's auditor and the Group as a whole paid fees for other assignments amounting to SEK 32m. The Board has established guidelines for the relation between auditing fees and consulting fees. These guidelines are continuously monitored by the Audit Committee which also evaluates the content of both auditing and consulting services.

Guidelines and principles for compensation to senior executives

The guidelines for compensation and incentive systems for key people as set out below were approved by the 2013 Annual General Meeting. The following guidelines were applied throughout 2013.

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of shareholders.

The system comprises a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles:

- Ratos's employees shall be offered competitive terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately 1% of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value but also take a personal risk by paying a market premium for the options.

With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. Pension benefits are generally paid in accordance with the ITP Plan. In the event of pension benefits which deviate from the ITP Plan defined contribution pension benefits are applied.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail.

Variable salary

Variable salary is not paid to senior executives until certain conditions regarding return on the company's equity have been met. The requirement for payment of variable compensation is that consolidated profit before tax, adjusted for minority effects in minority-owned subsidiaries, shall correspond to at least 5% of opening equity. A ceiling has been stipulated at a total of SEK 125m in variable compensation, which falls due in the event of adjusted profit before tax of 25% of opening equity.

An earnings bank for the result that forms the basis for calculation of variable compensation is applied. This means that earnings which in a certain year exceed the ceiling are transferred to the next year and increase the earnings on which compensation is calculated. Earnings that are less than the threshold amount are also transferred and charged against earnings on which compensation is based in the following year.

Adjusted profit before tax for 2013, including the earnings bank, provided variable compensation of SEK 18.1m to be paid in 2014–16. Payment of variable salary is allocated over three years with 50% in the first year and 25% per year in the remaining two years.

Call option programmes

Annual general meetings from 2001 onwards have decided on call option programmes directed to senior executives and other key people within Ratos. All call options have a maturity of 4–5 years. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the compensation is divided into equal parts for five years and provided the person remains active within the Ratos Group and still holds options acquired from Ratos or shares acquired through the options. Call options are issued on treasury shares.

Synthetic options

The 2013 Annual General Meeting, like all Annual General Meetings since 2007, resolved on a cash-based option programme related to Ratos's investments in portfolio companies. The programme is carried out through the issue of synthetic options that are transferred at a market price. The programme gives key people within Ratos an opportunity to participate in the investments in the individual portfolio companies. Options related to an individual investment only have a value if Ratos's annual return on the investment exceeds 15%. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year.

Internal control

The Board has ultimate responsibility for preparing an effective process for the company's risk management and internal control. The purpose is to provide reasonable assurance that operations are conducted in an appropriate and effective manner, that financial reporting is reliable and that external laws as well as internal regulations are complied with. This work is conducted through structured board work as well as by tasks being delegated to management, the Audit Committee and other employees. Responsibility and authority are defined in instructions for powers of authorisation, policies and manuals which provide guidelines and guidance for the Group's operations and employees, for example Ratos's Information Policy, Owner Policy and Code of Conduct.

Internal control of financial reporting

Internal control of financial reporting is based on how operations are conducted and how the organisation is built up. Authority and responsibility are documented and communicated in documents such as internal guidelines and manuals. This applies, for example, to the division of work between the Board on the one hand and the CEO on the other hand and other bodies set up by the Board, instructions for powers of authorisation, as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third part at the company's expense.

In the internal control of financial reporting, the parent company is assessed separately and each individual holding is assessed separately, regardless of whether they are subsidiaries or associates. Assessments are made both ahead of an acquisition and during the holding period. Each holding represents its own risk independent of

TERMS FOR CALL OPTIONS OUTSTANDING AT 31 DECEMBER 2012

Maturity	Price/option, SEK	Exercise price SEK/share	Right to purchase number of shares	Number of options	Corresponding number of shares
2009 – 20 March 2014	13.00	92.60	2.03	641,000	1,301,230
2010 – 20 March 2015	16.60	124.20	2.03	529,500	1,074,885
2011 – 18 March 2016	11.80	156.40	1.02	640,000	652,800
2012 – 20 March 2017	4.70	74.40	1	1,149,200	1,149,200
2013 – 20 March 2018	11.50	77.60	1	585,900	585,900
				3,545,600	**4,764,015**

Outstanding options correspond to 1.5% of the total number of shares.

other holdings. A person responsible for the company has responsibility for the holding.

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the person responsible for the company to the CEO, who in turn reports to the Board. The holdings' application of IFRS in reporting to Ratos is followed up in conjunction with quarterly accounts. Ahead of an acquisition a due diligence examination of the company is performed, which includes an analysis of the accounting consequences and a review of capital structure and a financial risk analysis.

Information and communications channels at Ratos are designed to promote the completeness and accuracy of financial reporting. Ratos Accounts formally controls the companies' reports and those responsible for each holding check reporting from an analytical aspect. Control within subsidiaries and associates is decided separately for each company. Ratos continuously follows up the holdings' compliance with guidelines and manuals.

Accounts relating to acquisitions and divestments are also examined by Ratos's auditors. In parallel with the annual evaluation which is described in the description of the work of the Board, impairment testing is performed for each holding.

Quality assurance for financial reporting

It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the accounting, reporting and finance functions are staffed and organised. At Ratos, the entire investment organisation is deeply involved in reporting from the holdings. This means, that the quality of the accounting and reporting of the holdings is continuously examined and improved.

Ratos Accounts is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people work at Ratos Accounts headed by the company's Finance Manager. All employees have many years of professional experience in financial control, reporting and accounting. The Debt Management function comprises one person with many years of experience of banking and finance issues. Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated into the Ratos Group but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of the value-creating work with the companies, is to create independent and high-quality organisations with a quality of financial reporting that corresponds to that of a listed company.

RATOS'S RISK ASSESSMENT PROCESS

Ratos performs an annual risk assessment where the biggest risks in the company's own operations and the holdings are summarised and discussed in Ratos's management and Board. As part of good corporate governance, the holdings are expected to have a dynamic process for identifying, assessing and managing the biggest risks in each company. Each holding's CEO and management have operational responsibility for ensuring that a good risk management process exists, which is approved by the holding's board. In 2013–2014 Ratos is working to introduce a more structured process for this in all majority owned holdings (subsidiaries).

RECOMMENDED PROCESS FOR RATOS'S SUBSIDIARIES

1 **IDENTIFICATION** – Ratos recommends a broad process where all relevant operational and strategic areas are covered, in order to identify the companies' biggest risks. Each holding should identify and discuss risks at a suitable level in the organisation in a company-adapted process.

2 **CLASSIFICATION** – classification and ranking of identified risks, for example based on probability, degree of impact, type of risk and time perspective.

3 **MANAGEMENT** – a plan for how identified risks should be managed should be drawn up with activities and means to eliminate/reduce/monitor the risk and specifying who is responsible.

4 **REPORTING** – the risk assessment and management plans should be presented and discussed in each company's board at least once a year.

5 **REPORT TO OWNER** – a report which summarises the biggest risks at Ratos and the holdings is compiled and presented to Ratos's Board annually.

PROCESS FOR FINANCIAL REPORTING

The process for financial reporting includes various control activities designed to assure the quality of financial reporting. This process and the built-in controls are described below.

1 REPORTING FROM HOLDINGS

The holdings report according to a set timetable an income statement every month and a complete reporting package every quarter. The reporting package is designed in accordance with current legislation, rules and accounting practice. Reporting is entered directly into a group-wide electronic consolidated reporting system with built-in controls designed to assure quality. As guidance for this reporting, Ratos has prepared a reporting manual intended for the holdings that provides clear instructions on how reporting should be carried out. The holdings' accounting and finance functions are invited once a year to seminars organised by Ratos which examine topical issues within reporting, accounting and finance.

2 RATOS ACCOUNTS' CONTROL WORK

The material reported by the holdings is examined analytically and checked regarding completeness and accuracy and compliance with Ratos's accounting principles. In the event of any discrepancies the holding is contacted. The material is processed to be sent out for additional control by the person responsible for the company at Ratos and others in the investment organisation who work with the holding.

3 THE INVESTMENT ORGANISATION'S CONTROL AND ASSESSMENT

The investment organisation analyses the material on the basis of the knowledge available on each holding. The material is checked to ensure that it agrees with information provided to the holdings' boards.

4 RATOS ACCOUNTS' PROCESSING AND CONSOLIDATION

Any deviations noted in reconciliation are corrected both in the legal consolidated financial statements and in the information presented at holding level following a dialogue with the holding concerned. Consolidation is carried out of the Group where the consolidation process includes a number of reconciliation controls. Reconciliation includes contributions to total equity per holding and checking that changes in equity are in accordance with completed transactions.

5 REPORTING TO BOARD AND MANAGEMENT

Board and management receive at every quarterly closing extensive in-depth material about both the Group and the individual holdings. Ratos Accounts also prepares an analysis of results of an operating nature to Ratos's management on a monthly basis.

6 AUDIT

An review is performed of subsidiaries' closing accounts as per September (hard close) and as per December. A hard close is carried out in order to prepare and facilitate the audit of the complete report for the full year. In these periods the material reported in stage 1 is audited and approved by the auditor of each holding. The audit of consolidated financial statements takes place in parallel.

7 TRAFFIC LIGHT SYSTEM/AUDIT

Ratos Accounts receives all the audit reports relating to the holdings which are then followed up using a so-called "traffic light system" where any observations made by auditors on the holdings are graded and assigned a red, yellow or green light according to their significance and risk. A follow-up is performed three times a year. All auditors' observations are followed up until they are graded green by Ratos Accounts in conjunction with a hard close, annual accounts review and Audit Committee meeting in June.

8 AUDIT COMMITTEE

The Audit Committee, in addition to what is stated earlier in this corporate governance report, is tasked with quality assurance of the company's financial reporting, reviewing the reports on internal control and maintaining regular contact with the company's auditor. The result of the traffic light review and a summary of audit reports from Ratos by the auditor elected by the Annual General Meeting are reported to the Audit Committee. In conjunction with the September closing accounts and annual accounts, the Audit Committee has a meeting with Ratos's auditor.

9 EXTERNAL REPORTING

Ratos publishes its interim and year-end reports through press releases and publication on the website. All reports for the last thirteen years can be downloaded from the website. Publication of the annual report takes place through a press release and publication on the website. A printed version of the annual report is available in Swedish and English no later than three weeks before the Annual General Meeting. Financial information related to the holdings is published on Ratos's website in conjunction with publication of interim reports and year-end reports.

Board of Directors & CEO

Holdings at 31 December 2013

Arne Karlsson

Non-independent Chairman of the Board since 2012. Non-independent Board member 1999–2012. CEO of Ratos 1999–2012.
MSc Econ. Born 1958, Swedish.
Chairman of Bonnier Holding, Ecolean, Einar Mattsson, the Swedish Corporate Governance Board, SNS (Centre for Business and Policy Studies) and the World's Children's Prize Foundation. Board member of AP Møller-Maersk, Bonnier and Fortnox. Member of the Swedish Securities Council.
Formerly President of Atle Mergers & Acquisitions 1996–98, Head Analyst Atle 1993–98, President of Hartwig Invest 1988–93, Aktiv Placering 1982–88.
Shareholding in Ratos (own): 171,200 B shares.
Options in Ratos: 74,900 call options/2009, 78,000 call options/2010, 200,000 call options/2011.

Lars Berg

Independent Board member since 2000.
MSc Econ. Born 1947, Swedish.
European Venture Partner in Constellation Growth Capital. Chairman of KPN OnePhone (Düsseldorf) and Net Insight. Board member of Norma Group (Frankfurt) and Tele2.
Previously member of executive management of Mannesmann with special responsibility for the Telecom Division 1999–2000, President and CEO Telia 1994–99 and Senior positions within Ericsson 1970–94.
Shareholding in Ratos (own and related parties): 20,000 B shares, 80 preference shares.

Staffan Bohman

Independent Board member since 2005.
MSc Econ. Born 1949, Swedish.
Chairman of CibesLift, Ersta Diakoni and Höganäs, Deputy Chairman of Rezidor Hotel Group and the Board of Trustees of SNS. Board member of Atlas Copco, Boliden, InterIKEA Holding, Rolling Optics and a member of the Swedish Corporate Governance Board.
Formerly President and CEO of Gränges and Sapa 1999–2004. President and CEO of DeLaval 1992–99.
Shareholding in Ratos (own): 60,000 B shares.

Annette Sadolin

Independent Board member since 2007.
LL.B. Born 1947, Danish.
Board member of Blue Square Re NL, DSB, DSV, Ny Carlsberg Glyptotek, Skodsborg Kurhotel, Topdanmark and Østre Gasværk Teater.
Formerly Deputy CEO of GE Frankona Ruck 1996–2004, CEO of GE Employers Re International 1993–96, Deputy CEO of GE Employers Re International 1988–93.
Shareholding in Ratos (own): 8,264 B shares.

Jan Söderberg

Non-independent Board member since 2000.
MSc Econ. Born 1956, Swedish.
Chairman of Söderbergföretagen and My Big Day. Board member of Blinkfyrar, Elisolation, Henjo Plåtteknik, NPG and Smelink. Member of the Lund School of Economics Management Advisory Board and the Ragnar Söderberg Foundation.
Formerly CEO of Bröderna Edstrand 1991–93.
Shareholding in Ratos (own and related parties): 14,973,776 A shares, 116,800 B shares, 6,600 preference shares.

Per-Olof Söderberg

Non-independent Board member since 2000.
MSc Econ. MBA Insead. Born 1955, Swedish.
Chairman of Attivio and Söderberg & Partners. Board member of the Stockholm School of Economics Association, the Stockholm Chamber of Commerce, among others.
Formerly CEO of Dahl 1990–2004.
Shareholding in Ratos (own and related parties): 16,705,964 A shares, 18,000 B shares, 1,515 preference shares.

Margareth Øvrum

Independent Board member since 2009.
MSc Eng. Born 1958, Norwegian.
Executive Vice President, Technology, Projects and Drilling, in the Statoil Group.
Management positions within the Statoil Group 1982–.
Board member of Atlas Copco.
Shareholder in Ratos: 0.

CEO

Susanna Campbell

Not a member of the Board.
CEO of Ratos since April 2012.
MSc Econ. Born 1973, Swedish.
No significant assignments outside Ratos.
Employed by Ratos since 2003.
McKinsey & Company 2000–03.
Alfred Berg Corporate Finance 1996–2000
Shareholder in Ratos (own): 19,000 B shares.
Options in Ratos: 39,000 call options/2010, 40,000 call options/2011, 150,000 call options/2012, 90,000 call options/2013.

AUDITOR

At the 2014 Annual General Meeting the auditing firm PricewaterhouseCoopers AB with authorised public accountant Peter Clemedtson as Senior Auditor, was elected for the period until the 2014 Annual General Meeting has been held.

Financial statements

Consolidated income statement

SEKm	Note 2, 3, 5	2013	2012
Net sales	4	26,084	27,100
Other operating income	6	362	171
Change in inventories		-66	-32
Raw materials and consumables		-11,151	-10,918
Employee benefit costs	9, 26	-8,033	-8,644
Depreciation and impairment of property, plant and equipment and intangible assets	13, 14	-1,225	-1,942
Other costs	10, 31	-4,859	-5,391
Capital gain from the sale of group companies	7	864	1,179
Capital gain from the sale of associates	8		81
Share of profits of associates	8, 15	183	18
Operating profit		**2,159**	**1,622**
Financial income	11, 17	90	154
Financial expenses	11, 17	-1,166	-1,009
Net financial items		**-1,076**	**-855**
Profit before tax		**1,083**	**767**
Tax	12	-281	-224
Profit for the year		**802**	**543**
Attributable to:			
Owners of the parent		742	606
Non-controlling interests		60	-63
Earnings per share, SEK	24		
– before dilution		2.13	1.90
– after dilution		2.13	1.90

Consolidated statement of comprehensive income

SEKm	Note	2013	2012
Profit for the year		**802**	**543**
Other comprehensive income			
Items that will not be reclassified to profit or loss	26		
Remeasurement of defined benefit pension obligations, net		42	-33
Tax attributable to items that will not be reclassified to profit or loss		-11	12
		31	**-21**
Items that may be reclassified subsequently to profit or loss	23		
Translation differences for the year		28	-157
Change in hedging reserve for the year		26	40
Tax attributable to items that may be reclassified subsequently to profit or loss		-7	-11
Other comprehensive income for the year		**47**	**-128**
Total comprehensive income for the year		**880**	**394**
Total comprehensive income for the year attributable to:			
Owners of the parent		828	483
Non-controlling interests		52	-89

Consolidated statement of financial position

SEKm	Note 5	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Goodwill	13	18,800	15,502
Other intangible assets	13	1,645	1,292
Property, plant and equipment	14	3,581	3,461
Investments in associates	15	2,726	64
Financial assets	17	58	73
Non-current receivables	17, 19	186	88
Deferred tax assets	12	550	557
Total non-current assets		**27,546**	**21,037**
Current assets			
Inventories	20	2,374	2,387
Tax assets		135	114
Trade receivables	17, 30	4,716	3,953
Prepaid expenses and accrued income		432	334
Other receivables	17, 19, 38	626	505
Cash and cash equivalents	17, 35	3,337	3,203
Assets held for sale	36		2,054
Total current assets		**11,620**	**12,550**
Total assets		**39,166**	**33,587**
EQUITY AND LIABILITIES			
Equity	22, 23		
Share capital		1,024	1,021
Other capital provided		1,842	414
Reserves		-524	-590
Retained earnings including profit for the year		11,436	11,508
Equity attributable to owners of the parent		**13,778**	**12,353**
Non-controlling interests		2,385	788
Total equity		**16,163**	**13,141**
Liabilities			
Non-current interest-bearing liabilities	17, 25, 30	10,160	7,937
Other non-current liabilities		554	522
Other financial liabilities	9, 17	153	238
Provisions for pensions	25, 26	416	370
Other provisions	27	154	179
Deferred tax liabilities	12	478	396
Total non-current liabilities		**11,915**	**9,642**
Current interest-bearing liabilities	17, 25, 30	2,306	2,489
Other financial liabilities	9, 17	106	87
Trade payables	17	2,850	2,124
Tax liabilities		325	194
Other liabilities	28, 38	2,916	1,824
Accrued expenses and deferred income		2,224	2,184
Provisions	27	361	138
Liabilities attributable to assets held for sale	36		1,764
Total current liabilities		**11,088**	**10,804**
Total liabilities		**23,003**	**20,446**
Total equity and liabilities		**39,166**	**33,587**

For information about the Group's pledged assets and contingent liabilities, see Note 32.

Consolidated statement of changes in equity

		Equity attributable to owners of the parent						
SEKm	Note 22, 23	**Share capital**	**Other capital provided**	**Reserves**	**Retained earnings incl. profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity, 1 January 2012		**1,021**	**414**	**-488**	**12,711**	**13,658**	**997**	**14,655**
Changed accounting principle					-36	-36	-9	-45
Adjusted equity		1,021	414	-488	12,675	13,622	988	14,610
Profit for the year					606	606	-63	543
Other comprehensive income for the year				-107	-16	-123	-26	-149
Total comprehensive income for the year				**-107**	**590**	**483**	**-89**	**394**
Reclassification				5	-5			
Dividend					-1,754	-1,754	-75	-1,829
New issue							17	17
Option premiums					5	5		5
Sale of treasury shares in associates					6	6		6
Acquisition of shares in subsidiaries from non-controlling interests					-9	-9	-7	-16
Non-controlling interests at acquisition							1	1
Non-controlling interests in disposals							-47	-47
Closing equity, 31 December 2012		**1,021**	**414**	**-590**	**11,508**	**12,353**	**788**	**13,141**
Opening equity, 1 January 2013		**1,021**	**414**	**-590**	**11,508**	**12,353**	**788**	**13,141**
Profit for the year					742	742	60	802
Other comprehensive income for the year				66	20	86	-8	78
Total comprehensive income for the year				**66**	**762**	**828**	**52**	**880**
Dividend					-1,019	-1,019	-42	-1,061
New issue		3	1,428			1,431	16	1,447
Option premiums					7	7		7
Acquisition of shares in subsidiaries from non-controlling interests					50	50	46	96
Sale of shares in subsidiaries to non-controlling interests					128	128	419	547
Non-controlling interests at acquisition							1,125	1,125
Non-controlling interests in disposals							-19	-19
Closing equity, 31 December 2013		**1,024**	**1,842**	**-524**	**11,436**	**13,778**	**2,385**	**16,163**

Consolidated statement of cash flows

SEKm	Note 35	2013	2012
Operating activities			
Consolidated profit before tax		1,083	767
Adjustment for non-cash items		401	927
		1,484	1,694
Income tax paid		-255	-260
Cash flow from operating activities before change in working capital		**1,229**	**1,434**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		100	120
Increase (-)/Decrease (+) in operating receivables		86	416
Increase (+)/Decrease (-) in operating liabilities		-283	-861
Cash flow from operating activities		**1,132**	**1,109**
Investing activities			
Acquisition, group companies		-626	-53
Disposal, group companies		1,392	2,915
Acquisition, shares in associates and other holdings		-1,676	-2
Disposal and redemption, shares in associates and other holdings			386
Acquisition, other intangible/tangible assets		-710	-898
Disposal, other intangible/tangible assets		376	65
Investment, financial assets		-32	-37
Disposal, financial assets		63	35
Cash flow from investing activities		**-1,213**	**2,411**
Financing activities			
New issue		1,431	
Non-controlling interests' share in issue/capital contribution		15	
Exercise of options		-91	-13
Option premiums		18	17
Acquisition of shares in subsidiaries from non-controlling interests		-48	-21
Dividends paid		-999	-1,754
Dividends paid and redemption, non-controlling interests		-42	-75
Borrowings		3,155	1,596
Amortisation of loans		-3,229	-3,025
Cash flow from financing activities		**210**	**-3,275**
Cash flow for the year		**129**	**245**
Cash and cash equivalents at the beginning of the year		3,203	3,042
Exchange differences in cash and cash equivalents		-67	-10
Cash and cash equivalents classified as assets held for sale		72	-74
Cash and cash equivalents at the end of the year		3,337	3,203

Parent company income statement

SEKm	Note	2013	2012
Other operating income	6	12	2
Other external costs	10	-76	-82
Personnel costs	9, 26	-130	-119
Depreciation of property, plant and equipment	14	-5	-5
Operating profit/loss		**-199**	**-204**
Result from investments in group companies	7	-428	416
Result from investments in associates	8		275
Result from other securities and receivables accounted for as non-current assets	11	133	137
Other interest income and similar profit/loss items	11	18	33
Interest expenses and similar profit/loss items	11	-157	-51
Profit after financial items		**-633**	**606**
Tax	12	–	–
Profit/loss for the year		**-633**	**606**

Parent company statement of comprehensive income

SEKm	Note 23	2013	2012
Profit/loss for the year		**-633**	**606**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value reserve for the year		14	-13
Other comprehensive income for the year		**14**	**-13**
Comprehensive income for the year		**-619**	**593**

Parent company balance sheet

SEKm	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Property, plant and equipment	14	73	78
Financial assets			
Investments in group companies	34	10,675	8,723
Receivables from group companies	16, 17	1,202	1,424
Other securities held as non-current assets	17, 18	71	88
Total non-current assets		**12,021**	**10,313**
Current assets			
Current receivables			
Receivables from group companies	16, 17	41	2
Other receivables		9	14
Prepaid expenses and accrued income	21	4	4
Short-term investments, other	17, 35		499
Cash and bank balances	17, 35	1,273	1,324
Total current assets		**1,327**	**1,843**
Total assets		**13,348**	**12,156**
EQUITY AND LIABILITIES			
Equity	22, 23		
Restricted equity			
Share capital (number of A shares 84,637,060, number of B shares 239,503,836, number of C shares 830,000)		1,024	1,021
Statutory reserve		286	286
Unrestricted equity			
Premium reserve		1,556	128
Retained earnings		8,909	9,315
Fair value reserve		43	29
Profit/loss for the year		-633	606
Total equity		**11,185**	**11,385**
Non-current provisions			
Provisions for pensions	25, 26	1	1
Other provisions	27	7	7
Total non-current provisions		**8**	**8**
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	17, 25	552	442
Non-interest bearing liabilities			
Other liabilities	17, 28	30	29
Total non-current liabilities		**582**	**471**
Current provisions			
Other provisions	27	**10**	**28**
Current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	17, 25	1,477	174
Non-interest bearing liabilities			
Trade payables	17	9	8
Other liabilities	17	24	20
Accrued expenses and deferred income	29	53	62
Total current liabilities		**1,563**	**264**
Total equity and liabilities		**13,348**	**12,156**
Pledged assets	32	none	none
Contingent liabilities	32	none	none

Parent company statement of changes in equity

SEKm	Note 22, 23	Restricted equity Share capital	 Statutory reserve	Unrestricted equity Premium reserve	 Fair value reserve	 Retained earnings	 Profit/ loss for the year	Total equity
Opening equity, 1 January 2012		**1,021**	**286**	**128**	**42**	**10,360**	**704**	**12,541**
Other disposition of earnings						704	-704	
Profit/loss for the year							606	606
Other comprehensive income for the year					-13			-13
Comprehensive income for the year					**-13**		**606**	**593**
Dividends						-1,754		-1,754
Option premiums						5		5
Closing equity, 31 December 2012		**1,021**	**286**	**128**	**29**	**9,315**	**606**	**11,385**
Opening equity, 1 January 2013		**1,021**	**286**	**128**	**29**	**9,315**	**606**	**11,385**
Other disposition of earnings						606	-606	
Profit/loss for the year							-633	-633
Other comprehensive income for the year					14			14
Comprehensive income for the year					**14**		**-633**	**-619**
New issue		3		1,428				1,431
Dividends						-1,019		-1,019
Option premiums						7		7
Closing equity, 31 December 2013		**1,024**	**286**	**1,556**	**43**	**8,909**	**-633**	**11,185**

Parent company cash flow statement

SEKm	Note 35	2013	2012
Operating activities			
Profit/loss before tax		-633	606
Adjustment for non-cash items		415	-700
		-218	-94
Income tax paid		–	–
Cash flow from operating activities before change in working capital		**-218**	**-94**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-18	-23
Increase (+)/Decrease (-) in operating liabilities		26	-21
Cash flow from operating activities		**-210**	**-138**
Investing activities			
Acquisition, shares in subsidiaries		-2,649	-381
Disposals, shares in subsidiaries		529	2,740
Disposals and redemption, shares in associates			385
Acquisition, other property, plant and equipment			-1
Investment, financial assets		-141	-145
Disposals, financial assets		26	103
Cash flow from investing activities		**-2,235**	**2,701**
Financing activities			
New issue		1,431	
Option premiums		11	5
Redemption incentive programme		-21	-5
Dividends paid		-999	-1,754
Borrowings, group companies		1,473	117
Cash flow from financing activities		**1,895**	**-1,637**
Cash flow for the year		**-550**	**926**
Cash and cash equivalents at the beginning of the year		1,823	897
Cash and cash equivalents at the end of the year		1,273	1,823

Index of notes

Notes to the Financial statements

Note 1 Accounting principles

Compliance with standards and laws
The consolidated financial statements for the Ratos Group are prepared in accordance with the Swedish Annual Accounts Act (1995:1554), RFR 1 Complementary Accounting rules for groups, International Financial Reporting Standards (IFRS/IAS) and interpretations of the standards (IFRIC/SIC) as endorsed by the EU. The parent company applies the same accounting principles as the Group except in cases specified in the section Parent company's accounting principles (page 105).

Changed accounting principles due to new or amended IFRS
The amended accounting principles applies by the Group since 1 January 2013 are described below. None of the amendments has had any material impact on the Group's or parent company's earnings, financial position or disclosures.

- IAS 19, Employee Benefits (amendments)

New IAS 19 represents changes relating to recognition of defined benefit pension plans. The amendments mean that the present value of the defined benefit obligations are in their entirety booked in the statement of financial position since the possibility to defer actuarial gains and losses over time as part of the so-called corridor rule will no longer be applied. Going forward these are to be reported in other comprehensive income. The net pension liability will in future be calculated on the basis of the discount rate for pension provisions. Previously the anticipated return on plan assets and the discount rate were used to calculate the interest expense related to pension obligations.

The total effect on the Ratos Group's equity amounts to SEK -66m after tax, which is divided among adjustment of opening balance at 1 January 2012 of SEK -45m after tax and SEK -21m after tax in other comprehensive income in 2012.

- IAS 1, Presentation of Financial Statements (amendments)

The consolidated statement of comprehensive income has been divided into items that in future may, or will not, be reclassified to profit or loss. The statement also includes, following introduction of amended IAS 19, a separate line for remeasurement of defined benefit pensions.

- IFRS 13, Fair Value Measurement

This standard defines fair value when another IFRS requires fair value measurements. It also provides guidance on valuation techniques and a requirement for more detailed disclosures. The introduction of this standard is not expected to have a significant effect on Ratos's fair value calculations where these are used in the financial statements or where disclosures on fair value are to be made.

- IAS 36, Impairment of Assets (amendments)

Ratos has decided with affect from 1 January 2013 on early application of the amendments in the disclosure requirements in IAS 36 endorsed by the EU to apply from 2014. The amendment means that some disclosure requirements on the recoverable amount, which were added at the introduction of IFRS 13, no longer apply.

- IFRS 7, Financial Instruments: Disclosures (amendment)

The change relates to disclosure requirements relating to offsetting of financial assets and liabilities as well as potential netting effects in the event of binding master agreements.

The annual improvements to IFRS standards issued between 2009–2011 have not changed the accounting principles applied.

New IFRS that have not yet come into force
A number of new or amended IFRS will come into force from 2014 and beyond. None of these is assessed as having a material impact on the Group's financial statements. Ratos does not plan early application of future standards with the exception of IAS 36 as commented on above.

Amendments to IFRS 10, 12 and IAS 27 due to the special rules for measurement and consolidation of Investment Entities, have been endorsed by the EU to apply from 1 January 2014. Ratos will not apply the rules for Investment Entities since Ratos considers that it does not fall within the definition of an Investment Entity – primarily because the holdings are not regularly measured at fair value, secondarily because Ratos neither receives funds from investors nor, with this as a base, undertakes to invest funds received for continuous returns. How Ratos monitors and evaluates its holding and the Group is specified in Note 3.

Standards expected to apply from 2015 have not been evaluated by the Group.

Conditions for preparation of the financial statements of the parent company and the Group
The parent company's functional currency is Swedish kronor (SEK) which also comprises the presentation currency for the parent company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts are rounded to the nearest million.

Standard/IFRIC		Application according to IASB/IFRIC	Status within EU	Applied from
IFRS 10	Consolidated Financial Statements	1 January 2013	Endorsed December 2012	2014
IFRS 11	Joint Arrangements	1 January 2013	Endorsed December 2012	2014
IFRS 12	Disclosures of Interests in Other Entities	1 January 2013	Endorsed December 2012	2014
IAS 27	Separate Financial Statements (Amendment)	1 January 2013	Endorsed December 2012	2014
IAS 28	Investments in Associates and Joint Ventures (Amendment)	1 January 2013	Endorsed December 2012	2014
IAS 32	Financial Instruments: Presentation. Offsetting Financial Assets and Financial Liabilities (Amendment)	1 January 2014	Endorsed December 2012	2014
IFRS 10, 11, 12	Transition Guidance (Amendments)	1 January 2014	Endorsed April 2013	2014
IFRS 10, 12, IAS 27	Investment Entities (amendments)	1 January 2014	Endorsed November 2013	2014
IFRIC 21	Levies	1 January 2014	Not yet endorsed	

Measurement of assets and liabilities is based on historical cost. The following assets and liabilities are measured in another manner:

- Financial instruments are measured at fair value, cost or amortised cost.
- Associates are reported in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated applying current tax rates.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are measured at the lower of cost and net realisable value.
- Provisions are measured at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is measured at the present value of an estimate of the future benefit earned by the employees with deduction for any plan assets linked to the respective pension plan, measured at fair value.

The Group's accounting principles, summarised below, are applied consistently to all periods presented in the Group's financial statements. These principles are also applied consistently to reporting and consolidation of parent companies, group companies and associates.

Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

The estimations and assumptions are revised on a regular basis. Changes in estimations are reported in the period in which the changes are made.

When applying IFRS, assessments which have a material effect on the financial statements, such as estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 37.

Classification

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid after more than 12 months from the end of the reporting period.

Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within 12 months from the end of the reporting period.

Consolidation principles and business combinations

The consolidated financial statements are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements and IFRS 3 Business Combinations. Subsidiaries are consolidated applying the acquisition method. Associates are consolidated applying the equity method.

Potential voting rights

When assessing whether a significant or controlling influence exists, potential shares carrying voting rights that can be utilised or converted without delay are taken into account. Potential voting rights relate to votes that may be added after the exercise of, for example, convertibles and options. The existence of all such potential voting rights is taken into account, i.e. not only those related to the parent or owner company. Consolidation is normally carried out on the basis of the current ownership share.

Subsidiaries

Subsidiaries are companies over which Ratos AB exercises control. Control represents directly or indirectly the right to determine a company's financial or operating strategies in order to obtain economic benefits. In the event of ownership of shares representing more than 50% of the votes, control is assumed. Circumstances in the individual case may also provide control in the event of ownership of shares representing less than 50% of the votes.

Acquisition method

Subsidiaries are reported according to the acquisition method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. In the purchase price allocation (PPA) the fair value on the acquisition date is identified of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. For business combinations there are two alternative methods for recognising goodwill, either a proportionate share of or full goodwill. Full goodwill means that a non-controlling interest is recognised at fair value. The choice between these two methods is made individually for every acquisition.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are recognised directly in profit or loss.

In step acquisitions goodwill is identified on the date control is obtained. If the company already owned an interest in the acquired subsidiary this is remeasured at fair value and the change in value recognised in profit or loss. In a corresponding manner a remaining holding at a disposal where control is lost is remeasured at fair value and the change in value is recognised in profit or loss.

In business combinations where the consideration transferred, any non-controlling interest and fair value of the previously owned interest exceed the fair value of acquired assets and assumed liabilities, the difference is recognised as goodwill. A bargain purchase (negative goodwill) arises when the difference is negative and is recognised directly in profit or loss for the year when it arises.

Payments that relate to settlement of an earlier business commitment are not included in the PPA but recognised in profit or loss.

Contingent considerations are recognised at fair value on the acquisition date. In the event the contingent consideration results in a liability this is remeasured at fair value on each reporting date. The remeasurement is recognised as income/expense in profit or loss for the year. If the contingent consideration, on the other hand, is classified as an equity instrument no remeasurement is performed and adjustment is made within equity.

Acquisition/disposal from/to non-controlling interests

Acquisitions from non-controlling interests are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests. Therefore goodwill does not arise in these transactions.

Disposals to a non-controlling interest where control remains, are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests.

Put options to non-controlling interests

Agreements concluded with non-controlling interests on the right to sell remaining interests in the company, either at a fixed price or a fair value. The agreement, put option, corresponding to the purchase price for outstanding shares, is recognised as a liability. Put options exceeding six months are discounted. At remeasurement of the liability the change of value and upward adjustment of interest are recognised in net financial items. At initial recognition of the put option as a liability, equity is reduced by an amount corresponding to its fair value, whereby Ratos has chosen to recognise in the first instance non-controlling interests in equity and if this is insufficient in equity attributable to owners of the parent.

Profits earned after this date are provided to the non-controlling interest in proportion to its participating interest.

Associates – equity method

Associates are companies over which Ratos AB exercises a significant influence, directly or indirectly. A significant influence means the possibility of participating in decisions concerning a company's financial and operating strategies, but does not imply control or joint control. Normally, ownership corresponding to not less than 20% and not more than 50% of the voting rights means that a significant influence exists. Circumstances in individual cases may lead to a significant influence even with ownership of less than 20% of the votes.

Associates are reported according to the equity method of accounting. The equity method means that the book value in the Group of the shares in associates corresponds to the Group's share of equity in associates, and any residual values on consolidated surplus and deficit values minus any intra-group profits. In the consolidated income statement, the Group's share of associates' profits after financial income and expenses reduced by depreciation of acquired surplus values and where applicable dissolution of intra-group profit is reported as "Share of profits of associates". The Group's share of associates' reported taxes is included in consolidated tax expenses. Dividends received from associates reduce carrying amounts.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are included in acquisition cost.

When the Group's share of recognised losses in the associate exceeds the carrying amount of the interests in the Group, the value of these interests is reduced to zero. Future losses are thus not recognised unless the Group has provided guarantees to cover losses arising in the associate. The equity method is applied until the date a significant influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-group transactions between group companies, are eliminated in their entirety.

Unrealised gains arising from transactions with associates are eliminated to an extent that corresponds to the Group's holding in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

Acquisition and disposal

At acquisition the company's earnings are included in consolidated earnings from the acquisition date. Companies sold during the year are included in the consolidated income statement with income and expenses until the date a controlling or significant influence ceases. An exit result is the capital gain or loss that arises when a holding is sold.

Foreign currency

Transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period.

Exchange differences that arise on translation are recognised in profit or loss for the year. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

Non-monetary assets and liabilities reported at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the rates on each transaction date. Translation differences that arise on translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve in equity.

If the foreign operation is not wholly owned, the translation differences are allocated to non-controlling interests on the basis of its proportional ownership. At disposal of a foreign operation the accumulated translation differences attributable to the operation are recognised whereby they are reclassified from the translation reserve to profit or loss for the year. In the event a disposal is made but control remains, a proportionate share of accumulated translation differences is transferred from other comprehensive income to non-controlling interests.

Net investment in foreign operations

Monetary non-current receivables to a foreign operation for which settlement is not planned and will probably not take place in the foreseeable future, are in practice part of net investment in foreign operations. An exchange difference that arises on the monetary non-current receivable is recognised in other comprehensive income and accumulated in the translation reserve in equity.

When a foreign operation repays monetary non-current receivables or provides a dividend and the parent company has the same participating interest as previously, Ratos has chosen not to transfer the accumulated translation differences from the translation reserve in equity to profit or loss for the year. At disposal of a foreign operation, the accumulated exchange differences attributable to monetary non-current receivables are reclassified from the translation reserve in equity to profit or loss for the year.

Revenue recognition

Revenue recognition occurs when significant risks and benefits that are associated with companies' goods are transferred to the purchaser and the economic benefits will probably accrue to the company. The company does not subsequently retain any commitment in the current administration that is normally associated with ownership. Furthermore, revenue recognition does not occur until the income and expenditure that arose or are expected to arise as a result of the transaction can be calculated in a reliable manner.

Revenues from service assignments are recognised in profit or loss when the financial results can be calculated in a reliable manner. Income and expenses are then recognised in profit or loss in relation to the percentage of completion of the assignment.

Revenues related to insurance contracts are recognised on a straight-line basis over the term of the contract for one-year contracts. For multi-year insurance contracts, revenue is recognised attributable to the first contract year in accordance with the percentage of completion method based on the relationship between expenditure disbursed and estimated total expenditure. The revenues attributable to subsequent years are accrued on a straight-line basis over the period of the contract.

Construction contracts

When the outcome of a construction contract can be calculated in a reliable manner, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively in the consolidated income statement by reference to the stage of completion known as percentage of completion. Stage of completion is determined by calculating the relationship between contract costs paid for work carried out at the end of the reporting period and estimated total contract costs.

Operating leases
Costs for operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in conjunction with signature of a lease are recognised in profit or loss as a reduction of leasing charges on a straight-line basis over the term of the lease. Variable charges are recognised as an expense in the period in which they arise.

Financial income and expenses
Net financial items include dividends, interest as well as costs for raising loans, calculated using the effective interest method, and exchange-rate fluctuations relating to financial assets and liabilities. Dividend income is recognised when the right to receive dividends is established. Capital gains or losses and impairment of financial assets are also reported in net financial items, as are unrealised and realised changes in value relating to financial assets measured at fair value through profit or loss, including derivative instruments that are not recognised in other comprehensive income due to hedge accounting.

In addition, payments relating to finance leases are divided between interest expense and amortisation. Interest expense is recognised as a financial expense.

Exchange gains and exchange losses are recognised net.

Intangible assets
Goodwill
Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment or when there is an indication that the asset has declined in value. Goodwill that arose at acquisition of associates is included in the carrying amount for investments in associates.

Research and development
Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the asset, the intention is and conditions exist for using the asset and the expenditure can be calculated in a reliable manner. The carrying amount includes all directly attributable expenditure, e.g. for material and services, employee benefits as well as registration of a legal entitlement. Amortisation is started when the product goes into operation and distributed on a straight-line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

Other intangible non-current assets
Other intangible non-current assets acquired by the Group are reported at cost with deduction for impairment and, if the asset has a determinable useful life, cumulative amortisation.

Costs incurred for internally generated goodwill and internally generated trademarks are reported in profit or loss when the cost is incurred.

Subsequent expenditure
Subsequent expenditure for capitalised intangible assets is recognised as an asset in the Statement of financial position only if it increases the future economic benefits for the specific asset to which it is attributable. All other expenditure is recognised as an expense when it arises.

Borrowing costs
Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which necessarily takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

Amortisation
Amortisation is reported in profit or loss on a straight-line basis over the estimated useful life of intangible assets, provided such useful lives are not indeterminable. Useful lives are tested annually or when required.

Depreciable intangible assets are amortised from the date when they are available for use. The estimated useful lives are:

Number of years	Group
Trademarks	4–20
Databases	5–10
Customer relations	4–20
Business systems	2–10
Other intangible assets	3–10

Property, plant and equipment
Owned assets
Property, plant and equipment are reported in the Group at cost after deduction for cumulative depreciation and any impairment losses. Cost includes the purchase price as well as costs directly attributable to the asset in order to put it in place and in a condition to be utilised in accordance with the purpose of its acquisition. Examples of directly attributable costs included in cost are costs for delivery and handling, installation, registration of title, consulting services and legal services.

The carrying amount of property, plant and equipment is derecognised from the Statement of financial position at disposal or sale or when no future economic benefits are expected from use or disposal/sale of the asset. Gains or losses that arise from sale or disposal of an asset comprise the difference between the selling price and the carrying amount of the asset with deduction for direct selling costs. Gains and losses are reported as other operating income/expense.

Leased assets
Leases are classified in the consolidated financial statements as either finance or operating leases. A finance lease exists when the economic risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, it is an operating lease.

Assets that are leased according to a finance lease are recognised as an asset in the Statement of financial position and measured initially at the lower of the fair value of the leased asset and the present value of minimum leasing charges at the start of the contract. The obligation to pay future leasing charges is recognised as non-current and current liabilities. Leased assets are depreciated over the useful life of the asset while leasing payments are recognised as interest and amortisation of liabilities.

Assets leased under operating leases are normally not recognised as an asset in the Statement of financial position. Nor do operating leases give rise to a liability.

Borrowing costs
Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which necessarily takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

Subsequent expenditure
Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the

company and the cost can be estimated in a reliable manner. All other subsequent expenditure is recognised as an expense in the period in which it arises.

Decisive for assessment of when a subsequent expenditure is added to cost is whether the expenditure relates to replacement of identified components, or parts of the same, whereby such expenditure is recognised as an asset.

In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts on replaced components, or parts of components, are disposed of and recognised as an expense when the replacement takes place. Repairs are recognised as an expense on a current basis.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The Group applies component depreciation which means that the estimated useful life of the components forms the basis for depreciation.

Number of years	Group	Parent company
Buildings	10–50	35–100
Equipment	2–20	3–10

The residual value and useful life of an asset are assessed annually.

Financial instruments

Financial instruments recognised in the Statement of financial position on the assets side include cash and cash equivalents, loans and receivables, trade receivables, financial investments and derivatives. On the liabilities side there are trade payables, loans payable and derivatives.

Recognition and derecognition from the Statement of financial position

A financial asset or a financial liability is recognised in the Statement of financial position when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation to pay exists, even if an invoice has not yet been sent. Trade receivables are taken up in the Statement of financial position when an invoice has been sent. A liability is taken up when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are taken up when an invoice has been received.

Financial assets and liabilities can be measured at fair value, cost or amortised cost.

A financial asset is derecognised from the Statement of financial position when the contractual rights are realised, expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the Statement of financial position when the contractual obligation is met or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised with a net amount in the Statement of financial position only if a legal right to offset these amounts exists and there is an intention to settle these items with a net amount or at the same time realise the asset and settle the liability.

Acquisition and divestment of financial assets are reported on the trade date which is the day when the company undertakes to acquire or divest the asset except in cases where the company acquires or divests listed securities when settlement date accounting is applied.

Classification and measurement

Initially financial assets and liabilities are measured at a cost corresponding to fair value with the addition of transaction costs. An exception is financial assets and liabilities that are recognised at fair value through profit or loss which are initially measured at fair value excluding transaction costs.

Fair value for listed financial assets corresponds to the listed purchase price of the asset at the end of the reporting period. Fair value of unlisted financial assets is determined by applying valuation techniques such as recently completed transactions, price of similar instruments and discounted cash flows. Amortised cost is determined on the basis of effective interest that is calculated on the acquisition date. Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

A division of financial assets and liabilities is made into one of the categories listed below. A combination of the purpose of the holding of a financial asset or liability at the original acquisition date and type of financial asset or liability is decisive for the division into categories. Category classification is not specified in the Statement of financial position.

Cash and cash equivalents consist of cash and immediately available balances held by banks and similar institutions as well as short-term liquid investments with a maturity from the acquisition date of less than three months which are only exposed to an insignificant risk for fluctuations in value.

– Financial assets at fair value through profit or loss

This category consists of two sub groups: financial assets held for trading and other financial assets that the company has initially chosen to classify in this category (according to the fair value option). Financial instruments in this category are measured on a current basis at fair value with changes in value recognised in profit or loss for the year. The first sub group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss. In the second sub group, Ratos has chosen to classify financial investments that are managed and measured based on fair values.

– Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Trade receivables have a short remaining maturity and are therefore measured at a nominal amount without discount.

This category includes trade, loan and other receivables. Trade and other receivables are reported at the amount at which they are expected to accrue after deduction for individual assessment of doubtful debts. Impairment of trade and other receivables is recognised in operating expenses.

Loan receivables and other receivables if the anticipated holding period exceeds one year are reported as non-current receivables, in other cases as other receivables.

– Available-for-sale financial assets

The category available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here.

Investments in shares and participations classified as available-for-sale assets, which are not listed in an active market and for which fair value cannot be calculated in a reliable manner, are measured at cost.

– Client money

Client money, which is recognised as assets and liabilities in the balance sheet, includes payment received for a specific receivable on behalf of a client and to be paid to the client within a specific period. Client money is cash and cash equivalents with a limited right of disposition. The same amount is recognised as a liability.

– Financial liabilities at fair value through profit or loss

This category consists of two sub groups: financial liabilities held for trading and other financial liabilities that the company chose to place in this category (the fair value option), see description above under Financial assets at fair value through profit or loss. The first category includes derivative instruments with a negative value that are not classified as hedging instruments when hedge accounting is applied. These are measured on a current basis at fair value with changes in value recognised in profit or loss for the year. The purpose of the derivative instrument determines whether a change in value is recognised in net financial items or in operating profit or loss. Change in value of financial liabilities attributable to issued synthetic options where market premiums have been paid is recognised within net financial items.

– Other financial liabilities

Loans and other financial liabilities, such as trade payables, are included in this category. The liabilities are measured at amortised cost.

Trade and other payables that have a short anticipated maturity are measured at nominal amounts without discount.

The category to which the Group's financial assets and liabilities belong is specified in Note 17 Financial instruments.

Derivative instruments and hedge accounting

The Group's derivative instruments are acquired to hedge the risks of interest rate and currency exposure to which the Group is exposed. In order to hedge this risk, Ratos uses various types of derivative instruments, such as forward contracts, options and swaps.

All derivative instruments are recognised at fair value in the Statement of financial position. Initially derivatives are recognised at fair value which means that transaction costs are charged against profit. The changes in value that arise on remeasurement can be recognised in different ways depending on whether or not the derivative instrument is classified as a hedging instrument.

If the derivative instrument is not classified as a hedging instrument the change in value is then recognised directly in profit or loss. For derivative instruments that comprise hedging instruments, changes in value are recognised depending on the type of hedge, see below.

If the hedge accounting is discontinued before the maturity of the derivative instrument the derivative instrument returns to classification as a financial asset or liability valued at fair value through profit or loss, and the future changes in value of the derivative instrument are thereby recognised directly in profit or loss.

In order to meet the requirements for hedge accounting according to IAS 39, there must be an unequivocal link to the hedged item. Furthermore, it is required that the hedge effectively protects the hedged item, that hedging documentation is prepared and that effectiveness can be shown to be sufficiently high through effectiveness measurement. Gains and losses related to hedges are recognised in profit or loss at the same time as gains or losses are recognised for the hedged items.

Receivables and liabilities in foreign currency

Forward contracts are used to hedge a receivable or liability against exchange rate risk. Hedge accounting is not used for protection against currency risk since a financial hedge is reflected in the financial statements through both the underlying receivable or liability and the hedging instrument being recognised at the exchange rate on the closing date and changes in exchange rates are recognised in profit or loss for the year. Changes in exchange rates for operating receivables and liabilities are recognised in operating profit or loss while changes in exchange rates for financial receivables and liabilities are recognised in net financial items.

Cash flow hedges

Hedges of forecast purchases/sales in foreign currency

The forward contracts used to hedge future cash flows and forecast purchases/ sales in foreign currency are recognised in the Statement of financial position at fair value. Changes in value for the period are recognised in other comprehensive income and accumulated changes in value in the hedging reserve within equity until the hedged flow affects profit or loss, whereby the hedging instrument's accumulated changes in value are reclassified to profit or loss for the year where they meet and match profit or loss effects from the hedged transaction.

Hedging of fixed interest

To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used, where the company receives floating interest and pays fixed interest. These interest rate swaps are measured at fair value in the Statement of financial position. The interest coupon is recognised on a current basis in profit or loss as an interest expense. Unrealised changes in the fair value of the interest rate swap are recognised in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit or loss for the year and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit or loss for the year.

Impairment

On each closing date an assessment is made of whether there is any indication that an asset has an impaired value. If such indication exists, the recoverable amount of the asset is calculated.

Assessment of carrying amount is performed in another manner for certain assets. This applies to inventories, assets held for sale, assets under management used for financing of employee benefits and deferred tax assets, see respective headings.

Impairment

IAS 36 is applied to impairment of assets other than financial assets which are reported according to IAS 39.

Impairment of goodwill, intangible assets and property, plant and equipment

In the Ratos Group, goodwill and intangible assets with an indeterminable useful life are attributed to a holding, i.e. a subsidiary or associate, where each holding comprises a cash-generating unit. Testing of carrying amounts is performed per holding, including the value of goodwill and intangible assets which are attributable to the holding in question. Testing is carried out annually by calculating a recoverable amount regardless of whether or not an indication of impairment exists. In between, the value is tested if an indication of impairment exists.

An impairment is recognised when the carrying amount of an asset or holding exceeds the recoverable amount. An impairment is charged to operating profit or loss. Impairment attributable to a holding is allocated in the first instance to goodwill.

The recoverable amount is the higher of fair value with deduction for selling costs and value in use. For a more detailed description, see Note 13.

Impairment of financial assets

On each reporting date the Group evaluates whether there are objective indications that a financial asset or group of financial assets is impaired. Objective indications comprise both noticeable circumstances that have occurred and which have a negative impact on the possibility to recover cost, as well as significant or lengthy reductions in the fair value of an investment in a financial investment classified as an Available-for-sale financial asset, see Note 17.

The impairment requirement of the receivables is determined on the basis of historical experience of bad debts on similar receivables. Trade receivables with an impairment requirement are recognised at the present value of anticipated future cash flows. Since in most cases trade receivables have a short maturity they are therefore not discounted.

Impairment of Available-for-sale financial assets is recognised in profit or loss for the year in net financial items.

Reversal of impairment

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the assumptions that form the basis of calculation of the recoverable amount. An impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been recognised, taking into account the amortisation that would then have taken place.

Impairment of held to maturity investments or loan and trade receivables recognised at amortised cost are reversed if the earlier reasons for impairment no longer exist and full payment is expected. Impairment of equity instruments classified as Available-for-sale financial assets, which were previously recognised in profit or loss are not reversed through profit or loss for the year but in other comprehensive income. The impaired value is the amount from which a subsequent revaluation is performed which is recognised in other comprehensive income. Impairments of fixed-income instruments, classified as Available-for-sale financial assets, are reversed through profit or loss if the fair value increases and the increase can objectively be attributed to an event that occurred after the impairment was recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs for purchase, costs for manufacture and other costs of bringing the goods to their current location and condition. Cost for goods that are not exchangeable and for goods and services that are produced for and held separately for specific projects are determined based on the specific costs attributable to the respective product.

For other goods, cost is calculated according to the first-in, first-out principle or through methods based on a weighted average.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

Assets held for sale

Assets are classified as Assets held for sale when it is highly probable that a sale will take place. This can be an individual asset, a group of assets and liabilities attributable to them or a holding, i.e. a subsidiary or an associate. Assets classified as Assets held for sale are reported separately as a current asset. Liabilities attributable to Assets held for sale are reported separately as a current liability in the Statement of financial position. Immediately prior to classification as an asset held for sale, the carrying amount of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. At initial classification as assets held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value with deduction for selling costs.

A profit is recognised at each increase of fair value with deduction for selling costs. This profit is limited to an amount that corresponds to the impairment recognised previously.

Losses due to a decline in value at initial classification as held for sale are recognised in profit or loss for the year. Subsequent declines in value, both gains and losses, are also recognised in profit or loss for the year.

Equity

Purchase of treasury shares

Acquisition of treasury shares is reported as a deductible from equity.

Proceeds from the sale of treasury shares are reported as an increase in equity. Any transaction costs are recognised directly in equity.

Preference shares

Ratos's recognises preference shares as equity in accordance with IAS 32, since Ratos does not have an undertaking to redeem outstanding preference shares. Ratos's Board is able to make a decision on redemption of preference shares. Dividends on preference shares require a general meeting resolution.

Dividends

Dividends are recognised as a liability after the annual general meeting has approved the dividend.

Employee benefits

Defined contribution plans

Plans where the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution pension plans. In such case the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company and the return on investment provided by the contributions. Consequently it is the employee who bears the actuarial risk and the investment risk. The company's obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they are earned through the employees' service to the company over a period.

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that covers several employers. Information which makes it possible to report this plan as a defined benefit plan has not so far been made available.

The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

Defined benefit plans

The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. This remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate at the end of the reporting period for a first-class corporate bond with a maturity that corresponds to the Group's pension obligations. When there is no active market for such corporate bonds the market rate on government bonds with a corresponding maturity is used instead. This calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in profit or loss. Remeasurements which arise as a result of defined benefit plans also include return on plan assets (excluding interest) and the effect of an asset ceiling (if any, excluding interest). These are recognised immediately in other comprehensive income. All other costs related to defined benefit plans are recognised under employee benefits in the income statement. The Group recognises interest on defined benefit obligation under net financial items in the income statement. When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised past service costs and the present value of future repayments from the plan or reduced future payments to the plan.

Other long-term benefits

The portion of variable compensation to employees that is only paid if the employee remains in service, is reported under Other non-current liabilities. The compensation is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined benefit pension plans.

Compensation in the event of termination of employment

Costs for benefits in conjunction with termination of employment are only recognised if the company is demonstrably obligated, without any realistic possibility of withdrawal, by a formal, detailed plan to terminate an employment prior to the normal date. When benefits are provided as an offering to encourage voluntary attrition, an expense is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be estimated in a reliable manner.

Short-term benefits

Short-term employee benefits are calculated without discount and recognised as expenses when the relative services are received.

Incentive programmes

Ratos AB's call option programmes are secured through purchases of treasury shares. Purchases of treasury shares are reported as a reduction of equity. The options have been acquired at a market price and the option premium is recognised directly in equity. In the event of future exercise of the options, the exercise price will be paid and increase equity.

Synthetic option programmes with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognised as a financial liability. This did not initially imply any cost for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options are recognised as a financial item, as are other income and expenses relating to financial assets and liabilities. If a synthetic option is utilised by the holder the financial liability, which was previously remeasured at fair value, is settled. Any realised profit or loss is recognised in profit or loss as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

If a market premium is not paid with relation to a synthetic option programme an issued option is recognised and measured in accordance with IFRS 2. A basic premise for IFRS 2 is that a company shall bear the cost that it incurred by not receiving a market premium. An expense and a liability are recognised corresponding to the fair value of the options through application of an options valuation model. The expense is recognised as employee benefits. In certain cases the expense is accrued over an earning period. The liability is remeasured on a current basis at fair value and changes in value are recognised in profit or loss for the year.

Earnings per share

Earnings per share are based on consolidated profit for the year attributable to owners of the parent.

The dilution effect of option programmes depends on outstanding call options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, taking the average market price for Ratos shares into account, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect.

Provisions

A provision differs from other liabilities since there is uncertainty about the payment date or the size of the amount to settle the provision.

A provision is recognised in the Statement of financial position when the Group has an existing legal or constructive obligation as a consequence of an event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made.

Provisions are made in the amount that is the best estimate of what is required to settle the existing obligation on the closing date. When the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the liability.

A provision for an onerous contract is recognised when the expected economic benefits to the Group from a contract are lower than the unavoidable costs of meeting obligations under the contract.

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a weighing up of possible outcome in relation to the probabilities inherent in the outcome.

Restructuring

A provision for restructuring is recognised when there is an adopted detailed and formal restructuring plan and the restructuring has either started or been publicly announced. No provision is made for future operating expenses.

Tax

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when the underlying transaction is recognised directly in other comprehensive income or equity, when the inherent tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received relating to the current year, applying the tax rates decided or in practice at the closing date. Current tax also includes adjustments of current tax attributable to past periods.

Deferred tax is calculated on the basis of the difference between reported and tax assessment value of assets and liabilities if it is probable that recovery or adjustment respectively of the difference is probable. A valuation is performed based on the tax rates and tax regulations decided or announced as per the end of the reporting period.

Deferred tax assets relating to deductible temporary differences and loss carry forwards are only recognised to the extent it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer assessed as probable that they can be used.

Any additional income tax that arises from dividends is recognised on the same date that the dividend is recognised as a liability.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment that stems from events that have taken place and when their occurrence is only confirmed by one or more uncertain future events or when there is a commitment that is not recognised as a liability or provision since it is not probable that an outflow of economic benefits will be required.

Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 means that the parent company in the annual accounts for a legal entity must apply all EU endorsed IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made from IFRS.

The differences between the Group's and the parent company's accounting principles are stated below.

The accounting principles set out below for the parent company are applied consistently to all periods presented in the parent company's financial reports.

Changed accounting principles

The parent company has not changed its accounting principles in 2013.

Classification and presentation

The parent company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule, while the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences between the consolidated financial statements which apply in the parent company's income statement and balance sheet mainly comprise recognition of financial income and expenses, non-current assets, equity and the occurrence of provisions as a separate heading in the balance sheet.

Financial instruments

The parent company applies the rules in the Swedish Annual Accounts Act, Chapter 4, §14 a-e which allow measurement of some financial instruments at fair value.

Anticipated dividends

Anticipated dividend from a subsidiary is recognised in cases where the parent company alone is entitled to decide on the size of the dividend and the parent company has made a decision about the size of the dividend before the parent company published its financial statements.

Associates and subsidiaries

Investments in associates and subsidiaries are reported in the parent company according to the acquisition cost method.

This means that transaction costs are included in the carrying amount for holdings in subsidiaries and associates. In the Group, on the other hand, transaction costs are recognised for subsidiaries directly in profit or loss.

Contingent considerations are measured on the basis of the probability that the consideration will be paid. Any changes in provision/ receivable increase/reduce cost. In the consolidated financial statements contingent considerations are recognised at fair value with changes in value through profit or loss.

Defined benefit pension plans

In the parent company, other bases are used for calculation of defined benefit pension plans than those stated in IAS 19. The parent company follows the regulations in the Income Security Act and directives from the Swedish Financial Supervisory Authority since this is a prerequisite for the right to deduct tax. The most important differences compared with the rules in IAS 19 are how the discount rate is determined, that calculation of the defined benefit obligations is based on current salary without an assumption on future salary increases, and that all actuarial gains and losses are recognised in profit or loss as they arise.

Group contributions and shareholder contributions

In cases where the parent company provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

The parent company can neither give or receive a group contribution due to its tax status, see under Tax below.

Tax

The parent company is taxed according to the rules for investment companies. This means that any capital gains that arise from shares and other ownership rights are not liable to tax. Capital losses may not be deducted.

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at the start of the year have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received and interest income are reported as income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

Note 2 Consolidated income statement

SEKm	2013	2012
Profit/share of profits before tax [1]		
AH Industries (69%)	-78	-72
Aibel (32%) [2]	141	
Anticimex (85%) [3]		51
Arcus-Gruppen (83%)	75	-73
Biolin Scientific (100%)	-13	14
Bisnode (70%)	9	-31
Contex Group (100%)		-150
DIAB (96%)	-109	-287
Euromaint (100%)	-76	-49
GS-Hydro (100%)	57	44
Hafa Bathroom Group (100%)	-13	5
HENT (73%) [4]	28	
HL Display (99%)	106	70
Inwido (97%)	220	246
Jøtul (93%)	-89	-160
KVD (100%)	29	25
Lindab (11%) [5]		4
Mobile Climate Control (100%)	68	67
Nebula (72%) [6]	40	
Nordic Cinema Group (58%) [7]	120	82
SB Seating (85%)	86	97
Stofa (99%) [8]	1	88
Total profit/share of profits	**602**	**-29**
Exit Anticimex		897
Exit Lindab		81
Exit Stofa	895	
Total exit result	**895**	**978**
Impairment DIAB	-234	
Impairment Jøtul	-74	-100
Impairment AH Industries		-275
Profit from holdings	**1,189**	**574**
Central income and expenses		
Management costs	-240	-222
Capital gain/loss within central income and expenses [9]		168
Financial items	134	247
Central income and expenses	**-106**	**193**
Profit before tax	**1,083**	**767**
Tax	-281	-224
Profit for the year	**802**	**543**
Attributable to		
Owners of the parent	742	606
Non-controlling interests	60	-63

[1] Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.
[2] Aibel is included in consolidated profit from 11 April 2013.
[3] Anticimex is included in consolidated profit through June 2012. The entire holding was sold in July 2012.
[4] HENT is included in consolidated profit from July 2013.
[5] Lindab is included in consolidated profit through June 2012. The entire holding was sold in August 2012.
[6] Nebula is included in consolidated profit from May 2013.
[7] 2012 relates solely to Finnkino. Earnings for 2013 consist of Finnkino solely until 30 April and subsequently relate to the entire Nordic Cinema Group.
[8] Stofa is included in consolidated profit through January 2013. The entire holding was sold in February 2013.
[9] Relates to an earlier intra-group sale of a group company where the gain was recognised when this company left the Group in 2012.

For formal reasons profit or loss is reported in accordance with IAS 1. In order to better reflect Ratos's operations, profits from holdings are recognised in this note, where subsidiaries are included to 100% and associates to owned share. The lines which have the same values in both presentation forms are therefore profit before tax, tax and profit for the year.

Ratos's central income and expenses amounted to SEK -106m (193), of which personnel costs in Ratos AB amounted to SEK -130m (-119).

The variable portion of personnel costs amounted to SEK -35m (-27) and other management costs were SEK -110m (-103).

Net financial items amounted to SEK 134m (247).

Note 3 Operating segments

Ratos is a private equity conglomerate whose operations comprise acquisition, development and divestment of preferably unlisted companies. Ratos's business mission over time is to create the highest possible returns through professional, active and responsible exercise of its role as owner in a number of selected companies and investment situations where Ratos creates a unique investment opportunity for stock market players. Added value is created in conjunction with acquisition, development and divestment of companies. Ratos's CEO and Board, the Ratos Group's "chief operating decision-maker" monitor operations on the basis of development in all Ratos's holdings. Key figures such as sales, EBITA and EBT are followed up for the holdings individually and in total. The CEO and Board also follow up operations on the basis of how well the financial target of an average annual return of at least 20% on each individual investment has been achieved as a whole and over time.

2013, SEKm	Net sales	Depreciation [1]	Share in profit of associates	Interest income	Interest [2] expenses	EBT	Interest-bearing [3] net receivable/ net debt
Holdings							
AH Industries	1,018	-62		6	-38	-78	-356
Aibel [4]			141			141	
Arcus-Gruppen	2,516	-57	12	10	-100	75	-1,179
Biolin Scientific	233	-10			-8	-13	-169
Bisnode	3,724	-175			-204	9	-1,862
DIAB	864	-65			-57	-109	-731
Euromaint	2,419	-42		1	-100	-76	-542
GS-Hydro	1,237	-22		1	-17	57	-433
Hafa Bathroom Group	238	-3			-2	-13	-61
HENT [5]	2,243	-2		9	-17	28	420
HL Display	1,596	-39		1	-22	106	-296
Inwido	4,300	-103	1	3	-52	220	-971
Jøtul	930	-59		1	-45	-89	-557
KVD	296	-2		1	-12	29	-203
Mobile Climate Control	978	-20			-29	68	-464
Nebula [6]	155	-15			-20	40	-320
Nordic Cinema Group [7]	1,895	-126	28	2	-91	120	-1,647
SB Seating	1,112	-34		2	-124	86	-947
Stofa [8]	131	-10			-4	1	
Total holdings	**25,885**	**-846**	**182**	**37**	**-942**	**602**	**-10,318**
Exit Stofa						895	
Exit gain						**895**	
Impairment DIAB						-234	
Impairment Jøtul						-74	
Total holdings	**25,885**	**-846**	**182**	**37**	**-942**	**1,189**	**-10,318**
Central income and expenses	199	-7	1	340	-85	-106	1,289
Other/eliminations				-327	327		-427
Group total	**26,084**	**-853**	**183**	**50**	**-700**	**1,083**	**-9,456**

1) Depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Aibel is included in consolidated profit from 11 April 2013.
5) HENT is included in consolidated profit from July 2013.
6) Nebula is included in consolidated profit from May 2013.
7) Earnings for 2013 consist of Finnkino solely until 30 April and subsequently relate to the entire Nordic Cinema Group.
8) Stofa is included in consolidated profit through January 2013. The entire holding was sold in February 2013.

Note 3, cont.

2012, SEKm	Net sales	Depreciation [1]	Share in profit of associates	Interest income	Interest [2] expenses	EBT	Interest-bearing [3] net receivable/ net debt
Holdings							
AH Industries	1,062	-57		7	-31	-72	-394
Anticimex [4]	1,009	-27		2	-48	51	
Arcus-Gruppen	2,278	-45	7	7	-51	-73	-436
Biolin Scientific	235	-9			-7	14	-155
Bisnode	3,935	-176		4	-230	-31	-2,074
Contex Group	286	-29			-4	-150	1
DIAB	1,003	-85			-59	-287	-759
Euromaint	2,489	-51		1	-96	-49	-588
Finnkino	862	-70	6		-20	82	-217
GS-Hydro	1,352	-21		1	-29	44	-451
Hafa Bathroom Group	268	-2			-3	5	-61
HL Display	1,657	-39		2	-31	70	-396
Inwido	4,607	-105	1	9	-71	246	-1,131
Jøtul	913	-59		1	-49	-160	-583
KVD	287	-4		1	-7	25	-220
Lindab [5]			4			4	
Mobile Climate Control	1,250	-24			-30	67	-562
SB Seating	1,176	-37		4	-138	97	-672
Stofa	1,572	-117		2	-48	88	-859
Total holdings	**26,241**	**-957**	**18**	**41**	**-952**	**-29**	**-9,557**
Exit Anticimex						897	
Exit Lindab						81	
Exit gain						**978**	
Impairment AH Industries						-275	
Impairment Jøtul						-100	
Total holdings	**26,241**	**-957**	**18**	**41**	**-952**	**574**	**-9,557**
Central income and expenses	859	-15		316	-59	193	1,788
Interest-bearing net debt reclassified as held for sale							859
Other/eliminations				-295	295		-547
Group total	**27,100**	**-972**	**18**	**62**	**-716**	**767**	**-7,457**

1) Depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Anticimex is included in consolidated profit through June 2012. The entire holding was sold in July 2012.
5) Lindab is included in consolidated profit through June 2012. The entire holding was sold in August 2012.

The Ratos Group has its main focus on the Nordic market which is reflected in share of net sales in the Nordic countries amounting to approximately 75% (60). The rest of Europe is the second-largest market and amounts to approximately 18% (30) with the remainder evenly distributed between Asia and North America.

There is no individual customer that accounts for more than 10% of total revenues

Note 4 Revenue breakdown

Group

SEKm	2013	2012
Breakdown of net sales		
Sale of goods	19,644	21,784
Service contracts	3,908	4,603
Construction contracts	2,532	353
Insurance services		360
	26,084	**27,100**

Note 5 Business combinations

Acquisitions 2013

Nordic Cinema Group

In March, Ratos signed an agreement with Bonnier on a merger of SF Bio and Finnkino. SF Bio is the largest cinema player in Sweden. The merger took place through a newly formed company, Nordic Cinema Group, acquiring all the shares in SF Bio and Finnkino. In conjunction with completion of the acquisition at the beginning of May, Ratos transferred its shares in the holding in Finnkino. Subsequently, Nordic Cinema Group is owned to 58% by Ratos and 40% by Bonnier. Ratos acquired control when the acquisition was completed.

The main reason for the merger of Finnkino and SF Bio is to increase competitiveness by enabling value creation which the companies cannot be expected to achieve as separate units. SF Bio, like Finnkino, is the leader in its market. For Ratos, the operations conducted by Finnkino in Finland, Estonia, Latvia and Lithuania are expanded with SF Bio's operations in Sweden and Norway.

Ratos has prepared a preliminary purchase price allocation for SF Bio since the final figures for the transaction have not been determined. The entire difference between consideration transferred and carrying amounts of assets and liabilities has been allocated to goodwill of approximately SEK 1,900m. The change in goodwill and non-controlling interests between quarter 3 and quarter 4 are due to adjustment of the purchase price.

The goodwill recognised for SF Bio mainly reflects the company's growth, profitability, market position and stability. Since the acquisition SF Bio is included in consolidated net sales including other income with SEK 1,131m and in operating profit (EBITA) with SEK 167m. For the full year 2013 pro forma net sales including other income amounted to SEK 1,679m and EBITA to SEK 197m. The acquisition company's interest expenses have been stated pro forma to correspond to the full year. Acquisition-related costs amounted to approximately SEK 30m in 2013 and are recognised as other operating expenses in consolidated profit for the year.

Preliminary purchase price allocation (PPA) SF/NCG [2)]

SEKm	PPA on acquisition date	New measurement	Preliminary PPA 31 Dec 2013
Property, plant and equipment	379		379
Financial assets	171		171
Deferred tax asset	8		8
Current assets	239		239
Cash and cash equivalents	326	9	335
Non-controlling interests	-256	38	-218
Non-current liabilities and provisions	-1,917		-1,917
Deferred tax liability	-29		-29
Current liabilities	-483		-483
Net identifiable assets and liabilities	**-1,562**	**47**	**-1,515**
Consolidated goodwill	1,900	-9	1,891
Consideration transferred [1)]	338	38	376
[1)] Cash			38
Transfer Finnkino	338		338

[2)] Relates to SF Bio including newly formed company Nordic Cinema Group

The purchase price allocation is preliminary, which means that fair value is not finally identified for all items. Non-controlling interests are measured at a proportional share of identifiable net assets.

Nebula

In March, Ratos, together with Rite Ventures and the company's management, signed an agreement to acquire Nebula Oy, a market-leading provider of cloud services, IT infrastructure and network services to small and medium-sized enterprises in the Finnish market, which is also the main reason for the acquisition. The acquisition was completed in April when Ratos also acquired control.

The transaction was carried out via a subsidiary wholly owned by Ratos. Consideration transferred amounted to EUR 34m (SEK 284m) for a holding corresponding to 72%. A contingent consideration for 2013 and 2014 falls due if certain profitability milestones are achieved. At the acquisition date this was recognised as a liability in Nebula. The combined result for the two years 2013 and 2014 may be a minimum of EUR 0 and a maximum of EUR 20m. In addition, there is an option which entitles the sellers, if Ratos's average annual Return (IRR) at exit exceeds 20%, to receive a small part of this surplus return.

The purchase price allocation is adopted. Goodwill amounts to SEK 689m, which is motivated by a strong market position and continued growth, strong cash flows, a scalable business model and relatively cyclically insensitive services.

From the acquisition date Nebula is included in consolidated sales with SEK 155m and in profit before tax (EBT) with SEK 40m. For the full year 2013 pro forma sales amounted to SEK 228m and EBT to SEK 58m. The acquisition company's interest expenses have been stated pro forma to correspond to the full year. Acquisition-related costs amounted to approximately SEK 12m for 2013 and are recognised as other operating expenses in consolidated profit for the year.

Definitive purchase price allocation (PPA) Nebula

SEKm	Preliminary PPA	New measurement	Definitive PPA 31 Dec 2013
Intangible assets	93	-89	4
Property, plant and equipment	50		50
Current assets	16	-2	14
Cash and cash equivalents	26	1	27
Non-controlling interests	-108		-108
Non-current liabilities and provisions	-311	-11	-322
Deferred tax liability	-26	26	
Current liabilities	-83	13	-70
Net identifiable assets and liabilities	**-343**	**-62**	**-405**
Consolidated goodwill	627	62	689
Consideration transferred [1)]	284		284
[1)] Cash	284		284

The PPA is definitive. Non-controlling interests have been measured at a proportionate share of identifiable net assets.

HENT

In May, an agreement was signed to acquire 73% of the shares in the Norwegian construction company HENT from Heimdal Gruppen and a number of financial investors. The transaction was carried out via a subsidiary wholly owned by Ratos. HENT is a leading Norwegian construction company which mainly focuses on new construction of public and commercial properties. The company conducts projects throughout Norway. The main reasons for the acquisition of HENT are the company's strong position in the Norwegian construction market as well as a focused business model with a flexible cost structure.

Note 5, cont.

The acquisition was completed in July, when Ratos also acquired control. The total consideration transferred from Ratos amounted to SEK 347m, divided into consideration transferred of SEK 302m and shareholder loan of SEK 45m. Ratos has prepared a preliminary purchase price allocation for HENT in which goodwill amounts to approximately SEK 984m. The change in goodwill between quarter 3 and quarter 4 is due to remeasurement of non-current assets and liabilities. The goodwill recognised for HENT represents a smooth-functioning organisation with a strong culture and the ability to continuously develop and improve the efficiency of operations, the company's customer offering and expertise, a business model that generates strong cash flows and a leading position in the Norwegian construction market. Since the acquisition HENT is included in consolidated sales with SEK 2,243m and in profit before tax (EBT) with SEK 28m. For the full year 2013 pro forma sales amounted to SEK 4,213m and EBT to SEK 109m. The acquisition company's interest expenses are stated pro forma to correspond to the full year. Acquisition-related costs amounted to approximately SEK 12m in 2013 and are recognised as other operating expenses in consolidated profit for the year.

Preliminary purchase price allocation (PPA) HENT

SEKm	PPA on acquisition date	New measurement	Preliminary PPA 31 Dec 2013
Intangible assets	2		2
Property, plant and equipment	24	6	30
Financial assets	14		14
Current assets	656		656
Cash and cash equivalents	463		463
Non-controlling interests	-113		-113
Non-current liabilities and provisions	-608		-608
Deferred tax liability	-23		-23
Current liabilities	-1,078	-25	-1,103 [2]
Net identifiable assets and liabilities	**-663**	**-19**	**-682**
Consolidated goodwill	965	19	984
Consideration transferred [1]	302		302
[1] Cash	302		302
Additional shareholder loan	45		45

[2] Includes promissory note with SEK 113m.

The purchase price allocation is preliminary, which means that fair value is not finally identified for all items. Non-controlling interests are measured at a proportional share of identifiable net assets.

Acquisition of associated companies

The acquisition of Aibel announced in December 2012 was completed in April 2013. Enterprise value for 100% of Aibel amounted to NOK 8,600m. Ratos and the Sixth AP Fund acquired Aibel via a jointly owned company where Ratos owns 64%. The jointly owned company owns 49% of Aibel. Ratos's holding in Aibel therefore amounts to 32%. Ratos provided equity of NOK 1,429m (SEK 1,676m) to the jointly owned company. Ratos reports its participation as an associate. In the adopted purchase price allocation order backlog is valued at NOK 266m, customer relations at NOK 140m and provisions at NOK 138m. Amortisation of intangible assets are charged against earnings from the acquisition date.

Acquisitions in subsidiary

In July 2012, Arcus-Gruppen signed an agreement to acquire the brands Aalborg, Brøndums, Gammel Dansk and Malteserkreuz from Pernod Ricard. The purchase price (enterprise value) amounted to EUR 103m (approximately SEK 880m). The acquisition was completed in January 2013. In the purchase price allocation trademarks amount to SEK 447m and goodwill to SEK 380m. The change in goodwill between quarter 3 and quarter 4 is mainly due to remeasurement of non-current assets.

Brøndums was sold in June 2013. The purchase price (enterprise value) amounted to EUR 11m (approximately SEK 95m) and generated a capital gain in Arcus-Gruppen of approximately SEK 40m.

Definitive purchase price allocation (PPA) Arcus-Gruppen

SEKm	Preliminary PPA	New measurement	PPA 31 Dec 2013
Intangible assets	447		447
Property, plant and equipment	121	-19	102
Current assets	42	2	44
Cash and cash equivalents	130		130
Deferred tax liability	-122	6	-116
Current liabilities	-53	-8	-61
Net identifiable assets and liabilities	**565**	**-19**	**546**
Consolidated goodwill	361	19	380
Consideration transferred [1]	926		926
[1] Cash	926		926

The PPA has been adopted.

Disposals

In October 2012, Ratos signed an agreement on the sale of all the shares in the subsidiary Stofa to the Danish energy and telecom group SE (Syd Energi). The sale was completed in February 2013. Consideration transferred amounted to SEK 1,204m and the capital gain for Ratos (exit gain) amounted to SEK 895m.

Disposals in subsidiaries

Ratos's subsidiary Contex Group sold its subsidiary Contex A/S to the private equity fund Procuritas. The sale was completed in January 2013. Consideration transferred amounted to SEK 219m and the capital gain for Contex Group amounted to SEK 0m.

Acquisitions within group companies 2012

Purchase price allocation (PPA)

SEKm	Bisnode
Intangible assets	39
Current liabilities	-1
Net identifiable assets and liabilities	**38**
Consolidated goodwill	1
Consideration transferred	**39**

The PPA for Bisnode's acquisition is preliminary. This means that fair value has not been finally identified for all items.

Anticimex carried out an acquisition in the first quarter of 2012. The price amounted to SEK 34m. Since Anticimex was sold in July 2012, no preliminary PPA is presented.

Note 5, cont.

Disposals 2012

In August 2012, Ratos sold the remaining 8,849,157 shares (approximately 11%) in Lindab International to Systemair. The selling price amounted to SEK 389m, corresponding to SEK 44 per share, and the exit gain was SEK 81m.

In April 2012, Ratos and co-owners signed an agreement to sell all the shares in Anticimex. The sale was completed in July 2012. Consideration transferred amounted to SEK 1,544m and the capital gain (exit gain) for Ratos amounted to SEK 897m.

Disposals in group companies

Inwido's sale of the business area Inwido Home Improvement was completed in June 2012. Consideration transferred amounted to SEK 192m and the exit loss was SEK 51m.

Bisnode's sale of WLW to the German private equity company Paragon Partners was completed in February 2012. Consideration transferred amounted to SEK 357m whereby Bisnode's exit gain amounted to SEK 151m.

Contex Group's sale of its subsidiaries Z Corporation and Vidar Systems to the American company 3D Systems Corporation was completed in January 2012. Consideration transferred amounted to USD 137m and the exit loss was USD 8m.

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

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

The PPA for Finnkino has been adopted in accordance with the preliminary PPA with one minor variation. A reduction in non-controlling interests is due to an underlying business being reclassified as a joint venture and recognised in accordance with the proportionate consolidation method.

PPAs for acquisitions within the group companies Arcus-Gruppen, Biolin Scientific, Bisnode, Inwido, Mobile Climate Control and Stofa have been adopted in accordance with the preliminary PPAs.

Note 6 Other operating income

Group

SEKm	2013	2012
Rental income	2	3
Gain from the sale of non-current assets	59	7
Government grants	2	1
Other	299	160
	362	**171**

Parent company

SEKm	2013	2012
Rental income	1	1
Other	11	1
	12	**2**

Note 7 Capital gain from the sale of group companies

Group

SEKm	2013	2012
Stofa	895	
Anticimex		897
Companies in the Bisnode group	-7	163
Companies in the Inwido group		-51
Companies in the Image Matters group	-23	2
Companies in the Nordic and Baltic Cinema group	-1	
Companies in the Haendig group		168
	864	**1,179**

Profits from investments in group companies

Parent company

SEKm	2013	2012
Dividend	49	382
Gain from sale of shares		830
Impairment	-477	-796
	-428	**416**

Note 8 Share of profits of associates

Group

SEKm	2013	2012
Share of profits		
Aibel	141	
Lindab		4
	141	**4**
Share of profits of associates, owned by group companies	42	14
	183	**18**
Exit result		
Lindab		81
		81

Profit from investments in associates

Parent company

SEKm	2013	2012
Dividend		14
Gain from the sale of shares		266
Impairment		-5
		275

Note 9 Employees, personnel costs and remuneration to senior executives and boards

Average number of employees

	2013		2012	
	Total	of whom women, %	Total	of whom women, %
Parent company	45	49	47	53
Group companies	16,672	30	17,064	29
Group total	**16,717**		**17,111**	
Of whom in				
Sweden	5,112	30	5,318	28
Norway	2,197	25	1,716	26
Finland	1,906	42	1,473	36
Denmark	1,096	21	1,683	24
Germany	1,425	18	1,584	20
Poland	945	37	950	41
USA	374	22	426	23
UK	516	19	524	19
Netherlands	117	26	151	26
Canada	273	6	282	6
Switzerland	136	39	146	40
Belgium	203	36	211	39
China	664	32	680	35
Italy	208	4	210	4
Ireland	10	50	9	44
France	315	47	328	47
Czech Republic	119	42	120	45
Russia	39	41	43	37
Ecuador	84	11	99	11
Austria	101	52	34	35
Spain	64	16	61	16
Hungary	98	66	82	59
Slovenia	73	56	71	55
Lithuania	179	40	223	47
Latvia	66	44	142	56
South Korea	70	20	62	16
India	17	35	67	12
Slovakia	47	91	30	83
Croatia	29	55	27	56
Australia	9	11	71	55
Singapore	41	39	47	36
Thailand	19	68	16	56
Japan	3	33	4	25
Estonia	96	80	170	72
Turkey	5	20	5	20
Malaysia	5	40	5	40
Taiwan	4	75	5	60
Bosnia-Herzegovina	6	–	–	–
Brazil	–	–	1	–
Serbia	14	50	4	25
Ukraine	12	67	13	69
Rumania	6	67	5	80
Indonesia	7	57	7	57
United Arab Emirates	7	29	6	33
	16,717		**17,111**	

Gender distribution in boards and senior executives

	31 Dec 2013 Women	31 Dec 2012 Women
Boards		
Parent company	29%	29%
Group total	14%	14%
Company management		
Parent company	33%	29%
Group total	24%	23%

Group – Salaries and other remuneration

SEKm	Boards and senior executives	Other employees	Total
2013			
Group, total	530	5,413	5,943
– of which, bonus	(71)		(71)
Of which in Sweden	196	1,954	2,150
– of which, bonus	(25)		(25)
Of which in other countries	334	3,459	3,793
– of which, bonus	(46)		(46)
Number of people	853		
2012			
Group, total	598	5,860	6,458
– of which, bonus	(77)		(77)
Of which in Sweden	210	2,201	2,411
– of which, bonus	(22)		(22)
Of which in other countries	388	3,659	4,047
– of which, bonus	(55)		(55)
Number of people	872		

Social security costs

SEKm	2013	2012
Social Security costs	1,786	1,811
(of which pension costs)	(473)	(467)

Of the Group's pension costs SEK 57m (56) refers to the boards and senior executives in the Group's companies. The Group's outstanding pension commitments to these amount to SEK 9m (26).

The average number of employees, salaries and other remuneration and social security costs only relate to group companies in the Group at year-end.

Parent company – Salaries and other remuneration

SEKm	2013	2012
Senior executives, CEO and Deputy CEO		
Number of people [1]	7	7
Salaries and other remuneration [2]	31	30
– of which, bonus	(12)	(10)
Salary and other remuneration, other employees	50	44
Total	**81**	**74**

1) One person only 50% of the year. At 31 December 2013 the number was 6 people.
2) Excluding vacation pay.

Note 9, cont.

Social security costs

SEKm	2013	2012
Social security costs	42	37
(of which pension costs)	(13)	(12)

Of the parent company's pension costs, SEK 3m (3) refers to the present and former Board of Directors, CEO and Deputy CEOs.

Remuneration to senior executives

Decisions on guidelines for senior executives taken at the 2013 Annual General Meeting are described in the Corporate Governance Report on pages 82–83, where a description of programmes for call options and synthetic options is also provided.

Remuneration to Board and senior executives

2013 SEKm	Board fee/ basic salary [1)]	Variable compensation [2)]	Other benefits	Pension cost	Total	Pension obligations
Arne Karlsson, Chairman of the Board	1.1				1.1	–
Lars Berg, Board member	0.5				0.5	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.5				0.5	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Margareth Øvrum, Board member	0.5				0.5	–
Susanna Campbell, CEO	5.4	4.2	0.1	1.1	10.8	–
Leif Johansson, Deputy CEO [3)]	1.8	0.0	0.1	1.2	3.1	–
Bo Jungner, Deputy CEO	2.9	1.7	0.0	0.5	5.1	–
Other senior executives (4 people)	9.0	6.6	0.3	1.2	17.1	–

1) Basic salary excluding vacation pay.
2) Including call option subsidy.
3) Only 50% of the year.

2012 SEKm	Board fee/ basic salary [1)]	Variable compensation [2)]	Other benefits	Pension cost	Total	Pension obligations
Arne Karlsson, Chairman of the Board from the 2012 AGM	0.8				0.8	–
Olof Stenhammar, Chairman of the Board until the 2012 AGM	0.3				0.3	–
Lars Berg, Board member	0.5				0.5	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.5				0.5	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Margareth Øvrum, Board member	0.5				0.5	–
Arne Karlsson, CEO until 2012 AGM	2.6	1.0	0.0	0.4	4.0	–
Susanne Campbell, CEO since 2012 AGM	3.4	2.2	0.1	0.7	6.4	–
Leif Johansson, Deputy CEO	3.6	1.3	0.1	1.3	6.3	–
Bo Jungner, Deputy CEO	3.2	1.3	0.0	0.5	5.0	–
Other senior executives (4 people)	7.6	3.9	0.3	1.2	13.0	–

1) Basic salary excluding vacation pay.
2) Including call option subsidy.

Note 9, cont.

Remuneration to the CEO

Variable compensation

The size of variable compensation is decided on a discretionary basis by the Board based on a proposal from the Compensation Committee and within the framework of the total variable compensation component for senior executives and other key people. Acquisition of call options is subsidised within the framework of the option programme for senior executives.

Pension terms

Pension premiums amount to 21% of basic salary. The pension is a defined contribution plan. No retirement age has been agreed.

Terms for severance pay

The mutual notice period is six months. Severance pay corresponding to one and a half annual salaries is paid and may not be triggered by the CEO.

Other senior executives

Variable compensation

Remuneration to the other six senior executives including Deputy CEOs, see table on the previous page.

Pension terms

Pension benefits are paid in accordance with the ITP Plan, where pensionable salary is the maximum ITP limit (30 income base amounts) for ITP2, for ITP1 there is no ceiling. An exception for two people who have a defined contribution pension benefit in excess of the ITP Plan. There is no agreed retirement age.

Severance pay terms

For other senior executives in Ratos there are no agreements on severance pay.

Call options

Holding 31 Dec 2013 [1]	2009 Number	2010 Number	2011 Number	2012 Number	2013 Number	Benefit
Chairman of the Board	74,900	78,000	200,000	–	–	–
Other Board members	–	–	–	–	–	–
Susanna Campbell, CEO	–	39,000	40,000	150,000	90,000	–
Bo Jungner, Deputy CEO	37,400	18,000	–	117,300	90,000	–
Other senior executives	100,400	98,000	122,000	235,000	142,500	–

Holding 31 Dec 2012 [1]	2008 Number	2009 Number	2010 Number	2011 Number	2012 Number	Benefit
Chairman of the Board	–	74 900	78,000	200,000	–	–
Other Board members	–	–	–	–	–	–
Susanna Campbell, CEO	–	37,400	39,000	40,000	150,000	–
Leif Johansson, Deputy CEO	–	37,400	50,000	50,000	100,000	–
Bo Jungner, Deputy CEO	50,000	37,400	18,000	–	117,300	–
Other senior executives	38,000	100,400	98,000	122,000	235,000	–

[1] Own and related parties' holdings.

Synthetic options

	2013		2012	
SEKm	Paid-in premium	Benefit	Paid-in premium	Benefit
Board of Directors	–	–	–	–
CEO and senior executives	2.4	–	–	–

Call options

	31 Dec 2013		31 Dec 2012	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	3,512,200	5,321,790	2,881,000	5,144,100
Recalculation of call option terms				64,490
Issued	585,900	585,900	1,149,200	1,149,200
Expired/exercised [1]	-552,500	-1,143,675	-518,000	-1,036,000
Outstanding at end of period	**3,545,600**	**4,764,015**	**3,512,200**	**5,321,790**

[1] Average exercise price SEK 125.80 per share (139), average share price when the options expired was SEK 63.95 (91.85).

Note 9, cont.

Disclosures on call options issued during the period

Each option carries entitlement to purchase one share.

	2013	2012
Maturity	20 Mar 2018	20 Mar 2017
Exercise price per share, SEK	77.60	74.40
Total option premium payments, SEKm	6.7	5.4
Total payments to Ratos if shares acquired, SEKm	45.5	85.5

Terms for call options outstanding

				31 Dec 2013		31 Dec 2012	
Maturity date	**Option price SEK/option**	**Exercise price SEK/share**	**Right to purchase number of shares**	**Number of options**	**Corresponding number of shares**	**Number of options**	**Corresponding number of shares**
20 March 2013	28.10	125.80	2.07			552,500	1,143,675
20 March 2014	13.00	92.60	2.03	641,000	1,301,230	641,000	1,301,230
20 March 2015	16.60	124.20	2.03	529,500	1,074,885	529,500	1,074,885
18 March 2016	11.80	156.40	1.02	640,000	652,800	640,000	652,800
20 March 2017	4.70	74.40	1.00	1,149,200	1,149,200	1,149,200	1,149,200
20 March 2018	11.50	77.60	1.00	585,900	585,900		
				3,545,600	**4,764,015**	**3,512,200**	**5,321,790**
Maximum increase in number of shares in relation to outstanding shares at end of period, %					1.5%		1.7%

Cash amount that the company may receive on exercise of outstanding options amounts to SEK 487m (585).

Incentive programmes in Ratos's holdings

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, shareholder loans, subscription warrants, synthetic options and synthetic shares. Investments are made on market terms with some exceptions. IFRS 2 Share-based payments is applicable to the exceptions. These did not have any material effect on the Ratos Group's income statement and statement of financial position. In total, financial liabilities relating to synthetic option programmes in the Ratos Group amounted to SEK 133m (154). In 2013 the Group's earnings were affected by SEK -17m (-69) relating to synthetic option liabilities.

Note 10 Fees and disbursements to auditors

	2013		2012	
SEKm	**Group**	**Parent company**	**Group**	**Parent company**
Senior auditor PwC				
Audit assignment	18	2	17	2
Audit-related activities in addition to audit assignment	1		1	
Tax advice	1		1	
Other services	19	1	1	0
Other auditors				
Audit assignment	18		21	
Audit-related activities in addition to audit assignment	2		3	
Tax advice	2		5	
Other services	7		8	
	68	**3**	**57**	**2**

Audit assignment refers to examination of the annual accounts and accounting records as well as the administration by the Board of Directors and the CEO, other tasks which are the business of the company's auditors, and advice or other assistance which is caused by observations on such examination or implementation of such work tasks. Everything else relates to other assignments.

Note 11 Financial income and expenses

Group

SEKm	2013	2012
Interest income		
Loans and receivables	50	62
Dividend		
Available-for-sale financial assets		1
Result from sale		
Available-for-sale financial assets	5	9
Change in value		
Synthetic options	18	18
Change in value of derivatives		
– hedge accounted		11
– non-hedge accounted	13	2
Other financial income		
Financial liabilities at fair value through profit or loss	4	14
Loans and receivables		1
Returns on pensions		1
Changes in exchange rates, net		35
Financial income	**90**	**154**

SEKm	2013	2012
Interest expenses		
Financial liabilities at fair value through profit or loss		
Held for trading	-3	-4
Other liabilities	-686	-696
Pensions	-11	-16
Change in value		
Synthetic options	-34	-87
Change in value of derivatives		
- hedge accounted	-3	-28
- non-hedge accounted	-26	-7
Other financial expenses		
Financial liabilities at fair value through profit or loss		
Held for trading		-6
Other liabilities	-144	-140
Impairment		
Available-for-sale financial assets		-25
Changes in exchange rates, net	-259	
Financial expenses	**-1,166**	**-1,009**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 50m (62). Interest expenses attributable to financial liabilities not at fair value through profit or loss amount to SEK 686m (696). Profit for the year includes SEK -3m (-46) that relates to ineffectiveness in cash flow hedges. The Group has no fair value hedges. Impairment is explained in Note 17.

Parent company

	Result from other securities and receivables accounted for as non-current assets		Other interest income and similar profit/loss items	
SEKm	**2013**	**2012**	**2013**	**2012**
Interest income				
Financial assets at fair value through profit or loss				
Held for trading		18		
Loans and receivables	129	135	18	22
Result from disposal				
Available-for-sale financial assets	4	9		
Change in value of derivatives				
Non-hedge accounted				11
Impairment				
Available-for-sale financial assets		-25		
Financial income	**133**	**137**	**18**	**33**

	Interest expenses and similar profit/loss items	
SEKm	**2013**	**2012**
Interest expenses		
Other liabilities	-46	-24
Change in value		
Synthetic options	-8	-7
Change in value of derivative		
Non-hedge accounted	-74	
Other financial expenses		
Other liabilities	-16	-17
Changes in exchange rates, net	-13	-3
Financial expenses	**-157**	**-51**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 147m (157). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 46m (24).

Note 12 Taxes

Recognised in profit or loss

SEKm	2013	2012
Tax expense for the period	-364	-291
Adjustment of tax attributable to previous years	-33	2
Share in tax of associates	-29	-3
	-426	**-292**
Deferred tax relating to temporary differences	61	-31
Deferred tax expense due to changed tax rates	-4	-8
Deferred tax income in capitalised tax value in loss carry-forward during the year	130	170
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward	-42	-63
	145	**68**
Total recognised tax expense in the Group	**-281**	**-224**

Reconciliation effective tax, Group

SEKm	2013	2012
Profit before tax	1,083	767
Less profit from associates	-183	-18
	900	**749**
Tax according to current tax rate, 22% (26.3)	-198	-197
Effect of special taxation rules for investment companies	-52	-35
Effect of different tax rates in other countries	24	18
Non-deductible expenses	-114	-253
Non-taxable income	216	361
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-58	-72
Impairment of previously capitalised loss carry-forward	-45	-39
Use of previously non-capitalised tax loss carry-forward	9	18
Capitalisation of previously non-capitalised loss carry-forward	6	30
Tax attributable to previous years	-33	2
Effect of changed tax rates and tax rules	-4	-9
Other	-3	-46
Tax in associates	-29	-3
Reported effective tax	**-281**	**-224**

Tax items recognised in other comprehensive income

SEKm	2013	2012
Deferred tax attributable to hedging reserve	-7	-12
Deferred tax attributable to remeasurement of defined benefit pension commitments	-11	12
	-18	**0**

Recognised deferred tax assets and liabilities

	Deferred tax asset		Deferred tax liability	
SEKm	**2013**	**2012**	**2013**	**2012**
Intangible assets	11	14	336	256
Property, plant and equipment	29	60	164	185
Financial assets	12	7	4	0
Inventories	27	26	5	5
Trade receivables	5	13		2
Interest-bearing liabilities	10	10		1
Provisions for pensions	51	52		5
Other provisions	125	58	4	5
Other	30	46	111	7
Loss carry-forward	466	394		
Tax allocation reserves			70	47
Tax assets/tax liabilities	**766**	**680**	**694**	**513**
Deferred tax assets and liabilities classified as held for sale		-19		-13
Offsets	-216	-104	-216	-104
Tax assets/tax liabilities, net	**550**	**557**	**478**	**396**

Of recognised deferred tax assets, SEK 156m (18) falls due within one year and SEK 272m (269) has no due date. Of deferred tax liabilities, SEK 16m (24) falls due within one year and SEK 426m (231) has no due date.

Unrecognised temporary differences

SEKm	2013	2012
Deductible temporary differences	46	22
Tax deficit	776	783
	822	**805**

Approximately SEK 117m (244) of the recognised loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 123m (205) of the tax deficit falls due in 2014–2023. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit correspond to a tax value amounting to SEK 212m (177).

Since it is improbable that unrecognised temporary differences will lead to lower tax payments in the future, these have not been assigned any value.

Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise on shares and other part ownership rights are not liable to tax. Capital losses are not deductible. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding is less than 10% of the votes. Dividends received and interest income are reported as income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. The parent company's tax expense for 2013 amounted to SEK 0m (0).

Note 13 Intangible assets

Group		Acquired intangible assets						Generated internally				
SEKm	**Goodwill**	**Trade-marks**	**Customer relationships**	**Contract portfolio**	**Data-bases**	**Business systems**	**Other assets**	**Data-bases**	**Business systems**	**Other assets**	**Projects in progress**	**Total**
Accumulated cost												
Opening balance 1 January 2012	21,039	600	615	117	259	240	870	204	42	300		24,286
Business combinations	30		39					1				70
Investments	3					32	54	14	11	32	61	207
Disposed company	-3,112	-4	-177	-117		-1	-158					-3,569
Disposals		-7				-6	-64	-2		-36		-115
Reclassification to assets held for sale	-832		-28			-39	-5			-92	-16	-1 012
Reclassification		4				1	11	4	20	-27	32	45
Exchange differences for the year	-255	7	-10		-5	-4	-23	-3	-1	-2	-1	-297
Closing balance 31 Dec 2012	**16,873**	**600**	**439**		**254**	**223**	**685**	**218**	**72**	**175**	**76**	**19,615**
Opening balance 1 January 2013	16,873	600	439		254	223	685	218	72	175	76	19,615
Business combinations	3,955	449			5	3	2		8			4,422
Investments			9		9	16	40	4	56	23	96	253
Disposed company	-721					-21	-43					-785
Disposals		-56			-1	-9	-59	-7	-2	-15		-149
Reclassification	18	-4			32	28	-35		-3	3	-26	13
Exchange differences for the year	-119	-38	1		3	-1	9	2	3	4	-3	-139
Closing balance 31 Dec 2013	**20,006**	**951**	**449**		**302**	**239**	**599**	**217**	**134**	**190**	**143**	**23,230**
Accumulated amortisation and impairment												
Opening balance 1 January 2012	-556	-55	-425	-35	-143	-155	-621	-125	-32	-115		-2,262
Amortisation for the year		-11	-23	-3	-27	-25	-72	-21	-5	-39		-226
Impairment for the year	-852						-5	-3		-27		-887
Accumulated amortisation in sold companies		1	128	38		1	109					277
Disposals		7				6	55	2		36		106
Reclassification to assets held for sale	14		28			30				66		138
Reclassification		-4					-19			2		-21
Exchange differences for the year	23		6		4	2	15	2		2		54
Closing balance 31 Dec 2012	**-1,371**	**-62**	**-286**		**-166**	**-141**	**-538**	**-145**	**-37**	**-75**		**-2,821**
Opening balance 1 January 2013	-1,371	-62	-286		-166	-141	-538	-145	-37	-75		-2,821
Amortisation for the year		-10	-28		-35	-28	-52	-22	-28	-21		-224
Impairment for the year	-308	-10					-10			-7		-335
Accumulated amortisation in acquired companies					-4	-2			-4			-10
Accumulated amortisation in sold companies						21	31					52
Accumulated impairment in sold companies	453											453
Disposals		10			1	6	59	7	2	14		99
Reclassification		4			-19	-14	21					-8
Exchange differences for the year	20	4	-5		-1	3	-7	-1	-4			9
Closing balance 31 Dec 2013	**-1,206**	**-64**	**-319**		**-224**	**-155**	**-496**	**-161**	**-71**	**-89**		**-2,785**
Carrying amount according to Statement of financial position												
At 31 December 2013	**18,800**	**887**	**130**		**78**	**84**	**103**	**56**	**63**	**101**	**143**	**20,445**
At 31 December 2012	**15,502**	**538**	**153**		**88**	**82**	**147**	**73**	**35**	**100**	**76**	**16,794**

Note 13, cont.

Impairment testing for goodwill and intangible assets with indeterminable useful lives attributable to group companies.

The Ratos Group's goodwill and intangible assets with indeterminable useful lives are distributed as follows:

	2013		2012	
	Goodwill	Intangible assets [1]	Goodwill	Intangible assets [1]
Bisnode [2]	3,788		3,803	
Inwido [2]	2,955		2,914	
Nordic Cinema Group [2]	2,452			
SB Seating [2]	1,469		1,620	
Mobile Climate Control	1,074		1,075	
HL Display	1,061		1,057	
Arcus-Gruppen	1,040	599	702	213
	13,839	**599**	**11,171**	**213**
Subsidiaries without significant goodwill values, total	4,961	201	4 331	222
	18,800	**800**	**15,502**	**435**

[1] Relates to trademarks with indeterminable useful lives and which are therefore not amortised. Trademarks with indeterminable useful lives are key assets for the holdings that have measured these assets. Work on improving and developing trademarks is ongoing. Net cash flows generated by trademarks are not expected to cease in the foreseeable future. Trademarks are therefore regarded as having indeterminable useful lives.

[2] Impairment testing for these holdings is described separately below.

Goodwill and other intangible assets with indeterminable useful lives are attributable when subject to impairment testing to separate subsidiaries which constitute holdings, since these constitute cash generating units. Only goodwill and intangible assets with indeterminable useful lives attributable to Bisnode, Inwido, Nordic Cinema Group and SB Seating are of a significant size on their own in relation to the Ratos Group's total goodwill.

Goodwill in other subsidiaries is not individually significant. The individual goodwill items amount to less than 6% of the Ratos Group's total goodwill.

The method for impairment testing, i.e. calculation of the recoverable amount, for the different subsidiaries is either based on a measurement at fair value with reduction for selling costs or from a calculation of value in use. The recoverable amount is the higher of these.

Fair value less costs of disposals

The best expression for a fair value less costs of disposals is the price in a binding agreement between independent parties. If this does not exist, the market price can be used provided the asset is sold in an active market. The immediately preceding transaction can provide a basis from which the value can be determined when current purchase rates are not available.

If this is also not available, fair value less costs of disposals comprises the price that is expected to be obtained in the event of a sale of the asset between parties who are independent of each other, well informed and have an interest in the transaction. When the amount is determined the result of sales of similar assets made recently within the same sector are taken into account. The estimated value is not based on a forced sale.

Key assumptions when calculating fair value less costs of disposals are primarily profit forecast and multiple. Different assumptions have been applied since each subsidiary in itself is an independent unit with unique circumstances.

Value in use

Impairment testing for Bisnode, Inwido, Nordic Cinema Group and SB Seating is based on a value in use for 2013.

The basis for calculating value in use for a holding is a profit forecast that covers the next five years. Value in use is calculated as Ratos's share of present value of the subsidiary's future estimated cash flows. Estimations of future cash flows are based on profit forecasts. Assessments of future cash flows are based on the most recent budgets and forecasts as well as reasonable and verifiable assumptions which provide Ratos's best estimates of the economic conditions that are expected to prevail during the next five years. The starting point for estimating values for these is in accordance with previous experience as well as external factors, whereby great weight is given to external factors.

After the cash flow forecast period, which comprises a maximum of five years, a terminal value is assessed for the subsidiary based on a multiple valuation. The method for estimating a multiple is (i) to analyse and take into account comparable listed companies, (ii) given the five-year profit forecast to assess the attractiveness of the company.

Estimates of future cash flows do not take into account payments attributable to future restructuring that the holding is not bound to implement. As soon as the holding is bound to implement restructuring, future cash flows contain savings and other advantages as well as payments in future cash flows. Neither do estimated future cash flows include payments received or made from financing activities. The estimated value in use should be compared with the carrying amount of the holding.

Key assumptions in the calculation include the discount rate, sales growth and gross margins as well as for assessment of the terminal value: profit multiple and profit forecast. Different assumptions are used since each subsidiary in itself is an independent unit with unique circumstances.

Discount rate

Future cash flows, including assessed terminal value, are present value calculated using a discount rate. Ratos has chosen a discount factor after tax where estimated future cash flows also include tax. On the basis of the actual applied required rate of return after tax (WACC) Ratos has made a translation to an estimate corresponding to a required rate of return before tax by dividing with a minus tax rate. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset. The discount factor does not reflect risks that are taken into account when future cash flows are estimated. Calculation of the discount rate is based on the company's weighted average cost of capital, the company's marginal borrowing rate and other market borrowing rates independent of Ratos's capital structure.

Discount rate

	Discount rate after tax		Discount rate before tax	
%	2013	2012	2013	2012
Bisnode	8	7	11	10
Inwido	8	7	10	10
Nordic Cinema Group	8		11	
SB Seating	8	7	11	10

Note 13, cont.

Sensitivity analysis

The assessment is that no reasonable changes in key assumptions will result in the estimated recoverable amount for Bisnode, Inwido, Nordic Cinema Group and SB Seating being less than the carrying amount.

Key assumptions

Bisnode

The forecast cash flows for Bisnode are based on the fact that the company by integrating and streamlining operations by country has further improved its opportunities to further develop its local customer offering and strengthen its position in the growing European market.

Estimated profit multiple is on a par with other Nordic media companies and other comparable digital business companies.

Inwido

The forecast cash flows for Inwido are based on the company's strong position in its market through its sought-after products and secure and fast deliveries to retailers.

Nordic Cinema Group

The forecast cash flows are based on assumptions on a number of key parameters such as audience numbers, average ticket price, film rentals, concession sales and margins per visit, advertising revenue and margin per visit, investments, change in working capital and cost structure.

SB Seating

The forecast cash flows are based on SB Seating's strong position in its markets through specialised, high-quality products based on ergonomics and functional design.

Impairment 2013

Goodwill impairment was recognised in Q4 in DIAB with SEK 234m and in Jøtul with SEK 74m.

Impairment testing for DIAB is based on a calculation of value in use described above. The estimated value is based on cash flow forecasts and subsequently an estimated terminal value. The estimated values have been present value calculated using discount rate of 9% (8) after tax. The discount rate before tax amounts to 11% (11). Since there is continued uncertainty in the wind energy market, the Board decided on an impairment of SEK 234m. The recoverable amount subsequently amounts to SEK 674m.

Impairment testing for Jøtul is based on a calculation of value in use, as described above. The estimated value is based on cash flow forecasts for an assessed terminal value. The estimated values were present value calculated using a discount rate of 7% after tax. The discount rate before tax amounts to 9%. The continued weak profitability led to the Board's decision on an impairment of SEK 74m. The recoverable amount subsequently amounts to SEK 164m.

Impairment 2012

Goodwill impairment was recognised in Q2 2012 in AH Industries with SEK 275m and in Q4 2012 in Jøtul with SEK 168m.

Impairment testing for AH Industries is based on a calculation of value in use, as described above. The forecast cash flows and estimated proceeds from disposal have been present value calculated using a discount rate of 8% after tax. The discount rate before tax amounts to 11%. Since increased uncertainty in the wind energy market has a negative impact on earnings in AH Industries' Wind Solutions business area the board decided to recognise an impairment of SEK 275m.

Impairment testing for Jøtul is based on a calculation of value in use, as described above. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of 7% after tax. The discount rate before tax amounts to 10%. Since low demand as a result of the present economic climate is having a negative impact on Jøtul's earnings, the board decided to recognise an impairment of SEK 168m.

Otherwise goodwill impairment was recognised in the Bisnode group of SEK 145m mainly due to divestments. Internally generated intangible assets were impaired by SEK 30m.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2012	1,721	9,251	203	11,175
Investments	20	843	119	982
Disposals	-59	-478	-2	-539
Assets in acquired companies		12		12
Assets in sold companies	-167	-382		-549
Transferred from construction in progress	3	122	-127	-2
Reclassification to assets held for sale	-52	-1,925	-53	-2,030
Reclassification	3	11	-52	-38
Exchange differences for the year	-27	-165	-2	-194
Closing balance 31 December 2012	**1,442**	**7,289**	**86**	**8,817**
Opening balance 1 January 2013	1,442	7,289	86	8,817
Investments	42	295	142	479
Disposals	-304	-355		-659
Assets in acquired companies	681	608	4	1,293
Assets in sold companies	-35	-55		-90
Transferred from construction in progress	5	79	-83	1
Reclassification	2	8	-17	-7
Exchange differences for the year	55	-91	-1	-37
Closing balance 31 December 2013	**1,888**	**7,778**	**131**	**9,797**
Accumulated depreciation and impairment				
Opening balance 1 January 2012	-620	-6,269		-6,889
Depreciation for the year	-51	-695		-746
Impairment for the year	-25	-58		-83
Accumulated depreciation in acquired companies		-11		-11
Accumulated depreciation in sold companies	52	447		499
Disposals	23	282		305
Reclassification to assets held for sale	28	1,411		1,439
Reclassification		13		13
Exchange differences for the year	8	109		117
Closing balance 31 December 2012	**-585**	**-4,771**		**-5,356**
Opening balance 1 January 2013	-585	-4,771		-5,356
Depreciation for the year	-46	-583		-629
Impairment for the year		-37		-37
Accumulated depreciation in acquired companies	-309	-422		-731
Accumulated depreciation in sold companies		43		43
Disposals	96	346		442
Reclassification		2		2
Exchange differences for the year	-5	55		50
Closing balance 31 December 2013	**-849**	**-5,367**		**-6,216**
Carrying amount according to Statement of financial position				
At 31 December 2013	1,039	2,411	131	3,581
Of which finance leases	51	294		345
At 31 December 2012	857	2,518	86	3,461
Of which finance leases	53	398		451

Paid leasing charges during the year SEK 66m (55). Charges to pay within 1 year SEK 64m (52), within 2-5 years SEK 343m (366) and after 5 years SEK 42m (49).

Note 14, cont.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2012	83	30	113
Investments		1	1
Disposals/sales		-1	-1
Closing balance 31 December 2012	**83**	**30**	**113**
Opening balance 1 January 2013	83	30	113
Investments		0	0
Disposals/sales		-1	-1
Closing balance 31 December 2013	**83**	**29**	**112**
Accumulated depreciation			
Opening balance 1 January 2012	-9	-21	-30
Depreciation for the year	-3	-2	-5
Disposals/sales		0	0
Closing balance 31 December 2012	**-12**	**-23**	**-35**
Opening balance 1 January 2013	-12	-23	-35
Depreciation for the year	-3	-2	-5
Disposals/sales		1	1
Closing balance 31 December 2013	**-15**	**-24**	**-39**
Value according to balance sheet			
At 31 December 2013	68	5	73
At 31 December 2012	71	7	78

Note 15 Investments in associates

Change in carrying amounts

Group

SEKm	2013	2012
Carrying amount 1 January	64	361
Investments	2,673	2
Disposal of associates		-300
Dividends	-2	-18
Share of profits of associates [1]	154	15
Share of comprehensive income of associates	11	-2
Other changes in associates' equity		6
Exchange differences	-174	
Carrying amount at year-end	**2,726**	**64**

1) Share of associates' profit after tax and non-controlling interests.

Holdings

The below specifications show the Group's associates. The Group's share of profit includes companies' earnings during the period of the year and with the owned interests that applied during the period. Profit shares do not include any impairment or reversals of impairment.

2013

Associate	Owned share	Net sales	Profit/ loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Aalborg Real Estate Aps	50%	5	2	93	67	26	1	13
Aibel Holding I AS	49%	9,997	229	13,289	8,272	5,027	113	2,476
Bergen Kino AS	49%	134	10	267	149	118	4	91
CAPA Kinoreklame AS	50%	95	0	53	27	26	0	26
Det Danske Spiritus Kompani A/S	50%	134	10	72	54	17	4	8
Euromaint Mobile Service BV	50%			0	0	0		0
HB Svenska Bio	50%	296	27	196	87	109	10	13
HB Västerås biografer	50%	13	6	25	21	4	2	0
Kommanditbolaget Optimus							0	3
SF Kino Stavanger AS	49%	112	11	85	21	63	4	29
SIA Stockman Centers	37%	45	17	232	153	79	7	16
Tiffon SA	34%	133	18	279	154	125	7	44
UAB Panorama	40%	12	1	8	1	7	1	4
VinUnic Oy	30%	2	1	2	0	1	1	2
WeBe Home AB	30%	4	0	2	1	0	0	1
Total							**154**	**2,726**

2012

Associate	Owned share	Net sales	Profit/ loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Abell AB [1]	30%	2		1	1			1
Det Danske Spiritus Kompani A/S	50%	0	-1	4	1	2	0	1
Euromaint Mobile Service BV	50%	0	0					0
Kommanditbolaget Optimus							0	3
SIA Stockman Centers	37%	35	9	207	164	43	6	9
Tiffon SA	34%	152	19	257	147	110	7	44
UAB Panorama	40%	15	3	8	1	6	1	4
VinUnic Oy	30%	1	1	3	1	2	1	1
Total							**15**	**64**

1) 2013 name changed to WeBe Home AB.

Note 16 Receivables from group companies

Parent company

SEKm	Non-current receivables Group companies 2013	2012
Accumulated cost at 1 January	**1,424**	**1,853**
Investments	96	249
Reclassifications	26	-245
Settlements	-474	-541
Capitalised interest	128	100
Change in exchange rates	2	8
Closing balance	**1,202**	**1,424**

SEKm	Current receivables Group companies 2013	2012
Accumulated cost at 1 January	**2**	**52**
Investments	174	87
Reclassifications	-54	-56
Settlements	-85	-87
Capitalised interest	5	6
Change in exchange rates	-1	
Closing balance	**41**	**2**

Note 17 Financial instruments

Fair value

Carrying amounts for current receivables correspond to fair value. Fair value for receivables with floating interest corresponds to their carrying amounts. Since most of the interest-bearing liabilities carry floating interest, fair values on the closing date correspond to carrying amounts. All derivatives are recognised at fair value. Forward contracts are measured at fair value taking interest rates and prices on the closing date into account. Fair value of interest rate swaps is based on a discount of estimated future cash flows according to the maturity dates and terms of the contract and taking into account market interest rate for similar instruments at the end of the reporting period. Otherwise, see Note 30 Financial risks and risk policy.

Group

Assets per category of financial instrument

Non-current assets	**Non-current receivables**		**Financial investments**		**Total**	
SEKm	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Loans and receivables	66	49			66	49
Available-for-sale financial assets						
Cost			58	73	58	73
Non-interest bearing receivables	120	39			120	39
	186	**88**	**58**	**73**	**244**	**161**

Current assets	**Trade and other receivables**		**Other receivables**		**Short-term investments and cash and cash equivalents**		**Total**	
SEKm	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Fair value through profit or loss								
Held for trading			5	8		499	5	507
Loans and receivables	4,716	3,953	35	8	3,337	2,704	8,088	6,665
Derivatives, hedge accounted			1	2			1	2
Non-interest bearing receivables			585	487			585	487
	4,716	**3,953**	**626**	**505**	**3,337**	**3,203**	**8,679**	**7,661**

Note 17, cont.

Liabilities per category of financial instrument

Non-current liabilities	Non-current interest-bearing liabilities		Other financial liabilities		Total	
SEKm	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Fair value through profit or loss						
Held for trading			147	167	147	167
Financial liabilities at amortised cost	10,160	7,937			10,160	7,937
Derivatives, hedge accounted			6	71	6	71
	10,160	**7,937**	**153**	**238**	**10,313**	**8,175**

Current liabilities	Current interest-bearing liabilities		Trade and other payables		Other financial liabilities		Total	
SEKm	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Fair value through profit or loss								
Held for trading					22	41	22	41
Financial liabilities at amortised cost	2,306	2,489	2,850	2,124	50	20	5,206	4,633
Derivatives, hedge accounted					34	26	34	26
	2,306	**2,489**	**2,850**	**2,124**	**106**	**87**	**5,262**	**4,700**

Impairment of financial assets

SEKm	2013	2012
Trade receivables	26	36
Financial investments		25
Total impairment	**26**	**61**

Trade receivables are impaired taking customers' ability to pay into account. Ratos recognised impairment for the holding in IK Investment Partners of SEK 25m in conjunction with testing for impairment at 31 December 2012.

The tables below provide disclosures of how fair value is determined for the financial instruments measured at fair value in the Statement of financial position. Classification of how fair value is determined is based on the following levels.

Level 1: Financial instruments measured according to listed prices in an active market.

Level 2: Financial instruments measured according to directly or indirectly observable market data not included in level 1.

Level 3: Financial instruments measures on the basis of inputs that are not based on observable market data.

Fair value hierarchy

Assets	Level 2	
SEKm	**2013**	**2012**
Derivatives	6	10
	6	**10**

Liabilities	Level 2		Level 3	
SEKm	**2013**	**2012**	**2013**	**2012**
Synthetic options			133	154
Derivatives	76	152		
	76	**152**	**133**	**154**

Change, level 3

	Synthetic option programmes	
SEKm	**2013**	**2012**
Opening balance	154	124
Recognised in profit or loss	16	69
Newly issued	11	12
Settlements	-91	-13
Reclassification	48	-36
Translation difference	-5	-2
Closing balance	**133**	**154**

Remeasurement included in profit for the year, for liabilities included in the closing balance, amount to SEK 5m (-69).

The closing balance represents the total assessed value of a number of outstanding synthetic option programmes within the Group which have Ratos's various holdings as underlying assets.

Ratos values its synthetic options on the basis of accepted market principles. Decisive parameters in conjunction with valuation of options are assumed market values relating to the underlying assets, the volatility of the underlying assets and the length of the remaining option term. As a rule there is no strong correlation between how these parameters are developed for each option programme. Possible covariance has more to do with macroeconomic factors.

Note 17, cont.

Parent company

Assets per category of financial instrument

Non-current assets SEKm	Non-current receivables, group companies 2013	2012	Other non-current securities 2013	2012
Fair value through profit or loss				
Held for trading			25	25
Loans and receivables	1,202	1,424		
Available-for-sale financial assets				
Cost			46	63
	1,202	**1 424**	**71**	**88**

Current assets SEKm	Current receivables, group companies 2013	2012	Cash and cash equivalents, short-term investments 2013	2012
Fair value through profit or loss				
Held for trading				499
Loans and receivables	41	2	1,273	1,324
	41	**2**	**1,273**	**1,823**

Liabilities per category of financial instrument

Non-current liabilities SEKm	Non-current liabilities, interest-bearing group companies 2013	2012	Other non-current liabilities 2013	2012
Fair value through profit or loss				
Held for trading			8	17
Financial liabilities at amortised cost	552	442		
Non-interest bearing liabilities			22	12
	552	**442**	**30**	**29**

Current liabilities SEKm	Trade payables 2013	2012	Other liabilities 2013	2012	Current liabilities, interest-bearing, group companies 2013	2012
Derivatives, hedge accounted				15		
Financial liabilities at amortised cost	9	8			1,477	174
Non-interest bearing liabilities			24	5		
	9	**8**	**24**	**20**	**1,477**	**174**

Fair value hierarchy
Parent company

Assets SEKm	Level 1 2013	2012	Level 2 2013	2012
Cash and cash equivalents – investments				499
				499

Liabilities SEKm	Level 3 2013	2012
Synthetic options	8	17
	8	**17**

Change, level 3

SEKm	Synthetic option programmes 2013	2012
Opening balance	17	14
Recognised in profit or loss	7	7
Newly issued	4	
Settlements	-20	-4
Closing balance	**8**	**17**

Remeasurements of synthetic options are included in profit or loss for the year, with SEK 2m (-7), relating to assets and liabilities in the closing balance.

Note 18 Other securities held as non-current assets

Parent company

SEKm	2013	2012
Accumulated cost		
At 1 January	88	115
Impairment		-25
Remeasurement		18
Disposals	-17	-20
	71	**88**

Note 19 Receivables

Group

Non-current receivables

SEKm	31 Dec 2013	31 Dec 2012
Interest-bearing receivables	66	49
Non-interest bearing receivables	120	39
	186	**88**

Other receivables held as current assets

SEKm	31 Dec 2013	31 Dec 2012
Advances to suppliers	110	118
Derivatives	6	10
Interest-bearing receivables	35	8
Non-interest bearing receivables	475	369
	626	**505**

Note 20 Inventories

Group

SEKm	31 Dec 2013	31 Dec 2012
Raw materials and consumables	1,020	1,000
Products in progress	373	413
Finished products and goods for resale	981	974
	2,374	**2,387**

Note 21 Prepaid expenses and accrued income

Parent company

SEKm	2013	2012
Prepaid expenses	4	4
	4	**4**

Note 22 Equity

Share capital

	Ordinary A		Ordinary B		Preference C	
Number	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Issued at 1 January	84,637,060	84,637,060	239,503,836	239,503,836		
New issue 19 June 2013					830,000	
Issued at 31 December	**84,637,060**	**84,637,060**	**239,503,836**	**239,503,836**	**830,000**	

	Total number of shares	Quota value	SEKm
Issued at 1 January	324,140,896	3.15	1,021.1
Issued at 19 June	830,000	3.15	2.6
Issued at 31 December	**324,970,896**		**1,023.7**

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the Articles of Association. This means that owners of A shares have an on-going right to convert them to B shares. During 2013 0 A shares (0) were converted into B shares.

Group

Other capital provided

Relates to equity provided by the owners. This includes premium reserves paid in conjunction with new issues.

Retained earnings including profit for the year

Retained earnings includes earned profits and remeasurement of defined benefit pension plans recognised in other comprehensive income for the parent company and its subsidiaries and associates. Previous provisions to statutory reserve, excluding transferred premium reserves, are included in this item.

Note 22, cont.

Parent company

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the premium reserve prior to 1 January 2006.

Unrestricted equity

The following reserves together with profit for the year comprise unrestricted equity, i.e. the amount that is available for dividends to shareholders.

Premium reserve

When shares are issued at a premium, i.e. more is paid for the shares than their quota value, an amount corresponding to the amount received in excess of the quota value of the shares is transferred to the premium reserve. After 1 January 2006, an allocation to a premium reserve comprises unrestricted equity.

Retained earnings

Retained earnings comprise the previous year's retained earnings and profit after deduction for profit distribution provided during the year. Costs for purchase of treasury shares, call option premiums received and any additional transaction costs are recognised directly in retained earnings.

Fair value reserve

The parent company applies the Swedish Annual Accounts Act's rules relating to measurement of financial instruments at fair value according to Chapter 4, § 14 a-e. Recognition takes place directly in the fair value reserve when the change in value relates to a price change on a monetary item that comprises part of the company's net investment in a foreign operation. Accounting treatment is shown in Note 23.

Equity management

The financial target for the Group is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market and provides a basis for continued development of business operations at the same time as the long-term return generated to shareholders is satisfactory.

One of Ratos's targets is that the average annual return (IRR) is to exceed 20% on each individual holding. The result of the 36 exits carried out by Ratos since 1999 corresponds to an average IRR of 25%. Two exits were completed in 2013.

The dividend over time shall reflect the actual earnings development in Ratos. Historically an average of 50% of profit after tax has been distributed as a dividend. The aim is to have an even dividend development. The proposed dividend for the 2013 financial year is SEK 3.00 which corresponds to 141% of earnings per share. The dividend yield at 31 December 2013 amounted to 5.2%. Dividends on preference shares are regulated in the Articles of Association and amount to SEK 25 per quarter, although a maximum of SEK 100 per year and share.

Ratos has an authorisation from the 2013 Annual General Meeting to issue a maximum of 35 million B shares in conjunction with acquisitions and an authorisation to issue a maximum of 1,250,000 Class C preference shares, of which 830,000 were issued in June 2013.

Neither the parent company nor any of the subsidiaries is subject to external capital requirements.

Treasury shares included in the equity item retained earnings including profit for the year

Number of shares	**2013**	**2012**
Opening treasury shares	5,139,537	5,144,127
Sold during the year (transfer of shares to administrative employees)	-4,660	-4,590
Closing treasury shares	**5,134,877**	**5,139,537**
Number of shares outstanding		
Total number of shares	324,140,896	324,140,896
New issue preference shares	830,000	
Treasury shares	-5,134,877	-5,139,537
	319,836,019	**319,001,359**
SEKm		
Opening balance	-356	-357
Sold during the year (transfer of shares to administrative employees)	0	1
	-356	**-356**

Repurchased shares comprise the cost of treasury shared held by the parent company.

Call options 2009–2013

The 2009–2013 Annual General Meetings decided to issue call options on treasury shares.

Option terms for outstanding call options at 31 December 2013 are provided in the Corporate Governance Report (page 83) and Note 9 (page 112). According to the outstanding option programme 4,764,015 treasury shares are reserved for transfer.

Dividend

After the reporting period the Board proposed the following dividend, SEKm:

Dividend to holders of A and B shares, SEK 3.00 per share [1]	957
Dividend to holders of Class C preference shares issued 19 June 2013 [2]	83
Dividend to holders of Class C and/or Class D preference shares of SEK 25 per quarter, although a maximum of SEK 100 per share, in the event of maximum utilisation of the authorisation [3]	125
To be carried forward	8,710

1) Based on the number of shares outstanding on 20 February 2014. The number of treasury shares on that date was 5,134,877 and may change during the period until the record date for dividends.

2) Dividends on preference shares are regulated in the Articles of Association following a general meeting resolution. The dividend amounts to SEK 25 per quarter, although a maximum of SEK 100 per preference share and year. Payment is made quarterly in February, May, August and November.

3) In accordance with the Board's proposal to the 2014 Annual General Meeting regarding possible new issue of preference shares.

The proposed dividend for 2012 was approved at the Annual General Meeting on 17 April 2013. The proposed dividend for 2013 will be presented for approval at the Annual General Meeting on 27 March 2014.

Note 23 Disclosure of other comprehensive income and change in reserves and non-controlling interests

	Majority's share of reserves				
SEKm	**Translation reserve**	**Hedging reserve**	**Total**	**Non-controlling interests**	**Total**
Opening carrying amount 1 January 2012	**-432**	**-56**	**-488**	**-134**	**-622**
Translation differences for the year	-151		-151	-28	-179
Translation differences attributable to discontinued operations	22		22		22
Reclassification	-10	15	5		5
Cash flow hedges					
– recognised in other comprehensive income		-1	-1	-4	-5
– tax attributable to change for the year		0	0	1	1
– ineffectiveness recognised in profit or loss		32	32	14	46
– tax attributable to change for the year		-9	-9	-4	-13
– translation differences		0	0		0
Closing carrying amount 31 December 2012	**-571**	**-19**	**-590**	**-155**	**-745**
Opening carrying amount 1 January 2013	**-571**	**-19**	**-590**	**-155**	**-745**
Translation differences for the year	-27		-27	-22	-49
Translation differences attributable to discontinued operations	77		77		77
Cash flow hedges					
– recognised in other comprehensive income		20	20	3	23
– tax attributable to change for the year		-5	-5	-1	-6
– ineffectiveness recognised in profit or loss		2	2	1	3
– tax attributable to change for the year		-1	-1	0	-1
Closing carrying amount 31 December 2013	**-521**	**-3**	**-524**	**-174**	**-698**

Translation reserve

The translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and Group present their financial reports in Swedish kronor.

Hedging reserve

The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Parent company

Specification of equity item reserves

SEKm	2013	2012
Fair value reserve		
Opening balance	29	42
Remeasurements recognised in other comprehensive income	14	-13
Closing balance	**43**	**29**

Note 24 Earnings per share

Calculation of earnings per share is carried out as follows:

	2013	2012
Profit for the year attributable to owners of the parent, SEKm	742	606
Less – dividend on preference shares	-62	-
	680	**606**
Weighted average number of shares		
Total number of ordinary shares 1 January	324,140,896	324,140,896
Effect of holding of treasury shares	-5,135,696	-5,140,203
Weighted average number before dilution	**319,005,200**	**319,000,693**
Effect of call options		7,575
Weighted average number after dilution	**319,005,200**	**319,008,268**
Earnings per share before dilution	2.13	1.90
Earnings per share after dilution	2.13	1.90

Instruments that can lead to potential dilution effects

At 31 December 2013, Ratos had five outstanding call option programmes for which the exercise price, SEK 92.60, SEK 124.20, SEK 156.40, SEK 74.40 and SEK 77.60 respectively, exceeded the average price for B shares. These options are therefore regarded as having no dilution effect and were excluded from the calculation of earnings per share after dilution. If the market price in future rises to a level above the exercise price, these options will lead to dilution.

Note 25 Interest-bearing liabilities

Group

SEKm	2013	2012
Non-current		
Liabilities to credit institutions, non-current	9,249	6,954
Other non-current liabilities, interest-bearing	911	983
	10,160	**7,937**
Of which finance leases	(368)	(421)
Current		
Liabilities to credit institutions	1,803	1,907
Bank overdraft	456	517
Other current liabilities	47	65
	2,306	**2,489**
Of which finance leases	(35)	(33)
Provisions for pensions	416	370
	12,882	**10,796**

For information on the company's risk policy, terms and exposure, see Note 30.

Parent company

SEKm	2013	2012
Non-current liabilities, group companies	552	442
Current liabilities, group companies	1,477	174
	2,029	**616**
Provisions for pensions	1	1
	2,030	**617**

Pension provisions do not have credit insurance with FPG/PRI.

Note 26 Pensions

In the Group there are both defined benefit and defined contribution pension plans. The Ratos Group does not have any group-wide policy relating to pensions so it is up to the board of each holding to decide on pension solutions for the holding. Of Ratos's currently 17 holdings which are subsidiaries, ten have defined benefit pension plans. The defined benefit plans are not the main solution for the holdings but only constitute a complement to defined contribution pension plans.

Bisnode has the largest pension obligation in the Group in terms of size and this amounts to SEK 237m and is divided among plans in five different countries. The pension obligations in Nordic Cinema Group total SEK 73m and consist entirely of ITP retirement pension secured through a provision in the balance sheet.

Defined benefit pensions

Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement.

Pension obligations are either financed through pension foundations or similar or by the company.

Defined contribution pensions

Pension plans mainly comprise retirement pensions. Pension premiums are salary-related and expensed on a current basis.

Group

Pension cost

SEKm	2013	2012
Cost regarding current service period	28	36
Net interest	11	14
Past service costs	3	
Effects of curtailments and settlements		-15
Pension costs for defined benefit pensions	**42**	**35**
Pension costs for defined contribution pensions, Alecta	119	121
Pension costs for defined contribution pensions, other	225	207
Pension costs for the year	**386**	**363**

Pension costs are included on the line Employee benefits with the exception of net interest which is included in net financial items.

Defined benefit pension plans

SEKm	2013	2012
Present value of funded obligations	452	355
Fair value of plan assets	-295	-250
	157	**105**
Present value of unfunded obligations	252	262
Effect of limitation rule for net assets	7	3
Net liability in the Statement of financial position	**416**	**370**

Actuarial gains and losses

Adjustments based on experience are made as a consequence of the result due to mortality, morbidity, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

Specification of changes in the net liability recognised in the Statement of financial position

SEKm	2013	2012
Net liability at 1 January	370	460
Net cost recognised in profit or loss	42	35
Remeasurement of pension obligation recognised in other comprehensive income	-31	33
Premiums and pensions paid	-38	-55
Exchange differences on foreign plans	13	-4
Net pension obligations transferred through sale of companies	-14	-98
Net pension obligations assumed through business combinations	74	
Effects of settlements		-1
Net liability at 31 December	**416**	**370**

Plan assets comprise the following:

SEKm	2013	2012
Equity instruments	33	113
Financial fixed-income assets	38	28
Properties	15	13
Other assets	209	96
	295	**250**

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2013, Alecta's surplus in the form of the collective funding ratio amounted to 148% (129). The collective funding ratio comprises the market value of Alecta's assets expressed as a percentage of insurance obligations calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

Key actuarial assumptions used at the end of the reporting period

	31 Dec 2013	31 Dec 2012
Discount rate, %	1.9–4.3	1.3–4.0
Inflation, %	1.2–3.5	1.1–5.0
Anticipated rate of salary increase, %	2.0–3.8	2.0–4.0
Annual increase in pensions and paid-up policies, %	0.8–3.0	0.1–3.0

The discount rate is based on first-class corporate bonds in all countries in the euro zone. For Swedish pension plans, the discount rate is based on mortgage bonds.

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 13m (12) of which SEK 6m (6) pertains to Alecta.

The present value of the parent company's unfunded obligations for defined benefit pensions amounts to SEK 1m (1).

Note 27 Provisions

Group

Provisions, non-current

SEKm	2013	2012
Guarantee commitments		
At the beginning of the year	39	43
Provisions for the year	11	5
Utilised provisions	-14	-8
Unutilised reversed provisions	-1	
Translation difference		-1
At the end of the year	**35**	**39**
Other		
At the beginning of the year	140	221
Provisions for the year	35	19
Utilised provisions	-47	-46
Unutilised reversed provisions	-2	-17
Provisions in sold companies		-8
Liabilities held for sale		-7
Reclassification	-2	-21
Translation difference	-5	-1
At the end of the year	**119**	**140**
Total non-current provisions	**154**	**179**

Provisions that are non-current liabilities and maturity structure

Guarantee commitments

Provisions relate to guarantee commitments for work carried out. Provision for guarantees start to be estimated when a service is completed or an item is transferred to a customer. In order to estimate amounts historical data relating to repairs and exchanges is mainly used. Guarantee periods extend over 2–10 years.

Other provisions

Other non-current provision include provisions relating to sale and leaseback transactions and legal requirements. Of other provisions, SEK 65m has a maturity structure of up to 13 years. The remainder is expected to be settled within 2–5 years.

Provisions, current

SEKm	2013	2012
Guarantee commitments		
At the beginning of the year	37	29
Provisions for the year	66	12
Unutilised reversed provisions		-2
Utilised provisions	-14	-3
Provisions in acquired companies	184	
Reclassification		1
Translation difference	-11	
At the end of the year	**262**	**37**
Other		
At the beginning of the year	101	95
Provisions for the year	64	77
Utilised provisions	-43	-71
Unutilised reversed provisions	-29	-8
Reclassification	2	11
Translation difference	4	-3
At the end of the year	**99**	**101**
Total non-current provisions	**361**	**138**

Parent company

Provisions, non-current

SEKm	2013	2012
Other		
At the beginning of the year	7	16
Provisions for the year		1
Reclassification		-10
At the end of the year	**7**	**7**

Provisions, current

SEKm	2013	2012
Other		
At the beginning of the year	28	20
Change in discounted value		-2
Reclassification		10
Utilised provisions	-18	
At the end of the year	**10**	**28**

Note 28 Other liabilities

Group

Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 599m (592) and advances from customers of SEK 447m (123).

Parent company

Other non-current liabilities mainly comprise personnel costs.

Note 29 Accrued expenses and deferred income

Parent company

SEKm	2013	2012
Personnel costs	43	50
Other	10	12
	53	**62**

Note 30 Financial risks and risk policy

Principles for funding and financial risk management
The Group is exposed through its operations to different types of financial risks relating to trade receivables, trade payables, loans and derivative instruments. Ratos's financial risks consist of:

- financing risks
- credit risks
- interest rate risks
- currency risks

Ratos's financial strategies are adopted by Ratos's Board for the parent company and for Ratos's subsidiaries by the board of each subsidiary.

Parent company
The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

Group companies
The Group has no central treasury management function, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. The board of each subsidiary adopts its financial policy annually. Since subsidiaries' policies vary, only the parent company's policy is reported in the risk descriptions.

Brief description of effect of Ratos's financial strategy for the holdings:

- Only "normal" bank loans (senior debt). No syndicated loans, i.e. loans sold in small portions to different players.
- Focus on Nordic bank relationships.
- Ratos generally has no formal undertakings for debt in the portfolio companies. Ratos is, however, a responsible owner which works with long perspectives and Ratos therefore wishes to safeguard its reputation and confidence.
- Ratos seeks to ensure that the holdings have an optimal financial structure based on prevailing conditions.

Financing risk
Definition
Financing risk is the risk that costs will be higher when raising new loans and that financing of maturing loans will be difficult.

Current financing risk
The parent company is normally unleveraged and does not pledge shares or other assets as collateral for own commitments or for commitments of the holdings or a third party. Nor shall the parent company issue guarantees with any lender for the commitments of the holdings or a third party. Guarantees relating to provision of equity capital may be provided following a Board decision. Access to capital and flexibility are ensured by the parent company having a credit facility for bridge financing of acquisitions. This credit facility can also be used to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling five-year loan facility, which amounts to SEK 3.2 billion, including a bank overdraft facility. Ratos has a mandate from the 2013 Annual General Meeting in conjunction with company acquisitions, on one or more occasions, with or without deviation from the pre-emptive rights of shareholders, for cash payment, through off-set or non-cash, to decide on a new issue of 35 million B shares as payment for acquisitions. In addition, there is an authorisation from the Annual General Meeting to issue a maximum of 1,250,000 preference shares in conjunction with agreements on acquisitions, of which 420,000 are unutilised in the existing mandate.

At 31 December 2013 the Group's interest-bearing debt to credit institutions amounted to SEK 11,052m (8,861). Total unutilised credit facilities amounted to SEK 5,644m (5,268).

The average remaining fixed-interest term on raised interest rate swaps amounts to 22 (21) months.

Loan agreements in subsidiaries contain agreements for some financial key ratios which are unique for each subsidiary. The most usual key ratios are interest-bearing net debt in relation to profit before depreciation and net interest, interest coverage and cash flow in relation to total interest expenses and amortisation.

Maturity structure for financial liabilities in the Group

31 Dec 2013 SEKm	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	11,052	1,803	3,238	1,726	1,404	2,606
Bank overdraft facilities	456	456				
Derivative liabilities	76	56	11	7	2	
Synthetic options	133		29	1	22	81
Trade payables	2,850	2,850				
Other interest-bearing liabilities	556	12	428	0		116
	15,123	**5,177**	**3,706**	**1,734**	**1,428**	**2,803**

31 Dec 2012 SEKm	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	8,861	1,907	1,738	3,373	1,062	782
Bank overdraft facilities	517	517				
Derivative liabilities	152	60	67	19		6
Synthetic options	154	7		33	1	112
Trade payables	2,124	2,124				
Other interest-bearing liabilities	593	32	409	12		140
	12,401	**4,647**	**2,214**	**3,437**	**1,063**	**1,040**

Credit risk
Definition
Credit risks comprise risks in financial and in commercial transactions. In its financial activities the Group is exposed to counterparty credit risk in conjunction with investment of surplus liquidity in bank accounts, fixed-income securities and in conjunction with the purchase of derivative instruments. Commercial exposure mainly comprises the credit risk in the Group's trade receivables, and mainly relates to customers failing to meet their payment commitments.

Financial credit risks
In order to reduce the parent company's financial credit risk and in order to have a high level of preparedness for investments, cash and cash equivalents are invested in banks or fixed-income securities with low risk and high liquidity. Investments may be made with Ratos's principal banks alternatively the Swedish National Debt Office or in securities (treasury bills, commercial papers, bonds or similar) issued by the Swedish state alternatively fixed-rate investment in a bank account with specific defined Nordic banks. The duration of investments of cash and cash equivalents my not exceed 12 months.

At 31 December 2013 cash and cash equivalents in the Group amounted to SEK 3,337m (3,203), of which outstanding investments amounted to SEK 0m (499) with an average fixed-interest period of approximately 0 months (3). During 2013 there were no credit losses from investment of cash and cash equivalents or from trading with counterparties in financial transactions.

Commercial credit risks

The parent company does not have any trade receivables.

The carrying amount of the Group's trade receivables, in the Statement of financial position, reflects maximum exposure to credit risk. The Group's subsidiaries operate within a number of different sectors and in a large number of geographic markets, which provides a good risk spread.

Through its industry spread and global operations the Group has no significant concentration on individual customers. Trade receivables are analysed continuously to determine whether any impairment exists. Assessments take the form of individual assessments as well as on the basis of historical data on suspended payments.

Age analysis, trade receivables

Group

31 Dec 2013

SEKm	Nominal	Impairment	Book value
Not overdue	3,774	-6	3,768
Past due 0–60 days	751	-6	745
Past due 61–180 days	154	-15	139
Past due 181–365 days	36	-14	22
Past due more than one year	102	-60	42
Total	**4,817**	**-101**	**4,716**

31 Dec 2012

SEKm	Nominal	Impairment	Book value
Not overdue	3,094	-3	3,091
Past due 0–60 days	661	-6	655
Past due 61–180 days	136	-11	125
Past due 181–365 days	58	-10	48
Past due more than one year	99	-65	34
Total	**4,048**	**-95**	**3,953**

Information on impairment of trade receivables is provided in Note 17.

Interest rate risks

Definition

Interest rate risk is the risk that changes in interest rates will affect the Group's financial result and cash flow. Since the parent company is normally unleveraged, the parent company is not exposed to interest rate risk. The maturity on the parent company's cash and cash equivalents investments may not exceed 12 months.

Current interest rate risks

The Group's exposure to interest rate risk mainly occurs in subsidiaries' long-term borrowing. The fixed-interest term depends on the individual subsidiary's structure and adopted financial policy. Interest rate swaps are used to change the fixed-interest period in the debt portfolio. Interest rate swaps used to convert short-term interest into long-term interest are classified as cash flow hedges.

Of the Group's outstanding loans 46% (54) is hedged through the use of interest rate swaps. The maturity of interest rate swaps is usually 24–36 months. In cases where hedge accounting is applied, change in value is recognised in other comprehensive income. Accumulated changes in value are recognised in the hedging reserve within equity.

At 31 December 2013 the Group had interest rate swaps with a fair value of SEK 62m (127) recognised as a liability.

Sensitivity analysis

If interest rates change by one percentage point in all countries where the Ratos Group has loans or investments, the effect on net financial items in 2013, based on liabilities to credit institutions at year-end which are not hedged, will total approximately SEK 60m (41). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Currency risks

Definition

Currency risk is the risk that changes in exchange rates have a negative impact on the consolidated income statement, Statement of financial position and/or cash flows. Currency risk exists in both transaction and translation exposure.

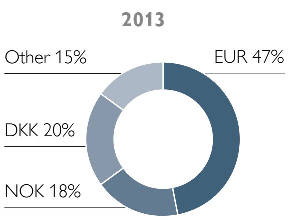
Translation exposure

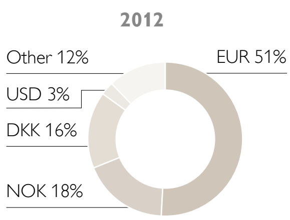
The effects of changes in exchange rates affect the Group's earnings at translation of foreign subsidiaries' income statement to SEK. Other comprehensive income is affected when foreign subsidiaries' net assets in different currencies are translated into the parent company's functional currency.

In the parent company currency hedging is not effected without special reason. Exchange rate changes in net assets in foreign currency are not hedged in the parent company.

Ratos is a Nordic group, whose sub-groups have subsidiaries located in large parts of the world. When foreign sub-groups are translated into SEK a translation exposure arises, which is recognised in other comprehensive income and accumulated in the translation reserve in equity.

Currency exposure of foreign subsidiaries' net assets





Sensitivity analysis

A change in the Swedish krona by 10% against other currencies at 31 December would lead to a change in equity of approximately SEK 1,372m (1,063).

Transaction exposure

Currency flows that arise at purchase and sale of goods and services in other currencies than the respective subsidiary's functional currency give rise to transaction exposure.

Since the parent company is an investment company it does not have transaction exposure from purchase and sales of goods. Currency risks in subsidiaries' net exposure is hedged on the basis of each subsidiary's adopted financial policy.

Since Ratos's subsidiaries are located in Sweden, Norway, Denmark and Finland, subsidiaries' main exposure is in the Nordic currencies. Several of the companies sell their products in a global market with exposure mainly in EUR, GBP and USD and. The diagram on the next page shows that the Group has a negative exposure in EUR due to several of the Group's subsidiaries importing raw materials and products from the European market.

Of the Group's 17 operating subsidiaries less than half of the companies hedge foreign currency inflows and outflows. Hedged volume varies from subsidiary to subsidiary and is dependent on exposure in

Note 30, cont.

the individual case and the adopted policy for hedging. Future forecast cash flows are hedged, mainly within a 12-month period, with the main emphasis on EUR, GBP and USD. Net flows for the year in different currencies are shown in the diagram opposite.

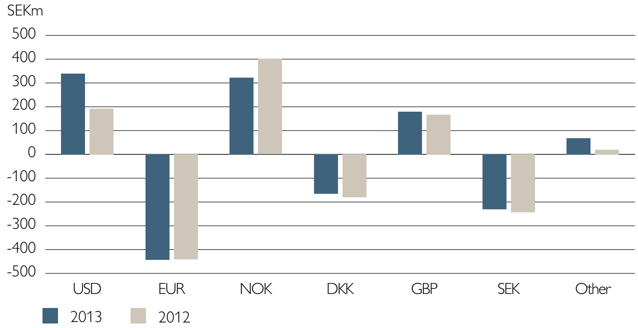
In the majority of cases forward contracts are used as hedging instruments. In cases where subsidiaries choose hedge accounting, hedge accounting is applied when the requirements for this are met. The Group classifies its forward contracts that are used to hedge forecast transactions as cash flow hedges. Changes in value for the period of forward contracts are recognised in other comprehensive income. Accumulated changes in value are reported in the hedging reserve within equity.

The net fair value of forward contracts amounted to SEK 8m (16) at 31 December 2013. Of this amount, SEK 6m (9) is recognised in the Statement of financial position as assets and SEK 14m (25) as liabilities.

Sensitivity analysis

A change in the Swedish krona of 10% against Ratos's exposure of net flows in NOK, DKK, GBP, USD and EUR would affect the income statement by approximately SEK 32m (25) taking currency hedging into account.

Transaction exposure, net flow



Note 31 Operating leases

Group
Leases where the company is the lessee

Leasing payments made during the financial year relating to operating leases amount to:

SEKm	2013	2012
Minimum lease payments	798	637
Variable payments	48	45
Total leasing costs	**846**	**682**

Future payments for leases entered into amount to:

SEKm	2013	2012
Payments within 1 year	859	543
Between 1-5 years	2,262	1,349
>5 years	3,142	2,251
	6,263	**4,143**

Note 32 Pledged assets and contingent liabilities

Group
Pledged assets

SEKm	31 Dec 2013	31 Dec 2012
Real estate mortgages	791	829
Chattel mortgages	2,669	3,452
Shares in group companies	9,418	10,023
Other pledged assets	10,032	1,608
	22,910	**15,912**
Contingent liabilities	1,046	540

Relate to pledged assets and contingent liabilities in group companies

Parent company

The parent company has no pledged assets or contingent liabilities.

Note 33 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, see Note 34.

SEKm		Interest expenses	Interest income	Dividend	Receivable	Liability	Capital contribution
Subsidiaries	2013	-46	135	49	1,243	2,029	240
Subsidiaries	2012	-24	135	382	1,426	616	284
Associates	2012			14			

Transactions with key persons in leading positions

Remuneration to senior executives and Board members is specified in Note 9.

Note 34 Participations in group companies

Parent company

SEKm	2013	2012
Accumulated cost opening balance	10,062	10,991
Investments	2,466	440
Shareholder contribution	751	174
Repaid shareholder contribution	-576	-1,200
Disposals	-212	-343
At the end of the year	**12,491**	**10,062**
Accumulated impairment opening balance	-1,339	-543
Impairment for the year	-477	-796
At the end of the year	**-1,816**	**-1 339**
Value according to balance sheet	**10,675**	**8,723**

Subsidiary, company reg. no., reg. office SEKm	**Owner company to**	**Number**	**Share, %**	**31 Dec 2013**	**31 Dec 2012**
Aalborg Fastigheter Intressenter ApS, 32318746, Copenhagen, Denmark		867,668	87	24	
AHI Intressenter AB, 556726-7744, Stockholm	AH Industries	100,000	100	318	353
Alube Network AB, 556925-9376, Stockholm	Nebula	50,000	100	285	
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway		834,694	83	9	9
Bisnode Business Information Group AB, 556681-5725, Stockholm		84,412,286	70	653	653
BTJ Group AB, 556678-3998, Lund [1]					18
EMaint AB, 556731-5378, Stockholm	Euromaint	100,000	100	792	347
GS Hydro Holding OY, 2268968-9 Finland		28,301,900	100	309	309
Hafa Bathroom Group AB, 556005-1491, Halmstad		2,000	100	157	164
HL Intressenter AB, 556809-4402, Stockholm	HL Display	50,000	100	1,122	1,122
Image Matters Intressenter AB, 556733-1854, Stockholm		100,000	100	167	175
Inwido AB, 556633-3828, Malmö		224,205,812	97	2,042	1,952
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway [2]					181
Kamin Intressenter AB, 556801-8427, Stockholm	Jøtul	100,000	100	164	0
Kelly Intressenter 1 AB, 556826-5705, Stockholm	KVD	50,000	100	210	210
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm	DIAB	1,000	100	470	881
Miehdnort AB, 556801-4731, Stockholm	HENT	100,000	100	358	0
Myggvärmare AB, 556723-5667, Stockholm	Mobile Climate Control	1,000	100	532	540
NCS Intressenter AB, 556801-8435, Stockholm	Aibel	100,000	100	1,695	0
Nordic and Baltic Cinema Holdco AB, 556849-6177, Stockholm	Nordic Cinema Group	50,000	100	405	402
Quartzin Intressenter AB, 556835-3824, Stockholm	Biolin Scientific	50,000	100	379	379
Ratos Fastighets AB, 556308-3863, Stockholm		50,000	100	6	6
Ratos Kabel Holding AB, 556813-8076, Stockholm	Stofa [1]	500	100	158	158
Ratos Limfac Holding AB, 556730-7565, Stockholm		1,000	100	0	0
Spin International AB, 556721-4969, Stockholm	SB Seating	1,000,000	100	420	864
ASA Konsument Invest AB, 556801-8419, Stockholm		100,000	100	0	0
				10,675	**8,723**

[1] Sold during the year

[2] Internal sale during the year.

Note 35 Cash flow statement

SEKm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Dividends received	2	4		89
Interest received	36	49	13	22
Interest paid	-435	-433		-1

Adjustment for non-cash items	**Group**		**Parent company**	
SEKm	**2013**	**2012**	**2013**	**2012**
Share of profits of associates	-183	-18		
Dividend			-49	
Capital gains/losses	-977	-1,290	-3	-1,118
Depreciation and impairment of assets	1,225	1,942	500	832
Capitalised interest	111	176	-86	-122
Unrealised exchange differences	207	-27	29	-14
Provisions, etc.	18	144	24	-278
Adjustment for non-cash items	**401**	**927**	**415**	**-700**

Cash and cash equivalents	**Group**		**Parent company**	
SEKm	**2013**	**2012**	**2013**	**2012**
Cash and bank balances	3,337	2,704	1,273	1 324
Short-term investments, on a par with cash and cash equivalents		499		499
Cash and cash equivalents	**3,337**	**3,203**	**1,273**	**1,823**

Short-term investments are classified as cash and cash equivalents when they have an insignificant risk of value fluctuations, can easily be converted into cash and cash equivalents and have a maximum maturity of three months from the acquisition date.

Unutilised credit facilities

Unutilised credit facilities amount to SEK 5,644m (5,268) for the Group and SEK 3,200m (3,200) for the parent company.

Company disposals – Group

SEKm	2013	2012
Intangible assets	280	3,449
Tangible assets	47	229
Financial assets	1	188
Deferred tax asset	11	27
Inventories	1	96
Current receivables	97	873
Cash and cash equivalents	115	279
Assets held for sale	1,894	
Total assets	**2,446**	**5,141**
Non-controlling interests (minority)	19	46
Non-current liabilities and provisions	23	1,262
Current liabilities and provisions	194	1,749
Liabilities attributable to Assets held for sale	1,655	
Total liabilities	**1,891**	**3,057**
Consideration transferred	1,507	3,161
Minus:		
Purchase promissory note		33
Cash and cash equivalents in disposed operations	-115	-279
Effect on Group's cash and cash equivalents	**1,392**	**2,915**

Acquisition of group companies – Group

SEKm	2013	2012
Intangible assets	4,412	69
Tangible assets	562	2
Financial assets	209	0
Deferred tax asset	8	
Inventories	51	1
Current receivables	904	12
Cash and cash equivalents	961	19
Total assets	**7,107**	**103**
Non-controlling interests	443	
Non-current liabilities	2,734	
Deferred tax liability	168	
Current liabilities	1,833	30
Total liabilities	**5,178**	**30**
Net identifiable assets and liabilities	1,929	73
Consideration transferred	1,929	73
Minus:		
Cash and cash equivalents in the acquired operations	-961	-19
Sale promissory note	-4	-1
Transfer Finnkino	-338	
Effect on Group's cash and cash equivalents	**626**	**53**

Note 36 Assets held for sale

Assets held for sale

SEKm	31 Dec 2013	31 Dec 2012
Intangible assets		885
Property, plant and equipment		588
Financial assets		24
Deferred tax assets		19
Inventories		79
Current receivables		385
Cash and cash equivalents		74
Total assets reclassified		**2,054**

Liabilities attributable to Assets held for sale

SEKm	31 Dec 2013	31 Dec 2012
Interest-bearing liabilities		1,057
Non-interest bearing liabilities		686
Provisions		8
Deferred tax liabilities		13
Total liabilities reclassified		**1,764**

In October 2012 it was announced that Ratos's holding Contex is selling its subsidiary Contex A/S. The sale was completed in January 2013. The selling price amounted to USD 41.5m (approximately SEK 275m).

In November 2012 it was announced that Ratos is selling the holding Stofa A/S. The sale was approved by the competition authority and completed in February 2013. The selling price amounted to DKK 1,900m (approximately SEK 2,200m).

Note 37 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. This required management to make assessments, estimations and assumptions that affect the application of accounting principles and the recognised amounts of assets, liabilities, income and expenses. Estimations and assessments are based on historical experience, external information and assumptions which management regards as reasonable under prevailing circumstances. Changed assumptions can result in adjustments to recognised figures and the actual outcome can differ from estimations and assessments made.

Within the framework of IFRS, a choice can be made in certain cases between different principles. The choice of principle requires in some cases management to make assessments as to which principle provides the most true and fair picture of Ratos's operations. Development within accounting and the choice of principles are discussed with Ratos's Audit Committee.

The most important areas where critical assessments were made in application of the Group's accounting principles and key sources of uncertainty in estimations are shown below.

Assessments at application of accounting principles

Acquisition and disposal of subsidiaries and associates

Ratos's operations as a private equity conglomerate mean that companies are both acquired and disposed of. This can relate to add-on acquisitions equally well as partial disposals. Accounting for acquisitions and divestments of subsidiaries and associates is therefore of significance for Ratos as regards, among other things, date, degree of influence and valuation. At each individual business combination in 2013, a decision has been made regarding partial or full goodwill.

Key sources of uncertainty in estimations

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. a value in use or fair value less costs of disposals for each holding. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Future events and new information can change these assessments and estimations. Tests for impairment are performed on the basis of Ratos's main scenario relating to a macroeconomic forecast. Our main scenario is that 2014 looks as if it could be a year with improved macroeconomic conditions globally and also in large parts of the Nordic region and Western Europe. The recovery will probably continue to be sluggish although development is moving in the right direction.

Note 38 Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the project. See Note 1, Accounting principles.

Income statement

SEKm	2013	2012
Contract revenue	2,532	353
Net profit	269	75

Statement of financial position
Receivables from customers for assignments under a construction contract

SEKm	2013	2012
Contract revenue	3,920	102
Billing	-3,825	-57
	95	**45**
Of which current receivables	95	45

Liabilities to customers for assignments under a construction contract

SEKm	2013	2012
Billing	-9,993	-100
Contract revenue	9,339	37
	-654	**-63**

Note 39 Parent company details

Ratos AB is a Swedish registered limited company with its registered office in Stockholm. The parent company's shares are registered on Nasdaq OMX Stockholm. The address of the head office is Box 1661, SE-111 96 Stockholm and the visiting address is Drottninggatan 2.

The consolidated financial statements for 2013 comprise the parent company and its group companies. The Group also includes the owned shares in associates.

The Board of Directors' and CEO's certification

The Board of Directors confirms that the consolidated financial statements and annual accounts have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards and generally accepted accounting standards, and give a true and fair view of the parent company's and Group's financial position and results of operations, and that the statutory Board of Directors' report gives a true and fair view of the development of the Group's and parent company's operations, financial position and results of operations and describes significant risks and uncertainties facing the parent company and Group companies.

Stockholm, 20 February 2014

Arne Karlsson
Chairman

Lars Berg
Board member

Staffan Bohman
Board member

Annette Sadolin
Board member

Jan Söderberg
Board member

Per-Olof Söderberg
Board member

Margareth Øvrum
Board member

Susanna Campbell
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 20 February 2014.
The consolidated income statement and statement of financial position and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 27 March 2014.

Auditor's report

To the annual meeting of the shareholders of Ratos AB (publ), corp. Id. 556008-3585

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Ratos AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 74–139.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2013 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory directors' report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Ratos AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory directors' report and that the members of the Board of Directors and the CEO are discharged from liability for the financial year.

Stockholm, 20 February 2014
PricewaterhouseCoopers AB

Peter Clemedtson *Authorised Public Accountant* *Senior Auditor*	Jeanette Skoglund *Authorised Public Accountant*

Additional information

RATOS

Five-year summary, Group

	2013	2012	2011	2010	2009
Key figures [1]					
Earnings per share before dilution, SEK	2.13	1.90	1.63	7.09	2.66
Dividend per A and B share, SEK	3.00[2]	3.00	5.50	5.25	4.75
Dividend per C share (preference share), SEK	100	75			
Dividend yield, %	5.2[2]	4.8	6.8	4.2	5.1
Total return, %	-2	-17	-32	40	47
Market price, year-end, SEK	58.15	62.50	80.75	124.50	92.50
Equity per share, 31 December, SEK [3]	38	39	43	47.50	48
Equity, SEKm [4]	13,778	12,353	13,658	15,091	15,302
Return on equity, %	6	5	4	15	5
Equity ratio, %	41	39	37	40	41
Average number of ordinary shares before dilution	319,005,200	319,000,693	319,036,699	318,134,920	316,248,738
Number of A, B and C shares outstanding	319,836,019	319,001,359	318,996,769	318,474,614	317,231,290
Income statement, SEKm					
Profit from group companies	461	-33	525	1,201	979
Exit gains, group companies	895	897	38	783	
Impairment, group companies	-308	-375	-312		
Share of profits of associates	141	4	21	218	316
Remeasurement former associates				140	
Exit gains, associates		81	487	537	
Exit gains, other companies					
Profit from holdings	**1,189**	**574**	**759**	**2,879**	**1,295**
Central income and expenses	-106	193	101	-11	80
Consolidated profit before tax	**1,083**	**767**	**860**	**2,868**	**1,375**
Tax	-281	-224	-314	-455	-441
Consolidated profit after tax	**802**	**543**	**546**	**2,413**	**934**
Profit attributable to owners of the parent	742	606	521	2,255	842
Statement of financial position, SEKm					
Intangible assets	20,445	16,794	22,024	21,925	20,382
Property, plant and equipment	3,581	3,461	4,286	4,050	3,702
Financial assets	2,970	225	785	808	2,807
Deferred tax assets	550	557	617	632	500
Current assets	11,620	12,550	12,210	13,348	13,467
Total assets	**39,166**	**33,587**	**39,922**	**40,763**	**40,858**
Equity	16,163	13,141	14,655	16,465	16,802
Provisions	931	687	1,524	1,057	1,186
Deferred tax liabilities	478	396	690	778	779
Interest-bearing liabilities	12,466	10,426	13,812	13,795	14,505
Non-interest bearing liabilities	9,128	8,937	9,241	8,668	7,586
Equity and liabilities	**39,166**	**33,587**	**39,922**	**40,763**	**40,858**

1) Applicable historical figures are restated taking 2:1 split in 2011 into account. Relates to B share unless otherwise specified.

2) Proposed ordinary dividend.

3) Defined with effect from 2013 as equity attributable to owners of the parent with deduction for total Preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounts to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.

4) Attributable to owners of the parent.

Definitions*

Capital employed
Total assets minus non-interest bearing liabilities.

Cash flow before acquisition and disposal of companies
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisition and disposal of companies.

Consolidated value
The Group's share of the holding'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.

Debt/equity ratio
Interest-bearing liabilities in relation to equity.

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

Earnings per share
Profit for the period attributable to owners of the parent minus dividend for the period on preference shares divided by the average number of outstanding ordinary shares.

EBIT
(Earnings Before Interest and Tax). Profit before net financial items and tax.

EBITA
(Earnings Before Interest, Tax and Amortisation). Operating profit after depreciation and impairment but before deduction for impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
(Earnings Before Interest, Tax, Depreciation and Amortisation). Profit before depreciation and impairment.

EBT
(Earnings Before Tax) Profit before tax.

EBT margin
EBT as a percentage of net sales.

Enterprise value
Market value of the shares plus interest-bearing net debt.

* Relates to B share unless otherwise specified.

Equity per share
Equity attributable to owners of the parent minus total Preference capital divided by the number of outstanding ordinary shares at the end of the period.

Equity ratio
Reported equity expressed as a percentage of total assets. Non-controlling interests are included in equity.

Exit gain/loss
Exit gain/loss is the capital gain or loss which arises when a holding is sold.

Interest-bearing net debt
Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

IRR
(Internal Rate of Return) Annual average return on the invested amount calculated from the original investment, final selling amount and other capital flows, taking into account when in time all these payments were made to or from Ratos.

Items affecting comparability
An income item which is non-recurring and has a material impact on earnings in the holding and if it is not highlighted leads to difficulty in understanding the holding's underlying operational development and/or valuation.

P/E ratio
Market share price for B share in relation to earnings per share.

Preference capital
Preference capital amounts to SEK 1,525m (SEK 1,837.50 per preference share), which corresponds to the redemption amount after the 2017 Annual General Meeting.

Return on capital employed
Profit before interest expenses and tax expressed as a percentage of average capital employed.

Return on equity
Profit for the year attributable to owners of the parent divided by average equity attributable to owners of the parent.

Total return
Price development of B shares including reinvested dividends on ordinary shares.

Turnover rate
Number of B shares trading during a year in relation to the total number of B shares outstanding.

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Shareholder information

Annual General Meeting 27 March 2014

The Annual General Meeting of Ratos AB (publ) will be held at 16.30 CET on Thursday, 27 March 2014 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm.

Participation

Shareholders who wish to participate in the Annual General Meeting must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB on 21 March 2014
- notify the company of their intention to attend no later than 21 March 2014

Notification

Notification of participation may be made by:

- writing to Ratos AB, Box 1661, SE-111 96 Stockholm
- telephoning +46 8 700 17 00
- via www.ratos.se

When notifying participation please state name, personal/company registration number, address, e-mail and daytime telephone number.

Nominee registered shares

In order to be entitled to participate in the meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden AB no later than Friday, 21 March 2014. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 3 per A and B share for the financial year 2013. The record date proposed by the Board for the right to receive dividends is 1 April 2014. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden AB on 4 April 2014.

The Board proposes a dividend on outstanding Class C preference shares until the 2015 Annual General Meeting shall be paid quarterly with SEK 25 per Class C preference share, although a maximum of SEK 100.

Proposed record dates for the quarterly dividends on outstanding Class C preference shares are 15 May 2014, 15 August 2014, 14 November 2014 and 13 February 2015. Payments from Euroclear Sweden AB are expected to be made on 20 May 2014, 20 August 2014, 19 November 2014 and 18 February 2015.

Financial calendar

27 March	Annual General Meeting 2014
8 May	Interim Report, January–March 2014
14 Aug	Interim Report, January–June 2014
7 Nov	Interim Report, January–September 2014

Reports can be accessed on Ratos's website directly after publication and are issued in Swedish and English. The annual report is sent by post to shareholders who have so requested.

Publications can be ordered by www.ratos.se or by

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