

Interim report, January-September 2017



RATOS

Development in company portfolio

- Sales unchanged
- EBITA amounted to SEK 1,006m (938), +7%
- Adjusted EBITA totalled SEK 1,045m (1,124), -7%

Performance of Ratos's company portfolio ¹⁾

	Ratos's holding					
	2017 Q3	2016 Q3	Change	2017 Q1-3	2016 Q1-3	Change
Net sales in the portfolio	4,861	5,096	-5%	15,874	15,821	0%
EBITA in the portfolio	202	245	-18%	1,006	938	+7%
Adjusted EBITA in the portfolio ²⁾	222	260	-15%	1,045	1,124	-7%

¹⁾ Comparison with corresponding period in preceding year pro forma.
²⁾ Excluding items affecting comparability
For reconciliation of alternative performance measures, see Note 3

Acquisitions and divestments

- Divestment of Nebula completed in the third quarter, exit gain SEK 515m
- Divestment of Serena Properties completed in the third quarter, exit gain SEK 79m
- GS-Hydro Holding Oy and GS-Hydro Oy were declared bankrupt in the third quarter
- Divestment of the remaining shareholding in Arcus in the first quarter, exit gain SEK 33m
- Divestment of AH Industries completed in the first quarter, exit loss SEK 32m

Financial information

- Consolidated net sales SEK 17,647m (18,579)
- Profit before tax SEK 1,255m (-2,220)
- Earnings per share before and after dilution SEK 2.73 (-5.74)
- Redemption of all Class C preference shares, total redemption proceeds SEK 1,300m
- Cash and cash equivalents in the parent company SEK 2,405m (1,627)

Financial development based on financial IFRS

SEKm	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Net sales	5,344	6,305	17,647	18,579	25,228
Operating profit	816	-2,023	1,577	-1,786	-235
Profit before tax	741	-2,227	1,255	-2,220	-890
of which, Profit/share of profits in portfolio companies	90	149	725	332	295
Earnings per share before and after dilution	2.13	-5.34	2.73	-5.74	-1.79
Equity (attributable to owners of the parent)			10,225	10,279	11,283
Return on equity, %					-4
Equity ratio, %			46	42	45
Cash flow for the period from operating activities			284	377	1,451
Cash and cash equivalents in the parent company			2,405	1,627	2,677

Weak earnings require increased rate of improvement



The company portfolio showed improved earnings for the first nine months but sales and earnings weakened in the third quarter. We are continuing our collaboration with the companies to improve earnings levels and to create value. The Ratos Group's profit before tax improved for the first nine months.

The divestments of Nebula and Serena Properties, transactions with higher returns than our financial target, were completed in the third quarter and the exit gains from these divestments are included in profit for the period.

In September, GS-Hydro was declared bankrupt. Although Ratos supported the company during a considerable period of time with action programmes and capital injections, we concluded it was no longer possible to reverse the trend.

Earnings trend

For the first nine months of 2017, the portfolio showed unchanged sales while EBITA rose 7% from SEK 938m to SEK 1,006m, pro forma and adjusted for Ratos's holdings. Bisnode accounted for most of the EBITA improvement.

In the third quarter of 2017, the portfolio showed a 5% decrease in sales, and EBITA declined 18%, from SEK 245m to SEK 202m, pro forma and adjusted for Ratos's holdings. The weaker performance was mainly due to Diab, which faced a weak market combined with high commodity costs and negative currency effects. Also, Plantasjen has had a weaker development where a cold spring and summer has been countered by price cuts to manage stocks. TFS earnings were impacted by a lower service sales trend, negative currency effects and costs for ongoing recruitments. Jøtul's earnings improved due to measures implemented to increase productivity and operational efficiency.

The Ratos Group's profit before tax totalled SEK 1,255m (-2,220) for the first nine months of 2017, and SEK 741m (-2,227) for the third quarter. In the third quarter of 2016, the impairment of book values affected the comparative figures. The earnings improvement includes total exit gains of SEK 594m from the divestments of Nebula and Serena Properties.

Development in company portfolio

Several of our companies are continuously focusing on undertaking operational initiatives. HENT received a new order in Sweden and the order book is growing. During the quarter, Plantasjen opened another small-format store in Norway. In the third quarter, Aibel was awarded a contract by Teekay to complete the production vessel Petrojarl I and Speed entered a collaboration agreement with Nefab, which offers complete packaging solutions. In September, Aibel's three modules were successfully combined in the Johan Sverdrup project in Klosterfjorden, outside Haugesund. Important recruitments of senior key personnel are ongoing in Oase

Outdoors, TFS and airteam to reinforce the organisations and enable expansion.

Divestments

In the third quarter, we completed the divestment of Nebula to Telia Company, which generated an exit gain of SEK 515m, an internal rate of return (IRR) of 37% and a money multiple of 3.3x. We also completed the divestment of Serena Properties to Fastighets AB Balder, which generated an exit gain of SEK 79m, an internal rate of return (IRR) of 26% and a money multiple of 1.4x.

The trend and market outlook for GS-Hydro remained strained in the third quarter and the company was declared bankrupt in September. Together with the company's Board and management, Ratos has implemented extensive action programmes in recent years, combined with considerable capital injections. Following a careful evaluation, however, we concluded that it was no longer possible to reverse the trend. The consolidated value of GS-Hydro had already been written down to zero.

Focus on earnings and development

In the third quarter, the portfolio's earnings performance was unsatisfactory. To achieve higher earnings, we need to continue increasing the rate of improvement.

Operational management costs are continuing to decline and we estimate that the cost level is about SEK 150m on a yearly basis.

We see a continued strong transaction market with good opportunities for Ratos to benefit from our unique profile, flexible ownership horizon and clear investment strategy. Our current cash and bank balance provides readiness and opportunities to act.

Magnus Agervald, Chief Executive Officer

Important events, January-September 2017

Third quarter

- GS-Hydro Holding Oy and its subsidiary GS-Hydro Oy were declared bankrupt following a decision by the company's Board to file a bankruptcy petition in the Tavastia Proper District Court in September, after consultation with Ratos and GS-Hydro's lenders. The company's situation is mainly due to a weak trend and substantial price pressure in the offshore market, combined with an insufficiently competitive market position. The bankruptcy had a marginal effect on earnings. In July, Ratos provided GS-Hydro with a previously agreed capital injection of EUR 2m.
- In July, Ratos paid an additional purchase consideration of EUR 8.3m in relation to TFS.

Second quarter

- Ratos's Annual General Meeting on 6 April approved a dividend of SEK 2.00 per ordinary share, totaling SEK 638m, which was paid in April.
- In May, Ratos's Board of Directors resolved to carry out a compulsory redemption of all Class C preference shares for total redemption proceeds of SEK 1,300m. Following the redemption of all 830,000 Class C preference shares, the total number of shares in Ratos was 324,140,896, of which 84,637,060 were Class A shares and 239,503,836 Class B shares.
- In June, Ratos completed the divestment of Sophion Bioscience, the final remaining business area in its subsidiary Biolin Scientific. The divestment was covered by Chapter 16 of the Swedish Companies Act (so-called Leo provisions) and was approved by an extraordinary general meeting of Ratos's shareholders on 14 June. The divestment generated no significant exit gain for Ratos.
- In May, Ratos entered into an agreement to divest its subsidiary Nebula to Telia Company. The transaction was completed in July. The selling price for 100% of the shares (equity value) amounted to EUR 110m (approximately SEK 1.1 billion) and the enterprise value to EUR 165m. Ratos's share of the equity value was EUR 78m (SEK 752m) and the exit gain totalled SEK 515m. The divestment generated an IRR of about 37% and a money multiple of 3.3x.
- At its capital markets day in June, Ratos presented an updated strategic agenda. Through increased value creation and higher performance levels in the portfolio companies, Ratos's long-term ambition is to lay the foundation for a larger proportion of cash-flow-generated financing of the future dividends on Ratos's shares. The investment interval for new investments has also been updated. The goal for new acquisitions is that

the company in question must have a minimum growth potential of SEK 0.5 billion in equity value over the next five years. The upper investment interval has been lowered from SEK 5 billion to SEK 2 billion in equity value to create better balance and risk spread in the portfolio.

Ratos has chosen six sectors on which it will focus its acquisition and business development efforts going forward.

Central management costs will be reduced through internal efficiency measures.

- In June, Ratos signed an agreement to divest all of its shares in its subsidiary Serena Properties to Fastighets AB Balder for an enterprise value of EUR 206m (approximately SEK 2 billion). Ratos received EUR 50.4m (SEK 481m) for its shareholding. The divestment generated an exit gain of SEK 79m, an internal rate of return (IRR) of 26% and a money multiple of 1.4x. The divestment was completed in September.
- In June, Ratos contributed SEK 55m to HL Display in order to create scope for continued expansion.

First quarter

- In February, Ledil was refinanced. Ratos received a dividend of EUR 18m for its holding of 66%.
- In March, Bisnode entered into an agreement to acquire Global Group Dialog Solutions AG. The acquisition was completed in April. Ratos contributed SEK 54m, corresponding to its holding.
- In March, Ratos divested its remaining shareholding of 23.6% in Arcus to Canica AS and Sundt AS. Arcus was listed on the Oslo Stock Exchange in December 2016 and generated a total exit gain of SEK 1,437m, an IRR of 30% and a money multiple of 5.7x in SEK (6.2x in NOK).
- In March, Plantasjen signed an agreement to acquire SABA Blommor AB. The acquisition was completed in the second quarter and was financed by Plantasjen.

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

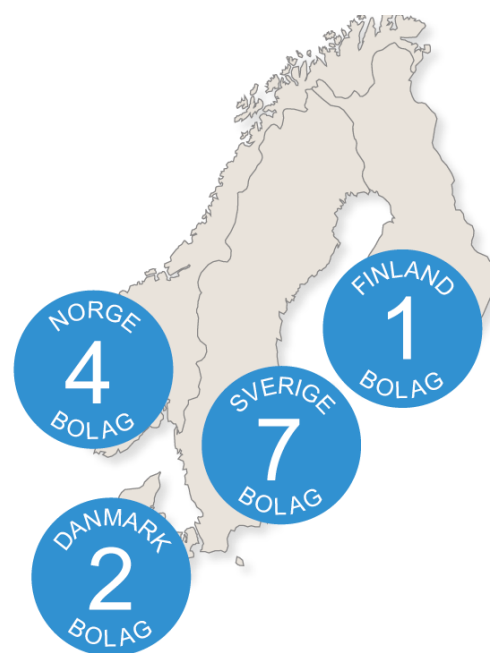
Complete income statements, statements of financial position and statements of cash flows for all companies are available at www.ratos.se.

Companies overview

The Ratos Group's net sales for the first nine months of 2017 in accordance with IFRS amounted to SEK 17,647m (18,579). Operating profit for the same period totalled SEK 1,577m (-1,786). To facilitate a comparison of the ongoing performance of Ratos's company portfolio, the section below presents certain financial information that is not defined in accordance with IFRS. For a reconciliation of the alternative performance measures used in this report with the most directly reconcilable IFRS measures, refer to Note 3.

Ratos's company portfolio

Ratos invests mainly in unlisted medium-sized Nordic companies and has 14 companies in its portfolio. The largest industries in terms of sales are Industrials, Consumer goods/Commerce and Construction.

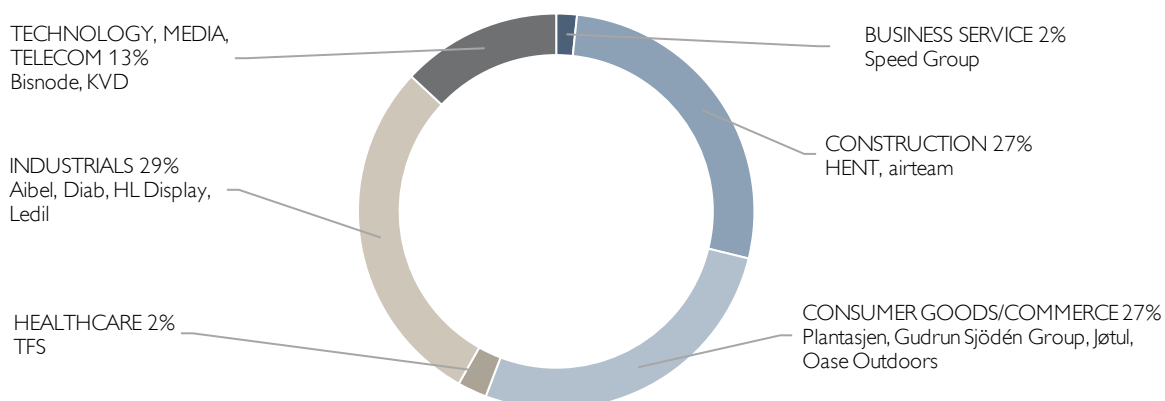


14 companies with approximately

13,400* employees

* The number of employees is based on the average number of employees for full-year 2016 for the 14 companies.

Sales breakdown by segment**

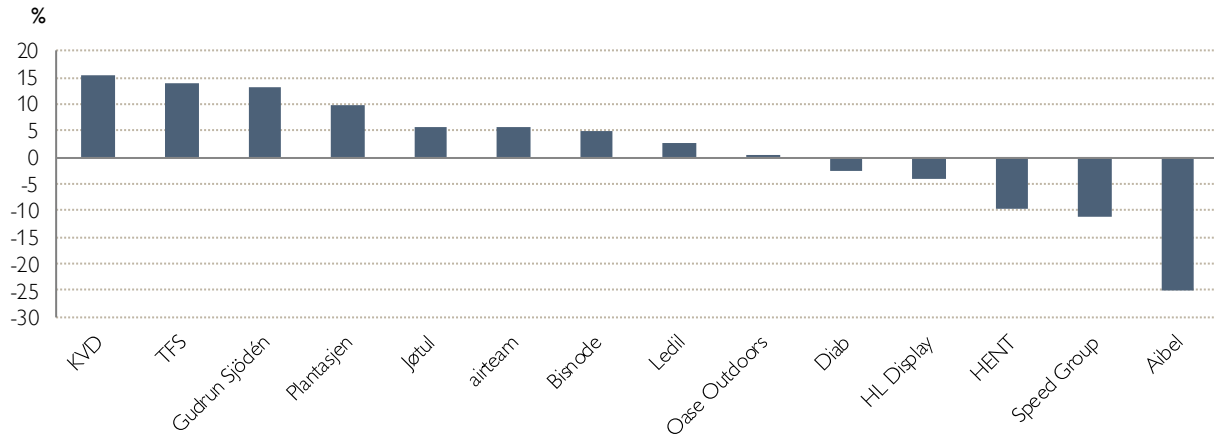


** Adjusted for the size of Ratos's holdings.

Ratos's companies

Q3 2017

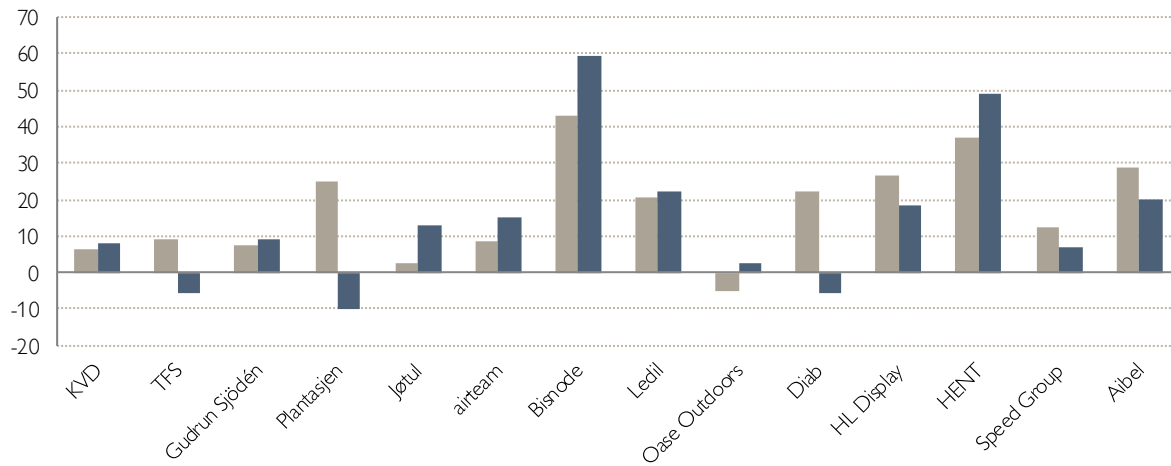
Sales trend



EBITA*

MSEK

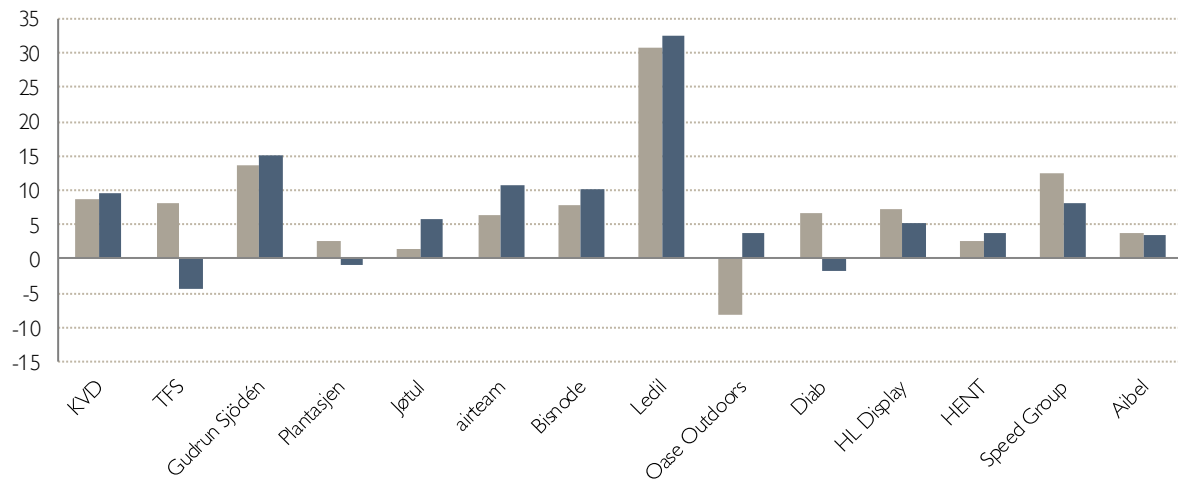
■ 2016 ■ 2017



EBITA margin

%

■ 2016 ■ 2017



* Adjusted for the size of Ratos's holdings.

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

Consumer goods/Commerce

Plantasjen

PLANTASJEN®

- Sales growth and the EBITA margin were adversely impacted by colder weather in the third quarter and a weak spring season, which was countered by a price cut to manage stocks. SABA Blommor contributed to growth, growth in comparable units remained unchanged
- Plantasjen is strengthening its organization with the ambition to start-up e-commerce in 2018
- In the third quarter, one new small-format store was opened in Norway
- Daniel Juhlin has been appointed new CEO of Plantasjen. Daniel's most recent position was as CEO of Byggmax AB, a part of Byggmax Group AB. He will take up his position in early December

MNOK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	872	795	3,127	2,986
EBITA	-7	21	321	346
EBITA margin	-0.8%	2.7%	10.3%	11.6%
Cash flow from operations	-215		253	

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

Holding
99%

Gudrun Sjödén Group



- Sales growth of 13% during the quarter, positive growth in all markets, particularly via e-commerce
- Stronger EBITA margin due to increased sales
- Continued focus on global expansion and development of e-commerce

MSEK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	208	184	579	512
EBITA	31	25	59	45
EBITA margin	15.0%	13.8%	10.1%	8.8%
Cash flow from operations	30		50	

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

Holding
30%

- Positive sales trend in the third quarter, including the peak-season months of August and September. Demand continued to improve in the two core markets of North America and France, while the Nordic region and other markets showed a weaker trend
- The initiative to improve productivity and operational efficiency began to yield results, which is reflected by the EBITA improvement. A lower capacity utilization compared with the year-earlier period had a negative impact on earnings
- On 1 October, Nils Agnar Brunborg was appointed new CEO. Nils Agnar has been Acting CEO since January 2017.

MNOK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	228	216	610	593
EBITA	13	3	-15	-19
EBITA margin	5.8%	1.5%	-2.4%	-3.1%
Cash flow from operations	-25		-80	

The Norwegian company Jøtul is a global supplier of fireplaces with its main production facilities in Norway and Denmark.

Holding
93%

Oase Outdoors

- Stable sales in the third quarter despite negative currency effects. Planned investments in growth initiatives and product development led to higher expenses, which had a negative impact on EBITA. Non-recurring costs in the third quarter of 2016 amounted to DKK 12m
- Growth initiatives in the organisation with recruitments in several key functions, including business development, purchasing and sales

MDKK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	68	68	306	324
EBITA	2	-6	57	59
EBITA margin	3.6%	-8.3%	18.5%	18.0%
Cash flow from operations	74		70	

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

Holding
78%

Construction

HENT

- As expected, sales declined 10% in the third quarter following a strong 2016. High profitability continued
- A weak cash flow during the quarter, attributable to substantial trade receivables received after the end of the quarter due to calendar effects
- Order intake of about NOK 1.1 billion in the third quarter. New order, including construction of offices for Jernhusen in Malmö (approx. SEK 220m). At 30 September 2017, the order book was approximately NOK 10.2 billion (approximately NOK 8.9 billion at 31 December 2016)
- In its property development operations, HENT has signed an agreement for a new project in Trondheim. The operations now have a total of six projects comprising more than 1,500 apartments, in which HENT's average holding is nearly 50%

MNOK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	1,718	1,902	5,140	5,802
EBITA	65	49	184	180
EBITA margin	3.8%	2.6%	3.6%	3.1%
Cash flow from operations	-340		-358	

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

Holding
73%

- High sales growth and level of market activity. airteam is a project-based operation, in which sales and profitability vary between periods. Slightly stronger profitability compared with the year-earlier period due to successful project execution. Transaction-related and other non-recurring costs of DKK 3m were charged to EBITA in the third quarter of 2016
- Organisational investment and intense focus on growth initiatives to enable expansion continued

MDKK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	158	149	467	421
EBITA	17	10	39	21
EBITA margin	10.8%	6.5%	8.3%	5.0%
Cash flow from operations	16		39	

airteam offers high-quality, effective ventilation solutions in Denmark.

Holding

70%

Industrials

Aibel

- Sales declined in Modifications and Yards in the third quarter, while the performance of Field Development improved, driven by the Johan Sverdrup contract. Stable profitability in the current project portfolio
- At 30 September 2017, the value of the order book was approximately NOK 11 billion, down 27% compared with 30 September 2016
- In August, Aibel was awarded an FPSO* contract by Teekay to complete the production vessel Petrojarl I. The contract includes testing the vessel's onboard system. The work will be carried out in the Haugesund shipyard
- In September, Aibel's three modules were successfully combined in the Johan Sverdrup project in Klosterfjorden, north of Haugesund, outside Aibel's shipyard. After assembly, the combined platform was transferred to the shipyard where the final installations will be carried out. In summer 2018, the completed platform will be handed over to Statoil for transport to the North Sea

MNOK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	1,823	2,432	6,657	7,356
EBITA	63	90	258	140
EBITA margin	3.4%	3.7%	3.9%	1.9%
Cash flow from operations	-233		346	

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

Holding

32%

*FPSO: Floating Production Storage and Offloading

Diab



- Sales decline due to a weaker trend in the wind power segment, while the marine segment delivered a strong performance
- The weak EBITA was due to lower sales, impairment of accounts receivable, sharply increased commodity costs and negative currency effects
- An action programme is ongoing to counteract the weak market trend. Continued high commodity prices, a weaker market and negative currency effects is expected to have an adverse impact during the rest of the year

MSEK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	342	350	1,140	1,126
EBITA	-6	23	34	81
EBITA margin	-1.8%	6.7%	3.0%	7.2%
Cash flow from operations	-8		11	

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

Holding
96%

HL Display



- Sales declined 4% in the third quarter, mainly due to lower sales in the UK
- A lower EBITA margin due to lower sales, higher logistics costs and mix effects
- Continued focus on product innovation, a broader offer and efficiency improvements

MSEK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	353	368	1,087	1,044
EBITA	18	27	43	56
EBITA margin	5.2%	7.4%	4.0%	5.4%
Cash flow from operations	15		-40	

HL Display is an international supplier of products and systems for merchandising and in-store communication with operations in 47 markets. Manufacturing takes place in Poland, Sweden, China and the UK.

Holding
99%

Ledil



- Sales growth primarily driven by the European market, which is Ledil's largest market
- Changed assessment has resulted in Ledil capitalising its product tools, which had a positive impact of a total of EUR 0.4m on the EBITA margin for the quarter compared with the year-earlier period. Previous periods in 2017 are pro forma in relation to the changed assessment
- Continued robust sales and product development initiatives

MEUR	Q3		Q1-3	
	2017	2016	2017	2016
Sales	10.8	10.5	31.1	29.3
EBITA	3.5	3.2	9.5	9.5
EBITA margin	32.6%	30.9%	30.5%	32.2%
Cash flow from operations	3.9		6.9	

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

Holding
66%

Technology, Media, Telecom

Bisnode



- Sales rose 5% in the third quarter compared with the year-earlier quarter, organic currency-adjusted growth was 1%, due to a positive trend in Sweden and DACH*. To date this year, the organic and currency-adjusted growth rate is 1%
- EBITA improved SEK 23m, of which SEK 14m was attributable to non-recurring costs in the third quarter of 2016 related to the restructuring process, primarily layoffs.
- The extensive change initiatives to strengthen the core business and modernise the customer offering are being carried out at a high pace

MSEK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	833	793	2,603	2,493
EBITA	85	62	254	115
EBITA margin	10.2%	7.8%	9.8%	4.6%
Cash flow from operations	26		270	

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

Holding
70%

* DACH; Germany, Switzerland, Austria

Kvdbil



- During the quarter, growth was driven by good development in all three segments – Private Cars, Company Cars and Machines & Heavy Vehicles. Marketing and IT costs had a negative impact on EBITA. Non-recurring costs in the third quarter of 2016 amounted to SEK 6m
- Continued investment in IT and the development of services in order to raise the level of customer value on auction sites

MSEK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	82	71	253	236
EBITA	8	6	25	24
EBITA margin	9.6%	8.8%	9.9%	10.3%
Cash flow from operations	6		13	

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

Holding
100%

Healthcare

TFS



- In the third quarter, service sales* amounted to EUR 13.9m (13.9), which was in line with the year-earlier period. Negative organic service sales growth due to cancellations of a number of major customer projects. Weak order intake to date this year
- EBITA was adversely impacted by cancelled customer projects, a number of senior recruitments and high negative currency effects. Non-recurring costs had a total impact of EUR 0.7m on EBITA, partly related to acquisition costs and the change of CEO
- During the quarter, Daniel Spasic stepped down from his position as CEO and James Utterback was appointed Acting CEO. Recruitment of a new CEO is ongoing

MEUR	Q3		Q1-3	
	2017	2016	2017	2016
Sales	22.9	20.1	66.2	59.0
EBITA	-1.0	1.6	0.2	4.3
EBITA margin	-4.5%	8.0%	0.4%	7.2%
Cash flow from operations	-0.4		0.5	

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

Holding
60%

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

Business services

Speed Group



- Weaker sales and lower margin, mainly attributable to a modified contract portfolio. Investments completed in process and system improvements creates an attractive customer offering and facilitate future growth
- The collaboration agreement signed in the second quarter with Luna AB, part of B&B Tools, related to logistics management means that Speed, as the first Nordic 3PL* player, will be investing in a fully automated warehouse solution from Autostore. Cash flow was impacted by investment in the warehouse solution from Autostore
- In the third quarter, a collaboration agreement was signed with Nefab, which offers complete packaging solutions that reduce customers' overall costs and environmental impact

MSEK	Q3		Q1-3	
	2017	2016	2017	2016
Sales	126	141	382	426
EBITA	10	18	24	39
EBITA margin	8.1%	12.4%	6.3%	9.2%
Cash flow from operations	-70		-10	

Speed Group is a Swedish provider of services that extend from staffing and recruitment to full-scale warehouse management, as well as production and education.

Holding
70%

* Third-party logistics

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

SEKm	Net sales in portfolio					EBITA in portfolio				
	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Aibel	591	795	2,203	2,346	3,474	20	29	85	45	15
airteam ¹⁾	141	133	419	368	535	15	9	35	18	32
Bisnode	582	554	1,819	1,742	2,416	60	43	178	80	159
Diab	328	337	1,095	1,081	1,456	-6	22	33	77	105
Gudrun Sjödén Group ²⁾	62	55	174	154	214	9	8	18	14	21
HENT	1,280	1,423	3,891	4,232	5,829	49	37	139	131	174
HL Display	347	362	1,071	1,029	1,397	18	27	43	56	66
Jøtul	216	204	587	549	832	13	3	-14	-17	0
KVD	82	71	253	236	321	8	6	25	24	37
Ledil ³⁾	68	66	197	182	242	22	20	60	59	70
Oase Outdoors ⁴⁾	68	69	309	320	331	2	-5	57	58	36
Plantasjen ⁵⁾	876	814	3,209	2,953	3,656	-10	25	330	343	230
Speed Group	88	99	267	298	393	7	12	17	27	24
TFS	131	114	380	331	475	-6	9	1	24	38
Total adjusted for Ratos's holding	4,861	5,096	15,874	15,821	21,570	202	245	1,006	938	1,009
Change	-5%		+0%			-18%		+7%		

SEKm	Adjusted EBITA in portfolio ^{A)}					Cash flow from operations in portfolio ^{B)}	Interest-bearing net debt in portfolio	Ratos's holding (%)
	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016			
Aibel	28	10	93	91	100	114	761	32
airteam ¹⁾	15	11	35	37	52	35	101	70
Bisnode	64	57	187	139	250	189	1,162	70
Diab	-6	22	33	82	110	11	856	96
Gudrun Sjödén Group ²⁾	9	8	18	14	21	15	-21	30
HENT	49	37	139	132	175	-271	-205	73
HL Display	20	32	45	66	84	-39	551	99
Jøtul	13	4	-10	-13	7	-77	547	93
KVD	8	12	27	35	48	13	147	100
Ledil ³⁾	22	20	60	59	70	44	226	66
Oase Outdoors ⁴⁾	2	7	57	74	57	70	165	78
Plantasjen ⁵⁾	-8	18	339	357	296	260	2,202	99
Speed Group	7	12	17	27	29	-7	-12	70
TFS	-2	9	6	24	40	3	28	60
Total adjusted for Ratos's holding	222	260	1,045	1,124	1,337	360	6,508	
Change	-15%		-7%					

A) EBITA, adjusted for non-recurring items.

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

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

1. airteam's earnings for 2016 are pro forma in terms of Ratos's acquisitions, and for new financing and Group structure.
2. Gudrun Sjödén Group's earnings for 2016 are pro forma in terms of Ratos's acquisition.
3. Ledil's earnings for 2017 are pro forma in terms of the changed assessment under IFRS, which has led to the capitalisation of Ledil's product tools and accordingly, an EBITA improvement of SEK 2.5m for the third quarter, and SEK 11.5m for the first nine months of 2017. No pro forma figures were calculated for 2016.
4. Oase Outdoors' earnings for 2016 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.
5. Plantasjen's earnings for 2016 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.

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

Financial information

Ratos's results

Profit before tax for the first nine months of 2017 totalled SEK 1,255m (-2,220). In 2016, earnings were charged with impairment losses of SEK 2,301m. In 2017, earnings include exit gains totalling SEK 594m from Nebula and Serena Properties. This result includes profit/share of profits from the companies of SEK 725m (332). The improvement is attributable to a changed company portfolio with earnings from the companies acquired in 2016: airteam, Gudrun Sjöden Group, Oase Outdoors and Plantasjen, improved earnings in Bisnode and a reduction in non-recurring items.

Ratos's operational management costs amounted to SEK -115m (-195). In 2016, costs included organisational changes including the change of CEO. Refer to Note 5 for more details about Ratos's results.

Cash flow and financial position

Cash flow for the period was SEK -854m (-2,892), of which cash flow from operating activities accounted for SEK 284m (377), cash flow from investing activities for SEK 1,251m (-2,389) and cash flow from financing activities for SEK -2,388m (-880). In addition to the conditions in the portfolio companies' operating activities, Ratos's cash flow was impacted by changes in the company portfolio. At the end of the period, the Group's cash and cash equivalents amounted to SEK 3,537m (3,752) and interest-bearing net debt totalled SEK 4,115m (5,275).

Ratos's equity

At 30 September 2017, Ratos's equity (attributable to owners of the parent) amounted to SEK 10,225m (SEK 9,550m at 30 June 2017), corresponding to SEK 32 per share outstanding (SEK 30 at 30 June 2017).

Parent company

Operating loss totalled SEK -116m (-202). In 2016, earnings were impacted by higher personnel costs due to organisational changes. The parent company's profit before tax amounted to SEK 1,101m (-1,156). In 2016, earnings included impairment of shares in subsidiaries. The parent company's cash and cash equivalents totalled SEK 2,405m (1,627).

Ratos's Class B share

Earnings per share before dilution amounted to SEK 2.73 (-5.74). At 30 September, the closing price for Ratos's Class B shares was SEK 39.86. The total return on Class B shares for the first nine months of 2017 amounted to -3%, compared with the performance for the SIX Return Index, which was 13%.

Redemption of Ratos's preference shares

On 16 May 2017, the Board of Directors of Ratos AB resolved on a compulsory redemption of all Class C preference shares. In accordance with the redemption provision in Article 6, item 5 of the Articles of Association, the Board also decided to reduce the company's share capital by SEK 2,614,500 in conjunction with the redemption of its 830,000 preference shares. The total redemption proceeds for the 707,408 Class C preference shares outstanding amounted to SEK 1,300m, corresponding to SEK 1,837.50 per preference share. Payment of the redemption proceeds took place on 16 June 2017. Prior to redemption, dividends on Class C preference shares were paid as follows: With a record date of 15 February 2017, SEK 18m was paid on 20 February 2017. With a record date of 15 May 2017, SEK 21m was paid on 18 May 2017.

Treasury shares and number of shares

No Class B shares were repurchased and no call options were exercised during the period. At the end of September, Ratos owned 5,126,262 Class B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 68.

At 30 September, the total number of shares in Ratos (Class A and B shares) amounted to 324,140,896 and the number of votes to 108,587,444. The number of outstanding Class A and B shares was 319,014,634. The average number of Class B treasury shares in Ratos in the first nine months of 2017 was 5,126,262 (5,126,468 in full-year 2016).

Credit facilities and new issue mandate

The parent company has a credit facility of SEK 2.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridge financing is required for acquisitions and to be able to finance dividends and day-to-day running costs in periods with few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period. In addition, there is also a mandate from the 2017 Annual General Meeting to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions and an authorisation to issue a maximum total of 1,250,000 Class C and/or Class D preference shares in conjunction with acquisitions.

Other

In accordance with a policy for the appointment of a Nomination Committee adopted by Ratos's AGM in 2016, the company's major shareholders/owners appointed, from among their number, a Nomination Committee with the Chairman of the Board Jonas Wiström as convener.

Ragnar Söderberg (Ragnar Söderberg Foundation and related parties' holdings) was appointed Chairman. Other members are: Jan Söderberg (own and related parties' holdings), Maria Söderberg (Torsten Söderberg Foundation and own holding), Erik Brändström (Spiltan

Fonder AB), Håkan Roos (Roosgruppen AB) and Jonas Wiström (Chairman of Ratos's Board). Ratos's Annual General Meeting will be held on 3 May 2018 at Skandiascenen, Cirkus, in Stockholm, Sweden.

Key figures for Ratos's share

SEKm	2017 Q1-3	2016 Q1-3	2016
Key figures per share ¹⁾			
Total return, %	-3	-11	-6
Dividend yield, %			4.6
Market price, SEK	39.86	40.74	43.14
Dividend, SEK			2.00
Equity attributable to owners of the parent, SEK ²⁾	32	28	31
Earnings per share before and after dilution, SEK ³⁾	2.73	-5.74	-1.79
Average number of ordinary shares outstanding:			
– before dilution	319,014,634	319,014,358	319,014,428
– after dilution	319,014,634	319,014,358	319,014,428
Total number of registered shares	324,140,896	324,970,896	324,970,896
Number of shares outstanding	319,014,634	319,722,795	319,722,042
– of which, Class A shares	84,637,060	84,637,060	84,637,060
– of which, Class B shares	234,377,574	234,377,574	234,377,574
– of which, Class C shares		708,161	707,408

¹⁾ Relates to Class B shares unless specified otherwise.

²⁾ Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period. Comparison periods have been adjusted for outstanding preference share capital. All preference shares were redeemed by the end of the second quarter 2017.

³⁾ 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.

Financial statements

Consolidated income statement

SEKm	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Net sales	5,344	6,305	17,647	18,579	25,228
Other operating income	30	11	70	32	88
Change in inventories of products in progress, finished goods and work in progress	-17	-8	12	43	7
Work performed by the company for its own use and capitalised	14	18	46	58	90
Raw materials and consumables	-2,878	-3,478	-9,267	-10,070	-13,695
Employee benefit costs	-1,394	-1,608	-4,570	-5,073	-6,807
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-143	-765	-456	-1,029	-1,441
Other costs	-773	-806	-2,586	-2,563	-3,539
Capital gain/loss from group companies	583	7	559	-2	1,678
Impairment and capital gain from investments recognised according to the equity method	79	-1,692	112	-1,692	-1,692
Share of pre-tax profit/loss from investments recognised according to the equity method ¹⁾	-29	-6	11	-69	-152
Operating profit/loss	816	-2,023	1,577	-1,786	-235
Financial income	15	16	56	55	96
Financial expenses	-89	-221	-378	-489	-751
Net financial items	-74	-205	-322	-434	-655
Profit/loss before tax	741	-2,227	1,255	-2,220	-890
Tax	-46	-52	-218	-138	-198
Share of tax from investments recognised according to the equity method ¹⁾	8	5	-4	18	18
Profit/loss for the period	703	-2,274	1,032	-2,340	-1,071
<i>Profit/loss for the period attributable to:</i>					
Owners of the parent	681	-1,687	910	-1,778	-500
Non-controlling interests	22	-587	123	-563	-570
Earnings per share, SEK					
– before dilution	2.13	-5.34	2.73	-5.74	-1.79
– after dilution	2.13	-5.34	2.73	-5.74	-1.79

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

Consolidated statement of comprehensive income

SEKm	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Profit/loss for the period	703	-2,274	1,032	-2,340	-1,071
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension obligations, net		-87		-87	-70
Tax attributable to items that will not be reclassified to profit or loss		21		21	18
		-66		-66	-51
Items that may be reclassified subsequently to profit or loss:					
Translation differences for the period	19	327	-103	653	312
Change in hedging reserve for the period	-12	5	-25	7	-54
Tax attributable to items that may be reclassified subsequently to profit or loss	2	-1	5	-2	9
	9	331	-123	657	268
Other comprehensive income for the period	9	264	-123	591	216
Total comprehensive income for the period	712	-2,009	910	-1,749	-854
<i>Total comprehensive income for the period attributable to:</i>					
Owners of the parent	674	-1,506	809	-1,367	-388
Non-controlling interest	39	-503	101	-381	-466

Summary consolidated statement of financial position

SEKm	2017-09-30	2016-09-30	2016-12-31
ASSETS			
Non-current assets			
Goodwill	12,061	13,588	12,990
Other intangible non-current assets	1,855	1,862	1,844
Property, plant and equipment	1,773	1,838	1,970
Financial assets	1,387	1,839	2,373
Deferred tax assets	466	593	594
Total non-current assets	17,543	19,721	19,771
Current assets			
Inventories	1,140	2,104	1,389
Current receivables	3,931	4,956	3,771
Cash and cash equivalents	3,537	3,752	4,389
Assets held for sale		8	485
Total current assets	8,608	10,819	10,034
Total assets	26,151	30,540	29,805
EQUITY AND LIABILITIES			
Equity including non-controlling interests	12,069	12,733	13,286
Non-current liabilities			
Interest-bearing liabilities	5,639	7,058	6,953
Non-interest bearing liabilities	373	383	582
Pension provisions	494	568	487
Other provisions	79	114	99
Deferred tax liabilities	542	531	501
Total non-current liabilities	7,126	8,653	8,623
Current liabilities			
Interest-bearing liabilities	1,637	1,717	1,228
Non-interest bearing liabilities	4,641	6,889	5,630
Provisions	678	547	553
Liabilities attributable to Assets held for sale			485
Total current liabilities	6,956	9,154	7,896
Total equity and liabilities	26,151	30,540	29,805

Summary statement of changes in consolidated equity

SEKm	2017-09-30			2016-09-30			2016-12-31		
	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity
Opening equity	11,283	2,003	13,286	12,882	2,419	15,302	12,882	2,419	15,302
Adjustment				-25	-5	-30	-35	-10	-46
Adjusted equity	11,283	2,003	13,286	12,858	2,414	15,272	12,847	2,409	15,256
Total comprehensive income for the period	809	101	910	-1,367	-381	-1,749	-388	-466	-854
Dividends	-659	-90	-749	-1,108	-22	-1,130	-1,108	-22	-1,131
Non-controlling interests' share of capital contribution and new issue		28	28		477	477		494	494
Purchase/redemption of treasury shares, net effect	-1,300		-1,300	-60		-60	-61		-61
Option premiums	1		1	2		2	2		2
Put options, future acquisitions from non-controlling interests		-6	-6	-4	-15	-19	-4	-38	-42
Acquisition of shares in subsidiaries from non-controlling interests	1	-5	-5	-41	-18	-59	-6	-55	-60
Disposal of shares in subsidiaries to non-controlling interests	0	4	4					0	0
Non-controlling interests at acquisition					-1	-1		8	8
Non-controlling interests in disposals		-102	-102					-63	-63
Adjusted non-controlling interests	91	-91						-264	-264
Closing equity	10,225	1,843	12,069	10,279	2,454	12,733	11,283	2,003	13,286

Consolidated statement of cash flows

SEKm	2017 Q1-3	2016 Q1-3	2016
Operating activities			
Profit/loss before tax	1,577	-1,786	-235
Adjustment for non-cash items	-114	2,955	1,784
	1,463	1,169	1,549
Income tax paid	-126	-201	-232
Cash flow from operating activities before change in working capital	1,337	968	1,317
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-42	-98	-47
Increase (-)/Decrease (+) in operating receivables	-443	462	-118
Increase (+)/Decrease (-) in operating liabilities	-568	-955	299
Cash flow from operating activities	284	377	1,451
Investing activities			
Acquisition, group companies	-353	-1,187	-2,242
Disposal, group companies	707	-2	1,757
Acquisitions, investments recognised according to the equity method	-16	-585	-585
Disposals, investments recognised according to the equity method	1,005		
Purchase and disposal, intangible assets/property, plant and equipment	-372	-369	-529
Investments and disposal, financial assets	272	-256	-257
Received interest	8	10	13
Cash flow from investing activities	1,251	-2,389	-1,844
Financing activities			
Non-controlling interests' share of issue/capital contribution	41	280	298
Purchase/redemption of treasury shares	-1,300	-60	-62
Option premiums paid	18	55	66
Redemption of options	-5	-9	-11
Acquisition and disposal of shares in subsidiaries from non-controlling interests	0	-58	-96
Dividends paid	-677	-1,091	-1,109
Dividends paid, non-controlling interests	-90	-28	-28
Borrowings	624	1,600	3,376
Amortisation of loans	-722	-1,352	-3,903
Paid interest	-254	-186	-284
Amortisation of financial lease liabilities	-22	-32	-41
Cash flow from financing activities	-2,388	-880	-1,794
Cash flow for the period	-854	-2,892	-2,187
Cash and cash equivalents at the beginning of the year	4,389	6,455	6,455
Exchange differences in cash and cash equivalents	-30	174	138
Increase (-)/Decrease (+) of cash and cash equivalents classified as Assets held for sale	32	15	-17
Cash and cash equivalents at the end of the period	3,537	3,752	4,389

Parent company income statement

SEKm	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Other operating income	12	1	14	2	2
Other external costs	-16	-19	-54	-60	-81
Personnel costs	-18	-35	-73	-141	-184
Depreciation of property, plant and equipment	-1	-1	-2	-3	-4
Operating loss	-23	-54	-116	-202	-266
Gain from sale of participating interests in group companies	-3	1,304	-3	1,304	2,459
Dividends from group companies			572		
Impairment of shares in group companies		-2,241	-123	-2,241	-2,467
Gain from sale of interests in associates			778		
Result from other securities and receivables accounted for as non-current assets			2	0	0
Other interest income and similar profit/loss items	7	2	13	23	14
Interest expenses and similar profit/loss items	-3	-19	-22	-40	-52
Profit/loss after financial items	-22	-1,008	1,101	-1,156	-312
Tax					
Profit/loss for the period	-22	-1,008	1,101	-1,156	-312

Parent company statement of comprehensive income

SEKm	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Profit/loss for the period	-22	-1,008	1,101	-1,156	-312
Total comprehensive income for the period	-22	-1,008	1,101	-1,156	-312

Summary parent company balance sheet

SEKm	2017-09-30	2016-09-30	2016-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	62	64	64
Financial assets	9,282	7,913	9,075
Total non-current assets	9,344	7,978	9,139
Current assets			
Current receivables	28	59	51
Cash and cash equivalents	2,405	1,627	2,677
Total current assets	2,433	1,686	2,728
Total assets	11,776	9,664	11,867
EQUITY AND LIABILITIES			
Equity	8,375	8,390	9,232
Non-current provisions			
Other provisions		11	11
Non-current liabilities			
Interest-bearing liabilities, group companies	818	875	2,254
Non-interest bearing liabilities	19	42	34
Other financial liabilities	41	22	39
Current provisions	124	169	117
Current liabilities			
Interest-bearing liabilities, group companies	743		
Non-interest bearing liabilities, group companies	1,581	5	16
Non-interest bearing liabilities	75	151	165
Total equity and liabilities	11,776	9,664	11,867

Summary statement of changes in parent company's equity

SEKm	2017-09-30	2016-09-30	2016-12-31
Opening equity	9,232	10,711	10,711
Comprehensive income for the period	1,101	-1,156	-312
Dividends	-659	-1,108	-1,108
Purchase/redemption of treasury shares, net effect	-1,300	-60	-61
Option premiums	1	2	2
Closing equity	8,375	8,390	9,232

Parent company cash flow statement

SEKm	2017 Q1-3	2016 Q1-3	2016
Operating activities			
Profit/loss before tax	1,101	-1,156	-312
Adjustment for non-cash items	-1,025	1,013	143
	76	-143	-169
Income tax paid			
Cash flow from operating activities before change in working capital	76	-143	-169
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in operating receivables	-11	-14	-4
Increase (+)/Decrease (-) in operating liabilities	-72	-44	-28
Cash flow from operating activities	-7	-200	-201
Investing activities			
Investment, shares in subsidiaries	-292	-1,740	-3,198
Disposal, shares in subsidiaries		20	1,196
Liabilities to group companies ¹⁾	1,228		1,364
Disposal, shares in associates	781		
Acquisition, property, plant and equipment	0		-1
Investment and disposal, financial assets	-20		-4
Cash flow from investing activities	1,697	-1,720	-643
Financing activities			
Purchase/redemption of treasury shares	-1,300	-60	-62
Option premiums paid	3	3	6
Dividends paid	-677	-1,091	-1,109
Cash flow from financing activities	-1,974	-1,149	-1,165
Cash flow for the period	-284	-3,069	-2,009
Cash and cash equivalents at the beginning of the year	2,677	4,677	4,677
Exchange differences in cash and cash equivalents	11	19	9
Cash and cash equivalents at the end of the period	2,405	1,627	2,677

¹⁾ Liability to centrally administered group company that arose in conjunction with divestment of group company.

Note 1 Accounting principles

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

Reporting and measurement principles are unchanged compared with those applied in Ratos's 2016 Annual Report. The following change has been made to the presentation format.

Amended presentation form for the consolidated statement of cash flows

To more clearly separate cash flows arising in operations conducted and the cash flows that relate to the financing of such operations, interest paid and interest received, which were previously included in operating activities, have been moved to financing activities (interest paid) and investing activities (interest received).

Consequently, cash flow is based on operating profit instead of profit before tax, which was used in the past.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will be applied from 2018 and addresses the recognition of revenue from contracts with customers and the sale of certain non-financial assets. The standard will replace IAS 11 Construction Contracts and IAS 18 Revenue and their related interpretations. Since Ratos's subsidiaries operate in a variety of sectors, they will be affected to different degrees by the new rules. In 2016, Ratos's companies commenced a review of their respective types of revenue and analysed whether the new rules in IFRS 15 will affect revenue recognition when

the standard takes effect. This work has continued in 2017 and in-depth analyses have been conducted in a few companies. The previous preliminary conclusion, that the transition to IFRS 15 would not have any significant effects on the Ratos Group's financial earnings and position, has been strengthened. The ongoing work is mainly focused on presentation and disclosure issues, and implementation.

Note 2 Risks and uncertainties

Ratos invests in and develops unlisted enterprises in the Nordic region.

These operations include inherent risks attributable to both Ratos and the companies. These mainly comprise market, operational and transaction risks and can include both general risks, such as external factors and macroeconomic development, as well as company and sector-specific risks. Ratos's future earnings development is dependent to a large extent on the success and returns of the underlying companies which is also dependent, among other things, on how successful those responsible for the investments and each company's management group and board are at developing and implementing value-enhancing initiatives.

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

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

A more detailed description of the material risks and uncertainties to which the Group and the parent company are exposed is provided in the Directors' report and in Notes 30 and 37 in the 2016 Annual Report.

Note 3 Alternative performance measures

Due to the nature of Ratos's operations – acquisition, development and divestment of companies – differences may arise in the structure of the Group between periods. Accordingly, consolidated sales, earnings, cash flow and financial position recognised in accordance with IFRS may vary significantly from period to period as a result of differences in the composition of the company portfolio. Moreover, earnings from company divestments normally arise at irregular intervals, generating significant non-recurrent effects.

To facilitate a comparison between periods and enable follow-up of the ongoing earnings and performance of the company portfolio, Ratos presents certain financial information that is not defined in accordance with IFRS. This information is intended to give the reader a better

opportunity to evaluate Ratos's investments and should be regarded as a complement to the financial information recognised in accordance with IFRS.

The following reconciliations and accounts pertain to components included in the alternative performance measures used in this report. Definitions are available at www.ratos.se.

As of the January-March 2017 interim report, Net sales, Adjusted EBITA, EBITA and Interest-bearing net debt for the portfolio are no longer reported with the companies included in their entirety. The portfolio is reported adjusted for Ratos's holdings only. The aim is to clarify for the reader by only using one method of reporting the portfolio.

Net sales

SEKm	2017 Q1-3	2016 Q1-3	Change	2016
Net sales in the portfolio, Ratos's holding	15,874	15,821	0%	21,570
Net sales in subsidiaries, holding not owned by Ratos	3,107	2,866		3,959
Subsidiaries acquired during current year		-3,273		-3,627
Subsidiaries divested during current year	1,043	5,665		7,013
Investments recognised according to the equity method	-2,377	-2,500		-3,688
Net sales in accordance with IFRS	17,647	18,579	-5%	25,228

Adjusted EBITA, EBITA and operating profit

SEKm	2017 Q1-3	2016 Q1-3	2016
Adjusted EBITA, Ratos's holding	1,045 -7%	1,124	1,337
Items affecting comparability, Ratos's holding	-39	-186	-328
EBITA, Ratos's holding	1,006 7%	938	1,009
EBITA in subsidiaries, holding not owned by Ratos	205	142	207
Subsidiaries acquired during current year		-407	-321
Subsidiaries divested during current year	-13	282	330
Exit gain from portfolio companies	663		1,672
Investments recognised according to the equity method	-92	-128	-190
Income and expenses in the parent company and central companies	-110	-253	-326
Amortisation and impairment of intangible assets in connection with company acquisitions	-83	-2,361	-2,617
Consolidated operating profit	1,577	-1,786	-235

Cash flow from operations

SEKm	2017 Q1-3
Cash flow from operations in portfolio	360
Cash flow from operations, holding not owned by Ratos	34
Cash flow from operations, holdings divested during current year	2
Investments recognised according to the equity method	-129
Acquisitions and disposals, intangible assets/property, plant and equipment	372
Income tax paid	-126
Attributable to the parent company	-7
Eliminations	-222
Cash flow from operating activities	284

Interest-bearing net debt

SEKm	2017-09-30	2016-09-30	2016-12-31
Total interest-bearing net debt in the portfolio, Ratos's holding	6,508		
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	754		
Investments recognised according to the equity method	-741		
Attributable to the parent company and central companies	-2,406		
Consolidated interest-bearing net debt	4,115		
	2017-09-30	2016-09-30	2016-12-31
Non-current interest-bearing liabilities	5,639	7,058	6,953
Current interest-bearing liabilities	1,637	1,717	1,228
Provisions for pensions	494	568	487
Interest-bearing assets	-118	-316	-340
Cash and cash equivalents	-3,537	-3,752	-4,389
Consolidated interest-bearing net debt	4,115	5,275	3,939

Note 4 Acquired and divested businesses

GS-Hydro declared bankrupt

In September 2017, Ratos's subsidiary, GS-Hydro Holding Oy, and its subsidiary, GS-Hydro Oy, filed a bankruptcy petition. The Tavastia Proper District Court issued a bankruptcy order in the same month whereby a trustee assumed control over the portfolio company GS-Hydro. Since Ratos no longer has any influence over GS-Hydro, the portfolio company will no longer be consolidated in the Ratos Group. From September 2017, the holding has been classified as a financial asset and measured at market value. Since Ratos does not expect to recover anything in the bankruptcy process, the market value on 30 September 2017 was zero. Nor does Ratos have any outstanding commitments to GS-Hydro.

Since the carrying amount of GS-Hydro was negative on the date of reclassification from a subsidiary to a financial asset, a positive earnings effect of SEK 68m arises for the Group and is recognised as a Capital gain from Group companies in the consolidated income statement.

Adjusted acquisition analysis for Plantasjen

Ratos acquired 99% of the shares in Plantasjen in November 2016. In the second quarter of 2017, the preliminary acquisition analysis was adjusted in accordance with the following, which impacted the consolidated statement of financial position for the same period. The adjusted acquisition analysis has not resulted in any material changes to the consolidated income statement.

	Preliminary acquisition analysis	Adjusted acquisition analysis
Plantasjen		
Trademarks	624	715
Customer relations	40	44
Other assets	1,821	1,821
Non controlling interest	-11	-11
Deferred tax liability	-148	-172
Other liabilities	-3,486	-3,486
Net identifiable assets and liabilities	-1,159	-1,087
Goodwill	2,391	2,319
Consideration transferred	1,232	1,232

Divestment of Nebula

In May 2017, Ratos signed an agreement to sell all of its shares in Nebula for a selling price (equity value) corresponding to EUR 110m (approximately SEK 1,100m) for 100% of the shares. The sale was completed in July 2017. Ratos's share of the selling price amounted to EUR 78m (SEK 752m) and the exit gain, which was recognised in the third quarter, amounted to SEK 515m.

Divestment of Serena Properties

In June 2017, Ratos signed an agreement to sell all of its shares in Serena Properties for a selling price (equity value) of EUR 90m (approximately SEK 0.9 billion), of which Ratos's share accounted for EUR 50.4m (SEK 481m). The sale was completed in the third quarter of 2017 and the exit gain of SEK 79m was recognised in the same period.

Divestment of Sophion Bioscience

In June 2017, Ratos divested Sophion Bioscience, the final remaining business area of the former portfolio company Biolin Scientific. Ratos divested most of its holding in Biolin Scientific in December 2016 through the sale of the Analytical Instruments business area. The divestment of Sophion Bioscience, which was recognised under other net assets in Ratos, generated only a minor exit gain for Ratos since the holding had previously been impaired to its expected exit value.

Divestment of AH Industries

In March 2017, Ratos divested its entire holding of 70% in AH Industries, in accordance with the agreement signed in December 2016. The divestment yielded an exit loss of SEK -32m in the first quarter.

Divestment of the remaining holding in Arcus

In December 2016, Ratos's former subsidiary Arcus was listed on the Oslo Stock Exchange, upon which the company transitioned to being an associate company of Ratos. In March 2017, Ratos also sold its remaining holding of 24% at a price of NOK 762m, corresponding to NOK 47.40 per share. The sale yielded an exit gain of SEK 33m in the first quarter. The total exit gain from the sales of Arcus was SEK 1,437m, of which SEK 1,403m was included in earnings for 2016.

Acquisitions within subsidiaries

During the second quarter, Nebula completed the acquisition of web hosting supplier Sigmatic Oy before Ratos divested the entire Nebula Group to Telia Company. In the second quarter, Bisnode also completed the acquisition of Global Group Digital Solutions AG, a German leading supplier of solutions based on market information. Plantasjen expanded its offering from 40 garden centres to more than 700 points of sale through the acquisition of SABA Blommor AB.

Note 5 Operating segments

SEKm	Sales					EBT ¹⁾				
	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016	2017 Q3	2016 Q3	2017 Q1-3	2016 Q1-3	2016
Aibel						-38	-13	-23	-97	-198
Bisnode	833	793	2,603	2,493	3,458	70	-8	182	-79	47
Diab	342	350	1,140	1,126	1,516	-23	18	-6	61	84
HENT	1,755	1,951	5,333	5,801	7,991	63	48	180	169	191
HL Display	353	368	1,087	1,044	1,417	13	22	26	41	43
Jøtul	234	220	633	592	898	19	9	-27	-14	-10
KVD	82	71	253	236	321	7	5	23	22	31
Ledil	103	100	298	275	365	43	29	80	83	91
Speed Group	126	141	382	426	562	6	-1	13	20	11
TFS	219	191	635	553	793	-16	12	-16	30	6
Total companies in portfolio all reported periods	4,044	4,185	12,363	12,546	17,320	145	122	432	235	296
airteam ²⁾	202	189	602	363	601	12	3	20	4	14
Gudrun Sjöden Group ³⁾						9	1	16	1	8
Oase Outdoors ⁴⁾	87	5	394	5	14	0	-12	63	-12	-44
Plantasjen ⁵⁾	886		3,245		280	-52		202		-37
Total companies acquired during reported periods	1,175	194	4,241	368	895	-31	-9	300	-8	-59
AH Industries		310	265	805	1,059		10	-2	6	19
Arcus		618		1,771	2,294		-21	0	2	4
Biolin Scientific		53		142	186		-2		-23	-28
Euromaint		310		1,061	1,061		2		9	9
GS-Hydro	126	220	542	666	886	-28	-35	-79	-95	-149
Mobile Climate Control		333		976	1,194		51		109	77
Nebula		82	177	244	332		21	40	55	71
Serena Properties						5	10	33	41	56
Total companies divested during reported periods	126	1,925	985	5,665	7,013	-23	36	-7	105	58
Total	5,346	6,305	17,589	18,579	25,228	90	149	725	332	295
Exit AH Industries								-32		
Exit Arcus								33		1,403
Exit Euromaint										0
Exit Mobile Climate Control										268
Exit Nebula						515		515		
Exit Serena Properties						79		79		
Total exit gains						594		596		1,672
Impairment AH Industries							-92		-92	-135
Impairment Aibel							-1,692		-1,692	-1,692
Impairment Biolin Scientific							-314		-314	-314
Impairment Euromaint							-122		-122	-122
Impairment and result from bankruptcy GS-Hydro						68		68		-160
Impairment Jøtul							-81		-81	-81
Companies total	5,346	6,305	17,589	18,579	25,228	752	-2,152	1,389	-1,968	-538
Income and expenses in the parent company and central companies										
Operating management costs						-31	-50	-115	-195	-261
Other income and expenses, incl. transaction costs	-1		58			18	-5	4	-25	-56
Costs which will be charged to portfolio companies						2	-14	2	-32	-9
Financial items						1	-7	-25	0	-27
Group total	5,344	6,305	17,647	18,579	25,228	741	-2,227	1,255	-2,220	-890

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

²⁾ airteam is included as a subsidiary as of April 2016.

³⁾ Gudrun Sjöden Group is included as an associate with a holding of 30% as of September 2016.

⁴⁾ Oase Outdoors is included as a subsidiary as of September 2016.

⁵⁾ Plantasjen is included as a subsidiary as of December 2016.

SEKm	Consolidated value ¹⁾		
	2017-09-30	2016-09-30	2016-12-31
AH Industries		37	0
Aibel	702	690	587
airteam	367	352	356
Arcus		666	729
Biolin Scientific		31	
Bisnode	1,841	1,540	1,606
Diab	717	691	770
Euromaint		68	
GS-Hydro		127	0
Gudrun Sjödén Group	177	161	166
HENT	386	298	298
HL Display	926	829	840
Jøtul	-23	0	4
KVD	373	347	356
Ledil	399	531	530
Mobile Climate Control		1,116	
Nebula		276	283
Oase Outdoors	163	155	137
Plantasjen	1,390		1,303
Serena Properties		396	398
Speed Group	298	301	296
TFS	235	192	168
Total	7,950	8,805	8,825
Other net assets in the parent company and central companies ²⁾	2,275	1,475	2,458
Equity (attributable to owners of the parent)	10,225	10,279	11,283

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

²⁾ Of which cash and cash equivalents in the parent company totalled SEK 2,405m (1,627).

Note 6 Financial instruments

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

The measurement methods were unchanged during the period.

In the statement of financial position at 30 September 2017, the total value of financial instruments measured at fair value in accordance with level three was SEK 359m (510 at 31 December 2016). This change was primarily attributable to the payment of additional purchase considerations.

In the statement of financial position at 30 September 2017, the net value of derivatives amounted to SEK -27m (-18), of which SEK 7m (24) was recognised as an asset and SEK 34m (42) as a liability.

Note 7 Goodwill

Goodwill changed during the period as shown below.

SEKm	Accumulated cost	Accumulated impairment	Total
Opening balance			
1 January 2017	14,522	-1,532	12,990
Business combinations	114		114
Divested companies	-493	469	-24
Reclassified to Assets held for sale	-846		-846
Reclassifications	-70		-70
Translation differences for the year	-118	14	-104
Closing balance			
30 September 2017	13,111	-1,050	12,061

Note 8 Related party disclosures

Transactions with related parties are made on market terms.

Parent company

The parent company has a related party relationship with its Group companies. For more information, refer to Note 33 in the 2016 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 321m (492). In addition, the parent company guarantees that Medcro Intressenter AB will fulfill its obligations in connection with the acquisition of TFS.

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

SEKm	Capital contribution	Dividend			
2017 Q1-3	185	572			
2016 Q1-3	746				
2016	814				
SEKm	Receivable	Provision	Liability	Contingent liability	
2017-09-30	50	114	3,142	321	
2016-09-30	4	144	879	492	
2016-12-31	1	90	2,269	533	

During the quarter, Ratos provided a contribution of SEK 19m to GS-Hydro. Earlier during the year, Ratos provided a contribution of SEK 54m to Bisnode (add-on acquisition), SEK 55m to HL Display, SEK 32m to AH Industries and SEK 26m to Sophion.

