

Interim report January – June 2016



Development in company portfolio

- Sales growth of +8%, with net sales adjusted for the size of Ratos's holding amounting to SEK 11,623m (10,736)
- Earnings trend of -9%, mainly due to the weak performance of GS-Hydro. Adjusted for the size of Ratos's holding, adjusted EBITA in the portfolio totalled SEK 624m (683)

Acquisitions and divestments

- Acquisition of Serena Properties and airteam completed in January and April, respectively
- Agreement to acquire the camping and outdoor equipment company Oase Outdoors signed in June
- Agreement to acquire the design company Gudrun Sjödén Group signed after the close of the period

Financial information

- Profit/share of profits from companies totalled SEK 184m (401), a decline mainly attributable to weaker earnings in the portfolio and a changed company portfolio
- Earnings per share before and after dilution amounted to SEK -0.40 (+0.65)
- Cash and cash equivalents in the parent company totalled SEK 2,430m (2,990)

Ratos Group's key figures based on IFRS

SEKm	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
Net sales	6,369	6,212	12,274	12,416	24,480
Operating profit	155	486	236	752	1,411
Profit before tax	32	360	7	451	892
of which, Profit/share of profits in portfolio companies	169	241	184	401	664
of which, Exit gains in portfolio companies		236		236	1,101
of which, Impairment in portfolio companies					-565
Earnings per share after dilution	-0.21	0.79	-0.40	0.65	1.29
Equity (attributable to owners of the parent)			11,821	13,020	12,882
Return on equity, %					4
Equity ratio, %			46	45	47
Cash flow for the period from operating activities	148	-132	282	-45	1,252
Cash and cash equivalents in the parent company			2,430	2,990	4,677

Important events, January – June

Acquisitions and divestments

- In January, the acquisition of Serena Properties – a newly formed real estate company with a portfolio of 22 retail properties in Finland – was completed. The purchase price (enterprise value) for 100% of the company amounted to EUR 191.5m, of which Ratos paid EUR 39m and owns 56%
- In April, the acquisition of airteam – a leading supplier of ventilation solutions in Denmark – was completed. The purchase price (enterprise value) for 100% of the company amounted to DKK 575m, of which Ratos provided DKK 272m and owns 70%
- In June, an agreement was signed to acquire approximately 80% of the shares in Oase Outdoors, a Danish family-owned company that supplies high-quality camping and outdoor equipment. The purchase price (enterprise value) for 100% of the company amounted to approximately DKK 380m, of which Ratos will pay approximately DKK 150m. The transaction is expected to be completed in the third quarter

After the end of the period

- After the close of the period, Ratos signed an agreement to acquire approximately 30% of the shares in Gudrun Sjöden Group, an international design company that has a unique, colourful style and clear sustainability profile. The purchase price (enterprise value) for 100% of the company amounted to SEK 725m, of which Ratos will pay approximately SEK 150m. In conjunction with the transaction, Ratos signed an agreement for an option to increase its holding a further 40% in 2018. The transaction is expected to be completed in the third quarter

Capital contributions/additional purchase price

- During the period, a capital contribution was provided to Euromaint in the amount of SEK 120m, to Bisnode in the amount of SEK 175m and to GS-Hydro in the amount of EUR 5m
- An additional purchase price of EUR 4m was paid in connection with TFS

After the end of the period

- After the close of the period, Ratos provided a capital contribution of NOK 316m to Aibel in order to strengthen the company's capital structure, providing a long-term, stable platform for continued operational development

Other

- Susanna Campbell stepped down as CEO of Ratos on 1 July and Lars Johansson, Investment Director, assumed the position of Acting CEO

After the end of the period

- The Board of Directors decided to appoint Magnus Agervald as the new CEO of Ratos. Magnus joins Ratos from his role as President and CEO of the publicly listed Byggmax Group and will assume his new position in January 2017 at the latest

More information about important events in the companies is provided on pages 5-13.

Performance of Ratos's company portfolio ¹⁾

SEKm	2016 Q 2 Companies in their entirety		2016 Q 2 Ratos's holding		2016 Q 1-2 Companies in their entirety		2016 Q 1-2 Ratos's holding	
		Change		Change		Change		Change
Net sales in the portfolio	9,429	+18%	6,101	+11%	17,385	+12%	11,623	+8%
EBITA in the portfolio	354	-32%	270	-23%	641	-32%	460	-26%
Adjusted EBITA in the portfolio ²⁾	560	-1%	360	-6%	973	-6%	624	-9%

¹⁾ Comparison with corresponding period in preceding year and for comparable units. For a reconciliation of alternative performance measures, refer to pages 26-27.

²⁾ Excluding items affecting comparability.

On page 13, an extensive table is provided with financial information for Ratos's companies to facilitate analysis. At www.ratos.se, income statements, statements of financial position, etc., for all Ratos's companies are available in downloadable Excel files.

CEO comments on performance in the first half of the year

An eventful first six months



The first half of the year was eventful for Ratos – not only in terms of the level of activity in Ratos’s portfolio companies but also with respect to the number of new investments and organisational changes. In June, it was announced that Susanna Campbell would be stepping down as CEO of Ratos after 13 years with the company and four years as CEO. As a result, I – Lars Johansson, Investment Director at Ratos – assumed the role of Acting CEO on 1 July, a position that I will continue to hold until Magnus Agervald, currently President and CEO of the publicly listed Bygghem Group, takes over.

In times of macroeconomic turbulence, the market situation for our companies is also affected even though the Nordic markets remain unchanged. We continue to maintain a high tempo in our value-creating and growth initiatives, which has yielded results in the form of increased sales. Nevertheless, the earnings trends in some of our companies are weak and further measures are required. During the summer, we signed agreements concerning two attractive consumer companies with significant international potential: the Danish company Oase Outdoors and the Swedish Gudrun Sjödén Group.

Focus on value-creating initiatives

During the first half of the year, the portfolio displayed positive sales growth of +8% but adjusted EBITA declined -9%, both adjusted for the size of Ratos’s holding. This weak earnings trend was primarily attributable to GS-Hydro, which continued to face considerable market uncertainty, with low volumes in both the offshore and land-based segments. Euromaint also displayed a decline in earnings mainly as a result of lower volumes due to previously concluded contracts. However, during the second quarter the company secured an eight-year maintenance contract with Arlanda Express.

Many of our companies are making progress both operationally and strategically, where our objective is to combine long-term value creation with a high pace of change. Because the companies are in different phases of their development, their agendas differ. Some companies are adapting to the prevailing uncertain market conditions and others are implementing significant strategic growth initiatives.

The oil service company Aibel continues to operate in an extremely challenging market and is implementing extensive additional restructuring measures in order to strengthen its

competitiveness. Aibel’s four-year construction project at the Johan Sverdrup field is progressing according to plan. The data and analytics company Bisnode is upping the pace and implementing an extensive change programme to exploit the change in demand in data and analysis, which entails organisational changes, product development and more effective processes. The wine and spirits provider ArcusGruppen is increasing its production efficiency through higher volumes in the new production plant outside Oslo and Diab is investing in a new factory for composite material in China. The Norwegian construction company HENT recently established a presence in Sweden and secured two breakthrough contracts totalling SEK 1.6 billion.

These are all examples of changes that we, as committed owners, want to support the companies in implementing by providing both capital and expertise. Refinancing has been completed for two of our largest companies, Aibel (after the close of the period) and Bisnode (during the second quarter), with Ratos providing capital contributions totalling approximately SEK 500m, corresponding to its holdings. Refinancing will strengthen the companies’ capital structures, providing a long-term, stable platform for continued operational development.

Attractive acquisitions

Despite a turbulent business environment, the level of activity in the transaction market remains high and Ratos recently signed agreements concerning two acquisitions. Including the acquisition of airteam we have completed a total of three acquisitions during the year. Ratos looks for companies with favourable development potential where our unique profile, flexible ownership horizon and clear investment strategy are considered attractive. During the second quarter, an agreement was signed to acquire the majority of the Danish company Oase Outdoors, a supplier of high-quality camping and outdoor equipment. After the close of the period, an agreement was entered into regarding a minority investment in the Swedish Gudrun Sjödén Group, a design company with a unique, colourful style and clear sustainability profile. Both companies offer highly attractive development potential, not least with respect to international expansion, and are examples of partnership situations where the previous owners actively sought a dedicated co-owner with whom they could develop their company.

Outlook for 2016

Our cautious macroeconomic view for the full year 2016 remains unchanged and we predict that the market situation will continue to vary. The activity level in the transaction market is expected to remain high. Earnings in the Ratos portfolio declined during the first half of the year and we have thus adjusted our expectations with respect to the earnings trend, adjusted for the size of Ratos's holding, from a cautiously positive view for the full year to a slight decline in earnings compared with the year-earlier period. This applies for the company portfolio owned by Ratos as per the close of the second quarter.



Lars Johansson

Companies overview

The Ratos Group's net sales for the first six months in accordance with IFRS amounted to SEK 12,274m (12,416), corresponding to a decrease of -1%. Operating profit for the same period declined to SEK 236m (752). To facilitate a comparison between periods and enable follow-up of the ongoing performance of Ratos's company portfolio, the companies overview includes 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.

Development in Ratos's company portfolio

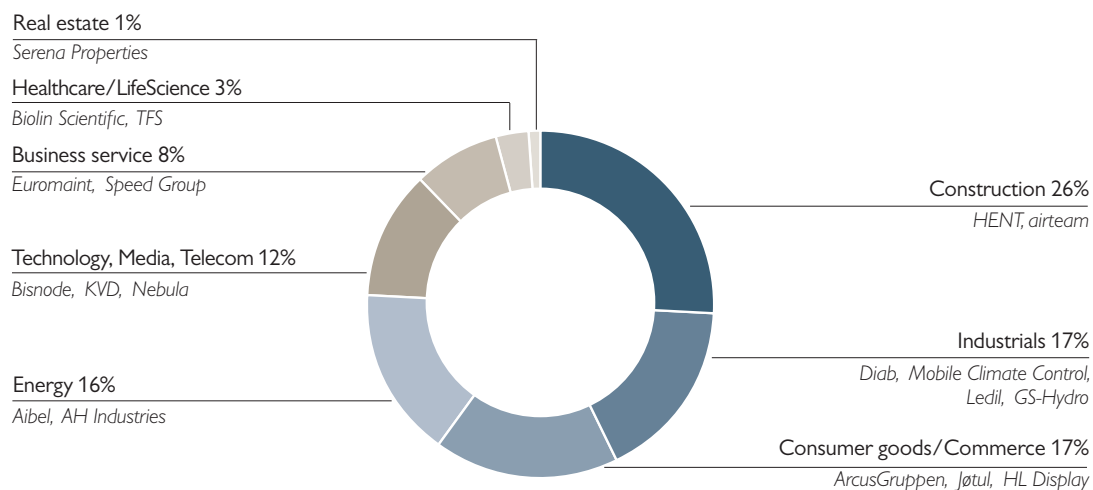
Ratos invests mainly in unlisted medium-sized Nordic companies and, as per 30 June 2016, has 19 companies in its portfolio, ten of which are categorised as medium-sized (mid cap) and nine as small-sized (small cap). The largest industries in terms of sales are Construction, Industrials and Consumer goods/Commerce. The information presented for each company refers to the company in its entirety and has not been adjusted for the size of Ratos's holding, with the exception of consolidated book value.



19 companies with approximately
16,000* employees

* The number of employees is based on the average number of employees on 31 December 2015 for the 19 companies.

Breakdown of net sales in the portfolio by industry **

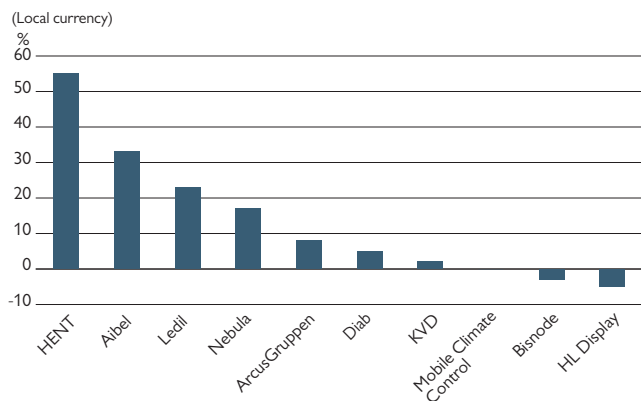


** Adjusted for the size of Ratos's holding.

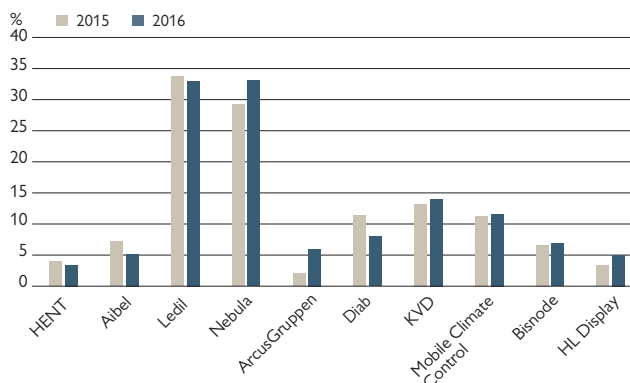
Medium-sized companies

In total, the medium-sized companies showed +14% growth in sales and an increase in adjusted EBITA of +10% (reported EBITA -5%) during the first half of 2016, adjusted for the size of Ratos's holding. Total sales for the medium-sized companies accounted for 77% of Ratos's portfolio and 93% of adjusted EBITA.

Net sales trend



Adjusted EBITA margin



Aibel

aibel®

- Strong growth of +33%, primarily driven by high activity in Field Development, mainly related to the new construction contracts for the Johan Sverdrup field. Continued weak market trend in MMO and Modification
- Favourable delivery in terms of the project portfolio, but weak earnings trend as an effect of strong comparative figures in the first quarter of 2015 when a number of projects in the final phase of completion enhanced earnings. The company's four-year construction project at the Johan Sverdrup field is progressing according to plan.
- Due to the ongoing uncertain market trend and the concluded maintenance contract for the Ekofisk oil field and to reinforce competitiveness, new efficiency programmes have been initiated that will involve further layoffs. Earnings were charged with costs affecting comparability totalling NOK 206m related to further modifications to the current level of activity
- The order book at 30 June 2016 amounted to approximately NOK 16 billion (approximately NOK 16.5 billion at 30 June 2015). After the close of the period, Aibel Singapore secured a major maintenance contract for Greater Enfield Project, which is expected to extend until 2019
- After the close of the period, a capital contribution of NOK 316m for Ratos's holding of 32%, was provided to Aibel in order to strengthen the company's capital structure, creating a long-term, stable platform for continued operational development
- Mads Andersen, currently CEO of OneSubsea Processing System, will take over as CEO when Jan Skogseth retires on 1 January 2017

NOKm	Q 1-2 2016	Q 1-2 2015
Sales	4,925	3,716
EBITA	49	241
Adjusted EBITA	256	269
Adjusted EBITA margin	5.2%	7.2%
Time of acquisition, year		2013
Book value (SEKm)		1,583

Holding

32%

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

- Good sales growth of +8%, primarily driven by increased demand within wines in Sweden and the acquisition of Social Wines in Finland. Stable trend within spirits, with a favourable performance in the aquavit segment
- Improved operating profit due to higher volumes and lower production costs following the relocation of production from Aalborg to Gjelleråsen. Continued earnings improvement within Vectura's distribution operations (operating loss NOK -16m (-25)). Vectura won a major distribution agreement in April
- Minority shares in two of the company's current wine agencies were acquired during the first half of the year. In total, this represents an investment of approximately NOK 60m for ArcusGruppen. After the close of the period, a minority share in another current wine agency was acquired for approximately NOK 40m

NOKm	Q 1-2 2016	Q 1-2 2015
Sales	1,167	1,077
EBITA	66	21
Adjusted EBITA	69	20
Adjusted EBITA margin	5.9%	1.9%
Time of acquisition, year	2005	
Book value (SEKm)	697	

Holding

83%

ArcusGruppen is a leading supplier of wine and spirits in the Nordic region through its own brands and leading agencies. The company's best known proprietary spirits brands include Aalborg Akvavit, Lysholm Linie Aquavit, Braastad Cognac and Gammel Dansk. In wines, ArcusGruppen has both its own brands and agency operations through, for example, Vingruppen.

Bisnode



- During the first half of the year, the extensive change initiatives implemented to strengthen core operations and modernise the customer offering were accelerated. As a result, organic revenue development adjusted for currency effects amounted to -3%, mainly due to lower volumes in Sweden
- Strategic initiatives have been implemented to strengthen the organisation, develop the offering and create profitable growth. Following the implementation of these measures, adjusted EBITA was on par with the year-earlier period. Non-recurrent costs attributable to restructuring efforts, particularly layoffs, amounted to SEK 64m (13) during the period. Further initiatives are planned
- In order to facilitate the restructuring process, Bisnode entered into a new financing agreement in May, in conjunction with which Ratos provided SEK 175m, corresponding to its holding of 70%

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	1,700	1,750
EBITA	53	103
Adjusted EBITA	117	116
Adjusted EBITA margin	6.9%	6.6%
Time of acquisition, year	2004	
Book value (SEKm)	1,466	

Holding

70%

Bisnode is a leading European provider of decision support within business, credit and market information. The customer base is 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.

Diab



- Adjusted for currency effects, sales increased +8% compared with the year-earlier period, with a continued strong trend in the TIA* and Wind segments, while demand in the Marine segment was weak. A certain level of recovery was noted in China during the second quarter, while other markets displayed favourable growth
- Planned growth initiatives resulted in higher costs, which were charged to earnings along with negative currency effects
- A new facility for IPN foam production in China opened in late June 2016
- In May, Airbus approved Diab's recently developed F50 material, which represents a breakthrough for Diab in the Aerospace segment

* Transport, Industry, Aerospace.

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	775	741
EBITA	57	84
Adjusted EBITA	62	84
Adjusted EBITA margin	8.0%	11.4%
Time of acquisition, year	2001/2009	
Book value (SEKm)	676	

Holding

96%

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.

HENT



- Excellent sales growth of +55% driven by a strong order book and good progress in ongoing projects
- Healthy profitability as a result of increased sales and the effective implementation of projects in progress
- Very strong order intake of NOK 5.7 billion. During the second quarter, HENT signed an agreement regarding the construction of a hotel in Trondheim, with an order value of approximately NOK 800m, and two breakthrough contracts in the Swedish market worth a total of SEK 1.6 billion, representing an important establishment in both the private and public sector
- The order book at 30 June 2016 amounted to approximately NOK 10.5 billion (approximately NOK 9.0 billion at 30 June 2015)

NOKm	Q 1-2 2016	Q 1-2 2015
Sales	3,900	2,518
EBITA	131	99
Adjusted EBITA	131	99
Adjusted EBITA margin	3.4%	3.9%
Time of acquisition, year	2013	
Book value (SEKm)	258	

Holding
73%

HENT is a leading Norwegian construction company with projects in Norway and Sweden, primarily newbuild public and commercial real estate. The company focuses on project development, project management and procurement. The projects are to a large extent carried out by a broad network of quality assured subcontractors.

HL Display



- Following a positive sales trend in the first quarter, a downturn was noted in the second quarter, mainly due to a weaker performance in the UK. Adjusted for currency effects, the sales trend amounted to -2%
- Positive profitability trend driven by previously implemented restructuring measures
- Continued focus on new sales initiatives and streamlining of production

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	676	712
EBITA	29	-5
Adjusted EBITA	34	24
Adjusted EBITA margin	5.1%	3.3%
Time of acquisition, year	2001/2010	
Book value (SEKm)	802	

Holding
99%

HL Display is a global supplier of products and systems for merchandising and in-store communication with operations in 47 countries. Manufacture takes place in Poland, Sweden, China and the UK.

KVD



- Stable sales trend driven by favourable growth within Private Cars (+26%), a stable performance in Company Cars and a slightly weaker trend in Machines & Heavy Vehicles
- Adjusted EBITA improved following the discontinuation of the unprofitable Norwegian auction operations. The close-down costs were charged to reported earnings
- Continued investments in IT and the development of services in order to raise the level of customer value on the auction sites

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	165	161
EBITA	18	18
Adjusted EBITA	23	21
Adjusted EBITA margin	14.0%	13.2%
Time of acquisition, year	2010	
Book value (SEKm)	328	

Holding
100%

KVD 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 includes valuation portals for cars.

Ledil

- Strong sales growth of +23%, driven by higher demand in all large markets
- Increased operating profit due to higher sales
- Strategic initiatives in product development and sales, establishment of a new sales company in North America

EURm	Q 1-2 2016	Q 1-2 2015
Sales	18.8	15.3
EBITA	6.2	5.2
Adjusted EBITA	6.2	5.2
Adjusted EBITA margin	32.9%	33.7%
Time of acquisition, year	2014	
Book value (SEKm)	504	

Holding

66%

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.

Mobile Climate Control



Mobile Climate Control

- Favourable sales growth of +5% adjusted for currency effects. Strong sales in the Bus segment, while a weaker trend was noted in the Off-road segment
- Profitability remained favourable, driven by implemented measures, mainly through improved product efficiency
- Focus on growth initiatives through greater market presence and product development

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	644	645
EBITA	75	71
Adjusted EBITA	75	73
Adjusted EBITA margin	11.6%	11.3%
Time of acquisition, year	2007/2008	
Book value (SEKm)	1,079	

Holding

100%

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

Nebula



- Favourable sales growth of +17% driven by higher demand in all service areas and the acquisition of Telecty
- Improved profitability as an effect of increased sales driven by sales and product development initiatives
- New initiatives for sales, customer loyalty and customer service to strengthen competitiveness

EURm	Q 1-2 2016	Q 1-2 2015
Sales	17.5	15.0
EBITA	5.3	4.3
Adjusted EBITA	5.8	4.4
Adjusted EBITA margin	33.1%	29.2%
Time of acquisition, year	2013	
Book value (SEKm)	259	

Holding

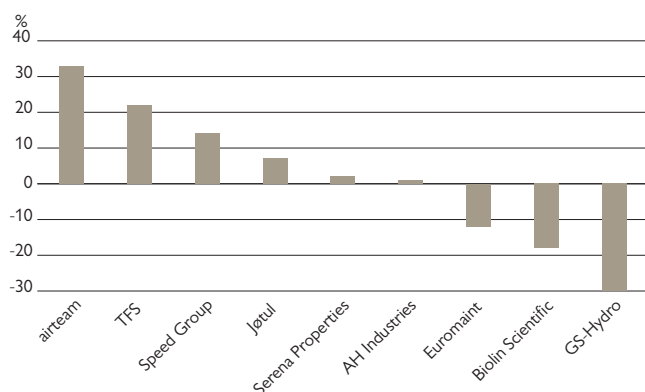
73%

Nebula is a market leading provider of cloud-based services, IT-managed services and network services to small and medium-sized enterprises in the Finnish market. The company has two data centres in Finland as well as its own leased fibre network between the largest cities in Finland. Nebula has a total of about 40,000 customers. 90% of sales are subscription based.

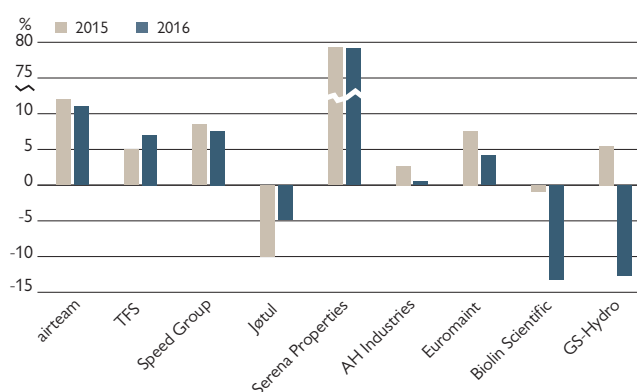
Small-sized companies

In total, the small-sized companies displayed a negative trend of -7% in sales and a decrease in adjusted EBITA of -73% (reported EBITA -94%) during the first half of 2016, adjusted for the size of Ratos's holding. Total sales for the small-sized companies accounted for 23% of Ratos's portfolio and 7% of adjusted EBITA.

Net sales trend (Local currency)



Adjusted EBITA margin



AH Industries



- Stable sales trend, while profitability was weak due to internal disruptions in production within Manufacturing Solutions during the first quarter. Positive earnings trend during the second quarter
- Intense focus on improvement initiatives in all business areas, resulting in orders from new Asian customers in Site Solutions

DKKm	Q 1-2 2016	Q 1-2 2015	Holding 70%
Sales	397	393	
Adjusted EBITA	2	11	
Time of acquisition, year	2007		
Book value (SEKm)	124		

AH Industries is a leading supplier of metal components, modules, systems and services to the wind energy, cement and minerals industries.

airteam



- Strong sales growth of +33% and continued favourable operating profitability. Transaction-related and other non-recurrent costs amounted to approximately DKK 19m
- Intense focus on growth initiatives to facilitate continued expansion

DKKm	Q 1-2 2016	Q 1-2 2015	Holding 70%
Sales	271	204	
Adjusted EBITA	30	24	
Time of acquisition, year	2016		
Book value (SEKm)	344		

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

Biolin Scientific



- Negative sales trend of -18% due to low demand in both Analytical Instruments and Drug Discovery. Declining profitability as a result of weak sales
- During the period, the new product Q-Sense Initiator was launched within Analytical Instruments, which is expected to contribute favourably in the long term

SEKm	Q 1-2 2016	Q 1-2 2015	Holding 100%
Sales	89	108	
Adjusted EBITA	-12	-1	
Time of acquisition, year	2010		
Book value (SEKm)	347		

Biolin Scientific develops, manufactures and markets analytical instruments for research, development and quality control. The company's largest market niche is nanotechnology, primarily materials science, cell analysis and biophysics.

Euromaint



- Weaker sales and adjusted EBITA mainly as a result of lower volumes due to previously concluded contracts. Efficiency programmes are progressing according to plan. Euromaint has secured an eight-year maintenance contract with Arlanda Express, thereby confirming its position as a high-quality maintenance company for Sweden's premium fleets
- Ratos provided a total of SEK 120m in conjunction with Euromaint entering into a new financing agreement in February

SEKm	Q 1-2 2016	Q 1-2 2015	Holding 100%
Sales	751	853	
Adjusted EBITA	31	65	
Time of acquisition, year	2007		
Book value (SEKm)	191		

Euromaint is Sweden's leading independent maintenance company for the rail transport industry.

GS-Hydro



- Continued very weak trend and low demand in both the offshore and land-based segments. Negative earnings driven by low volumes, price pressure, continued over capacity and increasing costs in individual projects
- The implementation of a global restructuring programme with a focus on efficiency and cost savings is under way and additional measures are being taken. Capital contribution of EUR 5m carried out

EURm	Q 1-2 2016	Q 1-2 2015	Holding 100%
Sales	48.0	68.6	
Adjusted EBITA	-6.1	3.8	
Time of acquisition, year	2001		
Book value (SEKm)	160		

GS-Hydro is a leading global supplier of non-welded piping solutions. The company's products and services are used within the marine and offshore industries, within land-based segments such as the paper and metals industries and in test equipment for the automotive industry.

Jøtul



- Sales increase by +7% (+1% adjusted for currency effects) mainly driven by higher demand in Norway. Improved earnings due to previously implemented restructuring and efficiency programmes
- Continued intense focus on improving production efficiency

NOKm	Q 1-2 2016	Q 1-2 2015	Holding 93%
Sales	377	354	
Adjusted EBITA	-18	-36	
Time of acquisition, year	2006		
Book value (SEKm)	77		

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

Serena Properties

SERENA
PROPERTIES

- Favourable trend in terms of rental income and profitability with several leases extended
- Active management of the real estate portfolio initiated with a focus on developing the respective retail areas and streamlining the portfolio. A small property was sold for EUR 2.3m, which exceeded the valuation at the time of Ratos's acquisition

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	85	84
Adjusted EBITA	67	66
Time of acquisition, year	2016	
Book value (SEKm)	378	

Holding*

56%

* Serena Properties is a joint venture in which Ratos has joint controlling influence and the company is therefore recognised according to the equity method in the Group.

Serena Properties is a newly formed real estate company with a portfolio of 21 commercial retail properties in 14 mid-sized towns in Finland.

Speed Group

SPEED
GROUP

- Sales growth of +14% driven by higher demand in both logistics and staffing services. Investment in new IT platform and increased focus on organisational initiatives resulted in slightly lower adjusted EBITA margin

SEKm	Q 1-2 2016	Q 1-2 2015
Sales	285	249
Adjusted EBITA	22	21
Time of acquisition, year	2015	
Book value (SEKm)	301	

Holding

70%

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

TFS

TFS
It's all about trust

- Service sales* amounted to EUR 29.8m (25.4), corresponding to growth of +17%. Continued strong order book and positive book-to-bill ratio (order intake/sales)
- Ongoing investments in the service range, organisation and operational efficiency in order to strengthen competitiveness
- Additional purchase price of EUR 4m paid

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

EURm	Q 1-2 2016	Q 1-2 2015
Sales	38.9	31.9
Adjusted EBITA	2.7	1.7
Time of acquisition, year	2015	
Book value (SEKm)	183	

Holding

60%

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

Ratos's companies 30 June 2016

SEKm	Net sales in portfolio					EBITA in portfolio				
	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
AH Industries	272	254	495	492	929	9	5	3	13	15
Aibel	3,017	2,105	4,861	4,012	7,728	-14	135	49	260	279
airteam ¹⁾	174	136	339	255	629	12	16	14	30	94
ArcusGruppen	631	628	1,152	1,163	2,586	56	37	65	23	218
Biolin Scientific	45	56	89	108	227	-6	0	-15	-1	8
Bisnode	845	877	1,700	1,750	3,535	69	65	53	103	280
Diab	415	372	775	741	1,450	36	47	57	84	154
Euromaint	347	374	751	853	1,735	11	19	31	65	74
GS-Hydro	210	321	446	641	1,175	-43	22	-67	29	12
HENT	2,017	1,434	3,850	2,718	5,716	60	55	129	106	189
HL Display	327	374	676	712	1,488	11	6	29	-5	8
Jøtul	173	174	372	382	930	-11	-28	-22	-43	0
KVD	87	86	165	161	317	13	10	18	18	29
Ledil	88	73	175	143	297	30	26	58	48	95
Mobile Climate Control	323	355	644	645	1,264	40	41	75	71	152
Nebula	80	74	163	140	299	21	22	49	40	87
Serena Properties ²⁾	43	42	85	84	167	35	33	67	66	133
Speed Group	144	135	285	249	536	11	7	22	18	25
TFS	192	153	362	298	689	15	7	25	15	45
Total companies in their entirety	9,429	8,023	17,385	15,549	31,696	354	524	641	941	1,896
Change	+18%		+12%			-32%		-32%		
Total adjusted for Ratos's holding	6,101	5,510	11,623	10,736	22,057	270	351	460	618	1,354
Change	+11%		+8%			-23%		-26%		

SEKm	Adjusted EBITA in portfolio ^{A)}					Depreciation in portfolio	Investments in portfolio ^{B)}	Cash flow in portfolio ^{C)}	Interest-bearing net debt in portfolio	Consolidated value	Ratos's holding
	2016 Q 2	2015 Q 2	2016 kv 1-2	2015 Q 1-2	2015						
AH Industries	9	5	3	13	8	17	3	-11	308	124	70
Aibel	141	150	253	290	480	53	34	-62	4,216	1,583	32
airteam ¹⁾	17	16	38	30	94	0	3	-25	247	344	70
ArcusGruppen	58	36	68	22	239	23	8	-149	1,289	697	83
Biolin Scientific	-6	0	-12	-1	10	8	9	3	134	347	100
Bisnode	90	67	117	116	332	59	80	22	1,676	1,466	70
Diab	36	47	62	84	146	33	60	-48	848	676	96
Euromaint	11	19	31	65	87	14	2	57	393	191	100
GS-Hydro	-35	25	-57	35	26	12	8	-64	380	160	100
HENT	60	55	130	107	190	3	3	349	-894	258	73
HL Display	16	23	34	24	66	17	12	-38	646	802	99
Jøtul	-9	-25	-18	-39	6	24	16	-80	564	77	93
KVD	14	12	23	21	38	5	5	17	153	328	100
Ledil	30	26	58	48	95	0	0	33	151	504	66
Mobile Climate Control	40	43	75	73	154	7	5	36	383	1,079	100
Nebula	26	23	54	41	90	10	10	34	475	259	73
Serena Properties ²⁾	35	33	67	66	133		1,809	-1,735	1,109	378	56
Speed Group	11	8	22	21	42	4	4	108	-66	301	70
TFS	15	6	25	15	45	1	4	-3	-23	183	60
Total companies in their entirety	560	567	973	1,033	2,283				11,989	9,756	
Change	-1%		-6%								
Total adjusted for Ratos's holding	360	383	624	683	1,579						
Change	-6%		-9%								

^{A)} EBITA, adjusted for items affecting comparability.

^{B)} Investments excluding business combinations.

^{C)} Cash flow from operating activities and investing activities before acquisition and disposal of companies.

¹⁾ airteam's earnings for 2016 and 2015 are pro forma taking into account Ratos's acquisition, new financing and a new group structure.

²⁾ Serena Properties' earnings for 2016 and 2015 are pro forma taking into account Ratos's acquisition, new financing and a new group structure.

All figures in the above table relate to 100% of each company, except consolidated value, which is based on Ratos's holding. To facilitate comparisons between years and provide a comparable structure, where appropriate, some companies are reported pro forma. Pro formas for 2016 are presented in the notes to the right. Complete income statements, statements of financial position and statements of cash flows for all companies are available at www.ratos.se.

A reconciliation and accounts for components not included in the alternative performance measures used in this report are presented in Note 3.

Financial information

Ratos's results

Profit before tax for the first half of 2016 amounted to SEK 7m (451). The lower reported earnings are attributed to lower earnings in the portfolio and a modified company portfolio following the divestment of, among others, Nordic Cinema

Group in 2015. The result includes profit/share of profits from the companies in the amount of SEK 184m (401).

The relatively high tax expense for the period is attributable to the fact that tax losses in Ratos's parent company and certain portfolio companies have not been capitalised.

SEKm	2016 Q 1-2	2015 Q 1-2	2015
Profit/share of profits before tax ¹⁾			
AH Industries (70%)	-3	-7	-15
Aibel (32%)	-85	15	-75
ArcusGruppen (83%)	22	-26	106
Biolin Scientific (100%)	-21	-4	3
Bisnode (70%)	-71	42	201
Diab (96%)	43	61	105
Euromaint (100%)	7	-2	-224
GS-Hydro (100%)	-60	39	11
HENT (73%)	121	104	194
HL Display (99%)	19	-26	-28
Jøtul (93%)	-23	-54	-42
KVD (100%)	17	14	21
Ledil (66%)	54	32	65
Mobile Climate Control (100%)	58	45	108
Nebula (73%)	34	31	71
Total companies in portfolio all reported periods	113	266	502
airteam (70%) ²⁾	1		
Serena Properties (56%) ³⁾	31		
Speed Group (70%) ⁴⁾	21		10
TFS (60%) ⁵⁾	18		-2
Total companies acquired during reported periods	71		8
Hafa Bathroom Group (100%) ⁶⁾		2	3
Inwido (10%) ⁷⁾		25	42
Nordic Cinema Group (58%) ⁸⁾		108	108
Total companies divested during reported periods		135	153
Total profit/share of profits	184	401	664
Exit Nordic Cinema Group			905
Exit Inwido		236	290
Exit Hafa Bathroom Group			-93
Total exit gains		236	1,101
Impairment AH Industries			-85
Impairment Euromaint			-480
Profit from companies	184	637	1,200
Income and expenses in the parent company and central companies			
Management costs	-184	-155	-252
Financial items	7	-32	-56
Consolidated profit before tax	7	451	892

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

²⁾ airteam is included in consolidated profit as of April 2016.

³⁾ Serena Properties is included in consolidated profit as a joint venture with a holding of 56% from January 2016.

⁴⁾ Speed Group is included in consolidated profit as of September 2015.

⁵⁾ TFS is included in consolidated profit as of October 2015.

⁶⁾ Hafa Bathroom Group is included in consolidated profit as a subsidiary until October 2015.

⁷⁾ Inwido is included in consolidated profit as an associate with a holding of 31% until April 2015 and 10% respectively until October 2015 when the entire holding was divested.

⁸⁾ Nordic Cinema Group is included in consolidated profit through June 2015. The entire holding was sold in July 2015.

Income and expenses in the parent company and central companies

Ratos's central income and expenses amounted to SEK -177m (-187), consisting of management costs of SEK -184m (-155) – of which operating management costs account for SEK -149m (-143) – and net financial items of SEK 7m (-32). Earnings were charged with costs pertaining to salaries, pension and severance pay including social security costs of approximately SEK 28m in conjunction with organisational changes, such as the change of CEO and efficiency improvements within the operations. Former CEO Susanna Campbell will receive severance pay comprising salary and pension premiums for a six-month notice period as well as contractual severance pay totalling a maximum of SEK 14m.

Cash flow and financial position

Cash flow for the period amounted to SEK -1,981m (-571), of which cash flow from operating activities accounted for SEK 282m (-45), cash flow from investing activities for SEK -1,304m (700) and cash flow from financing activities for SEK -960m (-1,226). In addition to the conditions in the portfolio companies' operating activities, Ratos's cash flow was impacted by changes in the company portfolio.

The Group's cash and cash equivalents at the end of the period amounted to SEK 4,585m (4,583) and interest-bearing net debt totalled SEK 3,938m (4,331).

Parent company

The parent company's loss before tax amounted to SEK -148m (481). The parent company's cash and cash equivalents totalled SEK 2,430m (2,990). In addition, there is a credit facility of SEK 2.2 billion, authorisation from the 2016 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.

Ratos Class B shares

Earnings per share before dilution amounted to SEK -0.40 (0.65). The closing price for Ratos's Class B shares on 30 June was SEK 41.01. The total return on Class B shares in the first half of 2016 amounted to -10%, compared with the performance for the SIX Return Index which was -4%. The 2016 Annual General Meeting resolved on an ordinary dividend of SEK 3.25 (3.25) per Class A and Class B share.

Ratos preference shares

The closing price for Ratos's Class C preference shares on 30 June was SEK 1,885. The dividend is regulated by the Articles of Association and amounts to SEK 100 per year and is paid quarterly in February, May, August and November. Redemption can take place following a decision by the Board in an amount of SEK 2,012.50 (corresponding to 115% of the subscription price) until the 2017 Annual General Meeting, and subsequent redemption will take place in an amount of SEK 1,837.50 (corresponding to 105% of the subscription price). A dividend with record date 15 February 2016 was paid on 18 February 2016 totalling SEK 18m and a dividend with a record date of 13 May 2016 was paid on 18 May 2016 totalling SEK 18m.

Treasury shares and number of shares

During the first half of 2016, 26,898 Class C preference shares were repurchased at an average price of SEK 1,886 per share. As of 30 June 2016, a total of 116,752 Class C preference shares have been repurchased. No Class B shares were repurchased and no call options were exercised during the period. 1,344 Class B shares were transferred to administrative employees in accordance with an Annual General Meeting resolution. At the end of June, Ratos owned 5,126,262 Class B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 68. As of 30 June, the total number of shares in Ratos (Class A and B shares as well as preference shares) amounted to 324,970,896 and the number of votes was 108,670,444. The number of outstanding Class A and B shares was 319,014,634 and the number of outstanding preference shares 713,248. The average number of Class B treasury shares in Ratos in the first half of 2016 was 5,126,678 (5,128,279 in the full year 2015).

Ratos's equity ¹⁾

At 30 June 2016, Ratos's equity (attributable to owners of the parent) amounted to SEK 11,821m (SEK 12,869m at 31 March

2016), corresponding to SEK 33 per share outstanding (SEK 36 at 31 March 2016).

SEKm	30 June 2016	% of equity
AH Industries	124	1
Aibel	1,583	13
airteam	344	3
ArcusGruppen	697	6
Biolin Scientific	347	3
Bisnode	1,466	12
Diab	676	6
Euromaint	191	2
GS-Hydro	160	1
HENT	258	2
HL Display	802	7
Jøtul	77	1
KVD	328	3
Ledil	504	4
Mobile Climate Control	1,079	9
Nebula	259	2
Serena Properties	378	3
Speed Group	301	3
TFS	183	2
Total	9,756	83
Other net assets in the parent company and central companies	2,066 ³⁾	17
Equity (attributable to owners of the parent)	11,821	100
Equity per ordinary share, SEK ²⁾	33	

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

²⁾ Equity attributable to owners of the parent with deductions for outstanding preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounted to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.

³⁾ Of which, cash and cash equivalents in the parent company accounts for SEK 2,430m.

Credit facilities

The parent company has a credit facility of SEK 2.2 billion including a bank overdraft facility. The purpose of the credit facility is to be able to use it when bridge financing is required for acquisitions and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period.

Financial statements

Consolidated income statement

SEKm	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
Net sales	6,369	6,212	12,274	12,416	24,480
Other operating income	8	5	21	35	120
Change in inventories of products in progress, finished goods and work in progress	28	20	51	31	0
Work performed by the company for its own use and capitalised	19	37	40	40	88
Raw materials and consumables	-3,474	-3,150	-6,592	-6,227	-12,395
Employee benefit costs	-1,747	-1,760	-3,464	-3,524	-6,824
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-136	-172	-265	-343	-1,345
Other costs	-892	-984	-1,757	-1,967	-3,890
Capital gain/loss from sale of group companies	4	1	-9	0	901
Capital gain from sale of investments recognised according to the equity method		236	0	236	290
Share of pre-tax profit/loss from investments recognised according to the equity method ¹⁾	-26	41	-62	54	-14
Operating profit	155	486	236	752	1,411
Financial income	16	28	39	40	88
Financial expenses	-140	-155	-268	-342	-606
Net financial items	-124	-126	-229	-301	-518
Profit before tax	32	360	7	451	892
Tax	-60	-46	-86	-108	-252
Share of tax from investments recognised according to the equity method ¹⁾	3	-6	13	-7	36
Profit/loss for the period	-26	309	-66	336	676
<i>Profit/loss for the period attributable to:</i>					
Owners of the parent	-50	275	-91	250	496
Non-controlling interests	24	34	25	86	180
Earnings per share, SEK					
– before dilution	-0.21	0.79	-0.40	0.65	1.29
– after dilution	-0.21	0.79	-0.40	0.65	1.29

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	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
Profit/loss for the period	-26	309	-66	336	676
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension obligations, net		16	0	2	86
Tax attributable to items that will not be reclassified to profit or loss		-6	0	-3	-22
		10		-1	64
Items that may be reclassified subsequently to profit or loss:					
Translation differences for the period	210	-153	325	-186	-546
Change in hedging reserve for the period	-3	14	2	3	1
Tax attributable to items that may be reclassified subsequently to profit or loss	0	-2	-1	0	0
	206	-141	327	-183	-545
Other comprehensive income for the period	206	-131	327	-184	-482
Total comprehensive income for the period	180	178	260	152	194
<i>Total comprehensive income for the period attributable to:</i>					
Owners of the parent	96	177	139	119	152
Non-controlling interest	85	1	122	33	41

Summary consolidated statement of financial position

SEKm	30 June 2016	30 June 2015	31 Dec 2015
ASSETS			
Non-current assets			
Goodwill	13,547	12,726	12,671
Other intangible non-current assets	1,738	1,570	1,623
Property, plant and equipment	1,806	1,921	1,789
Financial assets	2,930	3,126	2,522
Deferred tax assets	555	545	490
Total non-current assets	20,576	19,888	19,094
Current assets			
Inventories	2,071	2,163	1,890
Current receivables	4,676	4,467	4,875
Cash and cash equivalents	4,585	4,583	6,455
Assets held for sale	8	4,107	308
Total current assets	11,341	15,320	13,529
Total assets	31,917	35,207	32,623
EQUITY AND LIABILITIES			
Equity including non-controlling interests	14,546	16,001	15,302
Non-current liabilities			
Interest-bearing liabilities	6,921	6,545	5,886
Non-interest bearing liabilities	476	301	451
Pension provisions	469	463	454
Other provisions	110	150	112
Deferred tax liabilities	487	388	392
Total non-current liabilities	8,463	7,846	7,294
Current liabilities			
Interest-bearing liabilities	1,457	1,955	2,346
Non-interest bearing liabilities	6,711	6,024	6,796
Provisions	741	600	595
Liabilities attributable to Assets held for sale		2,782	291
Total current liabilities	8,908	11,360	10,028
Total equity and liabilities	31,917	35,207	32,623

Summary statement of changes in consolidated equity

SEKm	30 June 2016			30 June 2015			31 Dec 2015		
	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	12,882	2,419	15,302	14,027	2,982	17,009	14,027	2,982	17,009
Adjusted ¹⁾	-26	-5	-31						
Adjusted equity	12,857	2,414	15,271	14,027	2,982	17,009	14,027	2,982	17,009
Total comprehensive income for the period	139	122	260	119	33	152	152	41	194
Dividends	-1,108	-17	-1,125	-1,120	-36	-1,156	-1,120	-210	-1,330
Non-controlling interests' share of capital contribution		223	223		1	1		20	20
Purchase of treasury shares, net effect	-50		-50				-166		-166
Option premiums							3		3
Put options, future acquisitions from non-controlling interests	-4	-10	-14					-139	-139
Acquisition of shares in subsidiaries from non-controlling interests	-13	-8	-21	-6	-1	-6	-15	-2	-18
Disposal of shares in subsidiaries to non-controlling interests	1	0	1				2	3	5
Non-controlling interests at acquisition					2	2		274	274
Non-controlling interests in disposals								-551	-551
Closing equity	11,821	2,724	14,546	13,020	2,981	16,001	12,882	2,419	15,302

¹⁾ Pertains to adjustment of acquisition analysis for ArcusGruppen for 2013.

Consolidated statement of cash flows

SEKm	2016 Q 1-2	2015 Q 1-2	2015
Operating activities			
Profit/loss before tax	7	451	892
Adjustment for non-cash items	556	-150	203
	563	301	1,096
Income tax paid	-143	-163	-288
Cash flow from operating activities before change in working capital	419	138	807
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-132	-73	83
Increase (-)/Decrease (+) in operating receivables	514	124	-293
Increase (+)/Decrease (-) in operating liabilities	-518	-234	655
Cash flow from operating activities	282	-45	1,252
Investing activities			
Acquisition, group companies	-702	-108	-587
Disposal, group companies	-10	34	1,532
Acquisitions, investments recognised according to the equity method	-103		
Disposals, investments recognised according to the equity method		1,103	1,599
Dividends paid from investments recognised according to the equity method		12	12
Purchase, intangible assets/property, plant and equipment	-238	-388	-697
Disposal, intangible assets/property, plant and equipment	8	14	44
Investments, financial assets	-261	-1	-1
Disposal, financial assets	1	34	42
Cash flow from investing activities	-1,304	700	1,943
Financing activities			
Non-controlling interests' share of issue/capital contribution	206	1	20
Purchase of treasury shares	-51		-168
Redemption of options	-7	-6	-41
Option premiums paid	51	1	18
Acquisition of shares in subsidiaries from non-controlling interests	-59	-72	-77
Dividends paid	-1,073	-1,078	-1,120
Dividends paid, non-controlling interests	-23	-30	-204
Borrowings	1,257	1,043	1,192
Amortisation of loans	-1,261	-1,085	-1,583
Cash flow from financing activities	-960	-1,226	-1,961
Cash flow for the period	-1,981	-571	1,234
Cash and cash equivalents at the beginning of the year	6,455	5,320	5,320
Exchange differences in cash and cash equivalents	96	-10	-100
Increase (-)/Decrease (+) of cash and cash equivalents classified as Assets held for sale	15	-156	2
Cash and cash equivalents at the end of the period	4,585	4,583	6,455

Key figures for the Ratos share

	2016 Q 1-2	2015 Q 1-2	2015
Key figures per share ¹⁾			
Total return, %	-10	20	9
Dividend yield, %			6.7
Market price, SEK	41.01	53.50	48.83
Dividend, SEK			3.25
Equity attributable to owners of the parent, SEK ²⁾	33	36	36
Earnings per share before dilution, SEK ³⁾	-0.40	0.65	1.29
Average number of ordinary shares outstanding:			
– before dilution	319,014,218	319,011,929	319,012,617
– after dilution	319,014,218	319,011,929	319,012,617
Total number of registered shares	324,970,896	324,970,896	324,970,896
Number of shares outstanding	319,727,882	319,843,290	319,753,436
– of which, Class A shares	84,637,060	84,637,060	84,637,060
– of which, Class B shares	234,377,574	234,376,230	234,376,230
– of which, Class C shares	713,248	830,000	740,146

¹⁾ Relates to Class B shares unless specified otherwise.

²⁾ Equity attributable to owners of the parent with deductions for outstanding preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounted to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.

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.

Parent company income statement

SEKm	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
Other operating income	0	1	1	1	3
Other external costs	-23	-33	-41	-65	-110
Personnel costs	-80	-48	-107	-77	-141
Depreciation of property, plant and equipment	-1	-1	-2	-2	-3
Operating loss	-103	-82	-148	-143	-252
Gain from sale of participating interests in group companies			0		8
Dividends from group companies				4	983
Impairment of shares in group companies					-1,033
Gain from sale of interests in associates		646		646	920
Dividends from associates		12		12	12
Result from other securities and receivables accounted for as non-current assets	0	3	0	3	6
Other interest income and similar profit/loss items	8		21	1	5
Interest expenses and similar profit/loss items	-17	-34	-21	-44	-61
Profit/loss after financial items	-111	546	-148	481	587
Tax					
Profit/loss for the period	-111	546	-148	481	587

Parent company statement of comprehensive income

SEKm	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
Profit/loss for the period	-111	546	-148	481	587
Comprehensive income for the period	-111	546	-148	481	587

Summary parent company balance sheet

SEKm	30 June 2016	30 June 2015	31 Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment	65	68	67
Financial assets	10,028	9,405	8,961
Total non-current assets	10,093	9,473	9,028
Current assets			
Current receivables	35	107	87
Cash and cash equivalents	2,430	2,990	4,677
Total current assets	2,466	3,097	4,764
Total assets	12,559	12,571	13,792
EQUITY AND LIABILITIES			
Equity	9,405	10,768	10,711
Non-current provisions			
Other provisions	10	20	23
Non-current liabilities			
Interest-bearing liabilities, group companies	899	540	879
Non-interest bearing liabilities	49	44	50
Current provisions	381	361	309
Current liabilities			
Interest-bearing liabilities, group companies	1,671	638	1,714
Non-interest bearing liabilities	145	200	105
Total equity and liabilities	12,559	12,571	13,792
Pledged assets	none	none	none
Contingent liabilities	392	340	400

Summary statement of changes in parent company's equity

SEKm	30 June 2016	30 June 2015	31 Dec 2015
Opening equity	10,711	11,406	11,406
Comprehensive income for the period	-148	481	587
Dividends	-1,108	-1,120	-1,120
Purchase of treasury shares, net effect	-50		-166
Option premiums			3
Closing equity	9,405	10,768	10,711

Parent company cash flow statement

SEKm	2016 Q 1-2	2015 Q 1-2	2015
Operating activities			
Profit/loss before tax	-148	481	587
Adjustment for non-cash items	48	-580	-354
	-100	-99	233
Income tax paid	–	–	–
Cash flow from operating activities before change in working capital	-100	-99	233
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in operating receivables	-16	-93	-72
Increase (+)/Decrease (-) in operating liabilities	-39	-34	-63
Cash flow from operating activities	-155	-226	98
Investing activities			
Investment, shares in subsidiaries	-1,008	-175	-749
Disposal, shares in subsidiaries	20	104	107
Liabilities to group companies ¹⁾			1,668
Disposal, shares in associates		1,103	1,595
Disposal, financial assets		14	22
Cash flow from investing activities	-988	1,046	2,643
Financing activities			
Purchase of treasury shares	-51		-168
Option premiums paid	2	1	4
Redemption options		-4	-31
Dividends paid	-1,073	-1,078	-1,120
Cash flow from financing activities	-1,122	-1,081	-1,314
Cash flow for the period	-2,265	-261	1,426
Cash and cash equivalents at the beginning of the year	4,677	3,251	3,251
Exchange differences in cash and cash equivalents	18		
Cash and cash equivalents at the end of the period	2,430	2,990	4,677

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

Note 1 Accounting principles in accordance with IFRS

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

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

IFRS requires uniform accounting principles within a group. The IFRS standards and issued interpretations applied in this interim report are those endorsed by the EU until and including 31 December 2015. The new and revised IFRS standards which came into force in 2016 have not had any material effect on the Ratos Group's financial statements. This means that the same accounting principles and basis of calculation are applied for the Group and the parent company as those used in preparation of the 2015 Annual Report.

Note 2 Risks and uncertainties

Ratos invests in and develops mainly 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 risks, interest rate risks, credit risks and currency risks.

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 2015 Annual Report. An assessment for the coming months is provided in the *CEO comments on the company's performance in the first half of the year* on pages 3-4.

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 and earnings 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 arise irregularly, generating significant one-off 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 reconciliation and accounts pertain to components included in the alternative performance measures used in this report. Definitions are available at www.ratos.se.

Net sales

SEKm	2016 Q 1-2	2015 Q 1-2	Change	2015
Net sales in the portfolio, Ratos's holding	11,623	10,736	+8%	22,057
Net sales in the portfolio, holding not owned by Ratos	5,762	4,813		9,639
Total net sales in the portfolio, companies in their entirety	17,385	15,549	+12%	31,696
Investments recognised according to the equity method	-4,946	-4,096		-7,896
Subsidiaries acquired during current year	-165	-802		-1,448
Subsidiaries divested during current year		1,458		1,505
Other		307		623
Net sales in accordance with IFRS	12,274	12,416	-1%	24,480

cont. next page

Note 3, cont.

Adjusted EBITA, EBITA and operating profit

SEKm	2016 Q 1-2				2015 Q 1-2			2015		
	Adjusted EBITA	Items affecting comparability	EBITA	Change EBITA	Adjusted EBITA	Items affecting comparability	EBITA	Adjusted EBITA	Items affecting comparability	EBITA
Ratos's holding	624	-164	460	-26%	683	-65	618	1,579	-225	1,354
Holding not owned by Ratos	349	-168	180		349	-27	323	704	-162	542
Total companies in their entirety	973	-332	641	-32%	1,033	-92	941	2,283	-387	1,896
Total EBITA in the portfolio, companies in their entirety			641				941			1,896
Investments recognised according to the equity method			-178				-311			-488
Income and expenses in the parent company and central companies			-184				-155			-252
Amortisation and impairment of intangible assets in connection with company acquisitions			-25				-21			-658
Subsidiaries acquired during current year			-3				-63			-142
Subsidiaries divested during current year							415			1,299
Other			-15				-55			-245
Consolidated operating profit			236	-69%			752			1,411

Interest-bearing net debt

SEKm	30 June 2016	30 June 2015	2015
Total interest-bearing net debt in the portfolio	11,989	11,854	10,755
Investments recognised according to the equity method	-5,325	-4,515	-3,880
Attributable to the parent company and central companies	-2,726	-3,008	-4,708
Consolidated interest-bearing net debt	3,938	4,331	2,167
Non-current interest-bearing liabilities	6,921	6,545	5,886
Current interest-bearing liabilities	1,457	1,955	2,346
Provisions for pensions	469	463	454
Interest-bearing assets	-323	-48	-63
Cash and cash equivalents	-4,585	-4,583	-6,455
Consolidated interest-bearing net debt	3,938	4,331	2,167

Note 4 Acquired and divested business

Acquisition of Serena Properties

In January 2016, Ratos acquired 56% of the shares in Serena Properties, a newly formed real estate company with commercial retail properties in Finland, in accordance with the agreement signed in November 2015. The purchase price (enterprise value) for 100% of the company amounted to EUR 191.5m, of which Ratos paid EUR 39m (SEK 359m). The acquisition was carried out when Ratos, via wholly owned subsidiary Aneres Properties AB subscribed for shares in the newly formed owner company Serena Properties AB, which in turn acquired a number of Finnish real estate companies. The amount provided includes lending to the Serena Properties Group from Aneres Properties. Serena Properties is a joint venture in which Ratos has joint controlling influence and the company is therefore recognised according to the equity method in the Group.

Serena Properties owns and manages retail properties located across 14 mid-sized towns in Finland. The properties are located in established retail areas with tenants that are attractive and largely comprise grocery and discount retailers. The properties were previously 100% owned by Varma, which following the sale, retains 43% ownership in Serena Properties. Redito has been commissioned as property portfolio manager and has acquired 1% of the shares.

Acquisition of airteam

Ratos acquired 70% of the shares in airteam in April 2016, in accordance with the agreement signed in February of the same year. The purchase price (enterprise value) for 100% of the company amounted to DKK 575m, of which Ratos provided DKK 272m. The acquisition was carried out when Ratos, via wholly owned subsidiary Vento Intressenter AB, subscribed for 70% of the shares issued in the newly formed Danish owner company Airteam TopCo ApS, which in turn acquired 100% of the shares in Airteam A/S via Airteam Holding ApS.

airteam offers high-quality, effective ventilation solutions in Denmark and is headquartered in Aarhus. The company focuses on project development, project management and procurement where the projects, to a large extent, are carried out by a broad network of quality-assured subcontractors. Furthermore, airteam offers maintenance and service of its installed solutions.

The total consideration transferred for the acquisition of the shares in airteam amounted to SEK 740m. A contingent consideration may be paid in a maximum amount of SEK 50m, which corresponds with carrying amount, dependent on the outcome of customer guarantees in the acquired company. Goodwill in the preliminary acquisition analysis amounts to SEK 662m and is primarily attributable to the company's growth and business model as well as an organisation with a strong culture. airteam has been included in the Group from the acquisition date, with net sales of SEK 174m and profit before tax of SEK 1m, after amortisation of acquisition-related intangible assets of SEK 7m. For the period from January to June, sales totalled SEK 339m and profit before tax was SEK 2m. Acquisition-related costs amounted to SEK 4m.

Preliminary acquisition analysis

airteam	SEKm
Trademarks	15
Customer relations	60
Property, plant and equipment	2
Financial assets	2
Current assets	135
Cash and cash equivalents	42
Deferred tax liability	-48
Non-current liabilities and provisions	-7
Current liabilities	-122
Net identifiable assets and liabilities	78
Goodwill	662
Consideration transferred	740
of which, paid in cash	690
of which, contingent consideration	50

The acquisition analysis is preliminary and may be adjusted since the fair value has not been definitively determined for all items.

Acquisitions after the end of the reporting period

In late June, Ratos signed an agreement to acquire approximately 80% of the shares in the Danish company Oase Outdoors. The purchase price (enterprise value) for 100% of the company amounted to DKK 380m, of which Ratos will pay approximately DKK 150m. The acquisition is expected to be completed in the third quarter of 2016.

Oase Outdoors is a family-owned company that designs, produces and supplies innovative camping and outdoor equipment under three strong brands, namely Outwell®, Easy Camp® and Robens®. Resellers distribute the products globally to more than 40 markets.

In July, Ratos signed an agreement to acquire 30% of the shares in Gudrun Sjöden Group. The purchase price (enterprise value) for 100% of the company amounted to SEK 725m, of which Ratos will pay about SEK 150m. The acquisition is expected to be completed in the third quarter of 2016. Ratos also signed an agreement for an option to increase its holding a further 40% in 2018.

Gudrun Sjöden Group is a family-owned, Swedish design company with a unique, colourful style, clear sustainability profile and international market. The Gudrun Sjöden brand is sold and marketed globally through 21 of its own stores in seven countries, a global webshop and mail order service as well as online sales, which is the largest distribution channel. Customers are located in more than 50 countries, with Germany and Sweden comprising the largest markets. Gudrun Sjöden Group will be recognised in the Ratos Group according to the equity method.

Acquisitions within subsidiaries

During the first quarter, Bisnode acquired three companies to strengthen its position in Central Europe. The companies are included as subsidiaries of the Bisnode Group.

Disposals within subsidiaries

Ratos's subsidiary Euromaint, signed an agreement in December 2015 to sell all its shares in its German subsidiary. The divestment was completed during the first quarter of 2016.

Note 5 Operating segments

SEKm	Sales				EBT ¹⁾					
	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015	2016 Q 2	2015 Q 2	2016 Q 1-2	2015 Q 1-2	2015
AH Industries	272	276	495	547	1,013	8	-1	-3	-7	-15
Aibel						-46	23	-85	15	-75
ArcusGruppen	631	614	1,152	1,163	2,586	38	0	22	-26	106
Biolin Scientific	45	56	89	108	227	-10	0	-21	-4	3
Bisnode	845	877	1,700	1,750	3,535	0	42	-71	42	201
Diab	415	372	775	741	1,450	33	33	43	61	105
Euromaint	347	512	751	1,105	2,273	6	-2	7	-2	-224
GS-Hydro	210	321	446	641	1,175	-33	35	-60	39	11
HENT	2,017	1,434	3,850	2,718	5,716	57	56	121	104	194
HL Display	327	374	676	712	1,488	5	-4	19	-26	-28
Jøtul	173	174	372	382	930	-17	-22	-23	-54	-42
KVD	87	86	165	161	317	13	8	17	14	21
Ledil	88	73	175	143	297	25	24	54	32	65
Mobile Climate Control	323	355	644	645	1,264	26	40	58	45	108
Nebula	80	74	163	140	299	14	18	34	31	71
Total companies in portfolio all reported periods	5,860	5,598	11,453	10,958	22,569	117	250	113	266	502
airteam ²⁾	174		174			1		1		
Serena Properties ³⁾						29		31		
Speed Group ⁴⁾	144		285		203	10		21		10
TFS ⁵⁾	192		362		203	12		18		-2
Total companies acquired during reported periods	509		821		406	52		71		8
Hafa Bathroom Group ⁶⁾		50		102	149		0		2	3
Inwido ⁷⁾							18		25	42
Nordic Cinema Group ⁸⁾		564		1,356	1,356		-28		108	108
Total companies divested during reported periods		614		1,458	1,505		-10		135	153
Total	6,369	6,212	12,274	12,416	24,480	169	241	184	401	664
Exit Nordic Cinema Group										905
Exit Inwido							236		236	290
Exit Hafa Bathroom Group										-93
Total exit gains							236		236	1,101
Impairment AH Industries										-85
Impairment Euromaint										-480
Companies total	6,369	6,212	12,274	12,416	24,480	169	477	184	637	1,200
Income and expenses in the parent company and central companies						-138	-117	-177	-186	-308
Group total	6,369	6,212	12,274	12,416	24,480	32	360	7	451	892

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

²⁾ airteam is included in consolidated profit as of April 2016.

³⁾ Serena Properties is included in consolidated profit as a joint venture with a holding of 56% from January 2016.

⁴⁾ Speed Group is included in consolidated profit as of September 2015.

⁵⁾ TFS is included in consolidated profit as of October 2015.

⁶⁾ Hafa Bathroom Group is included in consolidated profit as a subsidiary until October 2015.

⁷⁾ Inwido is included in consolidated profit as an associate with a holding of 31% until April 2015 and 10% respectively until October 2015 when the entire holding was divested.

⁸⁾ Nordic Cinema Group is included in consolidated profit through June 2015. The entire holding was sold in July 2015.

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.

Valuation techniques were unchanged during the period.

In the statement of financial position at 30 June 2016, the total value of financial instruments measured at fair value in accordance with level three amounts to SEK 542m (504 at 31 December 2015). Changes in the

carrying amount since 31 December 2015, SEK 38m, mainly comprise issued synthetic options.

In the statement of financial position at 30 June 2016 the net value of derivatives amounts to SEK -45m (-52), of which SEK 6m (3) is recognised as an asset and SEK 51m (55) as a liability.

Note 7 Goodwill

Goodwill changed during the period as shown below.

SEKm	Accumulated cost	Accumulated impairment	Total
Opening balance 1 January 2016	14,543	-1,872	12,671
Business combinations	671		671
Reclassifications	-28		-28
Translation differences for the year	278	-45	233
Closing balance 30 June 2016	15,464	-1,917	13,547

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 see Note 33 in the 2015 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 392m (340). In addition, the parent company guarantees that Medcro Intressenter AB and Aneres Properties AB fulfil their obligations in conjunction with the acquisition of TFS and the acquisition of Serena Properties respectively.

The parent company's income and expenses in relation to its 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.

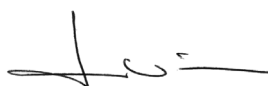
SEKm	Interest expenses	Interest income	Dividend
2016 Q 1-2		0	
2015 Q 1-2	-8		16
2015	-8	0	995

SEKm	Receivable	Provision	Liability	Capital contribution	Contingent liability
30 June 2016	0	351	2,570	341	392
30 June 2015	72	361	1,186	121	340
31 Dec 2015	88	309	2,594	270	400

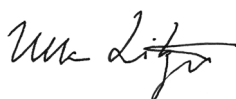
During the second quarter, Ratos provided a capital contribution to Bisnode in the amount of SEK 175m and to GS-Hydro in the amount of SEK 46m (EUR 5m). Earlier in the year, Ratos provided a total of SEK 120m to Euromaint in conjunction with a new financing agreement.

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

Stockholm, 19 August 2016
Ratos AB (publ)



Jonas Wiström
Chairman



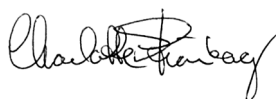
Ulla Litzén
Board member



Annette Sadolin
Board member



Karsten Slotte
Board member



Charlotte Strömberg
Board member



Jan Söderberg
Board member



Per-Olof Söderberg
Board member



Lars Johansson
CEO

This report has not been reviewed by Ratos's auditors.

Telephone conference

19 Aug 10.00 a.m. CET	UK +44 20 3008 9808
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Financial calendar

2016

10 Nov Interim report January – September

2017

17 Feb Year-end report 2016

8 May Interim report January – March

17 Aug Interim report January – June

6 Nov Interim report January – September

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This information is information that Ratos AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET on 19 August 2016.



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Ratos is an investment company that owns and develops unlisted medium-sized Nordic companies. Our goal as an active owner is to contribute to long-term and sustainable business development in the companies we invest in and to make value-generating transactions. Ratos's portfolio consists of 19 medium-sized Nordic companies and the largest segments in terms of sales are Construction, Industrials and Consumer goods/Commerce. Ratos is listed on Nasdaq Stockholm and has a total of approximately 16,000 employees.