RATOS

Annual Report 2009

Directors' report

Analysis

# Contents




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This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

# Ratos in 3 minutes

Ratos head office, Drottninggatan 2, Stockholm

**Long tradition as an industry-oriented financial player**

Ratos has an over 140-year tradition of active ownership. The business had an industrial focus from the outset through its origins in the steel wholesaler Söderberg & Haak which was founded in 1866. In the subsequent century operations were developed and operating subsidiaries were added, primarily within trading and engineering, as well as a portfolio of listed shares. The mixed investment company Ratos was listed in 1954. Since 1999, Ratos has been operating within private equity, where added value is created through active ownership primarily in unlisted companies.

**Listed private equity company**

Ratos aims to provide the highest possible return through the professional, active and responsible exercise of its ownership role in a number of selected companies and investment situations.

Added value is created in conjunction with acquisition, development and divestment of companies.

**Tailor-made organisation**

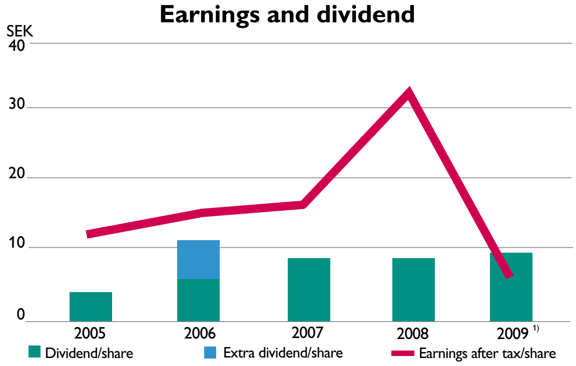
Ratos's investment organisation today consists of 23 employees with the industrial and financial expertise required to exercise active ownership in the holdings. In addition, active ownership is supported by the rest of the business organisation with long-standing and sound expertise in finance, accounts and information. Ratos has a total of 43 employees. The organisation is presented on pages 26-29.

**Professional Active Responsible**

**2009 – satisfactory result in the circumstances**

2009 profit before tax amounted to SEK 1,375m. Overall development in the holdings was good.

**Earnings and dividend**




1) Proposed

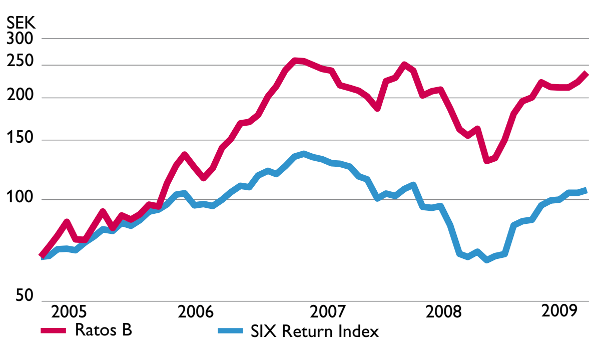
**Share performance**

Ratos is listed on NASDAQ OMX Stockholm, Large Cap.

Share performance 2009:

| | |
|---|---|
| ■ Total return | 47% |
| SIX RX Index | 53% |
| ■ Share price | 37% |
| OMXSPI Index | 47% |
| ■ Dividend yield | 5.1% |

**Total return**



**The target for each investment is an average annual return of at least 20%**

## Value creation with Ratos as owner

Ratos's financial target is that each investment should generate an average annual return (IRR) of at least 20%. Since 1999, when Ratos switched to private equity, the average annual return on the 28 completed exits has been 30%.

**20 holdings which have**

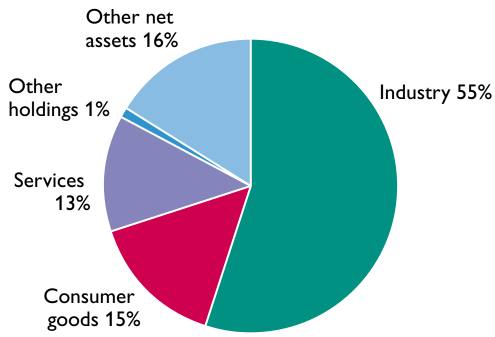
- Sales of SEK 43 billion
- Operating profit (EBITA) SEK 3.7 billion and
- 26,000 employees worldwide

## Sector-neutral investments in the Nordic region

Ratos invests in all sectors throughout the Nordic region. However, never in companies operating in the arms industry, pornography or which have an obvious negative environmental impact. The biggest sector in terms of consolidated value is industry followed by consumer goods and services.

An overview of Ratos's holdings is presented on pages 4-6 and a detailed description of each one is provided on pages 112-151.

**Sector breakdown by equity**




**20 holdings in the Nordic region**

# Ratos's 20 holdings

Read more about the holdings on pages 112-151.

## AH Industries

www.ah-industries.dk

AH Industries is a Danish leading supplier of metal components and services to the wind power, offshore and marine industries.

| | |
|---|---|
| Sales | SEK 523m |
| Profit/loss before tax | SEK -19m |
| Number of employees | 180 |
| Ratos's holding | 66% |
| Investment year | 2007 |

## Anticimex

www.anticimex.se

Anticimex is a service company that offers a broad range of services for healthy and safe indoor environments. Operations are conducted in the Nordic region, Germany and the Netherlands.

| | |
|---|---|
| Sales | SEK 1,803m |
| Profit before tax | SEK 148m |
| Number of employees | 1,200 |
| Ratos's holding | 85% |
| Investment year | 2006 |

## Arcus Gruppen

www.arcusgruppen.no

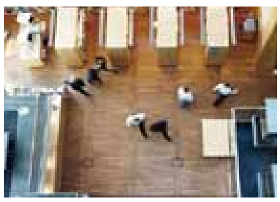
Arcus Gruppen is Norway's leading spirits producer and wine supplier. The group's best-known brands include Linie Aquavit, Braastad Cognac and Vikingfjord Vodka.

| | |
|---|---|
| Sales | SEK 1,829m |
| Profit before tax | SEK 165m |
| Number of employees | 460 |
| Ratos's holding | 83% |
| Investment year | 2005 |

## Bisnode

www.bisnode.com

Bisnode is a leading European supplier of digital business information with services in market, credit and product information.



| | |
|---|---|
| Sales | SEK 4,741m |
| Profit before tax | SEK 324m |
| Number of employees | 3,100 |
| Ratos's holding | 70% |
| Investment year | 2005 |

## Camfil

www.camfilfarr.com

Camfil is the world leader in clean air technology and air filters and offers products which contribute to a good indoor climate and protect sensitive manufacturing processes and the surrounding environment.

| | |
|---|---|
| Sales | SEK 4,503m |
| Profit before tax | SEK 376m |
| Number of employees | 3,200 |
| Ratos's holding | 30% |
| Investment year | 2000 |

## Contex Group

www.contex.com
www.zcorp.com
www.vidar.com

The Danish company Contex Group is a world leader within development and production of equipment for advanced 2D and 3D imaging solutions.

| | |
|---|---|
| Sales | SEK 698m |
| Profit/loss before tax | SEK -71m |
| Number of employees | 330 |
| Ratos's holding | 99% |
| Investment year | 2007 |

## DIAB

www.diabgroup.com

DIAB is a world-leading company that manufactures and develops core materials for composite structures. Key applications include blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and rockets.

| | |
|---|---|
| Sales | SEK 1,322m |
| Profit before tax | SEK 97m |
| Number of employees | 1,250 |
| Ratos's holding | 94% |
| Investment year | 2001 |

## EuroMaint

www.euromaint.com

EuroMaint is one of Sweden's leading maintenance companies and offers high-class maintenance services to the rail transport sector and manufacturing industry.

| | |
|---|---|
| Sales | SEK 2,510m |
| Profit before tax | SEK 70m |
| Number of employees | 1,900 |
| Ratos's holding | 100% |
| Investment year | 2007 |

## GS-Hydro

www.gshydro.com

GS-Hydro is a leading supplier of non-welded piping systems, primarily to the marine and offshore industries as well as to the pulp and paper, metals and mining, automotive and aerospace, and defence industries.

| | |
|---|---|
| Sales | SEK 1,495m |
| Profit before tax | SEK 58m |
| Number of employees | 620 |
| Ratos's holding | 100% |
| Investment year | 2001 |


## Hafa Bathroom Group

www.hafabg.com

Hafa Bathroom Group, with the Hafa and Westerbergs brands, is a leading Nordic company within bathroom furnishings.

| | |
|---|---|
| Sales | SEK 390m |
| Profit before tax | SEK 40m |
| Number of employees | 170 |
| Ratos's holding | 100% |
| Investment year | 2001 |

## Haglöfs

www.haglofs.se

Haglöfs is a European market leader in equipment and clothes for an active outdoor life with a focus on high-quality clothing, sleeping bags, footwear and backpacks.

| | |
|---|---|
| Sales | SEK 590m |
| Profit before tax | SEK 57m |
| Number of employees | 120 |
| Ratos's holding | 100% |
| Investment year | 2001 |

## HL Display

www.hl-display.com

HL Display is a global, market-leading supplier of products and systems for store merchandising and in-store communication. The company is listed on NASDAQ OMX Stockholm.

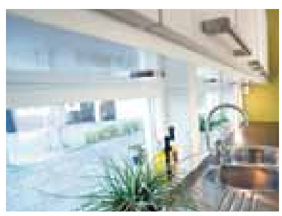
| | |
|---|---|
| Sales | SEK 1,360m |
| Profit before tax | SEK 84m |
| Number of employees | 1,100 |
| Ratos's holding | 29% |
| Investment year | 2001 |

## Inwido

www.inwido.se

Inwido develops, manufactures and sells a full range of windows and doors to consumers, construction companies and modular home manufacturers. The company's brands include Elitfönster, SnickarPer, Tiivi, KPK, Lyssand and Allan Brothers.

| | |
|---|---|
| Sales | SEK 5,026m |
| Profit before tax | SEK 189m |
| Number of employees | 3,300 |
| Ratos's holding | 96% |
| Investment year | 2004 |



## Jøtul

www.jotul.com

The Norwegian company Jøtul is Europe's largest manufacturer of stoves and fireplaces with production in Norway, Denmark, France, Poland and the US.

| | |
|---|---|
| Sales | SEK 1,044m |
| Profit before tax | SEK 112m |
| Number of employees | 720 |
| Ratos's holding | 63% |
| Investment year | 2006 |

## Lindab

www.lindabgroup.com

Lindab is an international group that develops, manufactures and distributes products and system solutions made of sheet metal and steel for simplified construction and an improved indoor climate. The company is listed on NASDAQ OMX Stockholm.

| | |
|---|---|
| Sales | SEK 7,019m |
| Profit before tax | SEK 119m |
| Number of employees | 4,500 |
| Ratos's holding | 22% |
| Investment year | 2001 |

## Medisize

www.medisize.com

Medisize is an international contract manufacturer and partner within medical technology and offers its own products for anaesthesia and intensive care.

| | |
|---|---|
| Sales | SEK 1,358m |
| Profit before tax | SEK 103m |
| Number of employees | 900 |
| Ratos's holding | 93% |
| Investment year | 2006 |

## Mobile Climate Control (MCC)

www.mcc-hvac.com

MCC offers complete, customised climate comfort systems for buses, off-road and military vehicles. Approximately 80% of the company's sales take place in North America and about 20% in Europe.

| | |
|---|---|
| Sales | SEK 1,085m |
| Profit before tax | SEK 85m |
| Number of employees | 530 |
| Ratos's holding | 100% |
| Investment year | 2007 |

## SB Seating

www.sbseating.com

SB Seating develops and produces ergonomic seating solutions with a Scandinavian design for corporate and public environments in northern Europe. The group includes three brands: HÅG, Rh and Rbm.

| | |
|---|---|
| Sales | SEK 1,203m |
| Profit before tax | SEK 76m |
| Number of employees | 450 |
| Ratos's holding | 85% |
| Investment year | 2007 |

## Superfos

www.superfos.com

Superfos is a Danish international group with operations in 20 countries. The company develops, produces and sells injection moulded plastic packaging to the food, paint and chemical industries.


| | |
|---|---|
| Sales | SEK 3,441m |
| Profit before tax | SEK 564m |
| Number of employees | 1,270 |
| Ratos's holding | 33% |
| Investment year | 1999 |

## Other holdings

www.btj.se

www.ikinvest.com

### BTJ Group

BTJ Group is a leading supplier of media products and information services to libraries, universities, companies and organisations in the Nordic market.

### IK Investment Partners

IK Investment Partners is an unlisted private equity company. Ratos has invested in a couple of the funds.

### Overseas Telecom

Overseas Telecom has invested in telecom operations in emerging markets. The only remaining holding is the telecom operator Suntel in Sri Lanka.

Read more about Ratos's holdings on pages 112-151.

# 2009 highlights

## Significant events

- Overall good development in the holdings
- Acquisition of 3i's shares in DIAB – Ratos's holding 94%
- Several strategic acquisitions carried out in holdings
  - EuroMaint acquired RSM Group and EISAB
  - HL Display acquired PPE Ltd
  - Arcus Gruppen acquired brands from Pernod Ricard
- Sale of Superfos's American operation

Ratos increased its holding in DIAB from 48% to 94%.

EuroMaint made several strategic acquisitions.

Arcus Gruppen acquired the brands Star Gin, Red Port and Dry Anis.

## Results

| SEKm | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Profit/share of profits | 1,295 | 1,554 | 2,550 | 1,883 | 2,127 |
| Exit gains | – | 4,449 | 933 | 1,678 | 651 |
| Impairment | – | -92 | – | -188 | -29 |
| Dividends from other holdings | – | – | 71 | 21 | 36 |
| Profit from holdings | 1,295 | 5,911 | 3,554 | 3,394 | 2,785 |
| Central income and expenses | 80 | -240 | -92 | -160 | -140 |
| Profit before tax | 1,375 | 5,671 | 3,462 | 3,234 | 2,645 |
| Equity | 15,302 | 15,825 | 11,905 | 10,875 | 10,958 |

- Profit before tax SEK 1,375m (5,671)
- Exit gains SEK 0m (4,449)
- Equity SEK 15,302m, corresponding to SEK 96 per share

## Ratos shares

| SEK per share | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Earnings after tax | 5.32 | 32.62 | 16.66 | 15.50 | 12.42 |
| Equity | 96 | 100 | 75 | 69 | 64 |
| Dividend | 9.50 [1] | 9 | 9 | 5.50 (11) [2] | 4.19 |
| Dividend yield, % | 5.1 [1] | 6.7 | 5.1 | 3.4 (6.8) [2] | 4.6 |
| Total return, % | 47 | -20 | 14 | 85 | 43 |
| Market price | 185 | 135 | 176 | 162.50 | 91 |
| Market price/equity, % | 193 | 135 | 235 | 236 | 142 |

[1] Proposed ordinary dividend.

[2] Ordinary dividend (incl. extra dividend).

- Earnings per share SEK 5.32 (32.62)
- Proposed ordinary dividend SEK 9.50 per share
- Dividend yield 5.1%
- Total return +47%

# 2009 – it could have been worse

2009 was one of the most dramatic years for the global economy in modern times. It was only thanks to powerful measures from the world's central banks and governments that a full-scale financial collapse with a subsequent economic depression could be averted. These measures were effective, however, and now, when we summarise our year, we can note that Ratos with luck and skill landed with both feet firmly on the ground.

- Profit was SEK 1,375m before tax, way below the average profit level in recent years but still a satisfactory result under the circumstances.
- Ratos's 20 holdings developed well as a whole, with sales that decreased by 6% and operating profit that decreased by 16%.
- The transaction market for unlisted companies adapted slowly to the new global situation and it was not until the end of the year that activity got seriously under way. Notwithstanding, since the crisis broke out, Ratos and the holdings have made acquisitions, primarily add-ons, for approximately SEK 1,800m.
- With at the time of writing almost SEK 3 billion in cash and a new issue mandate for acquisitions we still have a (very) strong financial position.
- We consider that the recession is now over and that a recovery, although still slow, has begun.

### Heaven and Hell

Ahead of 2009 we summarised, in our usual manner, our macro forecast with an acronym, this time HAH – Heaven and Hell. At the time this was not just a cowardly forecast that would allow us to claim we had been right whatever happened, but also reflected our view of how the world would look during the year. And in this respect the assessment was correct – there are countries (such as Iceland and Latvia), industries (such as automotive and large parts of the financial sector) and companies which fell into black holes during the year, at the same time as other parts of the global economy continued to develop as if nothing had happened.

> **"With a simile in football terms the global economy has fallen at a frightening pace from the premier league down to the third division."**

The fact that we did not experience a formal depression, however, is something we have the world's central banks, mainly the American, and governments to thank for. Without sharp interest rate cuts and major stimulation packages a financial collapse would probably have been unleashed. The situation was at its worst in the days after the Lehman crash – when a scenario with empty ATMs, credit cards not working, and so on, could not be ruled out.

The objectives of all the measures put in place were twofold: to stop the free fall in the economy, and to restart economic growth. The first objective has been achieved, but as far as the second one is concerned, up to now we have seen more of a levelling out than a definite upturn. For this reason it will take time before central banks and governments initiate a so-called "exit strategy" and start tightening the economy. One consequence of this is that in all probability we will have continued low interest rates throughout 2010.

### ROLWB

Our acronym for the 2010 macro forecast is ROLWB – Recession Over, Long Way Back. Currently the trend is positive, i.e. the curves point upwards, but the level is low. With a simile in football terms the global economy has been relegated at a frightening pace from the premier league down to the third division. There the situation has now stabilised and we have even moved into the upper half of the league table (trend), but we still find ourselves in the third division (level). And just like before we believe that now we will have to live for several years with sub par growth, economic growth but at a lower level than normal. So it's a Long Way Back to the levels we experienced before the recession.

## Good development potential

The somewhat grey macro-economic development we expect going forward does not necessarily have to be bad for well-run and well-positioned companies. The cost-cutting and efficiency measures implemented in lots of companies all over the world have created great potential for future growth in margins and profits.


Our assessment is that in the companies in Ratos's portfolio where action programmes have been a major issue in 2009, between 60-70% of the cost savings implemented are not volume-dependent, i.e. the savings will remain even when volumes return. Converted to another figure, internally we say that this means "80-85 is the new 100" – that the companies concerned should in future be able to earn as much money in absolute numbers on a sale of 80-85, where 100 was previously required. Obviously we then also talk of higher margins.

In other words the world does not need to come back to the situation before the crisis for well-run companies to be able to develop well.

**"It is this combination of powerful action programmes and strong positions in the value chain which largely explains why Ratos's holdings in 2009 developed relatively well"**

In addition, companies with strong positions in the value chain will have extra good opportunities to develop well. People who have monitored Ratos over a long period know that for many years we have been harping on about the significance of where a company is positioned in the value chain for its industry. During the most recent hyped-up boom years companies could earn money regardless of their positions in the value chain. Raw material producers, processing companies, carriers, wholesalers, retailers – it seemed as if everyone could turn a profit. Normally, however, one or a few links in the value chain own a large portion of the "profit pool" in an industry. This can in its turn depend on different things – a strong brand, superior technology, service and/or product packaging, close contact with and thus "owning" the end customer, etc.

As a result of this we at Ratos have attached great importance to understanding our companies' positions in their respective industries. We have tried to avoid acquiring companies with doubtful strength relative to their competitors, we have worked to improve the position for holdings where this was judged necessary, we have sold holdings or parts of holdings where we did not believe in their sustainable competitiveness and we have, not least with the help of the recession, tried to consolidate and further strengthen the situation for those companies which already today are among the leaders in their sector.

It is this combination of powerful action programmes and strong positions in the value chain which largely explains why Ratos's holdings in 2009 both developed relatively well and in general increased their market shares. And looking forward we believe that the prerequisites are good for these companies to continue to benefit from this combination.

## It could have been worse

In 2009 as a whole Ratos's 20 holdings developed satisfactorily. Eleven holdings increased their operating profit compared with 2008 and profits fell for five companies but to an extent that profitability remained acceptable and even good. Four companies were badly affected by the crisis even though these also delivered a positive operating result.

Taken overall sales decreased by 6% while operating profit fell by 16%, this from Ratos holdings' still strong levels in 2008. Eliminating Lindab, which accounts for a large portion of the decline in absolute numbers, from the comparison, sales were unchanged compared with

the previous year and operating profit increased by 7%.

Given the development of the global economy things could have been very much worse. And the reason this was not the case is partly skill but also luck. Skill to the extent that Ratos's high quality employees and the holdings' competent employees and managements formed a world-class force that was able to handle all the challenges we faced. This has expressed itself in everything from action programmes, work on positioning in the value chain and aggressive activities designed to derive benefit from the inherent opportunities of the crisis, to the fact that crash plans were already in place in all companies before the recession hit us.

**"Ratos still has a (very) strong financial position"**

Luck to the extent that we could have had a portfolio with greater exposure to the economy's black holes. Many of the best investment decisions relate to companies we avoided acquiring. Equally I must confess that during the good years we bid for a number of companies – such as car component suppliers, high-quality ones all the same – which today could have given us a splitting headache. In this case luck is the fact that we never had the opportunity to make the acquisitions since other players bid more, often considerably more, than we were prepared to pay.

**Financial position remains strong**

Ratos's financial position is still (very) strong. In the parent company we have net cash of almost SEK 3 billion, no loans and no formal commitments to the portfolio companies (although naturally we are a responsible owner with a hundred year perspective and an extremely strong brand we have no wish to ruin). We have a credit facility of SEK 3.2 billion, unutilised at present, and in addition a new issue mandate for acquisitions, currently worth approximately SEK 6 billion.

All leverage in the Ratos Group lies in the operating holdings, where the cash flow that can meet interest payments and amortisation is also generated. During 2009 several holdings were affected by the downturn in the economy among other things by breaches of covenant, which meant that the terms in bank agreements could not be fully achieved. All these situations could be solved without complications after discussion with the banks concerned. It should be noted that in no case has a Ratos holding been close to having problems with interest or amortisation.

Further comments on our financial situation can be found in an article on page 16.

As far as the possibility of new loans is concerned this has always been there, even when things looked blackest, although still obviously to a different extent. Throughout the entire period we have had continued strong and good relations with our bank contacts and even in the middle of the crisis we were offered financing solutions for potential new acquisitions from our relationship banks.

The situation in the credit market started to return to normal after the summer. It should however be carefully underlined that normalisation in this case does not mean a return to the situation in the years immediately preceding the Lehman crash, when the market was totally out of balance. During those years, pricing of risk was non-existent, the difference between borrowers hardly existed and borrowing levels were sometimes frighteningly high.

It will probably take several years before order is totally restored. Access to credits will still limit economic growth for a long time ahead, since both the supply side, banks and other credit institutions, and the demand side, borrowers, need to repair and strengthen their balance sheets.

All the same it will in fact be possible to find financing for good companies and projects, particularly in the Nordic region where the banking system has coped considerably better than in many other parts of the world. Limits and terms are of course tougher than two to three years ago, but not even close to making good deals impossible. Our assessment is that an average leverage in connection with acquisition of a strong company in a few years will return to being 3.5-4 times operating profit, EBITDA, a level people with many years of experience from the banking world – such as my colleagues Barbro Wallin and Lars Warg, who are responsible for Debt Management within Ratos and whose combined experience is over 75 years – nod in agreement about.

**"…normalisation in this case does not mean a return to the situation in the years immediately preceding the Lehman crash, when the market was totally out of balance."**

A small point in this context is that one of my colleagues in the internal guessing competition that prefaces the disclosure of what this year's macro acronym (in Swedish) stands for, felt that the correct interpretation was Ratos Survives Far Worse Trauma – an illustration of our financial strength, as good as any.

**Low activity in transaction markets**

One of the surprises in 2009 was that it took so long for transaction markets to get going. For most of the year activity was inhibited by highly inflated price expectations. Put simply it can be said that those who did not need to sell fine, healthy companies – and Ratos is certainly one of them! – chose to hold on to the companies, while those available for acquisition were too often over-leveraged crisis companies with weak market positions.

This also meant that the price scenario in unlisted companies, as so often before, did not at all show the same sharp fluctuations as on the stock exchange. Instead it was not until towards autumn that prices started to a large extent to come down to what we as a buyer feel are reasonable levels. Asked whether we believe we have missed opportunities to make good acquisitions the answer is therefore "no" – such opportunities have simply not existed except in a few individual cases.

After the summer, however, activity has really gathered pace and today we once again have a large project portfolio with many high-quality acquisition candidates. Translated to an annual rate we are back to the normal situation in recent years, which means that we are (seriously) looking at 200-250 companies per year (resulting, over time, in three to six acquisitions per year).

This development means that the number of once-in-a-lifetime opportunities was not at all as large as I had hoped one year ago. It is certain, however, that the chance of such investments has not totally disappeared, even in future years opportunities may arise among other things in companies carrying far too large a burden of debt.

When all this is said we must still point out that Ratos and its holdings have made acquisitions for approximately SEK 1,800m since the outbreak of the crisis. These are mainly add-on investments, both where Ratos has increased its ownership in existing holdings (such as the buyout of co-owner 3i in DIAB) and those where the portfolio companies have made strategic acquisitions within their operations (for example EuroMaint's acquisition of RSM, which created Europe's largest private train maintenance company, or Inwido's buyout of the minority in its Finnish subsidiary). These acquisitions could be made on favourable terms, the acquisition multiples at an operating level were in the 1-5 interval.

Several of these acquisitions could be financed via the holdings' own balance sheet, although where required Ratos has provided the necessary capital, either in cash or newly issued Ratos shares.

**Private Equity Conglomerate**

As I stated in my CEO's comments in last year's annual report, Ratos is a Private Equity Conglomerate (PEC). The strategy for a profitable active owner over time is often based on a combination of the best from successful conglomerates and successful private equity companies. In order to succeed over time in our industry, obviously you have to be skilled at transactions, i.e. buying and selling companies, and financing. This is, however, a pure "hygiene factor", a basic skill you need to master in order to just be in the game. What decides over time whether you will be successful or not is your competence as an active owner. It is in this part of the process that most of the value creation takes place, something we illustrate in an article on pages 18-19 of this annual report.

By working as a PEC we are not solely dependent in the short term on one of the three processing stages (acquisition, development, divestment) but can always place the main emphasis where the most value can be created. For Ratos this has meant that in times when the transaction markets have been hot, like the early and mid-2000s, we have moved in the private equity direction, i.e. had relatively more focus on transactions and financing, without being a pure PE company. In times when exit markets have been weak, like in conjunction with the IT crash or the situation right now, we lean more in the conglomerate direction and focus on development of existing holdings as well as trying to exploit opportunities for attractively priced new and add-on acquisitions – but without going all the way and becoming a traditional conglomerate. It can otherwise be worth noting that a large part of the value creation that has taken place in Ratos over the past eight to nine years is based in the 15 acquisitions made in autumn 2001, just before 11 September – despite the rotten timing in the short term!

> **"By working as a PEC we are not solely dependent in the short term on one of the three processing stages (acquisition, development, divestment)"**

**Positive total return**

During 2009 the total return – the combination of share price development and reinvested dividends – for Ratos shares was 47% (SIX Return Index 53%). During the eleven years as a Private Equity Conglomerate the total return has thus amounted to 1,186% (or 26% per year) compared with the SIX Return Index which has developed 112% (or 7% per year).

**2010 – out of the tunnel**

During 2010 we expect that the economy will continue upwards, although still at a limited speed and from a low level. Given the favourable starting point for Ratos's holdings, the prerequisites for improved earnings in the total portfolio of companies are therefore good.

Finally I would like to thank all my colleagues at Ratos and the portfolio companies who with hard work and long hours have managed to keep the crisis at bay. At the same time I would like to express my deep regret to the former employees who were affected by the necessary but at the same time tough and at times tragic cutbacks that had to be carried out. Naturally I hope that the dawning economic improvement will mean that in time we can once again talk about net recruitment rather than the opposite.

Arne Karlsson

# Vision, mission, targets and strategy

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

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

### Targets
- **The average annual return (IRR) on each individual investment to exceed 20%**

The result of the 28 divestments (exits) completed by Ratos since 1999, corresponds to an average IRR of 30%. No exits were carried out in 2009.

- **Total return on Ratos shares to be higher over time than the average on NASDAQ OMX Stockholm**

Viewed over a ten-year period the total return on Ratos shares has amounted to 859% (corresponding to 25% per year) compared with the SIX Return Index with 25% (or 2% per year). In 2009 the total return for Ratos amounted to 47% and the benchmark index to 53%.

- **An aggressive dividend policy**

In the last ten years dividend growth has been 16% per year. The proposed dividend for the 2009 financial year is SEK 9.50 which corresponds to 179% of earnings per share in 2009. The dividend yield on Ratos shares based on the closing price at year-end amounted to 5.1%.

- **Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality**

During the last four years Ratos has placed itself among the top five in voting on listed companies' communication. Ratos came fifth in 2009 after two first places in 2007 and 2008.

### Investment strategy
- **Holding at least 20%**

- **Normally the principal owner**

- **Investment size SEK 150m-5,000m**

Ratos does not invest in early phases of companies' life cycles.

- **20-30 holdings**

Ratos's portfolio should comprise 20-30 holdings, primarily unlisted companies, of varying size.

At year-end 2009 Ratos had 20 holdings.

- **Active exit strategy**

Ratos has an active exit strategy. Every year, the holdings' ability to continue to generate a 20% annual average return (IRR), and Ratos's ability to contribute to the continued development of the holding, are assessed. This means that Ratos does not set any limit on its ownership period.

- **Sector generalist**

Ratos's core competence is not sector specific. Since added value can be created in most sectors, Ratos has chosen to be sector-neutral.

- **Focus on own deal flow**

Since 1999 approximately 70% of acquisitions came from own deal flow.

- **Nordic acquisitions – global exits**

The entry point for investments is the Nordic region. Exits can be effected globally.

- In addition, the companies in which Ratos invests must have competitive advantages in their sector and strong management. Ratos works actively to ensure that the companies in which it invests have incentive strategies for boards and senior executives.

# Ratos and the Nordic private equity market

Ratos operates in the Nordic private equity market – the market for investments in unlisted companies. Ratos focuses on middle-segment buyouts and invests equity between SEK 150m and SEK 5 billion in each transaction.

According to the Swedish Private Equity & Venture Capital Association (SVCA), private equity is divided into buyouts (investments in companies in an expansive or mature stage of their life cycle) and venture capital (investments in early phases of companies' development).

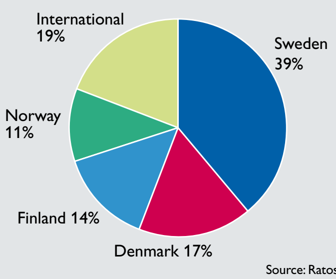
In Sweden, as in the rest of Europe, the significance of private equity for the economy has increased. The SVCA estimates that companies in Sweden owned by private equity account for approximately 11% of GDP and employ more than 170,000 people. At year-end 2009, more than SEK 478 billion was under management within private equity in Sweden, over half of which was invested. More than 80% of the capital in Sweden was buyout investments and the remainder was venture capital investments.

**Private equity players in the middle segment in the Nordic region**

- 3i
- Altor
- Bridgepoint
- Capman
- EQT
- FSN
- Herkules
- IK Investment Partners
- Nordic Capital
- Nordstjernan
- Ratos
- Segulah
- Triton

Source: Ratos

**Nationality of owner companies**




Relates to approximately 300 holdings with sales in excess of SEK 400m.

### Low activity during 2009

At the end of 2008 activity decreased significantly in the European private equity market as a direct result of the financial crisis. Activity remained slow during 2009, with some higher activity during the second half as a probable consequence of increased economic optimism. In the Nordic region the level of activity was low throughout 2009, while the trend with an increased number of transactions was evident in the rest of Europe. The Nordic region remains, however, one of the largest markets in Europe for private equity investments.

In total, more than 500 companies in the Nordic region are owned by private equity companies. Approximately 300 of these companies have sales in excess of SEK 400m. Most holdings are in Sweden and Denmark. In the middle segment, in which Ratos primarily operates, most venture capital companies are Nordic. Many foreign private equity companies that previously established themselves in the Nordic region have refocused on their respective home markets.

It is still too early to draw long-term conclusions about the future competitive scenario, but the intense competition seen in recent years – as an effect of good returns, a more mature industry and a continued inflow of capital – is expected to ease and thus normalise pricing of companies. This will open opportunities for players with a strong financial position. There are still many acquisition opportunities in Ratos's investment size.

### Ratos compared with private equity funds

Ratos does not manage any funds but is one of the few listed companies in Sweden whose main activity is direct investments in unlisted companies. Exit gains and cash flows from investments are re-invested in new companies or distributed to Ratos's shareholders.

While funds are still the most common players in the private equity market, interest in listed private equity companies has risen in recent years. In total, there are about 80 listed private equity companies in Europe.

### Increased activity in other Nordic countries

Ratos has always been a Nordic company. Between 1999 and 2003 the majority of investments were made in Sweden, but since 2003 investment activity in the other Nordic countries has increased. Between 1999 and 2009, ten acquisitions were made in Denmark, Norway and Finland.

**Some advantages of listed private equity and private equity funds respectively**

| Advantages of listed private equity such as Ratos | Advantages of funds |
|---|---|
| No need to spend time and resources procuring capital for new funds | The fund is always fully invested while a company like Ratos may carry cash that lacks the same opportunities for returns |
| Not constrained by any maximum duration for its investments and can keep its holdings for as long as this is financially optimal | Offer investors an opportunity to diversify away from the market risk always inherent in a listed share |
| Transparency is often greater in a listed company than in a fund | |
| The investor has a liquid asset and can sell his shares, while an investment in a fund is normally locked up for the life of the fund | |

The Nordic countries differ in several respects. These include corporate structure, sector distribution and business culture. Ratos's Nordic operations have therefore been adapted to the local conditions prevailing in each country.

**Sweden**
The Swedish private equity market is mature in an international perspective after several decades of high activity among both local and foreign private equity players. Ratos's first investment as a private equity company in Sweden was made in 1999 (buyout of Dahl). Ratos's industrial profile is well suited to the Swedish corporate and business culture. The assessment is that there are still many acquisition opportunities of the right size and structure for Ratos. At year-end 2009, 12 out of the 20 holdings were Swedish.

**Norway**
Ratos's first private equity investment in Norway was made in 2001 (Dynal Biotech). Norway was then an immature market in private equity terms with relatively few competitors and many companies with the right size and profile for Ratos. Business opportunities in Norway remain good and Ratos has a continued good deal flow since there are many conglomerates, family-owned companies and state-owned companies. In Norway, Ratos operates through a representative, Henning Øglænd, and a broad network of selected people. Ratos has three holdings in Norway.

**Ratos as a private equity company**

- Listed
  – Liquid
  – Transparent
- Industrial focus
- Active ownership
  – Throughout holding period
- Owner for as long as Ratos creates value
  – No time limit

**Denmark**
Ratos made its first private equity investment in Denmark in 1999 (Superfos). In Denmark there is competition from other private equity players but it is still a relatively immature market. Ratos's profile fits in well because of Denmark's entrepreneurial tradition which is based on a large number of conglomerates, family and foundation-owned companies. Ratos has a good flow of companies with aspects that Ratos finds attractive. Ratos is represented in Denmark through an Advisory Board, chaired by Peter Leschly, which functions as a network towards the Danish companies. Ratos has three holdings in Denmark.

**Finland**
Finland is the country that is most like Sweden with regard to corporate structure. The private equity market is more mature and national private equity players have been far more active than in Norway and Denmark. Ratos's profile is also well-suited to the corporate structure in Finland. Ratos's first private equity investment in Finland was made in 2001 (GS-Hydro). During 2008 an Advisory Board was set up in Finland in order to create opportunities for an even better deal flow. Ratos has two holdings in Finland.

# Ratos and the credit market

During the turbulence in the financial markets over the past three years there has been an increasing focus on questions that relate to companies' financial situation and relations with the credit markets.

Credit market issues, previously of limited interest to most people, have now suddenly become everyone's focus. Lack of knowledge about actual circumstances has meant that assessments of different situations have often been black (as night) or white (as snow) – something that in most cases has had nothing whatsoever to do with reality. As always the reality was considerably more multi-faceted and nuanced.

Some of the questions that should be analysed when making an assessment of a company's financial situation are set out below:

■ **What type of loan are we talking about?**

Ratos only has "normal" bank loans (so-called senior debt) which are different from the high-risk loans (such as mezzanine loans) which have created many problems in recent years. In addition, Ratos has no loans that are syndicated, i.e. sold out in small tranches to different players, so Ratos has therefore not been affected by the collapse of the syndicated loan market.

■ **What type bank relationships are there?**

Today, Ratos works in principle solely with Nordic relationship banks. This both builds a foundation for more long-term business relations based on trust, and this means that Ratos has not been exposed to the parts of the banking world that faced a more difficult situation than the majority of Nordic banks.

■ **How serious is a breach of covenant?**

A breach of covenant, i.e. a company being unable to meet the terms in its banking agreement, is normally relatively undramatic. Ratos has had one or several in the portfolio companies every year since we became a private equity company in 1999, without this creating any problems or long-term negative consequences. The consequence of a breach of covenant is that the bank and the borrower sit down together and discuss future conditions for the loan – and in the overwhelming majority of cases a good solution is found for both parties without any major drama.

As regards Ratos's financial strategy, the following can also be worth noting:

■ The parent company Ratos AB is normally unleveraged, any debt that does exist is in the operating companies in the portfolio.

■ Even though Ratos is a responsible owner which works with a century-long perspective and an extremely strong brand we do not wish to destroy, Ratos has no formal undertakings for debts in the portfolio companies (Ratos has not provided any guarantees since at least 1890…).

■ The average leverage in the portfolio companies is considerably lower than is normal in the private equity sector. At year-end 2009, for example the net debt in relation to operating profit, EBITDA, taking the parent company's cash into account, was approximately 2.5 for the entire portfolio.

■ Ratos aims to ensure that the holdings have an optimal financial structure based on prevailing conditions. This means that in good times Ratos tries to refinance the portfolio companies. In 2005-2009 the parent company was provided with approximately SEK 5 billion in this way. In less good times, Ratos makes capital contributions to the holdings where required. Since 2008 Ratos has provided the holdings with approximately SEK 900m, of which SEK 350m was financing of the holdings' add-on investments.

# Investments and exercise of ownership in Ratos

The industrial profile is something of a hallmark for Ratos. Ratos has been an industrial player since the foundation of its predecessor Söderberg & Haak in 1866 which still has a bearing on how Ratos acts as an owner in its holdings today. Since 1999, Ratos has invested in approximately 50 companies and made 28 divestments. Today, there some 20 companies in Ratos's portfolio.

**Investment process**

Ratos analyses about 200-250 companies every year. Of these, an average of three to six result in an acquisition. An effective examination process is required in order to identify companies that are expected to meet the required rate of return (IRR) of 20% and where there is also an investment opportunity for Ratos. Many of the companies identified drop out early in the process because they do not meet Ratos's investment criteria or for other reasons. There is no really "typical" process with a straight line from start to finish. Sometimes acquisitions take a few months, while others take longer and Ratos may have had contacts with the company for several years before an acquisition takes place.

Suggestions for potential acquisitions come from many sources. Part of Ratos's strategy is that a high portion of the deal flow must be self-generated, i.e. deals that are not pure auction processes and where Ratos normally is alone or is one of a small number of possible owners. This may be the result of a structured process where a specific sector or region has been mapped out, but it can also be the result of inquisitiveness. Since 1999, approximately 70% of the investments carried out have been self-generated.

Ratos makes sector-neutral investments in the Nordic region and in companies with all types of circumstances. Although never in companies that operate in the arms industry, pornography or are obviously detrimental to the environment.

Obtaining information is an important part of the acquisition process and there is often more information available to the purchaser when investing in unlisted companies.

Each acquisition is preceded by a due diligence examination of the company. This analysis includes several aspects such as legal, commercial, environmental and corporate responsibility, as well as financial. The results from this examination form the basis of the investment decision made by Ratos's Board.

Before a purchase agreement is signed, Ratos and the company's management will also have agreed on a joint business plan with clear financial and operational targets. If there are co-owners, there is also a detailed shareholder agreement that regulates relations between the parties. This creates better conditions for consensus regarding the investment which also reduces the risk.

What finally decides whether Ratos will invest is an assessment of whether an annual average return of 20% can be achieved.

**Ratos as owner**

Ratos's approach to ownership is that it should be exercised professionally, actively and responsibly. Ratos can contribute with business development support, networks, and financial and strategic expertise.

Business development is teamwork between the company's management, board and owner where Ratos plays an active role in the company's development process and continuously functions as a sounding-board to the company's management.

Ratos works in teams and normally has the same team responsible for the holding from acquisition to exit. Continuity and confidence between Ratos and management are significant for value creation. Ratos is always represented on the holdings' boards via the person responsible for the holding. Depending on the size of the holding, Ratos can also appoint another or several other directors which may be other Ratos employees and/or, which is usual, people in Ratos's network who have the relevant background.

An exit must also be made responsibly and taking the company's long-term development into account. Divestment of a holding should take place when the aims of the investment have been achieved and when Ratos's ownership is no longer creating added value. Since Ratos, unlike many other private equity companies, is a limited company, there is no set holding period. The average holding period for the portfolio at the beginning of 2010 was just over seven years and the oldest holding had been in the portfolio for fourteen years.

# Financial target exceeded – IRR +30%

Since 1999, Ratos has exceeded its financial target of an average annual return of 20% on each individual investment by a wide margin. Viewed over a ten-year period the exit portfolio has generated an average annual return of 30%.

For a company operating within the private equity sector the divestment (or "exit" as it is called in the industry) is the definite proof of whether or not an investment has been successful.

Basically the calculation for Ratos's owners is relatively simple: the result of an investment comprises the selling price minus the acquisition price plus/minus any cash flows during the ownership period (add-on investments, dividends, refinancing, etc.). This simple calculation can then with the aid of a mathematical formula be re-stated as an average annual return, or IRR (internal rate of return) as it is known in the industry.

Ratos's main financial target is that each individual investment should generate an average annual return (IRR) of at least 20%. In order to assess whether the company succeeds in achieving this target over time an analysis of the "exit portfolio" – the portfolio of companies that Ratos has actually sold and where the results of these investments are – is essential.

**Present exit portfolio**

What does Ratos's exit portfolio look like today? During the just over eleven years (1999 - February 2010) Ratos has operated as a private equity company, 28 exits have been made. These 28 exits have together contributed to Ratos's cash flow with almost SEK 25 billion. So this is a robust final result in the sense that there are many individual deals and overall large amounts.

In total, Ratos's exit portfolio has to date generated an IRR of approximately 30%. The exit portfolio has thus met the 20% return requirement by a wide margin. Naturally, this result contains both successful investments that met the goals set up when the investment was made and investments that must be summarised as less successful. However, the successful investments have compensated for the less successful ones by a wide margin.

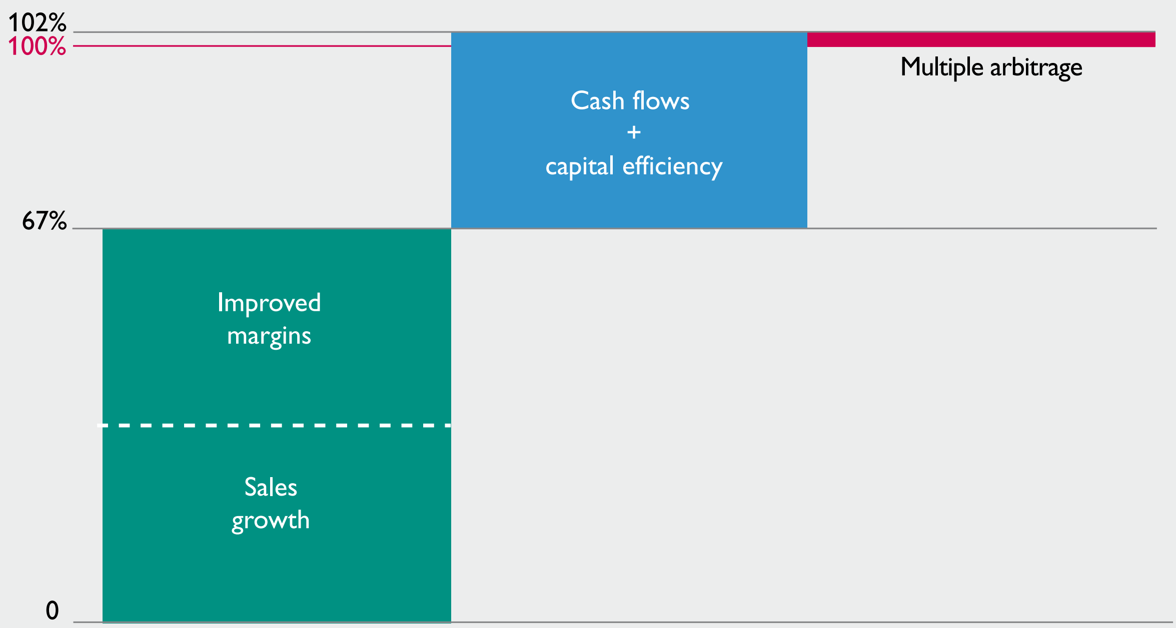
30% is also the gross figure that would be reported as the return if Ratos was a fund like most of our industry colleagues. In comparison with other private equity players, however, it should be noted that Ratos on average can be judged as having a lower financial risk exposure. This means, all other things being equal, that a risk adjusted return improves the result for Ratos.

In addition it can be noted that Ratos during a year without exits or acquisitions has management costs of approximately 0.6% of assets under management measured as market capitalisation. Most private equity funds have a combination of management fees and profit distribution that is clearly higher, so the difference in net return, all other things being equal, provides further improvements in Ratos's favour.

The favourable return in the exit portfolio has mainly been created through active ownership work focused on the companies' industrial development. This differs from the standard picture of the industry's value creation too often found in the media – i.e. that private equity companies buy companies cheaply, borrow too much money cheaply, starve the companies, dress up the bride for a sale and then sell at a premium. This standard picture evidently does not apply to Ratos but probably not to the industry as a whole either.

An analysis of value creation in the 28 companies today included in Ratos's exit portfolio, reveals the following explanations of how a 30% IRR was achieved (see illustration on next page).

**Average annual return, IRR +30% – how?**




**Industrial development +67%**

Approximately 67% of value creation comes from the companies' internal, industrial development, i.e. efforts to increase sales and improve profitability. Sales growth has in its turn been created both through organic growth and acquisitions.

**Financial effects +35%**

Approximately 35% of value creation comes from financial effects. Some of these effects, approximately half, can basically lead to an improved cash flow as a result of sales growth and improved margins. This is why approximately 90% of value creation is really explained by the internal, industrial development work in the companies. The remainder is explained by both traditional internal work with financial efficiency (inventories, accounts receivable, investment efficiency, taxes, etc.) and efforts to optimise the financial structures, which mean among other things that an acquisition is leveraged.

**Multiple arbitrage -2%**

The multiple arbitrage has consequently provided a negative contribution of 2%, i.e. Ratos has on average sold for lower multiples than those that applied at acquisition.

**Future exit portfolio**

So what can be expected of the future development in the exit portfolio? At an overall level the following applies:

- Today there are some investments in the portfolio that will probably drag down the total return even if the investments themselves land up on the plus side. These investments are expected, however, to achieve a 20% annual return from today's market values.
- Many companies in the portfolio will meet the return requirement by a wide margin.
- Taken overall the assessment is that Ratos's exit portfolio in the years ahead as well will have generated a return that on aggregate exceeds 20%.
- Ratos's return target is naturally continuously reviewed by the Board which so far, however, has not seen any need to change it. Consequently, this means that all new investments made are expected to meet the return requirement.

# IFRS – "comply or explain"?

Ratos has been sharply critical of IFRS for many years, among other things in the 2006 and 2007 annual reports we described some of the problems we see with the current accounting system. At one of the many discussions we have had and conferences we have attended our attention was drawn to an extremely simple and intelligent solution to the problems caused by IFRS. Why not, as in the code of corporate governance, introduce the rule "comply or explain" for IFRS as well?

When Ratos calls IFRS the "accounting Taliban's victory over reality" this is not solely or even primarily about views on individual accounting issues, but is a basic criticism of the system. In order to be able to discuss this matter in a structured manner, we need to differentiate between three levels in this context:

- The system
- Principles and framework
- Individual accounting issues

**The system**

The underlying aim to harmonise international accounting rules is naturally laudable. Ratos does not consider, however, that this is a goal worth achieving at any price. If, for example, as is now the case, the bar is not set as high as possible but instead there is an attempt to find some half-hearted compromise between different principles, rules and national traditions, then the result will actually be that countries with world-class accounting standards, such as Sweden, will be negatively affected in this area.

IASB, the independent body that is responsible for the development of recommendations, is moreover a complex organisation that sets its own agenda and is in principle impossible to influence. One, of many, serious consequences of the way the organisation operates is that the development of accounting rules is no longer demand-driven. It is driven instead increasingly often by the specific interests of IASB's members and does not always improve existing rules. In many cases these new rules relate to questions that no one has ever asked. We have come a long way from the old Swedish system where accounting rules were principle-based and where a well-developed accounting practice combined with good communication with the company's auditors provided answers to the more complicated accounting issues.

One almost absurd consequence of this rule writing frenzy is an enormous workload for both producers and consumers of financial information. Just taking a ruler shows that the new or proposed new rules that have been added over the last 12-month period, and with which a company reporting according to IFRS is expected to be familiar, forms a pile of 1,835 pages an impressive six inches high!

Another dimension of the system is the problems with interpretation of what are often not entirely clear accounting rules. From experience we can state that the opportunities for interpreting the rules so that they suit a slightly odd private equity conglomerate in the far north – regardless of whether or not such conformity makes it easier for the market to understand what is actually happening in the company – are very small and totally non-existent if you do not have a major, independent and skilled auditor who dares to adopt his own position on key accounting issues.

**Ratos's attitude to IFRS**

- Supports the basic principles, e.g. that accounting should be relevant and reliable. IFRS does not always live up to this
- The aim of harmonising international rules is good – but not at any price (such as it resulting in a bad compromise)
- Individual questions are often rooted either in choice of basic principle or in the system. Discussions must therefore be based on the choice of these principles and how the system is built up
- We believe in a demand-driven organisation. This is not IASB today
- A set of rules based on "comply or explain" would be a fully possible and elegant solution

**Principles and framework**

As we said in our previous articles (see the 2006 and 2007 annual reports) Ratos totally supports the basic principles on which IFRS is said to be based. The problem is that IFRS does not then live up to these good principles. On the contrary, the actual rules are partly based on dubious or totally erroneous premises:

■ *The balance sheet as the (actual) basis for accounting*. When the entire world bases most of its financial decisions (acquisitions, share recommendations, credit decisions, etc.) on income statements and cash flow metrics, which is placing the church in the middle of the village, IFRS suddenly puts the "privy" (i.e. residual items) there instead.

■ *Entity theory illogical logic*. An unbelievable ivory tower theory which has gained a footing in practical accounting partly at the expense of the intellectually superior owner theory – but only partly, because the actual wording of the rules turned out to be a mixture of both theories.

■ *Cookbook solutions instead of a principle-based system*. Unfortunately IFRS is far too rigid a system that increasingly reminds us of the extremely inflexible US GAAP, exacerbated in particular by problems of interpretation. We are today far away from the former exceptionally smooth functioning Swedish system, where a principle-based set of rules provided scope for interpretations in a (often exceedingly tough but always constructive) dialogue between company and auditors – the latter with the aim that the accounting would truly reflect the underlying reality in the company.

It can be noted, by the way, that even IASB appears to have understood that the actual rules do not live up to the expressed basic principles. The solution to this will probably be to let the tail wag the dog – the plan is to change the framework.

## Individual accounting issues

In an extensive set of rules such as IFRS naturally there are individual rules that we think are good and others we shake our heads over. We can state, however, that to date we have listed 22 rules that are complete nonsense – and this list will not get shorter in the future…

It is important to note, however, that we do not share the view sometimes expressed which is based on "now we have the system we have – so let's just fix the details and the problem will solve itself".

If, in the former Soviet Union, a problem arose because the bread queue went to the left and held up the traffic, the problem could be solved by moving the queue to the right and letting the traffic through. This did not automatically reflect sympathy with the system that caused the bread queues, or the principles (such as denouncing neighbours who complained abut the queues) that derived from the system.

## Can windmills be defeated?

Unfortunately we are having to live with an accounting system that dramatically weakens, sometimes renders impossible, interpretation of a company's development and which, paradoxically enough, creates previously unforeseen opportunities, as least as Ratos sees it, to cheat with the accounts within the framework of the rules. (It could possibly be claimed that this development can benefit a company like Ratos which with its considerable professional resources is actually able to see behind the IFRS-reported figures and can thus gain advantages at the expense of other players. This was probably not the intention when IFRS was introduced.)

To our great joy we noted, however, at an IFRS conference, that there is actually an alternative that would solve all the problems described here in very elegant manner. It was Hans Biörck, Executive Vice President and CFO of Skanska, who concluded a presentation – where he described a number of rule changes that will make it difficult/impossible to interpret the accounts of a construction company – by pointing out that the now well-functioning code of corporate governance is based on the principle "comply or explain". Should not, Hans wondered, the same principle be introduced for IFRS?

We agree. If Ratos, Skanska or any other company is of the opinion that they understand their own reality and its link to the accounts better than IASB/IFRS, why not make it possible – naturally in dialogue with and subject to approval from the auditors – to deviate from the rules, provided you clearly explain how and why?

A brilliant idea we hope that IASB and other rule-creating bodies put into practice as soon as possible.

### Facts about IFRS and IASB

**IFRS – International Financial Reporting Standards**

- IFRS is the set of rules that governs listed companies' accounts since 2005
- More than 100 countries allow IFRS accounting
- The European Commission approves every new rule

**IASB – International Accounting Standards Board**

- Privately financed organisation tasked with development and publication of IFRS
- Consists of 14 people from different parts of the world

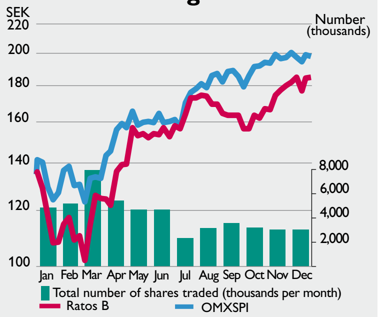
# Ratos shares

Following a dramatic fall in 2008 and a weak start to 2009 a powerful recovery took place on many of the world's stock exchanges during the year. The total return on Ratos shares (price development including reinvested dividends) viewed over the last two years was +18% compared with the SIX Return Index -7%. For 2009 the total return for Ratos B shares amounted to +47% and the SIX Return Index +53%.

**Share price performance**
Ratos shares had a positive development during 2009 although performance was slightly below the benchmark index. Ratos B shares were +37% compared with the OMXSPI was +47% in the same period. The highest quotation during the year, SEK 189 occurred in December and the lowest, SEK 99, in March. The closing price on 30 December was SEK 185.

In 2009 the total return (price development including reinvested dividends) for Ratos B shares amounted to +47% compared with the SIX Return Index which rose 53% in the same period.

**Share price trend and trading 2009**




Source: NASDAQ OMX

## Brief facts 2009

| | |
|---|---|
| Share listing | NASDAQ OMX Stockholm, Large Cap |
| Total number of shares | 161,852,892 |
| Number of shares outstanding | 158,615,645 |
| Closing price 30 Dec 2009 | SEK 185 (Ratos B) |
| Highest/lowest quotation | SEK 189/99 |
| Market capitalisation, 30 Dec 2009 | SEK 29 billion |
| Reuters ticker code | RATOb.st |
| Bloomberg ticker code | RATOB SS |

## Breakdown by class of share

| Class | Number of shares | % of voting rights | % of capital |
|---|---|---|---|
| A | 42,328,530 | 78 | 26 |
| B | 119,524,362 | 22 | 74 |
| | 161,852,892 | 100 | 100 |

## Development of share capital

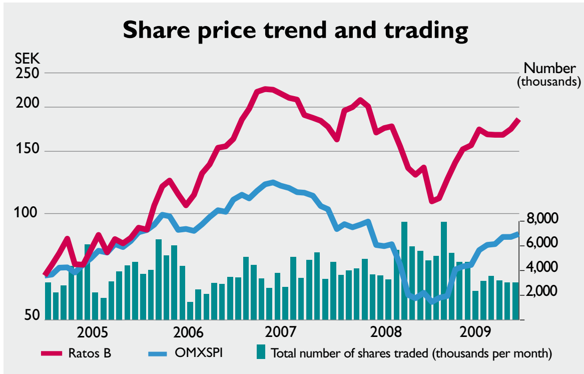
| Year | Transaction | A shares | B shares | C shares | Preference | Share capital, SEKm |
|---|---|---|---|---|---|---|
| 1983 | Bonus issue 1:4, split 2:1 | 5,437,507 | 3,506,242 | | 100,000 | 452 |
| 1985 | Bonus issue 2:5 | 5,437,507 | 7,083,740 | | 100,000 | 631 |
| 1988 | Bonus issue 1:1 | 5,437,507 | 19,604,987 | | 100,000 | 1,257 |
| 1996 | Redemption preference shares | 5,437,507 | 19,604,987 | | | 1,252 |
| 1997 | Split 4:1, redemption A and B shares | 21,727,060 | 68,550,544 | | | 1,128 |
| 1998 | Redemption A and B shares. Issue C shares | 21,641,127 | 59,679,299 | 9,027,760 | | 1,129 |
| 1999 | Redemption C shares | 21,641,127 | 59,679,299 | | | 1,016 |
| 2001 | Reduction | 21,641,127 | 59,021,499 | | | 1,008 |
| 2003 | New issue, conversion of A shares to B shares | 21,244,658 | 59,417,968 | | | 1,009 |
| 2004 | New issue, cancellation and conversion of A shares to B shares | 21,229,056 | 59,445,570 | | | 1,008 |
| 2005 | Conversion of A shares to B shares | 21,210,036 | 59,464,590 | | | 1,008 |
| 2006 | Bonus issue, split, redemption and conversion | 42,328,770 | 119,020,482 | | | 1,017 |
| 2008 | Conversion of A shares to B shares | 42,328,530 | 119,020,722 | | | 1,017 |
| 2009 | New issue | 42,328,530 | 119,524,362 | | | 1,020 |

**Trading**

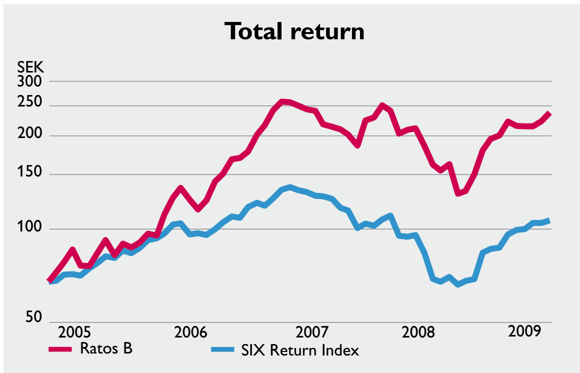
A total of 56.9 million Ratos shares (of which B shares accounted for 56.7 million) were traded via NASDAQ OMX Stockholm during 2009 at a value of over SEK 8.1 billion. An average of 226,704 shares (of which 226,009 B shares) were traded per day, a decrease of 15% compared with 2008. The turnover rate, i.e. the proportion of shares traded in relation to average market capitalisation, was 45% (55% in 2008). Trading in Ratos B shares also takes place outside NASDAQ OMX via other marketplaces (multilateral trading facilities) such as Chi-X and Turquoise among others. Trading via these marketplaces accounted for approximately 10% of daily trading in Ratos B shares during 2009.

**Market capitalisation**

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 29 billion at year-end. This ranks the company at number 26 in terms of size of the 258 companies listed on NASDAQ OMX Stockholm, and number 42 of the 578 companies on the joint Nordic Exchange.




Source: NASDAQ OMX




Source: NASDAQ OMX

## Data per share

| SEK | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Earnings after tax [1] | 5.32 | 32.62 | 16.66 | 15.50 | 12.42 |
| Dividend per A and B share | 9.50 [2] | 9 | 9 | 5.50 (11) [5] | 4.19 |
| Dividend as % of earnings | 179 [2] | 28 | 54 | 35 (71) [5] | 34 |
| Dividend as % of equity | 10 [2] | 9 | 12 | 8 (15.9) [5] | 6.5 |
| Equity [3] | 96 | 100 | 75 | 69 | 64 |
| Closing share price, B share | 185 | 135 | 176 | 162.50 | 91 |
| Share price/equity, % | 193 | 135 | 235 | 236 | 142 |
| Dividend yield, % | 5.1 [2] | 6.7 | 5.1 | 3.4 (6.8) [5] | 4.6 |
| Total return, % | 47 | -20 | 14 | 85 | 43 |
| P/E ratio | 34.8 | 4.1 | 10.6 | 10.5 | 7.3 |
| Highest/lowest price paid, B share | 189 / 99 | 218 / 108 | 238.50 / 152.50 | 171 / 86 | 91 / 68 |

## Key figures

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Market capitalisation, SEKm | 29,344 | 21,321 | 27,894 | 25,719 | 15,495 |
| Number of shareholders | 40,494 | 38,099 | 36,396 | 34,233 | 30,549 |
| Average number of shares outstanding [1] | 158,124,369 | 158,576,030 | 158,829,266 | 163,005,841 | 170,062,755 |
| Number of shares outstanding at year-end [4] | 158,615,645 | 157,937,855 | 158,489,155 | 158,276,730 | 170,276,861 |
| Average number of Ratos shares traded/day, thousands | 227 | 268 | 196 | 186 | 176 |
| Dividend, SEKm | 1,507 [2] | 1,423 | 1,430 | 877 (1,754) [5] | 715 |

1) Before dilution.
2) Proposed ordinary dividend.
3) Attributable to owners of the parent.
4) After deduction for treasury shares.
5) Ordinary dividend (incl. extra dividend).

Definitions, see page 153.

## Dividend and dividend policy

Ratos has an aggressive dividend policy. The Board of Directors proposes an ordinary dividend for the 2009 financial year of SEK 9.50 (9). Dividend yield amounts to 5.1% based on the closing price at year-end. Over the past ten years, Ratos's dividend has increased by an average of approximately 16% per year.

## Significance of dividend for long-term return

In the table below it can be seen that an investment of SEK 1,000 in Ratos shares when Ratos became a listed company in 1954 was worth almost SEK 1.1m at year-end 2009 and if the dividends had also been reinvested the value was SEK 9m.

| | Price development alone | | Total return (price+reinvested dividend) | |
|---|---|---|---|---|
| SEK | Ratos B | Index | Ratos B | Index |
| 1954*) - 2009 | 1,063,080 | 180,840 | 8,989,690 | 1,070,490 |
| 20 years | 6,900 | 3,950 | 19,810 | 6,810 |
| 10 years | 5,520 | 910 | 9,590 | 1,250 |
| 5 years | 2,770 | 1,300 | 3,540 | 1,580 |
| 1 year | 1,370 | 1,470 | 1,470 | 1,530 |

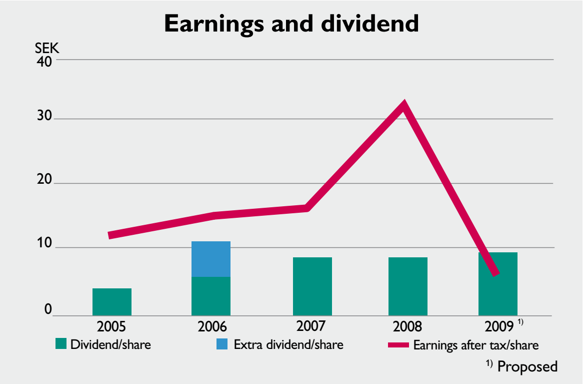
*) Ratos was listed in June 1954.

Sources: NASDAQ OMX, SIX, Ratos

## Purchase of treasury shares

A decision was made at the 2009 Annual General Meeting that up to 7% of the company's shares may be acquired until the next Annual General Meeting in 2010. Ratos did not repurchase any shares during 2009.

At year-end, Ratos owned 3,237,247 B shares, corresponding to 2% of the total number of shares repurchased at an average price of SEK 121.




## Conversion of shares

Since the 2003 Annual General Meeting there has been a conversion clause allowing conversion of A shares to B shares in the articles of association. During 2009 no shares were submitted for conversion. Since 2003, a total of 953,724 A shares have been submitted for conversion into B shares.

## Issue of new shares

At the 2009 Annual General Meeting a decision was made that Ratos in connection with acquisition may issue, through set-off or non-cash, up to 30 million B shares in Ratos. This mandate was utilised on one occasion in 2009, in conjunction with the acquisition of shares in Inwido Finland where the purchase price was paid with 503,640 Ratos B shares.

## Analysts who monitor Ratos

**ABG Sundal Collier**
Rickard Henze
richard.henze@abgsc.se
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**J.P. Morgan Cazenove**
Christopher Brown
christopher.brown@cazenove.com
Tel: +44 20 7155 8145

**Handelsbanken**
Hans Mähler
hama08@handelsbanken.se
Tel: +46 8 701 81 55

**Swedbank**
Niclas Höglund
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**Carnegie**
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**Erik Penser**
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Tel: +46 8 463 84 39

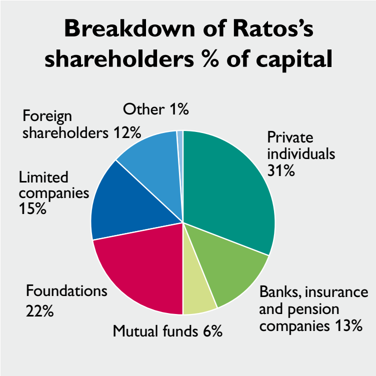
**UBS Investment Research**
Olof Cederholm
olof.cederholm@ubs.com
Tel: +46 8 453 73 06

## Ownership structure

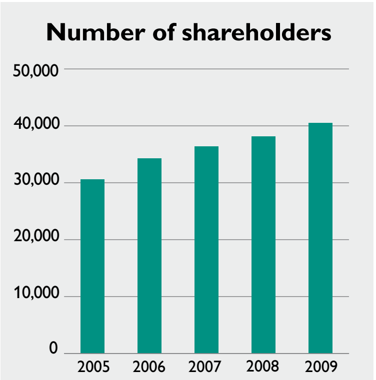
The number of shareholders amounted to 40,494 at year-end. The ten largest shareholders accounted for 79% of the voting rights and 49% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 12%. Luxembourg, Norway and the US account for the largest shareholdings outside Sweden. 64% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital.

## Employee ownership in Ratos

Key people at Ratos are encouraged to have a shared outlook with the company's shareholders which is achieved through well-balanced option programmes. Read more in the corporate governance section and on Ratos's website.




Source: Euroclear Sweden




Source: Euroclear Sweden

## Share capital and number of shares

Ratos's share capital at year-end 2009 amounted to SEK 1,019.7m divided among a total of 161,852,892 shares, of which 42,328,530 A shares and 119,524,362 B shares. The number of treasury shares at year-end was 3,237,247, which means that outstanding shares amounted to 158,615,645. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 vote. The total number of votes amounts to 54,280,966.

## Ratos shareholders *)

| 31 December 2009 | Number A shares | Number B shares | Share of capital, % | Share of voting rights, % |
|---|---|---|---|---|
| Söderberg family | 24,589,260 | 6,859,802 | 19.4 | 46.6 |
| Torsten Söderberg foundation | 5,895,289 | 7,822,950 | 8.5 | 12.3 |
| Ragnar Söderberg foundation | 7,248,020 | 6,316,670 | 8.4 | 14.5 |
| AMF Pension | | 6,249,336 | 3.9 | 1.2 |
| Swedbank Robur | | 4,302,121 | 2.7 | 0.8 |
| AP4 | | 2,584,216 | 1.6 | 0.5 |
| Government of Norway | | 2,082,552 | 1.3 | 0.4 |
| SEB Private Bank | 1,243,413 | 719,045 | 1.2 | 2.4 |
| AP2 | | 1,677,423 | 1.0 | 0.3 |
| Olof Stenhammar, company and family | 35,978 | 1,479,702 | 0.9 | 0.3 |
| Treasury shares | | 3,237,247 | 2.0 | – |
| Others | 3,316,570 | 76,193,298 | 49.1 | 20.7 |
| Total | 42,328,530 | 119,524,362 | 100.0 | 100.0 |

*) Refers to shares registered with Euroclear Sweden at 31 December 2009. Pledged shares are not included in shareholder statistics.

Source: Euroclear Sweden

## Range analysis

| Number of shares | Number of shareholders | Share of capital, % |
|---|---|---|
| 1– 500 | 26,069 | 3 |
| 501– 1,000 | 6,272 | 3 |
| 1,001– 5,000 | 6,384 | 9 |
| 5,001–10,000 | 908 | 4 |
| 10,001–20,000 | 398 | 4 |
| 20,001– | 463 | 77 |
| | 40,494 | 100 |

Source: Euroclear Sweden

# Ratos organisation

More information about the organisation is available at www.ratos.se

## Investment organisation

From left: Henrik Joelsson, Michael Arvidsson, Arne Karlsson, Berit Lind, Henrik Lundh, Susanna Campbell, Jonathan Wallis, Per Frankling, Bo Jungner, Jan Pomoell, Thomas Hofvenstam

**Anna Ahlberg**
Investment Manager.

Born 1970. MSc Econ.
Employed by Ratos since 2001.
Sjunnesson & Krook Corporate Finance 2000-01. PricewaterhouseCoopers Corporate Finance 1994, 1996-00.

**Michael Arvidsson**
Investment Manager.

Born 1979. MSc Econ.
Employed at Ratos since 2006.
Lazard 2004-06.

**Jenny Askfelt Ruud**
Senior Investment Manager.

Born 1973. MSc Econ.
Employed by Ratos since 2007.
McKinsey & Company 2001-07.
Arts Alliance 2000-01.
Morgan Stanley 1998-00.

**Henrik Blomé**
Investment Director.

Responsible for the holdings DIAB, GS-Hydro, Hafa Bathroom Group and MCC.

Born 1974. MSc Econ.
Employed at Ratos since 2001.
Bain & Company 1998-01.

**Susanna Campbell**
Investment Director.

Responsible for the holdings Haglöfs and HL Display.

Born 1973. MSc Econ.
Employed by Ratos since 2003.
McKinsey & Company 2000-03.
Alfred Berg Corporate Finance 1996-00.

**Per Frankling**
Investment Director.

Responsible for the holdings Contex Group, Jøtul, Lindab and Medisize.

Born 1971. MSc Econ and MSc Eng.
Employed by Ratos since 2000.
McKinsey & Company 1999-00.
Arkwright 1996-99.

**Thomas Hofvenstam**
Investment Director.

Responsible for the holdings SB Seating and Superfos.

Born 1969. MSc Econ.
Employed by Ratos since 2001.
Booz Allen Hamilton 1996-01.
Arla 1995-1996. Enskilda Strategy 1994-95.

**Henrik Joelsson**
Investment Director.

Responsible for the holdings Anticimex and EuroMaint.

Born 1969. MSc Econ and MBA.
Employed by Ratos since 2004.
Bain & Company 1995-03.

**Leif Johansson**
Deputy CEO and Chief Operating Officer.

Responsible for the holdings Arcus Gruppen and Inwido.

Born 1949. Combined engineering and business degree.
Joined Ratos 2004.
CEO LB-Invest 1985-93.
Own consulting company 1994-04.
Procuritas KB 1989-04.

**Bo Jungner**
Investment Director.

Responsible for the holding Bisnode.

Born 1960. MSc Econ.
Employed by Ratos since 1998.
Brummer & Partners 1996-98.
SEB/Enskilda 1983-96.

**Arne Karlsson**
CEO.

Responsible for the holding Camfil.

Born 1958. MSc Econ.
Employed by Ratos since 1999.
Atle Mergers & Acquisitions 1996-98.
Atle 1993-1998. Hartwig Invest 1988-93.
Aktiv Placering 1982-88.

From left: Cecilia Lundberg, Henrik Blomé, Johan Pernvi, Lene Sandvoll Stern, Mikael Norlander, Robin Molvin, Jenny Askfelt Ruud, Johan Pålsson, Johan Rydmark, Thomas Mossberg, Leif Johansson, Anna Ahlberg

**Berit Lind**
Investment Manager.

Responsible for investments in IK Investment Partners.

Born 1961. MSc Econ.
Employed by Ratos since 2000.
Own business 1996-00. Öhman 1994-96.

**Cecilia Lundberg**
Investment Manager.

Born 1978. MSc Econ.
Employed by Ratos since 2006.
Alfred Berg Corporate Finance 2003-06.

**Henrik Lundh**
Senior Investment Manager.

Born 1972. MSc Econ.
Employed by Ratos since 2007.
Keystone Advisers 2000-07.
UBS Warburg 1998-00.

**Robin Molvin**
Senior Investment Manager.

Responsible for holdings AH Industries and BTJ Group.

Born 1972. MSc Econ.
Employed at Ratos since 2006.
Nordstjernan 1999-05.
Alfred Berg Corporate Finance 1997-99.

**Thomas Mossberg**
Senior Advisor.

Responsible for holding Overseas Telecom.

Born 1946. Doctor of Economics.
Employed by Ratos since 1977, Executive Vice President 1988-08 (acting CEO 1998).
Teacher and researcher at the Stockholm School of Economics and IFL 1970-77.

**Mikael Norlander**
Investment Manager.

Born 1978. MSc Econ.
Employed at Ratos since 2008.
Bain & Company 2003-08.

**Johan Pernvi**
Senior Investment Manager.

Born 1978. MSc Econ.
Employed at Ratos since 2006.
Bain & Company 2003-05.

**Jan Pomoell**
Investment Manager.

Born 1976. MSc Econ.
Employed at Ratos since 2007.
Tamro Corporation 2002-07.
The Boston Consulting Group 2000-02.

**Johan Pålsson**
Investment Manager.

Born 1979. MSc Econ.
Employed by Ratos since 2007.
Arthur D. Little 2004-07.

**Johan Rydmark**
Investment Manager.

Born 1977. MSc Econ.
Employed at Ratos since 2008.
AAC Capital Partners 2007-08.
ABN AMRO Capital 2003-07.

**Lene Sandvoll Stern**
Investment Manager.

Born 1981. MSc Econ.
Employed at Ratos since 2008.
McKinsey & Company 2004-08.

**Jonathan Wallis**
Senior Investment Manager.

Born 1974. MSc Econ.
Employed by Ratos since 2007.
Bain & Company 2000-07.

# Business support

Lars Warg  Maria Glifberg  Barbro Wallin  Clara Bolinder-Lundberg  Carina Strid  Emma Rheborg  Ing-Marie Pilebjer-Bosson  Kristina Linde

**Clara Bolinder-Lundberg**
Head of Corporate Communications.

Born 1958. MSc Econ.
Employed by Ratos since 2001.
Askus and Intellecta 1995-98.
Bankstödsnämnden 1994-95.
Hägglöf & Ponsbach 1988-92.
Handelsbanken 1983-88.

**Maria Glifberg**
Group Accounts.

Born 1961. MSc Econ.
Employed at Ratos since 2008.
SAS Group 2000-08.
SAS Internal Audit 1998-00.
Deloitte 1985-98.

**Kristina Linde**
Group Accounts Manager.

Born 1964. MSc Econ.
Employed by Ratos since 2010.
KPMG 1997-09.
Skattemyndigheten in Stockholm 1994-96.
KPMG 1987-94.

**Ing-Marie Pilebjer-Bosson**
Accounting specialist.

Born 1951. MSc Econ.
Employed by Ratos since 2008.
KPMG 2001-08.
Swedish Match 1998-01.
Scribona 1990-98.
Trygg-Hansa 1980-90.
Skatteförvaltningen 1975-80.

**Emma Rheborg**
Investor Relations Manager.

Born 1972. MSc Econ.
Employed by Ratos since 2007.
JKL 2001-07.
Hagströmer & Qviberg 1997-00.

**Carina Strid**
CFO.

Born 1968. MSc Econ.
Employed by Ratos since 2002.
KPMG 1997-02.
Pharmacia & Upjohn 1988-96.

**Barbro Wallin**
Head of Debt Management.

Born 1944. BSc Econ.
Joined Ratos 2003.
Nordea 1993-02. SEB 1961-93.
Own consulting company since 2002.

**Lars Warg**
Debt Manager.

Born 1946. M Pol Sc.
Employed by Ratos since 2008.
Nordea 1972-07.

# Administration

Helena Jansson
Assistant

Suzanne Boghammar
Kitchen

Linda Bergman
Assistant

Nina Aggebäck
Assistant to CEO

Kerstin Dard
Reception

Yvonne Bonnier
Accounts and Property

Agneta Ryner
Assistant

Fredrik Evén
IT

Monica Andersson
Accounts

Catrine Ernstdotter
Reception

Johan Andersson
Building Manager

Carina Melander
Accounts

# Corporate Responsibility

Ratos plays an active role in issues that involve responsibility and sustainability in companies and has chosen to use the term Corporate Responsibility (CR). This term covers areas that mainly relate to environmental and working environment issues, ethical issues, matters that concern society and the community, as well as corporate governance.

Ratos has a long tradition of being a responsible company and owner whose operations include nurturing and developing the trust that Ratos has built up in the Swedish business community and society over more than 140 years. One key component of this trust is responsibility towards Ratos's stakeholders – owners, employees, the community, holdings and others. Ratos makes investments independent of sector throughout the Nordic region and in companies with widely varying circumstances. Ratos never invests, however, in companies that operate in the arms industry, pornography or that are obviously harming the environment.

**Rules and guidelines**

Ratos and the Board have drawn up a total of eleven policies, four of which focus on issues relating to sustainability and responsibility.

- Ownership policy – clarifies how Ratos's basic values must be reflected when exercising the ownership role
- Code of Conduct (Social code of conduct based on the UN's Global Compact) – stipulates that Ratos and the holdings must comply with laws and regulations, human rights conventions, agreements and ethical norms
- Environmental policy – makes it clear that environmental consideration must be included as a natural part of Ratos and the holdings
- Sponsorship policy – clarifies Ratos's work with issues of a social nature

**Working methods**

Ratos has no production of its own and only has some 40 employees who are placed at the head office in Stockholm. For this reason Ratos's parent company has a very limited impact on the environment and its surroundings. On the other hand, as the owner of some twenty companies, Ratos can influence how each company takes responsibility for CR issues. This is done through various activities as an integrated part of Ratos's business model. The business model is based on exercising the role of owner where long-term sustainable development is combined with the highest possible returns.

Ratos seeks to ensure that work with CR issues is conducted by all holdings in a professional, active and responsible manner and this also summarises the values on which Ratos bases its entire operations.

*At acquisition* the inherent risks and opportunities are always examined as part of the due diligence process. This includes an assessment of the status of the company's CR work.

*During the ownership period* CR issues are often a strategic and competitive matter for the board. Since the impact the holdings have varies depending on company and sector, demands and CR initiatives are adapted to the conditions at each company. One basic prerequisite for all holdings' operations is compliance with laws and rules. In addition, the companies are encouraged to draw up policies, objectives and targets for the sustainability aspects judged most relevant.

Sustainability aspects are handled in the holdings in the same way as other issues, through active work on the board and by Ratos acting as a sounding board for management and participating in the development process.

- Structured board work ensures that CR issues are dealt with and are put on management's agenda. Ratos also checks that formalities such as relevant policies are in place, that objectives and targets are set and followed up, and that clear processes and responsibility structures are in place.
- Through close dialogue with companies' managements and CR managers, Ratos is able when required to support the CR work with best practice examples, frameworks, contacts, etc.
- The work of the holdings on CR issues is then followed up in Ratos's annual evaluation of each holding.

*At exits* a company with a well-documented analysis of its impact on the environment and society often commands a lower risk premium and therefore a higher price. This is yet another reason why structured CR work is important for Ratos as an owner.

**"Ratos seeks to ensure that work with CR issues is conducted by all holdings in a professional, active and responsible manner"**

### Organisation

At Ratos there is a CR Group consisting of the Head of Corporate Communications (manager), and a Senior Investment Manager, which is responsible for ensuring that work on CR issues is carried out professionally and responsibly in both Ratos and the holdings. Each person responsible for a holding ensures that policies and guidelines are drawn up and complied with in the holdings. The CR Group prepares a report each year that is presented to the Ratos Board.

### Events during the year

In addition to ongoing work during the year, the Ratos CR Group conducted a number of focused activities.

- Ratos CR Day: In May 2009, Ratos organised a full-day seminar on sustainability issues. The program included presentations by external speakers and good examples from Ratos's portfolio companies. All Ratos's holdings were represented. The purpose of the day was to inform, educate and inspire senior executives in the holdings in work with CR issues.

- Policy work: During 2008 Ratos worked to ensure that all holdings had or drew up an environmental policy approved by the board. This work continued during 2009 with a focus on overall sustainability issues and polices to support the companies' CR work. Most of Ratos's holdings today have an ethics policy and/or social code of conduct, which together with the environmental policy provide a foundation for ongoing CR work.

- Issue Management: During the year a structured process was introduced at Ratos and in the holdings to try to identify possible risks that could provoke a crisis or have a negative impact on the companies' operations. Suppliers, customers, employees' conditions, environmental risks, production facilities, etc., were taken into consideration. Work with Issue Management will be compiled annually in a report and presented to the Ratos Board.

- Reporting: During the year an analysis and evaluation were started of whether Ratos can adapt its sustainability reporting according to the Global Reporting Initiative (GRI). The results of the analysis will be completed in 2010 and are expected to result in more structured CR reporting in future.

- Environmental programme: An environmental programme was drafted in conjunction with refurbishment at the head office at Drottninggatan 2 in Stockholm, which started in 2008. This programme was implemented and improved during 2009. The programme includes improved waste management, paper recovery and recycling. Low-energy light bulbs, presence sensors for lighting and heating in offices and conference rooms, rechargeable batteries and water dispensers to replace cans and bottles are also in place.

- Stakeholder dialogues: Ratos interacts regularly with key stakeholders to provide information about the company's activities and business model and listen to stakeholders' questions and views. During the year Ratos arranged or took part in networking meetings, seminars, company visits, trade association meetings, capital market days, analysts meetings, shareholder meetings, telephone conferences as well as private meetings in Sweden, Denmark, Norway and Finland. During the year a survey was conducted to identify how holdings and external board members view Ratos and our co-operation. This took the form of in-depth interviews with relevant people.

**CR policies in the holdings – status**

| | Yes | No |
|---|---|---|
| Environmental policy | 20 | 0 |
| Code of Conduct and/or ethics policy | 11 | 9 |
| Sustainability reporting | 4 | 16 |

# Sustainability initiatives at Camfil

One of the holdings that worked actively with sustainability issues during the year is Camfil. They report on this work in a separate sustainability report. Myriam Tryjefaczka is Corporate Sustainability Manager at Camfil.

**Camfil focused on sustainability issues during the year. Why was this?**

If Camfil is to retain its leading position and continue to grow, we are convinced that it is crucial to work with and pursue sustainability issues. Our focus on sustainability also means that we can meet the high demands made on us by our customers, employees and other stakeholders to be a responsible company. We have accepted a financial and environmental responsibility for our products for many years with a special focus on their lifecycles and environmental impact. Now we are placing all our experience in an internal sustainability programme called Camfilcairing which summarises our targets, strategies and action plans for these issues.

Myriam Tryjefaczka, Corporate Sustainability Manager at Camfil.

**How do you work with sustainability issues?**

I support and co-ordinate activities and provide relevant policies, references and frameworks. Our sustainability initiatives are integrated in our daily business activities and co-ordinated between the different companies. I also try to identify and keep myself up to date with current sustainability issues. Our operating managers are responsible for integrating sustainability work in their operations.

**How do you guarantee and check that all your 23 production facilities on four continents comply with your guidelines and policies?**

Our core business is based on having local representatives out where we conduct operations. We train and co-ordinate these representatives in order to achieve our goals. Then it is our representatives who must ensure implementation and compliance for our sustainability work. My work involves close contact with these representatives. We aim to comply with the UN Global Compact Principles and Global Reporting Initiative which provide the rules and guidelines on which we base how we work with and report on sustainability.

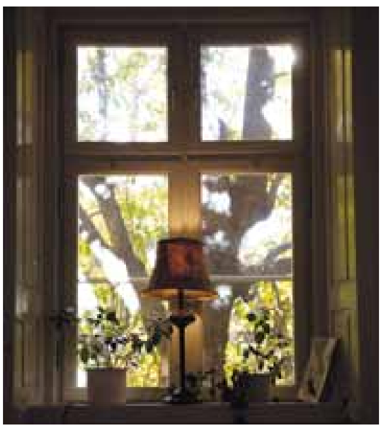
**You set measurable targets for 2009. How did this go and do you have new targets for 2010?**

During 2009 we launched our sustainability programme Camfilcairing in all Camfil Farr subsidiaries. We have also drawn up policies and guidelines to be implemented in our daily operations. These guidelines are the foundation of the Camfilcairing programme. Throughout the year we also collected data and developed action plans relating to energy efficiency, indoor air quality, green products, the supply chain and risk assessment. We also published our first sustainability report. Ahead of 2010 we will continue to develop our policies and guidelines and start to evaluate how these are working in our operations worldwide and at our suppliers.

# Active social responsibility

Throughout the company's 144-year history, Ratos has played an active role in the community in which it operates.

At the beginning of the 20th century, Olof A Söderberg, who belonged to the second generation of the Söderberg founder family, together with the Wallenberg family initiated the foundation of the Stockholm School of Economics which helped to ensure first-class business education programmes in Sweden. Olof A Söderberg was also one of the driving forces in regulating and securing pensions for salaried employees through the foundation of what was later to become SPP. Ragnar Söderberg (Olof A Söderberg's son) as CEO of Söderberg & Haak was among the first to offer his employees social benefits such as free dental and medical care and a so-called "child allowance". The founders' involvement in and care for the community in which they worked is a key component of Ratos's corporate culture. The Ratos of today has therefore adapted its social involvement to reflect this long tradition of active community involvement in a manner that suits today's expectations on the company from owners, employees and other stakeholders.



Klaragården is a refuge for vulnerable women.

**Torsten Söderberg foundation and Ragnar Söderberg foundation**
The Torsten Söderberg Foundation and the Ragnar Söderberg Foundation were formed in 1960 when brothers Torsten and Ragnar Söderberg, then the largest owners of Ratos, each donated 20,000 Ratos shares to each foundation. The purpose of these foundations is to "promote scientific research and scientific education and studies of benefit to the country, whereby the main focus should be on economics, medicine and law". Since 1960, the Torsten Söderberg Foundation and the Ragnar Söderberg Foundation have distributed approximately SEK 1.6 billion for different purposes such as professorships, academic theses, research projects, field studies, scientific equipment and rewards for outstanding achievements. The largest recipients of grants since the start have been the Stockholm School of Economics, the Karolinska Institutet, and the universities of Uppsala, Lund and Gothenburg. The Torsten Söderberg Foundation and the Ragnar Söderberg Foundation combined are today one of Sweden's biggest non-government providers of grants within its fields. A total of SEK 258m was distributed in 2009.

**Carefully selected community involvement**
Ratos does not have its own production and sells neither products nor services. The Board therefore decided that Ratos should not be involved in outgoing and visible sponsoring. Instead, the company has chosen to work in a structured manner with a limited number of targeted projects, membership of associations, and other support. Targeted projects are selected carefully in the Nordic countries in which Ratos operates in order to ensure that the funds allocated have the greatest possible effect. Project partners are prioritised for support according to the guidelines: Ratos's immediate neighbourhood at the head office in Stockholm, pioneering and/or ground-breaking projects which focus on the most vulnerable groups in society, especially children and young people. Each project is monitored continuously and an annual evaluation is presented to the Board. The choice of membership of associations and research is linked to Ratos's business activities or where Ratos has an historic and wellmotivated involvement.

In 2009 Ratos chose to support the following projects and/or organisations.

STOCKHOLMS STADSMISSION

PARTNER 2010

**Stockholm's City Mission, Klaragården project**
The Stockholm's City Mission's house Klaragården is a refuge for vulnerable women in the Stockholm area which they can visit daily for a meal, a shower, a sleep or other support such as advice on legal matters. Klaragården often provides security for women where they can feel part of a community in a warm and cosy

environment. Ratos has been a project partner since 2004.

**S:ta Clara Grannar**

S:ta Clara Grannar (St. Clara Neighbours) tries to seek out young people at risk in the heart of Stockholm and offer them an alternative meeting place in the form of a café and musical activities. This work has enjoyed considerable success in recent years. Ratos has been one of the principal sponsors of this movement since 2003.

**Co-operation Against Trafficking**

The development partnership Co-operation Against Trafficking (ISMT) is a recently started foundation. The aim is to provide direct support to victims of human trafficking. Fund-raising against trafficking started as an initiative of Co-operation Against Trafficking (2005-2007), a co-operation between authorities and civil society, and is one of the biggest initiatives ever taken in Sweden in this area. ISMT has identified a need within this area where society's resources are insufficient. Ratos is the foundation's only sponsor partner and has considerable influence on how this work can develop.

By offering friendship families, Save the Children Denmark supports children in vulnerable families.

**Mentor**

Since 2006, Ratos has been a corporate partner of Mentor Sweden, which is a sibling of the international Mentor Foundation based in Geneva, Switzerland. The aim is to support and work with drug addiction and violence prevention activities among young people. This is done through a mentorship programme which targets young people and through support to parents via a parenting programme that offers courses and seminars to spread knowledge and create awareness.

The aim of Mentor's work is to give young people the strength to resist violence and drugs.

**Save the Children Norway WHISPER**

Ratos was one of the instigators in 2006 of Save the Children Norway's WHISPER project. WHISPER works to prevent trading and exploitation of children. These activities also seek to protect the rights of the child in society.

**Save the Children Denmark**

In Denmark, Ratos supports the Danish Save the Children project Children's Friendship Families. The project works to offer children who live in vulnerable families a friendship family which regularly relieves the pressure on and supports them. This help involves the children staying with the friendship families and accompanying them on other activities.

**Other projects and membership of associations**

Ratos supports the Stockholm School of Economics by being a so-called Capital Partner. Funds from the partners are invested in four areas within the framework of research activities at the School.

Under the auspices of the Centre for Business and Policy Studies (SNS), Ratos contributes to research within areas closely related to the Group's activities. Ratos's CEO Arne Karlsson is Chairman of the Board of SNS. Ratos is also represented on the Stockholm Chamber of Commerce Tax Committee and Business Policy Council and the Tax Delegation for Swedish Business and Commerce.

# Corporate Governance

We have now left a dramatic year – 2009 – behind us. A year of sharp economic downturn which faced both business and society in general with many trials and difficult decisions.

Our aim to conduct professional, active and responsible ownership was hard tested over the past year. Since we were well prepared – the downturn itself was hardly unexpected – efficient decision-making paths, a clear division of responsibility, as well as good control and awareness of the risks in their operations, our portfolio companies have been able to meet and handle the crisis in a well-thought out and effective manner. The vigilance and fast action in our portfolio companies have been exemplary in this fast-changing situation.

At Ratos order and structure have been given priority for many decades and this made a very positive contribution to the way we were able to handle the crisis. Corporate governance is rather in vogue and a lot has been written and said on the subject in recent years. It is with satisfaction that I can state that Ratos, when we were put to the test, not only mastered corporate governance in theory, but also in practice. Shareholders can be convinced that vigilance will continue to guide our activities.

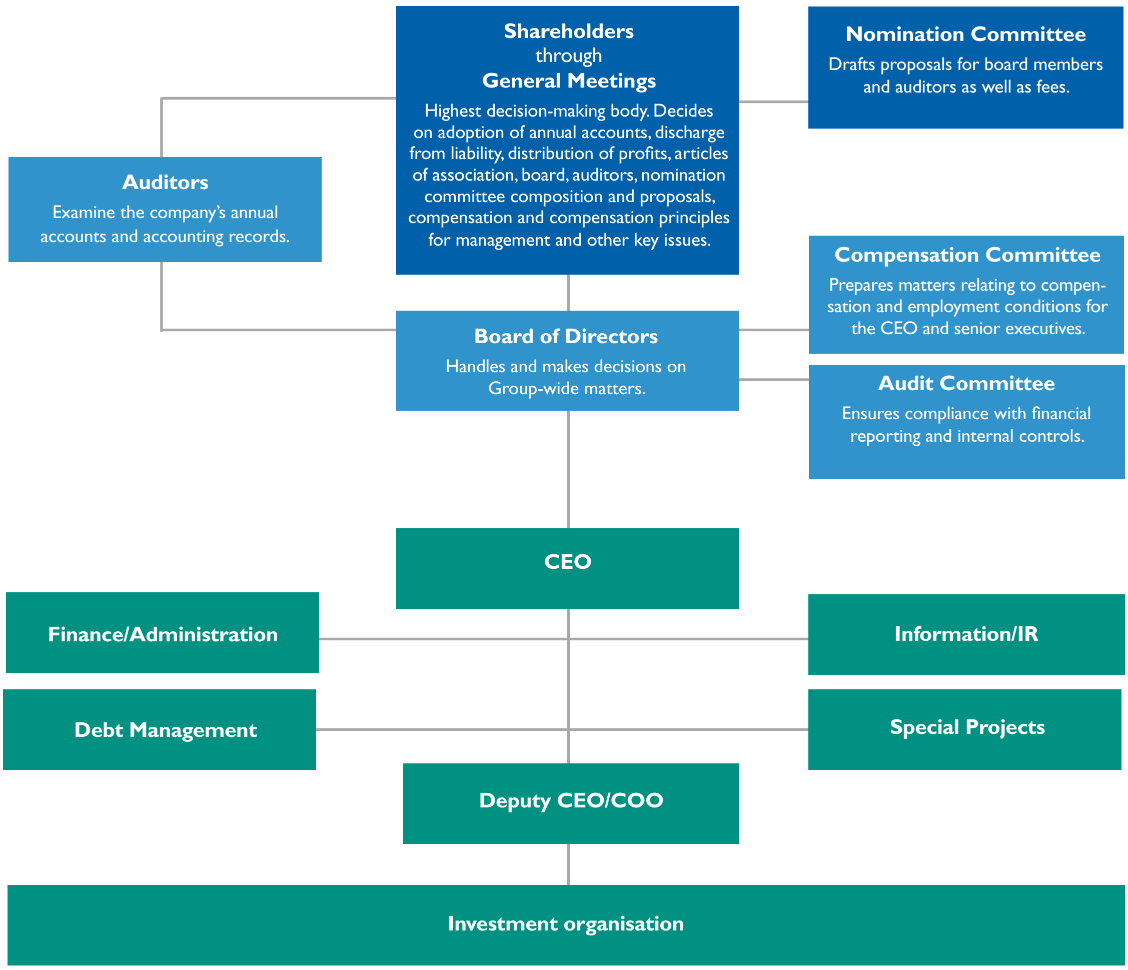
Ratos has chosen to comply with the Swedish Code of Corporate Governance since its introduction five years ago, except with regard to the composition of the Nomination Committee (see Nomination Committee page 38). The self-regulatory Code has made a positive contribution in that we now have clear guidelines on how corporate governance should be applied. It is also a strength that the Code's "comply or explain" rule allows it to be adapted to companies' different circumstances if sensible reasons for non-compliance exist. As I see it, this is one of the strengths of the Code. The Code has also helped to raise the credibility of and confidence in Swedish business.

Olof Stenhammar
Chairman of the Board

In 2009 Ratos's Chairman, Olof Stenhammar, received the Golden Gavel Award. The Golden Gavel Award was founded in 2005 by the Swedish Academy of Board Directors and Deloitte and is awarded annually for outstanding performance in the role of chairman.

# Corporate governance report 2009

## Governance structure at Ratos




### Key external rules

- Swedish Companies Act
- Accounting legislation (Swedish Bookkeeping Act, Annual Accounts Act and IFRS)
- NASDAQ OMX Stockholm Rules for issuers
- Swedish Code of Corporate Governance

### Key internal rules

- Articles of Association
- The Board's formal work plan
- Instructions for the CEO
- Decision-making procedures/ authorisation instructions
- Instructions for financial reporting
- Policies and guidelines

### Policy documents adopted by the Board

- Financial strategy
- Incentive policy for senior executives
- Information and crisis policy
- Environmental policy
- Investment policy
- Pensions policy
- Rules for Ratos employees' share transactions
- Code of social conduct
- Sponsorship policy
- IT security and purchasing policy
- Ownership policy

## Corporate governance in Ratos

Ratos AB is a public limited company and is regulated by Swedish legislation mainly through the Swedish Companies Act, and by NASDAQ OMX Stockholm AB's Rules for issuers. In addition, the Swedish business community's self-regulation is taken into account where the Swedish Corporate Governance Board has formulated the Swedish Code of Corporate Governance.

In addition to legislation and self-regulating recommendations and rules, the Articles of Association form the basis for governance of operations. The Articles of Association specify where the Board shall be domiciled, the focus of operations, rules about general meetings, information about class of shares and share capital, etc.

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

Ratos applies the Code and does not report any non-compliance with the Code in the 2009 financial year, except with regard to the composition of the Nomination Committee (see under Nomination Committee below).

The report has not been reviewed by the company's auditors.

## Share capital and shareholders

Ratos has been listed on NASDAQ OMX Stockholm since 1954. At year-end 2009 the share capital amounted to SEK 1,019.7m divided among 161,852,892 shares, of which 42,328,530 A shares and 119,524,362 B shares. The company's A shares carry entitlement to one vote per share while B shares carry entitlement to one-tenth of a vote per share. All shares carry the same right to a share of the company's assets and to the same amount of dividend.

At year-end 2009 Ratos had a total of 40,494 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 79% of the voting rights and 49% of the capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 12%. 64% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital. More information about Ratos's shareholders and share performance in 2009 is provided on pages 22-25.

## General meetings

The general meeting is the highest decision-making body in Ratos and an Annual General Meeting of Shareholders is to be convened in Stockholm once a year before the end of June. Notice of an ordinary general meeting must be published no earlier than six weeks and no later than four weeks prior to the meeting and of an extraordinary general meeting no earlier than six weeks and no later than two weeks prior to the meeting. The notice must always take the form of an announcement published in the Official Swedish Gazette (Post- och Inrikes Tidningar)

According to Ratos's Articles of Association the following business shall come before the Annual General Meeting:

- ✔ Opening of the Meeting.
- ✔ Election of the Chairman of the Meeting.
- ✔ Preparation and approval of the voting list.
- ✔ Election of two persons to check the minutes.
- ✔ Determination of whether the Meeting has been duly convened.
- ✔ Approval of the Agenda for the Meeting.
- ✔ Presentation of the annual report and the auditor's report.
- ✔ Resolutions on
  - a. adoption of the income statement and balance sheet, as well as of the consolidated income statement and consolidated balance sheet,
  - b. discharge from liability for the members of the Board of Directors and the CEO, as well as
  - c. disposition of the Company's profit or loss according to the adopted balance sheet.
- ✔ Determination of the number of directors and deputy directors who shall be elected by the Meeting.
- ✔ Determination of fees to be paid to the Board of Directors and auditors.
- ✔ Election of the Board of Directors and (where appropriate according to Article 10) auditors and deputy auditors.
- ✔ Any other business to come before the Meeting according to the Swedish Companies Act or the Articles of Association.

and in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in a Swedish and English version.

All shareholders who are registered on Euroclear Sweden's list of shareholders who have notified their attendance to the company in due time are entitled to attend the Meeting and to vote for their total holding of shares. Shareholders may bring an assistant to the meeting provided they have notified the company.

**2009 Annual General Meeting**

The 2009 Annual General Meeting was held on 5 April in City Conference Centre in Stockholm. The Meeting was attended by 582 shareholders, proxies or assistants, who together represented 81% of the voting rights and 54% of the capital. Ratos's Board, management and auditor were present at the meeting. The CEO's address to the meeting was published in its entirety on the website the day after the Meeting. Minutes in Swedish and English versions were available on the website approximately two weeks after the Meeting.

**Nomination Committee**

The 2009 Annual General Meeting resolved that the company's Chairman in consultation with the company's major shareholders should appoint a nomination committee ahead of the 2010 Annual General Meeting. According to the Annual General Meeting decision, the Nomination Committee shall comprise a minimum of four members, one of whom is the company Chairman. If an already appointed member resigns from the Nomination Committee, the company's major shareholders shall appoint a replacement following consultation. The members of the Nomination Committee do not receive any remuneration from the company but are entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment.

The composition of the Nomination Committee was announced on Ratos's website and disclosed together with contact details through a press release on 9 October 2009.

The members of the Nomination Committee are as follows:

- Annika Andersson representing AP4
- Anders Oscarsson representing AMF Pension
- Olof Stenhammar as Chairman of Ratos's Board
- Jan Söderberg representing the Ragnar Söderberg Foundation as well as his own and related parties' holdings, Board member
- Maria Söderberg representing the Torsten Söderberg Foundation
- Per-Olof Söderberg representing his own and related parties' holdings, Board member

Ratos has chosen to deviate from the Code with regard to the recommendation that not more than one Board member who sits on the Nomination Committee is non-independent in relation to the company's major shareholders. Chairman of the Board, Olof Stenhammar, and Ratos are of the opinion that Per-Olof Söderberg and Jan Söderberg, regardless of their non-independence to major shareholders, should be members of the Nomination Committee in their capacity as the company's two largest individual owners.

**The Nomination Committee ahead of the 2010 Annual General Meeting**

| Member | Represents | Share of voting rights 30 Sept 2009 | Share of voting rights 31 Dec 2009 |
|---|---|---|---|
| Jan Söderberg | Ragnar Söderberg foundation and own and related parties' holdings | 26.9% | 26.9% |
| Per-Olof Söderberg | Own and related parties' holdings | 14.9% | 14.9% |
| Maria Söderberg | Torsten Söderberg foundation | 12.2% | 12.3% |
| Anders Oscarsson | AMF Pension | 1.1% | 1.2% |
| Annika Andersson | AP4 | 0.5% | 0.5% |
| Olof Stenhammar | Chairman of the Ratos Board | – | – |
| **Total** | | **55.6%** | **55.8%** |

### The work of the Nomination Committee

The duties of the Nomination Committee are as follows:

- To evaluate the composition and work of the Board
- To prepare a proposal to the Annual General Meeting regarding election of the Board and the Chairman of the Board
- To prepare a proposal, in co-operation with the company's Audit Committee, to the Annual General Meeting regarding election of auditor when appropriate
- To prepare a proposal to the Annual General Meeting regarding fees to the Board and auditors
- To prepare a proposal to the Annual General Meeting regarding a chairman for the meeting
- To prepare a proposal to the Annual General Meeting regarding principles for the composition of the Nomination Committee

Ahead of the 2010 Annual General Meeting the Nomination Committee held three minuted meetings. As in the previous year, the Nomination Committee's work included the strategic issues the Board is expected to face in the years ahead and on this basis a discussion of the composition and size of the Board. The general opinion was that the Board functions well and that no changes need to be made.

A committee composed of members independent of the Board prepared the issue of fees to the Chairman of the company, other Board members who are not employed by the company and fees to the committees. The Audit Committee submitted a proposal on auditor fees to the Nomination Committee.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2010 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and at the 2010 Annual General Meeting.

## Board of Directors

### The role of the Board

According to the Swedish Companies Act the board is responsible for the company's organisation and management of its affairs. The duties of the board include assessing the financial situation of the company, ongoing control of the work, adopting a formal work plan, appointing a CEO and stipulating allocation of working duties.

In addition to what is stipulated in the Swedish Companies Act the board should develop the company's strategy and business plan in such a manner that the long-term interests of shareholders are met in the best possible way. The board should also support and guide management in a positive manner.

The board is appointed by the shareholders at the Annual General Meeting with a mandate period from the Annual General Meeting until the next Annual General Meeting has been held.

According to the Articles of Association Ratos's Board shall comprise a minimum of four and a maximum of nine members with a maximum of three deputies. All members of the Board are elected by the shareholders at the Annual General Meeting for the period until the next Annual General Meeting has been held. A Board decision only applies if more than half of the elected Board members are agreed.

The 2009 Annual General Meeting re-elected Olof Stenhammar (Chairman), Lars Berg, Staffan Bohman, Arne Karlsson, Annette Sadolin, Jan Söderberg and Per-Olof Söderberg. Margareth Øvrum was elected as a new member of the Board. Margareth Øvrum, born 1958, has an MSc in Engineering from the Norwegian Institute of Technology (NTH), specialising in technical physics. She is currently Executive Vice President for the Technology & New Energy business area within the StatoilHydro Group. Previously she held management positions in the Statoil Group within purchasing, production, projects, health, safety and the environment and was Statoil's first female oil platform manager. Margareth Øvrum is a Norwegian citizen and lives in Norway. No deputies were elected. All Board members elected at the 2009 Annual General Meeting are presented in more detail on pages 46-47.

### The Board's formal work plan

Each year the Board adopts a formal work plan for its work designed to ensure that the company's operations and financial circumstances are controlled in an adequate manner. The formal work plan includes:

- The Chairman's role and duties
- Instructions for the company's CEO

- Decision-making procedures for Ratos's Board and CEO relating to investment activities
- Formal work plan for Compensation Committee
- Formal work plan for Audit Committee
- Formal work plan for subsidiaries
- Board meeting procedures
- Procedures for the provision of information between the company and the Board

### Chairman of the Board

The Annual General Meeting elects a Chairman of the Board whose main duty is to lead the work of the Board and ensure that Board members carry out their respective duties. According to the formal work plan, the Chairman also mainly has the following duties:

- Responsible for ensuring that the Board follows a good formal work plan
- Ensuring that decisions are made on requisite matters and that minutes are kept
- Responsible for convening meetings and ensuring that requisite decision material is sent to Board members approximately one week before the meeting
- Acting as a contact and maintaining regular contact with CEO and management
- Maintaining regular contact with auditors and ensuring that auditors are notified to attend a meeting in conjunction with the year-end report
- Ensuring that an annual evaluation of the work of the Board and performance of Board members is carried out
- Annually evaluating and reporting on the work of the CEO

### Work of the Board

The decision-making procedures for the company's Board and CEO relating to investment activities stipulate that all acquisitions of, and add-on investments in, companies that are to be included among Ratos's holdings must be submitted to the Board for decision. This also applies to divestments, wholly or partly, of a holding. Guarantees or pledging of other collateral from Ratos is decided by the Board. The Board is kept informed on an ongoing basis about the development of operations through a regular CEO's letter. Information material and material on which decisions are to be made at board meetings are normally sent out one to two weeks prior to each meeting. An evaluation of all the holdings is performed every year in which an analysis of holding strategy, results and forecasts for the coming year are presented. These evaluations are presented to the Board by the person responsible for the company.

### Evaluation of the Board

The Chairman of the Board decides on an annual evaluation of the work of the Board where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and

### Board of Directors

| | | | | No. of meetings attended | | | | Position in relation to | |
|---|---|---|---|---|---|---|---|---|---|
| Member | Born | Elected | Nationality | Board 13 meetings | Compensation Committee 5 meetings | Audit Committee 3 meetings | Remuneration 2009, SEK | Company | Major shareholders |
| Olof Stenhammar | 1941 | 1994 | Swedish | 13 | 5 | 2 | 900,000 | independent | independent |
| Lars Berg | 1947 | 2000 | Swedish | 12 | | 3 | 430,000 | independent | independent |
| Staffan Bohman | 1949 | 2005 | Swedish | 12 | 5 | 2 | 460,000 | independent | independent |
| Arne Karlsson | 1958 | 1999 | Swedish | 13 | | | | non-independent | independent |
| Annette Sadolin | 1947 | 2007 | Danish | 13 | | 3 | 430,000 | independent | independent |
| Jan Söderberg | 1956 | 2000 | Swedish | 13 | 5 | 3 | 460,000 | independent | non-independent |
| Per-Olof Söderberg | 1955 | 2000 | Swedish | 12 | 5 | 3 | 460,000 | independent | non-independent |
| Margareth Øvrum *) | 1958 | 2009 | Norwegian | 9 | | 2 | 430,000 | independent | independent |

*) Elected at the Annual General Meeting 2009.

the scope of the assignment. The evaluation for 2009 was performed by an external consultant. The conclusion of the evaluation was that the work of the Board had proceeded in an exemplary manner and achieved the best marks that a Board can obtain. This relates both to ongoing Board work and the quality of the members of the Board. All members were considered to have made a constructive contribution to both strategic discussions and the governance of the company. The dialogue between the Board and management was also perceived as very good.

### Work of the Board in 2009

During 2009, 13 minuted board meetings were held – seven ordinary meetings, one statutory meeting and five extra board meetings. Board meetings have a recurrent structure with the following key items:

- January: Annual evaluations of all holdings
- February: Year-end report, audit report, work of the Compensation Committee
- April: Annual General Meeting, statutory meeting in conjunction with the Meeting
- June: Visits to holdings
- August: Six-month report
- October: Strategy meeting
- December: Examination of the Audit Committee report (Hard Close)

Extra Board meetings normally examine acquisition and exit questions as well as financing and are held when such matters requiring a Board decision arise. Information about attendance at board meetings is provided in the table on the previous page. The minutes were taken by the Secretary to the Board who during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Other senior executives at Ratos attended board meetings to present specific issues. Board meetings follow an adopted agenda and complete documentation is sent out in due time ahead of every board meeting.

## Auditor

At the 2008 Annual General Meeting the audit firm KPMG AB was elected as auditor with Thomas Thiel as Senior Auditor for the period until the 2012 Annual General Meeting has been held. KPMG with Thomas Thiel as Senior Auditor were elected for the first time at the 2004 Annual General Meeting. In addition to his assignment for Ratos, Thomas Thiel is auditor of companies that include Atlas Copco, Axfood, Folksam, GS-Hydro, Peab AB, Skandia, SKF and Swedish Match as well as the Ragnar Söderberg Foundation and the Torsten Söderberg Foundation, which together are Ratos's largest single owner.

## Compensation Committee

At Ratos structured work with compensation principles has been under way for many years and this was further formalised in 1999 when the Board set up a Compensation Committee to which members are appointed annually. Committee members in 2009 were Olof Stenhammar (chairman), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg.

The Compensation Committee has both an advisory function and a preparatory function for decision matters prior to their examination and decision by the Ratos Board.

The following matters are handled by the Compensation Committee:

- The CEO's terms of employment
- Terms for employees directly subordinate to the CEO according to "the grandfather principle"
- Advice where required on general policy formulations
- Matters of principle concerning pension agreements, severance pay/notice periods, bonus/earnings-related compensation, fees (Swedish/foreign), benefits, etc.
- Matters relating to Ratos's compensation system

### The work of the Compensation Committee in 2009

The Compensation Committee held five minuted meetings during 2009 and was in regular contact in between. The minutes were taken by the company's CEO, Arne Karlsson.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination is carried out to see whether there are any major compensation-related issues of principle to prepare. If such issues exist they are processed ahead of a final decision at the ordinary meeting in January. The Compensation Committee also prepares and processes guidelines for the structure of general salary development for the years ahead and conducts an annual review of Ratos's long-term incentive systems. During the year the committee also discussed succession maters as well as questions relating to leadership and organisational development.

### Audit Committee

The Board has appointed an Audit Committee in order to give work with reporting and auditing a special forum. The Audit Committee includes all members of the Board with the exception of Ratos's CEO.

The main duties of the Audit Committee are as follows:

- Examine the quality of accounts and internal control as well as audit arrangements
- Discuss valuation issues and assessments in closing accounts
- Evaluate the work of the auditors and prepare for the election of new auditors when appropriate
- Discuss risk assessments, public financial information, auditors' fees, co-operation between auditors and management and ethical rules in the company.

The entire Audit Committee met the company's auditor on two occasions in 2009 and held three minuted meetings. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditors.

### Internal control

Internal control of financial reporting is based on how operations are conducted and how the organisation is built up. Authority and responsibility are documented and have been communicated in documents such as internal guidelines and manuals. This applies, for example, to the division of work between the Board on the one hand and the CEO on the other hand and the other bodies set up by the Board, instructions for powers of authorisation as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

In the internal control of financial reporting, the parent company is assessed separately and each individual holding is assessed separately, regardless of whether they are subsidiaries or associates. Assessments are made both ahead of an acquisition and during the ownership period. Each holding represents its own risk independent of other holdings, where a person responsible for the company has main responsibility for a holding.

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the person responsible for the company and the accounts/finance function to the CEO, who in turn reports to the Board. Holdings' application of IFRS in reporting to Ratos is followed up in conjunction with quarterly accounts. Ahead of an acquisition a due diligence examination of the company is performed, which includes an analysis of the accounting consequences and a review of capital structure and a financial risk analysis.

Information and communications channels at Ratos are designed to promote the completeness and accuracy of financial reporting. The accounts/finance function formally controls the companies' reports and those responsible for each holding check reporting from a material aspect. Control within subsidiaries and associates is decided separately for each company. Ratos continuously follows up the holdings' compliance with guidelines and manuals.

Acquisitions and divestments are also examined with the auditors. In parallel with the annual evaluation which is described in the description of the work of the Board, impairment testing is performed for each holding.

Key internal documents for internal control:

- Rules for authorisation entitlement
- Rules for signatories
- Power of attorney at acquisitions
- Formal work plan at acquisitions
- Investment instructions for cash and cash equivalents and fixed-income securities
- Decision-making procedures for investment activities
- Instructions for CEO
- Other powers of attorney

**Quality assurance for financial reporting**

In addition to what is stated above, the Audit Committee is tasked with quality assurance of the company's financial reporting and maintaining regular contact with the company's auditors.

It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the accounting, reporting and finance functions are staffed and organised. At Ratos, the entire business organisation is deeply involved in reporting of the individual holdings. This means, that the quality of the accounting and reporting of the holdings is continuously examined and improved.

The finance and accounting unit is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people are employed within the function headed by the company's CFO. All employees, five of whom have a degree in economics, have many years of professional experience in financial control, reporting and accounting. The Debt Management staff function comprises two people with a university degree and many years of experience of banking and finance issues.

Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated with the Ratos Group but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of the value-creating work with the companies, is to create independent and high-quality organisations with a quality of financial reporting that corresponds to that of a listed company. As guidance for the holdings, Ratos has prepared a reporting manual that provides clear instructions on how reporting to Ratos should be carried out. In addition, the holdings' accounting function are invited at regular intervals during the year to seminars on central reporting, accounting and financial matters. Over the past two years, Ratos has organised a total of six seminars for the holdings that have discussed issues within accounting and financing.

Reporting from subsidiaries takes place monthly, where the requirement is only to report an income statement. Complete closing quarterly accounts are received from subsidiaries. The accounts function prepares monthly reports on operating results for management. A complete consolidated income statement and a complete consolideted statement of financial position are prepared and published quarterly, one of which is reviewed by the company's auditors. In conjunction with quarterly reporting, the Board receives extensive in-depth material concerning both the Group and the individual holdings.

Subsidiaries' reporting is reviewed by the auditors twice a year, in September known as a Hard Close, and in conjunction with the report for the full year. A Hard Close with subsequent review is carried out in order to prepare and facilitate the audit of the complete report for the full year. The accounts function follows up the Hard Close audit using a so-called "traffic light system" where any observations made by auditors on the holdings are graded according to their significance and risk. Ratos performs a quarterly follow-up to ensure that all audit observations have been put right. Traffic light and audit reports are presented to the Audit Committee. Auditors' review of the full-year closing accounts is also followed up and presented to the Audit Committee.

In the associates, Ratos decides in consultation with other owners whether a reviewed Hard Close should be prepared.

**Compensation to the Board of Directors, auditor and senior executives**

**Compensation to the CEO and the Board**

The 2009 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 400,000 per member and year (although not to Ratos's CEO) while compensation to the Chairman of the Board should amount to SEK 800,000 per year. Information on compensation to the CEO is provided in Note 9 on page 74.

**Compensation to members of the Compensation and Audit Committees**

It was decided to pay an additional SEK 30,000 per year and committee to Board members who sit on these committees while compensation to committee chairmen was set at SEK 50,000 per year and committee.

### Auditors' fees

Compensation is paid to the company's auditors in accordance with a special agreement on this matter. In 2009, audit fees amounted to SEK 2m in the parent company and SEK 19m in the Group. In addition, the parent company paid SEK 2m in fees for other assignments to the company's auditors and the Group as a whole paid fees for other assignments amounting to SEK 7m. The Board has established guidelines for the relation between auditing fees and consulting fees. These guidelines are continuously followed up by the Audit Committee which also evaluates the content of both auditing and consulting services.

### Guidelines and principles for compensation to senior executives

The guidelines for compensation and incentive systems for key people as set out below were approved by the 2009 Annual General Meeting. The following guidelines were applied throughout 2009.

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

The system comprises four components, basic salary, variable salary, call options and synthetic options, and rests on five basic principles.

1. Ratos's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain within Ratos.
2. Both individual effort and the Group's performance must be linked to clear targets set by the Board.
3. The variable compensation that is paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's equity.
4. Each year the Board sets a limit for the total variable compensation. The variable compensation can amount at maximum to approximately one per cent of the company's equity at the start of the financial year.
5. Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can gain from share price rises alternatively realised increase in value as well as taking a personal risk by paying a market price for the options.

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned. With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. The Board shall be entitled to deviate from these guidelines if special reasons exist.

Variable compensation does not fall due until certain conditions regarding return on the company's equity have been met. For 2009, the requirement for payment of variable compensation was that consolidated profit before tax,

**Terms for call options outstanding at 31 December 2009**

| Maturity | Price/option, SEK | Entitlement to purchase no. of shares | Exercise price, SEK | Outstanding no. of options | Corresponding no. of shares |
|---|---|---|---|---|---|
| 2005 – 31 March 2010 | 11.20 | 2.15 | 102.90 | 74,000 | 159,100 |
| 2006 – 31 March 2011 | 21.20 | 2.15 | 151.80 | 464,000 | 997,600 |
| 2007 – 31 March 2012 | 36.50 | 1 | 278.00 | 518,000 | 518,000 |
| 2008 – 20 March 2013 | 28.10 | 1.02 | 255.60 | 552,500 | 563,550 |
| 2009 – 20 March 2014 | 13.00 | 1 | 188.10 | 641,000 | 641,000 |
| | | | | **2,249,500** | **2,879,250** |

Maximum increase in relation to outstanding shares is 1.8%.

adjusted for minority effects in minority-owned subsidiaries shall correspond to at least 8% of opening equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which falls due in the event of adjusted profit before tax of 32% of opening equity. An earnings bank for the result that forms the basis for calculation of variable compensation is applied. This means that earnings which in a certain year exceed the 32% ceiling are transferred to the next year and increase the earnings on which compensation is calculated. Earnings that are less than the threshold amount of 8% are also transferred and charged against earnings on which compensation is based in the following year.

### Results and payments of variable compensation in 2009

Adjusted profit before tax including the earnings bank for 2009 provided variable compensation of SEK 45m to be paid in 2010-2012. A total of 28 people are included in the entitlement to receive variable compensation in accordance with the incentive system described above.

Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the next two years.

### Call option programmes

Annual general meetings from 2001 onwards have decided on call option programmes directed to senior executives and other key people within Ratos. All call options have a maturity of five years. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the compensation is divided into equal parts for five years and provided the person remains active within the Ratos Group and still holds options acquired from Ratos or shares acquired through the options. Call options are issued on Ratos purchased treasury shares.

### Synthetic options

The 2009 Annual General Meeting, like the Annual General Meetings in 2007 and 2008, resolved on a cash-based option programme related to the Ratos's investments in portfolio companies. The programmes are carried out through the issue of synthetic options that are transferred at market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year.

Stockholm, February 2010

| | | | |
|---|---|---|---|
| Olof Stenhammar<br>Chairman | Lars Berg<br>Member of the Board | Staffan Bohman<br>Member of the Board | Annette Sadolin<br>Member of the Board |
| Jan Söderberg<br>Member of the Board | Per-Olof Söderberg<br>Member of the Board | Margareth Øvrum<br>Member of the Board | Arne Karlsson<br>CEO |

# Board of Directors and Auditor

### Olof Stenhammar

Honorary Doctor of Philosophy and Economics. Born 1941.
Independent Chairman of the Board. Board Member since 1994 and Chairman since 1998.

Founder of OMX, Chairman 1996-07, CEO 1984-96.
Deputy CEO Bonnierföretagen 1982-84.

Honorary Chairman of OMX. Chairman of Basen, Mentor Foundation and Wilhelm Stenhammar's Foundation. Deputy Chairman of the Swedish Sea Rescue Society. Board Member of the Board of Trustees of SNS (Swedish Centre for Business and Policy Studies), the Stockholm Chamber of Commerce, the Royal Swedish Society of Naval Sciences, and other companies.

*Shareholding in Ratos (own and related parties): 35,978 A shares*
*1,479,702 B shares*

### Lars Berg

MSc Econ. Born 1947.
Independent Board Member since 2000.

Previously member of executive management of Mannesmann with special responsibility for the Telecom Division 1999-00, President and CEO Telia 1994-99, and Senior positions within Ericsson 1970-94.

Main assignments: European Venture Partner, Constellation Growth Capital. Chairman of Eniro and Net Insight.

*Shareholding in Ratos (own): 10,000 B shares*

### Staffan Bohman

MSc Econ. Born 1949.
Independent Board member since 2005.

Formerly President and CEO Gränges and Sapa 1999-04.
President and CEO DeLaval 1992-99.

Deputy Chairman of Scania. Board Member of Atlas Copco, Boliden, InterIKEA Holding SA, OSM and Trelleborg.
Chairman of Ersta diakoni.

*Shareholding in Ratos (own): 30,000 B shares*

### Annette Sadolin

LL.B. Born 1947.
Independent Board member since 2007.

Formerly Deputy CEO GE Frankona Ruck 1996-04,
CEO GE Employers Re International 1993-96,
Deputy CEO GE Employers Re International 1988-93.

Board Member of Topdanmark, DSB, DSV, Lindab, Dansk Standard, Skodsborg Kurhotel, Østre Gasværk Teater and Ny Carlsberg Glyptotek.

*Shareholding in Ratos (own): 4,132 B shares*

### Jan Söderberg

MSc Econ. Born 1956.
Non-independent Board Member since 2000.

Formerly CEO Bröderna Edstrand 1991-93.

Chairman of Andrén & Söner, Elisolation HTM, STI Plast, Svenska Industriplast, Henjo Plåtteknik and Meco Pak Pl. Advisory Board Lund School of Economics and Management.

*Shareholding in Ratos (own and related parties): 6,675,824 A shares*
*651,400 B shares*

### Per-Olof Söderberg

MSc Econ and MBA Insead. Born 1955.
Non-independent Board Member since 2000.

Chairman of Söderberg & Partners.
Formerly CEO Dahl, 1990-04.

Chairman of Scandinavian Photo and Attivio. Board member of the Stockholm School of Economics Association, and other companies.

*Shareholding in Ratos (own and related parties): 8,092,974 A shares*
*17,000 B shares*

### Arne Karlsson

MSc Econ. Born 1958.
CEO of Ratos since 1999.
Non-independent Board member since 1999.

Formerly President Atle Mergers & Acquisitions 1996-98, Atle 1993-98, President Hartwig Invest 1988-93, Aktiv Placering 1982-88.

Chairman of SNS. Board Member of Bonnier and Camfil.
Member of the Swedish Securities Council.

| | | |
|---|---|---|
| *Shareholding in Ratos (own):* | *85,600* | *B shares* |
| *Number of options in Ratos:* | *115,000* | *call options/2006* |
| | *100,000* | *call options/2007* |
| | *100,000* | *call options/2008* |
| | *74,900* | *call options/2009* |

### Margareth Øvrum

MSc Eng. Born 1958.
Independent Board Member since 2009.

Executive Vice President for the Technology & New Energy business area at StatoilHydro.

Management positions within Statoil Group 1982-.

Board Member of Atlas Copco and Norwegian Research Council.

*Shareholding in Ratos: 0*

Holdings at January 2010.

## Auditor

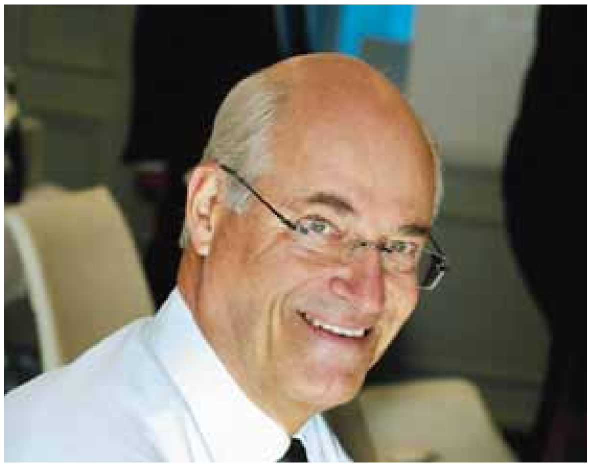
### KPMG
### Thomas Thiel

Authorised Public Accountant, Senior Auditor.

Company's auditor since 2004.

Other assignments: Auditor of Atlas Copco, Axfood, Folksam, GS-Hydro, Peab AB, Skandia, SKF, Swedish Match as well as the Torsten Söderberg Foundation and the Ragnar Söderberg Foundation.


Olof Stenhammar


Lars Berg


Staffan Bohman


Annette Sadolin


Jan Söderberg


Per-Olof Söderberg


Margareth Øvrum


Arne Karlsson

**Formal section**

## Directors' report

# Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2009. The registered office of the Board is in Stockholm, Sweden.

### Company's activities

Ratos is a listed private equity company. Activities comprise acquisition, development and divestment of primarily unlisted companies. Investment size is SEK 150m-5,000m in equity and the number of holdings 20-30. Ratos is normally the largest shareholder with a holding of at least 20%. Ratos's strategy is to acquire unlisted companies in the Nordic region at the same time as the company has an active exit strategy. Exits are not limited to the Nordic region but can be global.

Since Ratos's mission is to acquire, develop and divest companies, the development and results of the business depend on how successfully these three phases can be carried out. The success of company acquisitions depends entirely on Ratos's search process and the process for carrying out an acquisition as well as the general conditions in the market for company transfers. A number of circumstances, including the price, must be evaluated before an acquisition is made. The development of an acquired company depends, among other things, on the chosen strategy, the ability of the company's management and employees to conduct operations in an effective manner as well as development of the industry and the economy. Ratos's active ownership also includes HR issues such as equal opportunities, working environment and skills development. Ratos's exit strategy means that the holdings' ability to continue to generate an average annual return (IRR) of 20% and Ratos's opportunities to contribute to the continued development of the holdings are evaluated annually. This means that Ratos does not have any time limit for its holding period. Ratos's success or lack of success over time is primarily determined by the company's skill as an active owner. It is in this phase of the process that most of Ratos's value is created.

The relative share of profit between current profit and exit result can vary considerably over time.

### Events during the year

#### Acquisitions

The acquisition of 3i's shares in DIAB was completed in March. The purchase price amounted to SEK 387m. After the acquisition, Ratos's holding in DIAB amounts to 94%.

Several add-on investments were made in subsidiaries during the year. These included Arcus Gruppen's acquisition of the brands Star Gin, Red Port and Dry Anis. Additional investments were made by the subsidiaries Bisnode and Inwido, as well as by the associate Camfil.

#### Divestments (exits)

In the Group the subsidiary Bisnode made exits. The associate Superfos sold its operations in the US.

#### Refinancing and dividends

Ratos received dividends totalling SEK 223m from Atle Industri, HL Display, Lindab and Camfil.

No companies were refinanced in 2009.

#### Capital contributions

During the year Ratos provided capital to Contex Group (SEK 328m), DIAB (SEK 80m), Inwido (SEK 400m), Jøtul (SEK 63m) and AH Industries (SEK 32m). Ratos provided SEK 25m to EuroMaint in conjunction with the acquisition of EISAB.

### Environmental impact

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

### Corporate Responsibility (CR)

Ratos has a CR Group, comprising the Head of Corporate Communications (manager) and a Senior Investment Manager, which is responsible for ensuring that CR issues are conducted in a professional and responsible manner in both Ratos and the holdings. The people responsible for each company make sure that policies and guidelines are drawn up and complied with in the holdings. The CR Group prepares a report each year which is presented to Ratos's Board.

### Results

The Ratos Group's profit before tax (see Note 2) amounted to SEK 1,375m (5,671). This result includes profit from holdings of SEK 1,295m (5,911), of which exit gains amounted to SEK 0m (4,449), as well as management costs of SEK 229m (547) and net financial items of SEK 309m (307).

The parent company's profit before and after tax amounted to SEK 546m (4,438m).

### Financial position

Cash and cash equivalents in the Group amounted to SEK 4,999m (7,485) at year-end, of which short-term fixed-income investments accounted for SEK 1,212m (5,060). The Group's interest-bearing net debt at year-end amounted to SEK 9,327m (8,255). Interest-bearing net debt for associates is not included. The Group's equity ratio amounted to 41% (40).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 2,776m (5,700) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries.

The parent company should normally be unleveraged. The parent company has a credit facility of SEK 3.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridging 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 does not pledge assets or issue guarantees. In addition there is a mandate from the 2009 Annual General Meeting to issue 30 million Ratos B shares as payment for acquisitions.

For further information, refer to Note 31 Financial risks and risk policy.

### Events after the reporting period

In January, EuroMaint completed the acquisition of the German company RSM Group. Ratos provided EuroMaint with SEK 166m in conjunction with the acquisition.

### Future development

2009 was one of the most dramatic years for the global economy in modern times. It was only thanks to powerful measures from the world's central banks and governments that a full-scale financial collapse with a subsequent economic depression could be averted. These measures were effective, however, and when the year is summarised, it can be noted that Ratos with luck and skill gave a good account of itself.

With almost SEK 3 billion in cash and a new issue mandate for acquisitions Ratos still has a strong financial position.

During 2010 Ratos expects that the economy will continue upwards again, although still at a slower rate and from a low level. Given the favourable starting point for Ratos's holdings, the prerequisites for improved earnings in the total portfolio of companies are therefore good.

### The work of the Board of Directors

During the year, Ratos's Board of Directors consisted of eight members elected by the Annual General Meeting. The CEO is a member of the Board.

The work of the Board is regulated by an annually adopted formal work plan. This stipulates among other things

- instructions to the CEO
- decision-making procedures within the company
- board meeting procedures and assignment of tasks
- the duties of the Chairman
- the provision of information between the company and the Board.

The decision-making procedures stipulate, among other things, that all decisions regarding acquisitions of, and add-on investments in Ratos's holdings must be submitted to the Board. This also applies to divestment, wholly or partly, of a holding.

The Board has appointed an Audit Committee which comprises all members of the Board with the exception of the CEO.

The Board has also appointed a Compensation Committee which comprises Olof Stenhammar (Chairman), Jan Söderberg, Staffan Bohman and Per-Olof Söderberg. The Compensation Committee prepares and presents proposals for decision to the Ratos Board relating to the CEO's conditions of employment, conditions for senior executives who report to the CEO (according to the so-called grandfather principle), matters of principle relating to pensions, severance pay, fees and benefits, etc., as well as questions relating to Ratos's compensation system.

Note 9 provides an account of the guidelines for compensation to senior executives decided at the 2009 Annual General Meeting to apply until the 2010 Annual General Meeting.

## The Board's proposal to the 2010 Annual General Meeting for a decision on guidelines for compensation to senior executives

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

The system comprises four components, basic salary, variable salary, call options and synthetic options, and rests on five basic principles.

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

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned.

With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options.

The Board shall be entitled to deviate from these guidelines if special reasons exist.

## Ratos shares

| | |
|---|---|
| Total number of A shares at year-end | 42,328,530 |
| Total number of B shares at year-end | 119,524,362 |
| Total number of shares | 161,852,892 |

Class A shares carry entitlement to one vote and Class B shares to 1/10 of a vote. A shares can be issued in a maximum number that corresponds to 27% of the share capital and B shares in a number that corresponds to 100%.

The Söderberg family owns 19.4% of the capital and 46.6% of the voting rights. The Torsten Söderberg Foundation owns 8.5% of the capital and 12.3% of the voting rights. The Ragnar Söderberg Foundation owns 8.4% of the capital and 14.5% of the voting rights.

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

## Holdings of treasury shares

A decision was made at the 2009 Annual General Meeting that A or B shares may be repurchased during the period until the next Annual General Meeting. The company's holding may not at any time exceed 7% of all the shares in the company.

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

No shares were acquired during the year. At year-end, the company held 3,237,247 treasury shares, corresponding to 2% of the total number of shares. A total of SEK 392m was paid for the shares.

During the year no A shares were converted into B shares.

## Proposed distribution of profit

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

| | SEKm |
|---|---|
| Retained earnings | 11,320 |
| Share premium reserve | 86 |
| Fair value reserve | 63 |
| Profit for the year | 546 |
| Total | 12,015 |

| | |
|---|---|
| The Board of Directors proposes the following distribution of profit: Dividend to holders of A and B shares SEK 9.50 per share [1] | 1,507 |
| To be carried forward | 10,508 |

[1] Based on the number of shares outstanding on 18 February 2010. The number of treasury shares on that date was 3,237,247 and may change during the period until the record date for dividends.

# Consolidated income statement

| SEKm | Note 2, 3, 5 | 2009 | 2008 |
|---|---|---|---|
| Net sales | 4 | 26,356 | 26,836 |
| Other operating income | 6 | 178 | 237 |
| Change in inventories | | -140 | -12 |
| Raw materials and consumables | | -9,663 | -10,047 |
| Employee benefit costs | 9, 27 | -8,469 | -8,286 |
| Depreciation and impairment of property, plant and equipment and intangible assets | 13, 14 | -1,134 | -949 |
| Other costs | 10, 32 | -5,447 | -5,928 |
| Capital gain from the sale of group companies | 7 | 6 | 4,412 |
| Capital gain from the sale of associates | 8 | -6 | 31 |
| Share of profit of associates | 8 | 358 | 582 |
| Operating profit | | 2,039 | 6,876 |
| | | | |
| Financial income | 11, 18 | 328 | 264 |
| Financial expenses | 11, 18 | -992 | -1,469 |
| Net financial items | | -664 | -1,205 |
| | | | |
| Profit before tax | | 1,375 | 5,671 |
| Tax | 12 | -441 | -382 |
| Profit for the year | | 934 | 5,289 |
| | | | |
| Attributable to | | | |
| Owners of the parent | | 842 | 5,172 |
| Minority interests | | 92 | 117 |
| | | | |
| Earnings per share, SEK | 25 | | |
| – before dilution | | 5.32 | 32.62 |
| – after dilution | | 5.32 | 32.54 |

# Consolidated statement of comprehensive income

| SEKm | Note | 2009 | 2008 |
|---|---|---|---|
| Profit for the year | | 934 | 5,289 |
| | | | |
| **Other comprehensive income** | 24 | | |
| Translation differences for the year | | -266 | 869 |
| Change in hedging reserve for the year | | 64 | -393 |
| Change in fair value reserve for the year | | 94 | -117 |
| Tax attributable to other comprehensive income | | -7 | 99 |
| Other comprehensive income for the year | | -115 | 458 |
| | | | |
| Total comprehensive income for the year | | 819 | 5,747 |
| | | | |
| Total comprehensive income for the year attributable to | | | |
| Owners of the parent | | 777 | 5,548 |
| Minority interests | | 42 | 199 |

# Consolidated statement of financial position

| SEKm | Note 5, 31 | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Goodwill | 13 | 18,507 | 17,621 |
| Other intangible assets | 13 | 1,875 | 2,065 |
| Property, plant and equipment | 14 | 3,702 | 3,378 |
| Investments in associates | 15 | 2,339 | 2,851 |
| Financial assets | 18 | 193 | 199 |
| Non-current receivables | 18, 20, 40 | 275 | 385 |
| Deferred tax assets | 12 | 500 | 471 |
| Total non-current assets | | 27,391 | 26,970 |
| **Current assets** | | | |
| Inventories | 21 | 2,617 | 2,802 |
| Tax assets | | 163 | 190 |
| Trade and other receivables | 18 | 4,337 | 4,317 |
| Prepaid expenses and accrued income | | 526 | 523 |
| Other receivables | 18, 20, 40 | 635 | 463 |
| Cash and cash equivalents | 18, 36 | 4,999 | 7,485 |
| Assets held for sale | 37 | 190 | |
| Total current assets | | 13,467 | 15,780 |
| Total assets | | 40,858 | 42,750 |
| EQUITY AND LIABILITIES | | | |
| **Equity** | 23, 24 | | |
| Share capital | | 1,020 | 1,017 |
| Other capital provided | | 372 | 286 |
| Reserves | | 478 | 507 |
| Retained earnings including profit for the year | | 13,432 | 14,015 |
| Equity attributable to owners of the parent | | 15,302 | 15,825 |
| **Minority interests** | | 1,500 | 1,465 |
| Total equity | | 16,802 | 17,290 |
| **Liabilities** | | | |
| Non-current interest-bearing liabilities | 18, 26 | 12,040 | 13,643 |
| Other non-current liabilities | 18 | 278 | 387 |
| Other financial liabilities | 9, 18 | 137 | 121 |
| Provisions for pensions | 26, 27 | 451 | 486 |
| Other provisions | 28 | 607 | 679 |
| Deferred tax liabilities | 12 | 779 | 780 |
| Total non-current liabilities | | 14,292 | 16,096 |
| Current interest-bearing liabilities | 18, 26 | 2,014 | 1,798 |
| Other financial liabilities | 9, 18 | 77 | 37 |
| Trade and other payables | 18 | 2,160 | 1,883 |
| Tax liabilities | | 172 | 200 |
| Other liabilities | 18, 29 | 2,098 | 2,041 |
| Accrued expenses and deferred income | 18 | 2,660 | 2,936 |
| Provisions | 28 | 579 | 469 |
| Liabilities attributable to Assets held for sale | 37 | 4 | |
| Total current liabilities | | 9,764 | 9,364 |
| Total liabilities | | 24,056 | 25,460 |
| Total equity and liabilities | | 40,858 | 42,750 |

For information about the Group's pledged assets and contingent liabilities, see Note 33.

# Consolidated statement of changes in equity

| | | Equity attributable to owners of the parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **SEKm** | **Note 24** | **Share capital** | **Other capital provided** | **Reserves** | **Retained earnings incl. profit for the year** | **Total** | **Minority interests** | **Total equity** |
| Opening equity at 1 January 2008 | | 1,017 | 286 | 102 | 10,500 | 11,905 | 1,965 | 13,870 |
| Comprehensive income for the year | | | | 405 | 5,143 | 5,548 | 199 | 5,747 |
| Dividend | | | | | -1,430 | -1,430 | -175 | -1,605 |
| Purchases/sales of treasury shares | | | | | -141 | -141 | | -141 |
| Purchases of treasury shares in associates | | | | | -78 | -78 | | -78 |
| New issue | | | | | | | 97 | 97 |
| Shareholder contribution in subsidiaries | | | | | 11 | 11 | 131 | 142 |
| Redemptions | | | | | | | -405 | -405 |
| Option premiums | | | | | 10 | 10 | | 10 |
| Acquired minority interests | | | | | | | -320 | -320 |
| Minority interests at acquisition | | | | | | | 4 | 4 |
| Minority interests in sold company | | | | | | | -31 | -31 |
| Closing equity at 31 December 2008 | | 1,017 | 286 | 507 | 14,015 | 15,825 | 1,465 | 17,290 |
| | | | | | | | | |
| Opening equity at 1 January 2009 | | 1,017 | 286 | 507 | 14,015 | 15,825 | 1,465 | 17,290 |
| Comprehensive income for the year | | | | -65 | 842 | 777 | 42 | 819 |
| Reclassification | | | | 36 | -36 | | | 0 |
| Dividend | | | | | -1,423 | -1,423 | -11 | -1,434 |
| New issue | | 3 | 86 | | | 89 | 102 | 191 |
| Purchase/sales of treasury shares | | | | | 14 | 14 | | 14 |
| Purchase of treasury shares in associates | | | | | 2 | 2 | | 2 |
| Option premiums | | | | | 18 | 18 | | 18 |
| Acquired minority interests | | | | | | | -158 | -158 |
| Minority interests at acquisition | | | | | | | 60 | 60 |
| Closing equity at 31 December 2009 | | 1,020 | 372 | 478 | 13,432 | 15,302 | 1,500 | 16,802 |

# Consolidated statement of cash flows

| SEKm | Note 36 | 2009 | 2008 |
|---|---|---|---|
| **Operating activities** | | | |
| Consolidated profit before tax | | 1,375 | 5,671 |
| Adjustment for non-cash items | | 1,033 | -3,193 |
| | | 2,408 | 2,478 |
| Income tax paid | | -285 | -514 |
| Cash flow from operating activities before changes in working capital | | 2,123 | 1,964 |
| Cash flow from changes in working capital | | | |
| Increase (-)/Decrease (+) in inventories | | 475 | -76 |
| Increase (-)/Decrease (+) in operating receivables | | 144 | -389 |
| Increase (+)/Decrease (-) in operating liabilities | | -239 | 471 |
| Cash flow from operating activities | | 2,503 | 1,970 |
| **Investing activities** | | | |
| Acquisitions, group companies | | -516 | -1,854 |
| Sales, group companies | | 205 | 4,245 |
| Acquisition of shares in associates and other holdings | | -20 | -108 |
| Sale and redemption, shares in associates and other holdings | | 31 | 148 |
| Acquisition of other intangible/tangible assets | | -974 | -937 |
| Sale of other intangible/tangible assets | | 163 | 161 |
| Investments, financial assets | | -28 | -71 |
| Sales, financial assets | | 36 | 33 |
| Cash flow from investing activities | | -1,103 | 1,617 |
| **Financing activities** | | | |
| Purchase of treasury shares | | | -168 |
| Transfer of treasury shares | | 14 | 27 |
| Option premiums | | 19 | 15 |
| Redemption of options | | -37 | |
| Minority interest in issue | | 102 | 238 |
| Dividend paid | | -1,423 | -1,430 |
| Dividend paid and redemption, minority interests | | -11 | -580 |
| Loans raised | | 474 | 6,645 |
| Amortisation of loans | | -3,070 | -5,095 |
| Cash flow from financing activities | | -3,932 | -348 |
| Cash flow for the year | | -2,532 | 3,239 |
| Cash and cash equivalents at the beginning of the year | | 7,485 | 4,240 |
| Exchange differences in cash and cash equivalents | | 46 | 6 |
| Cash and cash equivalents at the end of the year | | 4,999 | 7,485 |

# Parent company income statement

| SEKm | Note | 2009 | 2008 |
|---|---|---|---|
| Other operating income | 6 | 11 | 4 |
| Other operating expenses | 10 | -60 | -267 |
| Personnel costs | 9, 27 | -158 | -248 |
| Depreciation of property, plant and equipment | 14 | -4 | -1 |
| Other operating expenses | | -2 | -5 |
| Operating profit/loss | | -213 | -517 |
| Profit from participations in group companies | 7 | 278 | 3,998 |
| Profit from participations in associates | 8 | 197 | 656 |
| Result from other securities and receivables accounted for as non-current assets | 11 | 262 | 242 |
| Other interest income and similar profit/loss items | 11, 34 | 50 | 89 |
| Interest expenses and similar profit/loss items | 11, 34 | -28 | -30 |
| Profit after financial items | | 546 | 4,438 |
| Tax | 12 | – | – |
| Profit for the year | | 546 | 4,438 |

# Parent company statement of comprehensive income

| SEKm | Note 24 | 2009 | 2008 |
|---|---|---|---|
| Profit for the year | | 546 | 4,438 |
| **Other comprehensive income** | | | |
| Change in fair value reserve for the year | | 99 | -63 |
| Other comprehensive income for the year | | 99 | -63 |
| Comprehensive income for the year | | 645 | 4,375 |

# Parent company balance sheet

| SEKm | Note | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | 90 | 38 |
| Financial assets | | | |
| Participations in group companies | 35 | 8,443 | 5,376 |
| Participations in associates | 15, 16 | 951 | 1,078 |
| Receivables from group companies | 17, 18 | 1,498 | 2,496 |
| Other securities held as non-current assets | 18, 19 | 176 | 161 |
| Other non-current receivables | 18, 20 | 56 | |
| Total non-current assets | | 11,214 | 9,149 |
| **Current assets** | | | |
| Current receivables | | | |
| Receivables from group companies | 17, 18 | 112 | 8 |
| Other receivables | 18 | 5 | 5 |
| Prepaid expenses and accrued income | 22 | 2 | 9 |
| Short-term investments, other | 18 | 1,200 | 5,048 |
| Cash and bank balances | | 1,576 | 652 |
| Total current assets | | 2,895 | 5,722 |
| Total assets | | 14,109 | 14,871 |
| EQUITY AND LIABILITIES | | | |
| **Equity** | 23, 24 | | |
| Restricted equity | | | |
| Share capital (A shares 42,328,530, B shares 119,524,362) | | 1,020 | 1,017 |
| Statutory reserve | | 286 | 286 |
| Unrestricted equity | | | |
| Premium reserve | | 86 | |
| Retained earnings | | 11,320 | 8,283 |
| Fair value reserve | | 63 | -36 |
| Profit for the year | | 546 | 4,438 |
| Total equity | | 13,321 | 13,988 |
| **Non-current provisions** | | | |
| Provisions for pensions | 26, 27 | 2 | 2 |
| Other provisions | 28 | 168 | 178 |
| Total non-current provisions | | 170 | 180 |
| **Non-current liabilities** | | | |
| Interest-bearing liabilities | | | |
| Liabilities to group companies | 18, 26 | 197 | 228 |
| Non-interest bearing liabilities | | | |
| Other liabilities | 18, 29 | 136 | 193 |
| Total non-current liabilities | | 333 | 421 |
| **Current provisions** | | | |
| Other provisions | 28 | 10 | 57 |
| **Current liabilities** | | | |
| Interest-bearing liabilities | | | |
| Liabilities to group companies | 18, 26 | | 2 |
| Non-interest bearing liabilities | | | |
| Trade payables | 18 | 6 | 11 |
| Liabilities to group companies | 18 | 72 | 1 |
| Other liabilities | 18 | 49 | 23 |
| Accrued expenses and deferred income | 30 | 148 | 188 |
| Total current liabilities | | 275 | 225 |
| Total equity and liabilities | | 14,109 | 14,871 |
| Pledged assets | | None | None |
| Contingent liabilities | | None | None |

# Parent company statement of changes in equity

| SEKm | Note 23,24 | Restricted equity | | Unrestricted equity | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital | Statutory reserve | Premium reserve | Fair value reserve | Retained earnings | Profit for the year | Total equity |
| Opening equity, 1 January 2008 | | 1,017 | 286 | | 27 | 8,553 | 1,285 | 11,168 |
| Other disposition of earnings | | | | | | 1,285 | -1,285 | 0 |
| Comprehensive income for the year | | | | | -63 | | 4,438 | 4,375 |
| Dividends | | | | | | -1,430 | | -1,430 |
| Purchase of treasury shares | | | | | | -168 | | -168 |
| Call options exercised | | | | | | 27 | | 27 |
| Option premiums | | | | | | 16 | | 16 |
| Closing equity, 31 December 2008 | | 1,017 | 286 | | -36 | 8,283 | 4,438 | 13,988 |
| | | | | | | | | |
| Opening equity, 1 January 2009 | | 1,017 | 286 | | -36 | 8,283 | 4,438 | 13,988 |
| Other disposition of earnings | | | | | | 4,438 | -4,438 | 0 |
| Comprehensive income for the year | | | | | 99 | | 546 | 645 |
| Dividends | | | | | | -1,423 | | -1,423 |
| New issue | | 3 | | 86 | | | | 89 |
| Call options exercised | | | | | | 14 | | 14 |
| Option premiums | | | | | | 8 | | 8 |
| Closing equity, 31 December 2009 | | 1,020 | 286 | 86 | 63 | 11,320 | 546 | 13,321 |

# Parent company cash flow statement

| SEKm | Note 36 | 2009 | 2008 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 546 | 4,438 |
| Adjustment for non-cash items | | -456 | -3,887 |
| | | 90 | 551 |
| Income tax paid | | – | – |
| Cash flow from operating activities before changes in working capital | | 90 | 551 |
| Cash flow from changes in working capital | | | |
| Increase (-)/Decrease (+) in operating receivables | | 24 | 106 |
| Increase (+)/Decrease (-) in operating liabilities | | -250 | -79 |
| Cash flow from operating activities | | -136 | 578 |
| **Investing activities** | | | |
| Acquisition of shares in subsidiaries | | -2,360 | -953 |
| Sale of shares in subsidiaries | | 1,157 | 5,024 |
| Acquisition, shares in associates | | -20 | -87 |
| Sale and redemption, shares in associates | | 6 | 497 |
| Acquisition of other property, plant and equipment | | -59 | -25 |
| Investments, financial assets | | -165 | -115 |
| Sales, financial assets | | 85 | 25 |
| Cash flow from investing activities | | -1,356 | 4,366 |
| **Financing activities** | | | |
| Purchase of treasury shares | | | -168 |
| Transfer of treasury shares | | 14 | 27 |
| Option premiums | | 8 | 15 |
| Dividends paid | | -1,423 | -1,430 |
| Loans raised, group companies | | | 32 |
| Amortisation of loans, group companies | | -31 | -16 |
| Cash flow from financing activities | | -1,432 | -1,540 |
| Cash flow for the year | | -2,924 | 3,404 |
| Cash and cash equivalents, opening balance | | 5,700 | 2,296 |
| Cash and cash equivalents, closing balance | | 2,776 | 5,700 |

# Index of notes

# Notes to the financial statements

## Note 1 Accounting principles

### Compliance with standards and laws

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1.2, Complementary accounting rules for groups, is applied. The parent company applies the same accounting principles as the Group except in cases specified below in the section Parent company accounting principles.

In one case Ratos has reached the conclusion that application of IFRS leads to misleading financial reports and that it is therefore necessary to differ from the standards in order to achieve a true and fair view. The disclosures that are required in accordance with IAS 1, Presentation of Financial Statements, paragraph 18 in the event of departure from IFRS accounting standards are presented below.

### New IFRS recommendations and interpretations that have come into effect

Amended IAS 1 Presentation of Financial Statements is applied from 1 January 2009. The amendments mean that Ratos presents two income statements, an unchanged consolidated income statement and a new income statement called "Consolidated statement of comprehensive income". Other comprehensive income includes, among other things, change in translation differences and change in hedging and fair value reserves. These items were previously reported in equity. The consolidated balance sheet is now called "consolidated statement of financial position".

IFRS 8 Operating Segments is applied from 1 January 2009. Ratos has chosen to report its holdings as segments, the way Ratos's management follows up operations. On the other hand Ratos, in conformity with the former IAS 14 Segment Reporting, did not report the information required on "Products and services, geographic regions and major customers". Ratos's business is governed and reported entirely on the basis of the holdings in Ratos's portfolio. Information relating to geographic region, sector or other lacks practical interest both for internal governance and reporting and for external monitoring of Ratos. Nor are investment decisions made in relation to "Products and services, geographic regions and major customers". Reporting based on geographic region, sector or other provides a fictitious picture of both structure and risk exposure.

Amendments to IAS 23 Borrowing Costs is applied from 1 January 2009 and applied by Ratos prospectively. The standard states that borrowing costs directly attributable to purchase, construction or production of assets that take a significant time to complete for their intended use or sale must be capitalised.

IFRS 7 Financial Instruments: Disclosures is applied from 1 January 2009 and Ratos has chosen not to provide disclosures for comparative periods. The main effect of these amendments is that new disclosures must be provided in the 2009 statement of financial position relating to how fair value was determined for the company's financial instruments in the statement of financial position. Instruments are divided into three levels depending on the quality of the input data for the measurement. Classification depends on whether the financial instruments are traded in an active market or not, where level 3 is the level with the lowest quality of input data. For this reason level 3 is subject to additional information requirements. These disclosure requirements have primarily affected Note 31. In addition amendments to IFRS lead to some changes regarding disclosure of liquidity risk.

With effect from 1 January 2009 the parent company recognised dividends from subsidiaries and associates as income when the right to receive the dividends is established.

Other revised IFRS 7 standards and interpretations from IFRIC have not had any effect on the earnings, financial position or disclosures of the Group or parent company.

### New IFRS standards and interpretations that have not yet come into force

A number of new or amended standards and interpretations will come into force during coming financial years and have not been applied in advance in preparation of these financial statements. Early application of new standards or changes that come into force starting in financial years after 2009 is not planned. To the extent the anticipated effects on the financial statements of application of the new or amended standards and interpretations listed below are not described below, Ratos has not yet made an assessment of these effects.

International Accounting Standards Board (IASB) has issued the following new and amended standards which when this annual report was issued had not yet come into force:

| Standard/IFRIC | | Application according to IASB/IFRIC | Status within EU |
|---|---|---|---|
| IFRS 3 | Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements | 1 July 2009 | Approved |
| IFRS 2 | Share-based Payment relating to cash-settled intra-group remuneration | 1 January 2010 | Not yet approved |
| IAS 39 | Financial Instruments: Recognition and Measurement, Eligible Hedged Items | 1 July 2009 | Approved |
| IFRIC 12 | Service Concession Arrangements | 29 March 2009 | Approved |
| IFRIC 15 | Agreements for Construction of Real Estate | 1 January 2010 | Approved |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation | 1 July 2009 | Approved |
| IFRIC 17 | Distribution of Non-cash Assets to Owners | 1 July 2009 | Approved |
| IFRIC 18 | Transfer of Assets from Customers | 1 July 2009 | Approved |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2010 | Not yet approved |
| IFRS 9 | Financial Instruments | 1 January 2013 | Not yet approved |
| IAS 24 | Related Party Disclosures | 1 January 2011 | Not yet approved |
| IAS 32 | Financial Instruments: Classification about classification of subscription warrants | 1 February 2010 | Approved |

The above amendments of accounting principles with future application, apart from what is stated below, are not expected to have any material effect on the Group's accounts.

IFRS 9, if it is adopted by the EU, may lead to reclassification of the company's financial assets and mean that more assets need to be recognised at fair value.

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements lead to changes regarding consolidated financial statements and reporting of acquisitions and divestments. Ratos expects that the introduction of the amendments in IAS 27 and IFRS 3 can have a significant effect on the Group's financial statements. Above all, the rules applying to partial divestments and partial acquisitions will affect profit or loss depending on the proportion that is acquired/

divested. Conditional considerations will be measured at fair value on the transaction date and in cases where the conditional consideration results in a liability this is remeasured at fair value on each reporting date. This remeasurement is recognised as income/expense in profit for the year. Another new feature is that transaction costs may not be capitalised but are recognised as an expense directly. There are two alternative methods for reporting acquisitions of "non-controlling interests" either full goodwill or a proportional share of acquired net assets. The choice between these two methods will be made individually for every business combination.

## Conditions for preparation of the financial statements of the parent company and the Group

The parent company's functional currency is Swedish kronor (SEK) which also comprises the presentation currency for the parent company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts are rounded to the nearest million.

Measurement of assets and liabilities is based on historical cost. The following assets and liabilities are measured in another manner:

- Financial instruments are measured at fair value, cost or amortised cost.
- Associates are reported in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated applying current tax rates.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are valued at the lower of cost and net realisable value.
- Provisions are valued at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is valued at the present value of an estimate of the future benefit earned by the employees with deduction for any assets linked to the respective pension plan applying the corridor rule.

The Group's accounting principles, summarised below, are applied consistently to all periods presented in the Group's financial statements. These principles are also applied consistently to reporting and consolidation of parent companies, group companies and associates.

## Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

The estimations and assumptions are revised on a regular basis. The effects of changes in estimations are reported in the period in which the changes were made if the changes affected this period only, or in the period the changes were made and future periods if the changes affect both the current period and future periods.

When applying IFRS, assessments which have a material effect on the financial statements and estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 38.

## Classification

Non-current assets and non-current liabilities essentially only comprise amounts expected to be recovered or paid after more than 12 months from the end of the reporting period.

Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within 12 months from the end of the reporting period.

### Consolidated financial statements

The consolidated financial statements are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements and IFRS 3 Business Combinations. Subsidiaries are consolidated applying the purchase method. Associates are consolidated applying the equity method according to IAS 28 Investments in Associates.

### Subsidiaries – purchase method

Subsidiaries are companies over which Ratos AB exercises control. Control represents directly or indirectly the right to determine a company's financial and operating policies in order to obtain economic benefits. In the event of ownership of more than 50% of the votes control is assumed. Circumstances in the individual case may also provide control in the event of ownership of less than 50% of the votes.

Subsidiaries are reported according to the purchase method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The method means that 100% of the subsidiary's income and expenses as well as assets and liabilities are reported on the respective line in the income statement and statement of financial position. A minority interest's share of net assets is recognised as part of equity. In conjunction with the income statement disclosure is provided on the distribution of earnings between owners of the parent and any minority interests.

### Associates – equity method

Associates are companies over which Ratos AB exercises a significant influence, directly or indirectly. A significant influence means the possibility of participating in decisions concerning a company's financial and operating strategies, but does not imply control or joint control. Normally, ownership corresponding to not less than 20% and not more than 50% of the voting rights means that a significant influence exists.

Associates are reported according to the equity method of accounting. The equity method means that the book value in the Group of the shares in associates corresponds to the Group's share of equity in associates, any residual values on consolidated surplus and deficit values minus any intra-group profits. In the consolidated income statement, the Group's share of associates' profits after financial income and expenses reduced by depreciation of acquired surplus values and where applicable dissolution of intra-group profit is reported as "Share of profits of associates". The Group's share of associates' reported taxes is included in consolidated tax expenses. Dividends received from associates reduce carrying amounts.

When the Group's share of rights losses in the associate exceeds the carrying amount of the interests in the Group, the value of these interests is reduced to zero. Future losses are thus not recognised unless the Group has provided guarantees to cover losses arising in the associate. The equity method is applied until the date a significant influence ceases.

### Potential voting rights

When assessing whether a significant or controlling influence exists, potential shares carrying voting rights that can be utilised or converted without delay are taken into account. Potential voting rights include, for example, convertibles and options. The existence of all such potential voting rights is taken into account, i.e. not only those related to the parent or owner company. Consolidation is normally carried out on the basis of the current participating interest.

### Purchase price allocation

A purchase price allocation (PPA) is prepared in conjunction with acquisition of an associate or subsidiary. In the PPA the cost of the participations is determined as well as the fair value on the acquisition date of acquired identifiable assets as well as any assumed liabilities and contingent liabilities.

The acquisition date is the date on which the acquirer receives control or a significant influence over the acquired unit.

Cost comprises the fair values at the transfer date of assets, liabilities arisen or taken over and issued equity instruments provided as payment in exchange for the acquired net assets as well as transaction costs that are directly attributable to the acquisition.

IFRS requires intangible assets to be identified and measured at acquisition. To the extent that intangible assets can be identified and measured, goodwill decreases to a corresponding extent.

When the cost exceeds the net value of acquired assets and assumed liabilities as well as contingent liabilities, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in profit for the year.

### Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-group transactions between group companies, are eliminated in their entirety.

Unrealised gains arising from transactions with associates are eliminated to an extent that corresponds to the Group's holding in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

### Acquisition and divestment

At acquisition the company's earnings are included in consolidated earnings from the acquisition date. Companies sold during the year are included in the consolidated income statement with income and expenses until the date a controlling or significant interest ceases. An exit result is the capital gain or loss that arises when a holding is sold.

Ratos has chosen to report transactions where a participating interest decreases but control over a subsidiary is retained in the income statement as a capital gain or loss.

## Foreign currency

### Transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange differences that arise on translation are recognised in other comprehensive income. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

Non-monetary assets and liabilities reported at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement.

### Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the rates on each transaction date. Translation differences that arise on translation of foreign operations are reported in other comrehensive income and accumulated in the translation reserve in equity.

### Net investment in foreign operations

The Group includes operations in several countries. In the consolidated statement of financial position investments in foreign operations are represented by recognised net assets in subsidiaries. In a few cases measures have been adopted to reduce the currency risks inherent in such investments. In such cases, Ratos's subsidiaries have raised loans in the same currency as the net investments. On the closing date these loans are reported translated at the closing day rate. The effective part of exchange rate fluctuations for the period relating to hedging instruments is recognised in other comprehensive income and cumulative changes in the translation reserve in order to meet and wholly or partly match the translation differences reported relating to net assets in the foreign operations which were hedged. Translation differences from both net investment and hedging instruments are dissolved and recognised in profit or loss when the foreign operation is sold. In cases where hedging is ineffective, the ineffective portion is recognised directly in profit or loss. When foreign operations are sold the accumulated translation differences attributable to the sold foreign operations are reclassified from equity to profit/loss for the year as a reclassification adjustment on the date profit or loss from the sale is recognised in profit/loss for the year.

## Revenue recognition

Revenue recognition occurs when significant risks and benefits that are associated with companies' goods and services are transferred to the purchaser and the economic benefits will probably accrue to the company. The company does not subsequently retain any commitment in the current administration that is normally associated with ownership. Furthermore, revenue recognition does not occur until the income and expenditure that arose or are expected to arise as a result of the transaction can be calculated in a reliable manner.

Revenues from service assignments are recognised in profit or loss when the financial results can be calculated in a reliable manner. Income and expenses are then recognised in profit or loss in relation to the percentage of completion of the assignment.

Revenues related to insurance contracts are recognised on a straight-line basis over the term of the contract for one-year contracts. For multi-year insurance contracts, revenue is recognised attributable to the first contract year in accordance with the percentage of completion method based on the relationship between expenditure disbursed and estimated total expenditure. The revenues attributable to subsequent years are accrued on a straight-line basis over the period of the contract.

### Construction contracts

When the outcome of a construction contract can be calculated in a reliable manner, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively in the consolidated income statement by reference to the stage of completion known as percentage of completion. Stage of completion is determined by calculating the relationship between contract costs paid for work carried out at the end of the reporting period and estimated total contract costs.

## Operating leases

Costs for operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in conjunction with signature of a lease are recognised in profit or loss as a reduction of leasing charges on a straight-line basis over the maturity of the lease. Variable charges are recognised as an expense in the period in which they arise.

## Financial income and expenses

Net financial items include dividends, interest as well as costs for raising loans, calculated using the effective interest method, and exchange-rate fluctuations relating to financial assets and liabilities. Capital gains or losses and impairment of financial assets are also reported in net financial items. Unrealised and realised changes in value relating to financial assets measured at fair value through profit or loss, including derivative instruments that are not recognised in other comprehensive income due to hedge accounting.

In addition, payments relating to finance leases are divided between interest expense and amortisation. Interest expense is recognised as a financial expense.

Exchange gains and exchange losses are recognised net.

Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial asset's or liability's recognised net value. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

## Intangible assets

### Goodwill

If at acquisition of a business a positive difference arises between cost and fair value of acquired assets, assumed liabilities and contingent liabilities, the difference comprises goodwill.

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment. Goodwill that arose at acquisition of associates is included in the carrying amount for investments in associates.

### Research and development

Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the asset, the intention is and conditions exist for using the asset and the expenditure can be calculated in a reliable manner. Depreciation is started when the product goes into operation and distributed on a straight-line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

### Other intangible non-current assets

Other intangible non-current assets acquired by the Group are reported at cost with deduction for impairment and, if the asset has a determinable useful life, cumulative depreciation.

Costs incurred for internally generated goodwill and internally generated trademarks are reported in profit or loss when the cost is incurred.

### Subsequent expenditure

Subsequent expenditure for capitalised intangible assets is recognised as an asset in the statement of financial position only if it increases the future economic benefits for the specific asset to which it is attributable. All other expenditure is recognised as an expense when it arises.

### Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

### Amortisation

Amortisation is reported in profit or loss on a straight-line basis over the estimated useful life of intangible assets, provided such useful lives are not indeterminable. Useful lives are tested annually or when required.

Depreciable intangible assets are amortised from the date when they are available for use. The estimated useful lives are:

| No. of years | Group |
|---|---|
| Trademarks | 10 - 20 |
| Databases | 5 - 10 |
| Customer relations | 4 - 20 |
| Business systems | 3 - 10 |
| Contract portfolio | 4 - 20 |
| Other intangible assets | 3 - 20 |

## Property, plant and equipment

### Owned assets

Property, plant and equipment are recognised as an asset in the statement of financial position if it is probable that future economic benefits will accrue to the Group and the cost of the assets can be calculated in a reliable manner.

Property, plant and equipment are reported in the Group at cost after deduction for cumulative depreciation and any impairment losses. Cost includes the purchase price as well as costs directly attributable to the asset in order to put it in place and in a condition to be utilised in accordance with the purpose of its acquisition. Examples of directly attributable costs included in cost are costs for delivery and handling, installation, registration of title, consulting services and legal services.

The carrying amount of property, plant and equipment is derecognised from the statement of financial position at disposal or sale or when no future economic benefits are expected from use or disposal/sale of the asset. Gains or losses that arise from sale or disposal of an asset comprise the difference between the selling price and the carrying amount of the asset with deduction for direct selling costs. Gains and losses are reported as other operating income/expense.

### Leased assets

Leases are classified in the consolidated financial statements as either finance or operating leases. A finance lease exists when the economic risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, it is an operating lease.

Assets that are leased according to a finance lease are recognised as an asset in the consolidated statement of financial position. The obligation to pay future leasing charges is reported as a liability. Leased assets are depreciated according to plan while leasing payments are reported as interest and amortisation of liabilities.

Assets leased under operating leases are normally not recognised as an asset in the statement of financial position. Nor do operating leases give rise to a liability.

### Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

### Subsequent expenditure

Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be estimated in a reliable manner. All other subsequent expenditure is recognised as an expense in the period in which it arises.

Decisive for assessment of when a subsequent expenditure is added to cost is whether the expenditure relates to replacement of identified components, or parts of the same, whereby such expenditure is recognised as an asset.

In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts on replaced components, or parts of components, are disposed of and recognised as an expense when the replacement takes place. Repairs are recognised as an expense on a current basis.

### Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The Group applies component depreciation which means that the estimated useful life of the components forms the basis for depreciation.

| Years | Group | Parent company |
|---|---|---|
| Buildings | 10 - 100 | 35 - 100 |
| Equipment | 3 - 20 | 3 - 10 |

The residual value and useful life of an asset are assessed annually.

## Financial assets and liabilities

Financial instruments recognised in the statement of financial position on the assets side include cash and cash equivalents, loans and receivables, trade receivables, financial investments and derivatives. On the liabilities side there are trade payables, loans payable and derivatives.

### Recognition and derecognition from the statement of financial position

A financial asset or a financial liability is recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Trade receivables are taken up in the statement of financial position when an invoice has been sent. A liability is taken up when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are taken up when an invoice has been received.

Financial assets and liabilities can be measured at fair value, cost or amortised cost.

A financial asset is derecognised from the statement of financial position when the contractual rights are realised, expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is met or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised with a net amount in the statement of financial position only if a legal right to offset these amounts exists and there is an intention to settle these items with a net amount or at the same time realise the asset and settle the liability.

Acquisition and divestment of financial assets are reported on the trade date which is the day when the company undertakes to acquire or divest the asset except in cases where the company acquires or divests listed securities when settlement date accounting is applied.

### Classification and measurement

Initially financial assets and liabilities are measured at a cost corresponding to fair value with the addition of transaction costs. An exception is financial assets and liabilities that are recognised at fair value through profit or loss which are initially measured at fair value excluding transaction costs.

Fair value for listed financial assets corresponds to the listed purchase price of the asset at the end of the reporting period. Fair value of unlisted financial assets is determined by applying valuation techniques such as recently completed transactions, price of similar instruments and discounted cash flows. Amortised cost is determined on the basis of effective interest that is calculated on the acquisition date. Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

A division of financial assets and liabilities is made into the categories listed below. A combination of the purpose of the holding of a financial asset or liability at the original acquisition date and type of financial asset or liability is decisive for the division into categories. Category classification is not specified in the statement of financial position.

Cash and cash equivalents consist of cash and immediately available balances held by banks and similar institutions as well as short-term liquid investments with a maturity from the acquisition date of less than three months which are only exposed to an insignificant risk for fluctuations in value.

### – Financial assets at fair value through profit or loss

This category consists of two sub groups: financial assets held for trading and other financial assets that the company has chosen to place in this category (according to the Fair Value Option). Financial instruments in this category are measured on a current basis at fair value with changes in value recognised in profit/loss for the year. The first sub group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss. In the second sub group, Ratos has chosen to classify financial investments that are managed and measured based on fair values.

### – Held to maturity investments

Investments held to maturity are financial assets that include fixed-income securities with fixed or determinable payments and set maturities that the company has an expressed intention and ability to hold to maturity. Assets in this category are measured at amortised cost. This category includes investments such as treasury bills.

### – Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Trade receivables have a short remaining maturity and are therefore measured at a nominal amount without discount.

This category includes trade, loan and other receivables. Trade and other receivables are reported at the amount at which they are expected to accrue after deduction for individual assessment of doubtful debts. Impairment of trade and other receivables is recognised in operating expenses.

For loan receivables and other receivables if the anticipated holding period exceeds one year they are reported as non-current receivables, in other cases as other receivables.

### – Available-for-sale financial assets

The category Available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here. Assets in this category are measured on a current basis at fair value with changes in value recognised in other comprehensive income and the accumulated changes in value in a seperate component of equity, although not those that are due to impairment losses, nor interest on receivable instruments and dividend income as well as exchange rate differences on monetary items which are recognised in profit or loss.

When the asset is sold the cumulative gains /losses, earlier recognised in other comprehensive income, are recognised in profit/loss for the year.

Investments in shares and participations classified as assets available for sale and which are not listed on an active market and the fair value of which cannot be calculated in a reliable manner are measured at cost.

### – Financial liabilities at fair value through profit or loss

This category consists of two sub groups: financial liabilities held for trading and other financial liabilities that the company chose to place in this category (the Fair Value Option), see description above under Financial assets at fair value through profit or loss. The first category includes derivative instruments with a negative value that are not classified as hedging instruments when hedge accounting is applied. These are measured on a current basis at fair value with changes in value recognised in profit or loss for the year. The purpose of the derivative instrument determines whether a change in value is recognised in net financial items or in operating profit or loss. Change in value of financial liabilities attributable to issued synthetic options on market terms is recognised within net financial items.

**– Other financial liabilities**
Loans and other financial liabilities, such as trade payables, are included in this category. The liabilities are measured at amortised cost.

Trade and other payables that have a short anticipated maturity are measured at nominal amounts without discount.

The category to which the Group's financial assets and liabilities belong is specified in Note 18 Financial instruments.

**Derivative instruments and hedge accounting**
The Group's derivative instruments are acquired to hedge the risks of interest rate and currency exposure to which the Group is exposed. In order to hedge this risk, Ratos uses various types of derivative instruments, such as forward contracts, options and swaps.

All derivative instruments are recognised at fair value in the statement of financial position. Initially derivatives are recognised at fair value which means that transaction costs are charged against profit. The changes in value that arise on remeasurement can be recognised in different ways depending on whether or not the derivative instrument is classified as a hedging instrument.

If the derivative instrument is not classified as a hedging instrument the change in value is then recognised directly in profit or loss. For derivative instruments that comprise hedging instruments, changes in value are recognised depending on the type of hedge, see below.

If the hedge accounting is discontinued before the maturity of the derivative instrument the derivative instrument returns to classification as a financial asset or liability valued at fair value through profit or loss, and the future changes in value of the derivative instrument are thereby recognised directly in profit or loss.

In order to meet the requirements for hedge accounting according to IAS 39, there must be an unequivocal link to the hedged item. Furthermore, it is required that the hedge effectively protects the hedged item, that hedging documentation is prepared and that effectiveness can be shown to be sufficiently high through effectiveness measurement. Gains and losses related to hedges are recognised in profit or loss at the same time as gains or losses are recognised for the hedged items.

## Cash flow hedges

**Hedging of forecast purchases/sales in foreign currency**
The forward contracts used to hedge future cash flows and forecast purchases/sales in foreign currency are recognised in the statement of financial position at fair value. Changes in value for the period are recognised in other comprehensive income and accumulated changes in value in the hedging reserve within equity until the hedged flow affects profit or loss, whereby the hedging instrument's accumulated changes in value are reclassified to profit or loss for the year where they meet and match profit or loss effects from the hedged transaction.

**Fixed-interest hedging – cash flow hedges**
To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used. These interest rate swaps are measured at fair value in the statement of financial position. The interest coupon is recognised on a current basis in profit or loss as interest income or interest expense. Unrealised changes in the fair value of the interest rate swap are recognised directly in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit/loss for the year and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit/loss for the year.

**Fair value hedges**
When a hedging instrument is used to hedge fair value the derivative is booked at fair value in the statement of financial position and the hedged asset/liability is also booked at a fair value relating to the hedged risk. The change in value of the derivative is recognised in profit or loss together with the change in value of the hedged item.

Hedging of fair values is used to hedge certain non-financial assets that are found in the statement of financial position.

**Fixed-interest hedges – fair value hedges**
In order to hedge the risk of a change in fair value in own borrowing that carries fixed interest, interest rate swaps are used as hedging instruments. Fair value hedges are applied in the accounts and the hedged item is translated to fair value relating to the hedged risk (the risk-free interest) and changes in value are recognised in profit or loss in the same manner as the hedging instrument.

**Net investment hedges**
Investments in foreign subsidiaries (net assets including goodwill) are in some cases hedged by Ratos's foreign subsidiaries by raising currency loans which at the end of the reporting period are translated at the closing rate. Translation differences on financial instruments used as hedging instruments in a net investment hedge in a group company are recognised, to the extent the hedge is effective, in other comprehensive income and the accumulated changes in the translation reserve in equity. This in order to neutralise the translation differences that affect equity when group companies are consolidated.

## Impairment losses

On each closing date an assessment is made of whether there is any indication that an asset has an impaired value. If such indication exists, the recoverable amount of the asset is calculated.

Assessment of carrying amount is performed in another manner for certain assets. This applies to inventories, assets held for sale, assets under management used for financing of employee benefits and deferred tax assets as well as financial instruments, see respective headings.

**Impairment**
IAS 36 is applied to impairment of assets other than financial assets which are reported according to IAS 39.

**Impairment of goodwill, intangible assets and property, plant and equipment**
If indication of impairment exits, the recoverable amount of the asset is calculated. In the Ratos Group, goodwill and intangible assets with an indeterminable useful life are attributed to a holding, i.e. a subsidiary or associate, where each holding comprises a cash-generating unit. Testing of carrying amounts is performed per holding, including the value of goodwill and intangible assets which are attributable to the holding in question. Testing is carried out annually by calculating a recoverable amount regardless of whether or not an indication of impairment exists. In between, the value is tested if an indication of impairment exists.

An impairment is recognised when the carrying amount of an asset or holding exceeds the recoverable amount. An impairment is charged to profit or loss. Impairment attributable to a holding is allocated in the first instance to goodwill.

The recoverable amount is the higher of fair value with deduction for selling costs and value in use. For a more detailed description, see Note 13.

**Impairment of financial assets**
On each reporting date the company evaluates whether there are objective indications that a financial asset or group of financial assets is impaired. Objective indications comprise both noticeable circumstances that have occurred and which have a negative impact on the possibility to recover cost, as well as significant or lengthy reductions in the fair value of an investment in a financial investment classified as an Available-for-sale financial asset, see Note 18.

The impairment requirement of the receivables is determined on the basis of historical experience of bad debts on similar receivables. Trade receivables with an impairment requirement are recognised at the present value of anticipated future cash flows. Since in most cases trade receivables have a short maturity they are therefore not discounted.

In the event of impairment of an equity instrument classified as an Available-for-sale financial asset, the previously recognised accumulated loss in the fair value reserve in equity is reclassified, via other comprehensive income, to profit or loss for the year. The amount of the accumulated loss that is reclassified from equity via other comprehensive income to profit or loss for the year comprises the difference between acquisition cost and current fair value, after deduction for any impairment of the financial asset previously recognised in profit or loss for the year.

Impairment of Available-for-sale financial assets is recognised in profit or loss for the year in net financial items.

### Reversal of impairment losses

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the assumptions that form the basis of calculation of the recoverable amount. An impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been recognised, taking into account the amortisation that would then have taken place.

Impairment of held to maturity investments or loan and trade receivables recognised at amortised cost are reversed if the earlier reasons for impairment no longer exist and full payment is expected from the customer. Impairment of equity instruments classified as Available-for-sale financial assets, which were previously recognised in profit or loss are not reversed through profit or loss for the year but in other comprehensive income. The impaired value is the amount from which a subsequent revaluation is performed which is recognised in other comprehensive income. Impairments of fixed-income instruments, classed as available-for-sale financial assets, are reversed through profit or loss if the fair value increases and the increase can objectively be attributed to an event that occurred after the impairment was recognised.

## Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs for purchase, costs for manufacture and other costs of bringing the goods to their current location and condition. Cost for goods that are not exchangeable and for goods and services that are produced for and held separately for specific projects are determined based on the specific costs attributable to the respective product.

For other goods, cost is calculated according to the first-in, first-out principle or through methods based on a weighted average.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

## Assets held for sale

Assets are classified as Assets held for sale when it is highly probable that a sale will take place. This can be an individual asset, a group of assets and liabilities attributable to them or a holding, i.e. a subsidiary or an associate. Assets classified as Assets held for sale are reported separately as a current asset. Liabilities attributable to Assets held for sale are reported separately as a current liability in the statement of financial position. Measurement takes place at the lower of carrying amount and fair value with deduction for selling costs.

## Equity

### Purchase of treasury shares

Acquisition of treasury shares is reported as a deductible from equity. Proceeds from the sale of treasury shares are reported as an increase in equity. Any transaction costs are recognised directly in equity.

### Dividends

Dividends are recognised as a liability after the annual general meeting has approved the dividend.

## Employee benefits

### Defined contribution plans

Plans where the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution pension plans. In such case the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company and the return on investment provided by the contributions. Consequently it is the employee who bears the actuarial risk. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they arise.

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that covers several employers. Information which makes it possible to report this plan as a defined benefit plan has not so far been made available. The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

### Defined benefit plans

The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. This remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate at the end of the reporting period for a first-class corporate bond with a maturity that corresponds to the Group's pension obligations. When there is no active market for such corporate bonds the market rate on government bonds with a corresponding maturity is used instead. This calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in profit or loss allocated on a straight line over the average period until the benefits are totally earned. If the benefits have been fully earned, an expense is recognised in profit or loss for the year.

Actuarial gains and losses that arise from calculation of the Group's obligations for different plans are calculated according to the corridor rule. The corridor rule means that the portion of accumulated actuarial gains and losses that exceeds 10% of the larger of the present value of the obligations and the fair value of the plan assets is recognised in profit or loss over the anticipated average remaining period of service for the employees covered by the plan. Otherwise, actuarial gains and losses are not taken into account.

When the calculations lead to an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised expenses for past service and the present value of future repayments from the plan or decreased future payments to the plan. When there is a difference between how the pension cost is determined in a legal entity and group, a provision or receivable is reported relating to special payroll tax based on this difference. The provision or receivable is not calculated at present value.

### Other long-term benefits

The portion of variable compensation to employees that is only paid if the employee remains in service, is reported under Other non-current liabilities. The compensation is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined benefit pension plans.

### Compensation in the event of termination of employment

Costs for benefits in conjunction with termination of employment are only recognised if the company is demonstrably obligated, without any realistic possibility of withdrawal, by a formal, detailed plan to terminate an employment prior to the normal date. When benefits are provided as an offering to encourage voluntary attrition, an expense is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be estimated in a reliable manner.

#### Short-term benefits

Short-term employee benefits are calculated without discount and recognised as an expense when the related services are received.

#### Incentive programmes

Ratos AB's call option programmes are secured through purchases of treasury shares. Purchases of treasury shares are reported as a reduction of equity. The options have been acquired at a market price and the option premium is recognised directly in equity. In the event of future exercise of the options, the exercise price will be paid and increase equity.

Synthetic option programmes with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognised as a financial liability. This did not initially imply any cost for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options is recognised as a financial item, as are other income and expenses relating to financial assets and liabilities. If a synthetic option is utilised by the holder the financial liability, which was previously remeasured at fair value, is settled. Any realised profit or loss is recognised in profit or loss as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

If a market premium is not paid with relation to a synthetic option programme an issued option is recognised and measured in accordance with IFRS 2. A basic premise for IFRS 2 is that a company shall bear the cost that it incurred by not receiving a market premium. An expense and a liability is recognised corresponding to the fair value of the options through application of an options valuation model. The expense is recognised as employee benefits. In certain cases the expense is accrued over an earning period. The liability is remeasured on a current basis at fair value and changes in value are recognised in profit or loss for the year as employee benefits.

### Earnings per share

Earnings per share are based on consolidated profit for the year attributable to equity holders of the parent.

The dilution effect of option programmes depends on outstanding call options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, taking the average market price for Ratos shares into account, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect.

### Preference shares

Preference shares are classified in accordance with IAS 32, Financial Instruments: Presentation. When assessing whether a preference share is a financial liability or an equity instrument the terms that apply to the share are taken into account. Preference shares are classified as equity or a liability depending on whether they can be redeemed in cash or shares.

### Provisions

A provision is recognised in the statement of financial position when the Group has an existing legal or constructive obligation as a consequence of an event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made. When the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the liability.

A provision for an onerous contract is recognised when the expected economic benefits to the Group from a contract are lower than the unavoidable costs of meeting obligations under the contract.

Provisions for insurance contracts relate to share of the insurance premiums received regarding current insurance contracts that are attributable to outstanding risks, unearned premiums, and insurance claims based on assessment of claims received and estimates of claims incurred but not yet received. At the end of each reporting period a test is performed of the extent to which reported insurance liabilities are adequate by making current assessments of future cash flows according to these insurance contracts.

#### Restructuring

A provision for restructuring is recognised when there is an adopted detailed and formal restructuring plan and the restructuring has either started or been publicly announced. No provision is made for future operating expenses.

### Tax

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when the underlying transaction is recognised directly in other comprehensive income or equity, when the inherent tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received relating to the current year, applying the tax rates decided or in practice at the closing date. Current tax also includes adjustments of current tax attributable to past periods.

Deferred tax is calculated on the basis of the difference between reported and tax assessment value of assets and liabilities if it is probable that recovery or adjustment respectively of the difference is probable. A valuation is performed based on the tax rates and tax regulations decided or announced as per the end of the reporting period.

Deferred tax assets relating to deductible temporary differences and loss carry forwards are only recognised to the extent it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer assessed as probable that they can be used.

Any additional income tax that arises from dividends is recognised on the same date that the dividend is recognised as a liability.

### Contingent liabilities

A contingent liability is recognised when there is a possible commitment that stems from events that have taken place and when their occurrence is only confirmed by one or more uncertain future events or when there is a commitment that is not recognised as a liability or provision since it is not probable that an outflow of economic benefits will be required.

### Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2.2 means that the parent company in the annual accounts for a legal entity must apply all EU approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made from IFRS.

The differences between the Group's and the parent company's accounting principles are stated below.

The accounting principles set out below for the parent company are applied consistently to all periods presented in the parent company's financial reports.

**Changed accounting principles**

Amendments in IAS 27 Consolidated and Separate Financial Statements are applied since 1 January 2009. As a result of these amendments the parent company now always recognises dividends from subsidiaries in their entirety as income in profit or loss for the year. Previously dividends that were larger than profits generated after the acquisition of a subsidiary reduced the carrying amount of participations in the subsidiary.

**Classification and format**

The parent company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule, while the statement of comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences between the consolidated financial statements which apply in the parent company's income statement and balance sheet mainly comprise recognition of financial income and expenses, non-current assets, equity and the occurrence of provisions as a separate heading.

**Financial instruments**

The parent company applies the rules in the Swedish Annual Accounts Act Chapter 4, §14 a-e which allow measurement of some financial instruments at fair value.

**Anticipated dividends**

Anticipated dividend from a subsidiary is recognised in cases where the parent company alone is entitled to decide on the size of the dividend and the parent company has made a decision about the size of the dividend before the parent company published its financial statements.

**Associates and subsidiaries**

Investments in associates and subsidiaries are reported in the parent company according to the acquisition cost method.

**Defined benefit pension plans**

In the parent company, other bases are used for calculation of defined benefit pension plans than those stated in IAS 19. The parent company follows the regulations in the Income Security Act and directives from the Swedish Financial Supervisory Authority since this is a prerequisite for the right to deduct tax. The most important differences compared with the rules in IAS 19 are how the discount rate is determined, that calculation of the defined benefit obligations is based on current salary without an assumption on future salary increases, and that all actuarial gains and losses are recognised in profit or loss as they arise.

**Group contributions and shareholder contributions**

The parent company reports shareholder contributions in accordance with the statement from the Swedish Financial Reporting Board. In cases where the parent company provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

The parent company is taxed in accordance with the rules for investment companies which means that the parent company can neither give nor receive Group contributions.

**Tax**

The parent company is taxed according to the rules for investment companies. This means that any capital gains that arise are not liable to tax.

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received and interest income are reported as income. Interest expenses and overheads are tax deductible as are dividends paid. These rules mean that the parent company normally pays no income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

## Note 2 Consolidated income statement

For formal reasons profit or loss is reported in accordance with IAS 1. In order to better reflect Ratos's operations, profits from holdings are recognised in this note, where subsidiaries are included to 100% and associates to owned share. The lines which have the same values in both presentation forms are therefore profit before tax, tax and profit for the year.

| SEKm | 2009 | 2008 |
|---|---|---|
| **Profit/share of profits before tax [1]** | | |
| AH Industries (66%) | -19 | 83 |
| Anticimex (85%) | 119 | 84 |
| Arcus Gruppen (83%) | 165 | 132 |
| Bisnode (70%) | 145 | 15 |
| Camfil (30%) | 80 | 81 |
| Contex Group (99%) | -73 | 2 |
| DIAB (94%) [2] | 87 | 88 |
| EuroMaint (100%) | 41 | 33 |
| GS-Hydro (100%) | 58 | 104 |
| Hafa Bathroom Group (100%) | 38 | 35 |
| Haglöfs (100%) | 58 | 40 |
| HL Display (29%) | 25 | 39 |
| Inwido (96%) | 125 | 67 |
| Jøtul (63%) | 74 | -57 |
| Lindab (22%) | 27 | 222 |
| MCC (100%) | 85 | 115 |
| Medisize (93%) | 103 | -45 |
| SB Seating (85%) | -9 | 31 |
| Superfos (33%) | 184 | 14 |
| Other holdings [3] | -18 | 92 |
| Hägglunds Drives [4] | | 379 |
| Total profit/share of profits | 1,295 | 1,554 |
| DIAB | | 31 |
| Hägglunds Drives | | 4,405 |
| Other holdings [5] | | 13 |
| Total exit gains | | 4,449 |
| Impairment, Jøtul | | -92 |
| Profit from holdings | 1,295 | 5,911 |
| Central income and expenses | | |
| Management costs | -229 | -547 |
| Financial items | 309 | 307 |
| Net central income and expenses | 80 | -240 |
| Profit before tax | 1,375 | 5,671 |
| Tax | -441 | -382 |
| Profit for the year | 934 | 5,289 |
| Attributable to | | |
| Owners of the parent | 842 | 5,172 |
| Minority interests | 92 | 117 |

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.
2) DIAB included with 48% holding through February 2009.
3) Relates to subsidiary BTJ Group. Previous year's figures also included Atle Industri.
4) Hägglunds Drives was sold in December 2008.
5) Relates to holdings in Overseas Telecom and IK Investment Partners.

Ratos's central income and expenses amounted to SEK 80m (-240), of which personnel costs amounted to SEK -171m (-261). The higher net income and expenses is mainly due to lower costs for variable salaries and lower transaction costs. The variable portion of personnel costs amounted to SEK -74m (-161). Other management costs were SEK-58m (-289). Net financial items amounted to SEK 309m (307).

## Note 3 Operating segments

The Group's operations are divided into operating segments based on how management follows-up results. Ratos's strategy is to create the highest possible return by acquiring, developing in the form of active ownership and divesting companies. For this reason, management has chosen to follow up operations at holding level. Operating segment information is therefore provided at holding level.

| 2009 | Sales | Depreciation [4] | Share of profit of associates | Interest income | Interest expenses [1] | EBT | Interest-bearing net receivable/ net debt [2] |
|---|---|---|---|---|---|---|---|
| **Holdings** | | | | | | | |
| AH Industries | 523 | -37 | | | -28 | -19 | -420 |
| Anticimex | 1,803 | -43 | | 2 | -66 | 119 | -624 |
| Arcus Gruppen | 1,829 | -38 | 4 | 17 | -27 | 165 | 202 |
| Bisnode | 4,838 | -269 | | 10 | -274 | 145 | -2,684 |
| Camfil | | | 111 | | | 80 | |
| Contex Group | 698 | -60 | | 3 | -69 | -73 | -742 |
| DIAB | 1,095 | -74 | 9 | 1 | -42 | 87 | -844 |
| EuroMaint | 2,510 | -46 | | 1 | -83 | 41 | -772 |
| GS-Hydro | 1,495 | -28 | | 1 | -42 | 58 | -768 |
| Hafa Bathroom Group | 390 | -5 | | | -1 | 38 | 0 |
| Haglöfs | 587 | -5 | | | -4 | 58 | -40 |
| HL Display | | | 25 | | | 25 | |
| Inwido | 5,026 | -167 | 1 | 5 | -209 | 125 | -1,992 |
| Jøtul | 1,044 | -59 | | 1 | -95 | 74 | -647 |
| Lindab | | | 27 | | | 27 | |
| MCC | 1,085 | -24 | | 1 | -30 | 85 | -553 |
| Medisize | 1,358 | -55 | | | -25 | 103 | -349 |
| SB Seating | 1,203 | -66 | | 3 | -127 | -9 | -971 |
| Superfos | | | 184 | | | 184 | |
| Other holdings [3] | 863 | -11 | | 1 | -2 | -18 | -17 |
| Total holdings | 26,347 | -987 | 361 | 46 | -1,124 | 1,295 | -11,221 |
| Net central income and expenses | 9 | -5 | -3 | 387 | -92 | 80 | 2,238 |
| Other/eliminations | | | | -353 | 353 | | -344 |
| Group total | 26,356 | -992 | 358 | 80 | -863 | 1,375 | -9,327 |

[1] Including interest on shareholder loans.
[2] Excluding shareholder loans.
[3] Relates to subsidiary BTJ Group. Previous year's figures include Atle Industri.
[4] Depreciation of intangible assets and property, plant and equipment.

cont. next page

**Note 3 cont.**

| 2008 | Sales | Depreci- [4] ation | Share of profit of associates | Interest income | Interest [1] expenses | EBT | Interest-bearing [2] net receivable/ net debt |
|---|---|---|---|---|---|---|---|
| **Holdings** | | | | | | | |
| AH Industries | 751 | -26 | | 2 | -30 | 83 | -563 |
| Anticimex | 1,688 | -41 | | 10 | -91 | 84 | -807 |
| Arcus Gruppen | 1,532 | -37 | 9 | 40 | -35 | 132 | 78 |
| Bisnode | 4,534 | -215 | | 14 | -272 | 15 | -3,148 |
| Camfil | | | 106 | | | 81 | |
| Contex Group | 818 | -37 | | 3 | -72 | 2 | -1,134 |
| DIAB | | | 88 | | | 88 | |
| EuroMaint | 2,324 | -42 | | 2 | -85 | 33 | -732 |
| GS-Hydro | 1,528 | -23 | | 2 | -35 | 104 | -883 |
| Hafa Bathroom Group | 391 | -6 | | | -6 | 35 | -74 |
| Haglöfs | 495 | -5 | | 1 | -8 | 40 | -106 |
| HL Display | | | 39 | | | 39 | |
| Inwido | 5,639 | -154 | -1 | 6 | -250 | 67 | -2,932 |
| Jøtul | 1,060 | -55 | | 2 | -93 | -57 | -729 |
| Lindab | | | 222 | | | 222 | |
| MCC | 1,024 | -10 | | 3 | -43 | 115 | -706 |
| Medisize | 810 | -69 | | | -26 | -45 | -391 |
| SB Seating | 1,509 | -40 | | 10 | -166 | 31 | -993 |
| Superfos | | | 14 | | | 14 | |
| Other holdings [3] | 845 | -13 | 105 | 1 | -4 | 92 | -9 |
| Hägglunds Drives | 1,910 | -29 | | 1 | -57 | 379 | |
| | 26,858 | -802 | 582 | 97 | -1,273 | 1,554 | -13,129 |
| DIAB | | | | | | 31 | |
| Hägglunds Drives | | | | | | 4,405 | |
| Other holdings | | | | | | 13 | |
| Exit gains | | | | | | 4,449 | |
| Impairment, Jøtul | | | | | | -92 | |
| Total holdings | 26,858 | -802 | 582 | 97 | -1,273 | 5,911 | -13,129 |
| Central income and expenses | 10 | -2 | | 338 | -45 | -240 | 5,187 |
| Other/eliminations | -32 | | | -241 | 241 | | -313 |
| Group total | 26,836 | -804 | 582 | 194 | -1,077 | 5,671 | -8,255 |

Ratos has chosen not to provide groupwide information about products and services and geographic areas. Since Ratos's business is governed and reported entirely on the basis of the holdings in Ratos's portfolio, information relating to geographic region and sector lacks practical interest both for internal governance and reporting and for external monitoring of Ratos. Nor are investment decisions made in relation to products and services, geographic markets and major customers. Reporting based on geographic region and sector provides a fictitious picture of both structure and risk exposure.

1) Including interest on shareholder loans.
2) Excluding shareholder loans.
3) Relates to subsidiary BTJ Group and Atle Industri.
4) Deprecation of intangible assets and property, plant and equipment.

## Note 4 Revenue breakdown

| SEKm | 2009 | 2008 |
|---|---|---|
| Breakdown of net sales | | |
| Sales of goods | 19,313 | 20,259 |
| Service contracts | 6,162 | 5,763 |
| Construction contracts | 361 | 328 |
| Insurance services | 520 | 486 |
| | 26,356 | 26,836 |

## Note 5 Business combinations

**Business combinations 2009**

3i's shares in DIAB were acquired in March. The purchase price amounted to SEK 387m. Ratos's holding in DIAB increased from 48% to 94% and the company was therefore consolidated as a subsidiary with effect from March. Ratos's share of DIAB's profit is recognised until the end of February as share of profits of associates. The acquired company is included in consolidated sales with SEK 1,095m and in profit before tax with SEK 87m. The company's sales and profit before tax amounted to SEK 1,322m and SEK 97m respectively calculated from the start of the year. The difference between cost and fair value in the Purchase Price Allocation (PPA) is attributed to goodwill.

In November, 25% of the shares in Inwido Finland Oy were acquired. The purchase price amounted to SEK 89m and was paid with 503,640 newly issued B shares in Ratos. Inwido Finland Oy was then transferred to Inwido AB.

The table below shows fair value at acquisition date.

| SEKm | DIAB |
|---|---|
| Intangible assets | 26 |
| Property, plant and equipment | 723 |
| Financial assets | |
| Deferred tax receivable | 80 |
| Inventories | 303 |
| Other receivables | 324 |
| Cash and cash equivalents | 70 |
| Non-current liabilities and provisions | -888 |
| Current liabilities and provisions | -706 |
| Net identifiable assets and liabilities | -68 |
| Consolidated goodwill | 1,008 |
| Total purchase price | 940 |
| Less minority shares | -60 |
| Reclassification from associate | -491 |
| Purchase price including costs directly attributable to acquisition | 389 |
| Costs directly attributable to the acquisition | -2 |
| Purchase price paid | 387 |

**Adoption of preliminary purchase price allocations**

A purchase price allocation for DIAB was adopted in accordance with a preliminary purchase price allocation.

**Acquisitions made by group companies**

In November, Bisnode acquired the Finnish company Kauppalehti 121. The purchase price amounted to SEK 72m. The acquired company is included in consolidated sales with SEK 17m and in profit before tax with SEK 1m. The company's sales and profit before tax amount to SEK 86m and SEK 6m respectively, calculated from the start of the year. In addition, a number of minor acquisitions were made. In total SEK 153m was invested. The acquired companies are included in consolidated sales with SEK 59m and in profit before tax with SEK 6m. Calculated from the start of the year companies would have been included with SEK 59m in consolidated sales and with SEK 6m in consolidated profit before tax.

In June, EuroMaint acquired EISAB Energi- och Industriservice AB. The purchase price amounted to SEK 36m. The acquired company is included in consolidated sales with SEK 67m and in profit before tax with SEK 2m. The company's sales and profit before tax amount to SEK 93m and SEK 3m respectively calculated from the start of the year.

During the year Inwido acquired minority holdings in Finland and Denmark. A total of SEK 136m was invested.

| SEKm | Bisnode | EuroMaint | Total |
|---|---|---|---|
| Intangible assets | 1 | | 1 |
| Property, plant and equipment | 1 | 1 | 2 |
| Inventories | | 5 | 5 |
| Other receivables | 21 | 21 | 42 |
| Cash and cash equivalents | 26 | 7 | 33 |
| Non-current liabilities and provisions | -13 | -1 | -14 |
| Current liabilities and provisions | -33 | -24 | -57 |
| Net identifiable assets and liabilities | 3 | 9 | 12 |
| Consolidated goodwilll | 150 | 27 | 177 |
| Total purchase price | 153 | 36 | 189 |
| Purchase price paid | 153 | 36 | 189 |

Purchase price allocations are preliminary but adopted within 12 months.

**Business combinations 2008**

In April, Ratos acquired the Swedish Library Association's shares in BTJ Group. This increased Ratos's holding in BTJ Group from 59% to 66%.

In April, Ratos's subsidiary Medifiq Healthcare acquired the Swiss company Medisize Medical. Ratos provided SEK 393m in a new issue, which increased Ratos's holding to 93%. The name of the company was changed to Medisize Oy.

In November, Ratos acquired the remaining 40% of MCC, bringing Ratos's holding to 100%. The purchase price amounted to SEK 210m.

In all three cases, the difference between cost and fair value is attributed to goodwill since the companies are already included in the Ratos Group at fair value.

**Acquisitions made by group companies**

Medifiq Healthcare acquired 100% of Medisize Medical in April. The total investment amounted to SEK 535m. The company's name was changed to Medisize Oy. The acquired company is included in consolidated sales with SEK 460m and in profit before tax with SEK 13m. The company's sales and profit before tax amount to SEK 670m and SEK 22m respectively calculated from the start of the year.

In May, Hägglunds Drives acquired the operations in the American company Rineer Hydraulics Inc. The purchase price amounted to SEK 141m. Rineer Hydraulics Inc. was included in consolidated profit before tax with approximately SEK 2m until 30 September. Hägglunds Drives was sold by Ratos in a deal that was finalised in the fourth quarter.

cont. next page

**Note 5 cont.**

In July, Contex Holding acquired the operations in the American company Ideal Scanners Distribution. The acquired company is included in consolidated sales with SEK 23m and in profit before tax with SEK -3m. The company's sales and profit before tax amount to SEK 42m and SEK 3m respectively calculated from the start of the year.

In September, MCC acquired the operations in the American company ACME Radiator and Air Conditioning. The purchase price amounted to SEK 173m with a possible earn-out payment in the same amount. ACME is included in consolidated sales and profit before tax with SEK 193m and SEK 55m respectively.

In December, Bisnode acquired all the shares in the German company WLW. A number of smaller acquisitions were also made during the year. A total of approximately SEK 716m was invested. The acquired companies are included in consolidated sales with SEK 85m and in profit before tax with SEK -0.7m. The companies' sales and profit before tax amount to SEK 491m and SEK 38m respectively calculated from the start of the year.

Inwido made a number of minor acquisitions during the year. A total of approximately SEK 49m was invested. The acquired companies are included in consolidated sales with SEK 27m and in profit before tax with SEK -0.1m. The companies' sales and profit before tax amount to SEK 34m and SEK -0.6m respectively calculated from the start of the year.

GS-Hydro made a number of minor acquisitions during the year. In total an amount corresponding to SEK 17m was invested. The acquired companies are included in consolidated sales with SEK 1m and in profit before tax with SEK 0.3m. The companies' sales and profit before tax amount to SEK 4m and SEK 1m respectively calculated from the start of the year.

The table below shows fair value at acquisition date.

| SEKm | Arcus Gruppen | Bisnode | Contex Holding | GS-Hydro | Hägglunds Drives | Inwido | Medisize | MCC | Total |
|---|---|---|---|---|---|---|---|---|---|
| Intangible assets | | 187 | | | 41 | 20 | 23 | 29 | 300 |
| Property, plant and equipment | 121 | 71 | | 2 | 33 | | 158 | 29 | 414 |
| Deferred tax receivable | | 13 | | | | 38 | 7 | | 58 |
| Inventories | | 4 | 7 | 3 | 10 | | 115 | 35 | 174 |
| Other receivables | | 107 | | 6 | 10 | 3 | 103 | | 229 |
| Cash and cash equivalents | | 134 | | 3 | | 1 | 30 | | 168 |
| Non-current liabilities and provisions | -23 | -45 | | -1 | | | -164 | | -233 |
| Current liabilities and provisions | | -318 | | -6 | -2 | -22 | -60 | | -408 |
| Net identifiable assets and liabilities | 98 | 153 | 7 | 7 | 92 | 40 | 212 | 93 | 702 |
| Consolidated goodwill | | 563 | 29 | 10 | 49 | 9 | 323 | 80 | 1,063 |
| Total purchase price | 98 | 716 | 36 | 17 | 141 | 49 | 535 | 173 | 1,765 |
| Purchase price paid | 98 | 716 | 36 | 17 | 141 | 49 | 535 | 173 | 1,765 |

### Adoption of preliminary PPAs for previous year

PPAs for AH Industries, Contex Holding and EuroMaint have been adopted. These adoptions did not represent any changes from previously prepared preliminary PPAs.

## Note 6 Other operating income

**Group**

| SEKm | 2009 | 2008 |
|---|---|---|
| Rental income | 5 | 4 |
| Gain from the sale of non-current assets | 4 | 49 |
| Exchange gains on receivables and operating liabilities | 63 | 65 |
| Government grants | 1 | 2 |
| Other | 105 | 117 |
| | 178 | 237 |

**Parent company**

| SEKm | 2009 | 2008 |
|---|---|---|
| Rental income | 1 | 1 |
| Other | 10 | 3 |
| | 11 | 4 |

## Note 7 Capital gain from the sale of group companies

**Group**

| SEKm | 2009 | 2008 |
|---|---|---|
| Hägglunds Drives | – | 4,405 |
| Companies within Bisnode | 6 | 7 |
| | 6 | 4,412 |

**Result from participations in group companies**

**Parent company**

| SEKm | 2009 | 2008 |
|---|---|---|
| Dividends | 25 | 639 |
| Result from sale of shares | 310 | 3,556 |
| Impairment | -57 | -197 |
| | 278 | 3,998 |

## Note 8 Share of profits of associates

**Group**

| SEKm | 2009 | 2008 |
|---|---|---|
| **Share of profits** | | |
| Atle Industri | -3 | 104 |
| Camfil | 111 | 106 |
| DIAB (until 28 February 2009) | 9 | 88 |
| HL Display | 25 | 39 |
| Lindab | 27 | 222 |
| Superfos | 184 | 14 |
| | 353 | 573 |
| Share of profits of associates, owned by group companies | 5 | 9 |
| | 358 | 582 |
| **Exit result** | | |
| Exit result from sale of associates, owned by group companies | -6 | |
| DIAB (part of) | | 31 |
| | -6 | 31 |

**Result from investments in associates**

**Parent company**

| SEKm | 2009 | 2008 |
|---|---|---|
| Dividends | 198 | 118 |
| Result from sale of shares | -1 | 551 |
| Impairment | – | -13 |
| | 197 | 656 |

## Note 9 Employees, personnel costs and remuneration to senior executives and the Board

**Average number of employees**

| | 2009 Total | 2009 Of whom men, % | 2008 Total | 2008 Of whom men, % |
|---|---|---|---|---|
| Parent company | 40 | 50 | 39 | 51 |
| Group companies | 16,072 | 71 | 15,592 | 70 |
| Group total | 16,112 | 71 | 15,631 | 70 |
| Of whom in: | | | | |
| Sweden | 6,206 | 73 | 5,920 | 73 |
| Norway | 1,896 | 70 | 2,016 | 74 |
| Finland | 1,370 | 67 | 1,330 | 68 |
| Denmark | 1,200 | 78 | 1,475 | 72 |
| Germany | 817 | 58 | 585 | 57 |
| Poland | 770 | 70 | 800 | 70 |
| USA | 543 | 74 | 458 | 77 |
| UK | 418 | 79 | 695 | 77 |
| Netherlands | 379 | 59 | 368 | 62 |
| Canada | 347 | 94 | 471 | 94 |
| Switzerland | 235 | 66 | 178 | 63 |
| Belgium | 225 | 62 | 212 | 59 |
| China | 211 | 65 | 57 | 79 |
| Italy | 207 | 93 | 6 | 50 |
| Ireland | 178 | 55 | 245 | 62 |
| France | 178 | 57 | 168 | 58 |
| Czech Republic | 164 | 65 | 117 | 39 |
| Russia | 144 | 63 | 195 | 64 |
| Ecuador | 124 | 93 | | |
| Austria | 88 | 56 | 77 | 53 |
| Spain | 56 | 88 | 46 | 87 |
| Hungary | 55 | 18 | 56 | 23 |
| Slovenia | 53 | 47 | 46 | 50 |
| Lithuania | 37 | 74 | 10 | 50 |
| Latvia | 35 | 91 | 29 | 90 |
| Korea | 46 | 93 | 34 | 91 |
| India | 29 | 93 | | |
| Slovakia | 26 | 47 | 18 | 11 |
| Croatia | 20 | 55 | | |
| Australia | 18 | 94 | | |
| Singapore | 14 | 86 | 7 | 100 |
| Thailand | 13 | 100 | | |
| Japan | 5 | 60 | 6 | 67 |
| Estonia | 5 | 40 | 6 | 17 |
| | 16,112 | | 15,631 | |

**Gender distribution in boards and senior executives**

| | 31 Dec 2009 Men | 31 Dec 2008 Men |
|---|---|---|
| **Boards** | | |
| Parent company | 75% | 86% |
| Group total | 90% | 90% |
| **Company management** | | |
| Parent company | 50% | 50% |
| Group total | 79% | 78% |

cont. next page

Note 9 cont.

## Group

### Salaries and other remuneration

| SEKm | Board and senior executives | Other employees | Total |
|---|---|---|---|
| **2009** | | | |
| Group, total | 611 | 5,930 | 6,541 |
| (of which bonus) | (100) | | (100) |
| Of which in Sweden | 231 | 2,136 | 2,367 |
| (of which bonus) | (45) | | (45) |
| Of which in other countries | 380 | 3,794 | 4,174 |
| (of which bonus) | (55) | | (55) |
| Number of people | 1,027 | | |
| **2008** | | | |
| Group, total | 563 | 5,468 | 6,031 |
| (of which bonus) | (114) | | (114) |
| Of which in Sweden | 250 | 2,191 | 2,441 |
| (of which bonus) | (71) | | (71) |
| Of which in other countries | 313 | 3,277 | 3,590 |
| (of which bonus) | (43) | | (43) |
| Number of people | 1,034 | | |

### Social security costs

| SEKm | 2009 | 2008 |
|---|---|---|
| Social Security costs | 1,680 | 1,741 |
| (of which pension costs) | (396) | (453) |

Of the Group's pension costs SEK 72m (71) refers to the Board of Directors and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 28m (19).

The average number of employees, salaries and other remuneration and social security costs only relate to group companies in the Group at year-end.

## Parent company

### Salaries and other remuneration

| SEKm | 2009 | 2008 |
|---|---|---|
| Senior executives, CEO and Deputy CEO (until 1 Aug 2008) | | |
| Number of people [1] | 6 | 6 |
| Salaries and other remuneration | 37 | 68 |
| (of which bonus) | (21) | (51) |
| Other employees | 71 | 105 |
| Total | 108 | 173 |

[1] Of whom, one on a consultancy basis.

### Social security costs

| SEKm | 2009 | 2008 |
|---|---|---|
| Social security costs | 46 | 72 |
| (of which pension costs) | (11) | (17) |

Of the parent company's pension costs, SEK 2m (2) refers to the present and former Board of Directors and CEO. The company's outstanding pension commitments to these amount to SEK 2m (2) and pertain to former Board members who were employees.

### Absence due to illness as a percentage of working hours

| | 2009 | 2008 |
|---|---|---|
| Total absence due to illness | | |
| Total absence due to illness as % of normal working hours | 2.7 | 0.8 |
| Gender breakdown | | |
| Men | 0.6 | 0.3 |
| Women | 4.4 | 1.3 |
| Age breakdown | | |
| 30-49 years | 2.7 | 0.9 |
| > 50 years | 2.1 | 0.5 |

### The 2009 Annual General Meeting guidelines for compensation to senior executives

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

The system comprises three components – basic salary, variable salary and options – and rests on five basic principles.

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

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned.

With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options.

The Board shall be entitled to deviate from these guidelines if special reasons exist.

Previously decided remuneration that has not fallen due for payment includes previously decided bonus and subsidies of option premiums. At year-end this amounted to SEK 145m (193).

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Note 9 cont.

## Information about variable compensation and option programmes

### Variable compensation 2009

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2009, the requirement for variable compensation to be paid was that consolidated profit before tax, adjusted for minority effects in partly owned subsidiaries, should correspond to at least 8% of opening equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which falls due in the event of an adjusted profit before tax of 32% of opening equity. Adjusted profit before tax including the earnings bank for 2009 provided variable compensation of SEK 45m to be paid in 2010-2012. A total of 28 people are entitled to receive variable compensation.

Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the next two years.

### Call option programmes

Annual General Meetings 2005-2009 have decided on call option programmes directed to senior executives and other key people within Ratos. All call options have a maturity of five years. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the compensation is divided into equal parts for five years and provided the person remains active within Ratos and that the person concerned continues to hold the options to which the subsidy relates or shares acquired through the options.

Call options are issued on treasury shares purchased by Ratos.

### Call options

| | 31 Dec 2009 Number of options | 31 Dec 2009 Corresponding number of shares | 31 Dec 2008 Number of options | 31 Dec 2008 Corresponding number of shares |
|---|---|---|---|---|
| Outstanding at beginning of period | 1,689,500 | 2,401,350 | 1,367,000 | 2,343,350 |
| Recalculation of call option terms | | 11,050 | | |
| Issued | 641,000 | 641,000 | 552,500 | 552,500 |
| Exercised [1] | -81,000 | -174,150 | -230,000 | -494,500 |
| Outstanding at end of period | 2,249,500 | 2,879,250 | 1,689,500 | 2,401,350 |

[1] Average exercise price SEK 79 (55) per share, average share price when the options were exercised was SEK 125 (190).

### Terms for options issued during the period

| | 2009 | 2008 |
|---|---|---|
| Maturity | 20 Mar 2014 | 20 Mar 2013 |
| Exercise price per share, SEK | 188.10 | 261.90 |
| Total option premium payments, SEKm | 8.3 | 15.5 |
| Total payments to Ratos if shares acquired, SEKm | 120.6 | 144.7 |

Each option carries entitlement to purchase one share.

### Terms for options outstanding at end of period

| Maturity date | Option price, SEK | Exercise price, SEK | Number of shares/options | 31 Dec 2009 Number of options | 31 Dec 2009 Corresponding number of shares | 31 Dec 2008 Number of options | 31 Dec 2008 Corresponding number of shares |
|---|---|---|---|---|---|---|---|
| 31 March 2009 | 7.60 | 68.40 | 2.15 | | | 56,000 | 120,400 |
| 31 March 2010 | 11.20 | 102.90 | 2.15 | 74,000 | 159,100 | 99,000 | 212,850 |
| 31 March 2011 | 21.20 | 151.80 | 2.15 | 464,000 | 997,600 | 464,000 | 997,600 |
| 31 March 2012 | 36.50 | 278.00 | 1.00 | 518,000 | 518,000 | 518,000 | 518,000 |
| 20 March 2013 | 28.10 | 255.60 | 1.02 | 552,500 | 563,550 | 552,500 | 552,500 |
| 20 March 2014 | 13.00 | 188.10 | 1.00 | 641,000 | 641,000 | | |
| | | | | 2,249,500 | 2,879,250 | 1,689,500 | 2,401,350 |
| Maximum increase in number of shares in relation to outstanding shares at end of period, % | | | | | 1.8% | | 1.5% |

Cash amount that the company may receive on redemption of outstanding options amounts to SEK 576m (470).

### Synthetic options

The 2007-2009 Annual General Meetings resolved to introduce a cash-based option programme related to Ratos's investments in portfolio companies. The programme is carried out through the issue of synthetic options that are transferred at a market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year. Financial liabilities relating to synthetic options amount to SEK 10m (6).

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Note 9 cont.

**Remuneration to Board and senior executives**

**2009**

| SEKm | Basic salary/ Board fee | Variable compensation | Other benefits | Pension cost | Total | Pension obligations |
|---|---|---|---|---|---|---|
| Olof Stenhammar, Chairman of the Board | 0.9 | | | | 0.9 | – |
| Lars Berg, Board member | 0.4 | | | | 0.4 | – |
| Staffan Bohman, Board member | 0.5 | | | | 0.5 | – |
| Annette Sadolin, Board member | 0.4 | | | | 0.4 | – |
| Jan Söderberg, Board member | 0.5 | | | | 0.5 | – |
| Per-Olof Söderberg, Board member | 0.5 | | | | 0.5 | – |
| Margareth Øvrum, Board member | 0.4 | | | | 0.4 | |
| Arne Karlsson, CEO | 6.0 | 7.0 | 0.1 | 2.1 | 15.2 | – |
| Other senior executives | 9.7 | 14.2 | 0.3 | 1.6 | 25.8 | – |
| (5 people, of whom one on consultancy basis) | | | | | | – |

**2008**

| SEKm | Basic salary/ Board fee | Variable compensation | Other benefits | Pension cost | Total | Pension obligations |
|---|---|---|---|---|---|---|
| Olof Stenhammar, Chairman of the Board | 0.9 | | | | 0.9 | – |
| Lars Berg, Board member | 0.4 | | | | 0.4 | – |
| Staffan Bohman, Board member | 0.5 | | | | 0.5 | – |
| Annette Sadolin, Board member | 0.4 | | | | 0.4 | – |
| Jan Söderberg, Board member | 0.5 | | | | 0.5 | – |
| Per-Olof Söderberg, Board member | 0.5 | | | | 0.5 | – |
| Arne Karlsson. CEO | 5.5 | 17.6 | 0.1 | 2.1 | 25.3 | – |
| Thomas Mossberg, Deputy CEO until 1 August | 1.6 | 4.6 | 0.1 | 4.3 | 10.6 | – |
| Other senior executives | | | | | | |
| (5 people, of whom one on consultancy basis) | 9.5 | 28.8 | 0.3 | 2.0 | 40.6 | – |

**Call options**

| Holding 31 Dec 2009 | 2005 Number | 2006 Number | 2007 Number | 2008 Number | 2009 Number | Benefit |
|---|---|---|---|---|---|---|
| Chairman of the Board | – | – | – | – | – | – |
| Other Board members | – | – | – | – | – | – |
| Arne Karlsson, CEO | | 115,000 | 100,000 | 100,000 | 74,900 | – |
| Other senior executives | 4,000 | 135,000 | 135,000 | 110,000 | 139,800 | – |

| Holding 31 Dec 2008 | 2004 Number | 2005 Number | 2006 Number | 2007 Number | 2008 Number | Benefit |
|---|---|---|---|---|---|---|
| Chairman of the Board | – | – | – | – | – | – |
| Other Board members | – | – | – | – | – | – |
| Arne Karlsson, CEO | | | 115,000 | 100,000 | 100,000 | – |
| Other senior executives | | 54,000 | 135,000 | 135,000 | 110,000 | – |

**Synthetic options**

| | 2009 | | 2008 | |
|---|---|---|---|---|
| SEKm | Paid-in premium | Benefit | Paid-in premium | Benefit |
| Board of Directors | – | – | – | – |
| Senior executives and CEO | 1 | – | – | – |

cont. next page

**Note 9 cont.**

### Remuneration to the CEO

**Variable compensation**

The size of variable compensation is decided by the Board based on a proposal from the Compensation Committee and within the framework of the variable compensation component for senior executives and other key people. Acquisition of call options is subsidised within the framework of the option programme for senior executives.

**Pension terms**

Pension premiums are paid with 25% of basic salary plus variable compensation up to 50% of basic salary according to a special calculation model. The pension is a defined contribution plan. No retirement age has been agreed.

**Terms for severance pay**

The mutual notice period is six months. Severance pay corresponding to one and a half annual salaries is paid and may not be triggered by the CEO. Remuneration from a third party is deducted.

### Other senior executives

**Variable compensation**

Remuneration to the other five senior executives, see table above.

**Pension terms**

Pension is paid from the age of 65 with some exceptions. For two executives when determining pension premiums, variable compensation component up to 50% of basic salary carries pension entitlement. For others the pensionable salary is the maximum ITP limit.

**Severance pay terms**

For other senior executives in Ratos there are no agreements on severance pay that amount to more than two annual salaries. Severance pay may not be triggered by an individual executive.

**Incentive programmes in Ratos's holdings**

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, shareholder loans, subscription warrants, synthetic options and synthetic shares. Investments are made on market terms with some exceptions. IFRS 2 Share-based payments is applicable to the exceptions. These did not have a material effect on the Ratos Group's income statement and statement of financial position. In total, financial liabilities relating to synthetic option programmes in the Ratos Group amounted to SEK 136m (158). In 2009 the Group's earnings were charged with SEK 3m (12) due to remeasurement of synthetic option liabilities relating to the holdings.

## Note 10 Fees and disbursements to auditors

| | 2009 | | 2008 | |
|---|---|---|---|---|
| SEKm | Group | Parent company | Group | Parent company |
| KPMG | | | | |
| Audit assignment | 19 | 2 | 18 | 2 |
| Other assignments | 7 | 2 | 6 | 3 |
| Other auditors | 39 | | 50 | 15 |
| | 65 | 4 | 74 | 20 |

Audit assignment refers to examination of the annual accounts and accounting records as well as the administration by the Board of Directors and the CEO, other tasks which are the business of the company's auditors, and advice or other assistance which is caused by observations on such examination or implementation of such work tasks. Everything else relates to other assignments.

## Note 11 Financial income and expenses

**Group**

| SEKm | 2009 | 2008 |
|---|---|---|
| Financial income | | |
| Financial assets measured at fair value through profit or loss | | |
| Fair value option | 24 | 84 |
| Held for trading | 1 | 5 |
| Held-to-maturity investments | 1 | 3 |
| Trade and loan receivables | 46 | 95 |
| Pensions | 8 | 7 |
| Dividends | | |
| Available-for-sale financial assets | 1 | |
| Result from sale | | |
| Available-for-sale financial assets | 3 | 48 |
| Net profit | | |
| Synthetic options | 21 | |
| Change in value of derivatives | | |
| – hedge accounted | 90 | |
| – non-hedge accounted | 95 | |
| Other financial income | | |
| Available-for-sale financial assets | 1 | 4 |
| Trade and loan receivables | 4 | 18 |
| Exchange rate fluctuations, net | 33 | |
| Financial income | 328 | 264 |
| | | |
| Interest expenses | | |
| Financial assets measured at fair value through profit or loss | | |
| Fair value option | -2 | |
| Held for trading | -15 | |
| Other liabilities | -829 | -1,063 |
| Available-for-sale financial assets | | -14 |
| Pensions | -17 | |
| Net loss | | |
| Synthetic options | -24 | -12 |
| Change in value of derivatives | | |
| – hedge accounted | -3 | -64 |
| – non-hedge accounted | -6 | -62 |
| Other financial income | | |
| Other liabilities | -90 | -58 |
| Impairment | -6 | -196 |
| Financial expenses | -992 | -1,469 |

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 55m (105). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 846 m (1,058).

Profit for the year includes SEK -2m (-3) that relates to ineffectiveness in cash flow hedges.

The Group has no fair value hedges.

cont. next page

Note 11 cont.

**Parent company**

| SEKm | Result from other securities and receivables accounted for as non-current assets 2009 | 2008 | Other interest income and similar profit/loss items 2009 | 2008 |
|---|---|---|---|---|
| Interest income | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Fair value option | | | 21 | 74 |
| Trade and loan receivables | 262 | 229 | 13 | 15 |
| Result from sale | | | | |
| Available-for-sale financial assets | | 13 | | |
| Net profit | | | | |
| Synthetic options | | | 16 | |
| Financial income | 262 | 242 | 50 | 89 |

| SEKm | Interest expenses and similar profit/loss items 2009 | 2008 |
|---|---|---|
| Interest expenses | | |
| Other liabilities | -6 | -15 |
| Net loss | | |
| Synthetic options | | -15 |
| Other financial expenses | | |
| Other liabilities | -16 | |
| Exchange rate fluctuations, net | -6 | |
| Financial expenses | -28 | -30 |

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 275m (244). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 6m (15).

## Note 12 Taxes

### Recognised in profit or loss

| SEKm | 2009 | 2008 |
|---|---|---|
| Tax expense for the period | -260 | -371 |
| Adjustment of tax attributable to previous years | -7 | 18 |
| Share in tax of associates | -89 | -141 |
| | -356 | -494 |
| Deferred tax relating to temporary differences: | | |
| Property, plant and equipment | -5 | 4 |
| Intangible assets | 51 | 33 |
| Financial assets | 4 | 8 |
| Inventories | -1 | 8 |
| Trade and other receivables | -1 | -1 |
| Pension provisions | -6 | -38 |
| Other provisions | -35 | 22 |
| Tax allocation reserves and similar | -20 | 22 |
| Other | -14 | 18 |
| Deferred tax income due to changed tax rates | 19 | 7 |
| Deferred tax income in capitalised tax value in loss carry-forward during the year | 12 | 72 |
| Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward | -89 | -43 |
| | -85 | 112 |
| Total recognised tax expense in the Group | -441 | -382 |

### Reconciliation effective tax, Group

| SEKm | 2009 | 2008 |
|---|---|---|
| Profit before tax | 1,375 | 5,671 |
| Less profit from associates | -358 | -582 |
| | 1,017 | 5,089 |
| Tax according to current tax rate, 26.3% (28) | -267 | -1,425 |
| Effect of special taxation rules for investment companies | 96 | 1,316 |
| Effect of different tax rates in other countries | -10 | -21 |
| Non-deductible expenses | -89 | -34 |
| Non-taxable income | -46 | -133 |
| Increase in loss carry-forward without corresponding capitalisation of deferred tax | -59 | -26 |
| Use of previously non-capitalised tax loss carry-forward | 6 | 76 |
| Tax attributable to previous years | -7 | 18 |
| Effect of changed tax rates/and tax rules | -1 | 15 |
| Other | 25 | -27 |
| Tax in associates | -89 | -141 |
| Reported effective tax | -441 | -382 |

### Tax items recognised in other comprehensive income

| SEKm | 2009 | 2008 |
|---|---|---|
| Deferred tax attributable to hedging reserve | 11 | 40 |
| Other | 1 | 1 |
| | 12 | 41 |

### Recognised deferred tax assets and liabilities

**Group**

| | Deferred tax asset | | Deferred tax liability | |
|---|---|---|---|---|
| SEKm | 2009 | 2008 | 2009 | 2008 |
| Intangible assets | 23 | 20 | 400 | 447 |
| Property, plant and equipment | 26 | 23 | 156 | 183 |
| Financial assets | 12 | 8 | 1 | 3 |
| Inventories | 14 | 4 | 13 | 9 |
| Trade and other receivables | 9 | 6 | 1 | |
| Interest-bearing liabilities | 32 | 27 | 1 | |
| Provisions for pensions | 55 | 42 | 5 | 3 |
| Other provisions | 52 | 109 | 8 | 1 |
| Other | 83 | 80 | 51 | 43 |
| Loss carry-forward | 313 | 314 | | 4 |
| Tax allocation reserves | | 8 | 262 | 257 |
| Tax assets/tax liabilities | 619 | 641 | 898 | 950 |
| Offsets | -119 | -170 | -119 | -170 |
| Tax assets/tax liabilities, net | 500 | 471 | 779 | 780 |

Of recognised deferred tax assets, SEK 52m (46) falls due within one year and SEK 346m (332) has no due date. Of deferred tax liabilities, SEK 15m (61) falls due within one year and SEK 607m (489) has no due date.

### Unrecognised deferred tax assets

| SEKm | 2009 | 2008 |
|---|---|---|
| Deductible temporary differences | 4 | |
| Tax deficit | 1,208 | 1,181 |
| | 1,212 | 1,181 |

Approximately SEK 488m (481) of the unmeasured tax loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 120m (120) of the tax deficit falls due in 2010-2017. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit correspond to a tax value amounting to SEK 376m (326).

Since it is improbable that unrecognised tax assets will lead to lower tax payments in the future, these have not been assigned any value.

### Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise are not liable to tax. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding is less than 10%. Dividends received and interest income are reported as income. Net interest and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. The parent company's tax expense for 2009 amounted to SEK 0m (0).

## Note 13 Intangible assets

**Group**

| SEKm | Goodwill | Trade-marks | Customer relations | Contract portfolio | Data-bases | Business systems | Other assets | Data-bases | Business systems | Other assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Acquired intangible assets | | | | | | Generated internally | | | |
| **Accumulated cost** | | | | | | | | | | | |
| Opening balance 1 January 2008 | 16,225 | 620 | 419 | 136 | 735 | 143 | 416 | | | 108 | 18,802 |
| Investments | | | | | | 21 | 87 | 50 | | 52 | 210 |
| Reclassification | | 3 | 35 | | -418 | 25 | 223 | 157 | 4 | -6 | 23 |
| Business combinations | 1,012 | 23 | 216 | | | | 175 | 4 | 6 | | 1,436 |
| Disposals | | | | | | | | -3 | | | -3 |
| Sold company | -343 | -39 | | | | -20 | -25 | | | | -427 |
| Exchange differences for the year | 819 | -36 | 36 | 3 | 18 | 2 | 66 | 6 | 1 | 19 | 934 |
| Closing balance 31 December 2008 | 17,713 | 571 | 706 | 139 | 335 | 171 | 942 | 214 | 11 | 173 | 20,975 |
| Opening balance 1 January 2009 | 17,713 | 571 | 706 | 139 | 335 | 171 | 942 | 214 | 11 | 173 | 20,975 |
| Investments | 46 | 6 | 11 | | | 6 | 94 | 9 | | 70 | 242 |
| Reclassification | -14 | 14 | | | | 15 | -26 | 7 | 5 | 2 | 3 |
| Business combinations | 1,159 | | | | | 5 | 9 | | | 14 | 1,187 |
| Disposals | -90 | | | | | | -52 | -2 | | | -144 |
| Sold company | | -19 | -35 | | -44 | | -91 | -24 | | -2 | -215 |
| Exchange differences for the year | -85 | 63 | -27 | -1 | -4 | 4 | -26 | -2 | -1 | -7 | -86 |
| Closing balance 31 December 2009 | 18,729 | 635 | 655 | 138 | 287 | 201 | 850 | 202 | 15 | 250 | 21,962 |
| **Accumulated amortisation and impairment** | | | | | | | | | | | |
| Opening balance 1 January 2008 | 0 | -27 | -104 | -21 | -297 | -60 | -205 | | | -22 | -736 |
| Amortisation for the year | | -10 | -63 | -10 | -32 | -15 | -66 | -13 | -3 | -14 | -226 |
| Impairment for the year | -92 | | | | | | -3 | -39 | | -10 | -144 |
| Reclassification | | -5 | -10 | | 245 | -8 | -190 | -54 | -4 | 3 | -23 |
| Accumulated amortisation in acquired companies | | | -45 | | | | -75 | -4 | | | -124 |
| Disposals | | | | | | | | 2 | | | 2 |
| Accumulated amortisation in sold companies | | 12 | | | | 6 | 4 | | | | 22 |
| Exchange differences for the year | | 1 | -10 | -3 | -3 | 1 | -41 | 1 | | -6 | -60 |
| Closing balance 31 December 2008 | -92 | -29 | -232 | -34 | -87 | -76 | -576 | -107 | -7 | -49 | -1,289 |
| Opening balance 1 January 2009 | -92 | -29 | -232 | -34 | -87 | -76 | -576 | -107 | -7 | -49 | -1,289 |
| Amortisation for the year | | -8 | -98 | -11 | -33 | -19 | -83 | -18 | -2 | -41 | -313 |
| Impairment for the year | -118 | | | | | | -4 | | | -20 | -142 |
| Accumulated amortisation in acquired companies | | | | | | | | | | -2 | -2 |
| Disposals | | | | | | | 52 | 2 | | | 54 |
| Accumulated amortisation in sold companies | | 4 | 13 | | 18 | -3 | 45 | 23 | | | 100 |
| Exchange differences for the year | -12 | -2 | 6 | 1 | 1 | -6 | 18 | | 1 | 5 | 12 |
| Closing balance 31 December 2009 | -222 | -35 | -311 | -44 | -101 | -104 | -548 | -100 | -8 | -107 | -1,580 |
| Carrying amount according to statement of financial position | | | | | | | | | | | |
| At 31 December 2009 | 18,507 | 600 | 344 | 94 | 186 | 97 | 302 | 102 | 7 | 143 | 20,382 |
| At 31 December 2008 | 17,621 | 542 | 474 | 105 | 248 | 95 | 366 | 107 | 4 | 124 | 19,686 |

cont. next page

**Note 13 cont.**

### Impairment testing for goodwill and intangible assets with indeterminable useful lives attributable to group companies

The Ratos Group's goodwill and intangible assets with indeterminable useful lives are distributed as follows:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | Goodwill | Intangible*) assets | Goodwill | Intangible*) assets |
| Bisnode | 4,465 | 24 | 4,907 | |
| Inwido | 3,260 | | 3,538 | |
| Anticimex | 1,891 | | 1,867 | |
| SB Seating | 1,726 | | 1,532 | |
| Contex Group | 1,552 | | 1,673 | |
| DIAB | 1,008 | | | |
| | 13,902 | 24 | 13,517 | |
| Subsidiaries without significant goodwill values, total | 4,605 | 483 | 4,104 | 465 |
| | 18,507 | 507 | 17,621 | 465 |

*) Relates to intangible assets with indeterminable useful lives and which are therefore not amortised.

Goodwill and other intangible assets with indeterminable useful lives are attributable when subject to impairment testing to separate subsidiaries, since these constitute cash generating units. Only goodwill and intangible assets with indeterminable useful lives attributable to Bisnode, Inwido, Anticimex, SB Seating, Contex Group and DIAB are of a significant size on their own in relation to the Ratos Group's total goodwill.

### Subsidiaries without significant goodwill, total

Goodwill attributable to Ratos subsidiaries, except Bisnode, Inwido, Anticimex, SB Seating, Contex Group and DIAB, is not significant on its own in relation to the Ratos Group's total goodwill.

Estimated recoverable amount for subsidiaries comprises either value in use or fair value with deduction for selling costs. Methods for estimating key variables differ between subsidiaries since each holding is itself an independent unit with different conditions.

### Value in use

Value in use is calculated as Ratos's share of present value of future estimated cash flows generated by the holding until a planned exit date as well as estimated proceeds on final divestment.

Estimations of future cash flows are based on reasonable and verifiable assumptions that comprise Ratos's best estimations of the economic conditions that are expected to prevail until the exit date, whereby great weight is given to external factors. Assessments of future cash flows are based on the most recent budget/forecasts decided. These cover the period until the exit date, a maximum of five years. If the exit date in any case should be further away than five years, assessments of future cash flows are based on an assumption of an unchanged or declining growth rate unless an increasing growth rate can be motivated.

Estimates of future cash flows do not cover future payments attributable to future restructuring that the holding is not yet bound to implement. As soon as the holding is bound to implement restructuring, future cash flows contain savings and other advantages as well as payments expected to evolve from the restructuring.

Neither do estimated future cash flows include payments received or made from financing activities. On the other hand tax receipts and payments are included. When valuing a company it is normal to also include taxes. The estimated value in use should be compared with the carrying amount of the holding which includes tax assets and tax liabilities. In order for the valuation to be comparable with the carrying amount, Ratos chooses to include receipts and payments in the estimated future cash flows instead of reducing the consolidated value with tax liabilities and assets.

Ratos has chosen a discount factor after tax where estimated future cash flows also include tax. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset. The discount factor does not reflect risks that are taken into account when future cash flows are estimated. Calculation of the discount rate is based on the company's weighted average cost of capital, the company's marginal borrowing rate and other market borrowing rates independent of Ratos's capital structure.

### Fair value minus selling costs

The best expression for a fair value minus selling costs is the price in a binding agreement between independent parties. If this does not exist, the market price can be used provided the asset is sold in an active market. The immediately preceding transaction can provide a basis from which the value can be determined when current purchase rates are not available.

If this is also not available, fair value minus selling costs comprises the price that is expected to be obtained in the event of a sale of the asset between parties who are independent of each other, well informed and have an interest in the transaction. When the amount is determined the result of sales of similar assets, including profit multiples, made recently within the same sector are taken into account. The estimated value is not based on a forced sale.

*Bisnode*

Impairment testing for Bisnode is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2012, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimations of the economic conditions expected to prevail during the period. Subsequently a payment at final divestment is assessed through a profit multiple valuation. The forecast cash flows and assessed payment at final divestment are present value calculated with a discount rate of approximately 8% after tax. Sales growth, margins improvement and profit multiple at exit are key variables for estimating Bisnode's value in use. The anticipated future scenario is in accordance with Bisnode's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

*Inwido*

Impairment testing for Inwido is based on the calculation of fair value minus selling costs. Key variables in the calculation are profit multiple at exit and profit forecast. The basis for estimating these values is the units' prior experiences and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

*Anticimex*

Impairment testing for Anticimex is based on a calculation of fair value minus selling costs. Key variables in this calculation are profit multiple and future profitability level. The value estimations are based on prior experiences and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

**cont. next page**

**Note 13 cont.**

*SB Seating*

Impairment testing for SB Seating is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2013, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of approximately 8% after tax. Key variables in the calculation are profit multiple at exit and profit forecast. The basis for estimating these values is prior experience and external sources. The anticipated future scenario is in accordance with SB Seating's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

*Contex Group*

Impairment testing for Contex Holding is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2013, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of just below 7% after tax. Sales growth and profit multiple at exit are key variables for calculating Contex Group's value in use. The anticipated future scenario is in accordance with Contex Group's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

*DIAB*

Impairment testing for DIAB is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2011, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of just over 8% after tax. Key variables in the calculation are profit multiple at exit and profit forecast. The basis for estimating these values is prior experience and external sources. The anticipated future scenario is in accordance with DIAB's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

**Impairment**

Goodwill amortisation of SEK 118m relates to operations under sale/closure within the Bisnode group. In addition other intangible assets have been impaired by SEK 4m. Internally generated intangible assets were impaired by SEK 20m.

## Note 14 Property, plant and equipment

**Group**

| SEKm | Land and buildings | Equipment | Construction in progress | Total |
|---|---|---|---|---|
| **Accumulated cost** | | | | |
| Opening balance 1 January 2008 | 1,347 | 4,978 | 202 | 6,527 |
| Reclassification | 18 | 208 | -62 | 164 |
| Investments | 50 | 569 | 108 | 727 |
| Transferred from construction in progress | 48 | 71 | -119 | 0 |
| Disposals | -133 | -247 | | -380 |
| Assets in acquired companies | 372 | 378 | 6 | 756 |
| Assets in sold companies | -125 | -489 | -11 | -625 |
| Exchange differences for the year | 81 | 206 | 4 | 291 |
| Closing balance 31 December 2008 | 1,658 | 5,674 | 128 | 7,460 |
| | | | | |
| Opening balance 1 January 2009 | 1,658 | 5,674 | 128 | 7,460 |
| Reclassification | -53 | -36 | | -89 |
| Investments | 152 | 412 | 207 | 771 |
| Transferred from construction in progress | 14 | 67 | -81 | 0 |
| Transferred to assets held for sale | -190 | | | -190 |
| Disposals | -30 | -343 | -144 | -517 |
| Assets in acquired companies | 269 | 897 | 10 | 1,176 |
| Assets in sold companies | | -129 | -6 | -135 |
| Exchange differences for the year | -50 | -54 | -3 | -107 |
| Closing balance 31 December 2009 | 1,770 | 6,488 | 111 | 8,369 |
| | | | | |
| **Accumulated depreciation and impairment** | | | | |
| Opening balance 1 January 2008 | -394 | -3,042 | | -3,436 |
| Reclassification | -3 | -161 | | -164 |
| Depreciation for the year | -57 | -521 | | -578 |
| Disposals | 14 | 205 | | 219 |
| Accumulated depreciation in acquired companies | -89 | -253 | | -342 |
| Accumulated depreciation in sold companies | 41 | 317 | | 358 |
| Exchange differences for the year | -24 | -115 | | -139 |
| Closing balance, 31 December 2008 | -512 | -3,570 | | -4,082 |
| | | | | |
| Opening balance 1 January 2009 | -512 | -3,570 | | -4,082 |
| Reclassification | 53 | 36 | | 89 |
| Depreciation for the year | -71 | -608 | | -679 |
| Disposals | 8 | 303 | | 311 |
| Accumulated depreciation in acquired companies | -75 | -375 | | -450 |
| Accumulated depreciation in sold companies | | 117 | | 117 |
| Exchange differences for the year | 17 | 10 | | 27 |
| Closing balance 31 December 2009 | -580 | -4,087 | | -4,667 |
| | | | | |
| Value according to statement of financial position | | | | |
| At 31 December 2009 | 1,190 | 2,401 | 111 | 3,702 |
| Of which finance leases | 144 | 129 | | 273 |
| At 31 December 2008 | 1,146 | 2,104 | 128 | 3,378 |
| Of which finance leases | 137 | 52 | | 189 |

Paid leasing charges during the year SEK 83m (89). Charges to pay within 1 year SEK 82m (87), within 2-5 years SEK 169m (196) and after 5 years SEK 108m (119).

**Tax assessment values in Sweden**

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Buildings | 254 | 190 |
| Land | 24 | 56 |

cont. next page

Note 14 cont.

**Parent company**

| SEKm | Land and buildings | Equipment | Total |
|---|---|---|---|
| **Accumulated cost** | | | |
| Opening balance 1 January 2008 | 21 | 17 | 38 |
| Investments | 24 | 1 | 25 |
| Closing balance 31 December 2008 | 45 | 18 | 63 |
| | | | |
| Opening balance 1 January 2009 | 45 | 18 | 63 |
| Investments | 46 | 12 | 58 |
| Disposals | -9 | -2 | -11 |
| Closing balance 31 December 2009 | 82 | 28 | 110 |
| | | | |
| **Accumulated depreciation** | | | |
| Opening balance 1 January 2008 | -10 | -14 | -24 |
| Depreciation for the year | | -1 | -1 |
| Closing balance 31 December 2008 | -10 | -15 | -25 |
| | | | |
| Opening balance 1 January 2009 | -10 | -15 | -25 |
| Depreciation for the year | -1 | -3 | -4 |
| Disposals | 7 | 2 | 9 |
| Closing balance 31 December 2009 | -4 | -16 | -20 |
| | | | |
| Value according to balance sheet | | | |
| At 31 December 2009 | 78 | 12 | 90 |
| At 31 December 2008 | 35 | 3 | 38 |

**Tax assessment values**

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Buildings | 54 | 54 |
| Land | 35 | 35 |

## Note 15 Investments in associates

**Change in carrying amounts**

**Group**

| SEKm | 2009 | 2008 |
|---|---|---|
| Carrying amount 1 January | 2,851 | 2,331 |
| Investments | | 83 |
| Associates that became group companies | -491 | |
| Divestment of associates | -6 | -27 |
| Dividends | -223 | -141 |
| Share of profit of associates [1] | 268 | 472 |
| Share of comprehensive income of associates | -73 | 138 |
| Other changes in associates' equity | 13 | -5 |
| Carrying amount at year-end | 2,339 | 2,851 |

[1] Share of associate's profit after tax and minority.

cont. next page

**Note 15 cont.**

### Holdings

The below specifications show the Group's associates. The Group's share of profit includes companies during the period of the year and with the owned participations that applied during the period. Profit shares do not include any impairment or reversals of impairment.

**2009**

| Associate | Owned share | Net sales | Profit/loss | Assets | Liabilities | Equity | Share of profit after tax and minority | Consoli-dated value |
|---|---|---|---|---|---|---|---|---|
| Atle Industri | 50% | 0 | -6 | 26 | 1 | 25 | -3 | 13 |
| HL Display [1] | 29% | 1,360 | 61 | 1,232 | 681 | 551 | 18 | 299 |
| DIAB Group [2] | 48% | | | | | | 8 | |
| Lindab Intressenter [3] | 22% | 7,019 | 34 | 7,442 | 4,439 | 3,003 | 8 | 675 |
| Superfos Industries | 33% | 3,441 | 476 | 3,248 | 1,410 | 1,838 | 155 | 617 |
| Associates owned by Ratos | | | | | | | 186 | 1,604 |
| Camfil [4] | 30% | 4,503 | 263 | 3,664 | 1,733 | 1,931 | 78 | 697 |
| Inwido Academy | 33% | 4 | 0 | 1 | 0 | 1 | 0 | 0 |
| Inwido Ireland [5] | 20% | | | | | | | |
| SAS de L'ile Madame | 34% | 137 | 11 | 310 | 190 | 120 | 3 | 34 |
| UAB Panorama | 40% | 11 | 2 | 4 | 2 | 2 | 1 | 2 |
| VinUnic | 32% | 2 | 2 | 2 | 0 | 2 | 0 | 2 |
| VisTech Windows | 33% | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Associates owned by group companies | | | | | | | 82 | 735 |
| Total | | | | | | | 268 | 2,339 |

[1] Share of voting rights 20.2%. Market value SEK 377m.
[2] Until 28 February 2009, subsequently a subsidiary.
[3] Market value SEK 1,301m.
[4] Owned by Ratos Limfac Holding.
[5] Sold during the year.

**2008**

| Associate | Owned share | Net sales | Profit/loss | Assets | Liabilities | Equity | Share of profit after tax and minority | Consoli-dated value |
|---|---|---|---|---|---|---|---|---|
| Atle | 50% | | 0 | 7 | 4 | 3 | 0 | 1 |
| Atle Industri | 50% | 198 | 294 | 309 | 4 | 305 | 106 | 153 |
| HL Display [1] | 29% | 1,536 | 96 | 946 | 405 | 541 | 28 | 295 |
| DIAB Group [2] | 48% | 1,414 | 128 | 2,513 | 1,537 | 976 | 94 | 467 |
| Lindab Intressenter [3] | 22% | 9,840 | 723 | 8,625 | 5,279 | 3,346 | 163 | 752 |
| Superfos Industries | 33% | 3,481 | -23 | 3,686 | 2,298 | 1,387 | -1 | 475 |
| Associates owned by Ratos | | | | | | | 390 | 2,143 |
| Camfil [4] | 30% | 4,361 | 247 | 3,895 | 2,057 | 1,838 | 74 | 671 |
| Inwido Academy | 34% | 6 | -2 | 1 | 0 | 1 | -1 | 0 |
| Inwido Ireland | 20% | 6 | -1 | 90 | 59 | 31 | 0 | 6 |
| Racasse [5] | 25% | | | | | | 0 | |
| SAS de L'ile Madame | 34% | 201 | 29 | 327 | 217 | 110 | 9 | 27 |
| UAB Panorama | 40% | 10 | 0 | 3 | 2 | 1 | 0 | 2 |
| VinUnic | 32% | 1 | 0 | 1 | 0 | 1 | 0 | 2 |
| VisTech Windows | 33% | 0 | 0 | 1 | 0 | 1 | 0 | 0 |
| Associates owned by group companies | | | | | | | 82 | 708 |
| Total | | | | | | | 472 | 2,851 |

[1] Share of voting rights 20.2%. Market value SEK 205m.
[2] Former Laholm Intressenter.
[3] Market value SEK 858m.
[4] Owned by Ratos Limfac Holding.
[5] Sold during the year.

## Note 16 Specification of parent company's investments in associates

### Change in carrying amounts

| SEKm | 2009 | 2008 |
|---|---|---|
| Accumulated cost at 1 January | 1,481 | 1,878 |
| Investments | 91 | 77 |
| Reclassified as subsidiary | -513 | |
| Repaid shareholder contribution | | -24 |
| Divestments | -108 | -450 |
| At the end of the year | 951 | 1,481 |
| | | |
| Accumulated impairment at 1 January | -403 | -390 |
| Reclassified as subsidiary | 387 | |
| Divestments | 16 | |
| Impairment for the year | | -13 |
| At the end of the year | 0 | -403 |
| Value according to balance sheet | 951 | 1,078 |

For more information about parent company's associates, see Note 15.

| Associate, company reg. no., reg. office | No. of shares | Holding, % | Book value 31 Dec 2009 | Book value 31 Dec 2008 |
|---|---|---|---|---|
| JCTA Invest AB, 556454-8799, Stockholm [1] | | | | 1 |
| Atle Industri AB, 556725-7885, Stockholm | 5,000 | 50 | 15 | 15 |
| DIAB Group AB, 556603-1711, Laholm [2] | | | | 126 |
| HL Display AB, 556286-9957, Stockholm [3] | 8,900,280 | 29 | 229 | 229 |
| Lindab International AB, 556606-5446, Stockholm | 17,699,157 | 22 | 236 | 236 |
| Superfos Industries A/S, Vipperöd, Denmark | 3,876,101 | 33 | 471 | 471 |
| Total | | | 951 | 1,078 |

1) Liquidated during the year.
2) Subsidiary from 1 March. Sold to Kompositkärnan AB in June.
3) Share of voting rights 20.2%.

## Note 17 Receivables from group companies

### Parent company

| SEKm | Non-current receivables group companies 2009 | 2008 |
|---|---|---|
| Accumulated cost at 1 January | 2,496 | 1,329 |
| Investments | 400 | 700 |
| Settlements | -1,757 | -71 |
| Capitalised interest | 262 | 228 |
| Exchange rate fluctuation | 97 | -63 |
| Reclassifications | | 373 |
| Closing balance | 1,498 | 2,496 |

| | Current receivables group companies 2009 | 2008 |
|---|---|---|
| Accumulated cost at 1 January | 8 | 361 |
| Investments | 410 | 121 |
| Settlements | -306 | -101 |
| Reclassifications | | -373 |
| Closing balance | 112 | 8 |

## Note 18 Financial instruments

### Fair value

Fair value for listed shares and securities is determined on the basis of official listings at the end of the reporting period. Carrying amounts for current receivables correspond to fair value. Fair value for receivables with floating interest corresponds to their carrying amounts. The fair value of interest-bearing liabilities is calculated on the basis of future cash flows of capital amounts and interest discounted to the market rate at the end of the reporting period. Since most of the interest-bearing liabilities carry floating interest, fair values on the closing date correspond to carrying amounts. Forward contracts are measured at fair value taking interest rates and prices on the closing date into account.

Fair value of interest rate swaps is based on a discount of estimated future cash flows according to the maturity dates and terms of the contract and taking into account market interest rate for similar instruments at the end of the reporting period. Otherwise, see Note 31 Financial risks and risk policy.

### Group

### Assets per category of financial instrument

| **Non-current receivables** | **Non-current receivables (part of)** | | **Financial investments** | | **Total** | |
|---|---|---|---|---|---|---|
| **SEKm** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| Fair value through profit or loss | | | | | | |
| Measured according to fair value option | 2 | | | 7 | 2 | 7 |
| Held to maturity investments | 106 | 77 | | | 106 | 77 |
| Loans and receivables | 167 | 188 | | | 167 | 188 |
| Available-for-sale financial assets | | | | | | |
| Cost | | 1 | 193 | 171 | 193 | 172 |
| Fair value | | | | 21 | | 21 |
| | 275 | 266 | 193 | 199 | 468 | 465 |

| **Current assets** | **Trade and other receivables** | | **Other receivables (part of)** | | **Short-term investments** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| **SEKm** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| Fair value through profit or loss | | | | | | | | |
| Measured according to fair value option | | | | 10 | 1,212 | 5,060 | 1,212 | 5,070 |
| Held for trading | | | 27 | 5 | | | 27 | 5 |
| Loans and receivables | 4,337 | 4,317 | 312 | 307 | | | 4,649 | 4,624 |
| Available-for-sale financial assets | | | | | | | | |
| Cost | | | | | | | | |
| Fair value | | | | 2 | | | | 2 |
| Derivatives, hedge accounted | | | 9 | 13 | | | 9 | 13 |
| | 4,337 | 4,317 | 348 | 337 | 1,212 | 5,060 | 5,897 | 9,714 |

### Liabilities per category of financial instrument

| **Non-current liabilities** | **Non-current interest-bearing liabilities (part of)** | | **Other non-current liabilities (part of)** | | **Other financial liabilities** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| **SEKm** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| Fair value through profit or loss | | | | | | | | |
| Held for trading | | | 1 | | 137 | 121 | 138 | 121 |
| Financial liabilities at amortised cost | 11,702 | 13,210 | 95 | 190 | | | 11,797 | 13,400 |
| Derivatives, hedge accounted | | 69 | 173 | 197 | | | 173 | 266 |
| | 11,702 | 13,279 | 269 | 387 | 137 | 121 | 12,108 | 13,787 |

| **Current liabilities** | **Current interest-bearing liabilities (part of)** | | **Trade and other payables** | | **Other financial liabilities** | | **Other** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| **SEKm** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| Fair value through profit or loss | | | | | | | | | | |
| Held for trading | | | | | 38 | 37 | | 63 | 38 | 100 |
| Financial liabilities at amortised cost | 1,952 | 1,733 | 2,160 | 1,883 | | | 1,944 | 1,543 | 6,056 | 5,159 |
| Derivatives, hedge accounted | | | | | 39 | | | 181 | 39 | 181 |
| | 1,952 | 1 733 | 2,160 | 1,883 | 77 | 37 | 1,944 | 1,787 | 6,133 | 5,440 |

### Impairment of financial assets

| **SEKm** | **2009** | **2008** |
|---|---|---|
| Trade receivables | 44 | 28 |
| Other financial assets | 6 | |
| Total impairment | 50 | 28 |

Trade receivables are impaired taking customers' ability to pay into account. For a similar reason, a promissory note of SEK 6m has been impaired.

cont. next page

**Note 18 cont.**

The below tables provide disclosures of how fair value is determined for the financial instruments measured at fair value in the statement of financial position. Determination of how fair value is determined is based on the following three levels.

Level 1: according to listed prices in an active market for the same instrument.
Level 2: according to directly or indirectly observable market data not included in level 1.
Level 3: on the basis of inputs that are not based on observable market data.

## Category division

**Assets**

| SEKm | Level 1 | Level 2 |
|---|---|---|
| Derivatives | | 38 |
| Other receivables, interest-bearing | 12 | 1,200 |
| | 12 | 1,238 |

**Liabilities**

| SEKm | Level 2 | Level 3 |
|---|---|---|
| Synthetic options | | 136 |
| Derivatives | 252 | |
| | 252 | 136 |

**Change, level 3**

| SEKm | Synthetic options |
|---|---|
| Opening balance 1 January 2009 | 121 |
| Recognised in profit or loss | 3 |
| Acquisition | 18 |
| Settlement | -6 |
| Closing balance 31 December 2009 | 136 |

Profit included in profit for the year, for assets included in the closing balance amount to SEK 3m.

Ratos values its synthetic options on the basis of accepted market principles. The synthetic options are attributable to several of the Group's subsidiaries so a change in one parameter does not necessarily effect all valuations.

## Parent company

### Assets per category of financial instrument

| Non-current receivables | Non-current receivables, group companies | | Other non-current receivables | | Other non-current securities | |
|---|---|---|---|---|---|---|
| SEKm | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Held to maturity investments | | | | | | |
| Loans and receivables | 1,498 | 2,496 | | | | |
| Available-for-sale financial assets | | | | | | |
| Cost | | | 56 | – | 176 | 161 |
| | 1,498 | 2,496 | 56 | – | 176 | 161 |

| Current receivables | Current receivables, group companies | | Other current receivables (part of) | | Cash and cash equivalents, short-term investments | |
|---|---|---|---|---|---|---|
| SEKm | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Fair value through profit or loss | | | | | | |
| Measured according to fair value option | | | | | 1,200 | 5,048 |
| Loans and receivables | 112 | 8 | 3 | 5 | | |
| | 112 | 8 | 3 | 5 | 1,200 | 5,048 |

cont. next page

**Note 18 cont.**

## Liabilities per category of financial instrument

| **Non-current liabilities**<br>**SEKm** | **Non-current liabilities, interest-bearing, group companies**<br>**2009** | <br>**2008** | **Other non-current liabilities (part of)**<br>**2009** | <br>**2008** |
|---|---|---|---|---|
| Fair value via profit or loss | | | | |
| Held for trading | | | 50 | 64 |
| Financial liabilities at amortised cost | 197 | 228 | – | 129 |
| | 197 | 228 | 50 | 193 |

| **Current liabilities**<br>**SEKm** | **Trade payables**<br>**2009** | <br>**2008** | **Current liabilities, non-interest bearing, group companies**<br>**2009** | <br>**2008** | **Other liabilities (part of)**<br>**2009** | <br>**2008** | **Current liabilities, interest-bearing, group companies**<br>**2009** | <br>**2008** |
|---|---|---|---|---|---|---|---|---|
| Financial liabilities at amortised cost | 6 | 11 | 72 | 1 | 49 | 23 | | 2 |
| | 6 | 11 | 72 | 1 | 49 | 23 | | 2 |

## Category division

**Assets**

| **SEKm** | **Level 2** |
|---|---|
| Cash and cash equivalents – investments | 1,200 |

**Liabilities**

| **SEKm** | **Level 3** |
|---|---|
| Synthetic options | 50 |

**Change, level 3**

| **SEKm** | **Synthetic options** |
|---|---|
| Opening balance 1 January 2009 | 63 |
| Recognised in profit or loss | -16 |
| Acquisition | 3 |
| Closing balance 31 December 2009 | 50 |

A loss related to remeasurement of synthetic options is included in profit for the year, for assets included in the closing balance, amounts to SEK -16m.

## Note 19 Other securities held as non-current assets

### Parent company

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Accumulated cost | | |
| At 1 January | 161 | 154 |
| Investments | 20 | 10 |
| Settlements | -5 | -3 |
| | 176 | 161 |

## Note 20 Receivables

### Group

#### Non-current receivables

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Interest-bearing receivables | 165 | 178 |
| Non-interest bearing receivables | 110 | 207 |
| | 275 | 385 |

#### Other receivables held as current assets

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Advances to suppliers | 117 | 112 |
| Derivatives | 36 | 18 |
| Interest-bearing receivables | 14 | 9 |
| Non-interest bearing receivables | 468 | 324 |
| | 635 | 463 |

### Parent company

#### Other non-current receivables

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Accumulated cost | | |
| At 1 January | 0 | 1 |
| Investments | 56 | |
| Settled receivables | | -1 |
| | 56 | 0 |

## Note 21 Inventories

### Group

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Raw materials and consumables | 984 | 1,192 |
| Products in progress | 443 | 256 |
| Finished products and goods for resale | 1,190 | 1,354 |
| | 2,617 | 2,802 |

## Note 22 Prepaid expenses and accrued income

### Parent company

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Interest income | 0 | 6 |
| Other | 2 | 3 |
| | 2 | 9 |

## Note 23 Equity

### Share capital

| | Ordinary A | | Ordinary B | |
|---|---|---|---|---|
| Number | 2009 | 2008 | 2009 | 2008 |
| Issued at 1 January | 42,328,530 | 42,328,530 | 119,020,722 | 119,020,722 |
| New issue | | | 503,640 | |
| Issued at 31 December | 42,328,530 | 42,328,530 | 119,524,362 | 119,020,722 |

| | Total number of shares | Quota value | SEKm |
|---|---|---|---|
| Issued at 1 January | 161,349,252 | 6.30 | 1,016.5 |
| New issue | 503,640 | 6.30 | 3.2 |
| Issued at 31 December | 161,852,892 | | 1,019.7 |

**Conversion of shares**

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. During the year 0 (240) A shares were converted into B shares.

**cont. next page**

**Note 23 cont.**

## Group

### Other capital provided

Relates to equity provided by the owners. This includes premium reserves paid in conjunction with new issues.

### Retained earnings including profit for the year

Retained earnings including profit for the year includes profit in the parent company and its subsidiaries and associates. Prior provisions to a statutory reserve, excluding transferred premium reserves, are included in this item.

## Parent company

### Restricted reserves

Restricted reserves may not be reduced through profit distribution.

### Statutory reserve

The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the premium reserve prior to 1 January 2006.

### Unrestricted equity

The following funds together with profit for the year comprise unrestricted equity, i.e. the amount that is available for dividends to shareholders.

### Premium reserve

When shares are issued at a premium, i.e. more is paid for the shares than their nominal value, an amount corresponding to the amount received in excess of the nominal value of the shares is transferred to the premium reserve. After 1 January 2006, an allocation to a premium reserve comprises unrestricted equity.

### Retained earnings

Retained earnings comprises the previous year's retained earnings and profit after deduction for profit distribution provided during the year.

### Fair value reserve

The parent company applies the Swedish Annual Accounts Act's rules relating to measurement of financial instruments at fair value according to Chapter 4, § 14 a-e. Recognition takes place directly in the fair value reserve when the change in value relates to a price change on a monetary item that comprises part of the company's net investment in a foreign operation. Accounting treatment is shown in Note 24.

### Equity management

The financial target for the Group is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market and provides a basis for continued development of business operations at the same time as the long-term return generated to shareholders is satisfactory.

One of Ratos's targets is that the average annual return (IRR) is to exceed 20% on each individual holding. The result of the 28 exits carried out by Ratos since 1999 corresponds to an average IRR of 30%. No divestments (exits) were carried out during 2009.

Another of Ratos's targets is to have an aggressive dividend policy. Over the last ten years the dividend payout ratio has been 16% per year. The proposed dividend for the 2009 financial year is SEK 9.50 which corresponds to 179% of earnings per share. The dividend yield at 31 December 2009 amounted to 5.1%.

Ratos has a mandate from the 2009 Annual General Meeting to issue 30 million B shares as payment for acquisitions.

Neither the parent company nor any of the subsidiaries is subject to external capital requirements, with the exception of Anticimex's insurance business.

### Treasury shares included in the equity item retained earnings including profit for the year

**Number of shares**

| | 2009 | 2008 |
|---|---|---|
| Opening treasury shares | 3,411,397 | 2,860,097 |
| Purchased during the year | | 1,045,800 |
| Sold during the year (option programme) | -174,150 | -494,500 |
| Closing treasury shares | 3,237,247 | 3,411,397 |

**Number of shares outstanding**

| | 2009 | 2008 |
|---|---|---|
| Total number of shares | 161,852,892 | 161,349,252 |
| Treasury shares | -3,237,247 | -3,411,397 |
| | 158,615,645 | 157,937,855 |

| SEKm | 2009 | 2008 |
|---|---|---|
| Opening balance | -413 | -297 |
| Repurchases | | -169 |
| Call options exercised | 21 | 53 |
| | -392 | -413 |

Repurchased shares comprise the cost of treasury shares held by the parent company.

### Call options 2005-2009

The 2005-2009 Annual General Meetings decided to issue call options on treasury shares.

### Number of shares reserved for transfer according to option programmes

| Annual General Meeting | Number of call options decided | Number of call options acquired | Outstanding unexercised call options | Entitle to number of shares | Option price, SEK/option | Exercise price, SEK/share | Maturity date |
|---|---|---|---|---|---|---|---|
| 2005 | 150,000 | 99,000 | 74,000 | 159,100 | 11.20 | 102.90 | 31 March 2010 |
| 2006 | 500,000 | 464,000 | 464,000 | 997,600 | 21.20 | 151.80 | 31 March 2011 |
| 2007 | 775,000 | 518,000 | 518,000 | 518,000 | 36.50 | 278.00 | 31 March 2012 |
| 2008 | 750,000 | 552,500 | 552,500 | 563,550 | 28.10 | 255.60 | 20 March 2013 |
| 2009 | 650,000 | 641,000 | 641,000 | 641,000 | 13.00 | 188.10 | 20 March 2014 |
| Total number of reserved shares | | | 2,249,500 | 2,879,250 | | | |

### Dividend

After the reporting period the Board proposed the following dividend:

| SEKm | 2009 | 2008 |
|---|---|---|
| Ordinary dividend per share SEK 9.50 (9.00) | 1,507 | 1,423 |

The proposed dividend for 2008 was approved at the Annual General Meeting on 2 April 2009. The proposed dividend for 2009 will be presented for approval at the Annual General Meeting on 15 April 2010.

## Note 24 Disclosure of other comprehensive income and change in reserves and non-controlling interests

| | Majority's share of reserves | | | | | |
|---|---|---|---|---|---|---|
| SEKm | Translation reserve | Fair value reserve | Hedging reserve | Total | Minority interests | Total |
| Opening carrying amount 1 January 2008 | 58 | 38 | 6 | 102 | 23 | 125 |
| Translation differences for the year | 732 | | | 732 | 145 | 877 |
| Translation reserves attributable to discontinued operations | -8 | | | -8 | | -8 |
| Hedging reserves attributable to discontinued operations | | | 28 | 28 | | 28 |
| Hedging of net investments | | | -73 | -73 | | -73 |
| Cash flow hedges | | | | | | |
| recognised in other comprehensive income | | | -255 | -255 | -76 | -331 |
| tax attributable to change for the year | | | 65 | 65 | 22 | 87 |
| recognised in net financial items | | | 17 | 17 | | 17 |
| ineffectiveness recognised in profit or loss | | | -3 | -3 | | -3 |
| Fair value reserve | | | | | | |
| recognised in other comprehensive income | | -108 | | -108 | -9 | -117 |
| tax attributable to change for the year | | 11 | | 11 | | 11 |
| Translation differences | | | -1 | -1 | | -1 |
| Closing carrying amount 31 December 2008 | 782 | -59 | -216 | 507 | 105 | 612 |
| Opening carrying amount 1 January 2009 | 782 | -59 | -216 | 507 | 105 | 612 |
| Translation differences for the year | -216 | | | -216 | -50 | -266 |
| Reclassification | -71 | 26 | 81 | 36 | | 36 |
| Cash flow hedges | | | | | | |
| recognised in other comprehensive income | | | 49 | 49 | 3 | 52 |
| tax attributable to change for the year | | | -6 | -6 | -1 | -7 |
| recognised in profit for the year | | | 12 | 12 | 1 | 13 |
| tax attributable to change for the year | | | -2 | -2 | | -2 |
| ineffectiveness recognised in profit or loss | | | -1 | -1 | -1 | -2 |
| transferred to cost of hedged item | | | -7 | -7 | | -7 |
| share of change in associate for the year | | | 10 | 10 | | 10 |
| Fair value reserve | | | | | | |
| recognised in other comprehensive income | | 96 | | 96 | -2 | 94 |
| Closing carrying amount 31 December 2009 | 495 | 63 | -80 | 478 | 55 | 533 |

**Parent company**

**Specification of equity item reserves**

| SEKm | 2009 | 2008 |
|---|---|---|
| Fair value reserve | | |
| Opening balance | -36 | 27 |
| Revaluation recognised in other comprehensive income | 99 | -63 |
| Closing balance | 63 | -36 |

**Translation reserve**
The translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and Group present their financial reports in Swedish kronor.

**Fair value reserve**
The fair value reserve includes the accumulated net change in fair value of Available-for-sale financial assets until the asset is derecognised from the statement of financial position.

**Hedging reserve**
The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

## Note 25 Earnings per share

**Calculation of earnings per share is carried out as follows:**

| | 2009 | 2008 |
|---|---|---|
| Profit for the year attributable to owners of the parent, SEKm | 842 | 5,172 |
| Weighted average number of shares | | |
| Total number of ordinary shares 1 January | 161,349,252 | 161,349,252 |
| New issue | 51,194 | |
| Effect of holding of treasury shares | -3,276,077 | -2,773,222 |
| Weighted average number of shares before dilution | 158,124,369 | 158,576,030 |
| Effect of call options | 61,974 | 343,089 |
| Weighted average number after dilution | 158,186,343 | 158,919,119 |
| Earnings per share before dilution | 5.32 | 32.62 |
| Earnings per share after dilution | 5.32 | 32.54 |

**Instruments that can lead to potential dilution effects**

In 2009, the company had three outstanding call option programmes for which the exercise price, SEK 278.00, SEK 255.60 and SEK 188.10 respectively, exceeded the average price for ordinary shares. These options are therefore regarded as having no dilution effect and were excluded from the calculation of earnings per share after dilution. If the market price in future rises to a level above the exercise price, these options will lead to dilution.

## Note 26 Interest-bearing liabilities

**Group**

| SEKm | 2009 | 2008 |
|---|---|---|
| Non-current | | |
| Liabilities to credit institutions, non-current | 11,185 | 12,770 |
| Other non-current liabilities, interest-bearing | 855 | 873 |
| | 12,040 | 13,643 |
| Current | | |
| Liabilities to credit institutions | 1,534 | 1,215 |
| Bank overdraft | 403 | 491 |
| Other current liabilities | 77 | 92 |
| | 2,014 | 1,798 |
| Pension provisions | 451 | 486 |
| | 14,505 | 15,927 |

For information on the company's risk policy, terms and exposure, see Note 31.

**Parent company**

| SEKm | 2009 | 2008 |
|---|---|---|
| Non-current liabilities, group companies | 197 | 228 |
| Current liabilities, group companies | | 2 |
| | 197 | 230 |
| Pension provisions | 2 | 2 |
| | 199 | 232 |

Pension provisions do not have credit insurance with FPG/PRI.

## Note 27 Pensions

### Defined benefit pensions

Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement.

Pension obligations are either financed through pension foundations or similar or by the company.

### Defined contribution pensions

Pension plans mainly comprise retirement pensions. Pension premiums are salary-related and expensed on a current basis.

### Group

**Pension cost**

| SEKm | 2009 | 2008 |
|---|---|---|
| Cost regarding current service period | 45 | 74 |
| Interest expense | 17 | 14 |
| Anticipated return on plan assets | -5 | -4 |
| Recognised actuarial gains and losses | 6 | 1 |
| Past service costs | 1 | 1 |
| Effects of curtailments and settlements | -102 | |
| Pension costs for defined benefit pensions | -38 | 86 |
| Pension costs for defined contribution pensions, Alecta | 73 | 46 |
| Pension costs for defined contribution pensions, other | 292 | 256 |
| Pension costs for the year | 327 | 388 |

Pension costs are included on the line Employee benefits with the exception of interest expense and anticipated return which are included in net financial items.

**Defined benefit pension plans**

| SEKm | 2009 | 2008 |
|---|---|---|
| Present value of funded obligations | 677 | 677 |
| Fair value of plan assets | -530 | -530 |
| | 147 | 147 |
| Present value of unfunded obligations | 379 | 446 |
| Unrecognised actuarial gains (plus) and losses (minus) | -90 | -117 |
| Unrecognised past service costs | 15 | 1 |
| Effect of limitation rule for net assts | | 9 |
| Net liability in the statement of financial position | 451 | 486 |
| Amounts disclosed in the statement of financial position (specification of net liability) | | |
| Provisions for pensions | 451 | 486 |
| Non-current receivables | | – |
| Net debt in the statement of financial position | 451 | 486 |

**Specification of changes in the net liability recognised in the statement of financial position**

| SEKm | 2009 | 2008 |
|---|---|---|
| Net liability at 1 January | 486 | 627 |
| Net cost recognised in profit or loss | -38 | 86 |
| Premiums and pensions paid | -69 | -99 |
| Exchange differences on foreign plans | 15 | 11 |
| Net transferred pension obligations in conjunction with sale of companies | | -76 |
| Net pension obligations assumed through business combinations | 66 | |
| Effects of settlements | -9 | -63 |
| Net liability at 31 December | 451 | 486 |

**Actuarial gains and losses**

Adjustments based on experience are made as a consequence of the result due to mortality, morbidity, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

**Historical information**

| SEKm | 2009 | 2008 | 2007 |
|---|---|---|---|
| Present value of defined benefit obligation | 1,056 | 1,123 | 1,651 |
| Fair value of plan assets | -530 | -530 | -1,015 |
| Surplus/deficit in plan | 526 | 593 | 636 |
| Experience-based adjustment relating to plan assets | 8 | -4 | 7 |
| Experience-based adjustment relating to defined benefit | | | |
| – salary increase | | | 4 |
| – other | -1 | 1 | 13 |

**Plan assets comprise the following**

| SEKm | 2009 | 2008 |
|---|---|---|
| Equity instruments | 143 | 226 |
| Financial fixed-income assets | 167 | 209 |
| Properties | 40 | 49 |
| Other assets | 180 | 46 |
| | 530 | 530 |

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2009, Alecta's surplus in the form of the collective funding ratio amounted to 141% (112). The collective funding ratio comprises the market value of Alecta's assets expressed as a percentage of insurance obligations calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

**Key actuarial assumptions used at the end of the reporting period**

| | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Discount rate, % | 3.5-4.5 | 4.0-5.8 |
| Inflation, % | 1.7-3.0 | 1.6-3.0 |
| Anticipated rate of salary increase, % | 2.4-4.5 | 2.2-4.5 |
| Annual increase in pensions and paid-up policies, % | 1.3-4.0 | 1.6-4.3 |
| Anticipated return on plan assets, % | 3.9-5.6 | 4.5-6.5 |

### Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 11m (17) of which SEK 5m (3) pertains to Alecta.

The present value of the parent company's unfunded obligations for defined benefit pensions amounted to SEK 2m (2).

## Note 28 Provisions

### Group

**Provisions, non-current**

| SEKm | 2009 | 2008 |
|---|---|---|
| Guarantee commitments | | |
| At the beginning of the year | 58 | 52 |
| Provisions for the year | 4 | 19 |
| Unutilised reversed provisions | -11 | -16 |
| Reclassification | -20 | 14 |
| Utilised provisions | -5 | -5 |
| Provisions in sold companies | | -6 |
| At the end of the year | 26 | 58 |
| | | |
| Technical provisions | | |
| At the beginning of the year | 95 | 95 |
| Provisions for the year | 11 | |
| At the end of the year | 106 | 95 |
| | | |
| Other | | |
| At the beginning of the year | 526 | 266 |
| Provisions for the year | 29 | 243 |
| Unutilised reversed provisions | -19 | -7 |
| Reclassification | -48 | 15 |
| Change in discounted value | -13 | 38 |
| Utilised provisions | -16 | -27 |
| Provisions in sold companies | | -2 |
| Provisions in acquired companies | 1 | 4 |
| Translation difference | 15 | -4 |
| At the end of the year | 475 | 526 |
| | | |
| Total non-current provisions | 607 | 679 |

Other non-current provisions include estimated earn-outs and provisions relating to sale and leaseback transactions.

Other current provisions mainly relate to prepaid service contracts.

**Provisions, current**

| SEKm | 2009 | 2008 |
|---|---|---|
| Guarantee provisions | | |
| At the beginning of the year | 1 | 2 |
| Provisions for the year | 13 | 1 |
| Unutilised reversed provisions | -1 | |
| Reclassification | 20 | -1 |
| Utilised provisions | -13 | -1 |
| At the end of the year | 20 | 1 |
| | | |
| Technical provisions | | |
| At the beginning of the year | 151 | 130 |
| Provisions for the year | 286 | 151 |
| Reclassification | -19 | |
| Utilised provisions | -283 | -130 |
| Provisions in sold companies | 2 | |
| At the end of the year | 137 | 151 |
| | | |
| Other | | |
| At the beginning of the year | 317 | 241 |
| Provisions for the year | 555 | 371 |
| Unutilised reversed provisions | -5 | |
| Reclassification | 69 | -31 |
| Utilised provisions | -526 | -266 |
| Provisions in acquired companies | 5 | |
| Translation difference | 7 | 2 |
| At the end of the year | 422 | 317 |
| | | |
| Total current provisions | 579 | 469 |

### Parent company

**Provisions, non-current**

| SEKm | 2009 | 2008 |
|---|---|---|
| Other | | |
| Cost opening balance | 178 | |
| Provisions for the year | | 178 |
| Change in discounted value | -14 | |
| Utilised provisions | -1 | |
| Translation difference | 5 | |
| At the end of the year | 168 | 178 |

**Provisions, current**

| SEKm | 2009 | 2008 |
|---|---|---|
| Other | | |
| Cost opening balance | 57 | |
| Provisions for the year | 10 | 57 |
| Utilised provisions | -57 | |
| At the end of the year | 10 | 57 |

## Note 29 Other liabilities

**Group**
Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 698m (557) and advances from customers of SEK 163m (275).

**Parent company**
Other non-current liabilities mainly comprise personnel costs.

## Note 30 Accrued expenses and deferred income

**Parent company**

| SEKm | 2009 | 2008 |
|---|---|---|
| Personnel costs | 137 | 161 |
| Other | 11 | 27 |
| | 148 | 188 |

## Note 31 Financial risks and risk policy

**Principles for funding and financial risk management**

The Group is exposed to different types of financial risks through its operations.

Financial risks refer to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks.

Decisions on financial strategies are made by Ratos's Board relating to Ratos's parent company, and by the respective board of Ratos's subsidiaries.

**Parent company**

The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

**Group companies**

The Group has no treasury management function, but the parent company assists the subsidiaries with financial matters. The board of each subsidiary adopts its financial policy annually. Since subsidiaries' policies vary, only the parent company's policy is reported in the risk descriptions.

**Financing risk**

*Definition:*

Financing risks refer to the risks inherent in raising new loans or refinancing loans that have matured.

The parent company shall normally be unleveraged and may not pledge assets or issue guarantees. In order to guarantee access to capital and flexibility, the parent company shall have a credit facility for bridge financing of acquisitions. This credit facility should also be able to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling five-year loan facility, which amounts to SEK 3.2 billon, including a bank overdraft facility. Ratos also has a mandate from the 2009 Annual General Meeting to issue 30 million B shares as payment for acquisitions.

At 31 December 2009 the Group's interest-bearing debt to credit institutions amounted to SEK 12,718m (13,985). Total unutilised credit facilities amounted to SEK 4,561m (5,148).

The average remaining fixed-interest term on the loans was approximately 15 (24) months taking interest rate swaps into account.

Loan agreements in subsidiaries contain agreements for some financial key ratios. The terms are unique for each subsidiary. The most usual key ratios are interest-bearing net debt in relation to profit before depreciation and net interest, interest coverage and cash flow in relation to total interest expenses and amortisation.

The adjacent table shows outstanding interest-bearing liabilities and amortisation on these loans.

**Amortisation plan for financial liabilities in the Group 31 December 2009**

| SEKm | Carrying amount | Within 1 year | Within 2 years | Within 3 years | Within 4 years | 5 years or more |
|---|---|---|---|---|---|---|
| Bank loans | 12,718 | 1,632 | 2,097 | 1,552 | 3,139 | 4,299 |
| Bank overdraft facilities | 403 | 313 | | | 48 | 41 |
| Finance leases | 400 | 61 | 66 | 72 | 77 | 124 |
| Derivative liabilities | 174 | 15 | 10 | 7 | 143 | |
| Other interest-bearing liabilities | 517 | 0 | 8 | 106 | 357 | 45 |
| | 14,212 | 2,021 | 2,181 | 1,737 | 3,764 | 4,509 |

**31 December 2008**

| SEKm | Carrying amount | Within 1 year | Within 2 years | Within 3 years | Within 4 years | 5 years or more |
|---|---|---|---|---|---|---|
| Bank loans | 13,985 | 1,216 | 2,673 | 3,897 | 1,045 | 5,155 |
| Bank overdraft facilities | 491 | 491 | | | | |
| Finance leases | 428 | 63 | 70 | 75 | 81 | 139 |
| Derivative liabilities | 437 | 182 | 253 | | | |
| Other interest-bearing liabilities | 537 | 28 | 71 | 0 | 316 | 122 |
| | 15,878 | 1,980 | 3,067 | 3,972 | 1,442 | 5,416 |

Of the Group's trade payables, the majority fall due within one year.

**Credit risks**

*Definition:*

Credit risks comprise risks in financial activities and risks in trade receivables. In its financial activities the Group is exposed to counterparty credit risk in conjunction with investment of surplus liquidity in bank accounts, fixed-income securities and in conjunction with the purchase of derivative instruments. Customer credit risk is the risk that the Group's customers will be unable to meet their commitments.

**Financial credit risks**

In order to reduce the parent company's financial credit risk and so that the parent company will have a high level of preparedness for investments, cash and cash equivalents are invested in fixed-income securities with high liquidity and short maturities. Investments may be made with Ratos's principal banks or in instruments with high creditworthiness issued by governments, banks or other players that have received a K1 rating from Standard & Poor's/Nordisk Rating and/or A1 rating from Standard & Poor's.

At 31 December 2009 cash and cash equivalents amounted to SEK 4,999m (7,485), of which outstanding investments amounted to SEK 1,212m (5,060) with an average fixed-interest period of approximately 2 months (2). During 2009 there were no credit losses from investment of cash and cash equivalents or from trading with counterparties in financial transactions.

**Credit risks in trade receivables**

The parent company does not have any credit risk in trade receivables.

The maximum exposure to credit risk can be seen in the carrying amount in the statement of financial position. The Group's subsidiaries operate in a large number of geographic markets and within a number of different sectors. Through its industry spread and global operations the Group has no significant concentration of credit risks. Trade receivables

cont. next page

Note 31 cont.

are analysed continuously to determine whether any impairment exists. Assessments take the form of individual assessments as well as on the basis of historical data on suspended payments.

### Age analysis, trade receivables

### Group

**31 December 2009**

| | Nominal | Impairment | Book value |
|---|---|---|---|
| Not overdue | 3,537 | -2 | 3,535 |
| Past due 0 - 60 days | 625 | -12 | 613 |
| Past due 61 - 180 days | 135 | -10 | 125 |
| Past due 181 - 365 days | 62 | -20 | 42 |
| Past due more than one year | 73 | -51 | 22 |
| Total | 4,432 | -95 | 4,337 |

**31 December 2008**

| | Nominal | Impairment | Book value |
|---|---|---|---|
| Not overdue | 2,861 | -4 | 2,857 |
| Past due 0 - 60 days | 1,224 | -12 | 1,212 |
| Past due 61 - 180 days | 155 | -14 | 141 |
| Past due 181 - 365 days | 79 | -14 | 65 |
| Past due more than one year | 72 | -30 | 42 |
| Total | 4,391 | -74 | 4,317 |

Information on impairment of trade receivables is provided in Note 18.

### Interest rate risks

*Definition:*

Interest rate risk is the risk of a negative effect on consolidated earnings and cash flow as a result of the value of a financial instrument varying due to fluctuations in market interest rates. One significant factor that affects interest rate risk is the fixed-interest period. Long fixed-interest periods mainly affect price risk while shorter fixed-interest periods affect cash flow risk.

Since the parent company is normally unleveraged, the parent company is not exposed to interest rate risk regarding liabilities. The maturity on the parent company's cash and cash equivalents investments may not exceed 12 months.

Interest rate risk mainly arises through long-term borrowing in subsidiaries. The fixed-interest term in subsidiaries is adapted to each company's structure and strategy. Where interest rate exposure in the debt portfolio is hedged, derivative instruments such as interest rate swaps are used. Derivative instruments used to convert short-term interest into long-term interest are classified as cash flow hedges.

Of the Group's outstanding loans 35% (31) is hedged accounted. Derivative instruments in the form of interest rate swaps are used to control fixed-interest terms. The maturity of interest rate swaps is usually 12 - 36 months. In cases where hedge accounting is applied, change in value is recognised in other comprehensive income. Accumulated changes in value are recognised in the hedging reserve within equity.

At 31 December 2009 the Group had interest rate swaps with a net fair value of SEK -228m (-235) consisting of assets of SEK 0m (0) and liabilities of SEK 228m (235).

### Sensitivity analysis

If interest rates rise by one percentage point in all countries where the Ratos Group has loans or investments, the effect on net financial items in 2010, based on the part of net debt at year-end which is not hedged will total approximately SEK 81m (110). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

### Currency risks

*Definition:*

Currency risk is the risk that exchange rate fluctuations have a negative impact on the consolidated income statement, statement of financial position and/or cash flow. Currency risk can be divided into transaction risks and translation risks.

*Translation exposure*

The effects of exchange rate fluctuations affect the Group's earnings at translation of foreign subsidiaries' income statement to SEK. Currency risks also arise when foreign subsidiaries' assets and liabilities as well as any surplus values are translated into the parent company's functional currency.

*Transaction exposure*

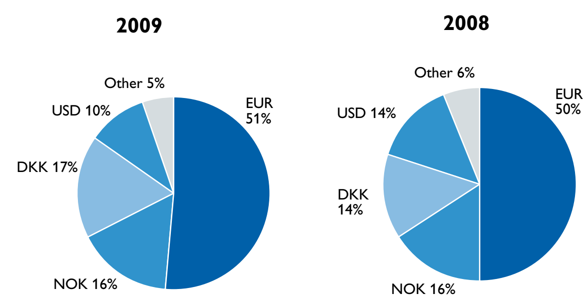
Currency flows that arise at purchase and sale of goods and services in other currencies than the respective subsidiary's functional currency give rise to transaction exposure.

### Translation exposure

In the parent company currency hedging is not carried out without special reason. Exchange rate fluctuations for net assets in foreign currency are not hedged in the parent company. In some cases Ratos's foreign subsidiaries can hedge net investments in underlying subsidiaries.

Ratos has subsidiaries in the Nordic countries, which in turn own subsidiaries located in large parts of the world. When foreign net investments are translated into SEK a translation exposure arises, where translation for the year is recognised in other comprehensive income and accumulated in the translation reserve in equity.

The diagram below shows exposure of foreign subsidiaries' net assets by currency.




*Sensitivity analysis*

A weakening of the Swedish krona by 10% against other currencies at 31 December would lead to a change in equity of approximately SEK 1,015m (690).

### Transaction exposure

Since the parent company is an investment company it does not have transaction exposure from purchase and sales of goods. In cases where subsidiaries face net exposure in foreign currency the risk is hedged on the basis of the subsidiary's adopted financial policy.

Ratos's subsidiaries, which are located in the Nordic countries, operate in a global market with cash flows in foreign currency. Ratos's greatest exposure is in the Nordic currencies, GBP, USD and EUR. Exposure in EUR arises mainly from purchases of goods from Europe. Of the Group's 16 operating subsidiaries approximately half of the companies hedge foreign currency inflows and outflows. In the majority of cases forward contracts are used as hedging instruments. Hedged volume varies from subsidiary to subsidiary and is dependent on how the exposure looks in the individual case. Future forecast cash flows are hedged, mainly within a 12-month period, with the main emphasis on NOK, DKK and EUR. In

cont. next page

Note 31 cont.

some individual cases hedging also takes place within the interval 24-36 months. Net flows for the year in different currencies are shown in the diagram opposite.

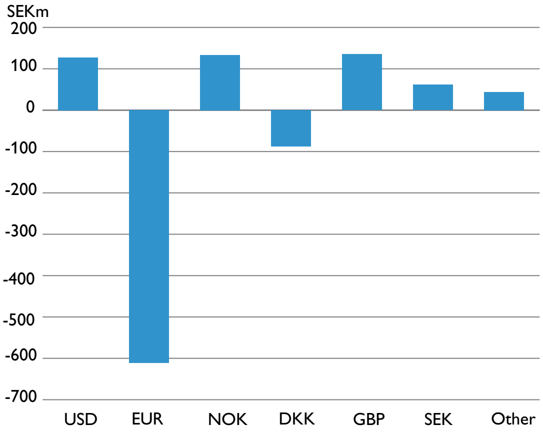
In cases where subsidiaries choose hedge accounting, hedge accounting is applied when the requirements for this are met. The Group classifies its forward contracts that are used to hedge forecast transactions as cash flow hedges. Changes in value for the period of forward contracts are recognised in other comprehensive income. Accumulated changes in value are reported in the hedging reserve within equity.

The net fair value of forward contracts amounted to SEK 14m (-171) at 31 December 2009. Of this amount, SEK 38m (18) is recognised in the statement of financial position as assets and SEK 24m (189) as liabilities.

*Sensitivity analysis*

A weakening of the Swedish krona by 10% against Ratos's exposure of net flows in NOK, DKK, GBP, USD and EUR would affect the income statement by approximately SEK -90m taking currency hedging into account.

**Transaction exposure, net flow**




## Note 32 Operating leases

### Group

**Leases where the company is the lessee**

Leasing payments made during the financial year relating to operating leases amount to:

| SEKm | 2009 | 2008 |
|---|---|---|
| Minimum lease payments | 442 | 457 |
| Variable payments | 41 | 4 |
| Total leasing costs | 483 | 461 |

Future payments for leases entered into amount to

| SEKm | 2009 | 2008 |
|---|---|---|
| Payments within 1 year | 408 | 356 |
| Between 1-5 years | 1,081 | 639 |
| > 5 years | 2,173 | 418 |
| | 3,662 | 1,413 |

## Note 33 Pledged assets and contingent liabilities

### Group

**Pledged assets**

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Real estate mortgages | 1,251 | 1,906 |
| Chattel mortgages | 4,064 | 3,853 |
| Shares in group companies | 10,093 | 7,882 |
| Other pledged assets | 2,088 | 1,858 |
| | 17,496 | 15,499 |
| Contingent liabilities | 188 | 196 |

Relate to pledged assets and contingent liabilities in group companies.

**Parent company**

The parent company has no pledged assets or contingent liabilities.

## Note 34 Related party disclosures

Transactions with related parties are conducted on market terms.

**Parent company**

The parent company has a related party relationship with its group companies and with its associates, see Note 35 and Note 15.

| SEKm | | Interest expenses | Interest income | Dividend | Receivable | Liability | Capital contribution |
|---|---|---|---|---|---|---|---|
| Subsidiaries | 2009 | -5 | 263 | 25 | 1,610 | 269 | 929 |
| Subsidiaries | 2008 | -15 | 227 | 639 | 2,504 | 230 | 698 |
| Associates | 2009 | | | 198 | | | – |
| Associates | 2008 | | 2 | 118 | | | 78 |

**Transactions with key management personnel**

Remuneration to key management personnel and Board members is specified in Note 9.

## Note 35 Participations in group companies

**Parent company**

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Accumulated cost opening balance | 5,639 | 6,253 |
| Invested | 1,648 | 495 |
| Shareholder contribution | 2,227 | 1,342 |
| Repaid shareholder contribution | -79 | |
| Redemptions | | -945 |
| Reclassification from associate | 126 | |
| Divestments | -864 | -1,506 |
| At the end of the year | 8,697 | 5,639 |
| | | |
| Accumulated impairment opening balance | -263 | -66 |
| Divestments | 66 | |
| Impairment for the year | -57 | -197 |
| At the end of the year | -254 | -263 |
| | | |
| Value according to balance sheet | 8,443 | 5,376 |

| Subsidiary, company reg. no., reg. office | Number | Share, % | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|---|---|
| AHI Intressenter AB, 556726-7744, Stockholm [1)] | 100,000 | 100 | 336 | 304 |
| Anticimex Holding AB, 556696-2568, Stockholm | 10,119,047 | 85 | 340 | 340 |
| Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway | 833,278 | 83 | 7 | 7 |
| Bisnode Business Information Group AB, 556681-5725, Stockholm | 84,412,286 | 70 | 653 | 653 |
| BTJ Group AB, 556678-3998, Lund | 72,774 | 66 | 40 | 44 |
| EMaint AB, 556731-5378, Stockholm [1)] | 100,000 | 100 | 396 | 208 |
| GS Hydro Holding AB, 556761-8797, Stockholm | 28,301,900 | 100 | 254 | 284 |
| Haendig AB, 556554-3625, Halmstad [2)] | | | | 204 |
| Hafa Bathroom Group AB, 556005-1491, Halmstad [3)] | 2,000 | 100 | 246 | |
| Haglöfs Holding AB, 556101-0785, Stockholm | 30,000 | 100 | 215 | 200 |
| Image Matters Intressenter AB, 556733-1854, Stockholm [1)] | 100,000 | 100 | 954 | 684 |
| Inwido AB, 556633-3828, Malmö | 222,373,013 | 96 | 1,523 | 556 |
| Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway [5)] | 875,000 | 63 | 0 | 0 |
| Kompositkärnan Förvaltning AB, 556777-2271, Stockholm [1)] | 1,000 | 100 | 867 | |
| Medisize Oy, 2046714-2, Vantaa, Finland | 2,967,497 | 93 | 672 | 672 |
| Myggvärmare AB, 556723-5667, Stockholm [1)] | 1,000 | 100 | 480 | 505 |
| Non Welded Oy, 2268968-9, Helsinki, Finland | 28,301,900 | 100 | 0 | |
| Ratos Fastighets AB, 556308-3863, Stockholm | 50,000 | 100 | 6 | 6 |
| Ratos Limfac Holding AB, 556730-7565, Stockholm [4)] | 1,000 | 100 | 482 | 506 |
| Spin International AB, 556721-4969, Stockholm [1)] | 1,000,000 | 100 | 972 | 203 |
| | | | 8,443 | 5,376 |

1) AHI Intressenter AB is an owner company to AH Industries, EMaint AB is an owner company to EuroMaint, Image Matters Intressenter AB owns Contex Group via Contex Intressenter AB, Myggvärmare AB is an owner company to MCC, Spin International AB is an owner company to Scandinavian Business Seating, Kompositkärnan Förvaltning AB is an owner company to DIAB.

2) Sold during the year to Ratos Fastighets AB.

3) Acquired during the year from Haendig AB.

4) Owner company to Camfil AB.

5) In addition 438,577 preference shares are held, which comprise 60% of the total number of outstanding preference shares.

## Note 36 Cash flow statement

| SEKm | Group 2009 | Group 2008 | Parent company 2009 | Parent company 2008 |
|---|---|---|---|---|
| Dividends received | 1 | 118 | 223 | 639 |
| Interest received | 82 | 186 | 33 | 78 |
| Interest paid | -846 | -992 | -1 | -1 |

### Adjustment for non-cash items

| SEKm | Group 2009 | Group 2008 | Parent company 2009 | Parent company 2008 |
|---|---|---|---|---|
| Share of profits of associates | -358 | -582 | | |
| Dividends received from associates | 223 | 141 | | |
| Capital gains/losses | 40 | -4,516 | -307 | -4,119 |
| Depreciation and impairment of assets | 1,134 | 949 | 61 | 210 |
| Unrealised exchange differences | -142 | 221 | 5 | |
| Provisions, etc. | 136 | 594 | -215 | 22 |
| Adjustment for non-cash items | 1,033 | -3,193 | -456 | -3,887 |

### Cash and cash equivalents

| SEKm | Group 2009 | Group 2008 | Parent company 2009 | Parent company 2008 |
|---|---|---|---|---|
| Cash and bank balances | 3,787 | 2,425 | 1,576 | 652 |
| Short-term investments, on a par with cash and cash equivalents | 1,212 | 5,060 | 1,200 | 5,048 |
| Cash and cash equivalents | 4,999 | 7,485 | 2,776 | 5,700 |

Short-term investments are classified as cash and cash equivalents when they have an insignificant risk of value fluctuations, can easily be converted into cash and cash equivalents and have a maximum maturity of three months from the acquisition date.

### Unutilised credit facilities

Unutilised credit facilities amount to SEK 4,561m (5,148) for the Group and SEK 3,200m (3,200) for the parent company.

### Sold group companies – Group

| SEKm | 2009 | 2008 |
|---|---|---|
| Intangible assets | 200 | 405 |
| Property, plant and equipment | 18 | 267 |
| Financial assets | 1 | 14 |
| Deferred tax asset | 1 | 43 |
| Inventories | | 400 |
| Current receivables | 93 | 576 |
| Cash and cash equivalents | 51 | 129 |
| Total assets | 364 | 1,834 |
| Non-current liabilities and provisions | 19 | 1,129 |
| Current liabilities and provisions | 102 | 724 |
| Total liabilities | 121 | 1,853 |
| Selling price | 248 | 4,385 |
| Minus: | | |
| Purchase promissory note | -43 | -11 |
| Cash and cash equivalents in the sold operations | | -129 |
| Effect on Group's cash and cash equivalents | 205 | 4,245 |

### Acquisition of group companies – Group

| SEKm | 2009 | 2008 |
|---|---|---|
| Intangible assets | 1,185 | 1,312 |
| Property, plant and equipment | 725 | 414 |
| Financial assets | -491 | |
| Deferred tax asset | 80 | 58 |
| Inventories | 308 | 174 |
| Current receivables | 367 | 230 |
| Cash and cash equivalents | 103 | 168 |
| Total assets | 2,277 | 2,356 |
| Minority interests | -92 | -318 |
| Non-current liabilities | 889 | 169 |
| Deferred tax liability | 13 | 76 |
| Current liabilities | 752 | 407 |
| Total liabilities | 1,562 | 334 |
| Purchase price paid | 715 | 2,022 |
| Minus: | | |
| Cash and cash equivalents in the acquired operations | -109 | -168 |
| Payment with treasury shares | -90 | |
| Effect on Group's cash and cash equivalents | 516 | 1,854 |

## Note 37 Assets held for sale

**Assets held for sale**

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Property, plant and equipment | 190 | |
| Total assets reclassified | 190 | |

**Liabilities attributable to Assets held for sale**

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Interest-bearing liabilities | 4 | |
| Total liabilities reclassified | 4 | |

Assets held for sale comprise assets and liabilities attributable to Arcus Gruppen.

## Note 38 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. Choice of principle requires in some cases that management makes assessments as to which principle provides the most true and fair picture. Development within accounting and the choice of principles are discussed with Ratos's Audit Committee. The most important areas where critical assessments were made in application of the Group's accounting principles and key sources of uncertainty in estimations are shown below.

### Assessments at application of accounting principles

*Acquisition and divestment of subsidiaries and associates*

Ratos's operations as a listed private equity company mean that companies are both acquired and sold. This can relate to add-on acquisitions equally well as partial divestments. Accounting for acquisitions and divestments of subsidiaries and associates is therefore of significance for Ratos as regards, among other things, date and valuation.

*Associates*

Ratos applies the equity method for consolidation of associates.

### Key sources of uncertainty in estimations

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. a value in use or fair value with deduction for selling costs for each holding. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Future events and new information can change these assessments and estimations.

## Note 39 Risk related to insurance operations

Insurance risk is the risk that is attributable to the insurance operations in Anticimex, which are conducted in the Nordic countries but concentrated to Sweden and Norway. The insurance operations are based on insurance related to pests, dry rot, transfer of real property and excess compensation in the event of fire, theft or water damage.

Since Anticimex working methods include an insurance inspection as a basis for risk assessment, the risk in its insurance operations is well balanced in relation to the size of the premiums. This is also supported by an historically acceptable and stable claims result.

Guidelines for the risk to which the company may assume responsibility and what net retained line should apply are established by Anticimex Försäkringar AB's board taking into account the articles of association and the limits that apply to the company with regard to its equity and in other respects taking into account the limits contained in actuarial guidelines with pertinent instructions for taking out insurance.

The company's board shall also ensure that the company has adequate reinsurance cover for the risks covered. The scope of Anticimex's reinsurance is defined in the group's reinsurance and credit policy, which is reviewed and approved annually by the board of Anticimex Försäkringar AB.

## Note 40 Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the projects. See accounting principles Note 1.

**Information from profit and loss**

| SEKm | 2009 | 2008 |
|---|---|---|
| Contract revenue | 361 | 328 |
| Net profit | 17 | 51 |

**Information from the statement of financial position**

**Receivables from customers for assignments under a construction contract**

| SEKm | 2009 | 2008 |
|---|---|---|
| Contract revenue | 652 | 287 |
| Billing | -474 | -145 |
| | 178 | 142 |
| Of which current receivables | 178 | 24 |

**Liabilities to customers for assignments under a construction contract**

| SEKm | 2009 | 2008 |
|---|---|---|
| Billing | – | 2 |
| Contract revenue | – | |
| | – | 2 |

## Note 41 Parent company details

Ratos AB is a Swedish registered limited company with its registered office in Stockholm. The parent company's shares are registered on NASDAQ OMX Stockholm. The address of the head office is Box 1661, SE-111 96 Stockholm and the street address is Drottninggatan 2.

The consolidated accounts for 2009 comprise the parent company and its group companies, together with the said Group. The Group also includes the owned shares in associates.

## Note 42 Events after the reporting period

In January, EuroMaint completed acquisition of the German company RSM Group. Ratos provided SEK 166m to EuroMaint in conjunction with the acquisition.

**The Board of Directors' certification**

The consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards, that disclosures herein give a true and fair view of the parent company's and Group's financial position and results of operations, and that the statutory Board of Directors' report provides a fair review of the development of the Group's and parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm, 18 February 2010

Olof Stenhammar
Chairman

| | | |
|---|---|---|
| Lars Berg<br>Member of the Board | Staffan Bohman<br>Member of the Board | Annette Sadolin<br>Member of the Board |
| Jan Söderberg<br>Member of the Board | Per-Olof Söderberg<br>Member of the Board | Margareth Øvrum<br>Member of the Board |

Arne Karlsson
CEO

The annual accounts and the consolidated accounts were approved for publication by the Board on 18 February 2010. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 15 April 2010.

# Audit report

To the Annual General Meeting of Ratos AB (publ)
Registered number 556008-3585

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Ratos AB (publ) for the year 2009. The company's annual accounts are included in the printed version of this document on pages 50-103. The Board of Directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and application of International Financial Reporting Standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the directors' report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, 18 February 2010

KPMG AB

Thomas Thiel
Authorised Public Accountant

## Analysis

# Guide to Ratos's accounts

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

Over time the parent company's income statement provides a good picture of Ratos's performance. Since Ratos normally owns its holdings for several years, however, the parent company's income statement is a relatively blunt instrument for continuous performance monitoring. The reason for this is that the effects of company divestments appear in the income statement at long intervals and often with major one-time effects. For continuous monitoring of Ratos, the consolidated income statement (complemented with all the information on the individual holdings Ratos provides in its reports) can be more interesting since profits from subsidiaries and associates are included continuously which means that Ratos's earnings are evened out to some extent between the years.

In principle, Ratos's performance can be evaluated in the same way as that of any other company, i.e. on the basis of anticipated return. Ratos's target is that the average annual return (IRR) shall exceed 20% on each individual investment. Since 1999 IRR has averaged approximately 30%.

**Parent company**

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

## Parent company income statement

| SEKm | 2009 | 2008 |
|---|---|---|
| Other operating income | 11 | 4 |
| Other operating expenses | -60 | -267 |
| Personnel costs | -158 | -248 |
| Depreciation of property, plant and equipment | -4 | -1 |
| Other operating expenses | -2 | -5 |
| Operating profit/loss | -213 | -517 |
| Profit from participations in group companies | 278 | 3,998 |
| Profit from participations in associates | 197 | 656 |
| Result from other securities and receivables accounted for as non-current assets | 262 | 242 |
| Other interest income and similar profit/loss items | 50 | 89 |
| Interest expenses and similar profit/loss items | -28 | -30 |
| Profit after financial items | 546 | 4,438 |
| Tax | – | – |
| Profit for the year | 546 | 4,438 |

Expenses largely comprise personnel costs as well as consulting and legal costs from transactions and processes. A large portion of these expenses are variable which means that in times of many acquisition and divestments (exits) costs will be higher and in time of few acquisitions and exits they will be lower. In a year with no acquisitions and exits, management of Ratos costs approximately SEK 200m, which is approximately 0.6% of market capitalisation.

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

**Investment company**

Ratos is classed as an investment company. Companies which mostly manage securities and similar assets are classed as investment companies if they have a well-diversified portfolio that contains several different companies within different sectors as well as an ownership spread (more than a couple of hundred shareholders). For investment companies capital gains are not liable to tax, instead a standard income is reported corresponding to 1.5% of the market value of listed shares which at the end of the year have been held for less than one year, and where ownership is less than 10% (Ratos had no holding in this category in 2009). Dividends received and interest income are recognised as income liable to tax. Interest expenses and overheads are normally tax deductible as are dividends provided.

# Parent company balance sheet

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| ASSETS | | |
| **Non-current assets** | | |
| Property, plant and equipment | 90 | 38 |
| Financial assets | | |
| Participations in group companies | 8,443 | 5,376 |
| Participations in associates | 951 | 1,078 |
| Receivables from group companies | 1,498 | 2,496 |
| Other securities held as non-current assets | 176 | 161 |
| Other non-current receivables | 56 | |
| Total non-current assets | 11,214 | 9,149 |
| **Current assets** | | |
| Current receivables | | |
| Receivables from group companies | 112 | 8 |
| Other receivables | 5 | 5 |
| Prepaid expenses and accrued income | 2 | 9 |
| Short-term investments, other | 1,200 | 5,048 |
| Cash and bank balances | 1,576 | 652 |
| Total current assets | 2,895 | 5,722 |
| Total assets | 14,109 | 14,871 |
| EQUITY AND LIABILITIES | | |
| **Equity** | | |
| Restricted equity | | |
| Share capital (A shares 42,328,530 B shares 119,524,362) | 1,020 | 1,017 |
| Statutory reserve | 286 | 286 |
| Unrestricted equity | | |
| Premium reserve | 86 | |
| Retained earnings | 11,320 | 8,283 |
| Fair value reserve | 63 | -36 |
| Profit for the year | 546 | 4 438 |
| Total equity | 13,321 | 13,988 |
| **Non-current provisions** | | |
| Provisions for pensions | 2 | 2 |
| Other provisions | 168 | 178 |
| Total non-current provisions | 170 | 180 |
| **Non-current liabilities** | | |
| Interest-bearing liabilities | | |
| Liabilities to group companies | 197 | 228 |
| Non-interest bearing liabilities | | |
| Other liabilities | 136 | 193 |
| Total non-current liabilities | 333 | 421 |
| **Current provisions** | | |
| Other provisions | 10 | 57 |
| **Current liabilities** | | |
| Interest-bearing liabilities | | |
| Liabilities to group companies | | 2 |
| Non-interest bearing liabilities | | |
| Trade payables | 6 | 11 |
| Liabilities to group companies | 72 | 1 |
| Other liabilities | 49 | 23 |
| Accrued expenses and deferred income | 148 | 188 |
| Total current liabilities | 275 | 225 |
| Total equity and liabilities | 14,109 | 14,871 |
| Pledged assets | None | None |
| Contingent liabilities | None | None |

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

Equity largely comprises unrestricted equity, i.e. distributable funds. For 2009 the proposed dividend is SEK 9.50 (9) per share.

The parent company should normally be unleveraged. Ratos has a rolling five-year credit facility of SEK 3.2 billion which when required can be used when bridge financing is required for acquisitions, or to finance dividends and day-to-day running costs in periods of few or no exits. The credit facility was unutilised at 31 December 2009.

In order to achieve an optimal financial structure, loans are raised in the holdings. Each holding has independent responsibility for its financial strategy and financing.

The liabilities in the parent company are mainly liabilities to centrally administered subsidiaries.

## Group

In an analysis of Ratos on the basis of consolidated accounts it should be taken into account that comparisons of performance may include different holdings in different years. Most other groups have a relatively comparable structure from one year to the next and have possibly made a single acquisition or divestment, which can be adjusted for. Given Ratos's mission, to buy and sell companies, the differences in the Group's structure can be considerable from one year to the next.

In the consolidated financial statements, 100% of subsidiaries' (holdings where Ratos owns more than 50%) income and expenses are reported on the respective line in the consolidated income statement – regardless of how much Ratos owns. A better way to report Ratos's earnings, in Ratos's opinion, is the table on the right. This table clearly shows which holdings contribute to consolidate profit before tax and by how much. Consolidated profit before tax is the same in both presentations.

Development in each individual holding is shown in the table on the next two-page spread, Ratos's holdings, as well as in financial facts for the holdings (pages 112-151). These are updated quarterly in conjunction with Ratos's interim reports and published on Ratos's website.

Income statement presented according to IFRS.

### Consolidated income statement

| SEKm | 2009 | 2008 |
|---|---|---|
| Net sales | 26,356 | 26,836 |
| Other operating income | 178 | 237 |
| Change in inventories | -140 | -12 |
| Raw materials and consumables | -9,663 | -10,047 |
| Employee benefit costs | -8,469 | -8,286 |
| Depreciation and impairment of property, plant and equipment and intangible assets | -1,134 | -949 |
| Other costs | -5,447 | -5,928 |
| Capital gain from the sale of group companies | 6 | 4,412 |
| Capital gain from the sale of associates | -6 | 31 |
| Share of profit of associates | 358 | 582 |
| Operating profit | 2,039 | 6,876 |
| Financial income | 328 | 264 |
| Financial expenses | -992 | -1,469 |
| Net financial items | -664 | -1,205 |
| Profit before tax | 1,375 | 5,671 |
| Tax | -441 | -382 |
| Profit for the year | 934 | 5,289 |
| Attributable to | | |
| Owners of the parent | 842 | 5,172 |
| Minority interests | 92 | 117 |
| Earnings per share, SEK | | |
| – before dilution | 5.32 | 32.62 |
| – after dilution | 5.32 | 32.54 |

Combined capital gains or losses for Ratos and the subsidiaries.

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

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

Central income and expenses include management costs and net financial items, primarily from the parent company.

**Consolidated earnings (EBT) average**

| SEKbn | Profit before tax (EBT) |
|---|---|
| 10 years | 2.4 |
| 5 years | 3.3 |
| 3 years | 3.5 |

Income statement presented according to holdings' share of profit or loss.

| SEKm | 2009 | 2008 |
|---|---|---|
| **Profit/share of profits before tax** [1] | | |
| AH Industries (66%) | -19 | 83 |
| Anticimex (85%) | 119 | 84 |
| Arcus Gruppen (83%) | 165 | 132 |
| Bisnode (70%) | 145 | 15 |
| Camfil (30%) | 80 | 81 |
| Contex Group (99%) | -73 | 2 |
| DIAB (94%) [2] | 87 | 88 |
| EuroMaint (100%) | 41 | 33 |
| GS-Hydro (100%) | 58 | 104 |
| Hafa Bathroom Group (100%) | 38 | 35 |
| Haglöfs (100%) | 58 | 40 |
| HL Display (29%) | 25 | 39 |
| Inwido (96%) | 125 | 67 |
| Jøtul (63%) | 74 | -57 |
| Lindab (22%) | 27 | 222 |
| MCC (100%) | 85 | 115 |
| Medisize (93%) | 103 | -45 |
| SB Seating (85%) | -9 | 31 |
| Superfos (33%) | 184 | 14 |
| Other holdings [3] | -18 | 92 |
| Hägglunds Drives [4] | | 379 |
| **Total profit/share of profits** | **1,295** | **1,554** |
| DIAB | | 31 |
| Hägglunds Drives | | 4,405 |
| Other holdings [5] | | 13 |
| **Profit from holdings** | | **4,449** |
| Impairment, Jøtul | | -92 |
| **Profit from holdings** | **1,295** | **5,911** |
| Central income and expenses | 80 | -240 |
| **Consolidated profit before tax** | **1,375** | **5,671** |

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.
2) DIAB included with 48% holding through February 2009.
3) Relates to subsidiary BTJ Group. Previous year's figures also included Atle Industri.
4) Hägglunds Drives was sold in December 2008.
5) Relates to holdings in Overseas Telecom and IK Investment Partners.

**Consolidated statement of financial position**

According to the same principles as in the consolidated income statement, subsidiaries' assets and liabilities are shown to 100% and included on the respective line in the statement of financial position. In order to obtain a clearer picture of the financial position of the holdings, refer instead to each holding's statement of financial position, the parent company's balance sheet and monitor the information provided by Ratos in conjunction with the interim reports.

# Consolidated statement of financial position

| SEKm | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| ASSETS | | |
| **Non-current assets** | | |
| Goodwill | 18,507 | 17,621 |
| Other intangible assets | 1,875 | 2,065 |
| Property, plant and equipment | 3,702 | 3,378 |
| Investments in associates | 2,339 | 2,851 |
| Financial assets | 193 | 199 |
| Non-current receivables | 275 | 385 |
| Deferred tax assets | 500 | 471 |
| Total non-current assets | 27,391 | 26,970 |
| **Current assets** | | |
| Inventories | 2,617 | 2,802 |
| Tax assets | 163 | 190 |
| Trade and other receivables | 4,337 | 4,317 |
| Prepaid expenses and accrued income | 526 | 523 |
| Other receivables | 635 | 463 |
| Cash and cash equivalents | 4,999 | 7,485 |
| Assets held sale | 190 | |
| Total current assets | 13,467 | 15,780 |
| Total assets | 40,858 | 42,750 |
| EQUITY AND LIABILITIES | | |
| **Equity** | | |
| Share capital | 1,020 | 1,017 |
| Other capital provided | 372 | 286 |
| Reserves | 478 | 507 |
| Retained earnings including profit for the year | 13,432 | 14,015 |
| Equity attributable to owners of the parent | 15,302 | 15,825 |
| **Minority interests** | 1,500 | 1,465 |
| Total equity | 16,802 | 17,290 |
| **Liabilities** | | |
| Non-current interest-bearing liabilities | 12,040 | 13,643 |
| Other non-current liabilities | 278 | 387 |
| Other financial liabilities | 137 | 121 |
| Provisions for pensions | 451 | 486 |
| Other provisions | 607 | 679 |
| Deferred tax liabilities | 779 | 780 |
| Total non-current liabilities | 14,292 | 16,096 |
| Current interest-bearing liabilities | 2,014 | 1,798 |
| Other financial liabilities | 77 | 37 |
| Trade and other payables | 2,160 | 1,883 |
| Tax liabilities | 172 | 200 |
| Other liabilities | 2,098 | 2,041 |
| Accrued expenses and deferred income | 2,660 | 2,936 |
| Provisions | 579 | 469 |
| Liabilities attributable to Assets held for sale | 4 | |
| Total current liabilities | 9,764 | 9,364 |
| Total liabilities | 24,056 | 25,460 |
| Total equity and liabilities | 40,858 | 42,750 |

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

The net of assets and liabilities in associates is reported on the line Investments in associates, which means that their assets and liabilities are not included anywhere else in the statement of financial position.

In order to make clear how much value each holding has in the Ratos Group's equity, refer to the table below, Ratos's equity. These values are book values, i.e. the holdings are not measured at market value. Book value, or consolidated value, means put simply Ratos's share of the holding's equity. This value increases with Ratos's share of the holding's profit and decreases with dividends and refinancing. In addition, Ratos's shareholder loans are included in the consolidated value. For a complete definition, see Note 1.

**Ratos's equity**

| SEKm | 31 Dec 2009 | % of equity |
|---|---|---|
| AH Industries | 413 | 3 |
| Anticimex | 835 | 5 |
| Arcus Gruppen | 786 | 5 |
| Bisnode | 1,230 | 8 |
| Camfil | 204 | 1 |
| Contex Group | 990 | 6 |
| DIAB | 1,054 | 7 |
| EuroMaint | 515 | 3 |
| GS-Hydro | -65 | 0 |
| Hafa Bathroom Group | 233 | 2 |
| Haglöfs | 152 | 1 |
| HL Display | 298 | 2 |
| Inwido | 1,956 | 13 |
| Jøtul | 313 | 2 |
| Lindab | 675 | 5 |
| MCC | 652 | 4 |
| Medisize | 728 | 5 |
| SB Seating | 1,034 | 7 |
| Superfos | 617 | 4 |
| Other holdings [1] | 189 | 1 |
| Total | 12,809 | 84 |
| Other net assets in central companies | 2,493 | 16 |
| **Equity** (attributable to owners of the parent) | **15,302** | **100** |
| **Equity per share, SEK** | **96** | |

[1] Other holdings include the subsidiary BTJ Group and the holdings in Overseas Telecom and IK Investment Partners.

Mostly comprises cash and cash equivalents in the parent company.

## Holdings' performance

The table below is compiled to provide a quick overview of the holdings' performance each separately and for the portfolio as a whole. All figures pertain to 100% of the holding on the basis of its income statement and statement of financial position. Consolidated book value and Ratos's holding are the only figures that relate to Ratos. In order to facilitate comparisons between the years and provide a comparable financial structure, some holdings are reported pro forma where appropriate, which is specified in a note under the table. A detailed presentation of income statement, statement of financial position, cash flows and key figures for each holding and comments are presented on the following pages and updated quarterly on Ratos's website www.ratos.se.

### Ratos's holdings at 31 December 2009

| SEKm | Net sales 2009 | Net sales 2008 | EBITA 2009 | EBITA 2008 | EBT [A] 2009 | EBT [A] 2008 |
|---|---|---|---|---|---|---|
| AH Industries | 523 | 751 | 8 | 110 | -19 | 83 |
| Anticimex | 1,803 | 1,688 | 197 | 181 | 148 | 111 |
| Arcus Gruppen [1)] | 1,829 | 1,532 | 198 | 168 | 165 | 132 |
| Bisnode | 4,741 | 4,325 | 592 | 533 | 324 | 83 |
| Camfil [2)] | 4,503 | 4,361 | 417 | 400 | 376 | 356 |
| Contex Group | 698 | 818 | 11 | 88 | -71 | 2 |
| DIAB | 1,322 | 1,414 | 156 | 220 | 97 | 178 |
| EuroMaint | 2,510 | 2,324 | 133 | 122 | 70 | 60 |
| GS-Hydro [3)] | 1,495 | 1,528 | 113 | 169 | 58 | 83 |
| Hafa Bathroom Group | 390 | 391 | 51 | 41 | 40 | 35 |
| Haglöfs | 590 | 495 | 65 | 53 | 57 | 40 |
| HL Display | 1,360 | 1,536 | 86 | 130 | 84 | 136 |
| Inwido | 5,026 | 5,639 | 348 | 323 | 189 | 107 |
| Jøtul | 1,044 | 1,060 | 89 | 46 | 112 | -22 |
| Lindab | 7,019 | 9,840 | 265 | 1,172 | 119 | 990 |
| MCC [4)] | 1,085 | 1,024 | 128 | 167 | 85 | 115 |
| Medisize [5)] | 1,358 | 1,021 | 134 | 18 | 103 | -34 |
| SB Seating | 1,203 | 1,509 | 56 | 242 | 76 | 104 |
| Superfos [6)] | 3,441 | 3,481 | 626 | 180 | 564 | 43 |
| Other holdings [7)] | 863 | 845 | -16 | -10 | -18 | -13 |
| **Total** | **42,801** | **45,580** | **3,656** | **4,354** | **2,560** | **2,588** |
| **Change** | **-6%** | | **-16%** | | **-1%** | |

[A)] Earnings with restored interest expenses on shareholder loan.

[B)] Depreciation includes depreciation and impairment of property, plant and equipment as well as internally generated and directly acquired intangible assets. Depreciation and impairment are included in EBITA.

[C)] Investments excluding company acquisitions.

[D)] Cash flow refers to cash flow from operating activities including paid interest and investing activities before acquisition and divestment of companies.

[E)] Equity includes shareholder loan. Interest-bearing debt excludes shareholder loan.

## Shareholder loan or equity

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

In the formal financial statements Ratos's shareholder loans are found under financial assets in the parent company balance sheet. In the Group, Ratos's shareholder loans are eliminated since all existing shareholder loans are attributable to subsidiaries. In the notes under each subsidiary's financial overview the amount of any shareholder loan is specified. Shareholder loans are not included in interest-bearing liabilities or interest-bearing net debt but are recognised in equity.

| SEKm | Depreciation [B] 2009 | Investments [C] 2009 | Cash flow [D] 2009 | Equity [E] 31 Dec 2009 | Interest-bearing net debt [E] 31 Dec 2009 | Average number of employees 2009 | Consolidated book value 31 Dec 2009 | Ratos's holding 31 Dec 2009 |
|---|---|---|---|---|---|---|---|---|
| AH Industries | 37 | 32 | 67 | 612 | 420 | 210 | 413 | 66% |
| Anticimex | 38 | 52 | 171 | 965 | 624 | 1,178 | 835 | 85% |
| Arcus Gruppen [1] | 35 | 190 | 13 | 994 | -202 | 463 | 786 | 83% |
| Bisnode | 132 | 119 | 358 | 2,287 | 2,684 | 3,300 | 1,230 | 70% |
| Camfil [2] | 130 | 164 | 487 | 1,931 | 410 | 3,249 | 204 | 30% |
| Contex Group | 69 | 59 | 9 | 1,009 | 742 | 335 | 990 | 99% |
| DIAB | 89 | 49 | 231 | 1,204 | 844 | 1,132 | 1,054 | 94% |
| EuroMaint | 42 | 25 | -34 | 516 | 772 | 1,906 | 515 | 100% |
| GS-Hydro [3] | 29 | 27 | 53 | 360 | 768 | 623 | -65 | 100% |
| Hafa Bathroom Group | 5 | 5 | 80 | 122 | 0 | 166 | 233 | 100% |
| Haglöfs | 5 | 7 | 65 | 299 | 40 | 119 | 152 | 100% |
| HL Display | 36 | 24 | 102 | 551 | 144 | 906 | 298 | 29% |
| Inwido | 160 | 84 | 449 | 2,416 | 1,992 | 3,865 | 1,956 | 96% |
| Jøtul | 59 | 39 | 59 | 605 | 647 | 717 | 313 | 63% |
| Lindab | 214 | 182 | 561 | 3,003 | 2,422 | 4,435 | 675 | 22% |
| MCC [4] | 16 | 10 | 144 | 678 | 553 | 591 | 652 | 100% |
| Medisize [5] | 52 | 57 | 35 | 799 | 349 | 891 | 728 | 93% |
| SB Seating | 71 | 37 | 108 | 1,117 | 971 | 457 | 1,034 | 85% |
| Superfos [6] | 281 | 204 | 391 | 1,826 | 430 | 1,452 | 617 | 33% |
| Other holdings [7] | 12 | 7 | -8 | 62 | 17 | 279 | 13 | 66% |

1) Earnings include net positive non-recurring effects of SEK 77m mainly relating to completion of a new pension plan.

2) Ratos refinanced its holding in Camfil in 2008 and has an interest-bearing net debt at 31 December 2009 of SEK 508m, which is not included in Camfil's income statement and statement of financial position. Ratos's consolidated book value has been adjusted to take the refinancing into account.

3) GS-Hydro was refinanced in September 2008. Earnings for 2008 are calculated pro forma, taking new financing and group structure into account.

4) ACME is included in earnings for 2008 with effect from 1 September.

5) Earnings for 2008 are pro forma taking acquisition of Medisize Medical into account.

6) Earnings for 2009 include capital gains of SEK 302m for sold operations in the US.

7) "Other holdings" include the subsidiary BTJ Group.

# AH Industries – tough wind power market 2009

Ratos acquired 66% of the shares in AH Industries in 2007. Co-owners are the company's founder Arne Hougård Mikkelsen (26%), and management and board members (8%).

Consolidated book value in Ratos amounted to SEK 413m at year-end.

Ratos is represented on the board by Robin Molvin (who is responsible for this holding), Anders C. Karlsson (Industrial Advisor) with Jenny Askfelt Ruud and Leif Johansson as deputies.

CEO Steffen Busk Jespersen

## Operations

AH Industries supplies large metal components and services primarily to the wind turbine, offshore and marine industries, with the wind power industry as the dominant customer segment. The group has four business areas: Flanges, Components, Projects and Transport. Flanges is a leading supplier of flanges which are used to attach the tower components in a wind turbine. Components machines other large metal components such as shafts and hubs, primarily for the wind power industry. The group also includes the smaller operations, Projects (services and lifting devices) and Transport (logistics). AH Industries has a total of approximately 180 employees and production facilities in Kolding, Horsens and Ejby in Denmark.

AH Industries' strategy is to be a full-service supplier of large steel components to selected markets offering an integrated logistics solution and a high level of technical expertise.

## Market

The wind power market in Europe and the US was very difficult during 2009, since the financial crisis restricted funding opportunities for new wind power projects. The downturn affected links in the value chain differently, however.

Despite a falling order intake, wind turbine manufacturers showed a continued good sales development due to large order backlogs at the start of the year. The strong market growth in previous years combined with bottlenecks that arose in manufacturing, resulted in wind turbine manufacturers building up large strategic component stocks. During 2009 manufacturers in the first place reduced their own stocks, which had a particularly hard impact on suppliers, including AH Industries. Due to substantial government support, the markets in Asia, particularly China, were unaffected by the financial crisis and continued to show strong growth during the year.

In the medium to longer term the positive view of the wind power industry remains unchanged, with anticipated annual growth of approximately 15% for the period 2009-2015. Several interacting factors create conditions for long-term growth, such as increased demand for green energy, stronger political support and subsidies.

AH Industries has a strong market position in northern Europe, but also sells to North America. The company has strengthened its strategic position in recent years by establishing direct contacts and general agreements with wind turbine manufacturers. The company's major customers include Siemens, Nordex and REpower.

## The year in brief

The year 2009 saw a substantial downturn for the entire supply chain in the wind power industry. AH Industries carried out significant cost-cutting measures in response to the market decline. Sales amounted to DKK 367m (583), corresponding to a decrease of 37%. Operating profit (EBITA) amounted to DKK 6m (86), corresponding to an operating margin of 1.5% (14.7).

Due to the weak market situation and the substantial decline in volume, a capital contribution was provided by the owners in November totalling DKK 35m, of which Ratos contributed DKK 23m.

## Future prospects

The market remains uncertain but more positive signals are now starting to appear. In Europe and the US, where stimulus packages are now starting to be paid out after long period of administration, a recovery is expected in 2010. The long-term positive driving forces for wind power are assessed as still intact, which is expected to benefit AH Industries.

Flanges are used to attach the tower components in a wind turbine. The flanges can be up to 8 metres in diameter and weigh as much as 15 tonnes.

www.ah-industries.dk

## AH Industries

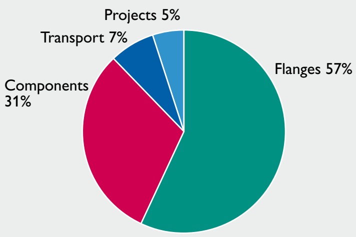
### Board of Directors

| | |
|---|---|
| Anders C. Karlsson | Chairman |
| Peter Leschly | Deputy Chairman |
| Lars Frithiof | |
| Arne Hougård Mikkelsen | |
| Erik Jørgensen | |
| Robin Molvin | |
| Jenny Askfelt | Deputy |
| Leif Johansson | Deputy |

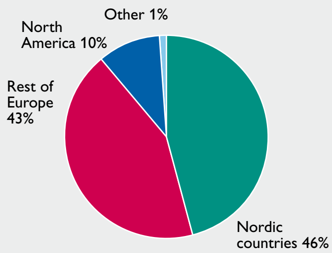
### Management

| | |
|---|---|
| Steffen Busk Jespersen | CEO |
| Thomas Thomsen | CFO |

### Sales by product area




### Sales by region




| DKKm | 2009 | 2008 | 2007 [1] | 2006 [1] | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 367 | 583 | 446 | 319 | |
| Operating expenses | -335 | -478 | -358 | -248 | |
| Other income/expenses | 0 | 1 | | | |
| Share of profits of associates | | | | | |
| Divestment result | | | 4 | | |
| **EBITDA** | **31** | **106** | **92** | **71** | |
| Depreciation and impairment | -26 | -20 | -13 | -12 | |
| **EBITA** | **6** | **86** | **79** | **59** | |
| Amortisation and impairment of intangible assets | | | | | |
| Impairment of goodwill | | | | | |
| **EBIT** | **6** | **86** | **79** | **59** | |
| Financial income | 0 | 2 | 1 | 1 | |
| Financial expenses | -19 | -23 | -21 | -20 | |
| **EBT** | **-14** | **64** | **59** | **40** | |
| Tax | 0 | -16 | -15 | -10 | |
| Profit/loss from discontinued operations | | | | | |
| **Profit/loss for the year** | **-14** | **48** | **44** | **30** | |
| Attributable to owners of the parent | -14 | 48 | 44 | 30 | |
| Attributable to minority interests | | | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 510 | 510 | 510 | | |
| Other intangible assets | 2 | 2 | | | |
| Property, plant and equipment | 158 | 163 | 124 | | |
| Financial assets, interest-bearing | | | | | |
| Financial assets, non-interest bearing | 23 | 2 | 3 | | |
| **Total non-current assets** | **693** | **677** | **637** | **–** | |
| Inventories | 37 | 58 | 61 | | |
| Receivables, interest-bearing | | | | | |
| Receivables, non-interest bearing | 77 | 109 | 67 | | |
| Cash, bank, other short term investments | 3 | 4 | 2 | | |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **116** | **172** | **130** | **–** | |
| **Total assets** | **810** | **849** | **767** | **–** | |
| Equity attributable to owners of the parent | 440 | 418 | 370 | | |
| Equity attributable to minority interests | | | | | |
| Provisions, interest-bearing | | | | | |
| Provisions, non-interest bearing | 24 | 0 | | | |
| Liabilities, interest-bearing | 305 | 388 | 348 | | |
| Liabilities, non-interest bearing | 41 | 43 | 49 | | |
| Financial liabilities, other | | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **810** | **849** | **767** | **–** | |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 13 | 64 | | | |
| Changes in working capital | 55 | -40 | | | |
| **Cash flow from operating activities** | **68** | **24** | **–** | **–** | |
| Investments in non-current assets | -22 | -62 | | | |
| Disposals of non-current assets | 1 | | | | |
| **Cash flow before acquisition and divestment of companies** | **47** | **-38** | **–** | **–** | |
| Net investments in companies | | | | | |
| **Cash flow after investing activities** | **47** | **-38** | **–** | **–** | |
| Change in loans | -83 | 40 | | | |
| New issues | 35 | | | | |
| Dividend paid | | | | | |
| Others | | | | | |
| **Cash flow from financing activities** | **-48** | **40** | **–** | **–** | |
| **Cash flow for the year** | **-1** | **2** | **–** | **–** | |
| **Key figures** | | | | | |
| EBITA margin (%) | 1.5 | 14.7 | 17.7 | 18.5 | |
| EBT margin (%) | -3.7 | 11.0 | 13.2 | 12.5 | |
| Return on equity (%) | -3.1 | 12.1 | – | – | |
| Return on capital employed (%) | 0.7 | 11.5 | – | – | |
| Equity ratio (%) | 54 | 49 | 48 | – | |
| Interest-bearing net debt | 302 | 384 | 346 | – | |
| Debt/equity ratio, times | 0.7 | 0.9 | 0.9 | – | |
| Average number of employees | 210 | 253 | 210 | 173 | |

[1] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

# Anticimex – 75 years of profitable growth

Ratos acquired 85% of the shares in Anticimex in 2006. Co-owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 835m at year-end.

Ratos is represented on the board by Henrik Joelsson (who is responsible for this holding), Bo Jungner and Cecilia Lundberg.

## Operations

Anticimex was founded back in 1934, when vermin and insects were a major problem in Swedish homes. Anticimex soon became recognised as a company that both carried out decontamination and could provide a guarantee for a pest-free future. Today, Anticimex is an international company with operations in Sweden, Norway, Denmark, Finland, Germany and the Netherlands. From operating solely within pest control, more than half of sales now come from new services such as property energy and transfer inspections, dehumidifying, hygiene assurance, fire protection and insurance. The company's aim is to create healthy and safe indoor environments for both companies and private individuals.

Operations are divided into five areas of expertise: Pests, Hygiene, Building Environments, Energy and Fire Protection.

Within Pests the company sells a commitment for a pest-free environment where the company both removes pests and works with preventive programmes and measures.

Hygiene works to ensure hygiene in food production and to protect the grocery trade and restaurants against bacteria and pests.

Building Environments works with dehumidifying after water damage, property transfer inspections, insurance for house buyers and sellers. There has been a marked increase in damage from damp and mildew in recent years, and today this is costing society large sums of money. The insurance industry is also under intense pressure

CEO Peter Carrick

from rising claims which increases the need for Anticimex's services.

Within Energy, the company is accredited to carry out energy performance certificates for multi-storey buildings and single-family homes. The market is driven by statutory requirements. All multi-storey buildings were required to complete energy performance ratings by the end of 2008, only approximately 25% of them did. All single-family homes that are sold must also submit an energy performance certificate from 2009 onwards.

Fire Protection is the most recent specialist area. Here customers are offered a service programme that prevents fires and minimises the risks in the event of a fire through regular training of customers' employees, performing risk analyses and preparing a control programme for the company.

Anticimex offers a broad range of services where the customer can combine the different services. In Sweden, Finland, Norway and Denmark, customers are in both the private and corporate sectors. In Germany and the Netherlands, Anticimex works solely in the corporate sector. Customers in the corporate sector include restaurants and food service operators, the food industry, the food retail sector, property owners, hotels, industrial companies, farms and public authorities. Sales are conducted through the company's own sales organisation and some 30 franchisees as well as through sales with partners such as insurance companies and estate agents.

## Market

Anticimex is the market leader in Sweden and Norway. Outside the Nordic region the markets are highly fragmented with many small businesses. Demand is driven, among other things, by new rules and laws. But Anticimex has also been successful in broadening its range of products and services.

## The year in brief

Anticimex noted continued favourable development during the year and reports positive growth for the 75th consecutive year. Development was very strong within energy inspections, but earnings development in markets outside Sweden was also positive. Sales increased by 7% and amounted to SEK 1,803m (1,688). Operating profit (EBITA) was SEK 197m (181), which provides an operating margin of 10.9% (10.7).

## Future prospects

Anticimex has a very strong brand and continued good growth opportunities in Sweden. In the other countries there is major potential to expand Anticimex's market offering. The company works actively to develop new products and services.

**Financial targets**

Long-term annual growth >10%

EBITA margin >12%

Development within Energy was very good in 2009.

www.anticimex.se

## Anticimex

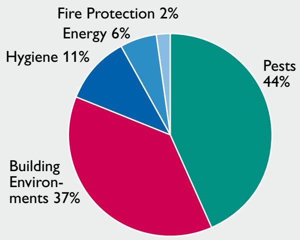
### Board of Directors

| | |
|---|---|
| Mikael Hellberg | Chairman |
| Ulf Holmlund | |
| Bo Ingemarson | |
| Bo Jungner | |
| Cecilia Lundberg | |

### Management

| | |
|---|---|
| Peter Carrick | CEO |
| Gunnar Åkerblom | Deputy CEO |
| Mikael Roos | CFO |

**Sales by operating area**




| SEKm | 2009 | 2008 | 2007 | 2006 [1] | 2005 [1] | 2005 [2] |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 1,803 | 1,688 | 1,508 | 1,373 | 1,275 | 1,274 |
| Operating expenses | -1,568 | -1,471 | -1,313 | -1,203 | -1,130 | -1,134 |
| Other income/expenses | | | | | | |
| Share of profits of associates | | | | | | |
| Divestment result | | | | | | 2 |
| **EBITDA** | **235** | **217** | **195** | **170** | **145** | **142** |
| Depreciation and impairment | -38 | -35 | -33 | -30 | -27 | -28 |
| **EBITA** | **197** | **181** | **162** | **140** | **118** | **114** |
| Amortisation and impairment of intangible assets | -6 | -6 | -6 | -5 | -5 | |
| Impairment of goodwill | | | | | | |
| **EBIT** | **191** | **176** | **156** | **135** | **113** | **114** |
| Financial income | 2 | 10 | 6 | 2 | 1 | 10 |
| Financial expenses [3] | -46 | -75 | -71 | -53 | -56 | -61 |
| **EBT** | **148** | **111** | **91** | **84** | **58** | **63** |
| Tax | -30 | -24 | -25 | -19 | -41 | -41 |
| Profit/loss from discontinued operations | | | | | | |
| **Profit for the year** | **118** | **87** | **67** | **65** | **17** | **22** |
| Attributable to owners of the parent | 118 | 87 | 67 | 65 | 17 | 22 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 1,891 | 1,867 | 1,857 | 1,729 | 1,751 | 708 |
| Other intangible assets | 122 | 128 | 130 | 134 | 118 | 1 |
| Property, plant and equipment | 120 | 122 | 109 | 101 | 124 | 98 |
| Financial assets, interest-bearing | 106 | 78 | 76 | 43 | 31 | |
| Financial assets, non-interest bearing | 32 | 34 | 45 | 41 | 35 | 53 |
| **Total non-current assets** | **2,271** | **2,229** | **2,216** | **2,048** | **2,059** | **860** |
| Inventories | 31 | 30 | 30 | 29 | 28 | 41 |
| Receivables, interest-bearing | | | | | | |
| Receivables, non-interest bearing | 408 | 393 | 353 | 300 | 297 | 147 |
| Cash, bank, other short term investments | 76 | 38 | 79 | 75 | 41 | 55 |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **516** | **462** | **462** | **404** | **366** | **243** |
| **Total assets** | **2,786** | **2,691** | **2,679** | **2,452** | **2,425** | **1,103** |
| Equity attributable to owners of the parent [4] | 965 | 821 | 751 | 660 | 625 | 292 |
| Equity attributable to minority interests | | | 0 | | | |
| Provisions, interest-bearing | 47 | 46 | 45 | 43 | 42 | 40 |
| Provisions, non-interest bearing | 774 | 712 | 654 | 419 | 377 | 341 |
| Liabilities, interest-bearing | 759 | 878 | 1 015 | 1,005 | 1,048 | 255 |
| Liabilities, non-interest bearing | 241 | 234 | 214 | 325 | 333 | 175 |
| Financial liabilities, other | | | | | | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **2,786** | **2,691** | **2,679** | **2,452** | **2,425** | **1,103** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 216 | 144 | 200 | 132 | | 133 |
| Changes in working capital | 2 | 15 | -27 | 19 | | 54 |
| **Cash flow from operating activities** | **219** | **159** | **173** | **151** | **–** | **187** |
| Investments in non-current assets | -52 | -36 | -89 | -55 | | -36 |
| Disposals of non-current assets | 5 | 4 | 4 | 9 | | |
| **Cash flow before acquisition and divestment of companies** | **171** | **127** | **88** | **105** | **–** | **151** |
| Net investments in companies | | | -94 | | | |
| **Cash flow after investing activities** | **171** | **127** | **-6** | **105** | **–** | **151** |
| Change in loans | -137 | -167 | 10 | -71 | | -138 |
| New issues | | | | | | |
| Dividend paid | | | | | | |
| Others | | | | | | |
| **Cash flow from financing activities** | **-137** | **-167** | **10** | **-71** | **–** | **-138** |
| **Cash flow for the year** | **34** | **-40** | **4** | **34** | **–** | **13** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 10.9 | 10.7 | 10.7 | 10.2 | 9.3 | 8.9 |
| EBT margin (%) | 8.2 | 6.6 | 6.1 | 6.1 | 4.5 | 4.9 |
| Return on equity (%) | 13.2 | 11.0 | 9.4 | 10.1 | 3.7 | 7.4 |
| Return on capital employed (%) | 11.0 | 10.4 | 9.2 | 8.0 | 9.9 | 19.1 |
| Equity ratio (%) | 35 | 31 | 28 | 27 | 26 | 26 |
| Interest-bearing net debt | 624 | 807 | 905 | 930 | 1,018 | 240 |
| Debt/equity ratio, times | 0.8 | 1.1 | 1.4 | 1.6 | 1.7 | 1.0 |
| Average number of employees | 1,178 | 1,175 | 1,032 | 970 | – | 909 |

[1] Earnings are pro forma taking Ratos's acquisition into account.

[2] Anticimex Europe.

[3] Excluding interest on shareholder loan.

[4] Equity at 31 December 2009 includes shareholder loan of SEK 316m.

# Arcus Gruppen – three new strong brands

Ratos acquired 83% of the Norwegian company Arcus Gruppen in 2005. The other co-owners are HOFF Norske Potetindustrier with 10%, and the company's management and board with 7%.

Consolidated book value in Ratos amounted to SEK 786m at year-end.

Ratos is represented on the Board by Leif Johansson (who is responsible for this holding) and Susanna Campbell.

## Operations

Arcus Gruppen develops, produces, bottles, imports, markets and sells wine and spirits. The company originated in the state-owned Vinmonopolet founded back in 1922. Arcus Gruppen was formed in 1996 to take over production, imports and exports, as well as national distribution of wine and spirits from Vinmonopolet. The Norwegian Parliament (Stortinget) decided to privatise Arcus Gruppen in 1998.

Today the Group has three operating areas: Spirits, Wine and Distribution.

Arcus is the market leader in Norway in sales of spirits. These sales account for 34% of the Group's total sales. The best-known own brands include Linie Aquavit, Braastad Cognac and Vikingfjord Vodka.

Linie Aquavit, Braastad Cognac and Vikingfjord Vodka are some of Arcus's best-known brands.

Arcus has both its own wine brands and an agency business. With the subsidiaries Vinordia and Arcus Wine Brands, Arcus is the market leader in sales of wine in Norway. In Sweden through its 63%-owned subsidiary Vingruppen, Arcus has created a strong position with good growth. Wine sales account for 47% of the Group's total sales and include producers such as Domaine Laroche, Barone Ricasoli, Kleine Zalze (with wines such as Foot of Africa) and others.

Distribution accounts for 19% of sales and with its subsidiary Vectura, Arcus is Norway's leading logistics company for importers, producers and agents of alcoholic beverages. Arcus Gruppen also owns 33% of the cognac producer Tiffon.

## Market

Arcus Gruppen holds a leading position in its home market, Norway, and has significant sales within certain segments in the other Nordic markets, primarily of wine in Sweden and aquavit in Denmark. Growing but so far small market positions within spirits can be noted in other export markets, Finland, Germany and the US. Substantial sales also take place within tax free and travel retail. The spirits market is dominated by major players and international brands such as Bacardi, Diageo and Pernod Ricard. In Arcus's main spirits segment, aquavit, the market mainly consists of local players with tastes and consumption patterns varying considerably between different national markets. The wine market includes a significant portion of international producers whose products are mainly sold through local agents.

Wine and spirits are largely consumed to the same extent regardless of the economic climate. In recent years, however, a shift in consumption patterns from spirits to wine has been noted in Norway and Sweden.

## The year in brief

The company enjoyed good sales growth during 2009 with increased volumes within all three business areas. Arcus retained its strong position within spirits in Norway and continued to grow in Sweden, Finland and the US. At the beginning of 2009, Arcus acquired the brands Star Gin, Red Port and Dry Anis from Pernod Ricard (formerly Vin & Sprit). Vectura attracted additional customers and strengthened its leading position in Norway. Vingruppen, which was acquired in 2006, continued its very strong performance within wine in Sweden. Earnings were negatively affected by exchange rate movements during the year, since the NOK and SEK weakened against EUR and USD. Most of the group's purchases are made in EUR and USD. Volume growth and cost savings more than compensated for the exchange rate development.

CEO Jan Tore Føsund

During 2009, planning started on a new production and logistics facility in Gjelleråsen outside Oslo. The new facility is scheduled for completion in 2011/2012.

Arcus Gruppen's sales in 2009, excluding alcohol taxes and charges, amounted to NOK 1,504m (1,309). Operating profit (EBITA) was NOK 163m (143). The 2009 result included positive non-recurring effects of NOK 63m, mainly relating to completion of a new pension plan. In 2008 these effects amounted to NOK 52m. EBT includes a non-recurring cost of NOK 8m.

## Future prospects

Market prospects are good and Arcus Gruppen is expected to show stable development in the future. The company has a unique position in the Norwegian market and a high market share. Potential exists for further internationalisation of most of the spirits brands. The wine market offers good opportunities for growth in both Norway and Sweden. Arcus Gruppen will continue its efforts to rationalise production, administration and distribution. The new production facility in Gjelleråsen is expected to provide further efficiency gains over time.

www.arcusgruppen.no

## Arcus Gruppen

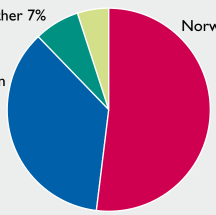
### Board of Directors

| | |
|---|---|
| Kaare Frydenberg | Chairman |
| Susanna Campbell | |
| Stefan Elving | |
| Leif Johansson | |
| Gro Myking | |
| Ingar Paulsberg | |
| Birgitta Stymne Göransson | |
| Henning Øglænd | |
| Kjell Arne Greni | Employee representative |
| Erik Hagen | Employee representative |
| Lasse Hansen | Employee representative |
| Bjørn Erik Olsen | Employee representative |

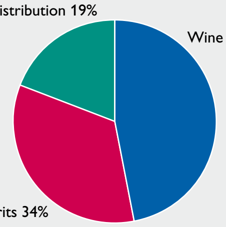
### Management

| | |
|---|---|
| Jan Tore Føsund | CEO |
| Leif Ove Rørnes | CFO |
| Rolf Kragerud | Strategy Director |
| Synnøve Olsbø | HR Director |
| Thomas Patay | Wines Director |
| Jan Oluf Skarpnes | Director Arcus AS and Spirits Director |
| Rolf Brustad | Director Vectura AS |
| Terje Thurmann-Moe | Head of Communications |

### Sales by market




### Sales by operating area




| NOKm | 2009 [6] | 2008 [1] | 2007 [2] | 2007 | 2006 [3] | 2005 [3][4] |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 1,504 | 1,309 | 1,219 | 1,219 | 965 | 863 |
| Operating expenses | -1,288 | -1,145 | -1,114 | -1,094 | -869 | -793 |
| Other income/expenses | -27 | 0 | | | | |
| Share of profits of associates | 3 | 8 | 2 | 2 | | |
| Divestment result | | | -1 | 649 | 18 | |
| **EBITDA** | **191** | **172** | **106** | **776** | **114** | **70** |
| Depreciation and impairment | -28 | -29 | -28 | -29 | -31 | -33 |
| **EBITA** | **163** | **143** | **78** | **747** | **83** | **37** |
| Amortisation and impairment of intangible assets | -3 | -3 | -3 | -3 | -3 | -3 |
| Impairment of goodwill | | | | | | |
| **EBIT** | **160** | **141** | **75** | **744** | **80** | **34** |
| Financial income | 26 | 38 | 41 | 41 | 16 | 9 |
| Financial expenses [5] | -50 | -66 | -33 | -31 | -29 | -31 |
| **EBT** | **136** | **113** | **83** | **754** | **67** | **12** |
| Tax | -50 | -26 | -31 | -31 | -18 | -2 |
| Profit/loss from discontinued operations | | | | | -12 | -1 |
| **Profit for the year** | **86** | **87** | **52** | **723** | **37** | **9** |
| Attributable to owners of the parent | 68 | 72 | 40 | 711 | 35 | 9 |
| Attributable to minority interests | 18 | 15 | 12 | 12 | 2 | |
| **Statement of financial position** | | | | | | |
| Goodwill | 460 | 467 | | 462 | 447 | 296 |
| Other intangible assets | 240 | 236 | | 238 | 240 | 243 |
| Property, plant and equipment | 100 | 201 | | 108 | 385 | 597 |
| Financial assets, interest-bearing | 6 | 8 | | 13 | 8 | 8 |
| Financial assets, non-interest bearing | 65 | 76 | | 18 | 16 | 16 |
| **Total non-current assets** | **871** | **988** | **–** | **839** | **1,096** | **1,160** |
| Inventories | 211 | 218 | | 169 | 150 | 169 |
| Receivables, interest-bearing | | | | 7 | | |
| Receivables, non-interest bearing | 935 | 947 | | 837 | 873 | 795 |
| Cash, bank, other short term investments | 378 | 481 | | 635 | 267 | 203 |
| Assets classified as held for sale | 153 | | | | | |
| **Total current assets** | **1,677** | **1,647** | **–** | **1,648** | **1,290** | **1,167** |
| **Total assets** | **2,548** | **2,635** | **–** | **2,487** | **2,386** | **2,327** |
| Equity attributable to owners of the parent | 758 | 705 | | 776 | 554 | 519 |
| Equity attributable to minority interests | 41 | 34 | | 24 | 16 | |
| Provisions, interest-bearing | 38 | 123 | | 173 | 172 | 169 |
| Provisions, non-interest bearing | 74 | 116 | | 21 | 63 | 32 |
| Liabilities, interest-bearing | 183 | 295 | | 350 | 427 | 481 |
| Liabilities, non-interest bearing | 1,434 | 1,352 | | 1,143 | 1,154 | 1,126 |
| Financial liabilities, other | 17 | 10 | | | | |
| Liabilities attributable to Assets held for sale | 3 | | | | | |
| **Total equity and liabilities** | **2,548** | **2,635** | **–** | **2,487** | **2,386** | **2,327** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 171 | 76 | | 96 | 90 | 60 |
| Changes in working capital | -11 | 80 | | -36 | 10 | -16 |
| **Cash flow from operating activities** | **160** | **156** | **–** | **60** | **100** | **44** |
| Investments in non-current assets | -156 | -18 | | -29 | -31 | -26 |
| Disposals of non-current assets | 7 | 4 | | | | |
| **Cash flow before acquisition and divestment of companies** | **10** | **142** | **–** | **31** | **69** | **18** |
| Net investments in companies | | -84 | | 890 | -53 | -844 |
| **Cash flow after investing activities** | **10** | **58** | **–** | **921** | **16** | **-826** |
| Change in loans | -113 | -55 | | -75 | -47 | 479 |
| New issues | | | | | 1 | 475 |
| Dividend paid | -6 | -159 | | | | |
| Others | | | | -479 | | |
| **Cash flow from financing activities** | **-119** | **-214** | **–** | **-554** | **-46** | **954** |
| **Cash flow for the year** | **-109** | **-156** | **–** | **367** | **-30** | **128** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 10.8 | 11.0 | 6.4 | 61.3 | 8.6 | 4.3 |
| EBT margin (%) | 9.0 | 8.6 | 6.8 | 61.9 | 6.9 | 1.4 |
| Return on equity (%) | 9.3 | 9.7 | – | 106.9 | 6.5 | – |
| Return on capital employed (%) | 17.0 | 14.5 | – | 63.0 | 8.2 | – |
| Equity ratio (%) | 31 | 28 | – | 32 | 24 | 22 |
| Interest-bearing net debt | -163 | -71 | – | -132 | 324 | 439 |
| Debt/equity ratio, times | 0.3 | 0.6 | – | 0.7 | 1.1 | 1.3 |
| Average number of employees | 463 | 461 | – | 456 | 435 | 592 |

1) Earnings for 2008 include a positive one-time effect of NOK 52m from a changed pension plan.

2) Earnings for 2007 are pro forma due to divestment of property.

3) Earnings for 2005 and 2006 are pro forma taking discontinued operations in 2006 into account.

4) Earnings are pro forma taking Ratos's acquisition into account.

5) Financial expenses 2009 include a non-recurring cost of NOK 8m.

6) Earnings for 2009 include net positive one-time effects of NOK 63m mainly relating to completion of new pension plan.

# Bisnode – highest profit ever

Ratos acquired a majority holding in BTJ Infodata in 2004. Ratos effected a buyout of Infodata in 2005 in order to merge the company with Bonnier Business Information. The newly formed group's name was changed to Bisnode. Ratos owns 70% of the voting rights and capital in the company. The co-owner is Bonnier.

Consolidated book value in Ratos amounted to SEK 1,230m at year-end.

Ratos is represented on the board by Bo Jungner (who is responsible for this holding) and by Henrik Joelsson.

CEO Johan Wall

### Operations

Bisnode is one of Europe's largest suppliers of digital business information relating to companies and consumers and offers services within credit, market and product information. Operations are conducted in 18 European companies with approximately 3,100 employees.

Customers are decision-makers in companies and organisations who use these services as support for decisions in order to boost their sales, reduce their risks and improve their day-to-day business decisions.

Offering services based on the same type of information within several parts of the group means that economies of scale are achieved via joint information purchasing and data management, which also leads to lower costs for customisation, packaging and distribution. The business information is distributed digitally and can be adapted to meet the unique needs of every customer.

Bisnode today has one of Europe's largest databases with information about companies throughout the continent as well as extensive databases with information about consumers in a number of countries.

### Market

Bisnode operates in the European market for digital business information. This market is estimated to be worth approximately SEK 75bn and Bisnode's market share is about 5%. This is a fragmented market with many small, local players where few players compete in the entire market. The trend is heading towards consolidation of this industry. The market is characterised by relatively high fixed costs for data collection and database management as well as low margin costs for customisation, packaging and distribution. The market for business information in Europe is expected to grow slightly faster than GDP over a business cycle. Bisnode estimates that the number of potential users amounts to approximately 20 million in Europe.

Increased global competition and information overload are clear growth factors that lead to higher demand for good decision-making support, rapid digital distribution and easily accessible information solutions. Driving forces vary substantially between countries, particularly in relation to growth, competition and access to information as well as the country's digital maturity.

### The year in brief

In line with the strategy to streamline and focus Bisnode's market offering, a number of divestments were made during the year. These included Nomi, Sverige Bygger, Norge Bygges, ICC, Inter Dialog and Finfo. The operations in the UK/Ireland were phased out.

Bisnode continued its strategy of strengthening positions in selected markets.

Bisnode carried out three major acquisitions during 2009. The Finnish company Kauppalehti 121, which provides direct marketing services, has 55 employees and sales of approximately EUR 8m in 2009, was acquired in November. Directinet and the remaining shares in Teleadress were acquired in December. The French company Directinet is a leading supplier of online-based direct marketing solutions and has 97 employees and sales of approximately EUR 14m in 2009. The Swedish company Teleadress has a leading position in the Swedish market for sales of contact data for direct marketing and information purposes. Teleadress has 35 employees and sales in 2009 totalled SEK 60m.

Market development within credit rating services was favourable while direct marketing services and the Software & Applications business area noted weaker development.

Bisnode's sales totalled SEK 4,741m (4,325), which corresponds to an increase of 10%. Operating profit (EBITA) was SEK 592m (533). Operating profit includes capital gains of SEK 26m (42). Organic growth amounted to 4% and -1% excluding currency effects.

On 1 January 2009 Bisnode implemented a new region-based organisation designed to strengthen sales, business development and synergy opportunities within the Group.

### Future prospects

Bisnode will continue to develop its market offering in order to strengthen its position in Europe, which will be achieved by establishing services in new countries and through acquisitions of strategically suitable companies. As it increases in size, Bisnode will improve its opportunities to implement efficiency gains within information purchasing and data management.

In line with its strategy, Bisnode streamlined and focused its business offering during 2009.

**Financial targets**

Growth 10% over a business cycle

EBITA margin ≥ 15% over a business cycle

www.bisnode.com

## Bisnode

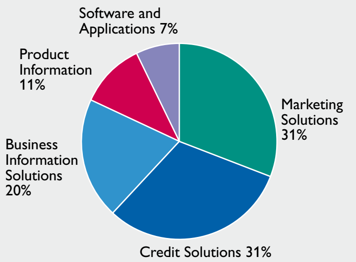
### Board of Directors

| | |
|---|---|
| Håkan Ramsin | Chairman |
| Torgny Eriksson | |
| Henrik Joelsson | |
| Bo Jungner | |
| Birgitta Klasén | |
| Jonas Nyrén | |
| Carl Wilhelm Ros | |

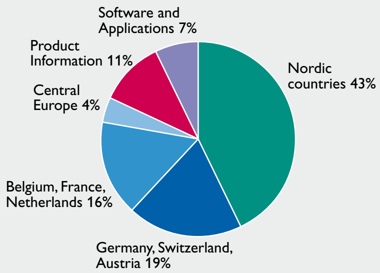
### Management

| | |
|---|---|
| Johan Wall | CEO |
| Fredrik Åkerman | CFO, Business Area Director |
| Mattias Aronsson | CIO |
| Maria Anselmi | Competence Centre Director |
| Martin Coufal | Regional Director |
| Mats Erwald | Regional Director |
| Alastair Laidlaw | Competence Centre Director |
| Elin Ljung | Corporate Communi-cation Manager |
| Norbert Verkimpe | Regional Director, Competence Centre Director |
| Peter Villa | Regional Director, Business Area Director |

### Sales by business area




### Sales by market




1) Earnings for 2007 are pro forma due to new financial structure.
2) Earnings for 2005 and 2006 are pro forma including the German operations.
3) Earnings for 2005 are pro forma taking Ratos's acquisition into account.
4) Excluding interest on shareholder loan.
5) Equity at 31 December 2009 includes shareholder loan of SEK 1,138m.
6) 2008 includes impairment of SEK 46m.
7) Unrealised exchange gains are included with SEK 75m in 2009 and unrealised exchange losses with SEK -131m in 2008.
8) Earnings for 2009 and 2008 are pro forma taking discontinued operations in UK/Ireland in 2009 into account.

| SEKm | 2009 8) | 2008 8) | 2007 1) | 2007 | 2006 2) | 2005 2)3) |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 4,741 | 4,325 | 3,899 | 3,899 | 3,389 | 3,283 |
| Operating expenses | -4,093 | -3,745 | -3,397 | -3,397 | -2,893 | -2,850 |
| Other income/expenses | 50 | 56 | 65 | 65 | 25 | |
| Share of profits of associates | | 0 | 13 | 13 | 11 | |
| Divestment result | 26 | 42 | 91 | 91 | 66 | 25 |
| **EBITDA** | **724** | **679** | **671** | **671** | **598** | **458** |
| Depreciation and impairment 6) | -132 | -146 | -91 | -91 | -70 | -58 |
| **EBITA** | **592** | **533** | **580** | **580** | **528** | **400** |
| Amortisation and impairment of intangible assets | -126 | -87 | -82 | -82 | -62 | -46 |
| Impairment of goodwill | -41 | | | | | |
| **EBIT** | **425** | **446** | **498** | **498** | **466** | **354** |
| Financial income | 15 | 18 | 60 | 60 | 30 | 10 |
| Financial expenses 4)7) | -117 | -381 | -194 | -139 | -130 | -97 |
| **EBT** | **324** | **83** | **364** | **419** | **366** | **267** |
| Tax | -69 | -14 | -66 | -66 | -109 | -43 |
| Profit/loss from discontinued operations | -108 | -4 | | | | |
| **Profit for the year** | **146** | **66** | **298** | **353** | **257** | **224** |
| Attributable to owners of the parent | 135 | 53 | 292 | 347 | 255 | 213 |
| Attributable to minority interests | 11 | 13 | 6 | 6 | 2 | 11 |
| **Statement of financial position** | | | | | | |
| Goodwill | 4 ,751 | 4,907 | | 4,199 | 3,311 | 3,492 |
| Other intangible assets | 862 | 1,136 | | 963 | 633 | 436 |
| Property, plant and equipment | 367 | 414 | | 327 | 191 | 208 |
| Financial assets, interest-bearing | 17 | 40 | | 2 | 6 | 12 |
| Financial assets, non-interest bearing | 125 | 182 | | 230 | 215 | 286 |
| **Total non-current assets** | **6,122** | **6,679** | **–** | **5,721** | **4,356** | **4,434** |
| Inventories | 11 | 12 | | 7 | 6 | 23 |
| Receivables, interest-bearing | 14 | 8 | | 18 | | 129 |
| Receivables, non-interest bearing | 924 | 1,083 | | 896 | 785 | 659 |
| Cash, bank, other short term investments | 368 | 324 | | 214 | 298 | 438 |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **1,317** | **1,427** | **–** | **1,135** | **1,089** | **1,249** |
| **Total assets** | **7,439** | **8,105** | **–** | **6,856** | **5,445** | **5,683** |
| Equity attributable to owners of the parent 5) | 2,223 | 2,219 | | 2,382 | 2,051 | 1,826 |
| Equity attributable to minority interests | 65 | 57 | | 52 | 3 | 21 |
| Provisions, interest-bearing | 360 | 354 | | 309 | 219 | 256 |
| Provisions, non-interest bearing | 307 | 375 | | 360 | 297 | 219 |
| Liabilities, interest-bearing | 2,724 | 3,166 | | 2,232 | 1,776 | 2,117 |
| Liabilities, non-interest bearing | 1,761 | 1,935 | | 1,521 | 1,019 | 1,244 |
| Financial liabilities, other | | | | | 80 | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **7,439** | **8,105** | **–** | **6,856** | **5,445** | **5,683** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 437 | 429 | | 426 | 353 | 294 |
| Changes in working capital | 32 | 5 | | 44 | -132 | 45 |
| **Cash flow from operating activities** | **470** | **434** | **–** | **470** | **221** | **339** |
| Investments in non-current assets | -119 | -206 | | -187 | -147 | -176 |
| Disposals of non-current assets | 7 | 96 | | 29 | 19 | 47 |
| **Cash flow before acquisition and divestment of companies** | **358** | **324** | **–** | **312** | **93** | **210** |
| Net investments in companies | 81 | -504 | | -805 | 46 | |
| **Cash flow after investing activities** | **439** | **-180** | **–** | **-493** | **139** | **210** |
| Change in loans | -381 | 635 | | 403 | -269 | 26 |
| New issues | | | | | | |
| Dividend paid | -3 | -1,801 | | | -5 | |
| Others | | 1,436 | | | | |
| **Cash flow from financing activities** | **-384** | **270** | **–** | **403** | **-274** | **26** |
| **Cash flow for the year** | **55** | **90** | **–** | **-90** | **-135** | **236** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 12.5 | 12.3 | 14.9 | 14.9 | 15.6 | 12.2 |
| EBT margin (%) | 6.8 | 1.9 | 9.3 | 10.7 | 10.8 | 8.1 |
| Return on equity (%) | 6.1 | 2.3 | – | 15.7 | 13.2 | – |
| Return on capital employed (%) | 7.9 | 8.6 | – | 12.4 | 12.0 | – |
| Equity ratio (%) | 31 | 28 | – | 36 | 38 | 33 |
| Interest-bearing net debt | 2,684 | 3,148 | – | 2,307 | 1,691 | 1,794 |
| Debt/equity ratio, times | 1.3 | 1.5 | – | 1.0 | 1.0 | 1.3 |
| Average number of employees | 3,167 | 3,182 | – | 2,790 | 2,527 | 2,450 |

# Camfil – strong earnings

Ratos acquired 30% of the shares in Camfil in 2000. Co-owners are members of the founder families Larson and Markman.

Consolidated book value in Ratos amounted to SEK 204m at year-end.

Ratos is represented on the board by Arne Karlsson (who is responsible for this holding) and by Henrik Joelsson as a deputy.

## Operations

Camfil is a family company dating back two generations. The company was founded in 1963. When Ratos became a shareholder in 2000, Camfil was able to acquire its US competitor Farr.

The group has four business areas: Comfort, Clean Processes, Safety & Protection and Power Systems.

Comfort comprises filter products that contribute to a good indoor environment.

Clean Processes offers filter solutions for sensitive manufacturing processes, for food, micro electronics and pharmaceuticals, etc.

Safety & Protection manufactures filters that protect the environment from discharges from dirty and hazardous manufacturing processes, such as nuclear power stations, mines and chemical plants.

Power Systems supplies filters, inlet air systems and protective structures for gas turbines for power plants and offshore industry.

Manufacturing is carried out in 23 plants on four continents and the group is represented by subsidiaries and agents in over 50 countries.

## Market

Camfil has a leading position in the market for air filters with a global market share of about 15%. The group is the market leader in Europe and among the four largest companies in the US. Camfil has a strong position in the value chain and to a large extent sells its filters directly to end users. In the Power Systems business area Camfil is one of the three largest global suppliers. Camfil supplies its products in more than 50 countries and to end customers in a large number of sectors. Future growth potential is assessed as good in view of rising quality requirements on the indoor climate as well as increasing demand for energy-efficient solutions linked to effective ventilation.

## The year in brief

Camfil had a good sales and earnings trend during 2009. During the year Camfil increased its market shares and implemented sweeping cost-cutting programmes. Sales increased by 3% to SEK 4,503m (4,361). The markets in North America and Europe showed relatively weak development, which was counteracted by a positive market trend in Asia. One small add-on acquisition was made, the Austrian air filter company Mecke Klima.

Operating profit (EBITA) amounted to SEK 417m (400). The earnings trend was good due to extensive efficiency improvements within production. During the year Camfil continued to invest in product development and also strengthened the sales organisation. Cash flow development was positive due to the good operating profit and extensive improvements in working capital.

## Future prospects

Camfil has strong market positions in Europe and North America as well as a strong position in the value chain. Operations are relatively insensitive to economic fluctuations since a significant portion of sales comprise replacements and the company supplies to a large number of markets and industries. Camfil has good opportunities over time to grow with improved profitability by implementing the measures and activities identified in the new business plan. In 2010 Camfil will continue to work to implement the business plan in order to improve the company's long-term growth and profitability.

CEO Alan O'Connell

Camfil conducts research and development at its production facility in Trosa, Sweden. Low-energy products and effective testing methods are developed here.

www.camfilfarr.com

## Camfil

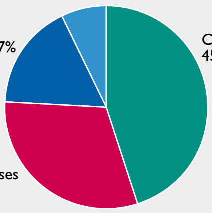
### Board of Directors

| | |
|---|---|
| Jan Eric Larson | Chairman |
| Eric Giertz | |
| Arne Karlsson | |
| Mats Lönnqvist | |
| Johan Markman | |
| Carl Wilhelm Ros | |
| Christer Zetterberg | |
| Rolf Wikström | Employee representative |
| Henrik Joelsson | Deputy |
| Dan Larson | Deputy |
| Erik Markman | Deputy |
| Christer Stavström | Deputy, employee representative |

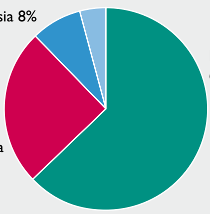
### Management

| | |
|---|---|
| Alan O'Connell | CEO |
| Johan Ryrberg | Deputy CEO, CFO |
| Alain Bérard | Marketing and Sales Director |

### Sales by business area




### Sales by market




| SEKm | 2009 [1] | 2008 [1] | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 4,503 | 4,361 | 4,115 | 3,763 | 3,083 |
| Operating expenses | -3,961 | -3,850 | -3,679 | -3,389 | -2,711 |
| Other income/expenses | 5 | 2 | 5 | 8 | 5 |
| Share of profits of associates | | | | | |
| Divestment result | | | 14 | | |
| **EBITDA** | **547** | **513** | **455** | **382** | **377** |
| Depreciation and impairment | -130 | -114 | -103 | -103 | -87 |
| **EBITA** | **417** | **400** | **352** | **279** | **290** |
| Amortisation and impairment of intangible assets | | | | | |
| Impairment of goodwill | | | | | |
| **EBIT** | **417** | **400** | **352** | **279** | **290** |
| Financial income | 84 | 65 | 45 | 55 | 87 |
| Financial expenses | -125 | -108 | -84 | -88 | -112 |
| **EBT** | **376** | **356** | **313** | **246** | **265** |
| Tax | -112 | -108 | -77 | -62 | -79 |
| Profit/loss from discontinued operations | | | | | |
| **Profit for the year** | **264** | **248** | **236** | **184** | **186** |
| Attributable to owners of the parent | 263 | 247 | 236 | 184 | 186 |
| Attributable to minority interests | 1 | 0 | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 887 | 905 | 788 | 777 | 657 |
| Other intangible assets | 9 | 8 | 4 | 5 | 7 |
| Property, plant and equipment | 809 | 842 | 711 | 622 | 620 |
| Financial assets, interest-bearing | 46 | 44 | 52 | 42 | 45 |
| Financial assets, non-interest bearing | 61 | 66 | 60 | 57 | 57 |
| **Total non-current assets** | **1,811** | **1,865** | **1,615** | **1,503** | **1,386** |
| Inventories | 583 | 705 | 625 | 531 | 459 |
| Receivables, interest-bearing | 6 | 24 | 7 | 2 | 4 |
| Receivables, non-interest bearing | 820 | 1 058 | 885 | 836 | 709 |
| Cash, bank, other short term investments | 443 | 243 | 326 | 262 | 215 |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **1,853** | **2,030** | **1,843** | **1,631** | **1,387** |
| **Total assets** | **3,664** | **3,895** | **3,458** | **3,134** | **2,773** |
| Equity attributable to owners of the parent | 1,927 | 1,838 | 1,498 | 1,330 | 1,312 |
| Equity attributable to minority interests | 4 | 4 | | | |
| Provisions, interest-bearing | 109 | 113 | 114 | 105 | 114 |
| Provisions, non-interest bearing | 28 | 41 | 40 | 34 | 33 |
| Liabilities, interest-bearing | 795 | 986 | 937 | 878 | 681 |
| Liabilities, non-interest bearing | 800 | 913 | 869 | 787 | 633 |
| Financial liabilities, other | | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **3,664** | **3,895** | **3,458** | **3,134** | **2,773** |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 376 | 338 | 324 | 271 | 210 |
| Changes in working capital | 241 | -129 | -18 | -30 | -36 |
| **Cash flow from operating activities** | **617** | **209** | **306** | **241** | **174** |
| Investments in non-current assets | -164 | -180 | -223 | -131 | -206 |
| Disposals of non-current assets | 33 | 5 | 20 | 19 | 62 |
| **Cash flow before acquisition and divestment of companies** | **487** | **35** | **103** | **129** | **30** |
| Net investments in companies | -18 | -11 | -40 | -284 | |
| **Cash flow after investing activities** | **468** | **24** | **63** | **-155** | **30** |
| Change in loans | -161 | -33 | 50 | 253 | 69 |
| New issues | | | | | |
| Dividend paid | -83 | -79 | -57 | -40 | -68 |
| Others | | -26 | | | |
| **Cash flow from financing activities** | **-244** | **-137** | **-7** | **213** | **1** |
| **Cash flow for the year** | **224** | **-114** | **56** | **58** | **31** |
| **Key figures** | | | | | |
| EBITA margin (%) | 9.3 | 9.2 | 8.6 | 7.4 | 9.4 |
| EBT margin (%) | 8.4 | 8.2 | 7.6 | 6.5 | 8.6 |
| Return on equity (%) | 14.0 | 14.8 | 16.7 | 13.9 | 15.6 |
| Return on capital employed (%) | 17.4 | 16.9 | 16.3 | 15.1 | 19.9 |
| Equity ratio (%) | 53 | 47 | 43 | 42 | 47 |
| Interest-bearing net debt | 410 | 788 | 666 | 677 | 531 |
| Debt/equity ratio, times | 0.5 | 0.6 | 0.7 | 0.7 | 0.6 |
| Average number of employees | 3,249 | 3,321 | 3,191 | 2,949 | 2,693 |

[1] Ratos refinanced the holding in Camfil in 2008. At 31 December 2009 Ratos had an interest-bearing net liability of SEK 508m, which is not included in Camfil's income statement and statement of financial position.

# Contex Group – continued weak business climate

Ratos acquired 98% of the Danish company Contex Group in 2007. In 2009 Ratos provided USD 41m (approximately SEK 328m) in new equity. After this capital contribution, Ratos owns 99% of Contex Group. Co-owners are the company's management and board.

Consolidated value in Ratos at year-end was SEK 990m.

Ratos is represented on the board by Per Frankling (who is responsible for this holding) and by Leif Johansson.

## Operations

Contex Holding is the world leader in development, production and marketing of advanced 2D and 3D imaging solutions. The group consists of three subsidiaries: Contex A/S, Z Corporation and Vidar Systems.

Contex A/S develops, produces and markets large-format scanners and related software.

Z Corporation develops, produces and markets equipment for 3D print-outs with related consumables. The company also markets 3D scanners. The products are used, among other things, for concept modelling and fast prototype manufacture.

Vidar Systems develops, produces and sells equipment for digitalisation of analogue radiographic images. Vidar's main product is radiology film digitizers which are sold both for pure archiving and in conjunction with the sale of digital radiology equipment. The end customer can use this equipment to compare new radiographic images with previous ones.

The group and Contex A/S have their head office in Allerød, Denmark. Z Corporation is located in Boston, Massachusetts, USA, and Vidar Systems is located in Herndon, Virginia, USA.

## Market

Contex A/S is the world leader within free-standing colour large-format scanners and colour systems where large-format scanners are combined with colour printers. Due to the high picture quality and performance of its products, Contex A/S is strongest in the upper price segment for free-standing large format scanners with a market share of approximately 50%. During 2009 the market was affected by the global recession but the total market is expected to grow slightly faster than GDP, driven by the fact that customers are changing from monochrome to colour. Contex A/S has a very strong position in this market due to its OEM contracts with printer market leaders HP, Océ and Ricoh. The primary competitors are Graphtec and Colortrac.

Z Corporation's market has seen rapid growth over several years due to improved performance and new applications. Use of 3D printers, mainly within product development, architecture, education and medical applications, is expected to continue its rapid growth in the future. During 2009, however, the market was negatively affected by the weaker business climate. Z Corporation is a global market leader in early phases of customers' product development. The company is the only supplier that can offer colour print-outs and also has a competitive advantage when it comes to cost and printing speeds. Competitors include Stratasys and Objet.

Vidar Systems is the market leader in its product segment and sells its products to OEMs and independent distributors. End customers include hospitals and health centres. The market declined in 2009 but is expected to be stable in the future. The US is still the largest market while developing countries are expected to account for future growth.

## The year in brief

Contex Group as a whole was hit hard by the financial crisis and subsequent recession. The worst affected are Contex A/S and Z Corporation both of which manufacture and sell investment goods, and in addition have a major exposure to the American markets. Vidar Systems also experienced reduced sales, but profitability remained good due to cost-cutting programmes.

A weak market trend could already be noted at the end of 2008, which resulted in extensive cost-cutting programmes being implemented throughout the group. Total overheads and the workforce have been reduced by approximately 30% since the third quarter of 2008.

Sven Poulsen resigned as President and CEO of Contex A/S in September. Chairman of the board Arne Frank assumed the role of Executive Chairman and the present CFO Kenneth Aaby Sachse was appointed acting CEO.

Despite the harsh market conditions the companies continued to develop and strengthen their product offering. In September, Contex A/S launched a more cost-effective scanner intended for architecture and building applications. Z Corporation launched a new composite material in June which further improves the result of printed 3D models, and a new printer for the lower price segment was launched in October.

During the year the Group's sales decreased by 26% to USD 91.3m (124.2). Operating profit (EBITA) amounted to USD 1.4m (13.4). The operating margin was 1.6% (10.8). The costs of savings measures were charged against EBITA with approximately USD 6.5m.

## Future prospects

Contex Group has a strong global market position and is well positioned for profitable growth within all three operating areas. Continued investments are being made in product development in order to strengthen technical competitive edge. There are also good opportunities to participate in future consolidation and restructuring in these segments. Demand weakened considerably during 2009 but the outlook for 2010 is cautiously optimistic.

Z Corporation's 3D printers are used among other things in design processes for product development and in architecture.

www.contex.com
www.zcorp.com
www.vidar.com

## Contex Group

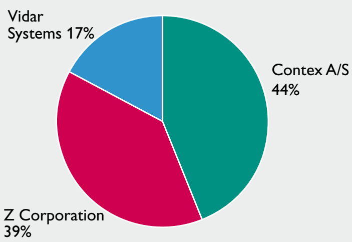
### Board of Directors

| | |
|---|---|
| Arne Frank | Chairman |
| Per Frankling | |
| Leif Johansson | |
| Kaj Juul-Pedersen | |
| Peter Leschly | |
| Brian Steen Jensen | Employee representative |
| Søren Thuun Jensen | Employee representative |

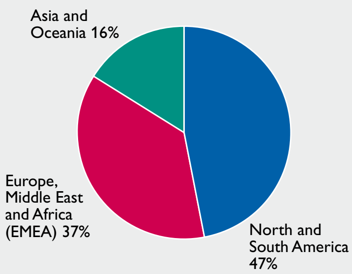
### Management

| | |
|---|---|
| Kenneth Aaby Sachse | Acting CEO Contex A/S and CFO Contex Group |
| John Kawola | CEO Z Corporation |
| John Hart | CEO Vidar Systems |

### Sales by company




### Sales by market




[1] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

[2] Extensive cost-cutting programme implemented in 2009 which was charged against earnings with USD 6.5m. 2007 includes items affecting comparability for expenses in connection with acquisitions of USD 3.9m.

| USDm | 2009 | 2008 | 2007 [1] | 2006 [1] | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 91.3 | 124.2 | 122.9 | 121.5 | |
| Operating expenses [2] | -81.0 | -105.6 | -105.0 | -99.7 | |
| Other income/expenses | 0.2 | 0.2 | 0.9 | 0.7 | |
| Share of profits of associates | | | | | |
| Divestment result | | | | | |
| **EBITDA** | **10.5** | **18.9** | **18.8** | **22.5** | |
| Depreciation and impairment | -9.1 | -5.5 | -3.1 | -2.0 | |
| **EBITA** | **1.4** | **13.4** | **15.7** | **20.5** | |
| Amortisation and impairment of intangible assets | -0.7 | -0.7 | -0.7 | -1.2 | |
| Impairment of goodwill | | | | | |
| **EBIT** | **0.7** | **12.7** | **15.0** | **19.3** | |
| Financial income | 2.3 | 0.5 | 1.9 | 1.3 | |
| Financial expenses | -12.3 | -12.9 | -14.4 | -14.5 | |
| **EBT** | **-9.3** | **0.2** | **2.5** | **6.1** | |
| Tax | 1.6 | 1.3 | -4.9 | -5.8 | |
| Profit/loss from discontinued operations | | | | | |
| **Profit/loss for the year** | **-7.7** | **1.5** | **-2.4** | **0.3** | |
| Attributable to owners of the parent | -7.7 | 1.5 | -2.4 | 0.3 | |
| Attributable to minority interests | | | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 215.8 | 215.8 | 211.4 | | |
| Other intangible assets | 12.0 | 12.1 | 9.6 | | |
| Property, plant and equipment | 8.6 | 10.7 | 10.5 | | |
| Financial assets, interest-bearing | | | | | |
| Financial assets, non-interest bearing | 2.1 | 4.8 | 2.1 | | |
| **Total non-current assets** | **238.6** | **243.4** | **233.6** | **–** | |
| Inventories | 11.0 | 15.1 | 12.2 | | |
| Receivables, interest-bearing | | | | | |
| Receivables, non-interest bearing | 16.3 | 20.7 | 23.9 | | |
| Cash, bank, other short term investments | 15.6 | 10.8 | 24.5 | | |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **42.9** | **46.6** | **60.6** | **–** | |
| **Total assets** | **281.5** | **290.0** | **294.2** | **–** | |
| Equity attributable to owners of the parent | 139.8 | 103.0 | 105.2 | | |
| Equity attributable to minority interests | | | | | |
| Provisions, interest-bearing | | | | | |
| Provisions, non-interest bearing | 4.9 | 4.3 | 4.8 | | |
| Liabilities, interest-bearing | 118.5 | 157.1 | 156.3 | | |
| Liabilities, non-interest bearing | 18.3 | 25.6 | 28.0 | | |
| Financial liabilities, other | | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **281.5** | **290.0** | **294.2** | **–** | |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 4.2 | 5.0 | | | |
| Changes in working capital | 4.6 | -4.6 | | | |
| **Cash flow from operating activities** | **8.8** | **0.4** | **–** | **–** | |
| Investments in non-current assets | -7.7 | -9.1 | | | |
| Disposals of non-current assets | | | | | |
| **Cash flow before acquisition and divestment of companies** | **1.1** | **-8.7** | **–** | **–** | |
| Net investments in companies | | -4.0 | | | |
| **Cash flow after investing activities** | **1.1** | **-12.7** | **–** | **–** | |
| Change in loans | -38.5 | -1.1 | | | |
| New issues | 42.3 | | | | |
| Dividend paid | | | | | |
| Others | | | | | |
| **Cash flow from financing activities** | **3.8** | **-1.1** | **–** | **–** | |
| **Cash flow for the year** | **4.9** | **-13.8** | **–** | **–** | |
| **Key figures** | | | | | |
| EBITA margin (%) | 1.6 | 10.8 | 12.8 | 16.9 | |
| EBT margin (%) | -10.2 | 0.2 | 2.1 | 5.0 | |
| Return on equity (%) | -6.3 | 1.4 | – | – | |
| Return on capital employed (%) | 1.2 | 5.0 | – | – | |
| Equity ratio (%) | 50 | 36 | 36 | – | |
| Interest-bearing net debt | 102.9 | 146.3 | 131.7 | – | |
| Debt/equity ratio, times | 0.8 | 1.5 | 1.5 | – | |
| Average number of employees | 335 | 467 | 448 | 466 | |

# DIAB – positive development in Asia

Ratos became an owner in DIAB in 2001 in connection with the acquisition of Atle. Until the start of 2009 Ratos and 3i each owned 48% and DIAB's board and management the remaining 4%. In spring 2009, Ratos and DIAB's board and management acquired 3i's holding in DIAB and Ratos's holding thus increased to 94%.

Consolidated book value in Ratos amounted to SEK 1,054m at year-end.

Ratos is represented on the board by Henrik Blomé (who is responsible for this holding), Stig Karlsson (Industrial Advisor) with Johan Pernvi and Leif Johansson as deputies.

## Operations

DIAB is a world-leading company that manufactures, develops and sells core materials for composite structures, including blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and rockets. DIAB's core material, which is based on cell plastic material or (to a lesser extent) balsa wood, has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

DIAB's core material has potential for a range of applications within different customer segments. Sales in 2009 were as follows: Wind 68%, Marine 21%, Industry 7%, Aerospace 3% and Transport 1%.

DIAB is a global company, with more than 95% of sales to customers outside Sweden, with its own sales companies and technical support in all major markets. Geographically sales in 2009 were divided between the regions Asia Pacific 47%, Europe 33% and Americas 20%. The company has nine production units. Capacity for material production is located in Sweden, Italy, the US and Ecuador. In addition, DIAB has material processing units in China, India, Thailand, Australia and Lithuania.

CEO Anders Paulsson

## Market

The market for core materials grows partly with the underlying production volume for customer applications, such as the number of wind turbines, boats, trains and buses, and partly through the increased use of composite structures in existing and new applications. This increased use is driven by a continuous effort to achieve structures with higher strength and lower weight.

DIAB has a strong global position in the market for core materials for composite structures. DIAB's competitors include Airex, which is part of Schweiter Technologies, and Gurit.

## The year in brief

Market development in 2009 was negatively affected by the financial crisis and subsequent recession. The historically fast-growing wind power market experienced less favourable access to financing for new wind power farms, lower demand for energy and lower prices for alternative energy sources. This resulted in lower growth than previously. The global pleasure boat market was negatively affected by reduced demand from end customers but also by stock adjustments among distributors. Demand from the Industry, Transport and Aerospace market areas also declined sharply due to the recession.

DIAB's sales totalled SEK 1,322m (1,414), representing a decline of 7% (-17% in local currency). Sales were negatively affected by lower activity among customers, but at the same time DIAB benefited from a strong position in the wind power market in Asia and a positive currency trend. DIAB's strong development in Asia Pacific and within wind power led to a changed sales mix during the year.

Operating profit (EBITA) for the year amounted to SEK 156m (220). The decrease is mainly attributable to low capacity utilisation. Cash flow from operating activities was very strong and amounted to SEK 279m (75).

In March 2009, Ratos and DIAB's board and management acquired the former co-owner 3i's holding in DIAB. Ratos acquired 46% of the shares in DIAB for SEK 387m and Ratos's holding then amounted to 94%. During the year Ratos provided DIAB with capital amounting to SEK 80m.

## Future prospects

DIAB has a strategic and strong position as a world-leading manufacturer of core materials for customer segments with a strong, underlying long-term growth. The company's growth is driven by the strong market growth of its customer segments, the potential to broaden use of the core material within the current applications, as well as long-term potential to develop new applications, due among other things to the current broader product programme. DIAB is well positioned to meet a recovery in the market.

**Financial targets**

Annual organic growth >15%

EBITA margin >15%

Buildings are a new application for DIAB's core material. The flexible properties of the material provide architects and constructors with totally new opportunities to create progressive designs.

www.diabgroup.com

## DIAB

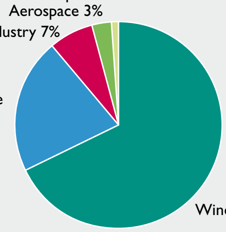
### Board of Directors

| | |
|---|---|
| Stig Karlsson | Chairman |
| Henrik Blomé | |
| Georg Brunstam | |
| Sven-Åke Henningsson | |
| Johan Pernvi | |
| Carl-Erik Ridderstråle | |
| Cecilia Klang Larsson | Employee representative |
| Vancea Valerian | Employee representative |
| Leif Johansson | Deputy |
| Michael Edvinsson | Deputy, employee representative |
| Per Månsson | Deputy, employee representative |

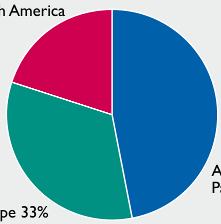
### Management

| | |
|---|---|
| Anders Paulsson | CEO |
| Peter Sundback | CFO |

### Sales by customer segment




### Sales by market




[1] Earnings for 2007 are pro forma taking new group structure and financing into account.

| SEKm | 2009 | 2008 | 2007 [1] | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 1,322 | 1,414 | 1,354 | 1,354 | 1,205 | 918 |
| Operating expenses | -1,077 | -1,115 | -1,040 | -1,035 | -910 | -782 |
| Other income/expenses | | -2 | -6 | -6 | 3 | |
| Share of profits of associates | | | | | | |
| Divestment result | | | | | | |
| **EBITDA** | **245** | **297** | **308** | **313** | **298** | **136** |
| Depreciation and impairment | -89 | -77 | -53 | -53 | -40 | -39 |
| **EBITA** | **156** | **220** | **255** | **260** | **258** | **97** |
| Amortisation and impairment of intangible assets | | | | | | |
| Impairment of goodwil | | | | | | |
| **EBIT** | **156** | **220** | **255** | **260** | **258** | **97** |
| Financial income | 1 | 1 | 3 | 2 | 1 | 3 |
| Financial expenses | -59 | -43 | -103 | -16 | -15 | -10 |
| **EBT** | **97** | **178** | **155** | **246** | **244** | **90** |
| Tax | -17 | -50 | 25 | -70 | -80 | -29 |
| Profit/loss from discontinued operations | | | | | | |
| **Profit for the year** | **81** | **128** | **180** | **176** | **164** | **61** |
| Attributable to owners of the parent | 81 | 128 | 180 | 176 | 164 | 61 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 1,094 | 1,094 | 1,008 | | | |
| Other intangible assets | 35 | 27 | 26 | 26 | 7 | |
| Property, plant and equipment | 608 | 684 | 621 | 621 | 415 | 348 |
| Financial assets, interest-bearing | | | | | | |
| Financial assets, non-interest bearing | 90 | 71 | 75 | 8 | 10 | 10 |
| **Total non-current assets** | **1,827** | **1,876** | **1,730** | **655** | **432** | **358** |
| Inventories | 218 | 293 | 220 | 220 | 183 | 177 |
| Receivables, interest-bearing | | | | | | |
| Receivables, non-interest bearing | 227 | 297 | 257 | 256 | 223 | 197 |
| Cash, bank, other short term investments | 167 | 47 | 51 | 51 | 79 | 30 |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **611** | **637** | **528** | **527** | **485** | **404** |
| **Total assets** | **2,438** | **2,513** | **2,258** | **1,182** | **917** | **762** |
| Equity attributable to owners of the parent | 1,204 | 976 | 677 | 577 | 409 | 288 |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | 34 | 34 | 31 | 31 | 31 | 13 |
| Provisions, non-interest bearing | 19 | 6 | 18 | 18 | 15 | 29 |
| Liabilities, interest-bearing | 977 | 1 276 | 1 250 | 250 | 209 | 264 |
| Liabilities, non-interest bearing | 204 | 221 | 244 | 306 | 253 | 168 |
| Financial liabilities, other | | | 38 | | | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **2,438** | **2,513** | **2,258** | **1,182** | **917** | **762** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 161 | 162 | | 231 | 267 | 123 |
| Changes in working capital | 117 | -87 | | 13 | 16 | -62 |
| **Cash flow from operating activities** | **279** | **75** | **–** | **244** | **283** | **61** |
| Investments in non-current assets | -49 | -81 | | -278 | -139 | -78 |
| Disposals of non-current assets | 1 | 3 | | 10 | | |
| **Cash flow before acquisition and divestment of companies** | **231** | **-3** | **–** | **-24** | **144** | **-17** |
| Net investments in companies | | | | -8 | | |
| **Cash flow after investing activities** | **231** | **-3** | **–** | **-32** | **144** | **-17** |
| Change in loans | -272 | -7 | | 43 | -44 | 29 |
| New issues | 82 | | | | | |
| Dividend paid | | | | -10 | -25 | |
| Others | 80 | -2 | | -31 | -24 | -6 |
| **Cash flow from financing activities** | **-110** | **-9** | **–** | **2** | **-93** | **23** |
| **Cash flow for the year** | **121** | **-12** | **–** | **-30** | **51** | **6** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 11.8 | 15.6 | 18.8 | 19.2 | 21.4 | 10.6 |
| EBT margin (%) | 7.4 | 12.6 | 11.4 | 18.2 | 20.2 | 9.8 |
| Return on equity (%) | 7.4 | 15.5 | – | 35.7 | 47.1 | 24.5 |
| Return on capital employed (%) | 7.0 | 10.4 | – | 34.8 | 42.7 | 19.9 |
| Equity ratio (%) | 49 | 39 | 30 | 49 | 45 | 38 |
| Interest-bearing net debt | 844 | 1,263 | 1,230 | 230 | 161 | 247 |
| Debt/equity ratio, times | 0.8 | 1.3 | 1.9 | 0.5 | 0.6 | 1.0 |
| Average number of employees | 1,132 | 1,280 | – | 1,067 | 892 | 734 |

# EuroMaint – several strategic acquisitions 2009

Ratos acquired 100% of EuroMaint in 2007.

Consolidated book value in Ratos amounted to SEK 515m at year-end.

Ratos is represented on the board by Henrik Joelsson (who is responsible for this holding) with Jonathan Wallis and Bo Jungner as deputies.

CEO Ole Kjörrefjord

### Operations

EuroMaint is one of Sweden's leading maintenance companies. Operations are conducted in two subsidiaries: EuroMaint Rail (85% of sales) and EuroMaint Industry (15%). EuroMaint's companies are specialists which offer qualified maintenance services to the rail transport sector and manufacturing industry. Industry-wide activities that promote new business and strengthen EuroMaint's position as a leading supplier of maintenance are conducted at group level. The group's operations are conducted in a total of 18 locations in Sweden, Latvia, and the US.

### Market

EuroMaint Rail has a strong position in the Swedish train maintenance market. Operations are conducted through a nationwide network of workshops and the organisation has a high level of technical expertise with a good understanding of the commercial needs of customers. EuroMaint Rail works in close partnership with train operators where the company usually accepts total responsibility for rolling stock availability and is paid a fixed price per kilometre. This allows customers to optimise their operations and gives them better control of maintenance costs.

EuroMaint carried out several strategic acquisitions in 2009, including the German company RSM.

EuroMaint Industry works in the growing market for industrial maintenance. The company offers qualified services for operational reliability and production optimisation as well as automated production equipment and component servicing. Market development for EuroMaint Industry's services is assessed as good with an increasing need for improved production efficiency and outsourcing of line maintenance.

### The year in brief

EuroMaint carried out three strategic add-on acquisitions during 2009. In June, EuroMaint Industry acquired EISAB Energi och Industriservice AB in Vänersborg, Sweden. EISAB provides maintenance services primarily for waste incineration plants and combined heat and power plants. The company has 35 employees and sales amounted to SEK 129m and EBITA was SEK 7m in the split financial year 2008/2009. Ratos provided the entire purchase price of SEK 25m.

In December, EuroMaint Rail acquired Skandiatransport's maintenance workshop for rolling stock in Landskrona, Sweden. The workshop had 25 employees and sales totalled approximately SEK 23m in 2009.

The leading, independent German maintenance company for rolling stock, Rail Service Management Group (RSM) was also acquired in December. This acquisition makes EuroMaint the leading independent company for train maintenance in Europe. RSM has 800 employees and 2008 sales amounted to EUR 94m with an operating profit (EBITA) of EUR 5.4m. Ratos provided the entire purchase price of SEK 166m. The acquisition was finalised in January 2010.

EuroMaint's sales in 2009 amounted to SEK 2,510m (2,324), which corresponds to an increase of 8% compared with 2008. Growth was very good in EuroMaint Rail (+10%), as well as in EuroMaint Industry (+6%).

The market for maintenance of passenger trains developed well during the year, while maintenance services for goods trains and within manufacturing industry decreased. This development stabilised, however, during the autumn with positive signs of a dawning recovery within goods traffic.

Operating profit (EBITA) amounted to SEK 133m (122). The improved earnings are mainly due to increased sales. During the year EuroMaint initiated and implemented extensive measures to improve efficiency and the cost level ahead of 2010.

### Future

EuroMaint Rail has a strong market position in Sweden and good prospects for continued development and to improve the efficiency of its operations. As a result of the acquisition of RSM, EuroMaint Rail will become established in Germany, the Netherlands, Belgium and Poland. The acquisition will increase EuroMaint Rail's opportunities to take advantage of the ongoing deregulation of the train operator market in Europe. EuroMaint Industry performed relatively well during the year despite a very challenging market situation, and there are still considerable opportunities for continued growth by taking over maintenance operations and through acquisitions. Work during 2010 will focus on both growth and profitability improvements.

www.euromaint.com

## EuroMaint

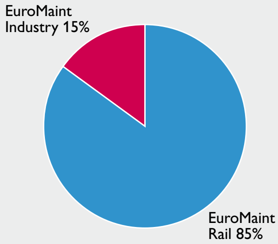
### Board of Directors

| | |
|---|---|
| Wille Laurén | Chairman |
| Knut Hansen | |
| Henrik Joelsson | |
| Ole Kjörrefjord | |
| Jonathan Wallis | |
| Per Granström | Employee representative |
| Karin Nyberg | Employee representative |
| Bertil Hallén | Employee representative |
| Bo Jungner | Deputy |

### Management

| | |
|---|---|
| Ole Kjörrefjord | CEO |
| Urban Felth | CFO |
| Henrik Dagberg | President, Strategy & Business Development |
| Ilona Östlund | President, Corporate Communications |
| Mats Önner | President EuroMaint Rail |
| Nicklas Falk | President EuroMaint Industry |

**Sales by operating area**




| SEKm | 2009 | 2008 | 2007 [1] | 2006 [1] | 2006 | 2005 |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 2,510 | 2,324 | 2,067 | 2,037 | 2,037 | 1,872 |
| Operating expenses [4] | -2,352 | -2,165 | -1,972 | -1,902 | -1,906 | -1,734 |
| Other income/expenses | 17 | | | | | |
| Share of profits of associates | | | | | | |
| Divestment result | | | 1 | -4 | -4 | 1 |
| **EBITDA** | **175** | **159** | **96** | **131** | **127** | **139** |
| Depreciation and impairment | -42 | -38 | -27 | -29 | -25 | -24 |
| **EBITA** | **133** | **122** | **69** | **102** | **102** | **115** |
| Amortisation and impairment of intangible assets | -4 | -4 | -2 | -2 | -2 | -1 |
| Impairment of goodwill | | | | | | |
| **EBIT** | **128** | **118** | **67** | **100** | **100** | **114** |
| Financial income | 1 | 3 | 6 | 3 | 3 | 1 |
| Financial expenses [2] | -59 | -61 | -61 | -46 | -12 | -12 |
| **EBT** | **70** | **60** | **12** | **57** | **91** | **103** |
| Tax | -13 | -11 | 5 | -5 | -21 | -10 |
| Profit/loss from discontinued operations | | | | | | |
| **Profit for the year** | **57** | **49** | **17** | **52** | **70** | **93** |
| Attributable to owners of the parent | 57 | 49 | 17 | 52 | 70 | 93 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 719 | 692 | 692 | | 30 | 30 |
| Other intangible assets | 23 | 14 | 18 | | 12 | 14 |
| Property, plant and equipment | 202 | 208 | 196 | | 131 | 132 |
| Financial assets, interest-bearing | | | | | | |
| Financial assets, non-interest bearing | 10 | 11 | 11 | | 34 | 45 |
| **Total non-current assets** | **954** | **925** | **917** | **–** | **207** | **221** |
| Inventories | 375 | 264 | 280 | | 269 | 259 |
| Receivables, interest-bearing | | | | | | |
| Receivables, non-interest bearing | 776 | 675 | 609 | | 507 | 434 |
| Cash, bank, other short term investments | | 33 | | | 45 | 66 |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **1,151** | **973** | **889** | **–** | **821** | **759** |
| **Total assets** | **2,105** | **1,897** | **1,807** | **–** | **1,028** | **980** |
| Equity attributable to owners of the parent [3] | 516 | 447 | 406 | | 249 | 178 |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | 15 | 19 | 35 | | 39 | 38 |
| Provisions, non-interest bearing | 22 | 32 | 21 | | 32 | 40 |
| Liabilities, interest-bearing | 756 | 746 | 799 | | 270 | 340 |
| Liabilities, non-interest bearing | 786 | 644 | 545 | | 438 | 384 |
| Financial liabilities, other | 10 | 8 | | | | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **2,105** | **1,897** | **1,807** | **–** | **1,028** | **980** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 41 | 65 | | | 105 | 94 |
| Changes in working capital | -51 | 63 | | | -28 | -32 |
| **Cash flow from operating activities** | **-10** | **128** | **–** | **–** | **77** | **62** |
| Investments in non-current assets | -25 | -41 | | | -35 | -21 |
| Disposals of non-current assets | 1 | 0 | | | 3 | 2 |
| **Cash flow before acquisition and divestment of companies** | **-34** | **87** | **–** | **–** | **45** | **43** |
| Net investments in companies | 28 | | | | | -81 |
| **Cash flow after investing activities** | **-62** | **87** | **–** | **–** | **45** | **-38** |
| Change in loans | 4 | -30 | | | -70 | 90 |
| New issues | | | | | | |
| Dividend paid | | | | | | |
| Others | 25 | -24 | | | 4 | |
| **Cash flow from financing activities** | **29** | **-54** | **–** | **–** | **-66** | **90** |
| **Cash flow for the year** | **-33** | **33** | **–** | **–** | **-21** | **52** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 5.3 | 5.2 | 3.3 | 5.0 | 5.0 | 6.1 |
| EBT margin (%) | 2.8 | 2.6 | 0.6 | 2.8 | 4.5 | 5.5 |
| Return on equity (%) | 11.9 | 11.5 | – | – | 32.8 | 71.8 |
| Return on capital employed (%) | 10.4 | 9.8 | – | – | 18.5 | 24.8 |
| Equity ratio (%) | 24 | 24 | 22 | – | 24 | 18 |
| Interest-bearing net debt | 772 | 732 | 834 | – | 264 | 312 |
| Debt/equity ratio, times | 1.5 | 1.7 | 2.1 | – | 1.2 | 2.1 |
| Average number of employees | 1,909 | 1,793 | 1,781 | – | 1,746 | 1,669 |

[1] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

[2] Excluding interest on shareholder loan.

[3] Equity at 31 December 2009 includes shareholder loan of SEK 274m.

[4] Operating expenses in 2007 include restructuring costs of SEK 44m.

# GS-Hydro – weaker market

Ratos became owner of GS-Hydro in conjunction with the acquisition of Atle in 2001. Ratos's holding amounts to 100%.

The consolidated book value at year-end was SEK -65m (this amount is negative due to refinancing in 2008).

Ratos is represented on the board by Henrik Blomé (who is responsible for this holding), Anders Lindblad (Industrial Advisor) and Johan Pålsson.

### Operations

GS-Hydro is a global supplier of non-welded piping systems. Piping systems are mainly used in hydraulic high-pressure systems with high requirements for fast installation, cleanliness and a minimum of operating shutdowns and leakage risks. The company supplies complete piping systems, prefabricated piping modules, components for piping systems and related services. Services include design, pre-fabrication, installation, documentation and maintenance.

GS-Hydro's piping systems, components and services are mainly used within the marine and offshore industries as well as in land-based industries such as pulp and paper, mining and metals, automotive and aerospace. The company has approximately 620 employees in 17 countries. The head office is in Finland.

### Market

GS-Hydro focuses on non-welded piping systems, which is a relatively small part of the market for piping systems for hydraulic applications. Opportunities to increase market share are created by marketing the advantages of the system compared with welded solutions.

GS-Hydro conducts operations worldwide and is a leading supplier within its market niche. The largest individual market is Norway where the marine and offshore sectors comprise key customer segments for the company.

Demand in the offshore segment decreased somewhat during the year. At the same time, fundamental driving forces, such as a long-term imbalance between supply and demand for oil and an obsolete installed base of oil rigs, indicate good development over time for this segment. Non-welded systems offer clear advantages in the offshore segment, since no welding flame is needed for installation and maintenance, which allows customers' production to continue without expensive shutdowns.

The marine segment saw a clear market downturn during the year. Shipyards' order books declined fast and development in the short term is uncertain. GS-Hydro's operations are primarily with ships that have a lot of hydraulic equipment, such as offshore-related vessels, fishing boats and dredging boats. Here the decline was slightly milder, which benefited GS-Hydro. The company's

CEO Pekka Frantti

products and services are primarily used for hydraulic and fire systems on ships and can be installed in confined spaces, which is an important competitive advantage.

In the land-based segment demand also decreased during the year due to the weak economic climate and a lower rate of investment by industry. The decline was particularly marked at the beginning of 2009 but levelled out during the second half.

### The year in brief

GS-Hydro's sales amounted to EUR 141m (159) which represents a decrease of 11% compared with the previous year. This decline is due to weak market development within all customer segments.

Operating profit (EBITA) was EUR 10.6m (17.6) and was negatively affected by the lower sales volume and restructuring costs. Measures were adopted to adjust costs to the lower volume.

During the year the company made an asset acquisition of the Spanish company Pine with annual sales of approximately EUR 2 million.

In December Pekka Frantti was appointed as the new CEO of GS-Hydro and he succeeded the former CEO Thomas Rönnholm on 1 February 2010.

### Future prospects

In 2010 GS-Hydro's sales will be negatively affected by lower customer demand and by the company's late cyclical position. Measures are being carried out to reduce the negative earnings impact and focus on generating a strong cash flow. In the longer term there are still strong driving forces that guarantee strong development in the market and GS-Hydro is well placed to achieve growth faster than the market as a whole.

GS-Hydro's piping systems are mainly used in the marine and offshore industry.

www.gshydro.com

## GS-Hydro

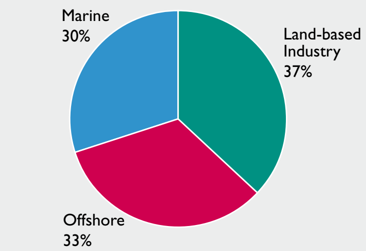
### Board of Directors

| | |
|---|---|
| Anders Lindblad | Chairman |
| Rolf Ahlqvist | |
| Henrik Blomé | |
| Staffan Paues | |
| Johan Pålsson | |
| Eli K. Vassenden | |

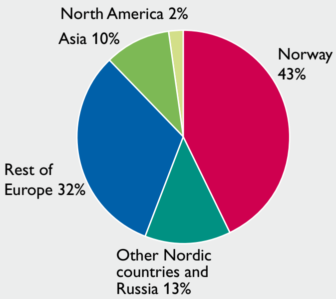
### Management

| | |
|---|---|
| Pekka Frantti | CEO |
| Jari Punkari | CFO |
| Krister Blomqvist | V.P. Business Development |
| Terho Hoskonen | V.P. Sales and Marketing |
| Harri Jokinen | V.P. Technology |
| Heikki Pennanen | V.P. Major Project Unit |
| Lauri Leskinen | Managing Director, GS-Hydro Finland |
| Fernando Guarido | Managing Director, GS-Hydro Spain |
| Chris Hargreaves | Managing Director, GS-Hydro UK |
| Bjørn Morten Olesen | Managing Director, GS-Hydro Norway |

### Sales by segment




### Sales by region




[1] GS-Hydro was refinanced in September 2008. Earnings for 2008 and 2007 are pro forma taking new financing and group structure into account.

| EURm | 2009 | 2008 [1] | 2007 [1] | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 140.7 | 159.0 | 141.8 | 141.8 | 106.3 | 69.1 |
| Operating expenses | -127.4 | -139.0 | -123.4 | -123.4 | -93.8 | -63.8 |
| Other income/expenses | | | | | | -0.1 |
| Share of profits of associates | | | | | | |
| Divestment result | | | 3.6 | 3.6 | | |
| **EBITDA** | **13.3** | **20.0** | **22.0** | **22.0** | **12.5** | **5.2** |
| Depreciation and impairment | -2.7 | -2.4 | -2.1 | -2.1 | -1.6 | -1.5 |
| **EBITA** | **10.6** | **17.6** | **19.9** | **19.9** | **10.9** | **3.7** |
| Amortisation and impairment of intangible assets | | | | | | |
| Impairment of goodwill | | | | | | |
| **EBIT** | **10.6** | **17.6** | **19.9** | **19.9** | **10.9** | **3.7** |
| Financial income | 0.5 | | | | | |
| Financial expenses | -5.6 | -8.9 | -8.0 | -3.3 | -1.7 | -0.9 |
| **EBT** | **5.5** | **8.7** | **11.9** | **16.6** | **9.2** | **2.8** |
| Tax | -2.5 | -4.1 | -5.6 | -5.6 | -2.4 | -1.2 |
| Profit/loss from discontinued operations | | | | | | |
| **Profit for the year** | **3.0** | **4.6** | **6.3** | **11.0** | **6.8** | **1.6** |
| Attributable to owners of the parent | 3.0 | 4.6 | 6.3 | 11.0 | 6.8 | 1.6 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 56.8 | 56.8 | | 15.1 | 15.1 | 13.8 |
| Other intangible assets | | | | | | 0.5 |
| Property, plant and equipment | 9.6 | 8.8 | | 7.2 | 8.6 | 7.0 |
| Financial assets, interest-bearing | | | | | | |
| Financial assets, non-interest bearing | 0.9 | 1.9 | | 0.9 | 1.0 | 1.7 |
| **Total non-current assets** | **67.4** | **67.4** | **–** | **23.2** | **24.7** | **23.0** |
| Inventories | 31.6 | 34.7 | | 34.9 | 23.8 | 16.9 |
| Receivables, interest-bearing | | | | | | |
| Receivables, non-interest bearing | 35.9 | 40.3 | | 35.9 | 29.6 | 16.4 |
| Cash, bank, other short term investments | 6.9 | 11.6 | | 7.2 | 0.2 | 3.4 |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **74.3** | **86.6** | **–** | **78.0** | **53.6** | **36.7** |
| **Total assets** | **141.7** | **153.9** | **–** | **101.2** | **78.3** | **59.7** |
| Equity attributable to owners of the parent | 34.8 | 27.2 | | 34.4 | 23.1 | 16.8 |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | -0.5 | | | | | 0.1 |
| Provisions, non-interest bearing | 0.5 | 0.3 | | 0.2 | 0.6 | 0.4 |
| Liabilities, interest-bearing | 81.6 | 92.3 | | 33.6 | 30.5 | 29.5 |
| Liabilities, non-interest bearing | 23.4 | 32.2 | | 30.6 | 23.1 | 12.9 |
| Financial liabilities, other | 1.9 | 1.9 | | 2.4 | 1.0 | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **141.7** | **153.9** | **–** | **101.2** | **78.3** | **59.7** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 6.6 | | | 14.1 | 8.0 | 3.3 |
| Changes in working capital | 0.9 | | | -13.4 | -8.0 | -3.1 |
| **Cash flow from operating activities** | **7.5** | **–** | **–** | **0.7** | **0.0** | **0.2** |
| Investments in non-current assets | -2.6 | | | -3.2 | -2.0 | -2.2 |
| Disposals of non-current assets | | | | | | |
| **Cash flow before acquisition and divestment of companies** | **4.9** | **–** | **–** | **-2.5** | **-2.0** | **-2.0** |
| Net investments in companies | | | | 6.4 | -2.0 | |
| **Cash flow after investing activities** | **4.9** | **–** | **–** | **3.9** | **-4.0** | **-2.0** |
| Change in loans | -10.9 | | | 3.1 | 1.0 | 3.9 |
| New issues | | | | | | |
| Dividend paid | | | | | | |
| Others | | | | | | |
| **Cash flow from financing activities** | **-10.9** | **–** | **–** | **3.1** | **1.0** | **3.9** |
| **Cash flow for the year** | **-6.0** | **–** | **–** | **7.0** | **-3.0** | **1.9** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 7.5 | 11.1 | 14.0 | 14.0 | 10.3 | 5.3 |
| EBT margin (%) | 3.9 | 5.5 | 8.4 | 11.7 | 8.7 | 4.0 |
| Return on equity (%) | 9.8 | – | – | 38.3 | 34.1 | 9.9 |
| Return on capital employed (%) | 9.4 | – | – | 32.7 | 21.8 | 8.4 |
| Equity ratio (%) | 25 | 18 | – | 34 | 29 | 28 |
| Interest-bearing net debt | 74.2 | 80.7 | – | 26.4 | 30.3 | 26.2 |
| Debt/equity ratio, times | 2.3 | 3.4 | – | 1.0 | 1.3 | 1.8 |
| Average number of employees | 623 | 641 | – | 527 | 404 | 315 |

# Hafa Bathroom Group – strong second half

Ratos became an owner in Hafa Bathroom Group via the investment in Haendig in conjunction with the acquisition of Atle in 2001. Today, the company is directly owned by Ratos with a holding of 100%.

The consolidated book value at year-end was SEK 233m.

Ratos is represented on the Board by Henrik Blomé (who is responsible for this holding) with Johan Pålsson as a deputy.

## Operations

Hafa Bathroom is a leading supplier of bathroom furnishings in the Nordic market. The company designs, develops and sells a broad range of bathroom products such as furniture, shower solutions and whirlpool baths to Nordic retailers. Production is carried out under contract in Asia and Europe, with the exception of customised assembly of whirlpool baths in Sweden.

The product range is sold and marketed under the brands Hafa, which primarily sells to the DIY and building materials trade, and Westerbergs, which sells through plumbers and builders' merchants. Most of Hafa Bathroom Group's sales go to renovations of existing private bathrooms (repairs and extensions) and to a lesser extent to new building projects.

CEO Ola Andrée

## Market

Hafa Bathroom Group operates in the Nordic bathroom market with a special focus on the repairs and extensions sector. This market has shown good growth in recent years, due to a strong construction climate, growing interest in decorating and design, rising property prices and a clear DIY trend. Towards the end of 2008 and during the first half of 2009 there was a significant decline in the market due to the general weakening of the economy. During the second half of 2009, performance improved significantly, particularly in Sweden due to the low interest rates, the introduction of tax deductions for repairs and extensions and a perceived stronger belief in the future among consumers.

The competitive scenario in the Nordic market is fragmented with a large number of players who focus on different product categories, customer segments, distribution channels and geographic markets.

Despite its overall modest market share in the Nordic region, Hafa Bathroom Group is a significant player within bathroom products for building supplies stores, DIY and the plumbing trade.

## The year in brief

Hafa Bathroom Group's net sales in 2009 amounted to SEK 390m (391). The sales trend was weak during the first half of the year, but during the second half the company showed strong development due to the positive trend in the Swedish repairs and extensions market.

Operating profit (EBITA) rose during the year and amounted to SEK 51m (41). Earnings improved as a result of long-term work on quality improvements, implemented cost rationalisation programmes and development of the product range.

## Future prospects

In the short term a weak construction climate is expected to have a negative impact on the professional bathroom market, but opportunities in Hafa Bathroom Group's market segment are positive due to the tax deductions for repairs and extensions and continued low interest rates. The Nordic bathroom market has good growth prospects over time due to a major underlying need for renovation, growing interest in home furnishings and design and a DIY trend.

Hafa Bathroom Group has good growth opportunities in the Nordic region by broadening the distribution of its brands in existing markets, as well as increasing penetration among existing retailers.

A large part of Hafa Bathroom Group's sales go to renovations of private bathrooms.

www.hafabg.com

## Hafa Bathroom Group

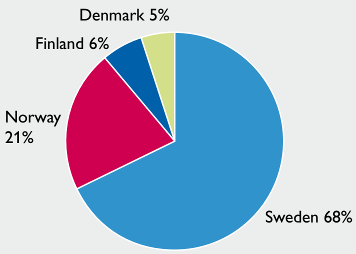
### Board of Directors

| | |
|---|---|
| Thomas Holmgren | Chairman |
| Henrik Blomé | |
| Johan Holmgren | |
| Staffan Jehander | |
| Anders Reuthammar | |
| Ola Andrée | CEO |
| Ulf Carlsson | Deputy |
| Johan Pålsson | Deputy |

### Management

| | |
|---|---|
| Ola Andrée | CEO |
| Malin Sundbäck | Group Controller |
| Eva Östergren | Marketing Manager |
| Johan Eriksson | Business Area Manager Production unit in Skene |
| Marie Bengtsson | Product Range and Design Manager |
| Tobias Höglind | Nordic Sales Manager |

### Sales by market




| SEKm | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 390 | 391 | 409 | 439 | 335 |
| Operating expenses | -334 | -344 | -388 | -406 | -309 |
| Other income/expenses | | -1 | | | |
| Share of profits of associates | | | | | |
| Divestment result | | | | | |
| **EBITDA** | **56** | **46** | **21** | **33** | **26** |
| Depreciation and impairment | -5 | -6 | -5 | -5 | -3 |
| **EBITA** | **51** | **41** | **16** | **28** | **23** |
| Amortisation and impairment of intangible assets | | | | | |
| Impairment of goodwill | | | | | |
| **EBIT** | **51** | **41** | **16** | **28** | **23** |
| Financial income | | | | | |
| Financial expenses | -11 | -6 | -6 | -4 | -2 |
| **EBT** | **40** | **35** | **10** | **24** | **21** |
| Tax | -9 | -8 | -4 | -8 | -6 |
| Profit/loss from discontinued operations | | | | | |
| **Profit for the year** | **31** | **27** | **6** | **16** | **15** |
| Attributable to owners of the parent | 31 | 27 | 6 | 16 | 15 |
| Attributable to minority interests | | | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 42 | 42 | 42 | 42 | 42 |
| Other intangible assets | 1 | 0 | | | |
| Property, plant and equipment | 12 | 12 | 18 | 23 | 23 |
| Financial assets, interest-bearing | | | | | |
| Financial assets, non-interest bearing | 6 | 3 | 1 | | |
| **Total non-current assets** | **60** | **58** | **61** | **65** | **65** |
| Inventories | 92 | 111 | 117 | 95 | 84 |
| Receivables, interest-bearing | | | | | |
| Receivables, non-interest bearing | 73 | 73 | 80 | 99 | 74 |
| Cash, bank, other short term investments | 21 | 1 | 2 | 7 | 6 |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **185** | **185** | **199** | **201** | **164** |
| **Total assets** | **245** | **244** | **260** | **266** | **229** |
| Equity attributable to owners of the parent | 122 | 90 | 62 | 25 | 30 |
| Equity attributable to minority interests | | | | | |
| Provisions, interest-bearing | | | | | |
| Provisions, non-interest bearing | 16 | 22 | 15 | 17 | 17 |
| Liabilities, interest-bearing | 21 | 76 | 144 | 125 | 112 |
| Liabilities, non-interest bearing | 76 | 56 | 39 | 99 | 70 |
| Financial liabilities, other | 9 | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **245** | **244** | **260** | **266** | **229** |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 42 | 43 | 16 | 25 | 20 |
| Changes in working capital | 43 | 25 | -60 | -6 | -36 |
| **Cash flow from operating activities** | **85** | **68** | **-44** | **19** | **-16** |
| Investments in non-current assets | -5 | 0 | | -5 | -3 |
| Disposals of non-current assets | 0 | | | | |
| **Cash flow before acquisition and divestment of companies** | **80** | **68** | **-44** | **14** | **-19** |
| Net investments in companies | | | | | -75 |
| **Cash flow after investing activities** | **80** | **68** | **-44** | **14** | **-94** |
| Change in loans | -54 | -69 | 20 | 13 | 104 |
| New issues | | | | | |
| Dividend paid | | | | | -2 |
| Others | -7 | | 19 | -25 | -2 |
| **Cash flow from financing activities** | **-61** | **-69** | **39** | **-12** | **100** |
| **Cash flow for the year** | **19** | **-1** | **-5** | **2** | **6** |
| **Key figures** | | | | | |
| EBITA margin (%) | 13.0 | 10.4 | 3.9 | 6.4 | 6.9 |
| EBT margin (%) | 10.3 | 8.9 | 2.4 | 5.5 | 6.3 |
| Return on equity (%) | 29.1 | 35.5 | 13.8 | 58.2 | 62.5 |
| Return on capital employed (%) | 32.9 | 21.8 | 9.0 | 19.2 | 28.2 |
| Equity ratio (%) | 50 | 37 | 24 | 9 | 13 |
| Interest-bearing net debt | 0 | 75 | 142 | 118 | 106 |
| Debt/equity ratio, times | 0.2 | 0.8 | 2.3 | 5.0 | 3.7 |
| Average number of employees | 166 | 168 | 175 | 173 | 113 |

# Haglöfs – strong growth in Europe

Ratos became the owner of Haglöfs in 2001 in conjunction with the acquisition of Atle. Haglöfs is 100% owned by Ratos.

Consolidated book value in Ratos amounted to SEK 152m at year-end.

Ratos is represented on the board by Susanna Campbell (who is responsible for this holding) and Stig Karlsson (Industrial Advisor).

### Operations

Haglöfs develops, produces and markets equipment and clothes for an active outdoor life. As a complete supplier within outdoor, the company offers backpacks, sleeping bags, clothes and footwear. All production is outsourced to selected manufacturers primarily in Asia but also in Europe to some extent.

Haglöfs is today one of the leading outdoor brands in Europe and the company is represented in 19 countries, in Europe plus Japan. Distribution takes place through subsidiaries in the Nordic countries, Germany/Austria and the UK. In Haglöfs' other markets distribution takes place via agents or selected distributors.

Customers mainly comprise outdoor specialists as well as sports retailers in the Nordic market. Haglöfs has two outlet stores of its own in Avesta and Haparanda, Sweden.

Approximately 40% of sales take place outside the Nordic region. Average annual sales growth during the period 2001-2009 amounted to 15%.

CEO Mats Hedblom

### Market

The outdoor industry has managed relatively well during the global recession. This is due, among other things, to rising outdoor tourism but also to increasing health awareness and increased everyday use of the products, where technical outdoor products are used for other purposes than purely for outdoor activities. Many retailers and industry players expect continued good growth for the outdoor industry.

Haglöfs enjoyed strong growth in 2009 above all in markets outside the Nordic region.

Today, the Haglöfs brand has a very strong position in its niche. International competitors include Arc'teryx, Mammut and The North Face.

### The year in brief

High consumer demand for Haglöfs' products contributed to good growth during the year, particularly in markets outside the Nordic region. The global recession had a limited impact on Haglöfs' operations.

Sales amounted to SEK 590m (495), an increase of 19% (+11% adjusted for currency effects). Export markets outside the Nordic region performed particularly well and increased by 35% while Nordic sales rose 10%.

Operating profit (EBITA) amounted to SEK 65m (53) which corresponds to an EBITA margin of 11.0% (10.8). The improved earnings were due to increased sales. During the year Haglöfs continued its efforts to improve the efficiency of the supply chain.

During the autumn preorder sales ahead of spring 2010 was completed. The result was an increase compared with 2009, which can give Haglöfs a good start to 2010.

### Future prospects

Haglöfs continues to have good growth potential. In many European markets Haglöfs is still a small player with major opportunities for continued growth despite the good growth in recent years. There is also further potential in the Nordic countries, above all in Norway where earlier distribution problems meant that growth did not materialise. There are also opportunities for establishment in new markets and within new product groups.

**Financial targets**

Growth >10%

EDITA margin >12%

www.haglofs.se

## Haglöfs

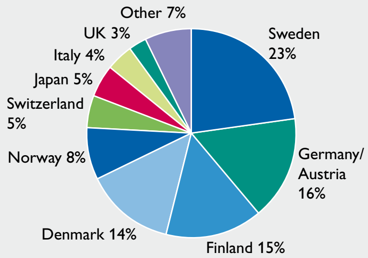
### Board of Directors

| | |
|---|---|
| Stig Karlsson | Chairman |
| Susanna Campbell | |
| Mats Gärdsell | |
| Lars Göthlin | |
| Anders Reuthammar | |
| Mats Hedblom | CEO |

### Management

| | |
|---|---|
| Mats Hedblom | CEO |
| Jim Jonsson | CFO |
| Nicolas Warchalowski | Sales & Marketing Director |
| Johnny Claus | Product Director |
| Leif Fontér | Logistics Director |
| Lennart Ekberg | Sustainability Director |

### Sales by market




| SEKm | 2009 | 2008 | 2007 [1] | 2006 [2] | 2006 | 2005 [3] |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 590 | 495 | 428 | 412 | 412 | 328 |
| Operating expenses | -520 | -437 | -402 | -379 | -379 | -295 |
| Other income/expenses | | | | | | |
| Share of profits of associates | | | | | | |
| Divestment result | | | | | | |
| **EBITDA** | **70** | **58** | **26** | **33** | **33** | **33** |
| Depreciation and impairment | -5 | -5 | -4 | -3 | -3 | -3 |
| **EBITA** | **65** | **53** | **22** | **30** | **30** | **30** |
| Amortisation and impairment of intangible assets | | | | | | |
| Impairment of goodwill | | | | | | |
| **EBIT** | **65** | **53** | **22** | **30** | **30** | **30** |
| Financial income | 0 | 1 | 1 | | | |
| Financial expenses | -8 | -14 | -9 | -8 | -2 | -1 |
| **EBT** | **57** | **40** | **14** | **22** | **28** | **29** |
| Tax | -10 | -2 | -3 | -8 | -8 | -9 |
| Profit/loss from discontinued operations | | | | -17 | -17 | -2 |
| **Profit/loss for the year** | **48** | **38** | **11** | **-3** | **3** | **18** |
| Attributable to owners of the parent | 48 | 38 | 11 | -3 | 3 | 18 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 204 | 204 | 204 | 204 | | |
| Other intangible assets | 2 | 1 | 2 | 1 | 1 | 1 |
| Property, plant and equipment | 19 | 18 | 17 | 19 | 18 | 11 |
| Financial assets, interest-bearing | | | | | | |
| Financial assets, non-interest bearing | 2 | 1 | 1 | 1 | 2 | 1 |
| **Total non-current assets** | **227** | **225** | **224** | **225** | **21** | **13** |
| Inventories | 99 | 103 | 66 | 80 | 80 | 81 |
| Receivables, interest-bearing | | | | | | |
| Receivables, non-interest bearing | 111 | 109 | 73 | 71 | 79 | 73 |
| Cash, bank, other short term investments | 51 | 19 | 18 | 9 | 11 | 17 |
| Assets classified as held for sale | | | | | 31 | 45 |
| **Total current assets** | **261** | **231** | **157** | **160** | **201** | **216** |
| **Total assets** | **488** | **456** | **381** | **385** | **222** | **229** |
| Equity attributable to owners of the parent | 299 | 253 | 212 | 200 | 96 | 95 |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | | | | | | |
| Provisions, non-interest bearing | 4 | 6 | 4 | 3 | 3 | 3 |
| Liabilities, interest-bearing | 91 | 125 | 122 | 139 | 41 | 62 |
| Liabilities, non-interest bearing | 84 | 65 | 41 | 43 | 50 | 42 |
| Financial liabilities, other | 10 | 7 | 2 | | | |
| Liabilities attributable to Assets held for sale | | | | | 32 | 27 |
| **Total equity and liabilities** | **488** | **456** | **381** | **385** | **222** | **229** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 63 | 43 | 14 | | 15 | 23 |
| Changes in working capital | 9 | -39 | 20 | | 13 | -36 |
| **Cash flow from operating activities** | **72** | **4** | **34** | **–** | **28** | **-13** |
| Investments in non-current assets | -7 | -5 | -4 | | -12 | -2 |
| Disposals of non-current assets | | | | | | |
| **Cash flow before acquisition and divestment of companies** | **65** | **-1** | **30** | **–** | **16** | **-15** |
| Net investments in companies | | | | | | |
| **Cash flow after investing activities** | **65** | **-1** | **30** | **–** | **16** | **-15** |
| Change in loans | -34 | 2 | -22 | | -20 | 10 |
| New issues | | | | | | |
| Dividend paid | | | | | | |
| Others | | | | | | |
| **Cash flow from financing activities** | **-34** | **2** | **-22** | **–** | **-20** | **10** |
| **Cash flow for the year** | **32** | **2** | **8** | **–** | **-4** | **-5** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 11.0 | 10.8 | 5.1 | 7.3 | 7.3 | 9.1 |
| EBT margin (%) | 9.7 | 8.1 | 3.3 | 5.3 | 6.8 | 8.8 |
| Return on equity (%) | 17.3 | 16.4 | 5.3 | – | 20.9 | – |
| Return on capital employed (%) | 17.1 | 15.2 | 6.8 | – | 20.4 | – |
| Equity ratio (%) | 61 | 55 | 56 | 52 | 43 | 41 |
| Interest-bearing net debt | 40 | 106 | 104 | 130 | 30 | 45 |
| Debt/equity ratio, times | 0.3 | 0.5 | 0.6 | 0.7 | 0.4 | 0.7 |
| Average number of employees | 119 | 100 | 91 | – | 72 | 58 |

[1] Earnings for 2007 include items affecting comparability of SEK 8m.

[2] Earnings for 2006 are pro forma due to new capital structure and financing.

[3] Earnings for 2005 are pro forma due to discontinued operations during 2006.

# HL Display – made major acquisition

Ratos became a shareholder in HL Display in 2001 in conjunction with the acquisition of Atle. Ratos's holding amounts to 29% of the share capital and 20% of the voting rights.

The consolidated book value amounted to SEK 298m at year-end. Market capitalisation of Ratos's holding on the same date was SEK 377m.

Ratos is represented on the board by Susanna Campbell (who is responsible for this holding) and Stig Karlsson (Industrial Advisor).

## Operations

HL Display is a market-leading international supplier of products and solutions for in-store communication and merchandising. The customer base is the retail sector (food and non-food) and brand manufacturers.

The company manufactures and sells shelf-edge strips, shelf management systems, dividers, display stands, floor stands, coupon holders, poster holders, etc. The products are primarily made of extruded, injection-moulded, punched or bent plastic.

The company's main market is Europe, but sales are also carried out in Asia and the US. The company was formed in 1954 and has been listed on the NASDAQ OMX Stockholm exchange since 1993. Production takes place in Sundsvall and Karlskoga, Sweden, and Suzhou, China, (extrusion/injection moulding) as well as in Falun, Sweden, and Shipley, UK, (screen printing/hot bending). Extrusions have been made in the US since 1996 in a 50/50-owned joint venture. HL Display has approximately 1,100 employees in 33 countries, and distributors in an additional 13 countries. Approximately 90% of sales are outside Sweden. HL Display is the only global player in its market. The main competition is from small, local or regional companies.

## Market

The global and regional development of the retail sector is central to demand for HL Display's products. Newly opened stores, implementation of new store concepts and store refurbishing are important growth factors, as are campaigns and profiling ambitions of brand manufacturers.

One recent product innovation is Ad'Lite, low-energy lighting for the product shelf.

CEO Gérard Dubuy

The Nordic region and the rest of Western Europe today account for most of HL Display's sales, approximately 76%. In future higher growth is expected in Eastern Europe and Asia – today these markets account for approximately 14% and 10% respectively of sales.

HL Display's three most important customer segments are food retail, non-food retail and brand manufacturers, with food retail currently accounting for the largest share of sales.

## The year in brief

The Group's net sales for 2009 totalled SEK 1,360m (1,536), representing a decline of 11% compared with the previous year. As a result of the global recession demand fell since customers, primarily within food retail but also in non-food, chose to postpone investments. Brand manufacturers, however, continued to invest during the year and HL Display increased its sales to this customer group.

There were major variations in development during the year between HL Display's geographic markets, where Eastern Europe and the Nordic region were hardest hit by the market downturn, with a negative sales trend. The situation in these markets improved towards the end of the year. Central Europe and Asia, on the other hand, had a neutral or positive development during the first half of the year, but saw a downturn towards the end of the year.

During 2009 HL Display's management implemented significant cost-cutting measures in response to the market downturn. The action programmes involved improved efficiency in production as well as cutbacks in sales companies, primarily in Eastern Europe and Russia.

The gross margin was stable compared with the previous year, 49% (49%), despite lower capacity utilisation in production. The efficiency measures introduced, combined with positive currency effects and a shift in the product mix towards products with better margins, partly compensated for a lower sales volume. Operating profit (EBITA) amounted to SEK 86m (130) corresponding to an EBITA margin of 6.3% (8.5).

In December 2009, HL Display acquired the British company PPE Ltd, a leading player in the UK market (annual sales approximately SEK 320m in 2008/2009). PPE offers bespoke merchandising solutions, mainly for brand manufacturers, but also for the retail sector. PPE has its own production and expertise within several materials. This acquisition makes HL Display a stronger player in the UK market and strengthens the company's offering to the important customer segment brand manufacturers.

## Future prospects

HL Display updated its business plan during the year and the main focus is on cost-conscious growth. Concrete planned initiatives for achieving this include:

- Increased focus on and follow-up of sales initiatives
- Renewed focus on sales of concepts
- Additional investments in new innovations and an improved product range
- Acquisition of companies to strengthen HL Display's offering and create conditions for further growth and improved margins
- Improved training and best practice sharing

The cost savings achieved during the year mean that HL Display will be well equipped when the market recovers. The company's long-term financial targets remain unchanged.

### Financial targets

Organic growth 5-10%

EBITA margin ≥12%

### Major shareholders

| | Capital, % | Votes, % |
|---|---|---|
| Remius family | 28.2 | 59.0 |
| Ratos | 28.8 | 20.1 |
| Didner & Gerge Aktiefond | 9.3 | 4.5 |
| Skandia | 5.7 | 2.8 |
| Lannebo funds | 4.1 | 2.0 |

Source: Euroclear Sweden

### Financial calendar

| | |
|---|---|
| Interim report Jan-Mar | 22 April 2010 |
| Interim report Jan-Jun | 21 July 2010 |
| Interim report Jan-Sep | 29 October 2010 |

www.hl-display.com

## HL Display

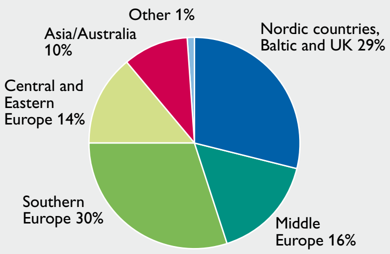
### Board of Directors

| | |
|---|---|
| Anders Remius | Chairman |
| Susanna Campbell | |
| Stig Karlsson | |
| Mats-Olof Ljungkvist | |
| Åke Modig | |
| Anna Ragén | |
| Lars-Åke Rydh | |
| Gérard Dubuy | CEO |

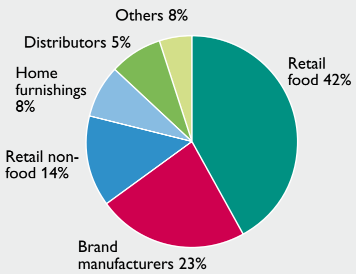
### Management

| | |
|---|---|
| Gérard Dubuy | CEO |
| Per Sundqvist | CFO |
| Håkan Eriksson | Marketing Director |
| Staffan Forslund | HR Director |
| Marc Hoeschen | Group Supply Chain Manager |
| Birger Nilsson | Development Director |
| Elisabeth Tylstedt | IT Director |
| Xavier Volpato | Operations Director |

### Sales by market




### Sales by customer segment




| SEKm | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 1,360 | 1,536 | 1,571 | 1,448 | 1,285 |
| Operating expenses | -1,233 | -1,366 | -1,376 | -1,296 | -1,175 |
| Other income/expenses | -5 | -3 | 6 | -1 | |
| Share of profits of associates | | | | | |
| Divestment result | | | | | |
| **EBITDA** | **122** | **166** | **201** | **151** | **110** |
| Depreciation and impairment | -36 | -36 | -40 | -44 | -47 |
| **EBITA** | **86** | **130** | **161** | **107** | **63** |
| Amortisation and impairment of intangible assets | | | | | |
| Impairment of goodwill | | | | | |
| **EBIT** | **86** | **130** | **161** | **107** | **63** |
| Financial income | | 13 | 4 | 2 | 11 |
| Financial expenses | -2 | -7 | -10 | -17 | -12 |
| **EBT** | **84** | **136** | **155** | **92** | **62** |
| Tax | -26 | -40 | -47 | -30 | -19 |
| Profit/loss from discontinued operation | | | | | -7 |
| **Profit for the year** | **58** | **96** | **108** | **62** | **36** |
| Attributable to owners of the parent | 58 | 96 | 108 | 61 | 35 |
| Attributable to minority interests | | | | 1 | 1 |
| **Statement of financial position** | | | | | |
| Goodwill | 231 | 33 | 23 | | |
| Other intangible assets | 13 | 9 | 12 | 6 | 3 |
| Property, plant and equipment | 223 | 138 | 138 | 208 | 224 |
| Financial assets, interest-bearing | | | | | |
| Financial assets, non-interest bearing | 21 | 22 | 22 | 20 | 15 |
| **Total non-current assets** | **488** | **202** | **195** | **234** | **242** |
| Inventories | 180 | 187 | 154 | 137 | 133 |
| Receivables, interest-bearing | | | | | |
| Receivables, non-interest bearing | 360 | 336 | 365 | 343 | 304 |
| Cash, bank, other short term investments | 213 | 221 | 178 | 163 | 81 |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **753** | **744** | **697** | **643** | **518** |
| **Total assets** | **1,242** | **946** | **892** | **877** | **760** |
| Equity attributable to owners of the parent | 551 | 538 | 472 | 386 | 342 |
| Equity attributable to minority interests | | 4 | 3 | 2 | |
| Provisions, interest-bearing | 5 | 3 | 4 | 9 | 2 |
| Provisions, non-interest bearing | 24 | 23 | 23 | 19 | 13 |
| Liabilities, interest-bearing | 352 | 100 | 128 | 202 | 189 |
| Liabilities, non-interest bearing | 309 | 278 | 262 | 259 | 214 |
| Financial liabilities, other | | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **1,242** | **946** | **892** | **877** | **760** |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 90 | 147 | 148 | 137 | 71 |
| Changes in working capital | 36 | 8 | -10 | -17 | -28 |
| **Cash flow from operating activities** | **126** | **155** | **138** | **120** | **43** |
| Investments in non-current assets | -24 | -29 | -40 | -32 | -42 |
| Disposals of non-current assets | | 5 | 9 | | |
| **Cash flow before acquisition and divestment of companies** | **102** | **131** | **107** | **88** | **1** |
| Net investments in companies | -266 | -1 | -37 | | |
| **Cash flow after investing activities** | **-164** | **130** | **70** | **88** | **1** |
| Change in loans | 202 | -46 | -32 | 14 | -18 |
| New issues | | | 1 | 5 | |
| Dividend paid | -43 | -43 | -27 | -23 | -19 |
| Others | | | 1 | | |
| **Cash flow from financing activities** | **159** | **-89** | **-57** | **-4** | **-37** |
| **Cash flow for the year** | **-5** | **41** | **13** | **84** | **-36** |
| **Key figures** | | | | | |
| EBITA margin (%) | 6.3 | 8.5 | 10.2 | 7.4 | 4.9 |
| EBT margin (%) | 6.2 | 8.9 | 9.9 | 6.4 | 4.8 |
| Return on equity (%) | 10.7 | 19.1 | 25.2 | 16.8 | 10.4 |
| Return on capital employed (%) | 11.1 | 22.9 | 27.4 | 19.3 | 14.0 |
| Equity ratio (%) | 44 | 57 | 53 | 44 | 45 |
| Interest-bearing net debt | 144 | -118 | -46 | 48 | 110 |
| Debt/equity ratio, times | 0.6 | 0.2 | 0.3 | 0.5 | 0.6 |
| Average number of employees | 906 | 973 | 968 | 952 | 933 |

# Inwido – strong earnings trend in difficult market

Ratos acquired the leading Swedish window and exterior door manufacturer Inwido (formerly Elitfönster) in 2004. Ratos owns 96% of Inwido. Other shareholders are senior executives in Inwido.

Consolidated value in Ratos amounted to SEK 1,956m at year-end.

Ratos is represented on the board by Leif Johansson (who is responsible for this holding), Thomas Hofvenstam and Anders C. Karlsson (Industrial Advisor).

### Operations

Inwido operates in the window and exterior door market, primarily in the Nordic region and in selected countries in Northern Europe. From being Sweden's leading window manufacturer, due to 30 add-on acquisitions during Ratos's ownership the company has also established strong market positions in Finland, Denmark and Norway. Today, Inwido is the leading Nordic player within windows and exterior doors. The company also has operations in the UK, Ireland, Poland and Russia.

The company's products are windows and exterior doors made of wood and wood/aluminium which are sold to consumers, construction companies and modular home manufacturers. The company markets national brands in each country. The best-known brands are Elitfönster, Allmogefönster and SnickarPer in Sweden, Storke Vinduer, KPK and Outline in Denmark, Tiivi, Pihla and Eskopuu in Finland, Lyssand, Frekhaug and Diplomat in Norway, Allan Brothers in the UK, Carlson in Ireland, Eurotiivi in Russia and Sokolka in Poland. The number of employees at year-end 2009 totalled approximately 3,300.

### Market

The total Nordic window and door market is estimated at approximately EUR 2 billion with windows accounting for approximately 75% and exterior doors accounting for approximately 25%. The Nordic markets are all relatively the same size. The markets in different countries are fragmented and national with their own window systems, fittings and dimensions. There is relatively limited export between the countries. Market development is driven by repairs and extensions to existing properties and new construction of homes and other buildings. Approximately two-thirds of Inwido's sales are related to the repairs and extensions market.

CEO Håkan Jeppsson

Inwido's largest customer group is the consumer market with approximately 70% of sales. These sales are made through DIY chains, builders' merchants, installation engineers or directly to private individuals. Sales to industrial customers, such as major developers, building contractors and modular home manufacturers, account for approximately 30% of sales.

Key drivers for the development of the window and door market include GDP growth, interest rates, real income development and consumers' confidence in the future. Volumes can also be affected by rules and controls, such as laws on energy efficiency and repairs and extensions subsidies.

### The year in brief

The market remained weak at the start of 2009 and Inwido continued the action programmes launched in 2008. The second half of the year saw a recovery in the Nordic markets. Low interest rates combined with stimulus packages benefited the renovations market in particular. Rising demand and order bookings meant that Inwido re-employed people at most production units.

During the year Inwido streamlined ownership in the group through acquisition of minority owners' shares in some subsidiaries. Payment of EUR 8.7m for the largest minority shareholding in Inwido Finland was made through a directed new issue of Ratos shares. In December, Ratos transferred these shares to Inwido in exchange for increased ownership in the group.

Sales amounted to SEK 5,026m (5,639) and operating profit (EBITA) was SEK 348m (323). The operating margin (EBITA) was 6.9% (5.7). During the year Inwido continued with integration of acquisitions made in previous years. No new acquisitions were made in 2009.

Håkan Jepsson, former CEO of BE Group among others, took over as Inwido's CEO on 1 March 2009.

### Future prospects

Strong local brands give Inwido a leading market position in the Nordic region. Inwido has a strong position in maintenance-free, environmentally friendly and energy-saving windows and is well placed for continued growth as well as continued active participation in the restructuring of the industry. A streamlined group structure has created opportunities to further improve profitability through an increased focus on the consumer market, efficiency measures and integration of the acquisitions made in recent years.

Inwido is the largest manufacturer of windows and exterior doors in the Nordic region. Approximately 70% of sales go to consumers.

www.inwido.se

## Inwido

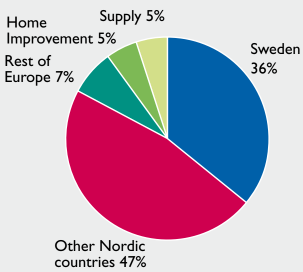
### Board of Directors

| | |
|---|---|
| Anders C. Karlsson | Chairman |
| Benny Ernstson | |
| Thomas Hofvenstam | |
| Leif Johansson | |
| Anders Wassberg | |
| Kjell Åkesson | |
| Håkan Jeppsson | CEO |

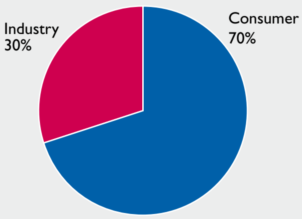
### Management

| | |
|---|---|
| Håkan Jeppsson | CEO |
| Peter Welin | CFO |
| Arne Dyngeland | SVP Norway |
| Anders Isaksson | COO |
| Timo Luhtaniemi | SVP Finland |
| Jonas Netterström | SVP Sweden |
| Jonna Opitz | SVP Communication and Branding |

### Sales by market




### Sales by customer group




| SEKm | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 5,026 | 5,639 | 5,057 | 3,285 | 2,197 |
| Operating expenses [2] | -4,531 | -5,168 | -4,510 | -2,837 | -1,858 |
| Other income/expenses | 12 | -6 | 46 | | 5 |
| Share of profits of associates | 1 | -1 | 1 | | -1 |
| Divestment result | | | | 20 | 1 |
| **EBITDA** | **508** | **464** | **594** | **468** | **344** |
| Depreciation and impairment | -160 | -141 | -113 | -78 | -44 |
| **EBITA** | **348** | **323** | **481** | **390** | **300** |
| Amortisation and impairment of intangible assets | -7 | -7 | -5 | -6 | -33 |
| Impairment of goodwill | | | | | |
| **EBIT** | **341** | **316** | **476** | **384** | **267** |
| Financial income | 18 | 10 | 12 | | 6 |
| Financial expenses [1] | -170 | -218 | -176 | -112 | -75 |
| **EBT** | **189** | **107** | **312** | **272** | **198** |
| Tax | -73 | 37 | -81 | -73 | -62 |
| Profit/loss from discontinued operations | | | | | |
| **Profit for the year** | **116** | **144** | **231** | **199** | **136** |
| Attributable to owners of the parent | 118 | 110 | 191 | 165 | 111 |
| Attributable to minority interests | -2 | 34 | 40 | 34 | 25 |
| **Statement of financial position** | | | | | |
| Goodwill | 3,423 | 3,538 | 3,322 | 2,048 | 1,740 |
| Other intangible assets | 61 | 69 | 52 | 42 | 9 |
| Property, plant and equipment | 839 | 951 | 1,070 | 650 | 469 |
| Financial assets, interest-bearing | 34 | 52 | 8 | 2 | 2 |
| Financial assets, non-interest bearing | 103 | 142 | 38 | 13 | 6 |
| **Total non-current assets** | **4,460** | **4,752** | **4,490** | **2,755** | **2,226** |
| Inventories | 517 | 674 | 823 | 505 | 311 |
| Receivables, interest-bearing | | 0 | | | |
| Receivables, non-interest bearing | 636 | 654 | 740 | 474 | 357 |
| Cash, bank, other short term investments | 618 | 341 | 356 | 132 | 277 |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **1,771** | **1,669** | **1,919** | **1,111** | **945** |
| **Total assets** | **6,231** | **6,421** | **6,409** | **3,866** | **3,171** |
| Equity attributable to owners of the parent | 2,208 | 1,588 | 1,285 | 914 | 759 |
| Equity attributable to minority interests | 208 | 376 | 252 | 173 | 139 |
| Provisions, interest-bearing | 8 | | 2 | | |
| Provisions, non-interest bearing | 119 | 156 | 122 | 65 | 58 |
| Liabilities, interest-bearing | 2,637 | 3,325 | 2,999 | 1,960 | 1,736 |
| Liabilities, non-interest bearing | 1,043 | 944 | 1,700 | 710 | 479 |
| Financial liabilities, other | 8 | 33 | 49 | 44 | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **6,231** | **6,421** | **6,409** | **3,866** | **3,171** |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 209 | 165 | 385 | 298 | 230 |
| Changes in working capital | 300 | 183 | -181 | -3 | 25 |
| **Cash flow from operating activities** | **510** | **348** | **204** | **295** | **255** |
| Investments in non-current assets | -84 | -205 | -224 | -177 | -163 |
| Disposals of non-current assets | 24 | 176 | 32 | 1 | 7 |
| **Cash flow before acquisition and divestment of companies** | **449** | **318** | **12** | **119** | **99** |
| Net investments in companies | -127 | -35 | -614 | -467 | -879 |
| **Cash flow after investing activities** | **323** | **284** | **-602** | **-348** | **-780** |
| Change in loans | -607 | -521 | 640 | 182 | 830 |
| New issues | 593 | 88 | 30 | 28 | 162 |
| Dividend paid | | | | | |
| Others | -23 | 115 | 146 | | |
| **Cash flow from financing activities** | **-38** | **-318** | **816** | **210** | **992** |
| **Cash flow for the year** | **285** | **-34** | **214** | **-138** | **212** |
| **Key figures** | | | | | |
| EBITA margin (%) | 6.9 | 5.7 | 9.5 | 11.9 | 13.7 |
| EBT margin (%) | 3.8 | 1.9 | 6.2 | 8.3 | 9.0 |
| Return on equity (%) | 6.2 | 7.7 | 17.3 | 19.7 | 17.6 |
| Return on capital employed (%) | 6.9 | 6.6 | 12.9 | 13.5 | 14.0 |
| Equity ratio (%) | 39 | 31 | 24 | 28 | 28 |
| Interest-bearing net debt | 1,992 | 2,932 | 2,638 | 1,826 | 1,457 |
| Debt/equity ratio, times | 1.1 | 1.7 | 2.0 | 1.8 | 1.9 |
| Average number of employees | 3,604 | 4,115 | 3,591 | 2,123 | 1,615 |

[1] Excluding interest on shareholder loan.
[2] Operating expenses include items affecting comparability for 2009 of SEK -41m (-107).

# Jøtul – improved profitability

Ratos acquired Jøtul in 2006. Ratos's holding amounts to 63%. Co-owners are Accent Equity Partners and the company's management.

Consolidated book value in Ratos at year-end amounted to SEK 313m.

Ratos is represented on the board by Per Frankling (who is responsible for this holding), Anders Lindblad (Industrial Advisor) and Johan Rydmark and by Bo Jungner as a deputy.

## Operations

Jøtul is the largest manufacturer of stoves and fireplaces in Europe. The company, which is one of Norway's oldest companies dating back to 1853, manufactures cast-iron stoves and fire places, cassettes, built-ins and accessories for stoves and fireplaces. The group's most important brands are Jøtul and Scan. Manufacturing takes place in Norway, Denmark, France, Poland and the US. Products are sold worldwide via the company's sales subsidiaries, and via importers. Products reach end consumers through specialised stores and, in some markets, through DIY channels.

## Market

The global market for Jøtul's products decreased by 13% in 2009 and amounted to approximately NOK 14 billion. Long-term market growth is driven by an increased focus on heating with renewable energy and by the cost trend for alternative heating sources – electricity, oil and natural gas. Facts such as weather, interest rate trends, property prices, housing starts and renovations also affect market growth.

Jøtul's largest markets are the Nordic countries, France and the US. Jøtul has a strong position in the Nordic region with a market share of about 23%. Other Nordic players are Nibe, Hwam, Morsø and Dovre.

During 2009 the markets in North America showed a sharply negative trend. The Nordic market was more stable and only decreased marginally. The French market continued to show strong development, despite negative economic development.

## The year in brief

Following a weak 2008 for Jøtul, sales development was mixed in the company's different geographic markets in 2009. The general economic downturn continued to affect some markets negatively during the year while other markets noted good demand due to government stimulus packages and subsidies to encourage environmentally friendly heating and renovations of homes.

In general, Jøtul benefited during the year from its broad geographic coverage where a weak development in North America and Eastern Europe was counteracted by a strong development in France and Sweden. Jøtul strengthened its market positions in its main markets which counteracted the weaker demand. Sales decreased by 5% and amounted to NOK 859m (906). Despite lower sales Jøtul succeeded in improving its profitability due to implemented cost-cutting programmes. Operating profit (EBITA) was NOK 73m (39). Operating margin was 8.5% (4.3).

During 2009, Ratos provided capital of NOK 51m.

CEO Erik Moe

## Future prospects

During 2009 Jøtul formulated a new business plan for the period 2010-2012 where the main focus will be on a continued structured focus on product development and efforts designed to strengthen positions in the markets in which the company operates.

### Financial targets

During 2009 Jøtul adopted a number of long-term financial targets:

EBITA margin of 13% within the time span of the business plan (long-term >15%)

Organic sales growth >7%, based on normalised market volumes.

Working capital/sales <25%

Jøtul's stove Scanspis 63 is designed by one of Denmark's leading designers Steffen Schmelling.

www.jotul.com

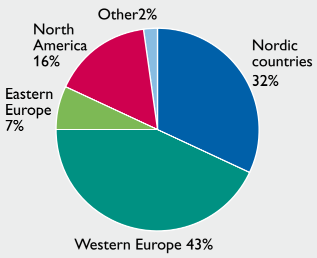
## Board of Directors

| | |
|---|---|
| Anders Lindblad | Chairman |
| Per Frankling | |
| Olav Kjell Holtan | |
| Lennart Rappe | |
| Johan Rydmark | |
| Håkan Söderbäck | |
| Geir Bunes | Employee representative |
| Arild Johannessen | Employee representative |
| Svein Erik Pedersen | Employee representative |
| Bo Jungner | Deputy |
| Jan Ohlsson | Deputy |

## Management

| | |
|---|---|
| Erik Moe | CEO |
| Gunnar Hjortaas | CFO |

### Sales by market




| NOKm | 2009 | 2008 | 2007 | 2006 [1] | 2005 [1] | 2005 |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 859 | 906 | 812 | 905 | 777 | 587 |
| Operating expenses | -745 | -820 | -742 | -793 | -685 | -515 |
| Other income/expenses | 8 | | | | | |
| Share of profits of associates | | | | | | |
| Divestment result | | | 18 | | | |
| **EBITDA** | **122** | **86** | **88** | **112** | **92** | **72** |
| Depreciation and impairment | -49 | -47 | -41 | -35 | -44 | -32 |
| **EBITA** | **73** | **39** | **47** | **77** | **48** | **40** |
| Amortisation and impairment of intangible assets | | | | | | |
| Impairment of goodwill | | | | | | |
| **EBIT** | **73** | **39** | **47** | **77** | **48** | **40** |
| Financial income | 89 | 13 | 8 | 12 | | 6 |
| Financial expenses [2] | -70 | -71 | -46 | -44 | -32 | -34 |
| **EBT** | **92** | **-19** | **9** | **45** | **16** | **12** |
| Tax | -17 | 14 | 3 | -8 | -1 | -5 |
| Profit/loss from discontinued operations | | | | | | |
| **Profit/loss for the year** | **75** | **-5** | **12** | **37** | **15** | **7** |
| Attributable to owners of the parent | 75 | -5 | 12 | 37 | 15 | 7 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 475 | 488 | 477 | 593 | | 20 |
| Other intangible assets | 203 | 203 | 201 | 14 | | 192 |
| Property, plant and equipment | 230 | 254 | 242 | 212 | | 240 |
| Financial assets, interest-bearing | | | | | | 18 |
| Financial assets, non-interest bearing | 4 | 4 | 4 | 8 | | 6 |
| **Total non-current assets** | **913** | **949** | **924** | **827** | **–** | **476** |
| Inventories | 177 | 202 | 214 | 196 | | 134 |
| Receivables, interest-bearing | | | 6 | 4 | | |
| Receivables, non-interest bearing | 140 | 171 | 116 | 144 | | 122 |
| Cash, bank, other short term investments | | 2 | | | | |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **317** | **375** | **336** | **344** | **–** | **256** |
| **Total assets** | **1,230** | **1,324** | **1,260** | **1,171** | **–** | **732** |
| Equity attributable to owners of the parent [3] | 487 | 349 | 393 | 385 | | 209 |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | 38 | 40 | 43 | 39 | | 43 |
| Provisions, non-interest bearing | 94 | 87 | 132 | 90 | | |
| Liabilities, interest-bearing | 483 | 622 | 580 | 534 | | 430 |
| Liabilities, non-interest bearing | 128 | 226 | 112 | 123 | | 50 |
| Financial liabilities, other | 1 | | | | | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **1,230** | **1,324** | **1,260** | **1,171** | **–** | **732** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 66 | 24 | 13 | | | 33 |
| Changes in working capital | 15 | -12 | | | | 3 |
| **Cash flow from operating activities** | **81** | **12** | **13** | **–** | **–** | **36** |
| Investments in non-current assets | -32 | -48 | -57 | | | -77 |
| Disposals of non-current assets | 0 | 2 | | | | 2 |
| **Cash flow before acquisition and divestment of companies** | **49** | **-33** | **-44** | **–** | **–** | **-39** |
| Net investments in companies | | | -7 | | | |
| **Cash flow after investing activities** | **49** | **-33** | **-51** | **–** | **–** | **-39** |
| Change in loans | -121 | 35 | 30 | | | 28 |
| New issues | 70 | | | | | |
| Dividend paid | | | | | | 3 |
| Others | | | | | | |
| **Cash flow from financing activities** | **-50** | **35** | **30** | **–** | **–** | **31** |
| **Cash flow for the year** | **-2** | **2** | **-21** | **–** | **–** | **-8** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 8.5 | 4.3 | 5.8 | 8.5 | 6.2 | 6.8 |
| EBT margin (%) | 10.7 | -2.1 | 1.1 | 5.0 | 2.1 | 2.0 |
| Return on equity (%) | 17.9 | -1.4 | 3.1 | – | – | 3.4 |
| Return on capital employed (%) | 16.0 | 5.2 | 5.6 | – | – | 7.1 |
| Equity ratio (%) | 40 | 26 | 31 | 33 | – | 29 |
| Interest-bearing net debt | 521 | 660 | 617 | 569 | – | 455 |
| Debt/equity ratio, times | 1.1 | 1.9 | 1.6 | 1.5 | – | 2.3 |
| Average number of employees | 717 | 781 | 799 | 821 | – | 515 |

[1] Earnings for 2005 and 2006 are pro forma taking into account Ratos's acquisition and Jøtul's acquisition of Krog Iversen in 2006.

[2] Excluding interest on shareholder loan.

[3] Equity at 31 December 2009 includes shareholder loan of NOK 298m.

# Lindab – very tough business climate

In 2006, Lindab was re-listed on the NASDAQ OMX Stockholm exchange having been unlisted with Ratos as principal owner since the buyout from the stock exchange in 2001. Ratos's holding is 22%.

Consolidated book value in Ratos at year-end amounted to SEK 675m and the market capitalisation of Ratos's holding on the same date was SEK 1,301m.

Ratos is represented on the Board by Per Frankling (who is responsible for this holding) and Stig Karlsson (Industrial Advisor).

## Operations

Lindab is a leading company in Europe within development, production, marketing and distribution of systems and products in sheet metal and steel for construction. The company has operations in 31 countries and approximately 4,500 employees. Approximately 60% of sales go to countries outside the Nordic region. The operations are divided into two business areas.

The Profile business area, 55% of sales, consists of two product areas. The Building Components product area offers sheet metal based building components such as roof drainage systems, roof and wall cladding for industrial and commercial premises and residential properties. Within this area Lindab has strong market positions in the Nordic region and in Central and Eastern Europe, where Lindab has had strong organic growth since the mid-1990s. The second product area, Building Systems, includes complete building systems made of steel in the form of prefabricated steel buildings. Here Lindab is the market leader in Europe.

The Ventilation business area, 45% of sales, offers a broad range of ventilation components made of sheet metal such as circular ducting systems and complete systems and solutions for the indoor climate.

Approximately 60% of the company's products and systems are used in new construction and 40% in refurbishment. The products are primarily used in commercial premises – offices, retail, warehouses and industry – and only to a minor extent in homes. Manufacture is both conducted locally, for products that are difficult to transport, and in central production units in Sweden, Denmark, the Czech Republic, Russia and Luxembourg.

## The year in brief

The general economic downturn and unease in the financial market had a greater negative impact on Lindab's products than was predicted in autumn 2008. Construction investments have decreased sharply, especially for new buildings and to a particularly high extent in Eastern Europe. The weak demand affected both commercial construction (80% of Lindab's sales) and residential construction (20% of sales). During the final quarter the trend was that the falling demand levelled out and there are some signs of improved demand in the Nordic region. Implemented and

CEO David Brodetsky

ongoing cost-cutting programmes will generate total annual savings of SEK 550m.

During the year Lindab started production in Building Systems' new factory in Yaroslavl, Russia. The number of employees at this facility currently totals 125. Building Systems' factory in Hungary was closed.

Lindab's total net sales amounted to SEK 7,019m (9,840). Adjusted for the effects of company acquisitions and divestments as well as currency effects, sales fell 32%. The most substantial fall in sales was in the Profile business area, where sales fell by 37%. Sales for the Ventilation business area decreased by 19%.

Operating profit (EBITA) amounted to SEK 265m (1,172), which was charged with extraordinary costs of SEK 47m (116) mainly relating to the cost-cutting programmes. The EBITA margin amounted to 3.8% (11.9). Lindab successfully reduced its working capital during the year.

In autumn 2009, Lindab renegotiated its loan agreements with Nordea and Handelsbanken and in conjunction with this reduced the credit limit by SEK 1 billion to SEK 3.5 billion.

### Major shareholders

| | |
|---|---|
| Ratos | 22.5% |
| Skandia Liv | 11.5% |
| AP6 | 10.5% |
| Lindab (treasury shares) | 5.0% |
| AP2 | 4.7% |

Source: Euroclear Sweden

### Financial calendar

| | |
|---|---|
| Interim report Jan-March | 28 April 2010 |
| Interim report Jan-June | 16 July 2010 |
| Interim report Jan-Sept | 1 Nov 2010 |

www.lindabgroup.com

## Future prospects

Development in Lindab's markets during 2010 remains uncertain. However, a large part of Lindab's products are used within renovation. Demand in this section of the construction market tends to be more stable than within new production.

At the same time as Lindab has adapted to the weaker demand in the short term, focus on long-term growth will continue with the aid of the products' excellent properties and to increase its market presence with higher growth over time.

### Financial targets

| | |
|---|---|
| Organic growth | 6% |
| Operating margin (EBIT) | 14% |
| Net debt/equity ratio | 1.0-1.4 times |
| Dividend policy | 40-50% of net profit |

The fundamental idea of Lindab's operations is to contribute to more simple construction and a better indoor climate.

## Lindab

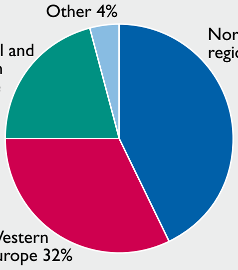
### Board of Directors

| | |
|---|---|
| Svend Holst-Nielsen | Chairman |
| Erik Eberhardsson | |
| Per Frankling | |
| Ulf Gundermark | |
| Anders C. Karlsson | |
| Stig Karlsson | |
| Hans-Olov Olsson | |
| Annette Sadolin | |
| Pontus Andersson | Employee representative |
| Markku Rantala | Employee representative |
| Niklas Klang | Deputy, employee representative |
| Staffan Råberg | Deputy, employee representative |

### Management

| | |
|---|---|
| David Brodetsky | CEO |
| Nils-Johan Andersson | CFO |
| Peter Andsberg | Manager Building Components |
| Venant Krier | Manager Building Systems |
| Anders Thulin | Manager Ventilation |
| Anders Persson | HR Director |
| Carl-Gustaf Nilsson | General Counsel |

### Sales by market




| SEKm | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 7,019 | 9,840 | 9,280 | 7,609 | 6,214 |
| Operating expenses | -6,534 | -8,332 | -7,764 | -6,470 | -5,516 |
| Other income/expenses | -6 | -120 | -4 | -39 | 56 |
| Share of profits of associates | | | | | |
| Divestment result | | | | | -3 |
| **EBITDA** | **479** | **1,388** | **1,512** | **1,100** | **751** |
| Depreciation and impairment | -214 | -216 | -194 | -197 | -191 |
| **EBITA** | **265** | **1,172** | **1,318** | **903** | **560** |
| Amortisation and impairment of intangible assets | -11 | -10 | -9 | -9 | -3 |
| Impairment of goodwill | | | | | |
| **EBIT** | **254** | **1,163** | **1,309** | **894** | **557** |
| Financial income | 13 | 22 | 20 | 11 | 10 |
| Financial expenses | -148 | -195 | -154 | -108 | -83 |
| **EBT** | **119** | **990** | **1,175** | **797** | **484** |
| Tax | -85 | -267 | -274 | -212 | -133 |
| Profit/loss from discontinued operations | | | | | |
| **Profit for the year** | **34** | **723** | **901** | **585** | **351** |
| Attributable to owners of the parent | 34 | 723 | 901 | 585 | 351 |
| Attributable to minority interests | | | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 2,922 | 2,961 | 2,713 | 2,616 | 2,398 |
| Other intangible assets | 61 | 74 | 66 | 74 | 81 |
| Property, plant and equipment | 1,336 | 1,715 | 1,425 | 1,391 | 1,527 |
| Financial assets, interest-bearing | 25 | 7 | 7 | 6 | 6 |
| Financial assets, non-interest bearing | 454 | 392 | 352 | 325 | 324 |
| **Total non-current assets** | **4,798** | **5,149** | **4,563** | **4,412** | **4,336** |
| Inventories | 896 | 1,645 | 1,278 | 1,083 | 875 |
| Receivables, interest-bearing | 3 | 34 | 10 | 1 | |
| Receivables, non-interest bearing | 1,280 | 1,539 | 1,478 | 1,382 | 1,070 |
| Cash, bank, other short term investments | 248 | 258 | 371 | 199 | 244 |
| Assets classified as held for sale | 217 | | | | |
| **Total current assets** | **2,644** | **3,476** | **3,137** | **2,665** | **2,189** |
| **Total assets** | **7,442** | **8,625** | **7,700** | **7,077** | **6,525** |
| Equity attributable to owners of the parent | 3,003 | 3,346 | 2,969 | 2,190 | 2,853 |
| Equity attributable to minority interests | | | | | |
| Provisions, interest-bearing | 133 | 116 | 109 | 106 | 105 |
| Provisions, non-interest bearing | 518 | 511 | 419 | 439 | 367 |
| Liabilities, interest-bearing | 2,565 | 2,957 | 2,516 | 2,702 | 1,991 |
| Liabilities, non-interest bearing | 1,223 | 1,695 | 1,687 | 1,640 | 1,209 |
| Financial liabilities, other | | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **7,442** | **8,625** | **7,700** | **7,077** | **6,525** |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 136 | 798 | 1 092 | 883 | 587 |
| Changes in working capital | 583 | -124 | -217 | -105 | 143 |
| **Cash flow from operating activities** | **719** | **674** | **875** | **778** | **730** |
| Investments in non-current assets | -182 | -301 | -195 | -146 | -226 |
| Disposals of non-current assets | 24 | 64 | 18 | 96 | 216 |
| **Cash flow before acquisition and divestment of companies** | **561** | **437** | **698** | **728** | **720** |
| Net investments in companies | -30 | -181 | -48 | -373 | -657 |
| **Cash flow after investing activities** | **531** | **256** | **650** | **355** | **63** |
| Change in loans | -340 | 351 | -231 | 707 | 61 |
| New issue | | | | | |
| Dividend paid | -206 | -413 | -256 | -1 196 | |
| Others | 5 | -334 | | 94 | -3 |
| **Cash flow from financing activities** | **-541** | **-396** | **-487** | **-395** | **58** |
| **Cash flow for the year** | **-10** | **-140** | **163** | **-40** | **121** |
| **Key figures** | | | | | |
| EBITA margin (%) | 3.8 | 11.9 | 14.2 | 11.9 | 9.0 |
| EBT margin (%) | 1.7 | 10.1 | 12.7 | 10.5 | 7.8 |
| Return on equity (%) | 1.1 | 22.9 | 34.9 | 23.2 | 13.4 |
| Return on capital employed (%) | 4.4 | 19.7 | 25.1 | 18.2 | 12.2 |
| Equity ratio (%) | 40 | 39 | 39 | 31 | 44 |
| Interest-bearing net debt | 2,422 | 2,774 | 2,237 | 2,602 | 1,846 |
| Debt/equity ratio, times | 0.9 | 0.9 | 0.9 | 1.3 | 0.7 |
| Average number of employees | 4,435 | 5,456 | 5,013 | 4,689 | 4,315 |

# Medisize – continued efficiency programmes

Ratos invested in the Finnish company Medifiq Healthcare, previously a division in the Finnish company Perlos Group, in 2006. Medisize Medical, a division within the Swiss group Medisize Holding, was acquired in April 2008. In conjunction with this acquisition the company's name was changed to Medisize. Ratos's holding amounts to 93%. Other co-owners are Perlos (Lite-On Group) with 5.4% and the company's management and board with 1.6%.

Consolidated book value in Ratos at year-end amounted to SEK 728m.

Ratos is represented on the board by Per Frankling (who is responsible for this holding) and Leif Johansson.

CEO Willem van den Bruinhorst

## Operations

Medisize is an international contract manufacturer specialised in medical devices for delivery and administration of drugs and pharmaceutical packaging as well as development, manufacture and distribution of single-use plastic products for anaesthesia and intensive care. Medisize offers services from design to mass production. Operations are conducted in four segments as well as mould manufacturing: Drug Delivery Devices, Medical & Diagnostic Devices, Primary Pharmaceutical Packaging and Airway Management.

The Drug Delivery Devices segment consists of products such as insulin pen components, inhalers and pumps for administering pain killers with pharmaceutical companies as customers. Production is mainly carried out in the facility in Finland.

Medical & Diagnostic Devices is a broad segment with products that include catheters, pipette components, implants and products for high-pressure injection for medical technology companies. Production takes place in the Netherlands and Ireland.

The Primary Pharmaceutical Packaging segment consist of plastic bottles, closures and flexible containers primarily for pharmaceutical and medical technology companies. The segment focuses on products for liquids. Production takes place in Switzerland and Ireland.

Airway Management's products include tubes, filters, humidifiers and masks for distributors, hospitals and other customers in the healthcare sector. Production facilities are located in the Netherlands and the Czech Republic. Within Airway Management the company develops its own products which are sold together with products from third parties in order to allow direct distribution in key markets.

Medisize has approximately 900 employees. The head office is located in Finland.

## Market

Healthcare and medical technology are growth markets closely linked to demographic development. Furthermore, there is a trend in the industry towards increased outsourcing as companies need to focus and be flexible.

Medisize is exposed to a number of underlying markets and customer segments, including pharmaceutical companies, medical technology companies and the food industry. The company's growth depends on new projects and on the success of its customers with their contracted products. During 2009 the number of potential, new projects was low, particularly within Primary Pharmaceutical Packaging, which was partly due to the economic climate. However, the number of potential projects has shown a rising trend, since the autumn.

Insulin pen components are one of Medisize's major products.

Medisize has leading expertise within design, mould manufacture and specification of automated equipment, which provides competitive advantages for development projects. These areas of competence are especially important in the Drug Delivery Devices segment.

The market for contract manufacturers has been consolidating for several years, and this trend is expected to continue.

## The year in brief

The acquisition of Medisize Medical has in accordance with what was identified at the time led to a number of synergy effects. The biggest impact on earnings has been achieved by improving the efficiency of the production structure which included closure of a facility in the UK. The facility was closed during the first quarter of 2009.

Drug Delivery Devices showed growth and sales amounted to EUR 60m, which was mainly due to an extended assignment from sanofi-aventis for insulin pen components. The new line went into operation earlier than planned with full-scale production since the fourth quarter of 2009.

Medical & Diagnostic Devices was affected by the withdrawal from the market during the autumn of a significant product for Medisize. Demand for pipette components increased as a result of swine influenza. The segment's sales amounted to EUR 11m.

Sales within Primary Pharmaceutical Packaging were low during the year but showed an improvement during the second half and amounted to EUR 23m.

Development within the Airway Management segment was stable and sales totalled EUR 25m.

Sales within Mould Manufacture amounted to EUR 8m.

Medisize's total sales increased to EUR 128m (106). Growth was mainly due to sales of automated equipment of EUR 12.4m which was invoiced at a very low margin. Operating profit (EBITA) amounted to EUR 12.6m (1.9). Earnings for 2008 were charged with restructuring costs of EUR 4.2m.

The improvement in operating profit during the year is primarily explained by the realisation of synergies from the acquisition of Medisize Medical in April 2008, and by the impact on earnings of the extended orders from sanofi-aventis.

## Future prospects

In the short term growth opportunities for Medisize are affected by the success of its customers with contracted products. In the longer term, Medisize's areas of competence and investment in the sales organisation combined with underlying market growth are expected to provide good opportunities for growth.

www.medisize.com

## Medisize

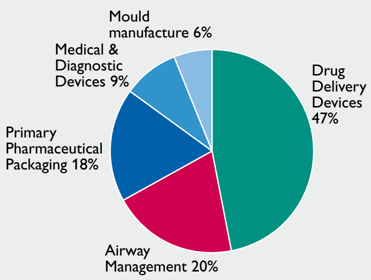
### Board of Directors

| | |
|---|---|
| Lauri Ratia | Chairman |
| Helle Bechgaard | |
| Per Frankling | |
| Timo Hildén | |
| Leif Johansson | |
| Rabbe Klemets | |
| Esa Vuorinen | |

### Management

| | |
|---|---|
| Willem van den Bruinhorst | CEO |
| Henry Löfstedt | CFO |

### Sales by business area [*]




[*] Medisize changed its segment division in 2009.

| EURm | 2009 | 2008 [1)2)] | 2007 [1)] | 2007 | 2006 [3)] | 2005 [3)] |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 127.8 | 106.2 | 103.0 | 37.5 | 53.0 | 52.8 |
| Operating expenses | -110.9 | -97.4 | -93.3 | -37.3 | -47.3 | -44.6 |
| Other income/expenses | 0.5 | 0.9 | -0.1 | 0.4 | | |
| Share of profits of associates | | | | | | |
| Divestment result | | | | | | |
| **EBITDA** | **17.5** | **9.8** | **9.6** | **0.6** | **5.7** | **8.2** |
| Depreciation and impairment | -4.9 | -7.8 | -6.6 | -3.7 | -3.4 | -4.2 |
| **EBITA** | **12.6** | **1.9** | **3.0** | **-3.1** | **2.3** | **4.0** |
| Amortisation and impairment of intangible assets | -0.3 | -0.5 | -0.5 | -0.1 | | |
| Impairment of goodwill | | | | | | |
| **EBIT** | **12.4** | **1.5** | **2.5** | **-3.2** | **2.3** | **4.0** |
| Financial income | 0.6 | 1.0 | 0.4 | 0.3 | | 0.1 |
| Financial expenses | -3.2 | -6.1 | -3.7 | -1.9 | -1.2 | -1.2 |
| **EBT** | **9.7** | **-3.6** | **-0.7** | **-4.8** | **1.1** | **2.9** |
| Tax | -1.7 | -0.5 | -0.9 | -0.5 | | – |
| Profit/loss from discontinued operations | | | | | | |
| **Profit/loss for the year** | **8.1** | **-4.0** | **-1.6** | **-5.3** | **1.1** | **–** |
| Attributable to owners of the parent | 8.1 | -4.0 | -1.6 | -5.3 | 1.1 | – |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 67.5 | 68.9 | | 35.6 | 37.1 | |
| Other intangible assets | 4.9 | 3.4 | | 1.9 | 1.8 | |
| Property, plant and equipment | 31.7 | 31.1 | | 18.9 | 21.9 | |
| Financial assets, interest-bearing | | | | | | |
| Financial assets, non-interest bearing | 0.9 | 1.4 | | 0.3 | 0.4 | |
| **Total non-current assets** | **105.1** | **104.8** | **–** | **56.7** | **61.2** | **–** |
| Inventories | 13.4 | 18.3 | | 4.2 | 5.6 | |
| Receivables. interest-bearing | | | | | | |
| Receivables, non-interest bearing | 14.9 | 12.5 | | 5.6 | 7.3 | |
| Cash, bank, other short term investments | 9.3 | 13.5 | | 0.1 | 8.1 | |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **37.6** | **44.3** | **–** | **9.9** | **21.0** | **–** |
| **Total assets** | **142.7** | **149.0** | **–** | **66.6** | **82.2** | **–** |
| Equity attributable to owners of the parent | 77.2 | 69.0 | | 31.8 | 38.4 | |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | 1.3 | | | 0.1 | 0.1 | |
| Provisions, non-interest bearing | 2.8 | 1.2 | | 1.5 | 1.2 | |
| Liabilities, interest-bearing | 41.7 | 49.2 | | 25.3 | 28.0 | |
| Liabilities, non-interest bearing | 19.3 | 29.0 | | 7.8 | 14.5 | |
| Financial liabilities, other | 0.4 | 0.7 | | 0.1 | | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **142.7** | **149.0** | **–** | **66.6** | **82.2** | **–** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 13.7 | | | -0.7 | | |
| Changes in working capital | -5.2 | | | -1.2 | | |
| **Cash flow from operating activities** | **8.5** | **–** | **–** | **-1.9** | **–** | **–** |
| Investments in non-current assets | -5.3 | | | -0.7 | | |
| Disposals of non-current assets | 0.2 | | | 0.1 | | |
| **Cash flow before acquisition and divestment of companies** | **3.3** | **–** | **–** | **-2.5** | **–** | **–** |
| Net investments in companies | | | | -2.9 | | |
| **Cash flow after investing activities** | **3.3** | **–** | **–** | **-5.4** | **–** | **–** |
| Change in loans | -7.5 | | | -2.5 | | |
| New issues | | | | | | |
| Dividend paid | | | | | | |
| Others | | | | -0.1 | | |
| **Cash flow from financing activities** | **-7.5** | **–** | **–** | **-2.6** | **–** | **–** |
| **Cash flow for the year** | **-4.2** | **–** | **–** | **-8.0** | **–** | **–** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 9.9 | 1.8 | 3.0 | -8.3 | 4.3 | 7.6 |
| EBT margin (%) | 7.6 | -3.4 | -0.7 | -12.8 | 2.1 | 5.5 |
| Return on equity (%) | 11.1 | – | – | -15.1 | – | – |
| Return on capital employed (%) | 10.9 | – | – | -4.7 | – | – |
| Equity ratio (%) | 54 | 46 | – | 48 | 47 | – |
| Interest-bearing net debt | 33.7 | 35.7 | – | 25.3 | 20.0 | – |
| Debt/equity ratio, times | 0.6 | 0.7 | – | 0.8 | 0.7 | – |
| Average number of employees | 891 | 994 | 1,043 | 430 | 493 | – |

[1)] Earnings for 2007 and 2008 are pro forma taking acquisition of Medisize Medical into account.

[2)] Earnings for 2008 are charged with restructuring costs of EUR 4.2m.

[3)] Earnings for 2005 and 2006 are pro forma taking Ratos's acquisition into account.

# Mobile Climate Control – mixed performance

Ratos owns 100% of the shares in Mobile Climate Control (MCC). 60% of the shares were acquired in spring 2007 and the remaining 40% in autumn 2008.

Consolidated book value in Ratos amounted to SEK 652m at year-end.

Ratos is represented on the board by Henrik Blomé (who is responsible for this holding), Anders Lindblad (Industrial Advisor) and Johan Pernvi.

### Operations

MCC is a niche company which develops, manufactures and sells customised climate control systems for vehicles produced in short series and with high demands on product performance and quality. The climate systems meet customer specifications and requirements and usually include heating and and/or cooling (AC) which creates a pleasant environment for operators and passengers.

MCC has three main customer segments: bus manufacturers, off-road vehicle manufacturers (such as construction vehicles and heavy duty specialty vehicles, mining and materials handling vehicles, and forest machines), and military vehicle manufacturers. The company's head office is in Stockholm and production mainly takes place in Canada (Toronto), the US (Goshen), Sweden (Norrtälje), and Poland (Wroclaw). Over 80% of sales take place in North America and the remainder in Europe.

CEO Clas Gunneberg

### Market

Market growth is driven by a long-term growing number of vehicles produced and by the fact that a growing proportion of vehicles contain increasingly sophisticated climate systems. The trend is for end customers to demand an increasingly comfortable vehicle climate.

MCC has a strong market position within selected segments. In the bus segment, MCC is the market leader for heating systems in North America and the Nordic region, while the rest of Europe and the cooling segment (AC) are so far relatively undeveloped markets for the company.

Climate systems in off-road vehicles, such as construction and heavy duty specialty vehicles, must meet high demands on performance and quality.

Within the off road segment, MCC's market position is strong both in North America and in the Nordic region. In the military vehicle segment, the company's operations focus on North America where MCC has a strong market position.

### The year in brief

The market for off-road vehicles decreased substantially due to the financial crisis and subsequent recession which resulted in lower sales within this segment (-41%) compared with the previous year.

Production of transit buses (town and commuter buses) was comparatively stable while the weaker business climate had a negative impact on the tourist bus segment. Combined with a completed project delivery in the previous year, this resulted in a sales decrease of 19% for the bus segment compared with 2008.

Sales to the military segment increased substantially due to acquired operations in the US (+95%).

MCC's total sales increased by 6% to SEK 1,085m (1,024). The sales increase is attributable to the acquisition made in the US in 2008. Sales development for the original MCC was negative (-37%) during the year mainly due to the substantial market downturn in the off-road segment as well as completed project deliveries in the military vehicle and bus segments.

Operating profit (EBITA) amounted to SEK 128m (167), which was a decrease of 23% compared with the previous year. Profitability was negatively affected by low capacity utilisation and negative currency results. The weak volume trend led to extensive cost-cutting measures during the year.

Cash flow from operating activities was very strong during 2009 and amounted to SEK 154m (58).

### Future prospects

A strong market position, structural growth drivers in the market and identified areas for expansion give MCC a strong base for continued long-term growth when the market recovers. Sales above all in the off-road segment are judged to have the potential to increase substantially from the very low level in 2009 in pace with an anticipated economic upturn. At the same time, lower production volume in the military vehicle segment will have a negative effect on MCC's sales in 2010.

**www.mcc-hvac.com**

# MCC

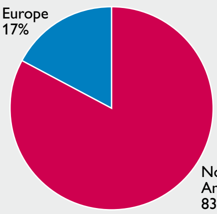
**Board of Directors**

| | |
|---|---|
| Anders Lindblad | Chairman |
| Henrik Blomé | |
| Anders Frisinger | |
| Michael Mononen | |
| Johan Pernvi | |

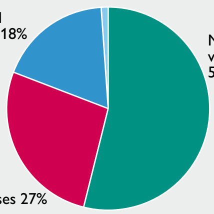
**Management**

| | |
|---|---|
| Clas Gunneberg | CEO |
| Ulrik Englund | CFO |

### Sales by market




### Sales by segment




| SEKm | 2009 | 2008 [2] | 2007 [1] | 2006 [1] | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 1,085 | 1,024 | 698 | 614 | |
| Operating expenses | -902 | -740 | -575 | -500 | |
| Other income/expenses | -40 | -108 | | | |
| Share of profits of associates | | | | | |
| Divestment result | | | | | |
| **EBITDA** | **144** | **175** | **123** | **114** | |
| Depreciation and impairment | -16 | -8 | -5 | -7 | |
| **EBITA** | **128** | **167** | **118** | **107** | |
| Amortisation and impairment of intangible assets | -8 | -2 | | | |
| Impairment of goodwill | | | | | |
| **EBIT** | **120** | **165** | **118** | **107** | |
| Financial income | 34 | 22 | 1 | 2 | |
| Financial expenses | -70 | -73 | -44 | -36 | |
| **EBT** | **85** | **115** | **75** | **73** | |
| Tax | -42 | -44 | -28 | -25 | |
| Profit/loss from discontinued operations | | | | | |
| **Profit for the year** | **43** | **71** | **47** | **48** | |
| Attributable to owners of the parent | 43 | 71 | 47 | 48 | |
| Attributable to minority interests | | | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 975 | 939 | 842 | | |
| Other intangible assets | 32 | 40 | | | |
| Property, plant and equipment | 124 | 133 | 72 | | |
| Financial assets, interest-bearing | | | | | |
| Financial assets, non-interest bearing | 37 | 23 | 11 | | |
| **Total non-current assets** | **1,168** | **1,134** | **925** | **–** | |
| Inventories | 114 | 166 | 113 | | |
| Receivables, interest-bearing | | | | | |
| Receivables, non-interest bearing | 131 | 185 | 140 | | |
| Cash, bank, other short term investments | 87 | 27 | 44 | | |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **331** | **378** | **296** | **–** | |
| **Total assets** | **1,499** | **1,513** | **1,221** | **–** | |
| Equity attributable to owners of the parent | 678 | 592 | 530 | | |
| Equity attributable to minority interests | | | | | |
| Provisions, interest-bearing | | | | | |
| Provisions, non-interest bearing | 57 | 12 | 11 | | |
| Liabilities, interest-bearing | 639 | 733 | 570 | | |
| Liabilities, non-interest bearing | 122 | 174 | 108 | | |
| Financial liabilities, other | 2 | 2 | 2 | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **1,499** | **1,513** | **1,221** | **–** | |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 57 | 69 | | | |
| Changes in working capital | 97 | -11 | | | |
| **Cash flow from operating activities** | **154** | **58** | **–** | **–** | |
| Investments in non-current assets | -10 | -41 | | | |
| Disposals of non-current assets | | | | | |
| **Cash flow before acquisition and divestment of companies** | **144** | **17** | **–** | **–** | |
| Net investments in companies | | -173 | | | |
| **Cash flow after investing activities** | **144** | **-156** | **–** | **–** | |
| Change in loans | -89 | 121 | | | |
| New issues | | | | | |
| Dividend paid | -24 | | | | |
| Others | 33 | 18 | | | |
| **Cash flow from financing activities** | **-81** | **139** | **–** | **–** | |
| **Cash flow for the year** | **63** | **-17** | **–** | **–** | |
| **Key figures** | | | | | |
| EBITA margin (%) | 11.8 | 16.3 | 16.9 | 17.4 | |
| EBT margin (%) | 7.8 | 11.2 | 10.7 | 11.9 | |
| Return on equity (%) | 6.7 | 12.6 | – | – | |
| Return on capital employed (%) | 11.7 | 15.4 | – | – | |
| Equity ratio (%) | 45 | 39 | 43 | – | |
| Interest-bearing net debt | 553 | 706 | 527 | – | |
| Debt/equity ratio, times | 0.9 | 1.2 | 1.1 | – | |
| Average number of employees | 591 | 727 | 534 | 495 | |

[1] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

[2] Earnings for 2008 include ACME from 1 September.

# SB Seating – strong position in weak market

Ratos acquired the office chair producers RH Form in Sweden, RBM in Denmark and HÅG in Norway in 2007. The companies were merged to form the new group SB Seating (initially called HÅG/RH/RBM Group). Ratos's holding amounts to 85%. The other shareholders are the companies' managements.

Consolidated book value in Ratos amounted to SEK 1,034m at year-end.

Ratos is represented on the board by Thomas Hofvenstam (who is responsible for this holding), Henrik Lundh and by Leif Johansson as a deputy.

## Operations

SB Seating develops and produces ergonomic seating solutions with a Scandinavian design for private and public office environments. The product range includes office chairs, chairs for conferences, canteens and educational environments. The products are sold under the HÅG, Rh and Rbm brands and mainly distributed through independent retail outlets to end users in companies and organisations. The three brands share a strong focus on visual design, health, environment and quality.

The group is currently represented through subsidiaries in Norway, Sweden, Denmark, Germany, the UK, Benelux and France. In addition, SB Seating is represented by importers in over 30 countries. The group has a total of some 450 employees. Production takes place at two factories in Norway and Sweden. SB Seating is among the three largest chair players in Europe with a market share of about 7%.

## Market

The west European market for office furniture can be divided into four product segments: seating products, storage, desks and meeting-room tables.

Seating products account for one-third of this market. The group's main markets, Scandinavia, Germany, the UK and Benelux account for over half of the west European office chair market which amounts to approximately SEK 15 billion.

The market is late cyclical and mainly driven by GDP development, employment levels, construction of commercial premises and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.

## The year in brief

The sharp economic downturn led to a substantial decrease in demand for office furniture in the company's markets. Even though SB Seating increased its market shares, the company's sales decreased by 23% compared with 2008.

The factory in Fjerritslev, Denmark, was closed and production moved to the company's existing facility in Nässjö, Sweden. Restructuring, efficiency measures and adjustments to the lower demand were implemented during the year, including a 27% reduction in the number of employees.

A number of successful product launches took place in 2009. These included the launch of the new meeting-room chair HÅG Futu Visit, based on the award-winning HÅG Futu office chair launched in 2008.

The company received several awards during the year. HÅG won the Norwegian Design Council's Design Effect Award for HÅG Conventio Wing and HÅG H09, as well as a Design Excellent Award for HÅG Futu and HÅG Sideways. Rh Stolen became the first company ever to receive an Ergonomics Excellence award for the tenth consecutive year from the UK's Furniture Industry Research Association.

Sales totalled NOK 989m (1,289). Operating profit (EBITA) amounted to NOK 46m (207).

HÅG Futu won a Design Excellence Award from the Norwegian Design Council.

CEO Lars I. Røiri

Before items affecting comparability, operating profit (EBITA) was NOK 104m (207).

## Future prospects

SB Seating has a strong market position in the Nordic countries and profitable niche positions particularly in Germany, the Netherlands and the UK, where the company's products have a clear differentiation compared with other European players due to a focus on ergonomics. The market for ergonomic seating solutions is expected to have good growth over a business cycle and opportunities for continued export activities are considered good. The fragmented industry structure provides an attractive opportunity for the company in both the Nordic region and the rest of Europe. Ongoing efficiency projects are expected to make a positive contribution to the company's profitability in the years ahead.

www.sbseating.com

## SB Seating

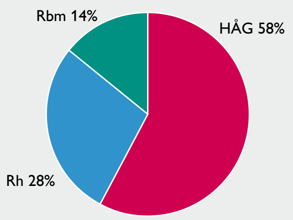
### Board of Directors

| | |
|---|---|
| Ebbe Pelle Jacobsen | Chairman |
| Anne Breiby | |
| Torgny Eriksson | |
| Thomas Hofvenstam | |
| Olav Kjell Holtan | |
| Henrik Lundh | |
| Niels Peter Pretzmann | |
| Sven-Gunnar Schough | |
| Leif Johansson | Deputy |

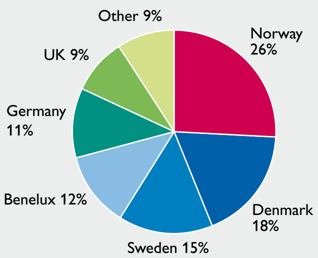
### Management

| | |
|---|---|
| Lars I. Røiri | CEO |
| Jon-Erlend Alstad | Senior Vice President, Sales & Marketing |
| Lillevi Øglænd Ivarson | Senior Vice President, HR & Organisational Development |
| Torbjörn Iversen | Senior Vice President, Production & Logistics |
| Eirik Kronkvist-Olsen | CFO |
| Christian Eide Lodgaard | Senior Vice President, Research & Development |

### Sales by brand




### Sales by market




[1] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

[2] Excluding interest on shareholder loan.

[3] Equity at 31 December 2009 includes shareholder loan of NOK 649m.

[4] Operating expenses include items affecting comparability for 2009 of NOK -58m (0).

| NOKm | 2009 | 2008 | 2007 [1] | 2006 [1] | 2005 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 989 | 1,289 | 1,289 | 1,160 | |
| Operating expenses [4] | -885 | -1,042 | -1,048 | -968 | |
| Other income/expenses | | | | 1 | |
| Share of profits of associates | | | | | |
| Divestment result | | | | | |
| **EBITDA** | **104** | **247** | **241** | **193** | |
| Depreciation and impairment | -59 | -40 | -51 | -45 | |
| **EBITA** | **46** | **207** | **190** | **148** | |
| Amortisation and impairment of intangible assets | | | | | |
| Impairment of goodwill | | | | | |
| **EBIT** | **46** | **207** | **190** | **148** | |
| Financial income | 70 | 8 | 2 | 7 | |
| Financial expenses [2] | -54 | -126 | -73 | -70 | |
| **EBT** | **63** | **89** | **119** | **85** | |
| Tax | -2 | -9 | -41 | -38 | |
| Profit/loss from discontinued operations | | | | | |
| **Profit for the year** | **61** | **80** | **78** | **47** | |
| Attributable to owners of the parent | 61 | 80 | 78 | 47 | |
| Attributable to minority interests | | | | | |
| **Statement of financial position** | | | | | |
| Goodwill | 1,388 | 1,388 | 1,395 | | |
| Other intangible assets | 24 | 33 | 29 | | |
| Property, plant and equipment | 148 | 185 | 159 | | |
| Financial assets, interest-bearing | 0 | 0 | | | |
| Financial assets, non-interest bearing | 32 | 21 | 24 | | |
| **Total non-current assets** | **1,592** | **1,627** | **1,607** | **–** | |
| Inventories | 57 | 88 | 82 | | |
| Receivables, interest-bearing | | 1 | 8 | | |
| Receivables, non-interest bearing | 171 | 202 | 178 | | |
| Cash, bank, other short term investment | 33 | 63 | 113 | | |
| Assets classified as held for sale | | | | | |
| **Total current assets** | **261** | **354** | **381** | **–** | |
| **Total assets** | **1,853** | **1,981** | **1,988** | **–** | |
| Equity attributable to owners of the parent [3] | 899 | 809 | 742 | | |
| Equity attributable to minority interests | | | | | |
| Provisions, interest-bearing | 6 | 3 | 5 | | |
| Provisions, non-interest bearing | 7 | 17 | 11 | | |
| Liabilities, interest-bearing | 808 | 962 | 1 039 | | |
| Liabilities, non-interest bearing | 132 | 191 | 191 | | |
| Financial liabilities, other | | | | | |
| Liabilities attributable to Assets held for sale | | | | | |
| **Total equity and liabilities** | **1,853** | **1,981** | **1,988** | **–** | |
| **Statement of cash flows** | | | | | |
| Cash flow from operating activities before changes in working capital | 49 | 93 | | | |
| Changes in working capital | 66 | 24 | | | |
| **Cash flow from operating activities** | **115** | **117** | **–** | **–** | |
| Investments in non-current assets | -31 | -60 | | | |
| Disposals of non-current assets | 4 | 1 | | | |
| **Cash flow before acquisition and divestment of companies** | **89** | **58** | **–** | **–** | |
| Net investments in companies | | | | | |
| **Cash flow after investing activities** | **89** | **58** | **–** | **–** | |
| Change in loans | -120 | -111 | | | |
| New issues | | | | | |
| Dividend paid | | | | | |
| Others | | | | | |
| **Cash flow from financing activities** | **-120** | **-111** | **–** | **–** | |
| **Cash flow for the year** | **-31** | **-53** | **–** | **–** | |
| **Key figures** | | | | | |
| EBITA margin (%) | 4.6 | 16.0 | 14.7 | 12.8 | |
| EBT margin (%) | 6.3 | 6.9 | 9.2 | 7.3 | |
| Return on equity (%) | 7.1 | 10.2 | – | – | |
| Return on capital employed (%) | 6.7 | 12.1 | – | – | |
| Equity ratio (%) | 49 | 41 | 37 | – | |
| Interest-bearing net debt | 781 | 900 | 923 | – | |
| Debt/equity ratio, times | 0.9 | 1.2 | 1.4 | – | |
| Average number of employees | 457 | 633 | 655 | 633 | |

# Superfos – strong result in weak market

The listed Danish conglomerate Superfos was acquired in 1999 by Ratos together with IK Investment Partners. In subsequent years action was taken to streamline the structure and operations were focused on injection moulded plastic packaging. Ratos's holding amounts to 33% and the remaining shares are held by IK Investment Partners and the company's management.

Consolidated value at year-end amounted to SEK 617m.

Ratos is represented on the board by Thomas Hofvenstam (who is responsible for this holding) and by Thomas Mossberg.

CEO Hans Pettersson

## Operations

Superfos develops, produces and markets a broad range of injection-moulded plastic packaging to customers in the food, paint and chemical industries. Superfos has a total of ten production units in Europe and one in the US. With approximately 20% of the market, Superfos is the leading manufacturer of injection moulded plastic packaging in Europe.

## Market

Superfos's market, injection moulded, open-top plastic packaging, is estimated at EUR 5 billion worldwide. The European market comprises approximately one-third of the global market. The market is equally divided between consumer packaging (<2 litres) and industrial packaging (>2 litres). The food industry accounts for 60% of consumption, where key user segments include dairy, processed food, cakes and biscuits and ice-cream. The paint industry accounts for 17% of consumption.

Market growth is mainly driven by increased consumption in the underlying user segment and a transfer from glass and metal packaging to plastic. Environmental issues are becoming increasingly important which also drives consumption of injection-moulded plastic packaging. The competitive scenario is fragmented and mainly local. There are only a small number of pan-European players such as Superfos.

## The year in brief

Superfos's customers are affected by the business climate to different extents. The weak European construction market affected the paint and construction segments negatively while consumer products for the food segment, which is less dependent on the economic climate, showed more stable development. As a whole, Superfos's sensitivity to the business climate is relatively limited. During 2009 volumes (in tonnes) fell 3%.

The company had a very positive earnings trend during the year due to improved gross margins and completed action programmes which reduced the fixed cost base. Superfos increased its market shares in a weak market. At the start of 2009 Superfos benefited from lower purchasing prices for raw material, which means that other variable costs could also be reduced, including freight costs which were reduced due to a new distribution solution.

Superfos's sales amounted to EUR 324m (362). Operating profit (EBITA) was EUR 58.9m (18.8).

In December, Superfos sold its US operations to one of the world's largest players in plastic packaging, Berry Plastics Corporation. Enterprise value (debt-free value) amounted to approximately USD 82m. The sale of the American operations was part of an additional focus on and development of the operations in Europe. Superfos made a capital gain of EUR 28.4m from the divestment.

## Future prospects

As European market leader, Superfos is well positioned to participate in a continued consolidation of the market for injection-moulded plastic packaging. The profitability improvement measures in recent years combined with a significantly increased focus on product innovations and pan-European customers, create conditions for continued growth and good profitability in the years ahead.


A large portion of Superfos's sales focus on consumer products in the food segment, a sector relatively mildly affected by the recession.

www.superfos.com

## Superfos

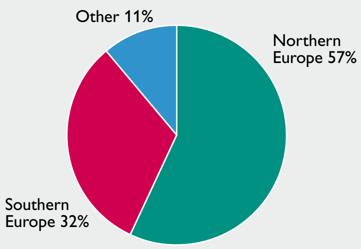
### Board of Directors

| | |
|---|---|
| Waldemar Schmidt | Chairman |
| Torben Bjerre-Madsen | |
| Gerard De Geer | |
| Erik Ingemarsson | |
| Thomas Hofvenstam | |
| Mads Ryum Larsen | |
| Thomas Mossberg | |

### Management

| | |
|---|---|
| Hans Pettersson | CEO |
| Benny Nielsen | Executive Vice President, R&D Technology Director |
| René Valentin | Executive Vice President & CFO |

### Sales by market




| EURm | 2009 | 2009 [2] | 2008 | 2007 | 2006 [1] | 2006 |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| Net sales | 324.0 | 294.5 | 362.4 | 360.3 | 326.7 | 342.3 |
| Operating expenses | -267.0 | -243.4 | -317.6 | -315.6 | -291.6 | -305.9 |
| Other income/expenses | 0.0 | 0.0 | 0.5 | 0.9 | 1.5 | 1.5 |
| Share of profits of associates | | | | | | |
| Divestment result | 28.4 | | | | | |
| **EBITDA** | **85.3** | **51.1** | **45.2** | **45.6** | **36.6** | **37.9** |
| Depreciation and impairment | -26.4 | -23.6 | -26.4 | -26.7 | -24.2 | -25.1 |
| **EBITA** | **58.9** | **27.5** | **18.8** | **18.9** | **12.4** | **12.8** |
| Amortisation and impairment of intangible assets | -0.4 | -0.4 | -0.5 | -0.6 | | |
| Impairment of goodwill | | | | | | |
| **EBIT** | **58.5** | **27.1** | **18.3** | **18.3** | **12.4** | **12.8** |
| Financial income | 0.3 | 0.3 | 0.1 | 0.2 | 0.3 | 0.3 |
| Financial expenses | -5.7 | -5.7 | -13.9 | -10.4 | -9.3 | -9.5 |
| **EBT** | **53.1** | **21.7** | **4.5** | **8.1** | **3.4** | **3.6** |
| Tax | -8.2 | -6.2 | -6.9 | -3.3 | -6.1 | -6.4 |
| Profit/loss from discontinued operations | | 33.0 | | | | |
| **Profit/loss for the year** | **44.9** | **48.5** | **-2.4** | **4.7** | **-2.7** | **-2.8** |
| Attributable to owners of the parent | 44.9 | 48.5 | -2.4 | 4.7 | -2.7 | -2.8 |
| Attributable to minority interests | | | | | | |
| **Statement of financial position** | | | | | | |
| Goodwill | 69.7 | | 74.4 | 74.9 | | 69.0 |
| Other intangible assets | 1.9 | | 3.5 | 4.1 | | |
| Property, plant and equipment | 123.0 | | 145.6 | 151.8 | | 142.4 |
| Financial assets, interest-bearing | | | | | | |
| Financial assets, non-interest bearing | 7.7 | | 7.1 | 9.6 | | 4.4 |
| **Total non-current assets** | **202.3** | **–** | **230.6** | **240.4** | **–** | **215.8** |
| Inventories | 31.6 | | 37.6 | 42.7 | | 35.2 |
| Receivables, interest-bearing | | | | | | |
| Receivables, non-interest bearing | 52.5 | | 65.0 | 73.6 | | 66.6 |
| Cash, bank, other short term investments | 27.3 | | 3.9 | 17.7 | | 6.5 |
| Assets classified as held for sale | | | | | | |
| **Total current assets** | **111.4** | **–** | **106.5** | **134.0** | **–** | **108.3** |
| **Total assets** | **313.7** | **–** | **337.1** | **374.4** | **–** | **324.1** |
| Equity attributable to owners of the parent | 176.4 | | 126.7 | 114.5 | | 111.0 |
| Equity attributable to minority interests | | | | | | |
| Provisions, interest-bearing | | | | | | |
| Provisions, non-interest bearing | 12.2 | | 13.4 | 13.7 | | 13.0 |
| Liabilities, interest-bearing | 68.9 | | 135.7 | 173.6 | | 140.1 |
| Liabilities, non-interest bearing | 56.3 | | 61.3 | 72.6 | | 60.0 |
| Financial liabilities, other | | | | | | |
| Liabilities attributable to Assets held for sale | | | | | | |
| **Total equity and liabilities** | **313.7** | **–** | **337.1** | **374.4** | **–** | **324.1** |
| **Statement of cash flows** | | | | | | |
| Cash flow from operating activities before changes in working capital | 44.7 | | 22.9 | 35.3 | | 25.0 |
| Changes in working capital | 10.8 | | 3.2 | -3.5 | | 0.6 |
| **Cash flow from operating activities** | **55.5** | **–** | **26.1** | **31.8** | **–** | **24.4** |
| Investments in non-current assets | -19.2 | | -20.2 | -31.3 | | -26.0 |
| Disposals of non-current assets | 0.4 | | 0.3 | | | 6.1 |
| **Cash flow before acquisition and divestment of companies** | **36.8** | **–** | **6.2** | **0.5** | **–** | **4.5** |
| Net investments in companies | 50.5 | | | -22.1 | | 16.9 |
| **Cash flow after investing activities** | **87.3** | **–** | **6.2** | **-21.6** | **–** | **21.4** |
| Change in loans | -16.3 | | -37.8 | 33.5 | | -38.4 |
| New issues | | | 18.0 | | | |
| Dividend paid | | | | | | |
| Others | 2.9 | | 0.8 | -0.7 | | |
| **Cash flow from financing activities** | **-13.4** | **–** | **-19.0** | **32.8** | **–** | **-38.4** |
| **Cash flow for the year** | **73.9** | **–** | **-12.8** | **11.2** | **–** | **-17.0** |
| **Key figures** | | | | | | |
| EBITA margin (%) | 18.2 | | 5.2 | 5.3 | 3.8 | 3.7 |
| EBT margin (%) | 16.4 | | 1.2 | 2.2 | 1.0 | 1.1 |
| Return on equity (%) | 29.6 | | -2.0 | 4.2 | – | -2.5 |
| Return on capital employed (%) | 23.2 | | 6.7 | 6.9 | – | 4.8 |
| Equity ratio (%) | 56 | | 38 | 31 | – | 34 |
| Interest-bearing net debt | 41.6 | | 131.8 | 155.9 | – | 133.6 |
| Debt/equity ratio, times | 0.4 | | 1.1 | 1.5 | – | 1.3 |
| Average number of employees | 1,452 | | 1,549 | 1,546 | – | 1,525 |

[1] Earnings for 2006 are pro forma adjusted for the divestment of Aerosol IGS.

[2] Earnings for 2009 are pro forma taking into account sold operations in the US and items affecting comparability.

# Other holdings

## BTJ Group

Ratos became an owner in BTJ Group in conjunction with the formation of BTJ Infodata in March 2004. In 2005 the BTJ Infodata group was split and BTJ Group became a separate holding. Ratos's holding amounts to 66%. During 2009 BTJ carried out an extensive action programme to improve profitability. Ratos is represented on the board by Robin Molvin (who is responsible for this holding) and Michael Arvidsson with Bo Jungner as a deputy.

### Operations

BTJ Group is a leading supplier of media products and information services to libraries, universities, companies and organisations in the Nordic market. Operations are conducted through BTJ Sweden and BTJ Finland.

CEO Jonas Arvidsson

### Board of Directors

| | |
|---|---|
| Per Samuelson | Chairman |
| Gunnar Ahlström | |
| Peter Carrick | |
| Harold Kaiser | |
| Robin Molvin | |
| Michael Arvidsson | |
| Bo Jungner | Deputy |
| Paul Steene | Deputy |

### Management

| | |
|---|---|
| Jonas Arvidsson | CEO |
| Bengt Jöndell | CFO |

**www.btj.se**

| SEKm | 2009 [1] | 2008 [1] | 2007 | 2006 [2] | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Net sales | 863 | 845 | 823 | 870 | 1,073 | 1,328 |
| EBITA | -16 | -10 | 4 | 23 | 32 | -19 |
| EBT | -18 | -13 | 1 | 18 | 27 | -25 |
| EBITA margin (%) | -1.8 | -1.2 | 0.5 | 2.6 | 3.0 | -1.5 |
| EBT margin (%) | -2.1 | -1.6 | 0.1 | 2.1 | 2.5 | -1.8 |
| Non-current assets | 148 | 152 | 149 | – | 140 | 166 |
| Current assets | 154 | 167 | 187 | – | 212 | 352 |
| Equity attributable to owners of the parent | 55 | 72 | 81 | – | 80 | 76 |
| Cash flow before acquisition and divestment of companies | -8 | 11 | -13 | – | 46 | -5 |
| Interest-bearing net debt | 17 | 9 | 16 | – | -10 | 24 |
| Equity ratio (%) | 21 | 25 | 25 | – | 24 | 16 |
| Average number of employees | 279 | 294 | 297 | 327 | 400 | 527 |

[1] Includes restructuring costs affecting comparability for 2009 with SEK -19m (-16).
[2] Pro forma adjusted for operations sold in 2006.

# IK Investment Partners

IK Investment Partners (formerly Industri Kapital) is an unlisted private equity company which since the start in 1989 has made approximately 70 investments within different sectors in Europe, with the majority in manufacturing industry and the service sector. Investors in Industri Kapital's funds comprise major Nordic, European and American institutional investors.

Ratos has invested a total of approximately SEK 550m in four funds – 1989 (closed), 1994 (closed), 1997 and 2000. The two funds IK 1997 and IK 2000 are fully invested. Berit Lind is responsible for Ratos's investments in IK Investment Partners.

The holding in IK Investment Partners contributed SEK 0m to Ratos's exit gains in 2009.

### IK 1997 – total book value SEK 51m

- Dynea – chemical company that manufactures adhesion and surfacing solutions
- Superfos – manufactures plastic packaging, also owned directly by Ratos as a holding

### IK 2000 – total book value SEK 98m

- Welzorg – Dutch distributor of mobility aids
- Europris – Norwegian discount wholesaler and retailer within food and other products
- Idex – French energy and environmental service company
- Suomen Lähikauppa (Tradeka) – Finnish retail chain and grocery business
- Kwintet – leading European manufacturer of work wear
- Sport Group – German supplier of outdoor surfaces for sports and recreation, such as artificial grass
- Dynea – chemical company that manufactures adhesion and surfacing solutions

**www.ikinvest.com**

# Overseas Telecom

Overseas Telecom was formed in 1996 in order to identify, evaluate and invest in primarily mobile licenses in developing countries, and then to develop and finally realise the built-up values in these holdings. The company has been in a liquidation phase since 2000/01 with the focus on continued business development of the project companies and divestment. Seven out of eight investments have been realised. The remaining holding is Suntel in Sri Lanka in which Overseas Telecom owns 55%. Suntel's sales in 2009 amounted to SEK 337m with an EBITA of SEK -25m. Net debt in the company at year-end was SEK 35m and the number of subscribers totalled about 420,000.

Ratos is represented on the board by Thomas Mossberg (who is responsible for this holding) and Berit Lind as a deputy.

CEO Anders Ekman

### Board of Directors

| | |
|---|---|
| Per Eric Fylking | Chairman |
| Håkan Jansson | |
| Helena Krook Kilander | |
| Thomas Mossberg | |
| Jon W. Ringvold | |
| Caroline af Ugglas | |
| Roger Johanson | Deputy |
| Berit Lind | Deputy |
| Ole Christian Søhoel | Deputy |
| Christina Wik | Deputy |

### Management

| | |
|---|---|
| Anders Ekman | CEO |
| Gunnar Andersson | CFO |

# Group summary

| [1] | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Earnings per share before dilution, SEK | 5.32 | 32.62 | 16.66 | 15.50 | 12.42 |
| Dividend per share, SEK | 9.50 [2] | 9 | 9 | 5.50 (11) [3] | 4.19 |
| Dividend yield, % | 5.1 [2] | 6.7 | 5.1 | 3.4 (6.8) [3] | 4.6 |
| Total return, % | 47 | -20 | 14 | 85 | 43 |
| Market price, 31 December, SEK | 185 | 135 | 176 | 162.50 | 91 |
| Equity per share, 31 December, SEK [4] | 96 | 100 | 75 | 69 | 64 |
| Equity, SEKm [4] | 15,302 | 15,825 | 11,905 | 10,875 | 10,958 |
| Return on equity, % | 5 | 37 | 23 | 23 | 21 |
| Equity ratio, % | 41 | 40 | 38 | 44 | 52 |
| Average number of shares before dilution | 158,124,369 | 158,576,030 | 158,829,266 | 163,005,841 | 170,062,755 |
| Number of shares outstanding | 158,615,645 | 157,937,855 | 158,489,155 | 158,276,730 | 170,276,861 |
| | | | | | |
| **Income statement, SEKm** | | | | | |
| Profit from group companies | 979 | 1,004 | 2,005 | 1,164 | 716 |
| Exit gains, group companies | | 4,405 | 160 | -14 | 134 |
| Impairment, group companies | | -92 | | -178 | |
| Share of profits of associates | 316 | 550 | 545 | 719 | 1,411 |
| Exit gains, associates | | 31 | 727 | 1,617 | 392 |
| Impairment, associates | | | | | -29 |
| Dividends, other holdings | | | 71 | 21 | 36 |
| Exit gains, other holdings | | 13 | 46 | 75 | 125 |
| Impairment, other holdings | | | | -10 | |
| Profit from holdings | 1,295 | 5,911 | 3,554 | 3,394 | 2,785 |
| Central income and expenses | 80 | -240 | -92 | -160 | -140 |
| Consolidated profit before tax | 1,375 | 5,671 | 3,462 | 3,234 | 2,645 |
| Tax | -441 | -382 | -516 | -572 | -464 |
| Consolidated profit after tax | 934 | 5,289 | 2,946 | 2,662 | 2,181 |
| Profit attributable to owners of the parent | 842 | 5,172 | 2,646 | 2,527 | 2,113 |
| | | | | | |
| **Statement of financial position, SEKm** | | | | | |
| Intangible assets | 20,382 | 19,686 | 18,066 | 10,406 | 6,824 |
| Property, plant and equipment | 3,702 | 3,378 | 3,091 | 2,124 | 1,544 |
| Financial assets | 2,807 | 3,435 | 2,778 | 2,929 | 4,139 |
| Deferred tax assets | 500 | 471 | 291 | 187 | 135 |
| Current assets | 13,467 | 15,780 | 12,556 | 11,016 | 9,451 |
| Total assets | 40,858 | 42,750 | 36,782 | 26,662 | 22,093 |
| Equity including minority interests | 16,802 | 17,290 | 13,870 | 11,814 | 11,554 |
| Provisions, other | 1,186 | 1,148 | 842 | 656 | 315 |
| Deferred tax liabilities | 779 | 780 | 750 | 528 | 280 |
| Interest-bearing liabilities | 14,505 | 15,927 | 13,834 | 8,709 | 6,006 |
| Non-interest bearing liabilities | 7,586 | 7,605 | 7,486 | 4,955 | 3,938 |
| Equity and liabilities | 40,858 | 42,750 | 36,782 | 26,662 | 22,093 |

[1] Applicable historical figures are restated (factor 0.4653) talking split and redemption in 2006 into account.
[2] Proposed ordinary dividend.
[3] Ordinary dividend (including extra dividend).
[4] Attributable to owners of the parent.

# Definitions

**Capital employed**
Total assets minus non-interest bearing liabilities.

**Cash flow before acquisition and divestment of companies**
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisition and divestment of companies.

**Consolidated book value**
The Group's share of the holding's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

**Debt/equity ratio**
Interest-bearing liabilities in relation to equity.

**Dividend yield**
Dividend expressed as a percentage of market price.

**Earnings per share**
Profit for the year attributable to owners of the parent divided by the average number of outstanding shares.

**EBIT**
(Earnings before interest and tax). Profit before net financial items and tax.

**EBITA**
(Earnings before interest, tax and amortisation). Operating profit after depreciation and impairment but before deduction for impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

**EBITA margin**
EBITA expressed as a percentage of net sales.

**EBITDA**
(Earnings before interest, tax, depreciation and amortisation). Profit before depreciation and impairment.

**EBT**
(Earnings before tax) Profit before tax.

**EBT margin**
EBT as a percentage of net sales.

**Enterprise value**
Sum of the company's market capitalisation, minority interests and net debt.

**Equity ratio**
Reported equity expressed as a percentage of total assets. Minority interests are included in equity.

**Exit gain/loss**
Exit gain/loss is the capital gain or loss which arises when a holding is sold.

**Interest-bearing net debt**
Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

**IRR**
(Internal Rate of Return) Annual average return.

**P/E ratio**
Market price in relation to earnings after tax per share.

**Return on capital employed**
Profit before interest expenses and tax expressed as a percentage of average capital employed.

**Return on equity**
Profit for the year attributable to owners of the parent divided by average equity attributable to owners of the parent.

**Total return**
Price development of shares including reinvested dividends.

**Turnover rate**
Number of shares trading during a year in relation to the total number of shares outstanding.

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# Information to shareholders

## Annual General Meeting 15 April 2010

The Annual General Meeting of Ratos AB (publ) will be held at 17.30 CET on Thursday, 15 April 2010 at Berwaldhallen, Dag Hammarskjölds väg 3, Stockholm.

## Participation

To be entitled to participate in the business of the Meeting, shareholders must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB (formerly VPC) no later than Friday, 9 April 2010,
- notify the company of their intention to attend no later than 16.00 CET on Monday, 12 April 2010.

## Notification

Notification of attendance may be made by:

- writing to Ratos AB (publ), Box 1661, SE-111 96 Stockholm
- telephoning +46 8 700 17 00
- via www.ratos.se

When notifying attendance please state name, personal/company registration number, address and daytime telephone number.

## Nominee-registered shares

In order to be entitled to participate in the meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden no later than Friday, 9 April 2010. Shareholders are requested to inform their nominees in good time prior to this date.

## Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 9.50 per share for the financial year 2009.

The record date proposed by the Board for the right to receive dividends is Tuesday, 20 April 2010. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden on Friday, 23 April 2010.

## Financial calendar

| | |
|---|---|
| 15 April | 2010 Annual General Meeting |
| 6 May | Interim Report, January-March 2010 |
| 20 Aug | Interim Report, January-June 2010 |
| 4 Nov | Interim Report, January-September 2010 |

Reports can be accessed at Ratos's website www.ratos.se directly after publication and are issued in Swedish and English. Reports are sent automatically to shareholders who have notified Ratos that they wish to receive financial information from the company.

Publications can be ordered via www.ratos.se or by

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## Contact for the Board and Nomination Committee

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