Annual Report 2014

RATOS

Ratos owns and develops Nordic companies

Ratos is an active owner and creates value by developing operations in existing holdings combined with carrying out value-creating transactions.

Value creation with Ratos as owner

Ratos's focus and goal as an active owner is to contribute to long-term and sustainable operational development in the holdings and to carry out value-creating transactions. Ratos invests in Nordic companies where our core expertise as a professional, active and responsible owner over time creates good value growth. Added value is created in connection with acquisition, development and divestment of these primarily unlisted companies. This provides stock market players with a unique investment opportunity. Ratos has a company-specific return target (average annual return on invested capital, IRR) which is at least 15-20%, depending on market and company-specific factors. Since 1999 our average IRR has been 24% on the total of 38 completed exits. Read more about Ratos's vision, mission, targets and strategy on ▶ pages 6-7.

Long tradition of active ownership

Ratos has a long tradition of active ownership. The business originated in the steel wholesaler Söderberg & Haak, which was founded in 1866. Ratos was listed on the stock exchange in 1954, at the time as a mixed investment company. Today Ratos is a listed private equity conglomerate. Ratos is listed on Nasdaq Stockholm. Read more about our active ownership on pages ▶ 8-12.

People are the key

Value growth at Ratos over time is decided by our transactions and how well we succeed in implementing ambitious plans in the holdings. Ratos's organisation, and the boards, management groups and employees in our holdings all play a key role. Ratos's investment organisation currently has some 25 people who are responsible for developing the holdings and finding new investment opportunities. Ratos has a total of approximately 50 employees and some 15 Industrial Advisors who support the business. The organisation is presented on pages ▶ 16-21.

Holdings in brief

Ratos invests in medium-sized companies in the Nordic region and has a portfolio with 18 holdings. The biggest segment in terms of sales is industrials, followed by services and consumer goods. An overview of Ratos's holdings is presented below and a detailed description of each holding is provided on pages 29-67.

18 holdings with total

sales of SEK **38** billion

operating profit SEK **2.0** billion and

21,000 employees

Our holdings

INDUSTRIALS

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

Sales	SEK 781m
Operating profit	SEK 12m
Ratos's holding	70%
Investment year	2007

www.ah-industries.dk

DIAB
Global company that manufactures and develops core material for sandwich composite structures including blades for wind turbines.

Sales	SEK 1,157m
Operating profit/loss	SEK -4m
Ratos's holding	96%
Investment year	2001

www.diabgroup.com

HENT
A leading Norwegian construction company that focuses on newbuild public and commercial real estate.

Sales	SEK 4,865m
Operating profit	SEK 159m
Ratos's holding	73%
Investment year	2013

www.hent.no

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

Sales	SEK 1,509m
Operating profit	SEK 60m
Ratos's holding	99%
Investment year	2001/10

www.hl-display.com

Ledil
Leading global player within secondary optics (lenses which focus light from a source to achieve a desired lighting solution) for LED lighting.

Sales	SEK 243m
Operating profit	SEK 61m
Ratos's holding	66%
Investment year	2014

www.ledil.com

OIL & GAS

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

Sales	SEK 9,319m
Operating profit	SEK 22m
Ratos's holding	32%
Investment year	2013

www.aibel.com

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

Sales	SEK 1,315m
Operating profit	SEK 100m
Ratos's holding	100%
Investment year	2001

www.gshydro.com

CONSUMER SERVICES

KVD
Sweden's largest independent online marketplace offering broker services for second-hand vehicles. The number of unique visitors totals approximately 200,000 per week.

Sales	SEK 315m
Operating profit	SEK 44m
Ratos's holding	100%
Investment year	2010

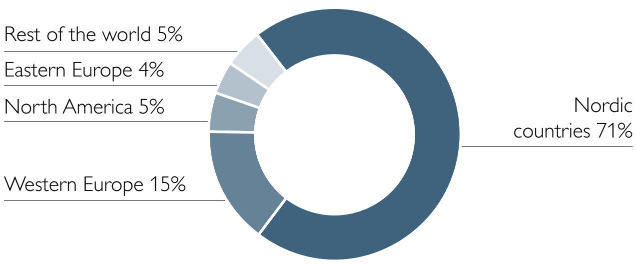
www.kvd.se
www.kvdnorge.no
www.kvdauctions.com
www.bilpriser.se

Nordic Cinema Group
The Nordic region's largest cinema group with 65 wholly owned cinemas with 436 screens in Sweden, Finland, Norway and the Baltic countries.

Sales	SEK 2,612m
Operating profit	SEK 366m
Ratos's holding	58%
Investment year	2011/13

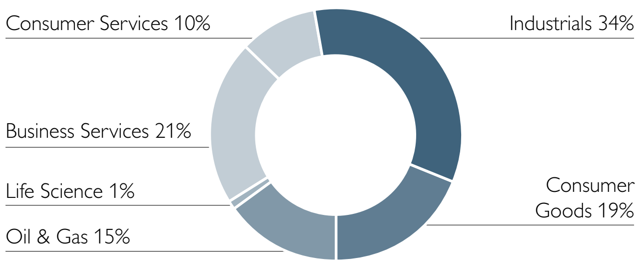
www.nordiccinemagroup.com

Sales breakdown by geographic market



Holdings' sales to 100%, except for Aibel and Inwido which are included with Ratos's holding.

Sales breakdown by segment



Holdings' sales to 100%, except for Aibel and Inwido which are included with Ratos's holding.

CONSUMER GOODS

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

Sales	SEK 1,021m
Operating profit	SEK 106m
Ratos's holding	100%
Investment year	2007

www.mcc-hvac.com

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

Sales	SEK 2,548m
Operating profit	SEK 245m
Ratos's holding	83%
Investment year	2005

www.arcus.no

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

Sales	SEK 206m
Operating profit/loss	SEK -4m
Ratos's holding	100%
Investment year	2001

www.hafabg.com

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

Sales	SEK 4,916m
Operating profit	SEK 376m
Ratos's holding	31%
Investment year	2004

www.inwido.com

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

Sales	SEK 920m
Operating profit/loss	SEK -22m
Ratos's holding	93%
Investment year	2006

www.jotulgroup.com

BUSINESS SERVICES

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

Sales	SEK 3,502m
Operating profit	SEK 298m
Ratos's holding	70%
Investment year	2005

www.bisnode.com

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

Sales	SEK 2,274m
Operating profit	SEK 57m
Ratos's holding	100%
Investment year	2007

www.euromaint.com

Nebula
Provider of cloud-based services, IT infrastructure and network services to small and medium-sized enterprises in Finland. The company has approximately 39,000 customers.

Sales	SEK 261m
Operating profit	SEK 85m
Ratos's holding	73%
Investment year	2013

www.nebula.fi

LIFE SCIENCE

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

Sales	SEK 215m
Operating profit	SEK 32m
Ratos's holding	100%
Investment year	2010

www.biolinscientific.com

2014 highlights

- Profit before tax SEK 1,367m (1,083)
- Earnings per share before dilution SEK 3.22 (2.13)
- Steady improvement in the holdings
- Good financial position and continued attractive transaction market
- Proposed dividend SEK 3.25 per share (3)
- Adjusted return target to company-specific and at least 15-20% IRR
- Acquisition of Ledil completed in December
- Inwido IPO and sale of SB Seating – total exit gain SEK 1,390m
- Total return on Ratos shares -15%

Results

SEKm	2014	2013	2012	2011	2010
Profit/share of profits	392	602	-29	546	1,419
Exit gains	1,390	895	978	525	1,320
Revaluations and impairment	-250	-308	-375	-312	140
Profit from holdings	**1,532**	**1,189**	**574**	**759**	**2,879**
Central income and expenses	-165	-106	193	101	-11
Profit before tax	**1,367**	**1,083**	**767**	**860**	**2,868**
Equity	14,027	13,756	12,353	13,658	15,091

Data per share [1]

SEK per share	2014	2013	2012	2011	2010
Profit after tax [2]	3.22	2.13	1.90	1.63	7.09
Equity [3]	39	38	39	43	47.50
Dividend [2]	3.25[4]	3.00	3.00	5.50	5.25
Dividend yield, %	6.9[4]	5.2	4.8	6.8	4.2
Total return, %	-15	-2	-17	-32	40
Market price	47.07	58.15	62.50	80.75	124.50
Market price/equity, %	121	153	160	188	262

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

Contents

Proud but not satisfied

I am proud of the many good things we have accomplished, but I will not be satisfied until we have delivered more and also succeeded once again in providing a good return for our shareholders.

Ahead of 2015 Ratos is financially stronger than it has been for a long time. Following the successful SB Seating sale and Inwido IPO, we are entering the year with over SEK 3 billion in cash. This is a strength in a fast-changing world. During 2014 we showed once more that our business model works and that added value comes from being an active owner with a focus on operational development combined with carrying out value-creating transactions. I feel proud of what we have achieved, both within our holdings, where an increasing number of companies performed well, and of the transactions we have completed. That said, we still have a long way to go before we can feel satisfied, particularly in view of our share price performance.

In 2015 the transaction market is expected to remain relatively hot and the economy somewhat sluggish with generally low growth. I look forward with confidence to a year of continued hard work with value creation in the holdings but also with attractive deals. Combined with our financial strength, this means that 2015 can be an exciting year.

Successful SB Seating sale and Inwido IPO

At the end of 2013 we could already see that the transaction market had accelerated considerably. A strong interest in IPOs and a lot of private capital hunting for attractive acquisitions meant that we predicted that 2014 would be a successful exit year for Ratos. With two major exits behind us, we can now confirm that this was indeed the case.

The successful sale of SB Seating in the summer was followed by a successful IPO for Inwido in the autumn. Through active ownership Ratos has helped to create two companies that underwent total transformation during our holding period with significant growth, advanced market positions and improved profitability. Today, they are two successful companies which we are very pleased to have helped build up.

SB Seating, Scandinavia's leading and most profitable office chair manufacturer, provided Ratos with an annual return of 14%, despite at times tough market conditions since the financial crisis. Even though sales fell by approximately 20% during our holding period, SB Seating's management succeeded in raising the operating margin from 13% to 21%. This is an outstanding performance in a tough market and a strong contributory factor to the good return we received on our investment.

Inwido is for me further proof of value-creating operational development. During our ten-year holding period Inwido became Europe's leading window manufacturer through a number of acquisitions and a focus on measures to improve efficiency and profitability. This excellent work carried out by the management and other employees at Inwido created a strong earnings leverage when growth was restored during the year which enabled the successful IPO in September. Inwido has a strong position with further potential and as the owner of 31% it is very positive to see that the company continues to develop well.

In terms of share price Inwido got off to a weak start. This was due, among other things, to some stock market turbulence at the time the company was listed, but at the time of writing we have seen a strong share price trend for the company which has now overtaken the listing price by a wide margin.

Hot transaction market means demanding acquisition market

Reaping the benefits of a strong transaction market in order to divest a holding, means of course that the other side of the coin is that we must work harder in order to find attractive acquisitions at the right price. This meant that during the year we devoted more time than usual to finding interesting companies. This is something we will need to do in 2015 as well. It simply demands more work to pan for gold and we must be even more proactive in our search process.

The Finnish company Ledil was acquired during the year. An exciting company which develops secondary optics for LED lighting, a real market of the future in which Ledil has a leading position in its niche. We look forward, together with the company's founders and management who will remain co-owners, to actively working with the company's continued development.

Adjusted return target

Since the change of strategy in 1999, Ratos's return target (IRR) has been 20%. This target has been evaluated every year together with Ratos's Board and this year we have decided to adjust the target slightly and instead work with a target specific to each company which should be an average annual return of at least 15-20%. The main reason is that with this adjusted return target we will create the best possible opportunities to make attractive investments in the current market situation.

Through this adjustment our assessment is that we can create better opportunities for a good return for our shareholders.

In a business climate with continued low growth and low interest rates and a more mature private equity sector with good access to bank financing, we see that we can exploit Ratos's financial strength to a greater extent by also carrying out investments with a return target of 15-20%. Through this adjustment the assessment is that we can create better opportunities for a good return for our shareholders.

Good performance in majority of holdings

2014 was a year in which many of our holdings delivered a positive performance but in which we also had to cope with challenges. A majority of the holdings are performing well and in line with our expectations. Most of our most recent acquisitions, including the Norwegian construction company HENT, the Finnish cloud-services company Nebula and the cinema company Nordic Cinema Group, have had a very strong start. Even "old faithfuls" such as Arcus-Gruppen, Mobile Climate Control and KVD are developing well. Together these companies help to create a strong base for Ratos.

Jøtul, AH Industries and Hafa Bathroom Group are battling with challenges of a more persistent and strategic nature. In these holdings we had to perform write-downs totalling SEK 250m in 2014. One holding that we also focused on a lot during the year is our oil service company Aibel. A weak market is currently affecting Aibel and extensive employee cutbacks were carried out in 2014. Maintenance and upgrading services, Aibel's core business, are however essential for sustaining oil production and our long-term view of the company remains positive despite uncertainty in the short term. The fact that we have not written down the value of Aibel this year is naturally connected with this since it is the long-term values that are assessed when an impairment is decided. At the beginning of 2015, Aibel was awarded a major and strategically important new construction contract for the Johan Sverdrup field. It is gratifying that the hard work Aibel has put in over the past year to adapt its cost structure, improve productivity and enhance process efficiency in close cooperation with customers has yielded results in the form of increased competitiveness.

In a business climate with persistent low growth, which prevailed in 2014 and which we expect to continue in 2015, we will always have some holdings whose performance is less favourable. A key part of our business model is to support these companies during the time it takes to reverse development. A good example of this is DIAB which in 2012 posted a substantial loss due to a tough market situation, and which in 2014 could report black operating figures once again and high growth. Compared with the situation in 2012, significant values have been created as a result of the turnaround that has been achieved!

Exciting 2015

It looks as if the hot transaction market will persist in 2015 although many markets are still characterised by low growth. In a broad portfolio of 18 companies it is entirely natural as an active owner to focus both on holdings that are performing very well and on measures for those whose development is less favourable.

The weak development we have seen in our share price during the year naturally creates a desire for revenge for me and my colleagues. I am personally convinced that the good work that has actually been carried out will be reflected in the share price. We just need to have a little patience. I am proud of the many good things we have accomplished, but I will not be satisfied until we have delivered even more and also succeeded in providing a good return for our shareholders once again.

Taken overall I view 2015 with confidence. Ratos's business model, which is based on both active ownership in the holdings and value-creating transactions, offers us major opportunities. Combined with our strong financial platform, it looks as if 2015 can be another exciting year.

Susanna Campbell
CEO

2014 in 3 minutes

2014 was yet another intensive transaction year for Ratos. Two company divestments and one acquisition were carried out. In addition, there was a high level of activity within the holdings with many ongoing and new change and development initiatives.

HL DISPLAY

HL Display refinanced
A refinancing of HL Display was carried out in March, whereby Ratos received a payment of SEK 346m. The refinancing was made possible by HL Display's good cash flows in recent years.

BIOLIN SCIENTIFIC

Biolin Scientific sold Osstell
In March, Biolin Scientific sold its subsidiary Osstell, which manufactures instruments for dental diagnostics, in line with efforts to focus the operations. The selling price amounted to approximately SEK 33m (enterprise value).

SB SEATING

Exit of market-leading chair manufacturer
During its seven-year holding period Ratos, together with SB Seating's management, created Scandinavia's leading and most profitable office chair manufacturer. The subsidiary was sold in July for NOK 1,925m (enterprise value) and Ratos received SEK 1,049m for its share. The exit gain amounted to SEK 202m. With a clear value-creating agenda the company has developed its operations by a focus on product development and strengthening within sales. The average annual return (IRR) amounted to 14% which means that Ratos received 2.4 times the amount invested. Read more about SB Seating on page 10.

INWIDO

IPO for Europe's leading window manufacturer
On 26 September, Inwido was listed on Nasdaq Stockholm at a price of SEK 68 per share. At the listing, Ratos divested shares for a total value of SEK 2,579m. The exit gain amounted to SEK 1,187m. Over the ten-year holding period, Inwido has become Europe's largest window manufacturer through a number of acquisitions and a focus on measures to improve efficiency and profitability. The average annual return (IRR) amounts to 15% so far and means that Ratos received 3.3 times the amount invested. Read more about Inwido on pages 54-55.

KVD

KVD's private car sales continue to grow

KVD saw a strong increase in sales of privately owned cars during the year. Brokerage of private cars has more than doubled the potential market in Sweden.

AIBEL

Photo: Øyvind Sætre

Tough year for Aibel but not without bright spots

Due to weak contract activity on the Norwegian shelf, Aibel carried out major restructuring in 2014 and reduced the number of employees by over 1,000. In September, Aibel was awarded a contract for the Kalstø modification assignment, worth NOK 320m with Statoil as customer. The project involves upgrading the facility on Kalstø in order to ensure reliable future operation. During the year a contract was also signed for completion of the Goliat platform. The platform will be installed in the Goliat field, located in the Barents Sea.

EUROMAINT

More orders for Euromaint

During the year, Euromaint won a major order for maintenance of passenger trains from its customer Stadler in Germany. At year-end 2014 a ten-year maintenance contract was also signed with Green Cargo.

BISNODE

Groupwide head office

Bisnode moved to its new groupwide head office in 2014. The move was a step in the "One Bisnode" strategy designed to create a more uniform Bisnode that was started in 2012.

HENT

HENT builds on order book and increases profit

In November, HENT won a contract for renovation and extension of the office complex "Media City Bergen". Construction includes the creation of the largest media cluster in the Nordic region where all key players in the media industry in Bergen will be in the same office premises. The contract is worth approximately NOK 1 billion.


Media City Bergen – MAD Arkitekter

DIAB

DIAB establishes new facility in China

In October, DIAB decided to start production of PVC foam in a new facility in China in 2016.

LEDIL

Acquisition of Ledil

Ratos completed its acquisition of the Finnish company Ledil, a leading global player within secondary optics (lenses which focus light from a source to achieve a desired lighting solution) for LED lighting. The purchase price (enterprise value) for 100% of the company amounted to EUR 97m (approximately SEK 900m), of which Ratos provided EUR 49m (SEK 470m) for a holding corresponding to 66%.

Vision, mission, targets and strategy

BUSINESS MODEL

Acquisition
Ideas for potential acquisitions come from many sources. A large number originate from active efforts to find companies and situations that are suitable for Ratos. In addition, we participate in processes conducted by investment banks and other advisors.

Development
It is during the holding period that most of Ratos's value creation takes place. How well an acquired company develops depends, among other things, on the chosen strategy, development of the industry and the economy, as well as the ability of the company's management and employees to conduct operations in an effective manner. We exercise our ownership role actively and with an operational focus in order to increase earnings and sales in the holdings over time. Approximately 70% of value creation in exits made so far is derived from this operational development.

Divestment
Our active exit strategy includes an assessment of future returns potential as well as Ratos's ability to contribute to further development of the holding. Ratos does not set any limit on its holding period and we place great importance on making a responsible exit.

Vision

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

Mission

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

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

Investment strategy

- *Holding* at least 20% and normally the principal owner.
- *Investment size.* Normally at least SEK 250m up to SEK 5,000m in equity. Ratos does not invest in early phases of companies' life cycles.
- *Preferably unlisted companies.*
- *Nordic acquisitions.* We invest solely in companies with their head office in the Nordic region. Add-on acquisitions via our holdings can be made globally.
- *Sector generalist.* Ratos's core competence is to be an active owner which is independent of sector expertise. We have therefore chosen to be sector-neutral.
- *Focus on own deal flow.*
- *Active exit strategy.* Ratos does not have any set limit on its ownership period. Every year, an assessment is made of the future return potential of each holding and Ratos's ability to contribute to the holding's continued development.

Financial target

- *Ratos has a company-specific return target (average annual return on invested capital, IRR) which is at least 15-20% depending on market and company-specific factors.*
  Ratos's return target since 1999 has been that IRR should exceed 20% on each individual investment. With an adjusted return target in effect from 2015, we create opportunities to make attractive investments in the current market situation and take into account a changed business environment with lower growth and greater competition for attractive acquisition candidates. For all investments, however, the return target is at least 15%.
  38 exits have been completed since 1999 with an average IRR of 24%. Two exits were completed in 2014. Returns will always vary over time and between investments. Since 2008, the macroeconomic situation and other factors have had a negative impact on returns. This means that a few investments in the current portfolio will not meet the return requirement. At the same time, many companies in the portfolio are expected to meet the return target.

Other targets

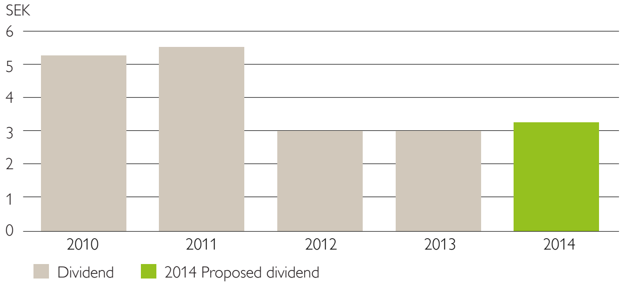
- *Total return on Ratos shares should outperform the average on Nasdaq Stockholm.*
  Since the change in strategy in 1999, the total return on Ratos B shares is +737% (+14% per year), compared with the SIX Return Index +300% (+9% per year). In 2014 the total return for Ratos amounted to -15% and +16% for the benchmark index.
- *Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality.*
  During the last five years Ratos has placed itself among the top fifteen in the annual Regi survey on communication from listed companies, IR Nordic Markets.

Dividend policy ordinary shares

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

The proposed dividend for the 2014 financial year is SEK 3.25 per A and B share, which corresponds to 101% of earnings per share for 2014. The dividend yield on Ratos shares based on the closing price a year-end amounted to 6.9%.

Dividend per A and B share



Dividend Class C preference shares

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

Financial strategy in brief

- The parent company Ratos AB is normally unleveraged.
- Only "normal" bank loans (senior debt). No syndicated loans, i.e. loans sold in small portions to different players.
- Focus on Nordic banking relationships.
- Ratos does not issue guarantees with any lender for the commitments of the holdings or a third party. However, we are a responsible owner which works with long perspectives and we therefore nurture our reputation and the confidence of the market.
- Ratos seeks to ensure that the holdings have an optimal financial structure based on prevailing conditions.

Ratos as owner

Ratos's focus and goal as an active owner is to contribute to long-term and sustainable operational development in the holdings. Our core expertise as a professional, active and responsible owner is central for the creation of good value growth in the companies in which we invest.

Ratos owns and develops companies

Ratos's focus and goal as an active owner is to contribute to long-term and sustainable operational development in the holdings and to carry out value-creating transactions. Ratos invests in Nordic companies where our core expertise as a professional, active and responsible owner over time creates a good value growth. Added value is created in connection with acquisition, development and divestment of these primarily unlisted companies. This provides stock market players with a unique investment opportunity.

Market and new investments

The road to acquisition

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

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

Good access to capital

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

Access to capital, particularly bank financing, at good terms has been a strong driver for the growing number of private equity companies for many years. Ratos has a good reputation and with our responsible and long-term approach, we have good access to bank financing at reasonable levels and terms.

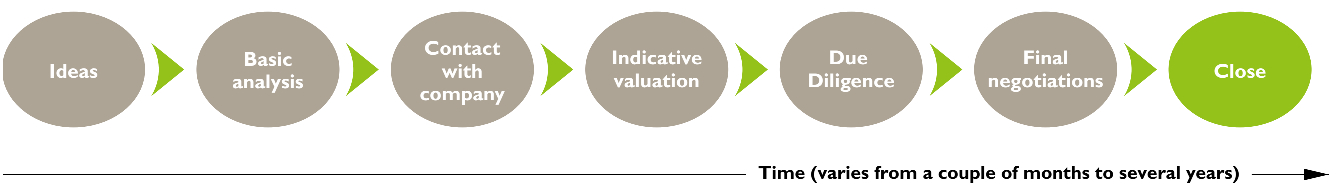
Ownership – how are returns created?

Our main financial target is that our companies should generate an average annual return (IRR*) of at least 15-20%. An assessment of whether we have managed to achieve this target requires an analysis of the "exit portfolio" – the portfolio of companies that Ratos has sold and where the final result for these investments can be seen.

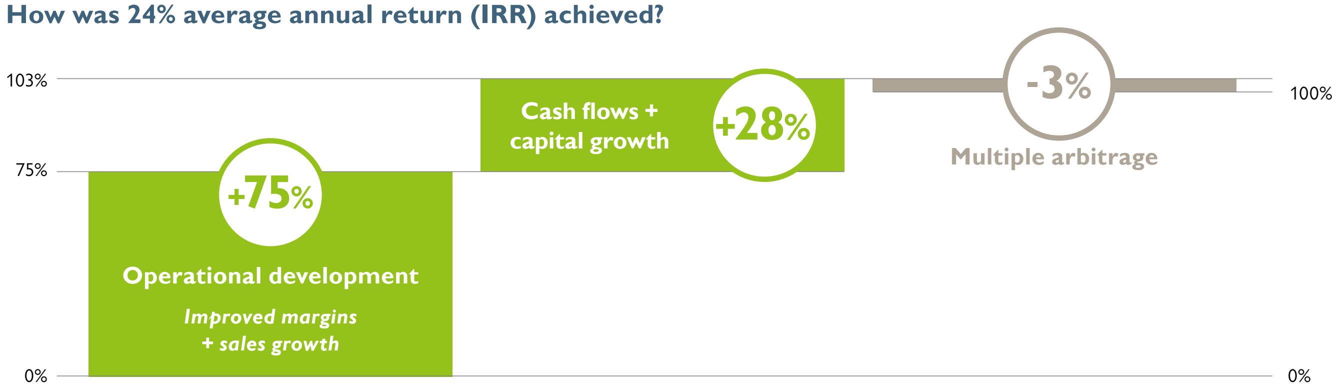
During the just over 16 years (from 1999 to February 2015) that Ratos has had its present business concept, 38 portfolio company divestments (exits) have been made which together have contributed approximately

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

INVESTMENT PROCESS



How was 24% average annual return (IRR) achieved?



Approximately 75% of value creation comes from the companies' operational development, i.e. efforts to increase sales and improve profitability. Sales growth has been created both through organic growth and through acquisitions.

Approximately 28% of value creation comes from financial effects. Some of these effects, approximately half, can basically be derived from an improved cash flow as a result of sales growth and improved margins. This is why approximately 90% of value creation is really explained by development work in the companies. The remainder is explained by both traditional internal work with financial efficiency (inventories, accounts receivable, investment efficiency, taxes, etc.) and efforts to optimise the financial structures, which mean among other things that an acquisition is leveraged.

Multiple arbitrage is the price of the company in relation to the company's profits. Multiple arbitrage has provided a negative contribution of 3%, i.e. Ratos has on average sold for slightly lower multiples than those that applied at acquisition.

SEK 40 billion to Ratos's cash flow. In total, these exits have generated an IRR of 24%. The portfolio companies that we have sold have thus met the return target by a wide margin. This result contains both successful investments that fully met the goals set up when the investment was made (for example Stofa where we achieved an IRR of 54%) as well as investments that must be summarised as less successful (such as Contex where we had a negative return).

Focus on value creation

As an active owner we work to build successful companies. It is during the holding period that most of Ratos's returns are created mainly through sales growth and profitability improvements in the holdings (see illustration above). The target of an IRR of at least 15-20% is a challenge but through methodical work with all the tools at our disposal as well as our business model, where through a firmly established business plan and strategy together with management and the rest of the board in the holding we work to achieve the set goals, our assessment is that the return target can be achieved in the future as well.

Neither does creating a good return always require strong growth in profits and sales. In Anticimex, during our holding period we increased sales by 7% per year, operating profit by 9% per year and improved the operating margin by just over one percentage point. Combined these were the main reasons we achieved an IRR of 24%.

Adapted exercise of ownership

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

Creation of a market-leading office chair manufacturer

Together with the management and board of SB Seating, Scandinavia's leading and most profitable office chair manufacturer was created during Ratos's holding period. After seven years of ownership, SB Seating was sold in July 2014. By then the operating margin had been raised from 13% to 21% and the investment generated an average annual return (IRR) of 14% resulting in value creation of SEK 1 billion for Ratos's shareholders.

Ambition to build a leading office chair manufacturer

At the end of 2006, Ratos acquired the Swedish and Danish office chair producers RH Form and RBM. Shortly afterwards, in 2007, the Norwegian office chair producer HÅG was acquired and the group was given the name SB Seating. The HÅG, RH Form and RBM brands were retained.

Through these acquisitions and the merger of the three office chair manufacturers a leading and profitable Nordic company was to be created, with the potential to also grow within Europe. The shared focus was on ergonomics, functional design and environment. Synergy opportunities were available by improving the efficiency of purchasing, production and sales and thus strengthening profitability. There was also potential to strengthen market presence, accelerate product development and increase geographic expansion.

Active ownership, skilled management and extensive measures

Ratos, together with management, set a clear and ambitious development plan for the company. The first step after the acquisitions was to integrate the operations of the three companies, work that was led by CEO Lars I Røiri.

Throughout the entire holding period, initiatives were taken designed to better adjust the product portfolio and improve production efficiency in order to strengthen profitability. On the purchasing side, purchases of material were coordinated and outsourcing of components to low-cost countries increased. The focus on a higher proportion of bought-in components enabled flexibility in production. Product development and investment programmes were also coordinated between the companies.

Aggressive efforts were made both geographically and within the product offering which strengthened the market position within differentiated ergonomic and environmentally friendly office chairs with a functional design. Investments in product development were also a major reason for the improvement in profitability.

At the end of 2008, the macroeconomic climate quickly deteriorated and in 2009 the company's sales fell sharply. Ongoing synergy and efficiency improvement initiatives were accelerated and the number of factories was reduced from three to two.

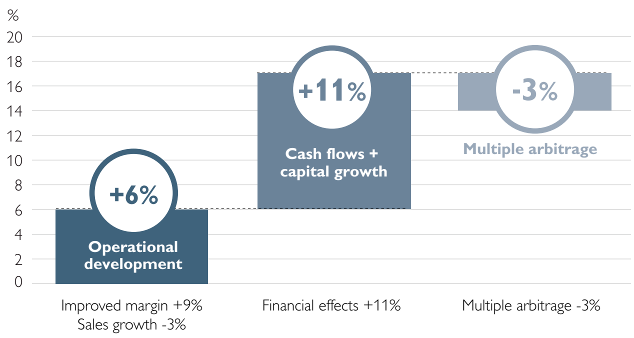
As a complement to retailer-driven sales, Key Account Management was strengthened. In addition to activities in Europe, new markets were in focus which resulted in establishment in Singapore in 2012, the company's first Asian presence under its own management.

Outcome

SB Seating has developed into Scandinavia's leading and most profitable office chair manufacturer. Profitability and market position have been strengthened through measures that improved productivity and efficiency, as well as through major investment in product development. Since 2007, sales have fallen by over 20% due to the less favourable economic climate but the company still strengthened its market position. At the same time, the operating margin rose from 13% to 21%. The substantial improvement in profitability and strong cash flows allowed two refinancings to be carried out. In total, SB Seating has generated a value of SEK 1 billion and an average annual return of 14%.

Ratos achieved the strategic goals defined at acquisition and the SB Seating is now well positioned for its next journey.

IRR



FINANCIAL FACTS ABOUT THE INVESTMENT

Investment year	December 2006 and May 2007, total NOK 652m
Refinancing	2011, NOK 264m and 2013, NOK 379m
Exit year	2014
IRR	14%
Money multiple	2.4x
Exit gain for Ratos	SEK 202m

NOKm	Enterprise value	Sales [1]	Adjusted EBITA [1]
At acquisition	1,642	1,160	148
At exit	1,925	1,003	207

[1] Relates pro forma to 2006 and 2013 respectively.

"Ratos focused on value creation throughout the entire holding period"

Lars I Røiri, CEO of SB Seating, led the company during Ratos's seven-year ownership period and cooperated closely with the owners. His cooperation will continue after the divestment since Lars is a member of Ratos's Norwegian Advisory Board.

What distinguished Ratos as owner?
Active ownership, strategic and operational involvement, close cooperation with SB Seating's management and a focus on operational development. Together these factors contributed to our strong performance. What distinguishes the people who work at Ratos is respect, responsiveness and humility combined with clear goals. Walk the talk, I think that is what characterises them!

What effect did Ratos have as new owner?
Integration work started immediately, with a high tempo since SB Seating is a merger between three office chair manufacturers. It was an intensive period where the change programme was carried out with considerable energy. Using a clear strategy and business plan, developed together with Ratos and firmly supported in the organisation, the company's strategic direction was set.

Did working methods change during the holding period?
You could see that value creation and a long-term approach were important to Ratos throughout the holding period. We made significant investments in production and product development. Regardless of exit date, Ratos made it clear that further development of the company was important. However, a demanding macroeconomic situation and financial crisis meant that we also focused on cost-cutting measures. So the combination between long-term and short-term initiatives was balanced. The fact that we emerged well out of the financial crisis was to a large extent due to Ratos's ownership.

What role was played by the company's management and board?
Management had operational responsibility and Ratos was very clear about that. The role of the board was also important as well as the significance of a chairman recruited from outside the company. The chairman's industrial background, Ratos's strategic and financial expertise and the knowledge of SB Seating's management produced a good combination that created dynamics. The focus was on developing the company and not on personal prestige. The troika collaboration also worked well in maintaining the pace of decision making.

Were there other skills within Ratos that contributed to SB Seating's development?
We benefited from their expertise within communication, CR, analysis and reporting as well as from Ratos's network and exchanging experiences with key people in Ratos's other holdings.

How do you look back on the ownership period?
I am convinced that a good cooperation model yields good results which can be seen in SB Seating's profitability. It is not easy to create profitability through financial initiatives alone, you have to work with long-term operational development. This has become even more important in the more volatile and uncertain business environment of recent years.

Ratos's ownership model

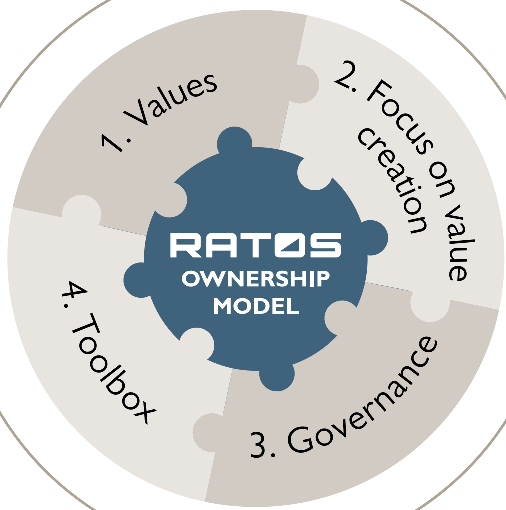
How Ratos works as an owner varies since every investment situation is unique, but there are some common denominators. Ratos's focus and goal as an active owner is to contribute to long-term and sustainable operational development in the holdings and the ownership model is based on four key pillars: common values for Ratos's activities, a focus on value creation, well-planned corporate governance and a number of tools that can support operational development in the holdings.

1. Values

Ratos's exercise of its ownership role in the holdings is based on the basic values professional, active and responsible. The value-adding stages acquisition, development and divestment are characterised by these values.

2. Focus on value creation

The focus on value creation applies throughout our entire holding period but the effects must also be long term and sustainable for the future. There is no set time for how long Ratos is an owner. How Ratos exercises its ownership role varies in different companies, but common denominators are a well-planned, firmly established and communicated strategy and business plan with goals that are linked to Ratos's return target.



3. Governance

There must be a transparent and clear governance structure. Managements in our holdings must have a clear and complete operational mandate and responsibility. Boards must consist of people who bring strategic expertise and industrial experience with a chairman of the board recruited outside the company. In addition to the traditional structure, we have our troikas (CEO, chairman of the board and Ratos) which contribute to efficiency by preparing key issues.

4. Toolbox

Ratos uses its experience base to offer the holdings access to skills and an exchange of experiences within a number of areas. Through our network we can offer broad industrial expertise. Ratos's employees also have experience of strategy projects, business analysis, transactions, financing, accounting, CR and brand issues. An exchange of experience between the holdings is also important.

Ratos share data

The total return on Ratos shares (price development including reinvested dividends) in 2014 was -15% compared with the SIX Return Index which was +16%.

BRIEF FACTS 2014

Share listing	Nasdaq Stockholm
Total number of shares	324,970,896
Number of shares outstanding	319,839,789
Closing price, 30 Dec 2014	SEK 47.07 (Ratos B)
Highest/lowest quotation	SEK 67.45/43.21 (Ratos B)
Market capitalisation, 30 Dec 2014	SEK 17 billion

Share price performance

Performance for Ratos B shares was -19% compared with the OMXSPI which was +12% in the same period. The highest quotation during the year (SEK 67.45) occurred in April and the lowest (SEK 43.21) in December. The closing price on 30 December was SEK 47.07. The total return (price development including reinvested dividends) for Ratos B shares in 2014 amounted to -15% compared with the SIX Return Index which was +16% during the same period.

The highest quotation for Ratos preference shares was SEK 1,960 in May, and the lowest was SEK 1,790 in October. The closing price on 30 December was SEK 1,880. Dividend yield on preference shares on the final trading day of the year was 5.3%.

Trading

A total of 191 million Ratos shares (of which B shares accounted for 190 million) were traded via Nasdaq Stockholm during 2014 at a value of over SEK 11 billion. An average of approximately 768,000 shares, of which 764,000 B shares, were traded per day. The turnover rate was 79% for Ratos B shares (71% in 2013). Approximately 1,200 preference shares were traded per day.

Trading in Ratos B shares also takes place outside Nasdaq Stockholm via other marketplaces (multilateral trading facilities), such as Bats Chi-X, Bats OTC and Turquoise. An additional approximately 556,000 Ratos B shares were traded via these marketplaces in 2014.

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 17 billion at year-end. This ranks the company as number 55 in terms of size of the 270 companies listed on Nasdaq Stockholm and number 94 of the 544 companies on Nasdaq Nordic.

Shareholder statistics

Number of shares	Number of shareholders	Share of capital, %
1-500	33,749	2
501-1,000	9,088	2
1,001-5,000	11,883	9
5,001-10,000	2,008	5
10,001-20,000	921	4
20,001-	905	78
Total	**58,554**	**100**

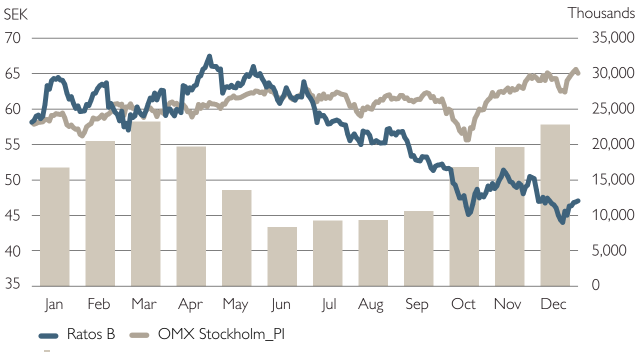
Source: Euroclear Sweden

Breakdown by class of share

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

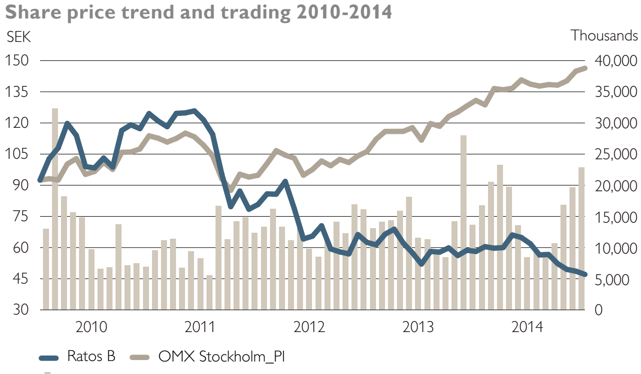
Source: Euroclear Sweden

Share price trend and trading 2014



Source: SIX

Share price trend and trading 2010-2014



Source: SIX

Dividend ordinary shares

The Board of Directors proposes an ordinary dividend for the 2014 financial year of SEK 3.25 per A and B share. Dividend yield amounts to 6.9% based on the closing price at year-end. Since 1999, Ratos has issued an average dividend of 59% (61% including extraordinary dividend in 2006) of profit after tax.

The dividend has a major impact on the long-term return. An investment of SEK 1,000 in Ratos shares when Ratos became a listed company in 1954 was worth more than SEK 0.5m at year-end 2014 and if the dividends had been reinvested the value was almost SEK 6m. This effect is illustrated in the table below.

	Total return (price+reinvested dividend)		Price development alone	
Investment year, SEK	Ratos B	Index	Ratos B	Index
1954*	5,836,820	2,024,970	540,160	286,140
1999**	8,370	4,000	3,550	2,410
10 years	2,300	2,990	1,410	2,060
5 years	650	1,890	510	1,590
1 year	850	1,160	810	1,120

* Ratos was listed in June 1954.
** Ratos carried out change of strategy.

Source: Nasdaq Stockholm, SIX, Ratos.

Dividends on preference shares are regulated in the Articles of Association and currently amount to SEK 100 per preference share and year. Payments are made quarterly in February, May, August and November. See www.ratos.se.

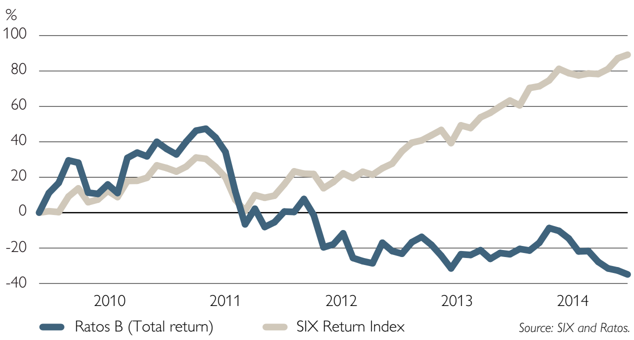
Employee ownership in Ratos

Key people at Ratos are encouraged to have a shared outlook with the company's shareholders which is achieved through owning shares and well-balanced option programmes. Read more in the corporate governance report on page 84 and on Ratos's website.

Share capital and number of shares

Ratos's share capital at year-end 2014 amounted to SEK 1,024m divided among a total of 324,970,896 shares, of which 84,637,060 A shares, 239,503,836 B shares and 830,000 preference shares. The number of outstanding ordinary shares amounted to 319,009,789, and the number of outstanding preference shares was 830,000. Ratos A shares each carry entitlement to one vote, Ratos B shares and preference shares 0.1 votes. The total number of votes amounts to 108,670,443.6.

Total return



Source: SIX and Ratos.

Purchase of treasury shares

The 2014 Annual General Meeting renewed the mandate for the company to acquire treasury shares. The holding of treasury shares may not exceed 4% of the total number of shares in the company. Ratos did not repurchase any shares in 2014. 3,770 treasury shares were transferred to administrative employees during the year. At year-end, Ratos owned 5,131,107 B shares, corresponding to 1.6% of the total number of shares, with an average purchase price of SEK 69.

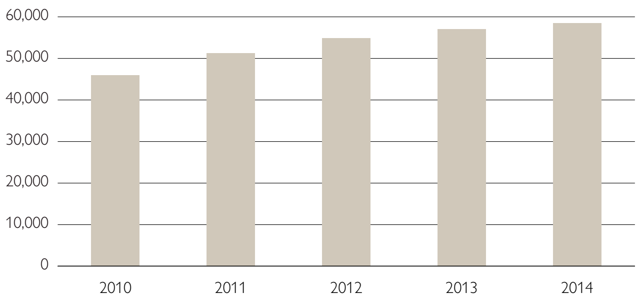
Issue of B shares and preference shares

Since the 2009 Annual General Meeting there has been a decision that Ratos, in connection with acquisitions, may issue B shares in Ratos – through set-off, non-cash or for cash payment. This mandate was renewed at the 2014 Annual General Meeting and applies for a maximum of 35 million B shares. In addition, there is an authorisation from the Board to issue a maximum total of 1,250,000 preference shares of Class C and/or Class D in conjunction with agreements on acquisitions.

Ownership structure

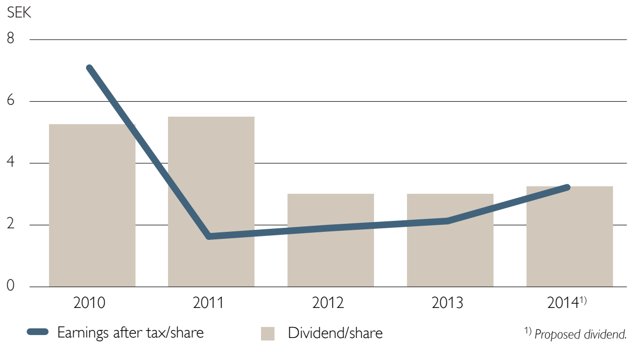
The number of shareholders amounted to 58,554 at year-end. The ten largest shareholders accounted for 74% of the voting rights and 44% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 17%. The US, the UK and Luxembourg account for the largest shareholdings outside Sweden. 58% of Ratos's shareholders own 500 or fewer shares and together accounted for almost 2% of the share capital.

Number of shareholders



Source: Euroclear Sweden

Earnings and dividend



[1)] *Proposed dividend.*

Ratos's shareholder meetings

In 2014, Ratos met 975 shareholders at 11 locations, including Gothenburg, Hudiksvall, Trelleborg, Trollhättan and Västerås.

Analysts who monitor Ratos

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

Data per share*	2014	2013	2012	2011	2010
Earnings per share before dilution, SEK	3.22	2.13	1.90	1.63	7.09
Dividend per A and B share, SEK	3.25 [1]	3.00	3.00	5.50	5.25
Dividend per C share (preference share), SEK	100 [1]	100	75		
Dividend per A and B share as % of earnings	101 [1]	141	158	337	74
Dividend per A and B share as % of equity	8 [1]	8	8	13	11
Equity, SEK [2]	39	38	39	43	47.50
Closing market price, B share, SEK	47.07	58.15	62.50	80.75	124.50
Market price/equity, %	121	153	160	188	262
Dividend yield, B share, %	6.9 [1]	5.2	4.8	6.8	4.2
Total return, B share, %	-15	-2	-17	-32	40
P/E-ratio	14.6	27.3	32.9	49.5	17.6
Highest/lowest price paid, B share, SEK	67.45/43.21	70/50.75	93/53.75	135.90/69.05	128.75/92.75

Key figures*	2014	2013	2012	2011	2010
Market capitalisation, SEKm [3]	17,103	20,508	19,938	25,759	39,650
Number of shareholders	58,554	57,052	54,911	51,294	46,009
Average number of A and B shares outstanding before dilution	319,009,126	319,005,200	319,000,693	319,036,699	318,134,920
Number of outstanding A and B shares at year-end	319,009,789	319,006,019	319,001,359	318,996,769	318,474,614
Average number of traded Ratos shares/day, (Nasdaq Stockholm)	768,000	690,000	625,000	675,000	602,000
Dividend, SEKm [4]	1,120 [1]	1,040	1,019	1,754	1,678

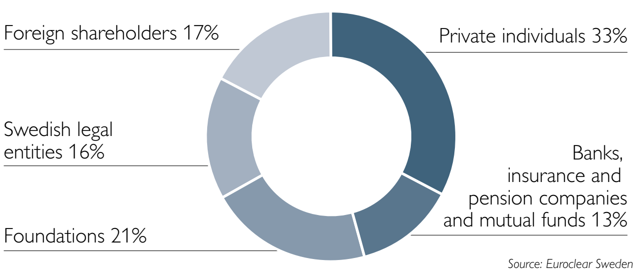
* Applicable historical figures are recalculated taking the 2011 share split into account. Unless stated otherwise refers to B share.
[1] Proposed dividend. [2] Defined with effect from 2013 as equity attributable to owners of the parent with deduction for total preference share capital divided by the number of outstanding ordinary shares at the end of the period. Preference share capital per preference share amounts to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting. [3] Refers to shares outstanding (including preference shares from 2013). [4] Dividend refers to ordinary shares and preference shares in 2012, 2013 and 2014.

Ratos's shareholders*	Number			Share of	
30 December 2014	A shares	B shares	Preference shares	capital, %	votes, %
Söderberg family with companies	46,537,242	11,681,894	4,276	17.9	43.9
Torsten Söderberg Foundation	12,051,444	16,063,900	0	8.7	12.6
Ragnar Söderberg Foundation	14,708,453	12,633,340	0	8.4	14.7
Avanza Pension	37,094	5,630,315	18,073	1.7	0.6
Citibank NA	0	5,518,470	0	1.7	0.5
Danske Capital Sweden	0	4,544,553	0	1.4	0.4
Handelsbanken funds	0	4,087,027	0	1.3	0.4
Uppsala University Foundation Admin.	0	3,205,000	2,943	1.0	0.3
Stenhammar with companies	71,956	2,855,404	0	0.9	0.3
Nordnet Pensionsförsäkring	18,009	2,750,453	13,957	0.9	0.3
Treasury shares	0	5,131,107	0	1.6	0.5
Other	11,212,862	165,402,373	790,751	54.5	25.5
Total	**84,637,060**	**239,503,836**	**830,000**	**100.0**	**100.0**

* Refers to shares registered with Euroclear Sweden at 30 December 2014. Pledged shares are not included in shareholder statistics.

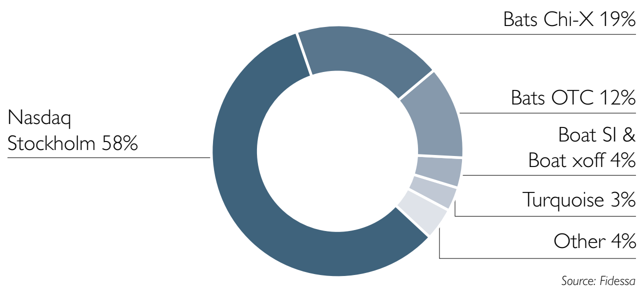
Source: Euroclear Sweden

Breakdown of Ratos's shareholders, % of capital



Source: Euroclear Sweden

Trading per marketplace



Source: Fidessa

We at Ratos

Today approximately 25 people work in Ratos's investment organisation and are responsible for developing our holdings and finding new investment opportunities. Ratos has a total of approximately 50 employees and some 15 Industrial Advisors who support the operations.

Organisation

The employees in the investment organisation have long experience of operational development, often from a background as management consultants. They are continuously involved with investment processes, and lead the work in Ratos's holdings together with each company's board and management.

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

Ratos also has some 15 Industrial Advisors. They act as advisors in investment processes and company development and are often board members in the holdings as well as members of our Advisory Boards. In addition, Ratos works on an ad-hoc basis with a broad network of industrial advisors who have long experience of Nordic business life. A presentation of our Industrial Advisors is available at www.ratos.se.

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

HR issues and talent development

Together with the managements and boards of our holdings we develop ambitious business plans in order to achieve our return target. How well we succeed depends, among other things, on the ability of management and employees to conduct operations efficiently and implement the business plan. This requires experience, knowledge and expertise within the holdings and this is why HR and talent development are prioritised issues for us as owners.

We are also keen to ensure that our holdings are attractive employers and we therefore conduct a number of HR initiatives to attract, develop and retain skilled employees and talents.

We also bring together CEOs, boards and management groups at various training and development events. This is another strength of Ratos's business model – the ability to make a tangible contribution to the exchange of experience between different companies, industries and environments.

Ratos's presence in the Nordic region

The Nordic countries differ in several respects, including corporate structure, sector distribution and business culture. To improve our contact base, we have set up an Advisory Board in Denmark, Finland, Norway and Sweden. These consist of people with many years of industry experience. They act as Ratos's representatives and contribute with knowledge of local business life and with their individual networks.

RATOS'S HR INITIATIVES

Some of our HR initiatives

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

Ratos Talent Award

Ratos Talent Award was presented for the third time in 2014. The award was established to increase the focus on talent development in our holdings. The ability to attract and retain talent in the organisations is a decisive factor for the long-term success of the companies.

The three prize winners in 2014 were:

- Thorstein Roxrud, manager Bisnode Analytics and Marketing Automation in Norway
- Carlos Franco, responsible for DIAB's balsa operations in Ecuador
- Mariusz Król, MD of Mobile Climate Control Poland

Meet Ratos employee
Hanna Eiderbrant, Investment Manager

What does an Investment Manager at Ratos do?
I work with our holding Hafa Bathroom Group together with the person responsible for the holding in order to create value in these operations. Day-to-day work with the holding includes board work and analysis of financial development. I am tasked by the company's CEO and CFO to support them in various projects. These can include analyses ahead of strategy planning but also more specific projects that the company conducts. For example, in 2014 we performed an evaluation of the production strategy and developed the company's product range strategy.

Another large part of my job is to identify new investment opportunities for Ratos. This includes making company and sector analyses. When we find an attractive investment opportunity, contact is established with the company and a more in-depth analysis of its history and future opportunities is performed. Throughout the entire investment process, I benefit greatly from my previous job as a consultant.

Why did you join Ratos?
I worked as a management consultant at A.T. Kearney for over five years, but wanted to work using a more long-term approach and for me it is important to be with a company with good values, with regard to responsible ownership for example. Since Ratos is an active and responsible owner, we can develop and do things that are important for the holdings and for society.

Meet Ratos Industrial Advisor
Per Nordgren

What does the role of Industrial Advisor at Ratos involve?
My job is to assist the investment organisation in evaluations of current investment opportunities and to act as a sounding board for special issues relating to Ratos's holdings.

I am also a member of Ratos's Swedish Advisory Board the purpose of which, together with the other Swedish Industrial Advisors, is to identify and discuss new investment opportunities. All Industrial Advisors have operational, industrial and international experience which makes us useful discussion partners. Furthermore, our broad network of contacts is an important parameter. Via personal contacts we can open doors to attractive companies.

What can you with your background contribute to Ratos's investment organisation?
My previous experience in leading positions in industrial companies has given me operational experience, including over eight years as CEO of Hägglunds Drives (one of Ratos's former holdings). This is a help on issues such as establishing holdings in new markets or questions related to production. I take part in investment processes in order to give my view of a company's strengths and weaknesses as well as development opportunities. I can also contribute with my views on working with Ratos as owner. Here I often highlight Ratos's strength as a long-term owner which works professionally, actively and responsibly with a clear focus on operational development.

Per is also a member of the board of Ratos's holding GS-Hydro.

RATOS IN THE NORDIC REGION

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

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

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

Advisory Board
- Bertel Paulig (chairman)
- Lauri Ratia
- Peter Seligson

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

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

Sweden
Ratos Team Sweden
- Henrik Joelsson (responsible)
- Monica Bergvall
- Lars Johansson
- Johan Rydmark
- Daniel Repfennig

Advisory Board
- Per Nordgren
- Peter Carrick
- Birgitta Stymne Göransson
- Leif Johansson

Employees

Investment organisation

Top row: Henrik Joelsson, Daniel Repfennig, Lina Arnesson, Martin Højbjerg, Mikael Norlander, Peter Carrick
Bottom row: Jonathan Wallis, Monica Bergvall

Lina Arnesson
Investment Manager
MSc Econ.
Employed by Ratos since 2012.

Monica Bergvall
Senior Investment Manager
MSc International Management.
Employed by Ratos since 2014.

Peter Carrick
Industrial Advisor
MSc Econ.
Former CEO of Anticimex.

Martin Højbjerg
Investment Manager
MSc Econ.
Employed by Ratos since 2013.

Henrik Joelsson
Investment Director
Responsible for the holdings Aibel and Biolin Scientific.
MSc Econ and MBA.
Employed by Ratos since 2004.

Mikael Norlander
Senior Investment Manager
Responsible for the holding Arcus-Gruppen.
MSc Econ.
Employed by Ratos since 2008.

Daniel Repfennig
Investment Manager
MSc Eng and BSc Econ.
Employed by Ratos since 2010.

Jonathan Wallis
Senior Investment Manager
Responsible for the holdings Euromaint and KVD.
MSc Econ.
Employed by Ratos since 2007.

Henrik Blomé
Deputy CEO and Investment Director
Responsible for the holdings Bisnode, DIAB and HENT.
MSc Econ.
Employed by Ratos since 2001.

Hanna Eiderbrant
Investment Manager
MSc Eng and MSc Econ.
Employed by Ratos since 2013.

Lars Johansson
Investment Director
Responsible for the holding Jøtul.
MSc Econ.
Employed by Ratos since 2014.

Christian Johansson Gebauer
Investment Manager
MSc Eng.
Employed by Ratos since 2014.

Berit Lind
Investment Manager
MSc Econ.
Employed by Ratos since 2000.

Per Nordgren
Industrial Advisor
MSc Eng.
Former CEO of Hägglunds Drives.

Jan Pomoell
Senior Investment Manager
Responsible for the holdings Ledil, Mobile Climate Control and Nordic Cinema Group.
MSc Econ.
Employed by Ratos since 2007.

Johan Rydmark
Senior Investment Manager
Responsible for the holding Nebula.
MSc Econ.
Employed by Ratos since 2008.

Top row: Hanna Eiderbrant, Johan Rydmark, Lars Johansson, Per Nordgren, Henrik Blomé, Jan Pomoell
Bottom row: Christian Johansson Gebauer, Berit Lind

Top row: Cecilia Lundberg, Mårten Bernow, Henrik Lundh, Lene Sandvoll Stern, Susanna Campbell
Bottom row: Bo Jungner, Johan Pålsson

Mårten Bernow
Investment Manager
MSc Econ.
Employed by Ratos since 2012.

Susanna Campbell
CEO
MSc Econ.
Employed by Ratos since 2003.

Bo Jungner
Deputy CEO and Investment Director
MSc Econ.
Employed by Ratos since 1998.

Cecilia Lundberg
Investment Manager
MSc Econ.
Employed by Ratos since 2006.

Henrik Lundh
Senior Investment Manager
Responsible for the holding Inwido.
MSc Econ.
Employed by Ratos since 2007.

Johan Pålsson
Senior Investment Manager
Responsible for the holdings GS-Hydro and Hafa Bathroom Group.
MSc Econ.
Employed by Ratos since 2007.

Lene Sandvoll Stern
Senior Investment Manager
MSc Econ.
Employed by Ratos since 2008.

Jenny Askfelt Ruud
Senior Investment & CR Manager
MSc Econ.
Employed by Ratos since 2007.

Oscar Hermansson
Investment Manager
MSc Econ.
Employed by Ratos since 2010.

Stig Karlsson
Industrial Advisor
MSc Econ.
Former Investment Director Ratos.

Karl Molander
Head of Debt Management
MSc Econ.
Employed by Ratos since 2010.

For information about our Industrial Advisors, see www.ratos.se

Robin Molvin
Senior Investment Manager
Responsible for the holdings AH Industries and HL Display.
MSc Econ.
Employed by Ratos since 2006.

Niclas Nylund
Investment Manager
MSc Eng.
Employed by Ratos since 2014.

Birgitta Stymne Göransson
Industrial Advisor
MSc Eng and MBA.
Former CEO Memira Group and Semantix Group.

Other Swedish Industrial Advisors missing from the photograph:

Leif Johansson
Industrial Advisor, former Deputy CEO Ratos

Anders Lindblad
Industrial Advisor, former CEO Arcorus

Top row: Oscar Hermansson, Robin Molvin, Jenny Askfelt Ruud, Karl Molander, Stig Karlsson
Bottom row: Niclas Nylund, Birgitta Stymne Göransson

Employees

Business support

Top row: Fredrik Evén, Nina Aggebäck, Carina Melander, Carina Strid
Bottom row: Catrine Tham, Johan Andersson

Nina Aggebäck
Assistant to the CEO
Employed by Ratos since 2008.

Johan Andersson
Facilities Manager
Employed by Ratos since 1989.

Fredrik Evén
IT Manager
Employed by Ratos since 2005.

Carina Melander
Group Accounts
MSc Econ.
Employed by Ratos since 2009.

Carina Strid
Finance Manager
MSc Econ.
Employed by Ratos since 2013 and 2002-2011.

Catrine Tham
Reception
Employed by Ratos since 2001.

Monica Andersson
Accounts
Accountant.
Employed by Ratos since 1990.

Jenny Attemark
Conference and Service
Archaeologist.
Employed by Ratos since 2010.

Linda Bergman
Staff manager/Accounts assistant
Employed by Ratos since 2009.

Yvonne Bonnier
Property and Service Organisation Manager
Accountant.
Employed at Ratos since 1987.

Kerstin Dard
Receptionist
Employed by Ratos since 1991.

Daniel Johansson
IT
Employed by Ratos since 2012.

Top row: Linda Bergman, Kerstin Dard, Monica Andersson, Yvonne Bonnier
Bottom row: Jenny Attemark, Daniel Johansson

Top row: Per Djursing, Kristina Linde, Ingrid Nordeman, Anne Ferber
Bottom row: Maria Glifberg, Suzanne Boghammar

Suzanne Boghammar
Housekeeper
Employed by Ratos since 1994.

Per Djursing
Reception/Property
Employed by Ratos since 2010.

Anne Ferber
Assistant Investment Organisation
Employed at Ratos since February 2015.

Maria Glifberg
Group Accounts
MSc Econ.
Employed by Ratos since 2008.

Kristina Linde
Head of Accounting
MSc Econ.
Employed by Ratos since 2010.

Ingrid Nordeman
Accounting Specialist
MSc Econ and MBA.
Employed by Ratos since 2012.

Anna Ahlberg
Project Manager
MSc Econ.
Employed by Ratos since 2001.

Helene Gustafsson
IR Manager
MSc Econ.
Employed by Ratos since 2014.

Helena Jansson
Assistant Communications & IR
Employed by Ratos since 1990.

Elin Ljung
Head of Corporate Communications
BSc in Media Technology and studies in business administration.
Employed by Ratos since 2014.

Top row: Elin Ljung, Helena Jansson
Bottom row: Anna Ahlberg, Helene Gustafsson

Ratos's history

Söderberg & Haak – Sweden's first wholesale company for iron and iron products – was founded on 5 May 1866. In 1934 all the assets were placed in an investment company under the name Ratos, as in Ragnar and Torsten Söderberg. Ratos's business focus has changed over the years, but the connecting thread throughout our history is our role as an active owner in Nordic companies.

1866

- The trading partnership Söderberg & Haak, Sweden's first wholesale company for iron and iron products, was formed by Per Olof Söderberg and Leonard Haak.
- When the company's main supplier went bankrupt, Per Olof Söderberg became sole owner, but the Haak name remained in the company.

1930s

- In 1934 all the assets were placed in an investment company with the name Ratos (from Ragnar and Torsten Söderberg, grandsons of Per Olof Söderberg).

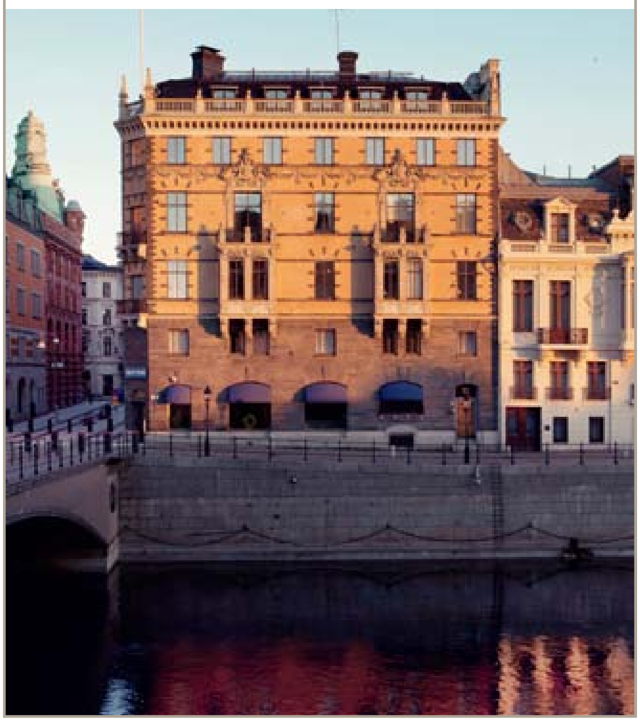
Förvaltningsaktiebolaget Ratos

- A mixed investment company takes shape with several operating companies and a portfolio of listed shares in order to create greater interest in the event of a stock exchange listing.

1866 — 1930s — 1940s — 1950s — 1960s

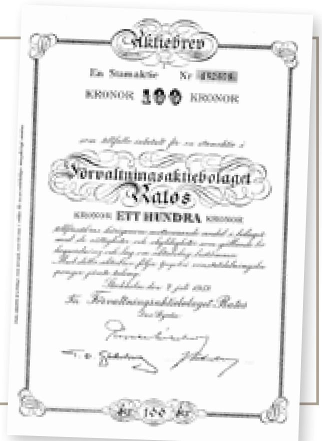
1940s

- The property at Drottninggatan 2, Adelswärdska House, was acquired in 1938. It has been the Ratos head office since 1939.



1950s

- Ratos was introduced on the stock exchange in 1954. The number of shareholders was 1,000.
- Ratos consists of operating subsidiaries and a share portfolio acquired over the last 20 years (Gränges, Asea, Holmen and Bulten, as well as Sveriges Litografiska Tryckerier, later Esselte).


Aktiebrev
KRONOR 100 KRONOR
Förvaltningsaktiebolaget Ratos
KRONOR ETT HUNDRA KRONOR

1960s

- The Söderberg foundations were formed when the brothers Ragnar and Torsten Söderberg, Ratos's principal owners at the time, donated 20,000 Ratos shares to each foundation.
- The purpose of the foundations is to promote scientific research and studies in economics, medicine and law.

1970s

- The steel industry was affected by a deep recession and Ratos's steel operations, which had been a key part of operations since the start, were sold.
- Ratos had a very strong financial position, however, and extensive wholesale expertise which opened up new opportunities.

1980s

- Ratos had the character of a mixed investment company. In addition to a listed portfolio there were also a number of subsidiaries and associated companies.
- Holdings included shares in Esso's hotel and restaurant chain, from which the wholly owned subsidiary Scandic Hotels was formed.
- The Danish HVAC and plumbing wholesaler Brødrene Dahl became a wholly owned subsidiary, and the acquisition of Nordisk Transport & Spedition led to the formation of the subsidiary Inter Forward.

1970s 1980s 1990s 2000s 2014

1990s

- Between 1995 and 1998 Ratos was transformed into a pure-play investment company consisting of a listed portfolio of shares.
- In 1999 a new strategy was presented where the idea of a pure share-managing investment company was abandoned.
- The new strategy meant that Ratos would be a listed private equity conglomerate and invest in preferably unlisted medium-sized companies in the Nordic region.

2000s

- Ratos operated as a pure-play private equity conglomerate with a focus on active ownership and operational development of the holdings. A number of successful transactions were carried out, including the divestment of Dahl and Haglöfs and an IPO for Lindab.

HAGLÖFS
Lindab

Today

- Today we own 18 companies in the Nordic region and have so far achieved an average annual return (IRR) of 24% on the exits we have completed.

AH Industries · EuroMaint · JØTUL · aibel · GS-Hydro · kvd · ArcusGruppen · HAFA Bathroom Group · Hafa westerbergs · LEDiL · Biolin Scientific · HENT · Mobile Climate Control · Bisnode · HL · nebula · DIAB · INWIDO · NCG

Value creation through responsible ownership

CEO'S COMMENTS

Ratos's key task is to create value in our holdings. By conducting structured sustainability initiatives as an active and responsible owner, while at the same time adapting our demands and support to each individual holding, we preserve and create values for the holdings and Ratos.

In 2013, Ratos became a signatory to the UN Global Compact's ten principles for responsible business operations as well as the UN Principles for Responsible Investment, PRI. We also drafted a new CR framework, based on the Global Compact's principles, which clarifies our demands and expectations on the holdings. During 2014 we have worked to implement this updated CR framework.

In many cases, medium-sized Nordic companies face the same challenges as larger groups. With more limited resources, however, they are forced to work in a smarter and more integrated way in order to meet the expectations of their stakeholders. As a responsible owner we will continue to make demands but we will also support our holdings in their work with continual improvements within issues related to human rights, working conditions, the environment and business ethics.

Susanna Campbell
CEO

Company-specific value creation

Ratos's work with sustainability or Corporate Responsibility (CR) is based on a value-creating perspective. It is yet another means for us as an active owner to preserve and create values in our holdings. Sustainability issues are strategic, where a good CR standard is becoming increasingly essential for doing good business, both for Ratos and for our holdings.

Key CR issues for the parent company, Ratos AB, include transparency, good business ethics and financial strength. In addition, talent development, good corporate governance and integration of issues relating to the environment and social responsibility in the investment process and ownership of the holdings are key CR issues.

For the Ratos Group the biggest CR issues and challenges are linked to the operations we own. Ratos is sector-neutral which means that our holdings are affected by a large number of different issues. These depend, among other things, on their operations and geographic footprint. It is therefore important that we have company-specific efforts, i.e. that focus and demands relate to the CR issues that are relevant to each holding.

Value creation through responsible ownership

In autumn 2013, Ratos became a signatory to the UN Global Compact and Principles for Responsible Investment, PRI, principles for responsible business operations and responsible investments. These undertakings, together with Ratos's CR framework which describes our expectations and demands relating to sustainability work in the holdings, provide the base for Ratos's CR work.

PRI's principles relating to the environment, social responsibility and corporate governance are an integrated part of the exercise of our ownership role throughout the holding period – from decision processes ahead of an acquisition to a responsible divestment.

Acquisition

Before making new investments, as part of the due diligence process Ratos performs an evaluation of risks and opportunities as well as the company's maturity level and values within sustainability. Ratos's investment teams are responsible for this evaluation, supported by Ratos's CR Manager and external advisors for specific issues. Only in exceptional cases does this analysis result in us rejecting an investment. Rather it forms the basis for the CR plan that is drawn up to develop sustainability work during the period of Ratos's ownership.

Ratos also has a number of exclusion criteria as guidance. We cannot invest in companies that operate in the arms industry, contribute to environmental damage, produce or actively provide pornography or manufacture tobacco products.

Development

The Global Compact's ten principles within the four areas human rights, labour, the environment and anti-corruption, guide our demands on and work with the holdings.

As a responsible owner Ratos must be clear about its expectations and demands on the holdings relating to CR.

RATOS'S CR FRAMEWORK FOR SUBSIDIARIES

Voluntary	**Level 3. Own initiatives**				
Requirements for relevant companies	**Level 2. Ratos's additional modules**				
	Own production/ increased risk for employees	Own operations with increased risk of violations against HR* and labour	Increased product liability	Business partners with increased risk of crime against HR* and labour	Increased risk of corruption/ irregularities
Requirements for all companies	**Level 1. Ratos's CR standard**				
	Strategy and governance	Human rights and labour	Business ethics, anti-corruption	Environment	

* HR= human rights

We set appropriate, specific and clear requirements for each holding based on their activities. An updated CR framework, which presents Ratos's requirements for its subsidiaries, was launched in 2014 (see illustration above).

The framework is based on the principles in the Global Compact and has several levels: a basic level, Ratos's CR standard, which applies to all subsidiaries, and a number of additional modules with requirements for specific companies based on their operations and market presence. The framework is a combination of policy requirements, practical implementation and indicators for follow-up. In addition, Ratos encourages own initiatives which strengthen the holding's CR work and sustainable business development.

The management of each holding is responsible for drafting a plan for how the CR framework will be implemented and complied with in operations. The holdings' boards have overall responsibility and are expected to receive a report about and discuss how CR work is developing at least once a year.

A continuous dialogue is conducted with management and CR managers in the holdings through Ratos's holding teams and the board and through Ratos's CR manager.

Divestment

Ratos will carry out responsible divestments, in accordance with our business model, where we combine long-term good development with the highest possible returns.

Responsibility, governance and follow-up

The base of CR at Ratos is the policies adopted by the Ratos Board, in particular the policy for Corporate Responsibility and responsible investments, the code of conduct and the environmental policy.

Ratos's code of conduct, which applies to both Ratos and the subsidiaries, describes the principles in accordance with which employees are expected to act. Since 2014 all subsidiaries owned by Ratos for at least one year have their own code of conduct which complies with Ratos's code. New holdings are expected to implement such a code of conduct within one year.

Ratos's CEO together with the CR Manager, who is part of Ratos's investment organisation, have overall responsibility for Ratos's strategy and work within CR. The CR Manager defines and coordinates requirements, guidelines and follow-up of the holding's sustainability work as well as assisting Ratos's holding teams – and where necessary the holdings.

The CEO and management of each holding have operational responsibility for the company's CR work. The company's board has ultimate responsibility for ensuring the company complies with Ratos's and the company's policies and guidelines. The people responsible for the holdings at Ratos ensure that each holding meets Ratos's CR requirements and perform an annual review of CR work at the holdings.

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

How we contribute as owner

Ratos's aim is to strengthen the holdings' sustainability work during the holding period. We do this through:

- Clear demands and expectations: provided among other things through Ratos's CR framework.
- Networks: experience and expertise is shared between the holdings and via the Ratos CR Forum.
- CR handbook: material for the holdings within various sustainability areas.
- Resources: ongoing dialogue, sounding-board and training for the investment organisation and holdings.

Focus and development during the year

Examples of Ratos's work in the holdings during the year based on the Global Compact's four areas.

1 *Human rights and* 2 *Labour*

Good health and a good working environment for the employees which encourages performance and employee involvement, as well as skills development and career opportunities are prioritised issues for Ratos and the holdings. Most (80%) of the Group's 21,000 employees work in the Nordic countries or elsewhere in Europe.

In addition, for some holdings aspects including guaranteeing human rights, reasonable working conditions and freedom of association are focus areas both in their own operations and for their suppliers and partners. As an owner Ratos makes it clear that human rights and the rights and working conditions of employees must be respected.

Examples of activities in 2014

- Supplier follow-up with a focus on human rights and working conditions were themes at the Ratos CR Forum in May.
- During the year HENT introduced clearer written instructions about human rights and working conditions for its subcontractors.
- Arcus-Gruppen continues to work in accordance with the Nordic Alcohol Monopolies' Code of Conduct where working conditions linked to viticulture are a key component.

3 *Environment*

The parent company Ratos's environmental impact comes primarily from business travel and energy consumption, and then from waste and purchasing of goods and services. The direct environmental impact is limited, however, and the biggest impact is through our holdings.

Climate consideration includes encouraging the holdings, where relevant, to develop sustainable or "climate smart" goods and/or services and helping the holdings to focus on energy efficiency and work to reduce their emissions of greenhouse gases.

Examples of activities in 2014

- Updated environmental plan for Ratos AB.
- Transfer to 100% renewable energy supply for Nordic Cinema Group's 40 SF Bio cinemas in Sweden.
- Mobile Climate Control won an order with delivery to New York's public transport where the key to success was a clear reduction in fuel consumption (about 10%).
- Inwido reduced its energy consumption per unit of product by 4.5%, through some 30 different measures.

4 *Anti-corruption*

For an owner company like Ratos credibility, sound ethical values and regulatory compliance are essential for our ability to do business. Corruption is a widespread problem in the world which leads to ineffective markets and major costs for companies as well as significant costs for many countries in the form of limited development.

Several of Ratos's holdings operate in sectors or markets where there is a heightened risk of corruption and must therefore have preventive processes in place.

Example of activities in 2014

- As a member of the Swedish Leadership for Sustainable Development, coordinated by the Swedish International Development Cooperation Agency (Sida), Ratos has attended network meetings, exchanges of experience related to anti-corruption work and drafting proposals for anti-corruption objectives for the UN's new global development goals.
- Ensured that all subsidiaries have a code of conduct with a clear position against corruption in accordance with Ratos's own code.
- Procured a whistleblowing system, available to all holdings. Launched at Ratos AB and HL Display as a first step.
- Implemented an updated code of conduct, including internal training at KVD, Biolin Scientific and Euromaint, among others.

CR WORK AT RATOS

Activities 2014	Planned activities for 2015-2016
Ratos AB	**Ratos AB**
▪ Preparations for updating Ratos's exclusion criteria for new investments. ▪ Implementation of Ratos's tools and processes for inclusion of CR issues in due diligence processes. ▪ Dilemma training and training related to climate change and planetary boundaries for Ratos's organisation. ▪ Publication of Ratos's CR handbook 1.0. ▪ Updated environmental plan for Ratos AB produced. ▪ Evaluation and implementation of a whistleblowing system.	▪ First report to Global Compact and PRI. ▪ Develop Ratos's external reporting on CR and responsible ownership. ▪ Develop CR perspective relating to Ratos AB's suppliers. ▪ Evaluate systems for climate calculations and reporting for holdings. ▪ Evaluate systems for feedback from subsidiaries' work with CR and compliance.
Subsidiaries	**Subsidiaries**
▪ Implementation of Ratos's CR framework. ▪ Implementation of updated code of conduct, in line with principles in Ratos's code.	▪ First feedback on Ratos's CR framework from subsidiaries for 2014. ▪ Focused dialogue with and support to holdings about specific issues. ▪ Implementation of relevant modules from Ratos's CR framework.

Involved force in community

Ratos has a long history of being a responsible owner with a strong community involvement. Today Ratos works to manage and develop this inheritance with broad involvement from our employees.

Focus today

Together with our partners (who are described below) Ratos is involved in the development of the communities in which we operate. For Ratos the involvement of our employees is important since they contribute in various ways with their time and their core expertise in operational development and entrepreneurship. In 2014 approximately 25% of our employees took part in some activity together with our cooperation partners.

Entrepreneurship

Entrepreneurship is a key component of Ratos's history and also has clear links to operations today.

Inkludera Invest, with which Ratos started a collaboration in 2014, is a non-profit organisation that works to combat marginalisation in Sweden by backing social entrepreneurs who have developed solutions to social challenges. In addition to providing the organisation with financial support, during 2014 Ratos's employees assisted Inkludera Invest's entrepreneurs by acting as mentors and sounding boards as well as holding workshops on corporate governance, for example. Ratos also contributes with expertise and as a discussion partner for Inkludera Invest's own organisation.

CEO Susanna Campbell participates in the Royal Swedish Academy of Engineering Sciences, IVA, project Prince Daniel's Fellowship and Entrepreneurship Programme, a project aimed to encourage and inspire young people to dare to consider entrepreneurship as an option.

Children and young people

Ratos has cooperated with Mentor Sweden since 2006 and is today one of its main partners. Mentor Sweden works to give young people a strong self-image and a brighter future outlook by offering various mentorship programmes as well as activities for parents. During the year Ratos's employees together with Mentor have provided inspiration and spoken to students about their own work as well as teaching business skills and codes. Ratos has also supported Mentor International's establishment in the other Nordic countries.

Ratos also supports the Danish Børnehjælpsdagen (The Children's Aid Foundation), which aims to improve conditions for children living in children's homes in Denmark.

Vulnerable people in communities in which we operate

Ratos is involved in its immediate community through collaboration with the Stockholm City Mission. Since 2004 we have supported Klaragården which is run by the Stockholm City Mission and is a refuge for vulnerable women in the Stockholm area.

Since 2008, Ratos has also supported particularly vulnerable people in our community through the Cooperation Against Trafficking (IMTR).

Education and research

Education and research are cornerstones for the continued development of our society. Ratos supports the Stockholm School of Economics and the Centre for Business Policy Studies (SNS).

Other

As a result of the escalating unrest in Gaza, Syria and Iraq, as well as the Ebola epidemic in West Africa, Ratos made a contribution to Médecins Sans Frontières (MSF) during the year.

To read more about Ratos's community involvement, visit Ratos's website and the websites of the organisations mentioned here.

Interview with Golnaz Hashemzadeh
CEO and founder of Inkludera Invest

Why is an organisation like Inkludera Invest necessary?
We can see that there are strong social entrepreneurs who have developed innovative solutions to Sweden's social challenges. These are people who are experts on their target groups and who with enormous commitment have built up ways to include vulnerable people in Sweden. Inkludera Invest is needed to provide a business perspective and together with these entrepreneurs to strengthen and spread these solutions and ensure that as many people as possible benefit from them.

What does collaboration with Ratos mean for you?
For us at Inkludera being able to engage and consult with Ratos's employees means a lot. They have exactly the expertise that we want to strengthen our entrepreneurs with. Ratos's employees help to make board work in our operations more professional and effective, to develop business and expansion models and build organisational structures with a clear division of responsibility. They also help to develop Inkludera's own processes. With Ratos's help we can, for example, define what support the entrepreneurs need in different phases and how we decide when it is time to end our involvement with each one. Ratos's financial contribution also means we can work with more entrepreneurs and thus spread more solutions and reach more people.

Holdings

Holdings overview

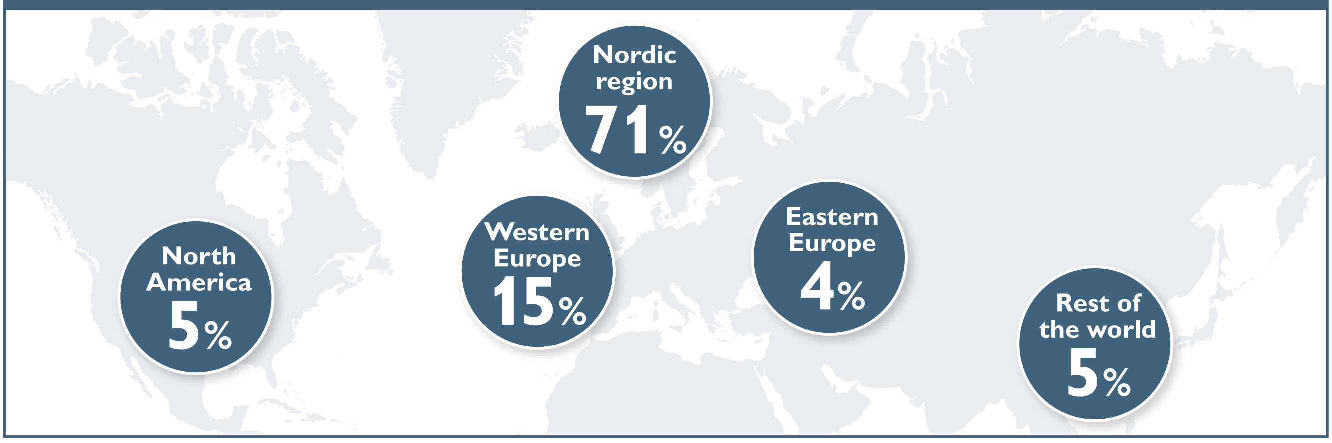
Ratos's portfolio of companies consists of 18 holdings with combined sales in 2014 of SEK 38 billion, with an operating profit (EBITA) of SEK 2.0 billion and 21,000 employees. The financial performance of the holdings is communicated quarterly in Ratos's interim reports and on the website, www.ratos.se.

	Net sales		EBITA		Adjusted EBITA A)	
SEKm	2014	2013	2014	2013	2014	2013
AH Industries 1)	781	896	12	-34	11	19
Aibel 2)	9,319	14,029	22	686	484	691
Arcus-Gruppen	2,548	2,516	245	274	239	246
Biolin Scientific 3)	215	197	32	21	32	25
Bisnode 4)	3,502	3,540	298	344	346	447
DIAB	1,157	864	-4	-50	20	-11
Euromaint 5)	2,274	2,416	57	25	77	67
GS-Hydro	1,315	1,237	100	83	103	83
Hafa Bathroom Group	206	238	-4	-13	1	-13
HENT 6)	4,865	4,213	159	120	149	134
HL Display	1,509	1,596	60	128	77	140
Inwido 7)	4,916	4,300	376	294	502	345
Jøtul	920	930	-22	-15	-17	-8
KVD	315	297	44	44	50	44
Ledil 8)	243	171	61	45	74	45
Mobile Climate Control	1,021	978	106	97	107	103
Nebula 9)	261	228	85	87	87	75
Nordic Cinema Group 10)	2,612	2,528	366	311	369	318
Total 100%	**37,980**	**41,174**	**1,994**	**2,449**	**2,712**	**2,749**
Change	**-8%**		**-19%**		**-1%**	
Total adjusted for holding	**23,820**	**24,430**	**1,348**	**1,439**	**1,645**	**1,653**
Change	**-2%**		**-6%**		**0%**	
Total adjusted for holding, excl. Aibel*	20,875	19,996	1,340	1,222	1,492	1,435
Change, excl. Aibel*	4%		10%		4%	

* In 2014 Aibel has a significant effect on comparisons with the previous year due to the lower level of contract activity and cost cutbacks. In order to facilitate analysis, performance for the holdings is therefore reported both including and excluding Aibel.

All figures in the above table relate to 100% of each holding, except consolidated value. In order to facilitate comparisons between years and provide a comparable financial structure, some holdings are reported pro forma, as stated in the notes to the right.

Sales breakdown by geographic market*



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

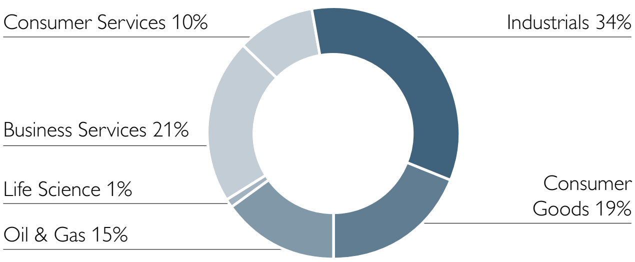
Photo: Øyvind Sætre/Aibel

SEKm	Depreciation 2014	Invest-ments [B] 2014	Cash flow [C] 2014	Interest-bearing net debt 31 Dec 2014	Ratos's holding 31 Dec 2014	Share of profits [D] 2014	Consolidated value 31 Dec 2014
AH Industries [1]	36	52	17	323	70%	-55	227
Aibel [2]	178	110	-902	4,788	32%	-215	1,494
Arcus-Gruppen	51	33	122	1,100	83%	117	666
Biolin Scientific [3]	7	-	-	143	100%	10	370
Bisnode [4]	115	158	83	1,983	70%	-144	1,195
DIAB	67	30	-55	800	96%	-62	545
Euromaint [5]	40	66	-42	514	100%	17	673
GS-Hydro	21	34	47	405	100%	91	117
Hafa Bathroom Group	2	1	0	40	100%	-6	98
HENT [6]	5	5	95	-487	73%	135	416
HL Display	40	33	50	635	99%	3	828
Inwido [7]	131	169	152	1,131	31%	151	1,285
Jøtul	57	35	-52	565	93%	-110	45
KVD	3	7	32	176	100%	33	303
Ledil [8]	1	-	-	190	66%	-12	459
Mobile Climate Control	13	9	62	465	100%	47	980
Nebula [9]	19	20	45	293	73%	67	388
Nordic Cinema Group [10]	168	110	173	1,546	58%	218	737

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

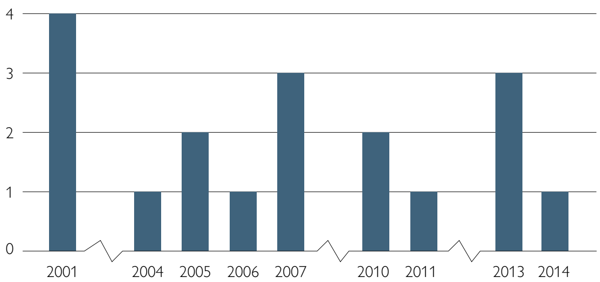
1) AH Industries' Tower & Foundation operations are recognised as discontinued operations for 2014 and 2013 in accordance with IFRS.
2) Aibel's earnings for 2013 are pro forma taking into account Ratos's acquisition, new financing, amortisation of intangible assets according to final purchase price allocation and provisions.
3) Biolin Scientific's operations Osstell are recognised as discontinued operations for 2014 in accordance with IFRS. Osstell and Farfield are reported as discontinued operations for 2013.
4) Bisnode's operations in France are recognised as discontinued operations for 2014 and 2013 in accordance with IFRS.
5) Euromaint's operations in Germany and Belgium are recognised as discontinued operations for 2014 and 2013 in accordance with IFRS.
6) HENT's earnings for 2013 are pro forma taking into account Ratos's acquisition and new financing.
7) Inwido has adjusted EBITA (operating expenses) for historical, non-cash accounting errors in 2013 in Norway by SEK -5.1m (NOK -4.6m).
8) Ledil's operations for 2014 and 2013 are pro forma taking into account Ratos's acquisition and new financing.
9) Nebula's earnings for 2013 are pro forma taking into account Ratos's acquisition and new financing.
10) Nordic Cinema Group has been adjusted for 2014 and 2013 and is now stated on the basis of IFRS-adapted accounting.

Sales breakdown by segment



Investment year

Number of new holdings



AH Industries

A challenging year despite implementation of improvement initiatives. The gradual improvement in the wind energy market continued, although the company was affected by temporary volume reductions in the autumn.

Operations

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

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

AHI has approximately 390 employees and production facilities in Denmark, China and Germany.

Market

The global wind energy industry has undergone restructuring in recent years with major cutbacks in both employees and production capacity. Increased profitability among turbine manufacturers and a stable price scenario during the year are signs that this restructuring is starting to have an effect. The market situation, however, continues to put pressure on suppliers with a focus on cost cutting and increased relocation of production from Europe to Asia, particularly for small components where transport costs are lower. The trend towards larger turbines, within the offshore wind industry, continues and provides opportunities for suppliers able to meet the new requirements.

Development in the global market for cement and minerals equipment was weak during the year due to the economic slowdown. Long-term demand, however, is still assessed as attractive.

The year in brief

2014 was characterised by a continued intensive change programme in the company including extensive factory consolidation in Denmark. For Wind Solutions, market activity and development varied between the divisions. In N&H, efficiency improvements had a positive impact but the division suffered a temporary decline in volume during the autumn. During the year the company's biggest-ever and a strategically important investment was carried out intended for new, larger offshore wind turbines. Development within T&F was weak during the year and a decision was made to evaluate the strategic alternatives for the division. Site Solutions showed positive development due to a broader customer base. Despite a generally weak market, activity in Industrial Solutions was satisfactory. Projects were also initiated during the year to broaden operations to new industrial segments.

Future prospects

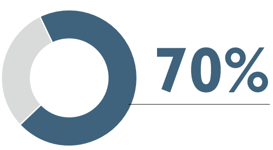
Cost efficiency will be in focus for suppliers over the next few years. Due to the measures and investments carried out during the year, AHI is assessed as having a competitive platform. The global wind energy market is expected to show average annual growth of 5% until 2020, although with major differences between product segments and geographic markets. From a competition perspective, AHI is well positioned for the offshore wind segment in northern Europe, where the biggest growth is expected. A production presence in China means that AHI can also meet the trend towards increased relocation of production from Europe.

Corporate responsibility

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

Ratos's ownership

Holding



Ratos acquired AHI in 2007. Co-owners are AHI's founder Arne Hougaard via Bjert Invest A/S (16%), RM Group Holding A/S (10%) and management and board members (4%). Consolidated book value in Ratos amounted to SEK 227m at year-end. Ratos has invested a total of SEK 700m in AH Industries.

Our view of the holding

The wind energy industry has been negatively affected by the global financial crisis which broke out in 2008 and the positions of strength in the value chain have changed. The crisis led to a major change programme in AHI with substantial cost savings, production consolidation, a broader product offering due to add-on acquisitions and an expanded geographic presence, intended to strengthen the company's strategic position.

Major efforts by the management team during the year have strengthened the company's competitive position and we see potential to broaden operations to additional industrial segments. We still have a positive long-term view of the wind energy industry and AHI's opportunities as a leading competitive supplier.

Robin Molvin, responsible for holding

Financial facts

INCOME STATEMENT, DKKm	2014[2]	2013[2]	2012	2011	2010[1]
Net sales	**640**	**773**	**908**	**763**	**763**
EBITDA	40	21	10	66	87
EBITA	**10**	**-29**	**-38**	**20**	**43**
EBT	-8	-61	-62	-5	20
Items affecting comparability in EBITA	1	-45	-33	7	-9
Adjusted EBITA	**9**	**16**	**-6**	**13**	**52**

STATEMENT OF FINANCIAL POSITION, DKKm	2014	2013	2012	2011	2010
Intangible assets	573	673	674	675	672
Property, plant and equipment	155	179	216	220	225
Other assets	265	325	296	348	280
Cash, bank and other short-term investments	11			43	55
Total assets	**1,004**	**1,177**	**1,187**	**1,286**	**1,232**
Total equity	584	705	720	730	734
Liabilities, interest-bearing	263	297	341	352	355
Liabilities, non-interest bearing	156	175	125	204	143
Total equity and liabilities	**1,004**	**1,177**	**1,187**	**1,286**	**1,232**

STATEMENT OF CASH FLOWS, DKKm	2014	2013	2012	2011	2010
Cash flow from operating activities before change in working capital	21		-11	44	
Change in working capital	28		-13	-13	
Investments/disposals in non-current assets	-35		-43	-40	
Cash flow from operating activities before acquisition and disposal of companies	**14**	**-**	**-67**	**-9**	**-**
Acquisition/disposal of companies					
Cash flow from financing activities	**-5**		**24**	**-2**	
Cash flow for the year	**9**	**-**	**-43**	**-11**	**-**

KEY FIGURES, DKKm	2014	2013	2012	2011	2010
EBITA margin (%)	1.5	-3.7	-4.2	2.6	5.6
Adjusted EBITA margin (%)	1.5	2.1	-0.6	1.7	6.8
Interest-bearing net debt	253	297	341	309	300
Debt/equity ratio (multiple)	0.5	0.4	0.5	0.5	0.5
Average number of employees	404	419	456	457	420

[1] Earnings and average number of employees in 2010 are pro forma taking the acquisition of RM Group into account.
[2] Tower & Foundation is recognised as discontinued operations in 2014 and 2013 in accordance with IFRS.

A complete income statement, statement of financial position and statement of cash flows for AH Industries are available at www.ratos.se.

Facts

AH Industries
improving solutions together

www.ah-industries.dk

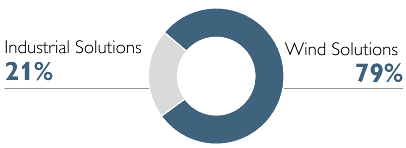
Management

Knud Andersen	CEO
Thomas Thomsen	CFO

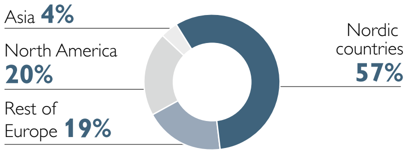
Board of Directors

Anders Lindblad	Chairman
Anni Dressø	
Martin Jensen	
Ole Jørgensen	
Robin Molvin	Ratos (responsible for holding)
Anders Paulsson	
Finn Ebsen	Employee representative
Nicolai Hasberg	Employee representative
Charlotte Matthiesen	Employee representative
Martin Højbjerg	Deputy, Ratos

Sales by business area



Sales by region



Aibel

A challenging market and, as anticipated, lower new construction activity made 2014 a year of adjustment for Aibel. The focus was on reducing costs, improving efficiency and ensuring a continued strong market position. The long-term market prospects remain positive.

Operations

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

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

The company has operations along the entire Norwegian coast including a yard in Haugesund, and also an engineering office in Singapore and a yard in Thailand. Customers are primarily the major oil companies operating on the Norwegian shelf, but Aibel also has international commissions.

Aibel has approximately 5,000 employees and, depending on the workload, a relatively large number of subcontractors and consultants. The workforce was reduced substantially during the year to adjust to the lower contract volume.

Market

The Norwegian offshore industry has seen very strong growth in recent years. During 2014, however, partly due to the falling oil price, a large number of the oil companies operating on the Norwegian shelf reduced their levels of investment and implemented cost savings which had a highly negative impact on the oil service industry.

Demand for maintenance and upgrading services fell sharply during the year but is now assessed to have stabilised, although at a low level. Demand within new construction can vary considerably between years depending on when individual major projects are initiated and delivered.

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

Long-term growth prospects in Aibel's markets remain good. In the short term, the lower oil price and customers' increased focus on cash flow and costs represent a challenge.

The year in brief

Aibel's sales in the Field Development business area were considerably lower during the year compared with the previous year due to extensive work in the two major projects Gudrun and Troll in 2013. Sales were also negatively affected by Aibel's customers notifying a lower contract activity within MMO and Modification. In order to adapt to this lower volume, Aibel has implemented extensive cost adjustments and measures designed to strengthen the company's efficiency and competitiveness. This led to substantial restructuring costs in 2014. The focus was also, together with customers, on developing processes and forms of collaboration to raise efficiency in the value chain. A capital contribution was provided amounting NOK 100m, of which Ratos's share was NOK 32m.

Future prospects

Maintenance and upgrading services are essential for sustaining efficient oil production and a not inconsiderable number of the projects postponed during 2014 will probably be carried out in future years. Since Aibel's customers expect that this will take place with a clear improvement in the efficiency of project deliveries, Aibel took extensive action during the year to ensure that the company can meet customers' expectations. Furthermore, a relatively large number of new platforms will be installed on the Norwegian shelf in the years ahead which is also expected to contribute to good underlying growth. Over time, growth within maintenance and upgrading services for oil production platforms shows limited direct dependence on the current price of oil.

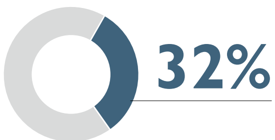
At the beginning of 2015, Aibel was awarded a major and strategically important new construction project for the Johan Sverdrup field. Work will start in 2015 with scheduled completion in 2018.

Corporate responsibility

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

Ratos's ownership

Holding



Ratos acquired Aibel in 2013. Ratos's co-owner is the Norwegian company Ferd, with a 49% holding. Ratos also represents the Sixth AP Fund's shares in Aibel and thus represents 49% of ownership. The company's board and management have a 2% stake in the company. Consolidated book value in Ratos amounted to SEK 1,494m at year-end. Ratos's has invested a total of approximately SEK 1,720m in Aibel.

Our view of the holding

The focus in 2014 was on adapting Aibel to changed market circumstances in the short term. Measures designed to improve efficiency and reduce costs had the highest priority as well as working close to the company's customers in order to increase efficiency throughout the value chain. As expected, 2014 was a year of adjustment, but Aibel is now equipped to meet the lower market activity we anticipate in the short term.

We acquired Aibel because the company has a leading position in an attractive market with good long-term growth potential, strong customer relationships and a unique business model. This has not changed and will be significant in the future.

The focus in 2015 will be on winning new contracts within Field Development, continuing to raise efficiency within MMO and Modification and thus ensure that existing customer contracts are renewed and new ones can be won.

Henrik Joelsson, responsible for holding

Photo: Øyvind Sætre/Aibel

Financial facts

INCOME STATEMENT, NOKm	**2014**	**2013²⁾**	**2012¹⁾**	**2012**	**2011**	**2010**
Net sales	**8,554**	**12,645**	**10,918**	**10,918**	**8,584**	**7,177**
EBITDA	184	778	898	898	760	1,272
EBITA	**20**	**619**	**767**	**766**	**646**	**1,188**
EBT	-438	68	290	148	-2	386
Items affecting comparability in EBITA	-424	-4			-19	487
Adjusted EBITA	**444**	**623**	**767**	**766**	**665**	**701**
STATEMENT OF FINANCIAL POSITION, NOKm						
Intangible assets	9,294	9,354		3,925	4,208	4,500
Property, plant and equipment	274	365		436	291	243
Other assets	2,383	2,382		2,962	2,984	2,471
Cash, bank and other short-term investments	337	325		703	748	365
Assets held for sale	169	135		6	15	22
Total assets	**12,456**	**12,561**	**-**	**8,033**	**8,245**	**7,600**
Total equity	4,342	4,742		342	225	240
Liabilities, interest-bearing	4,926	3,948		3,610	4,010	4,314
Liabilities, non-interest bearing	3,182	3,841		4,035	3,870	2,855
Liabilities attributable to Assets held for sale	7	29		46	140	192
Total equity and liabilities	**12,456**	**12,561**	**-**	**8,033**	**8,245**	**7,600**
STATEMENT OF CASH FLOWS, NOKm						
Cash flow from operating activities before change in working capital	-237			540	347	275
Change in working capital	-490			139	584	81
Investments/disposals in non-current assets	-101			-287	-156	-89
Cash flow from operating activities before acquisition and disposal of companies	**-828**	**-**	**-**	**392**	**775**	**267**
Acquisition/disposal of companies				-10		
Cash flow from financing activities	**850**			**-318**	**-337**	**-220**
Cash flow for the year	**22**	**-**	**-**	**64**	**438**	**47**
KEY FIGURES, NOKm						
EBITA margin (%)	0.2	4.9	7.0	7.0	7.5	16.6
Adjusted EBITA margin (%)	5.2	4.9	7.0	7.0	7.7	9.8
Interest-bearing net debt	4,553	3,589	-	2,771	3,122	3,839
Debt/equity ratio (multiple)	1.1	0.8	-	10.6	17.8	17.9
Average number of employees	5,493	5,794	5,120	5,120	4,187	3,728

1) Earnings for 2012 are pro forma taking into account Ratos's acquisition, new financing, and amortisation of intangible assets according to the final PPA.

2) Earnings for 2013 are pro forma taking into account Ratos's acquisition, new financing, amortisation of intangible assets according to the final PPA and provisions.

A complete income statement, statement of financial position and statement of cash flows for Aibel are available at www.ratos.se.

Facts

aibel®

www.aibel.com

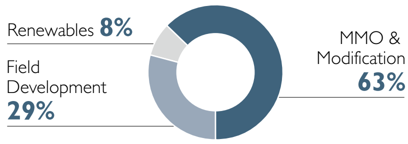
Management

Jan Skogseth	President and CEO
Erling Matland	EVP Renewables
Kaare Espolin Fladmark	CFO
Ingelise Arntsen	EVP Corporate Staff, Strategy and Improvement
Jan Ståle Skår	EVP Modifications
Nils Arne Hatleskog	EVP Field Development
Bjørn Tollefsen	EVP Yard Haugesund

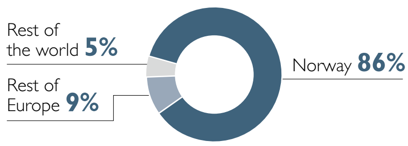
Board of Directors

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

Sales by business rea



Sales by region



Arcus-Gruppen

Arcus-Gruppen reports continued growth. The underlying earnings trend was stable, driven by higher volumes within Wine and improved profitability for the Vectura logistics operations while currency effects had a negative impact.

Operations

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

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

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

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

Market

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

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

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

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

The year in brief

2014 was characterised by a strong volume development for the wine operations while the trend for the spirits operations was weaker. Earnings were negatively affected by significant currency effects (primarily a stronger EUR against SEK and NOK) and increased alcohol tax totalling approximately NOK 50-60m. The Vectura logistics operations showed improved profitability, despite lower volumes, as a result of cost-cutting measures.

During the year a decision was made to relocate production from Aalborg, Denmark, to the facility in Gjelleråsen, Norway, in line with efforts to improve production efficiency. The move will take place in spring 2015 when the facility in Aalborg will be closed.

Future prospects

Arcus has a unique position in the Norwegian market. The acquisition of the spirits brands in 2013 strengthened the company's position in the other Nordic countries and in Germany and broadened the portfolio of export brands. The spirits portfolio of strong brands has significant development potential and the strong position in an expanding wine market lays the foundation for continued good growth potential for the company. In addition, efficiency gains can be realised within production, among other things through consolidation of volumes to Gjelleråsen.

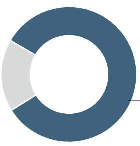
Vectura has a strong position as market leader but its cost base is still too high. Extensive restructuring is underway with the aim of breaking even by the end of 2015.

Corporate responsibility

Arcus focuses its sustainability efforts on three themes: the environment, a responsible value chain and responsible consumption. In order to reduce its environmental impact the company works to reduce water consumption and waste in production as well as raise the proportion of renewable energy. The company complies with the Nordic alcohol monopolies' common code of conduct and therefore makes high demands on both its own organisation and its suppliers. The company has an active position against alcohol abuse, among other things through the programme for Responsible Alcohol Consumption. Arcus has been a signatory to the UN Global Compact since 2012.

Ratos's ownership

Holding



83%

Ratos acquired Arcus-Gruppen in 2005. Co-owners are HOFF Norske Potetindustrier with 10% and the company's management and board with 7%. Consolidated book value in Ratos amounted to SEK 666m at year-end. Ratos has received a net amount of approximately SEK 275m from Arcus.

Our view of the holding

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

We have achieved the targets we set at acquisition, and with the purchase of the brands Aalborg, Gammel Dansk and Malteserkreuz and the move to the new facility the next step in the company's development has been taken. We see continued major development opportunities. During the year Vectura took important steps on the road towards profitability but the coming years will require a continued major focus and hard work.

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

Mikael Norlander, responsible for holding

Financial facts

INCOME STATEMENT, NOKm	2014	2013	2012	2011[1]	2010
Net sales	**2,339**	**2,268**	**1,957**	**1,789**	**1,632**
EBITDA	272	294	38	155	160
EBITA	**225**	**247**	**4**	**126**	**131**
EBT	107	68	-63	67	113
Items affecting comparability in EBITA	6	26	-172	-43	-9
Adjusted EBITA	**219**	**221**	**176**	**169**	**140**

STATEMENT OF FINANCIAL POSITION, NOKm	2014	2013	2012	2011[1]	2010
Intangible assets	1,666	1,603	829	836	699
Property, plant and equipment	378	400	404	124	99
Other assets	1,742	1,726	1,439	1,578	1,325
Cash, bank and other short-term investments	175	149	364	416	429
Total assets	**3,962**	**3,878**	**3,036**	**2,954**	**2,552**
Total equity	791	664	480	551	884
Liabilities, interest-bearing	1,221	1,263	737	430	172
Liabilities, non-interest bearing	1,945	1,951	1,820	1,972	1,496
Total equity and liabilities	**3,962**	**3,878**	**3,036**	**2,954**	**2,552**

STATEMENT OF CASH FLOWS, NOKm	2014	2013	2012	2011[1]	2010
Cash flow from operating activities before change in working capital	80	65	-60	66	102
Change in working capital	63	-203	87	6	-131
Investments/disposals in non-current assets	-30	147	-108	-45	-28
Cash flow from operating activities before acquisition and disposal of companies	**112**	**9**	**-81**	**26**	**-56**
Acquisition/disposal of companies		-681		-49	153
Cash flow from financing activities	**-103**	**428**	**31**	**6**	**-50**
Cash flow for the year	**9**	**-244**	**-50**	**-17**	**47**

KEY FIGURES, NOKm	2014	2013	2012	2011[1]	2010
EBITA margin (%)	9.6	10.9	0.2	7.0	8.0
Adjusted EBITA margin (%)	9.4	9.8	9.0	9.5	8.6
Interest-bearing net debt	1,046	1,115	373	14	-256
Debt/equity ratio (multiple)	1.5	1.9	1.5	0.8	0.2
Average number of employees	448	460	441	469	452

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

A complete income statement, statement of financial position and statement of cash flows for Arcus-Gruppen are available at www.ratos.se.

Facts

ARCUSGRUPPEN

www.arcus.no

Management

Arcus-Gruppen

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

Vectura

Lorna Stangeland	CEO
Jon Simen Rustad	CFO

Board of Directors

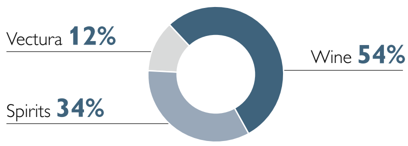
Arcus-Gruppen

Michael Holm Johansen	Chairman
Eilif Due	
Stefan Elving	
Leif Johansson	
Mikael Norlander	Ratos (responsible for holding)
Hanne Refsholt	
Leena Saarinen	
Caspar Foghsgaard	Employee representative
Erik Hagen	Employee representative
Arne Larsen	Employee representative

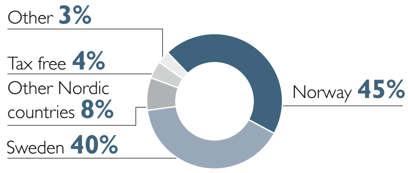
Vectura

Ingar Skaug	Chairman
Eilif Due	
Peter Nilsson	
Mikael Norlander	Ratos (responsible for holding)
Daniel Repfennig	Ratos
Thomas Wallberg	
Adil Amin	Employee representative
Kjell Arne Greni	Employee representative
Lasse Hansen	Employee representative

Sales by operating area



Sales by market



Biolin Scientific

Good sales development and improved earnings due to the recovery in Europe and the US as well as strong growth in Asia. The subsidiary Osstell was sold during the year in order to focus operations to the other business areas.

Operations

Biolin Scientific, which offers advanced analytical instruments for research and development, is divided into two business areas: Analytical Instruments and Drug Discovery. Analytical Instruments, with the brands Q-Sense, KSV NIMA and Attension, is active in areas such as chemical engineering, development of new materials and the energy sector (such as battery technology, solar panels, oil handling). The majority of customers are in academic research but the proportion of industrial customers is growing. Drug Discovery, with the Sophion brand, has a leading platform for analysis of living cells. Sophion's system is used by pharmaceutical companies worldwide to test the safety and efficacy of new products.

The head office is in Sweden but the company also has operations in Denmark, Finland, the UK, the US, China and Japan. Sales are global and conducted through the company's own sales teams in major markets and through distributors. The company has approximately 125 employees.

Market

The global market for analytical instruments has annual sales of approximately USD 44 billion and growth of approximately 4-5% per year. Biolin's products have strong niche positions due to patent protection and/or unique functionality. Growth within academic research is driven by public and private grants, while growth among industrial customers is driven by product development and new process technologies. Biolin's most important geographic markets are North America, Western Europe, Japan and China.

The year in brief

Analytical Instruments had strong sales and profitability development within all product areas and geographic markets. An updated product portfolio, an increased focus on sales to industrial customers and strengthening of the organisation are the factors behind this positive development.

Development for Drug Discovery was stable during the year. Completion of the new automated instrument Qube, which will make it possible to reach new customer groups within pharmaceutical development, was in focus during the year.

The subsidiary Osstell was sold in March to Fouriertransform for approximately SEK 33m (enterprise value) as part of the focus of operations on the other business areas.

Future prospects

The market is expected to continue to show positive development with the highest anticipated growth in Asia (China). In Analytical Instruments, the intention is to build growth through a higher proportion of industrial customers, something that is also expected to make a positive contribution to aftermarket sales. In Drug Discovery, the recently launched instrument is expected to contribute to good sales development.

In addition to organic growth, a synergy-creating transaction could provide both increased growth and improved profitability.

Corporate responsibility

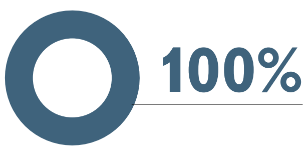
Biolin's sales are mainly a result of procurement processes and customers are often reliant on public funding. High business ethical standards for sales activities are essential. This is governed by the company's code of conduct which is communicated to both the group's own employees and to its partners. The company mainly operates in markets with tough legislation within labour, health and safety. The direct environmental impact is small and the company contributes to a more sustainable society in many of its product applications, for example in renewable energy and research into new materials.

Financial targets

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

Ratos's ownership

Holding



Ratos acquired Biolin Scientific through a buyout from Nasdaq Stockholm in 2010. Biolin Scientific was delisted in February 2011. Consolidated book value in Ratos amounted to SEK 370m at year-end. Ratos has invested a total of approximately SEK 385m in Biolin Scientific.

Our view of the holding

We acquired Biolin Scientific with the intention of strengthening organic growth potential and carrying out value-creating add-on acquisitions. One major add-on (Sophion, Drug Discovery business area) has been made since Ratos's acquisition. We continue to work to develop existing operations and at the same time evaluate possible add-ons. For Drug Discovery, the launch of the new instrument Qube has high priority as well as continued development of the strong aftermarket including consumables. In Analytical Instruments, we have a special focus on continuing to strengthen presence among industrial customers and increased sales in China.

Henrik Joelsson, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014[3]	2013[2)3)]	2013[2]	2012	2011[1]	2010[1]
Net sales	**215**	**197**	**233**	**235**	**232**	**227**
EBITDA	39	29	33	31	22	23
EBITA	**32**	**21**	**23**	**23**	**15**	**17**
EBT	15	9	11	14	0	2
Items affecting comparability in EBITA		-3	-3		-1	
Adjusted EBITA	**32**	**25**	**26**	**23**	**16**	**17**

STATEMENT OF FINANCIAL POSITION, SEKm	2014[3]	2013[2)3)]	2013[2]	2012	2011[1]	2010[1]
Intangible assets	414		402	397	386	
Property, plant and equipment	8		10	7	9	
Other assets	153		155	169	177	
Cash, bank and other short-term investments	14		9	17	34	
Total assets	**588**	**-**	**577**	**590**	**607**	**-**
Total equity	376		334	349	351	
Liabilities, interest-bearing	157		178	172	183	
Liabilities, non-interest bearing	55		65	69	72	
Total equity and liabilities	**588**	**-**	**577**	**590**	**607**	**-**

STATEMENT OF CASH FLOWS, SEKm	2014[3]	2013[2)3)]	2013[2]	2012	2011[1]	2010[1]
Cash flow from operating activities before change in working capital				19		
Change in working capital				-3		
Investments/disposals in non-current assets				-26		
Cash flow from operating activities before acquisition and disposal of companies	**-**	**-**	**-**	**-11**	**-**	**-**
Acquisition/disposal of companies						
Cash flow from financing activities	**-**	**-**	**-**	**-6**	**-**	**-**
Cash flow for the year	**-**	**-**	**-**	**-17**	**-**	**-**

KEY FIGURES, SEKm	2014[3]	2013[2)3)]	2013[2]	2012	2011[1]	2010[1]
EBITA margin (%)	14.7	10.9	10.0	10.0	6.4	7.4
Adjusted EBITA margin (%)	14.7	12.5	11.4	10.0	6.9	7.4
Interest-bearing net debt	143	-	169	155	149	-
Debt/equity ratio (multiple)	0.4	-	0.5	0.5	0.5	-
Average number of employees	123	-	134	136	141	141

1) Earnings and average number of employees in 2011 and 2010 are pro forma taking into account a new group structure, acquisition of Sophion Bioscience in August 2011, new financing and divestment of Farfield.
2) Farfield is recognised as discontinued operations in 2013 in accordance with IFRS.
3) Osstell is recognised as discontinued operations in 2014 and 2013 in accordance with IFRS.

A complete income statement, statement of financial position and statement of cash flows for Biolin Scientific are available at www.ratos.se.

Facts

Biolin Scientific
[Progress Together]

www.biolinscientific.com

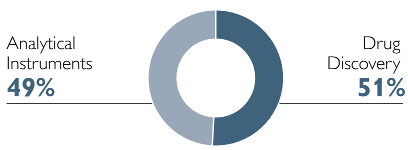
Management

Johan von Heijne	CEO
Christina Rubenhag	CFO
Johan Westman	VP Analytical Instruments
Morten Rytter Sunesen	VP Drug Discovery
Carsten Faltum	VP Operations
Jonas Kasemo	VP Corporate Development

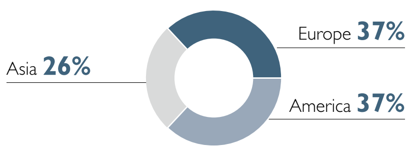
Board of Directors

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

Sales by product area



Sales by region



Bisnode

2014 marked the next step in the "One Bisnode" change project with an increased focus on the Nordic region and Central Europe and on integration and collaboration within the organisation. Organic growth was stable overall but with a weaker development in Sweden.

Operations

Bisnode is a leading European provider of decision support with operations in 17 countries. Bisnode helps decision makers to make smart decisions by delivering relevant business, credit and market information. Companies and organisations in Europe are offered solutions to transform data into valuable insights for both small day-to-day issues and major strategic decisions.

Bisnode offers a range of services based in part on the same information. This realises economies of scale through joint information purchasing and data processing which leads to lower costs for customisation, packaging and distribution.

Bisnode collects and processes information about companies in Europe and about consumers in several countries. In addition, the partnership with Dun & Bradstreet provides access to global business information.

Market

The European market for business information and decision support is fragmented with many local players and only a few multinational players such as Experian, Bureau van Dijk and Creditsafe. A consolidation of this sector is expected.

There is pressure for change in the market. Information is becoming digital, increasing in scope and availability and falling in price. New technology facilitates both faster and more cost-effective processing of large volumes of data. Bisnode is therefore working to raise value added in the form of analysis and integrated tools for decision support. This is most obvious within market information where traditional media and marketing channels are being partly replaced by digital distribution. The market for credit information is more stable and partly contra-cyclical. Intensified global competition and an increasing need for information are clear growth drivers. Bisnode's market is expected to grow slightly faster than GDP over a business cycle.

The year in brief

In 2014, Bisnode took the next step in the "One Bisnode" project which was initiated in 2012. An increased focus on the Nordic region and Central Europe resulted in divestment of the operations in the Netherlands and France and a small add-on investment in the Nordic region. A new organisational structure and well as a new management group were stablished and product development and IT were centralised. Organic growth was stable overall. Operating profit was negatively affected by the change programme in Sweden as well as temporarily by a changed focus on multi-year contracts in Germany. Overall earnings improvement in other markets. Reported earnings of SEK 298m were affected by items affecting comparability of SEK 48m attributable to the change programme.

Future prospects

An increased focus on the Nordic region and Central Europe, where Bisnode is the market leader, and centralisation of IT and product development will create conditions to exploit economies of scale in the further development of local customer offerings. This will strengthen the company's position in a growing market. Bisnode will seize the opportunities arising from an increased volume of information by moving up the value chain and closer integration with customers.

Bisnode's business is affected by access to public domain information and by regulatory frameworks. Information is handled with the greatest possible respect and data security and compliance with laws and regulation in each market. Future changes in legislation can have both positive and negative effects on profitability.

Corporate responsibility

Bisnode's most important CR issues are business ethics and integrity protection. Bisnode's operations have limited direct environmental impact since the company's services are primarily produced and distributed digitally resulting in reduced consumption of paper and electricity and therefore lower emissions. Bisnode has common ethical guidelines for all employees. The new organisational structure will strengthen the company's ability to work with and monitor CR systematically.

Financial targets

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

Ratos's ownership

Holding

70%

Ratos acquired a majority holding in BTJ Infodata in 2004. Ratos effected a buyout of the whole of Infodata in 2005 in order to merge the company with Bonnier Business information. The newly formed group's name was changed to Bisnode. The co-owner is Bonnier. Consolidated book value in Ratos amounted to SEK 1,195m at year-end. Ratos has invested a total of approximately SEK 270m in Bisnode.

Our view of the holding

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

Henrik Blomé, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014[2]	2013[2]	2012[1]	2012	2011	2010
Net sales	**3,502**	**3,540**	**3,869**	**3,935**	**4,310**	**4,451**
EBITDA	413	454	482	655	577	671
EBITA	**298**	**344**	**339**	**511**	**447**	**536**
EBT	74	134	31	70	203	376
Items affecting comparability in EBITA	-48	-102	-77	86	-78	-58
Adjusted EBITA	**346**	**447**	**416**	**425**	**526**	**594**

STATEMENT OF FINANCIAL POSITION, SEKm	2014[2]	2013[2]	2012[1]	2012	2011	2010
Intangible assets	4,351	4,306		4,614	5,379	5,182
Property, plant and equipment	148	152		185	281	285
Other assets	865	868		927	1,030	1,055
Cash, bank and other short-term investments	248	229		186	207	259
Assets held for sale	99					
Total assets	**5,712**	**5,555**	**-**	**5,912**	**6,897**	**6,781**
Total equity [2]	1,882	1,989		2,160	2,359	2,279
Liabilities, interest-bearing	2,247	2,100		2,272	2,652	2,567
Liabilities, non-interest bearing	1,484	1,466		1,480	1,886	1,935
Liabilities attributable to Assets held for sale	99					
Total equity and liabilities	**5,712**	**5,555**	**-**	**5,912**	**6,897**	**6,781**

STATEMENT OF CASH FLOWS, SEKm	2014[2]	2013[2]	2012[1]	2012	2011	2010
Cash flow from operating activities before change in working capital	250	312		301	327	483
Change in working capital	-11	52		-81	34	-19
Investments/disposals in non-current assets	-156	-88		-96	-131	-73
Cash flow from operating activities before acquisition and disposal of companies	**83**	**276**	**-**	**124**	**229**	**391**
Acquisition/disposal of companies	35	24		394	-334	-179
Cash flow from financing activities	**-54**	**-266**		**-533**	**54**	**-298**
Cash flow for the year	**65**	**34**	**-**	**-15**	**-51**	**-86**

KEY FIGURES, SEKm	2014[2]	2013[2]	2012[1]	2012	2011	2010
EBITA margin (%)	8.5	9.7	8.8	13.0	10.4	12.0
Adjusted EBITA margin (%)	9.9	12.6	10.8	10.8	12.2	13.3
Interest-bearing net debt	1,983	1,862	-	2,074	2,427	2,289
Debt/equity ratio (multiple)	1.2	1.1	-	1.1	1.1	1.1
Average number of employees	2,616	2,849	2,848	2,933	3,016	3,080

[1] Product Information is recognised as discontinued operations in 2012 in accordance with IFRS.
[2] Operations in France are recognised as discontinued operations in 2014 and 2013 in accordance with IFRS.

A complete income statement, statement of financial position and statement of cash flows for Bisnode are available at www.ratos.se.

Facts

Bisnode

www.bisnode.com

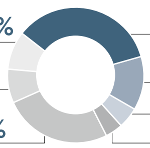
Management

Lars Pettersson	CEO
Anders Berg	CFO
Ann-Marie Andric	CHRO
Anne Årneby	CMO
Anders Borg	CPO
Zlatko Ninic	CIO
Per Adolfsson	Country Director Sweden
Juha Airaksinen	Country Director Finland
Birger Baylund	Country Director Denmark
Martin Coufal	Regional Director Central Europe
Eckhard Geulen	Regional Director DACH
Jon Slorer	Country Director Norway

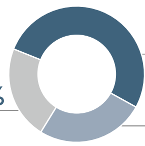
Board of Directors

Jon Risfelt	Chairman
Henrik Blomé	Ratos (responsible for holding)
Anders Eriksson	
Erik Haegerstrand	
Mikael Norlander	Ratos
Berit Svendsen	
Sara Öhrvall	
Sara Hansson	Employee representative
Tommy Håkansson	Employee representative

Sales by region



Sales by market segment



DIAB

DIAB's sales and operating profit improved sharply during 2014. All regions and segments showed growth during the year, with the wind energy market in China and America as the biggest growth driver.

Operations

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

Over 95% of DIAB's sales are to customers outside Sweden. The company has production units for material in Sweden, Italy, the US and Ecuador. Material processing takes place in the production units as well as in China and Lithuania. The company has approximately 1,100 employees in some 20 countries. The head office is in Laholm, Sweden.

Market

The market for core material grows with underlying customers' production volumes, such as the number of wind turbines and boats, and also through the increased use of sandwich structures in existing and new applications. Growth is driven by efforts to achieve structures with greater strength and lower weight. DIAB has a strong global position in the market for core materials for sandwich structures, with special strength within cellular plastics. The company's competitors include 3A Composites and Gurit. Following weak market development in recent years, in 2014 the market returned to growth and conditions in the Chinese wind energy market improved.

The year in brief

Demand and DIAB's sales showed very strong development in 2014, primarily due to a strong recovery for the wind energy market in China and America, but also due to good growth in the marine and TIA (Transport, Industry, Aerospace) segments. In total, DIAB's sales increased by 34% during 2014. As a result of the strong sales trend, DIAB's adjusted EBITA improved sharply in 2014 from SEK -11m to SEK 20m. During the year a decision was made to set up a new production unit for core material in China. The facility will be completed in 2016.

During the year Ratos provided capital to DIAB of SEK 31m to strengthen the company's liquidity and financial position.

Future prospects

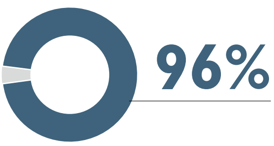
DIAB has a strategically good position as a world-leading manufacturer of core material. A continued recovery in the wind energy industry and marine segment is expected in the years ahead. This, combined with an expected positive development in other customer segments as well as the opportunity to broaden the use of core material, gives DIAB good long-term development potential. The cost-cutting activities that DIAB has implemented in recent years, together with planned establishment of block production in China, are expected to further strengthen DIAB's competitiveness and lay the foundation for a continued improvement in earnings.

Corporate responsibility

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

Ratos's ownership

Holding



Ratos became an owner of DIAB in 2001 in conjunction with the acquisition of Atle. In 2009, Ratos and DIAB's board and management acquired 3i's shares in DIAB whereupon Ratos became the majority owner. Consolidated book value in Ratos amounted to SEK 545m at year-end. Ratos has invested a total of approximately SEK 840m in DIAB.

Our view of the holding

During the period of Ratos's ownership we have helped to develop DIAB into a global player and through investments in the company's product offering and production created a world-leading supplier of core material for sandwich composite structures. Our assessment is that DIAB has an attractive long-term growth profile driven by the need for strong and light structures as well as good prospects for growth in applications. We also see good opportunities for growth and improved margins through DIAB's operational leverage and internal margin improvement potential. The establishment of a new facility for core material production in China in 2016 is also expected to contribute to improved earnings in the longer term. Ratos intends to continue to contribute to the development of DIAB's product offering, the company's global market presence and a sales organisation with applications expertise.

Henrik Blomé, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	**2014**	**2013**	**2012**	**2011**	**2010**
Net sales	**1,157**	**864**	**1,003**	**1,219**	**1,396**
EBITDA	63	47	-43	85	275
EBITA	**-4**	**-50**	**-217**	**-5**	**188**
EBT	-42	-94	-279	-50	149
Items affecting comparability in EBITA	-23	-39	-142	-40	
Adjusted EBITA	**20**	**-11**	**-75**	**35**	**188**

STATEMENT OF FINANCIAL POSITION, SEKm					
Intangible assets	1,106	1,104	1,115	1,147	1,134
Property, plant and equipment	315	332	391	521	559
Other assets	575	552	632	596	568
Cash, bank and other short-term investments	71	61	44	38	62
Total assets	**2,066**	**2,049**	**2,181**	**2,301**	**2,324**
Total equity	915	1,037	1,141	1,142	1,212
Liabilities, interest-bearing	872	792	814	926	882
Liabilities, non-interest bearing	280	220	226	233	230
Total equity and liabilities	**2,066**	**2,049**	**2,181**	**2,301**	**2,324**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	21	-33	-56	30	216
Change in working capital	-46	2	45	-52	-45
Investments/disposals in non-current assets	-29	-24	-25	-67	-81
Cash flow from operating activities before acquisition and disposal of companies	**-55**	**-55**	**-36**	**-88**	**91**
Acquisition/disposal of companies					
Cash flow from financing activities	**58**	**74**	**43**	**64**	**-190**
Cash flow for the year	**3**	**20**	**7**	**-24**	**-99**

KEY FIGURES, SEKm					
EBITA margin (%)	-0.3	-5.8	-21.6	-0.4	13.5
Adjusted EBITA margin (%)	1.7	-1.3	-7.4	2.9	13.5
Interest-bearing net debt	800	731	771	888	820
Debt/equity ratio (multiple)	1.0	0.8	0.7	0.8	0.7
Average number of employees	1,110	1,008	1,169	1,389	1,327

A complete income statement, statement of financial position and statement of cash flows for DIAB are available at www.ratos.se.

Facts

www.diabgroup.com

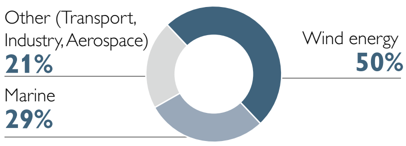
Management

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

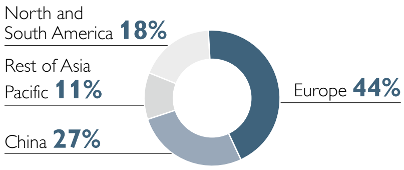
Board of Directors

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

Sales by customer segment



Sales by market



Euromaint

Development in the Swedish operations improved while development in Germany remained weak. An improvement programme is underway to reverse the trend in Germany and raise competitiveness and efficiency. Euromaint is working on winning ongoing and upcoming tenders.

Operations

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

Euromaint has most of its operations in Sweden and the company also has extensive operations in Germany as well as a presence in the Netherlands and Latvia. The company has approximately 2,100 employees.

Market

The train markets in Europe are showing underlying growth driven by among other things increased environmental consideration when choosing means of transport and ongoing deregulation in Europe.

The underlying growth rate for passenger traffic in Sweden is good. Deregulation provides further growth opportunities for Euromaint. The underlying growth rate for goods traffic is also positive but more exposed to cyclical effects. Development in 2014 has been negative due to lower goods transport volumes.

Euromaint has a strong position in the Swedish train maintenance market. The company's position is upheld through a high level of technical knowledge of its customers' trains, maintenance-specific skills and customer contracts. In Germany, Euromaint is the leading independent provider of maintenance for freight wagons and also has a workshop dedicated to maintenance of passenger trains. The company offers availability and capacity to handle large volumes as well as providing high-quality work.

The year in brief

Euromaint increased its operating profit in 2014 due to an improved performance in Sweden. The German operations, however, continued to show a weak trend. Reported earnings were charged with costs mainly related to restructuring. Taking this into account, adjusted EBITA for the year was SEK 77m (67).

In Sweden, Euromaint completed the improvement programme initiated in 2013 designed to reduce fixed costs and improve efficiency in the company. This led to a steady improvement in margins in the Swedish operations. At the beginning of 2015 an important ten-year maintenance contract was signed with Green Cargo. This confirms that the company's efforts to improve efficiency and quality have had results in the market.

In Germany, the negative development of the freight market in terms of sales and profitability continued during the year despite some signs of an improvement in the autumn. To counteract the effects of the lower volumes, a cost-cutting programme is underway which will continue in 2015.

A capital contribution totalling SEK 40m was provided to strengthen the company's balance sheet and enable investments in operations.

Future prospects

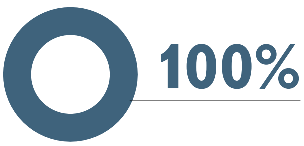
Euromaint will focus on positioning itself and participating in the many tenders expected over the next two to three years. Euromaint will also continuously develop its offering to customers in its core markets Sweden and Germany. Efficiency improvement efforts will continue within all business areas.

Corporate responsibility

Euromaint continued with its sustainability initiatives during the year which affects both the company's processes and working methods as well as its relations with suppliers. Euromaint works systematically with its code of conduct and all employees received training in this and what sustainability means for Euromaint. The most important CR issues for Euromaint are the environment, safety and quality as well as business ethics.

Ratos's ownership

Holding



Ratos acquired Euromaint in 2007. Consolidated book value in Ratos amounted to SEK 673m at year-end. Ratos has invested a total of approximately SEK 820m in Euromaint.

Our view of the holding

The main reasons for Ratos's acquisition of Euromaint were the company's strong market position, a growing market due to increased rail transports and potential for improvement within the company. Since the acquisition, Euromaint has focused on its core business, train maintenance, initiated an international expansion through add-on acquisitions in Germany and worked continuously to improve delivery and efficiency. The internal improvement programme has taken longer than initially planned but provided results in the form of improved efficiency and quality.

Our view is that Euromaint is today better positioned to take advantage of future growth opportunities as a result of the internal development work that has been carried out. The contract with Green Cargo over a ten-year period provides welcome proof of this.

The goal for 2015 is to further develop and streamline Euromaint in Sweden and to reverse the trend in Germany. The focus will also be on winning ongoing and upcoming tenders.

Jonathan Wallis, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014[2]	2013[2]	2012[2]	2012[2]	2011[1]	2010[1]
Net sales	**2,274**	**2,416**	**2,484**	**2,489**	**2,860**	**2,814**
EBITDA	97	68	111	102	159	41
EBITA	**57**	**25**	**60**	**51**	**102**	**-15**
EBT	23	-10	14	5	52	-79
Items affecting comparability in EBITA	-20	-42	-30	-30	-35	-184
Adjusted EBITA	**77**	**67**	**90**	**81**	**137**	**170**

STATEMENT OF FINANCIAL POSITION, SEKm	2014[2]	2013[2]	2012[2]	2012[2]	2011[1]	2010[1]
Intangible assets	725	715		717	721	
Property, plant and equipment	205	176		164	185	
Other assets	858	918		892	1,168	
Cash, bank and other short-term investments	27	22				
Total assets	**1,815**	**1,831**	**-**	**1,774**	**2,075**	**-**
Total equity	722	719		594	737	
Liabilities, interest-bearing	541	564		588	647	
Liabilities, non-interest bearing	552	548		592	691	
Total equity and liabilities	**1,815**	**1,831**	**-**	**1,774**	**2,075**	**-**

STATEMENT OF CASH FLOWS, SEKm	2014[2]	2013[2]	2012[2]	2012[2]	2011[1]	2010[1]
Cash flow from operating activities before change in working capital	19			47		
Change in working capital	4			-13		
Investments/disposals in non-current assets	-66			-29		
Cash flow from operating activities before acquisition and disposal of companies	**-42**	**-**	**-**	**5**	**-**	**-**
Acquisition/disposal of companies						
Cash flow from financing activities	**50**			**-5**		
Cash flow for the year	**8**	**-**	**-**	**0**	**-**	**-**

KEY FIGURES, SEKm	2014[2]	2013[2]	2012[2]	2012[2]	2011[1]	2010[1]
EBITA margin (%)	2.5	1.0	2.4	2.1	3.6	-0.5
Adjusted EBITA margin (%)	3.4	2.8	3.6	3.3	4.8	6.0
Interest-bearing net debt	514	542	-	588	647	-
Debt/equity ratio (multiple)	0.8	0.8	-	1.0	0.9	-
Average number of employees	2,123	2,291	2,437	2,437	2,442	2,373

[1] Refurbishment business area and Euromaint Industry are recognised as discontinued/disposed operations in 2011 and 2010 in accordance with IFRS.
[2] Operations in Germany and Belgium are recognised as discontinued operations in 2014, 2013 and 2012 in accordance with IFRS.

A complete income statement, statement of financial position and statement of cash flows for Euromaint are available at www.ratos.se.

Facts

EuroMaint

www.euromaint.com

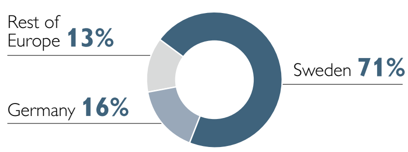
Management

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

Board of Directors

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

Sales by market



GS-Hydro

Stable sales driven by good growth in the marine and land-based customer segments. The continued recovery within marine, investments to develop GS-Hydro's aftermarket offering and positive long-term prospects for offshore create opportunities for future growth.

Operations

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

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

GS-Hydro's products and services are used within the marine and offshore industries as well as in land-based segments such as the pulp and paper, mining and metals, automotive and aerospace industries. The company has approximately 700 employees in 17 countries with its head office in Espoo, Finland.

Market

Non-welded piping solutions account for a relatively small part of the global market for piping solutions for hydraulic applications. Opportunities to increase market share are created by highlighting the advantages of the system compared with welded solutions. The advantages are clear and include shorter installation times, improved accessibility, lower environmental impact at installation and, within offshore, improved opportunities for customers' production to continue without costly shutdowns during installation and maintenance since no welding flame is required.

GS-Hydro conducts operations worldwide and the offshore industry is the company's biggest single customer segment. Uncertainty about market development in the offshore segment has increased in the short term but in the longer term favourable development with good growth is expected. The marine segment is GS-Hydro's second largest customer segment and following a lengthy cyclical decline, the market has developed well since 2013 and the prospects for growth are good. Market development for GS-Hydro's prioritised land-based industries also improved in 2014.

The year in brief

The previous year's incipient recovery within the marine segment continued during the year. In the land-based customer segment the company's sales development was slightly positive but within offshore sales decreased somewhat due to a weaker market development. In total, GS-Hydro's sales in 2014 increased by 1% compared with the previous year.

GS-Hydro's operating profit and margin improved in 2014 and were affected positively by lower operating expenses than in the previous year.

Future prospects

Weaker growth is expected within offshore in the short term but the long-term prospects for the segment remain positive. For GS-Hydro there is also a significant opportunity to grow the company's aftermarket offering to offshore customers. At the same time, there is potential for a continued favourable recovery within marine and a long-term recovery within land-based investments. Increased use of non-welded piping systems, combined with expansion in growth markets, will also be growth drivers for GS-Hydro in future years.

Corporate responsibility

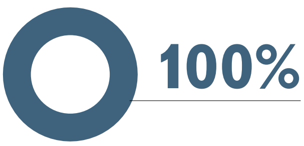
GS-Hydro's key CR issues are preventative anti-corruption initiatives, since the company operates in a number of high-risk markets, and the environment. The company has clear internal demands on its operations and processes are in place for training, monitoring and ensuring continuous development. The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

Financial targets

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

Ratos's ownership

Holding



Ratos became owner of GS-Hydro in 2001 in conjunction with the acquisition of Atle. Consolidated book value in Ratos amounted to SEK 117m at year-end. Ratos has received a net total of approximately SEK 350m from GS-Hydro.

Our view of the holding

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

Since Ratos became owner of GS-Hydro, the company's sales have trebled. Growth has mainly been driven by non-welded technology capturing market shares from traditional welded technology, the company's expansion into new markets and overall positive underlying market development. Uncertainty in the offshore segment has increased in the short term and a lower growth rate is expected. However, GS-Hydro has the potential to grow in this segment by developing the company's aftermarket offering, broadening the product offering and taking market shares from welded solutions. In a weaker market the company also benefits from its diversification where exposure to marine and land-based industries have the potential to compensate for a possible weaker offshore market.

Johan Pålsson, responsible for holding

Financial facts

INCOME STATEMENT, EURm	2014	2013	2012	2011	2010
Net sales	**144.6**	**143.0**	**155.3**	**118.8**	**130.3**
EBITDA	13.3	12.2	16.6	6.1	5.7
EBITA	**11.0**	**9.6**	**14.1**	**3.4**	**2.8**
EBT	10.1	6.6	5.0	-1.4	-2.9
Items affecting comparability in EBITA	-0.3				
Adjusted EBITA	**11.3**	**9.6**	**14.1**	**3.4**	**2.8**

STATEMENT OF FINANCIAL POSITION, EURm					
Intangible assets	56.9	56.9	56.8	56.9	56.2
Property, plant and equipment	8.4	6.9	7.0	6.9	8.8
Other assets	59.9	60.3	65.4	57.1	61.7
Cash, bank and other short-term investments	6.9	7.2	11.5	10.9	9.2
Total assets	**132.2**	**131.3**	**140.8**	**131.7**	**135.8**
Total equity	53.4	46.3	40.8	36.1	34.1
Liabilities, interest-bearing	49.5	55.6	63.8	70.0	77.7
Liabilities, non-interest bearing	29.3	29.4	36.2	25.6	24.0
Total equity and liabilities	**132.2**	**131.3**	**140.8**	**131.7**	**135.8**

STATEMENT OF CASH FLOWS, EURm					
Cash flow from operating activities before change in working capital	9.1	7.5	10.6	1.3	1.0
Change in working capital	-0.4	-0.2	-0.9	3.3	4.9
Investments/disposals in non-current assets	-3.6	-2.9	-2.4	-1.1	-1.6
Cash flow from operating activities before acquisition and disposal of companies	**5.2**	**4.5**	**7.2**	**3.4**	**4.3**
Acquisition/disposal of companies					
Cash flow from financing activities	**-5.6**	**-8.4**	**-6.8**	**-1.7**	**-2.6**
Cash flow for the year	**-0.5**	**-3.9**	**0.4**	**1.7**	**1.6**

KEY FIGURES, EURm					
EBITA margin (%)	7.6	6.7	9.1	2.9	2.1
Adjusted EBITA margin (%)	7.8	6.7	9.1	2.9	2.1
Interest-bearing net debt	42.5	48.4	52.3	59.2	68.5
Debt/equity ratio (multiple)	0.9	1.2	1.6	1.9	2.3
Average number of employees	693	673	636	608	626

A complete income statement, statement of financial position and statement of cash flows for GS-Hydro are available at www.ratos.se.

Facts

GS-Hydro

www.gshydro.com

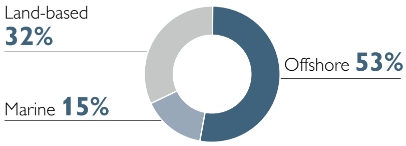
Management

Pekka Frantti	CEO
Kristiina Leppänen	CFO
Harri Jokinen	VP Technology & Sourcing
Jukka Suotsalo	VP Business Development & After Sales
Vesa Mäkelä	Director Sales & Marketing
Ivar Rågneflåten	Managing Director GS-Hydro Norway

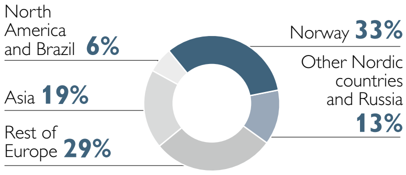
Board of Directors

Anders Lindblad	Chairman
Sveinung Hansen	
Olli Isotalo	
Per Nordgren	
Johan Pålsson	Ratos (responsible for holding)
Eli K Vassenden	

Sales by segment



Sales by region



Hafa Bathroom Group

Continued weak underlying market development in Hafa Bathroom Group's segment with some stabilisation in the second half of the year. Improved adjusted operating profit despite lower sales due to completed efficiency improvements.

Operations

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

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

Market

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

In 2014 market development stabilised compared with the weak trend in recent years. However, there is still intense price competition in the market. In future there is good growth potential due to a major underlying need for renovation and a strong interest in interior decoration and design. The long-term opportunities for growth in Hafa Bathroom Group's market segment are therefore positive.

The year in brief

Continued weak market development and intense price competition characterised Hafa Bathroom Group's prioritised consumer-focused R&M segment, but there were signs of more stable development in the second half of the year. Completed efficiency improvements contributed to a better operating profit despite a lower sales volume.

Ratos made a capital contribution of SEK 15m during the year.

Future prospects

Following a couple of years of relatively weak development in Hafa Bathroom Group's market segment there are signs of stabilisation. The company's strong brands, continued development of good customer relationships and opportunities for continued growth in the professional segment and online sales create potential for growth and improved earnings.

Corporate responsibility

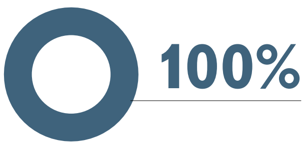
The company's key sustainability issues within human rights, labour law and anti-corruption are linked to the company's large proportion of partners and suppliers in low-cost countries. The environment is also an important sustainability issue, particularly in the development of new products. The company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

Financial targets

- Organic growth 2% points faster than the market
- EBITA margin >8%

Ratos's ownership

Holding



Ratos became an owner of Hafa Bathroom Group in 2001 in conjunction with the acquisition of Atle. Consolidated book value in Ratos amounted to SEK 98m at year-end. Ratos has invested a total of approximately SEK 115m in Hafa Bathroom Group.

Our view of the holding

Hafa Bathroom Group has built a strong position in the Nordic bathroom market with its Hafa and Westerbergs brands. After a couple of years with a focus on cost adjustment and efficiency improvements, and with a new CEO in place, we see potential for a return to growth. This will be driven by the investments made in product development and brands, more intense cooperation with existing customers and retailers, new customer relationships, continued success in the professional segment and a continued development of the online channel. Combined with efficiency improvements in recent years, there are therefore good opportunities for profitable growth in the years ahead.

Johan Pålsson, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014	2013	2012	2011 1)	2010 1)
Net sales	**206**	**238**	**268**	**324**	**407**
EBITDA	-2	-10	9	0	50
EBITA	**-4**	**-13**	**7**	**-5**	**46**
EBT	-6	-14	5	-2	45
Items affecting comparability in EBITA	-6				
Adjusted EBITA	**1**	**-13**	**7**	**-5**	**46**

STATEMENT OF FINANCIAL POSITION, SEKm					
Intangible assets	45	47	45	41	43
Property, plant and equipment	1	1	3	4	9
Other assets	94	126	117	130	213
Cash, bank and other short-term investments	0	0	1	1	2
Total assets	**140**	**174**	**165**	**176**	**267**
Total equity	49	52	42	40	51
Liabilities, interest-bearing	41	61	62	59	87
Liabilities, non-interest bearing	50	62	61	76	130
Total equity and liabilities	**140**	**174**	**165**	**176**	**267**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	-7	-14	2	-14	42
Change in working capital	8	18	-2	60	-33
Investments/disposals in non-current assets	-1	-3	-4	-2	-4
Cash flow from operating activities before acquisition and disposal of companies	**0**	**1**	**-4**	**45**	**6**
Acquisition/disposal of companies					
Cash flow from financing activities	**0**	**-1**	**4**	**-46**	**-24**
Cash flow for the year	**0**	**0**	**0**	**-1**	**-18**

KEY FIGURES, SEKm					
EBITA margin (%)	-2.2	-5.5	2.6	-1.4	11.3
Adjusted EBITA margin (%)	0.7	-5.5	2.6	-1.4	11.3
Interest-bearing net debt	40	61	61	58	85
Debt/equity ratio (multiple)	0.8	1.2	1.5	1.5	1.7
Average number of employees	82	121	136	176	177

1) Operations in Denmark are recognised as discontinued operations in 2011 and 2010 in accordance with IFRS.

A complete income statement, statement of financial position and statement of cash flows for Hafa Bathroom Group are available at www.ratos.se

Facts

HAFA BATHROOM GROUP
hafa westerbergs

www.hafabg.com

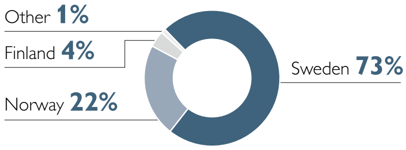
Management

Anders Hofstedt	CEO
Tina Brandt	CFO
Eva Östergren	Chief Marketing Officer
Thomas Ovesson	Purchasing and Quality Manager

Board of Directors

Stig Karlsson	Chairman
Staffan Jehander	
Susanne Najafi	
Johan Pålsson	Ratos (responsible for holding)
Hanna Eiderbrant	Deputy, Ratos

Sales by market



HENT

HENT performed well in 2014 with a strong order intake and a good development in existing projects.

Clarion Hotel The Edge, Photo: Bjørn Joachimsen

Operations

HENT is a leading Norwegian building contractor focusing on the construction of newbuild public and commercial real estate. The company operates with projects throughout Norway from its head office in Trondheim and local offices in Oslo, Ålesund, Bergen and Hamar.

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

HENT has seen rapid expansion in recent years with stable profitability and has continuously strengthened its market position.

Market

The total construction market in Norway amounts to approximately NOK 270 billion of which newbuild public and commercial real estate accounts for approximately NOK 55-60 billion. The newbuild market is cyclical but has historically shown good structural growth. Since the start of the 2000s annual market growth has been approximately 5% and stable market growth is also expected in the future.

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

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

The year in brief

In 2014 the market for newbuild housing construction in Norway weakened slightly which resulted in several market players shifting their focus and resources to HENT's business segment. This contributed to increased competition during the year. Despite a tougher market, HENT continued to gain market share in 2014 and among other things strengthened its position in western Norway where the company won a couple of key contracts. The strong development of order intake continued and the order book totalled approximately NOK 8.7 billion at year-end. Contracts signed during the year included one for construction of a large office complex in Bergen. The order value was approximately NOK 1 billion and the project started at the end of the year.

HENT's sales development was very strong in 2014 with growth of 18% which further strengthened the company's market position. This growth was a result of strong order intake in previous years and favourable development in the projects. Adjusted for items affecting comparability, EBITA strengthened to NOK 137m (121).

Expansion of the organisation continued to enable long-term growth to outpace the market.

Future prospects

The outlook for the Norwegian construction market remains stable, driven among other things by a strong underlying Norwegian economy with stable public finances, low unemployment, demographic growth and the need to invest in infrastructure and public buildings.

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

Corporate responsibility

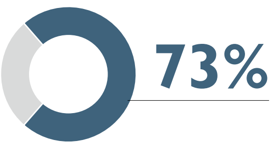
HENT's most important sustainability issues include labour law (focusing on conditions for subcontractors), health, working environment, safety and business ethics. All of these are related to HENT's strategy and managing them is central to the company's commercial success. HENT works actively to develop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

Financial targets

HENT's financial targets are to achieve over time annual sales of NOK 5 billion and an EBITDA margin of 4%.

Ratos's ownership

Holding



Ratos acquired HENT in 2013. Co-owners are the company's management with a share of approximately 27%. Consolidated book value in Ratos amounted to SEK 416m at year-end. Ratos has invested a total of approximately SEK 350m in HENT.

Our view of the holding

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

HENT has a skilled and dedicated management which increased its ownership in conjunction with Ratos becoming an owner in 2013 – strong proof of belief in the company's future. In 2013 and 2014 we have had a positive start to our ownership of HENT and together with the company's management we will further develop the company and create opportunities for continued organic growth within the existing business model. The aim is that the profitable growth of recent years will continue.

Henrik Blomé, responsible for holding

Media City Bergen – MAD Arkitekter

Financial facts

INCOME STATEMENT, NOKm	2014	2013[1]	2012[1]	2012	2011	2010
Net sales	**4,466**	**3,797**	**2,886**	**2,886**	**3,090**	**2,058**
EBITDA	151	112	101	101	87	74
EBITA	**146**	**108**	**97**	**97**	**78**	**66**
EBT	128	98	81	95	76	58
Items affecting comparability in EBITA	9	-13				
Adjusted EBITA	**137**	**121**	**97**	**97**	**78**	**66**

STATEMENT OF FINANCIAL POSITION, NOKm	2014	2013[1]	2012[1]	2012	2011	2010
Intangible assets	873	873		487	487	487
Property, plant and equipment	10	32		20	21	11
Other assets	519	378		570	542	359
Cash, bank and other short-term investments	689	665		332	185	278
Total assets	**2,092**	**1,948**	**-**	**1,410**	**1,234**	**1,135**
Total equity [2]	525	429		436	412	392
Liabilities, interest-bearing	253	303		15	30	47
Liabilities, non-interest bearing	1,313	1,216		958	792	695
Total equity and liabilities	**2,092**	**1,948**	**-**	**1,410**	**1,234**	**1,135**

STATEMENT OF CASH FLOWS, NOKm	2014	2013[1]	2012[1]	2012	2011	2010
Cash flow from operating activities before change in working capital	163					
Change in working capital	-73					
Investments/disposals in non-current assets	-3					
Cash flow from operating activities before acquisition and disposal of companies	**87**	**-**	**-**	**-**	**-**	**-**
Acquisition/disposal of companies	-1					
Cash flow from financing activities	**-62**					
Cash flow for the year	**24**	**-**	**-**	**-**	**-**	**-**

KEY FIGURES, NOKm	2014	2013[1]	2012[1]	2012	2011	2010
EBITA margin (%)	3.3	2.8	3.4	3.4	2.5	3.2
Adjusted EBITA margin (%)	3.1	3.2	3.4	3.4	2.5	3.2
Interest-bearing net debt	-464	-397	-	-447	-275	-323
Debt/equity ratio (multiple)	0.5	0.7	-	0.0	0.1	0.1
Average number of employees	528	468	397	397	397	392

[1] Earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.
[2] Equity at 31 December 2014 includes shareholder loan with NOK 45m.

A complete income statement, statement of financial position and statement of cash flows for HENT are available at www.ratos.se

Facts

HENT

www.hent.no

Management

Jan Jahren	CEO
May Helen Dahlstrø	CFO
Knut Alstad	Market & Development Director
Endre Persen	HSEQ Director
Terje Hugubakken	HR Director
Bjørnar Lund	Head Calculation & Purchasing
Trygve Gjøvik	Head Production Trondheim
Hans Wold Haug	Head Calculation & Purchasing Oslo
Ole Kristian Berg	Head Production Oslo
John Ivar Myhre	Technology Department Director

Board of Directors

Helge Midttun	Chairman
Mårten Bernow	Ratos
Henrik Blomé	Ratos (responsible for holding)
May Helen Dahlstrø	CFO
Jan Jahren	CEO
Elin Karfjell	
Paul E. Lødøen	

HL Display

The year was characterised by a weak sales and earnings performance primarily due to a weaker market where price pressure within retail is leading to lower investments in stores. The intensive change programme in the company during 2014 will continue in 2015.

Operations

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

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

Production takes place in Poland, Sweden, China and the UK. Sales are conducted through 30 own sales subsidiaries and 16 distributors in a total of 47 markets.

The company's largest markets are the UK, France, Sweden and Norway. HL Display has a total of approximately 1,150 employees.

Market

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

The Nordic region and the rest of Europe account for approximately 90% of HL Display's sales. Asia is expected, however, to see the highest growth in future. The company operates in a highly fragmented sector with many local competitors. HL Display is the only global player in its niche.

The year in brief

2014 was characterised by weak sales development due to a weaker market where price pressure within retail is leading to lower investments in stores. Sales in some major markets were temporarily affected negatively by completed change programmes in the sales organisation. Earnings development was also weak during the year mainly due to weak volume development, but also to restructuring costs. Taken overall currency effects had some positive impact on sales but a negative impact on earnings due to translation effects.

During the year the company strengthened its work with concept sales in the sales companies in order to help customers to both increase sales and reduce costs. HL Display prioritises work with product development and new innovations in order to be able to continue to offer customers new, attractive concepts in the future. In parallel with this, the company has identified a number of measures to simplify and rationalise its operations which resulted in the closure of some smaller sales companies during the year. This work will intensify in 2015.

Future prospects

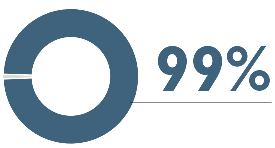
HL Display has the potential to grow and improve profitability despite a weaker market. This is driven by continued internal efficiency improvement work as well as good opportunities for sales growth through an increased focus on concept sales, more structured processing of global customers and continued product innovations. Combined with continued positive effects from restructuring in recent years, these initiatives are expected to deliver both growth and improved profitability in the years ahead.

Corporate responsibility

HL Display has worked actively with sustainability issues for many years and conducts continuous improvement initiatives with a special focus on anti-corruption and environmental issues. All production facilities are certified according to ISO 14001. HL Display has subscribed to the UN Global Compact since 2010.

Ratos's ownership

Holding



Ratos became an owner of HL Display in 2001 in conjunction with the acquisition of Atle and until 2010 owned 29% of the capital. In 2010, Ratos acquired the remaining shares in HL Display after a public takeover offer and the company was delisted from Nasdaq Stockholm. Co-owners are the company's management and board. Consolidated book value in Ratos amounted to SEK 828m at year-end. Ratos has invested a total of approximately SEK 415m in HL Display.

Our view of the holding

We increased our ownership in 2010 since we saw a company with a market leading position in an attractive sector with good growth potential and major opportunities for efficiency improvements. Since the buyout, HL Display has reviewed its production structure, relocated production to low-cost countries and implemented a cost-cutting programme. During the past year, the company made active efforts to create its own market through concept sales and taken overall our assessment is that the company has good potential for growth, both through organic growth in existing markets, as well as through add-on acquisitions. At the same time there is further potential for efficiency improvements in the company.

Robin Molvin, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014	2013	2012	2011	2010[1]
Net sales	**1,509**	**1,596**	**1,657**	**1,643**	**1,617**
EBITDA	99	166	142	100	104
EBITA	**60**	**128**	**104**	**64**	**66**
EBT	3	106	70	24	29
Items affecting comparability in EBITA	-18	-12	-21	-39	-27
Adjusted EBITA	**77**	**140**	**125**	**103**	**93**

STATEMENT OF FINANCIAL POSITION, SEKm					
Intangible assets	1,230	1,213	1,203	1,167	1,187
Property, plant and equipment	197	188	196	227	214
Other assets	521	518	498	546	613
Cash, bank and other short-term investments	147	202	175	163	206
Total assets	**2,095**	**2,121**	**2,072**	**2,103**	**2,221**
Total equity	940	1,246	1,156	1,123	1,123
Liabilities, interest-bearing	784	500	573	635	710
Liabilities, non-interest bearing	371	375	342	345	388
Total equity and liabilities	**2,095**	**2,121**	**2,072**	**2,103**	**2,221**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	66	128	95	59	
Change in working capital	16	-1	25	16	
Investments/disposals in non-current assets	-33	-36	-51	-53	
Cash flow from operating activities before acquisition and disposal of companies	**50**	**91**	**70**	**22**	**-**
Acquisition/disposal of companies					
Cash flow from financing activities	**-117**	**-72**	**-59**	**-65**	
Cash flow for the year	**-67**	**19**	**11**	**-43**	**-**

KEY FIGURES, SEKm					
EBITA margin (%)	4.0	8.0	6.3	3.9	4.1
Adjusted EBITA margin (%)	5.1	8.8	7.6	6.3	5.8
Interest-bearing net debt	635	296	396	469	490
Debt/equity ratio (multiple)	0.8	0.4	0.5	0.6	0.6
Average number of employees	1,134	1,146	1,140	1,158	1,102

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

A complete income statement, statement of financial position and statement of cash flows for HL Display are available at www.ratos.se

Facts

www.hl-display.com

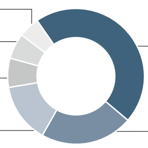
Management

Gérard Dubuy	CEO
Magnus Bergendorff	CFO
Håkan Eriksson	Area Sales & Business Development Director
Marc Hoeschen	COO
Duncan Hill	Area Manager, UK
Malin Jönsson	Director of Marketing
Reinhard Rollett	Area Manager, Western Europe

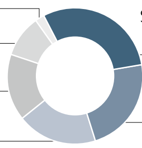
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Gérard Dubuy	CEO
Birgitta Stymne Göransson	
Peter Holm	
Robin Molvin	Ratos (responsible for holding)
Lars-Åke Rydh	
Magnus Jonsson	Employee representative
Kent Mossberg	Employee representative
Lene Sandvoll Stern	Deputy, Ratos
Henrik Smedlund	Deputy, employee representative

Sales by customer segment

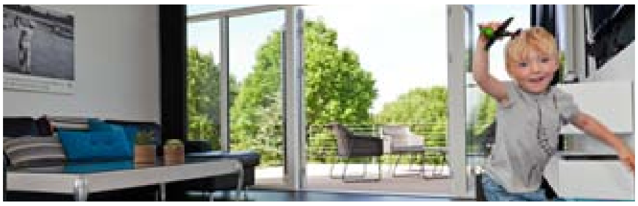


Sales by market



Inwido

An improved market overall and efficiency improvements in operations enabled Inwido to achieve growth and increased profitability during the year. Inwido was listed on Nasdaq Stockholm on 26 September after which Ratos's holding amounts to 31.3%.



Operations

Inwido is Europe's largest window manufacturers and one of the leading producers of doors in the Nordic region.

The company's products are wooden windows, aluminium-clad wooden windows and exterior doors with related services and accessories. Windows account for the majority of sales. The customer base is consumers, carpenters, installation engineers, building companies and manufacturers of prefabricated homes. The consumer segment accounts for approximately 70% of sales. The main geographic markets are Sweden, Finland, Denmark, Norway, the UK, Poland, Ireland and Austria, with the Nordic region accounting for most of sales.

Inwido has approximately 3,300 employees and a total of 26 production facilities.

Market

The Nordic market for windows and exterior doors is estimated at approximately EUR 1.8 billion, of which wooden windows and aluminium-clad wooden windows account for about 90%. After several years with a downward trend, the market is once again showing signs of growth.

There are major national and regional differences in the European window market. These are driven among other things by building standards and regulations, design preferences and sales channels.

The European window market is fragmented. During the past decade, however, the Nordic market in particular has consolidated, due in no small part to Inwido which is Nordic market leader today and a challenger in other European markets.

Market development is driven by consumer confidence in the future, construction activity, price trends and turnover in the housing market, economic growth, interest rates, real income development, regulation and political control. Key trends include urbanisation and a focus on the environment, cost efficiency, design and comfort.

The year in brief

Market development was positive overall in 2014 driven by strong development in Sweden as well as increased market shares in Denmark and Finland. Order intake rose 14% adjusted for acquisitions.

Profitability improved through increased volumes and efficiency improvements. Items affecting comparability amounted to SEK -125m, mainly related to a changed production structure but also to the costs of the IPO.

The streamlining of the production structure continued in 2014. Production in Os, Norway, was relocated to Lenhovda/Vetlanda, Sweden, and some manufacturing in the UK was moved to Poland.

Through acquisition of the Danish companies JNA and SPAR, Inwido added online sales to end customers as a new channel.

Future prospects

Its strong local brands give Inwido a leading position in the Nordic region with maintenance-free, environmentally friendly and energy efficient windows. Prospects in key markets are assessed as positive overall. The company estimates that there is continued development potential through improved efficiency, in both the existing and adjusted production structure.

There is also potential in value-creating add-on acquisitions in some Nordic, and above all European markets, particularly those with a tradition of wooden windows and aluminium-clad wooden windows.

Corporate responsibility

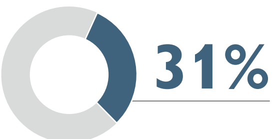
Inwido works with three prioritised areas: sustainable products and businesses, a safe and stimulating working environment, and reduced negative environmental impact from production, with qualitative and quantitative targets for each area. Quality and environmental certification is ongoing and local in conjunction with streamlining of the company's production structure.

Financial targets

- Organic growth to exceed the market plus selective acquisitions and initiatives in Europe
- Adjusted EBITA margin 12%
- Net debt, except for temporary deviations, not to exceed 2.5 times adjusted EBITDA
- Dividend about 50% of net profit, but taking into account capital structure in relation to objectives, cash flow and future prospects.

Ratos's ownership

Holding



Ratos acquired Inwido in 2004. In September 2014, Ratos sold approximately 65% of the number of outstanding shares in conjunction with an IPO of the company. Ratos's holding subsequently amounts to 31.3%. The listing price was SEK 68 per share. Consolidated book value in Ratos amounted to SEK 1,285m at year-end. Ratos has so far received a net amount of SEK 1,390m from Inwido.

Our view of the holding

Since Ratos acquired Elitfönster, the leading window manufacturer in Sweden at the time, the company has through 32 add-on acquisitions established itself as the leading Nordic player within windows and exterior doors. During these years integration and extensive improvement initiatives were implemented in order to strengthen profitability and efficiency. When Inwido entered the next phase, where the effects of this work could be realised in full, the assessment was that this was a suitable time to list the company, something that could help to further highlight Inwido and its brands both in the industry and for a broader public.

In the years ahead Inwido should be able to benefit from its leading positions and through strengthened marketing, continued efficiency improvements and investments in product development, increase both growth and profitability. Ratos is also in favour of value-creating acquisitions.

Henrik Lundh, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014	2013[1]	2012[1,2]	2012	2011	2010
Net sales	**4,916**	**4,300**	**4,476**	**4,607**	**5,050**	**5,149**
EBITDA	508	402	429	389	541	625
EBITA	**376**	**294**	**316**	**276**	**407**	**446**
EBT	253	215	278	235	315	328
Items affecting comparability in EBITA	-125	-51	-19	-70	-69	-80
Adjusted EBITA	**502**	**345**	**335**	**346**	**476**	**527**

STATEMENT OF FINANCIAL POSITION, SEKm						
Intangible assets	3,284	2,976		2,929	3,172	3,185
Property, plant and equipment	636	574		600	634	687
Other assets	1,086	1,098		1,147	1,387	1,365
Cash, bank and other short-term investments	88	77		99	283	517
Total assets	**5,094**	**4,724**	**-**	**4,774**	**5,476**	**5,754**
Total equity	2,793	2,528		2,359	2,227	2,340
Liabilities, interest-bearing	1,235	1,073		1,253	1,677	2,042
Liabilities, non-interest bearing	1,066	1,123		1,163	1,572	1,373
Total equity and liabilities	**5,094**	**4,724**	**-**	**4,774**	**5,476**	**5,754**

STATEMENT OF CASH FLOWS, SEKm						
Cash flow from operating activities before change in working capital	295	334		325	469	488
Change in working capital	15	41		-77	77	-105
Investments/disposals in non-current assets	-157	-74		-81	-77	-62
Cash flow from operating activities before acquisition and disposal of companies	**152**	**301**	**-**	**167**	**469**	**321**
Acquisition/disposal of companies	-185			191	-27	0
Cash flow from financing activities	**43**	**-323**		**-541**	**-675**	**-401**
Cash flow for the year	**10**	**-22**	**-**	**-184**	**-233**	**-80**

KEY FIGURES, SEKm						
EBITA margin (%)	7.7	6.8	7.1	6.0	8.1	8.7
Adjusted EBITA margin (%)	10.2	8.0	7.5	7.5	9.4	10.2
Interest-bearing net debt	1,131	979	-	1,131	1,372	1,501
Debt/equity ratio (multiple)	0.4	0.4	-	0.5	0.8	0.9
Average number of employees	3,297	3,077	3,249	3,287	3,523	3,759

1) EBITA (operating expenses) has been adjusted for historical, non-cash accounting errors in 2013 and 2012 in Norway by SEK -5.1m and SEK -11.6m respectively (NOK -4.6m and NOK -10.0m respectively).
2) Home Improvement is recognised as discontinued operations in 2012 in accordance with IFRS.

A complete income statement, statement of financial position and statement of cash flows for Inwido are available at www.ratos.se

Facts

INWIDO
Great Windows & Doors

www.inwido.com

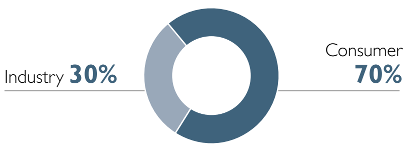
Management

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

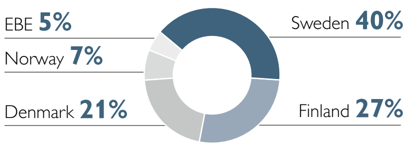
Board of Directors

Arne Frank	Chairman
Benny Ernstson	
Eva S Halén	
Leif Johansson	
Henrik Lundh	Ratos (responsible for holding)
Anders Wassberg	
Ulf Jakobsson	Employee representative
Robert Wernersson	Employee representative
Tony Johansson	Deputy, employee representative

Sales by customer group



External sales by market



Jøtul

The mild weather during the year contributed to weak demand for stoves and fireplaces in several of Jøtul's markets. Ongoing restructuring and efficiency improvements are going according to plan.

Operations

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

Market

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

The year in brief

Record-warm weather in the Nordic region and the rest of Europe contributed to historically low demand mainly in the Norwegian and French markets, while development in the US and Sweden was positive. The sales increase is a result of strong demand for stoves in the US and the sale of chimneys from third-party manufacturers in Sweden, a new product category for Jøtul.

CEO Eskil Zapffe, who took over during the year, has worked with the rest of management and the board to produce a new business plan intended to restore Jøtul's competitiveness and profitability. The plan includes extensive cost savings as a combination of continued internal efficiency improvements and structural changes in the production structure. As part of this work, some production was moved from Norway to the end market in the US and from Denmark to Poland.

Several new products were introduced during the year, including Jøtul 305 which attracted considerable attention for its design. Several new products that are expected to strengthen the company's position will also be launched in 2015.

A capital contribution totalling SEK 80m was provided in 2014.

Future prospects

The focus for the next two years will be on further improving operational efficiency in order to restore profitability after the volatile market development in recent years. In addition to optimisation of production, logistics and distribution, Jøtul continues to invest in product development in order to further develop the company's strong market position, among other things in connection with changes in European regulations relating to emissions from and the efficiency of stoves and fireplaces.

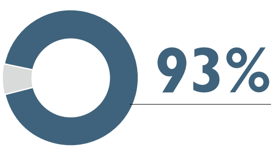
Corporate responsibility

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

The company places great emphasis on health and safety. The company's code of conduct, revised in 2013 and implemented in 2014, complies with Ratos's code and the UN Global Compact.

Ratos's ownership

Holding



Ratos acquired Jøtul in 2006 and its holding amounts to 93%. Co-owners are the company's management and board members. Consolidated book value in Ratos amounted to SEK 45m at year-end. Ratos has invested a total of approximately SEK 555m in Jøtul.

Our view of the holding

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

Lars Johansson, responsible for holding

Financial facts

INCOME STATEMENT, NOKm	**2014**	**2013**	**2012**	**2011**	**2010**
Net sales	**845**	**838**	**784**	**859**	**876**
EBITDA	32	40	6	21	129
EBITA	**-20**	**-13**	**-44**	**-29**	**81**
EBT	-197	-80	-131	-57	57
Items affecting comparability in EBITA	-4	-7		-24	14
Adjusted EBITA	**-16**	**-7**	**-44**	**-5**	**67**

STATEMENT OF FINANCIAL POSITION, NOKm					
Intangible assets	542	632	616	676	677
Property, plant and equipment	189	210	228	224	226
Other assets	305	307	284	311	327
Cash, bank and other short-term investments	8	8			
Total assets	**1,043**	**1,156**	**1,127**	**1,211**	**1,229**
Total equity	284	394	427	475	533
Liabilities, interest-bearing	545	534	513	540	474
Liabilities, non-interest bearing	214	228	188	197	222
Total equity and liabilities	**1,043**	**1,156**	**1,127**	**1,211**	**1,229**

STATEMENT OF CASH FLOWS, NOKm					
Cash flow from operating activities before change in working capital	-6	-8	-42	-10	60
Change in working capital	-9	22	31	6	11
Investments/disposals in non-current assets	-32	-35	-58	-63	-45
Cash flow from operating activities before acquisition and disposal of companies	**-48**	**-21**	**-70**	**-68**	**25**
Acquisition/disposal of companies					
Cash flow from financing activities	**48**	**28**	**70**	**68**	**-25**
Cash flow for the year	**0**	**8**	**0**	**0**	**0**

KEY FIGURES, NOKm					
EBITA margin (%)	-2.4	-1.6	-5.7	-3.3	9.2
Adjusted EBITA margin (%)	-1.9	-0.8	-5.7	-0.6	7.7
Interest-bearing net debt	537	527	499	540	474
Debt/equity ratio (multiple)	1.9	1.4	1.2	1.1	0.9
Average number of employees	627	635	683	713	714

A complete income statement, statement of financial position and statement of cash flows for Jøtul are available at www.ratos.se

Facts

JØTUL®

www.jotulgroup.com

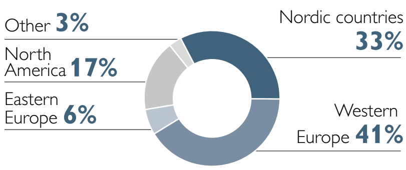
Management

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

Board of Directors

Anders Lindblad	Chairman
Lars Johansson	Ratos (responsible for holding)
Rannveig Krane	
Lennart Rappe	
Johan Rydmark	Ratos
Amund Skarholt	
Geir Bunes	Employee representative
Arild Johannessen	Employee representative
Rune Stokvold	Employee representative

Sales by market



KVD

KVD performed well in Sweden with a sharp increase in the number of brokered privately owned vehicles. New facilities were established in Malmö and Umeå in Sweden and an improved auction site was launched. Volumes in Norway continued to increase steadily.

Operations

KVD is Sweden's largest independent internet-based marketplace for brokering second-hand vehicles. The company has two business areas, Cars and Machines & Heavy Vehicles, and operates the auction sites kvd.se, kvdnorge.no and kvdauctions.com where trading in cars, heavy vehicles and machines takes place on a weekly basis. KVD handles the entire transaction from client order to end customer as well as guaranteeing the quality of the brokered item. KVD is independent (does not own the item itself) and represents both buyer and seller in the transaction. The aim is to offer the most secure and effective process with the lowest risk for both parties. The company also offers additional services such as guarantees, insurance, financing and transport. Revenues comprise commission on brokered sales and services.

KVD's marketplaces have about 200,000 unique visitors per week and KVD has facilities at 13 locations in Sweden and one in Norway. The company also includes Sweden's largest valuation portal for cars, bilpriser.se. KVD has approximately 185 employees.

Market

KVD has a market share of approximately 10% in the segment for sales of second-hand company cars (primarily leased cars) in Sweden and is therefore the market leader. The company car market is growing by an average of 1-2% per year. The most important competing channel for sales to end customers is car dealers. KVD also competes with auction companies that sell only to dealers. Since 2012 KVD has also brokered cars owned by private individuals and thus more than doubled the potential market in Sweden. KVD's market share amounts to approximately 1% and is seeing strong growth. Within Heavy Vehicles, KVD's current market share is approximately 7% and growing. The machine market is highly fragmented both in terms of brokered items and alternative sales channels.

The year in brief

New facilities were established in Malmö and Umeå in 2014. A new and improved website was launched at the beginning of the year. Sales rose 6% compared with 2013 due to an increased number of brokered items within Cars, +12%. The number of cars brokered for private individuals amounted to about 12% of the total volume of cars compared with 7% in 2013, which corresponded to an increase of 86%. Growth for company cars was 6%. For Machines & Heavy Vehicles the reprioritisation towards high-value items continued. Costs affecting comparability, mainly related to the closure of the insolvency business, amounted to SEK 6m (0) and excluding these costs adjusted EBITA increased to SEK 50m (44).

The initiative in Norway led to a charge on operating profit of SEK 11m (14). Development was positive in 2014 due to increased volumes.

Future prospects

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

During 2015, KVD will focus on continued profitable growth, in Sweden mainly driven by an increased market share in the company car segment and continued strong volume growth within private cars. In Norway, the goal is a continued focus on increasing volumes with the aim of achieving profitability during the year. Efficiency improvement initiatives will continue during the year with the main focus on reducing throughput times from initial inquiry to sold and delivered items.

Corporate responsibility

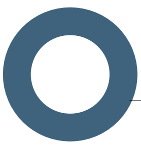
KVD's business is to offer an efficient process for brokering secondhand items, which in turn leads to more efficient use of resources and a more sustainable society. To be the leading marketplace requires confidence and transparency. The company's internal work with business ethics is based on this. In 2014, KVD implemented an updated code of conduct and trained all employees in the internal guidelines.

Financial targets

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

Ratos's ownership

Holding



100%

Ratos acquired KVD in 2010. Consolidated book value in Ratos was SEK 303m at year-end. Ratos has invested a total of approximately SEK 210m in KVD.

Our view of the holding

KVD has a highly competitive business model which was the main reason for Ratos's original acquisition of the company. We also saw that the company had the potential to expand both inside and outside Sweden. Since the acquisition the company's business has been streamlined, brokerage of privately owned cars has been initiated and KVD has also established itself in Norway. The company has also developed its brand-building work under the banner "trust, confidence and security".

KVD took a number of key initiatives in 2014. An improved auction site was launched at the beginning of the year which better meets consumers' expectations and the brand. In addition, the brokered volume of privately owned cars has risen sharply. We see continued major potential for growth within private cars where the market share is small and there is consumer demand for this service. Norway has shown growth during the year and we have a positive view of continued development potential.

KVD has a good platform for continued, strong organic sales growth. We intend to improve margins through a combination of ongoing efficiency improvements in the company and operational leverage.

Jonathan Wallis, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014	2013	2012	2011	2010[1)2)]
Net sales	**315**	**297**	**287**	**276**	**239**
EBITDA	48	46	46	57	37
EBITA	**44**	**44**	**41**	**52**	**32**
EBT	33	29	25	42	22
Items affecting comparability in EBITA	-6		-2		-12
Adjusted EBITA	**50**	**44**	**44**	**52**	**44**

STATEMENT OF FINANCIAL POSITION, SEKm	2014	2013	2012	2011	2010
Intangible assets	520	515	511	511	513
Property, plant and equipment	6	7	8	63	63
Other assets	78	88	72	49	71
Cash, bank and other short-term investments	9	5	14	18	47
Total assets	**614**	**615**	**605**	**640**	**694**
Total equity	303	276	255	392	360
Liabilities, interest-bearing	185	209	234	163	228
Liabilities, non-interest bearing	126	131	116	86	105
Total equity and liabilities	**614**	**615**	**605**	**640**	**694**

STATEMENT OF CASH FLOWS, SEKm	2014	2013	2012	2011	2010
Cash flow from operating activities before change in working capital	29	25	26	35	
Change in working capital	10	-3	0	-4	
Investments/disposals in non-current assets	-7	-4	23	-2	
Cash flow from operating activities before acquisition and disposal of companies	**32**	**18**	**49**	**29**	**-**
Acquisition/disposal of companies			27	1	
Cash flow from financing activities	**-29**	**-27**	**-81**	**-58**	
Cash flow for the year	**3**	**-8**	**-4**	**-28**	**-**

KEY FIGURES, SEKm	2014	2013	2012	2011	2010
EBITA margin (%)	14.0	14.8	14.4	18.9	13.4
Adjusted EBITA margin (%)	16.0	14.8	15.2	18.9	18.4
Interest-bearing net debt	176	203	220	144	178
Debt/equity ratio (multiple)	0.6	0.8	0.9	0.4	0.6
Average number of employees	176	186	184	177	167

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

A complete income statement, statement of financial position and statement of cash flows for KVD are available at www.ratos.se

Facts

kvd.se

www.kvd.se • www.kvdauctions.com
www.kvdnorge.no • www.bilpriser.se

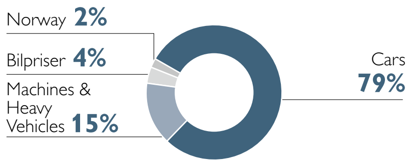
Management

Ulrika Drotz Molin	CEO
Karin Nilsson	CFO
Per Blomberg	International Business and Export Developer
Henrik Otterstedt	COO
Benny Karlsson	Head of Marketing

Board of Directors

Ebbe Pelle Jacobsen	Chairman
Peter Carrick	
Ingrid Engström	
Cecilia Lundberg	Ratos
Bo Sandberg	
Jonathan Wallis	Ratos (responsible for holding)
Annika Alfredsson	Employee representative
Ann Roslund	Employee representative

Sales by business area



Ledil

Ratos acquired 66% of Ledil from the company's founders on 29 December 2014. The positive trend shown by the company in recent years continued in 2014 with good organic growth and positive profitability development.

Operations

Ledil develops and sells secondary optics (plastic lenses which through design and material properties focus light from a source to achieve a desired lighting solution) for LED lighting. The company has a broad portfolio of proprietary products sold through its own sales force as well as through agents and distributors globally with the main emphasis on Europe, North America and Asia. Production is carried out by subcontractors in Finland and China. Today, the products are mainly used in environments with high demands on lighting performance and are found exclusively in commercial applications such as retail stores, offices and street lighting.

Market

The global lighting market has annual sales of approximately SEK 750 billion. Underlying growth is driven by the rising population, urbanisation and an increased interest in lighting.

LED technology has revolutionised the lighting market through lower energy consumption, environmental friendliness and superior operating life. In addition to the economic advantages, LED penetration, which was assessed as reaching approximately 15-25% in 2014, is also driven by legislation banning traditional incandescent bulbs. LED market penetration is expected to see strong growth in future years.

Secondary optics, which are mounted adjacent to the light source, give the light its properties by changing the direction (concentrating or diffusing) as well as dispersing the light and are a vital component in a LED lamp. Ledil has a strong market position in Europe and significant potential for further growth in North America and Asia. The company's many proprietary products are of a high quality and compatible with most available light sources.

The year in brief

Ledil's markets continued to show strong development in 2014 due to increased penetration for LED lighting and good demand for secondary optics. Ledil's sales totalled EUR 26.8m, an increase of 36% compared with the previous year. Profitability improved due to increased sales and positive currency effects. Adjusted EBITA amounted to EUR 8.2m corresponding to a margin of 31%.

Future prospects

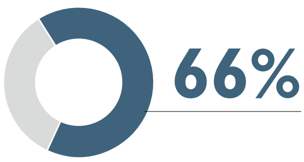
Ledil has a good strategic position as the market-leading manufacturer of secondary optics. The LED market is expected to show very strong growth going forward, driven by increased penetration for LED as well as underlying growth for lighting. In addition to growth within secondary optics, Ledil is assessed in the medium term as having the potential to expand its offering to related product areas.

Corporate responsibility

During Ratos's ownership, Ledil will systemise its work with relevant sustainability issues with a focus on the company's environmental impact and human rights in the supply chain.

Ratos's ownership

Holding



Ratos acquired Ledil in 2014. Co-owners are the company's founders and management with an ownership stake of approximately 34%. Consolidated book value in Ratos amounted to SEK 459m at year-end. Ratos has invested a total of approximately SEK 470m in Ledil.

Our view of the holding

Ledil is a fast-growing, profitable and innovation-focused company that has built up a strong market position within its niche. The company's opportunities for continued organic growth within several product areas and markets, combined with the underlying rising demand for energy-efficient, environmentally friendly and high-quality LED lighting, will be growth drivers in the years ahead. The expertise and innovative powers of its founders, combined with our experience of supporting companies in growth phases and further developing organisations, create exciting opportunities to take the company to the next level.

Jan Pomoell, responsible for holding

Financial facts

INCOME STATEMENT, EURm	2014[1]	2013[1]	2012[2]	2011[2]	2010[2]
Net sales	**26.8**	**19.7**	**18.2**	**15.3**	**10.9**
EBITDA	6.9	5.3	4.8	3.9	3.1
EBITA	**6.8**	**5.2**	**4.7**	**3.8**	**3.1**
EBT	5.6	3.9	4.7	3.8	2.9
Items affecting comparability in EBITA	-1.4				
Adjusted EBITA	**8.2**	**5.2**	**4.7**	**3.8**	**3.1**

STATEMENT OF FINANCIAL POSITION, EURm					
Intangible assets	94.5		0.1	0.1	0.1
Property, plant and equipment	0.1		0.1	0.2	0.1
Other assets	4.3		3.4	2.3	2.8
Cash, bank and other short-term investments	7.4		2.7	2.6	2.0
Total assets	**106.3**	**-**	**6.3**	**5.1**	**5.1**
Total equity	72.7		3.9	3.0	2.4
Liabilities, interest-bearing	27.4				
Liabilities, non-interest bearing	6.2		2.4	2.1	2.7
Total equity and liabilities	**106.3**	**-**	**6.3**	**5.1**	**5.1**

STATEMENT OF CASH FLOWS, EURm					
Cash flow from operating activities before change in working capital			3.9	2.8	2.7
Change in working capital			-1.1	-0.2	0.5
Investments/disposals in non-current assets			0.2	0.2	-0.7
Cash flow from operating activities before acquisition and disposal of companies	**-**	**-**	**2.9**	**2.7**	**2.5**
Acquisition/disposal of companies					
Cash flow from financing activities			**-2.8**	**-2.2**	**-1.5**
Cash flow for the year	**-**	**-**	**0.1**	**0.6**	**1.1**

KEY FIGURES, EURm					
EBITA margin (%)	25.3	26.5	25.7	24.6	27.9
Adjusted EBITA margin (%)	30.5	26.5	25.7	24.6	27.9
Interest-bearing net debt	19.9	-	-2.7	-2.6	-2.0
Debt/equity ratio (multiple)	0.4	-	0.0	0.0	0.0
Average number of employees	70	-	52	41	30

[1] Earnings for 2014 and 2013 are pro forma taking into account Ratos's acquisition and new financing.
[2] Financial years 2012/13, 2011/12 and 2010/11 for Ledil Oy relate to and comprise the period 1 October to 30 September and are reported according to Finnish accounting practice.

A complete income statement, statement of financial position and statement of cash flows for Ledil are available at www.ratos.se

Facts

www.ledil.com

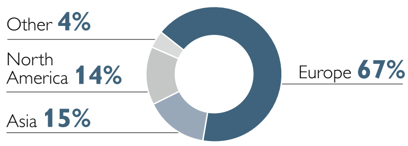
Management

Rami Huovinen	CEO
Hannu Hukkanen	Technology Director

Board of Directors

Jan Pomoell	Chairman, Ratos (responsible for holding)
Rami Huovinen	CEO
Tomi Kuntze	

Sales by market



Mobile Climate Control

MCC reported growth driven by a recovery in the bus markets in North America and Europe. Adjusted EBITA improved through higher volumes and completed action programmes despite negative effects from the sales mix.

Operations

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

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

Market

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

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

The year in brief

The year was characterised by a recovery for the bus segment in Europe as well as an incipient recovery for the bus segment in North America, while MCC's volumes to the defence vehicle segment continued to show negative development due to cuts in the US defence budget. MCC's sales increased by 4% (+2% adjusted for currency effects). Excluding the defence vehicle segment, sales increased by 9% (+6). Earnings were positively affected by higher volumes, completed action programmes and currency effects, while mix effects (a lower proportion of sales to the defence vehicles segment) had a negative impact.

During the year, MCC worked with a comprehensive renewal of the product offering to the bus segment in North America and won a breakthrough order for delivery to the New York Transit Authority in 2014. MCC's updated product portfolio represents higher performance and a significant reduction in fuel consumption.

Future prospects

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

A continued market recovery is expected but there is uncertainty as to when due to the macroeconomic situation in Europe and financing challenges in the US. Completed efficiency improvement measures and significant investments in product development give MCC a good position ahead of the anticipated recovery.

Over time, the company's good market position and structural growth forces in the market give MCC opportunities for long-term profitable growth.

Corporate responsibility

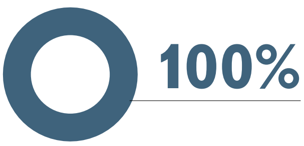
MCC makes long-term efforts to reduce environmental impact from both the production and application of the company's products. Respect for human rights and elimination of corruption throughout the value chain are also key aspects which are focused on through active CR work in accordance with "The MCC Way" – the corporate manual which describes the company's objectives, values and working methods.

Financial targets

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

Ratos's ownership

Holding



Ratos acquired 60% of MCC in 2007 and the remaining 40% in 2008. Consolidated book value in Ratos amounted to SEK 980m at year-end. Ratos has invested a total of approximately SEK 620m in MCC.

Our view of the holding

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

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

Jan Pomoell, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	2014	2013	2012	2011	2010
Net sales	**1,021**	**978**	**1,250**	**1,048**	**902**
EBITDA	120	112	124	61	128
EBITA	**106**	**97**	**108**	**45**	**112**
EBT	47	68	67	7	71
Items affecting comparability in EBITA	-1	-6	-3	-58	
Adjusted EBITA	**107**	**103**	**111**	**103**	**112**

STATEMENT OF FINANCIAL POSITION, SEKm	2014	2013	2012	2011	2010
Intangible assets	1,157	1,102	1,108	1,142	993
Property, plant and equipment	86	89	97	106	106
Other assets	445	328	383	381	240
Cash, bank and other short-term investments	87	63	29	80	66
Total assets	**1,775**	**1,583**	**1,617**	**1,710**	**1,405**
Total equity	1,006	890	845	807	695
Liabilities, interest-bearing	552	527	592	651	575
Liabilities, non-interest bearing	217	166	180	252	135
Total equity and liabilities	**1,775**	**1,583**	**1,617**	**1,710**	**1,405**

STATEMENT OF CASH FLOWS, SEKm	2014	2013	2012	2011	2010
Cash flow from operating activities before change in working capital	65	67	57	42	66
Change in working capital	5	32	-47	31	7
Investments/disposals in non-current assets	-8	-8	-7	-13	-50
Cash flow from operating activities before acquisition and disposal of companies	**62**	**92**	**2**	**60**	**23**
Acquisition/disposal of companies				-221	
Cash flow from financing activities	**-52**	**-59**	**-51**	**177**	**-39**
Cash flow for the year	**10**	**33**	**-49**	**16**	**-16**

KEY FIGURES, SEKm	2014	2013	2012	2011	2010
EBITA margin (%)	10.4	9.9	8.6	4.3	12.4
Adjusted EBITA margin (%)	10.5	10.5	8.9	9.8	12.4
Interest-bearing net debt	465	464	562	570	509
Debt/equity ratio (multiple)	0.5	0.6	0.7	0.8	0.8
Average number of employees	618	658	628	630	501

A complete income statement, statement of financial position and statement of cash flows for Mobile Climate Control are available at www.ratos.se

Facts

Mobile Climate Control

www.mcc-hvac.com

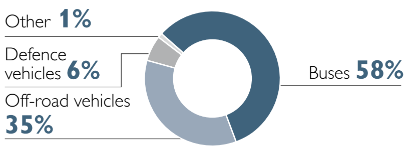
Management

Clas Gunneberg CEO
Ulrik Englund CFO

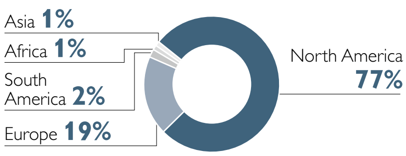
Board of Directors

Anders Lindblad Chairman
Michael Mononen
Malin Persson
Jan Pomoell Ratos (responsible for holding)
Daniel Repfennig Ratos
Per Svantesson

Sales by segment



Sales by market



Nebula

Nebula showed continued strong growth and profitability in 2014. Several measures were taken to continue to develop the company's position in the fast-growing market for web-based IT services for small and medium-sized enterprises.

Operations

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

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

The company has four data centres, two in Finland, one in London and one in Singapore, and its own leased fibre network between the largest cities in Finland. In total Nebula has approximately 39,000 customers and 90% of sales are subscription based. The head office is in Helsinki.

Market

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

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

Annual growth in the market for IT managed services is approximately 3%, although the growth rate is slightly faster within Nebula's focus area server management. The market for network services is reasonably stable and is expected to show only limited growth in the next few years. Growth can mainly be created here by taking market shares from the major operators. Competitors within IT managed services are the major operators such as TeliaSonera as well as smaller local IT providers.

The year in brief

2014 was another good year for Nebula with continued growth and good profitability. Sales increased by a total of 8.5%, mainly driven by a sharp increase within cloud services of over 20%. The high operating margin from 2013 was strengthened.

The company implemented a number of changes designed to further accelerate growth. These included developing the product portfolio from new technical platforms, investments to maintain industry-leading customer service and further investment in marketing and sales. As part of work to develop corporate governance, Pekka Eloholma took over as CEO.

Future prospects

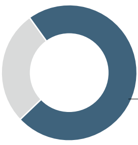
The current trend for small and medium enterprises to outsource their IT environment is expected to last and contribute to continued growth in the sector. Nebula's niche position and strengths provide conditions to gain market shares and play an active role in market consolidation.

Corporate responsibility

The most significant sustainability issues for Nebula are information security, ethics (for example processing sensitive information) and the environment. Since 2013, Nebula has had a basic framework for how sustainability work should be carried out which is in line with Ratos's guidelines and the principles in the UN Global Compact. This framework, which includes a code of conduct, an information security policy and employee responsibilities and rights, was implemented during the year and will in future be continuously developed as part of ongoing work.

Ratos's ownership

Holding



73%

Ratos acquired Nebula in 2013. Co-owners are the former majority owner Rite Ventures with a holding of approximately 15% as well as the company's management and other key people with about 12%. Consolidated book value in Ratos amounted to SEK 388m at year-end. Ratos has invested a total of approximately SEK 285m in Nebula.

Our view of the holding

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

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

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

Johan Rydmark, responsible for holding

Financial facts

INCOME STATEMENT, EURm	2014	2013[1)]	2012[1)]	2012	2011	2010
Net sales	**28.6**	**26.4**	**24.2**	**24.2**	**21.5**	
EBITDA	11.4	12.1	9.8	9.8	7.7	
EBITA	**9.4**	**10.0**	**8.0**	**8.0**	**6.1**	
EBT	7.4	6.7	5.4	4.8	3.3	
Items affecting comparability in EBITA	-0.2	1.4				
Adjusted EBITA	**9.6**	**8.7**	**8.0**	**8.0**	**6.1**	

STATEMENT OF FINANCIAL POSITION, EURm	2014	2013[1)]	2012[1)]	2012	2011	2010
Intangible assets	83.0	83.3		35.1	36.9	
Property, plant and equipment	5.6	5.5		6.1	5.2	
Other assets	3.6	2.9		2.4	1.9	
Cash, bank and other short-term investments	5.9	3.7		3.3	3.9	
Total assets	**98.2**	**95.4**	**-**	**46.9**	**47.8**	
Total equity	56.5	50.3		15.8	12.7	
Liabilities, interest-bearing	36.7	39.5		19.6	25.4	
Liabilities, non-interest bearing	5.0	5.7		11.6	9.6	
Total equity and liabilities	**98.2**	**95.4**	**-**	**46.9**	**47.8**	

STATEMENT OF CASH FLOWS, EURm	2014	2013[1)]	2012[1)]	2012	2011	2010
Cash flow from operating activities before change in working capital	8.3			5.9	7.1	
Change in working capital	-1.1			-0.2	0.1	
Investments/disposals in non-current assets	-2.2			-2.7	-2.5	
Cash flow from operating activities before acquisition and disposal of companies	**5.0**	**-**	**-**	**3.0**	**4.7**	
Acquisition/disposal of companies					-0.3	
Cash flow from financing activities	**-2.8**			**-3.6**	**-2.8**	
Cash flow for the year	**2.2**	**-**	**-**	**-0.5**	**1.6**	

KEY FIGURES, EURm	2014	2013[1)]	2012[1)]	2012	2011	2010
EBITA margin (%)	32.8	38.1	33.0	33.0	28.2	
Adjusted EBITA margin (%)	33.5	32.9	33.0	33.0	28.2	
Interest-bearing net debt	30.8	35.7	-	16.3	21.5	
Debt/equity ratio (multiple)	0.6	0.8	-	1.2	2.0	
Average number of employees	117	112	103	103	90	

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

A complete income statement, statement of financial position and statement of cash flows for Nebula are available at www.ratos.se

Facts

nebula

www.nebula.fi

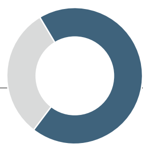
Management

Pekka Eloholma	CEO
Kari Vuorihovi	CFO
Jani Tyyni	Service Offering
Anssi Sallinen	Sales
Teemu Sipilä	Production
Ville Skogberg	Chief Strategy Officer
Jussi Tolvanen	Customer Service

Board of Directors

Christoffer Häggblom	Chairman
Niclas Nylund	Ratos
Johan Rydmark	Ratos (responsible for holding)
Riitta Tiuraniemi	
Peter Lindell	Deputy

Sales by business area



Nordic Cinema Group

Work on the development of the Nordic region's leading cinema player continued in 2014 through a focus on improving the customer offering and sharing experiences within the organisation. Sales growth was 3% despite a slightly weaker film offering which led to a lower number of admissions.

Operations

Nordic Cinema Group is the leading cinema player in the Nordic and Baltic regions with 65 wholly owned cinemas with 436 screens and a total of approximately 64,000 seats in six countries – Sweden, Finland, Norway, Estonia, Latvia and Lithuania. The group also conducts film distribution in Finland and the Baltic countries. The cinema operations are conducted under strong, local brands: SF Bio in Sweden, Finnkino in Finland, Forum Cinemas in the Baltic countries and SF Kino in Norway. In addition to ticket and distribution revenues, significant sources of income include sales of snacks, sweets and soft drinks (concession sales) as well as advertising. The number of admissions to the company's cinemas in 2014 totalled 21.6 million.

Market

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

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

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

The year in brief

2014 was a normal film year with 21.6 million admissions, a decrease of 3% compared with 2013.

The year started very strongly followed by a weaker film offering and lower admissions in the second and third quarter. The film offering was stronger in the fourth quarter but failed to reach the same high levels as in the fourth quarter of 2013. Concession sales per visitor developed well and rose 7% and, combined among other things with positive currency effects, contributed to a sales growth of 3% during the year. The films that attracted the biggest audiences in 2014 were The Hobbit: The Battle of the Five Armies and The Hundred-Year-Old Man Who Climbed Out of the Window and Disappeared.

In 2014, Nordic Cinema Group signed an agreement with Thon Gruppen to take over the Ski Kinosenter outside Oslo in January 2015. This marks Nordic Cinema Group's entry into the Oslo market which is expected to improve the market position in Norway.

Future prospects

The range of films on offer varies between the years and 2015 is expected to be a strong film year with several major film premieres already announced.

Nordic Cinema Group plans to open several new cinemas during the year, including one in Mall of Scandinavia in Solna, just outside Stockholm, with 15 screens and the Nordic region's first commercial IMAX theatre. New cinemas will also be opened in Gothenburg, Sweden, Sotra in Norway and Lappeenranta in Finland. In future there will be opportunities to open more cinemas in the company's existing markets. In Norway, there are several attractive locations and the municipalities' sales plans are being monitored with interest.

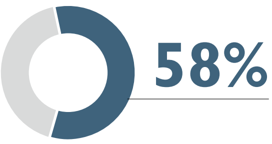
Continuous efforts to improve the customer offering and share experiences within the group provide good conditions for continued profitable development in the future.

Corporate responsibility

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

Ratos's ownership

Holding



Nordic Cinema Group was formed in spring 2013 through a merger of Ratos-owned Finnkino (owned since 2011) and Bonnier-owned SF Bio. Co-owners are Bonnier (40%) and the company's management and board (2%). Consolidated book value in Ratos amounted to SEK 737m at year-end. Ratos has invested a total of approximately SEK 360m in Nordic Cinema Group.

Our view of the holding

Nordic Cinema Group is a strong cinema player in the Nordic and Baltic regions. The group has strong local brands, a well-invested infrastructure and given its size good opportunities to offer attractive cinema concepts in the region in the long term.

The key to successful long-term development is to be an attractive cinema player for both distributors and visitors. We have no control over the films available, but by offering modern cinemas and developing the complete customer offering, such as digital distribution channels for reservations and purchase of tickets, and further development of concepts and the product portfolio in concession sales during cinema visits, we can create conditions for growth and good profitability in the future. We will continue to utilise and implement the best aspects in the different parts of the group which we expect will lead to good development of concession sales and advertising revenues while, for example, construction of new cinemas becomes more cost effective.

Jan Pomoell, responsible for holding

Financial facts

INCOME STATEMENT, SEKm	**2014[2]**	**2013[1)2)]**	**2012[1]**	**2011**	**2010**
Net sales	**2,612**	**2,528**	**2,575**		
EBITDA	533	468	505		
EBITA	**366**	**311**	**346**		
EBT	208	134	232		
Items affecting comparability in EBITA	-3	-7	-5		
Adjusted EBITA	**369**	**318**	**350**		
STATEMENT OF FINANCIAL POSITION, SEKm					
Intangible assets	2,513	2,467			
Property, plant and equipment	769	846			
Other assets	806	681			
Cash, bank and other short-term investments	335	373			
Total assets	**4,423**	**4,368**	**-**		
Total equity	1,270	1,105			
Liabilities, interest-bearing	1,886	2,014			
Liabilities, non-interest bearing	1,266	1,249			
Total equity and liabilities	**4,423**	**4,368**	**-**		
STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	-162				
Change in working capital	411				
Investments/disposals in non-current assets	-76				
Cash flow from operating activities before acquisition and disposal of companies	**173**	**-**	**-**		
Acquisition/disposal of companies	11				
Cash flow from financing activities	**-229**				
Cash flow for the year	**-45**	**-**	**-**		
KEY FIGURES, SEKm					
EBITA margin (%)	14.0	12.3	14.3		
Adjusted EBITA margin (%)	14.1	12.6	14.4		
Interest-bearing net debt	1,546	1,647	-		
Debt/equity ratio (multiple)	1.5	1.8	-		
Average number of employees	1,096	1,138	1,343		

1) Earnings for 2013 and 2012 are pro forma taking into account Ratos's acquisition and new financing.
2) Nordic Cinema Group has been adjusted for 2014 and 2013 and is now stated on the basis of IFRS-adapted accounting.
Historical information about Finnkino is available at www.ratos.se.

A complete income statement, statement of financial position and statement of cash flows for Nordic Cinema Group are available at www.ratos.se

Facts

NCG
NORDIC CINEMA GROUP

www.nordiccinemagroup.com

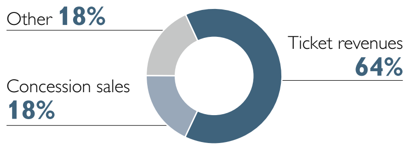
Management

Jan Bernhardsson	CEO
Lars Nilsson	CFO
Maria Skoglund	Business Area Manager, Cinema Sweden
Liisi Jauho	Business Area Manager, Cinema Finland and Baltics
Ivar Halstvedt	Business Area Manager, Cinema Norway
Ted Johansson	Business Area Manager, NCG Media
Jan Stigwall	Business Development
Jonas Burvall	Chief Communication Officer

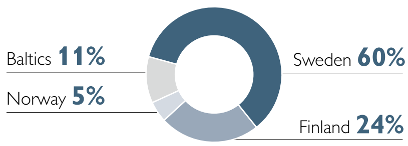
Board of Directors

Mikael Aro	Chairman
Lina Arnesson	Ratos
Erik Haegerstrand	
Torsten Larsson	
Jan Pomoell	Ratos (responsible for holding)
Ulrika Saxon	
Arja Talma	

Sales by operating area



Sales by market



Financial statements

RATOS

Guide to Ratos's accounts

Ratos prepares its accounts in accordance with applicable rules and legislation. However, in a company with operations such as Ratos's the formal accounts do not always reflect reality. A summary guide with a number of tables and help towards understanding Ratos's financial performance is therefore provided on the following pages.

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

In principle, Ratos can be evaluated in the same way as any other company, i.e. on the basis of anticipated return. Ratos has a company-specific return target of at least 15-20%, depending on market and company-specific factors.

Parent company – Income statement

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

Parent company income statement

SEKm	2014	2013
Other operating oncome	10	12
Other external costs	-79	-76
Personnel costs	-147	-130
Depreciation of property, plant and equipment	-4	-5
Operating profit/loss	**-220**	**-199**
Profit from investments in group companies	1,416	-428
Profit from investments in associates	-	-
Result from other securities and receivables accounted for as non-current assets	100	133
Other interest income and similar profit/loss items	70	18
Interest expenses and similar profit/loss items	-73	-157
Profit after financial items	**1,293**	**-633**
Tax	-	-
Profit/loss for the year	**1,293**	**-633**

Expenses
Expenses largely comprise personnel costs as well as consulting and legal costs from transactions and processes. For the past five years, management of Ratos has cost an average of SEK 195m per year.

Profit from investments in group companies and associates include items such as exit results, impairment and dividends.

Tax for investment companies
Ratos is taxed according to the rules for investment companies. Companies which mostly manage securities and similar assets are classed as investment companies if they have a well-diversified portfolio that contains several different companies within different sectors as well as an ownership spread (more than a couple of hundred shareholders). For investment companies capital gains are not liable to tax, instead a standard income is reported corresponding to 1.5% of the market value of listed shares which at the start of the year have been held for less than one year, and where ownership is less than 10% (Ratos had no holding in this category in 2014). Dividends received and interest income are recognised as income liable to tax. Interest expenses and overheads are normally tax deductible as are dividends paid.

Parent company balance sheet

SEKm	31 Dec 2014	31 Dec 2013
Assets		
Non-current assets		
Property, plant and equipment	70	73
Financial assets		
Investments in group companies	8,898	10,675
Investments in associates	660	
Receivables from group companies	1	1,202
Other securities held as non-current assets	62	71
Total non-current assets	**9,691**	**12,021**
Current assets		
Current receivables		
Receivables from group companies		41
Other receivables	11	9
Prepaid expenses and accrued income	3	4
Cash and bank balances	3,251	1,273
Total current assets	**3,265**	**1,327**
Total assets	**12,956**	**13,348**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (number of A shares 84,637,060, number of B shares 239,503,836, number of C shares 830,000)	1,024	1,024
Statutory reserve	286	286
Unrestricted equity		
Premium reserve	1,556	1,556
Retained earnings	7,240	8,909
Fair value reserve	7	43
Profit/loss for the year	1,293	-633
Total equity	**11,406**	**11,185**
Non-current provisions		
Provisions for pensions		1
Other provisions		7
Total non-current provisions		**8**
Non-current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	525	552
Non-interest bearing liabilities		
Financial liabilities	20	8
Other liabilities	35	22
Total non-current liabilities	**580**	**582**
Current provisions		
Other provisions	189	10
Current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	681	1,477
Non-interest bearing liabilities		
Trade payables	10	9
Other liabilities	25	24
Accrued expenses and deferred income	65	53
Total current liabilities	**781**	**1,563**
Total equity and liabilities	**12,956**	**13,348**
Pledged assets	none	none
Contingent liabilities	399	none

Assets

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

Equity

Equity largely comprises unrestricted equity, i.e. distributable funds. For 2014 the proposed dividend is SEK 3.25 (3) per share. Preference capital amounts to SEK 1,525m (SEK 1,837.50 per preference share), which corresponds to the redemption amount after the 2017 Annual General Meeting.

Liabilities

The parent company should normally be unleveraged. Ratos has a rolling three-year credit facility of SEK 2.2 billion which when required can be used when bridge financing is needed for acquisitions, or to finance dividends and day-to-day running costs in periods of few or no exits. The credit facility was unutilised at 31 December 2014. In order to achieve an optimal financial structure, loans are raised in the holdings. Each holding has independent responsibility for its financial strategy and financing.

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

Group – Income statement

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

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

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

Income statement presented according to IFRS

Consolidated income statement

Combined capital gains or losses for Ratos and the subsidiaries

SEKm	2014	2013
Net sales	28,098	26,084
Other operating income	163	362
Change in inventories of products in progress, finished goods and work in progress	-37	-66
Raw materials and consumables	-13,065	-11,151
Employee benefit costs	-8,069	-8,033
Depreciation and impairment of property, plant and equipment and intangible assets	-1,204	-1,225
Other costs	-4,790	-4,859
Capital gain from the sale of group companies	1,404	864
Share of profits from investments recognised according to the equity method	-127	183
Operating profit	**2,373**	**2,159**
Financial income	105	90
Financial expenses	-1,111	-1,166
Net financial items	**-1,006**	**-1,076**
Profit before tax	**1,367**	**1,083**
Tax	-265	-252
Share of tax from investments recognised according to the equity method	27	-29
Profit for the year	**1,129**	**802**
Attributable to:		
Owners of the parent	1,109	742
Non-controlling interests	20	60
Earnings per share, SEK		
– before dilution	3.22	2.13
– after dilution	3.22	2.13

Consolidated earnings (EBT) average

SEK bn	Profit before tax (EBT)
10 years	2.4
5 years	1.4
3 years	1.1

Income and expenses of associates 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 from investments recognised according to the equity method.*

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

Ratos's results

SEKm	2014	2013
Profit/share of profits before tax		
AH Industries (70%)	-55	-78
Aibel (32%)	-215	141
Arcus-Gruppen (83%)	117	75
Biolin Scientific (100%)	10	-13
Bisnode (70%)	-144	9
DIAB (96%)	-62	-109
Euromaint (100%)	17	-76
GS-Hydro (100%)	91	57
Hafa Bathroom Group (100%)	-6	-13
HENT (73%)	135	28
HL Display (99%)	3	106
Inwido (31%)	151	220
Jøtul (93%)	-110	-89
KVD (100%)	33	29
Ledil (66%)	-12	
Mobile Climate Control (100%)	47	68
Nebula (73%)	67	40
Nordic Cinema Group (58%)	218	120
SB Seating (85%)	107	86
Stofa (99%)		1
Total profit/share of profits	**392**	**602**
Exit Inwido	1,187	
Exit SB Seating	202	
Exit Stofa		895
Total exit result	**1,390**	**895**
Impairment AH Industries	-87	
Impairment Hafa Bathroom Group	-62	
Impairment Jøtul	-101	-74
Impairment DIAB		-234
Profit from holdings	**1,532**	**1,189**
Income and expenses in Ratos AB and central companies		
Management costs	-229	-240
Financial items	64	134
Consolidated profit before tax	**1,367**	**1,083**

Management costs in *Income and expenses in Ratos AB and central companies* mainly relate to personnel costs in the parent company as well as transaction-related costs.

Ratos's average exit gain

SEK bn	Exit gain
10 years	1.3
5 years	1.0
3 years	1.1

Group – Consolidated statement of financial position

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

Consolidated statement of financial position

SEKm	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets		
Goodwill	15,343	18,800
Other intangible assets	1,574	1,645
Property, plant and equipment	2,744	3,581
Investments recognised according to the equity method	3,895	2,726
Shares and participations	47	58
Financial receivables	65	66
Other receivables	126	120
Deferred tax assets	559	550
Total non-current assets	**24,353**	**27,546**
Current assets		
Inventories	2,107	2,374
Tax assets	98	135
Trade receivables	3,762	4,716
Prepaid expenses and accrued income	389	432
Financial receivables	10	41
Other receivables	568	585
Cash and cash equivalents	5,320	3,337
Assets held for sale	99	
Total current assets	**12,353**	**11,620**
Total assets	**36,706**	**39,166**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,024	1,024
Other capital provided	1,842	1,842
Reserves	-137	-524
Retained earnings including profit for the year	11,298	11,414
Equity attributable to owners of the parent	**14,027**	**13,756**
Non-controlling interests	2,982	2,377
Total equity	**17,009**	**16,133**
Liabilities		
Non-current interest-bearing liabilities	8,305	10,160
Other non-current liabilities	318	327
Financial liabilities	365	380
Provisions for pensions	563	416
Other provisions	140	154
Deferred tax liabilities	434	478
Total non-current liabilities	**10,125**	**11,915**
Current interest-bearing liabilities	1,958	2,357
Financial liabilities	96	57
Trade payables	2,663	2,850
Tax liabilities	154	325
Other liabilities	2,256	2,916
Accrued expenses and deferred income	1,958	2,254
Provisions	388	359
Liabilities attributable to assets held for sale	99	
Total current liabilities	**9,572**	**11,118**
Total liabilities	**19,697**	**23,033**
Total equity and liabilities	**36,706**	**39,166**

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

Net of assets and liabilities in associates is reported on the line *Investments recognised according to the equity method.*

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

Ratos's equity

SEKm	31 Dec 2014	% of equity
AH Industries	227	2
Aibel	1,494	11
Arcus-Gruppen	666	5
Biolin Scientific	370	3
Bisnode	1,195	9
DIAB	545	4
Euromaint	673	5
GS-Hydro	117	1
Hafa Bathroom Group	98	1
HENT	416	3
HL Display	828	6
Inwido	1,285	9
Jøtul	45	0
KVD	303	2
Ledil	459	3
Mobile Climate Control	980	7
Nebula	388	3
Nordic Cinema Group	737	5
Total	**10,827**	**77**
Other net assets in Ratos AB and central companies	3,200	23
Equity (attributable to owners of the parent)	**14,027**	**100**

Mostly comprises cash and cash equivalents in the parent company.

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2014. The registered office of the Board is in Stockholm, Sweden.

Company's activities

Today, Ratos is a listed private equity conglomerate whose activities comprise acquisition, development and divestment of primarily unlisted companies. Ratos's business 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.

Ratos has its roots in Söderberg & Haak – Sweden's first wholesaler for iron and iron products – which was formed on 5 May 1866. In 1934, all the assets were placed in an investment company under the name Ratos, as in Ragnar and Torsten Söderberg. Business direction has changed a few times over the years, but the connecting thread throughout Ratos's history is the company's role as an active owner of Nordic companies.

Ratos currently owns 18 holdings in the Nordic region.

Holding	Ratos's holding 31 December 2014
AH Industries	70%
Aibel	32%
Arcus-Gruppen	83%
Biolin Scientific	100%
Bisnode	70%
DIAB	96%
Euromaint	100%
GS-Hydro	100%
Hafa Bathroom Group	100%
HENT	73%
HL Display	99%
Inwido	31%
Jøtul	93%
KVD	100%
Ledil	66%
Mobile Climate Control	100%
Nebula	73%
Nordic Cinema Group	58%

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

Targets and strategies

Financial target

Ratos has a company-specific return target (average annual return on invested capital, IRR) of at least 15-20%, depending on market and company-specific factors.

Investment criteria

- *Holding* at least 20% and normally the principal owner.
- *Investment size* Normally at least SEK 250m up to SEK 5,000m in equity. Ratos does not invest in early phases of companies' life cycles.
- *Preferably unlisted companies.*
- *Nordic acquisitions.* Ratos invests solely in companies with their head office in the Nordic region. Add-on acquisitions via Ratos's holdings can be made globally.
- *Sector generalist.* Ratos's core competence is to be an active owner which is independent of sector expertise. Ratos has therefore chosen to be sector-neutral.
- *Focus on own deal flow.*
- *Active exit strategy.* Ratos does not have any set limit on its ownership period. Every year an assessment is made of the future return potential of each holding and Ratos's ability to contribute to the holding's continued development.

Dividend policy A and B shares

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

Dividend policy preference shares

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

Events during the year

Acquisitions

Acquisition of the Finnish company Ledil, a leading global player in secondary optics for LED lighting, was completed in December. The purchase price (enterprise value) for 100% of the company amounted to EUR 97m (approximately SEK 900m), of which Ratos paid equity of EUR 49m (SEK 470m).

Disposals

On 26 September, Inwido was listed on Nasdaq Stockholm at a price of SEK 68 per share. In conjunction with the listing, Ratos sold shares for a total value of SEK 2,579m. The exit gain, which is based both on realised shares and an increase in value from remeasurement of shares retained, amounted to SEK 1,187m. Ratos's net investment in Inwido is SEK 1,125m and over the ten-year holding period the average annual return (IRR) amounts to 15% which means that Ratos has received 3.3 times its investment. Ratos's holding in Inwido after the IPO amounts to 31.3%.

In July, Ratos signed an agreement to sell all the shares in the subsidiary SB Seating to the private equity fund Triton for NOK 1,925m (enterprise value). Ratos received SEK 1,049m for its shareholding. The exit gain amounted to SEK 202m. Ratos's net investment in SB Seating is SEK 39m and over the seven-year holding period the average annual return (IRR) amounts to 14% which means that Ratos has received 2.4 times its investment. The sale was completed in October 2014.

In March, Biolin Scientific sold all the shares in the subsidiary Osstell to the venture capital company Fouriertransform. The selling price (enterprise value) amounted to approximately SEK 33m.

Refinancing

HL Display carried out a refinancing in March whereby Ratos received a payment of SEK 346m.

Capital contributions

Ratos provided capital contributions during the year to AH Industries (SEK 6m), Aibel (NOK 32m), Biolin Scientific (SEK 5m), DIAB (SEK 31m), Euromaint (SEK 40m), Hafa Bathroom Group (SEK 15m) and Jøtul (SEK 80m).

Environmental impact

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

Corporate Responsibility (CR)

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

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

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

In 2014, Ratos's sustainability work was discussed in the Board on several occasions, an updated environmental plan for Ratos AB was drawn up and a whistleblowing system was purchased and made available to all holdings. The whistleblowing system has also been implemented at Ratos AB and in one holding.

Results

The parent company's profit before and after tax amounted to SEK 1,293m (-633). The Ratos's Group's profit before tax (see Note 2) amounted to SEK 1,367m (1,083). This result included profit from holdings of SEK 1,532m (1,189). Profit from holdings includes profits/share of profits from holdings with SEK 392m (602), exit gains of SEK 1,390m (895) and impairment of SEK -250m (-308). Impairment is attributable to AH Industries (SEK 87m), Hafa Bathroom Group (SEK 62m) and Jøtul (SEK 101m). The impairment recognised in AH Industries is attributable to an assessed lower value for the Tower & Foundation business unit, where development has been weak in recent years and market prospects for Tower & Foundation are assessed as uncertain. The impairment recognised in Hafa Bathroom Group is due to weak development in recent years in the market in which the company operates, especially the consumer segment in which the company primarily operates, at the same time as competition has intensified due to the weak market. Jøtul's impairment is due to long-term challenges which meant that profitability is not reaching satisfactory levels.

The higher reported earnings are due to exit gains from Inwido and SB Seating. Profits/share of profits from the holdings decreased compared with the previous year. Profit shares from Ratos's holdings were affected by items affecting comparability in Aibel and impairment in Bisnode, primarily in the fourth quarter. 2014 was a year in which performance for many of Ratos's holdings was positive but in which Ratos also had to cope with challenges. A majority of the holdings are performing well and in accordance with our expectations.

Financial position

Cash and cash equivalents in the Group amounted to SEK 5,320m (3,337) at year-end.

The Group's interest-bearing net debt at year-end amounted to SEK 5,440m (9,456). Interest-bearing liabilities including pension provisions amounted to SEK 10,826m (12,882). Interest-bearing net debt for associates is not included.

The Group's equity ratio amounted to 46% (41).

The parent company has substantial liquid assets. Cash and cash equivalents amounted to SEK 3,251m (1,273) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries. The parent company has a three-year rolling credit facility of SEK 2.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridge financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company shall normally be unleveraged. At the end of the period the credit facility was unutilised.

In addition there is a mandate from the 2014 Annual General Meeting to authorise the Board, in conjunction with company acquisitions, to make a decision on a new issue of a maximum of 35 million Ratos B shares as well as an authorisation to issue a maximum of 1,250,000 preference shares of Class C and/or Class D in conjunction with agreements on acquisitions. The mandate is unutilised and applies until the 2015 Annual General Meeting.

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

Management costs

Management costs in Ratos AB and central companies amounted to SEK 229m (240), approximately 1% (1) of market capitalisation. In the past five years, management costs have amounted to an average of SEK 195m per year.

Future development

Ahead of 2015 Ratos has a cautious macroeconomic view and no expectations for a strong general macroeconomic recovery. Market development for Ratos's holdings is expected overall to head in the right direction in 2015 but to vary strongly between different market niches and geographies. The transaction market is expected to remain strong which can create interesting opportunities. For the portfolio of companies that Ratos owns at the beginning of the year, the overall assessment is that conditions exist for higher operating profit (adjusted for the size of Ratos's holdings) in 2015.

Risks and uncertainties

Ratos's value and return on invested capital depends on development in the holdings which Ratos acquires and the ability to realise the value in these holdings. The success and value development of the holdings depend on how skilled those responsible for the investments and each holding's management group and board are at implementing value-enhancing improvements. Value is also dependent on external factors such as the general macroeconomic climate as well as on how the markets in which the holdings operate develop. If this is less favourable than expected, which Ratos cannot influence, there is a risk that the value of individual investments can fall which can result in return being less favourable than expected. Ratos performs an annual risk assessment of the holdings which is aggregated, compiled and assessed by Ratos's management and Board, see further in Ratos's Corporate governance report.

It is also essential that Ratos has the ability to attract and retain employees with the right skills and experience. A high level of expertise in operational development, transactions and financing are essential in Ratos's business.

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

The work of the Board of Directors

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

The Board's proposal to the 2015 Annual General Meeting for decision on guidelines for remuneration to senior executives

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

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

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

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

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

The Corporate Governance Report contains an account of the guidelines for remuneration to senior executives which the 2014 Annual General Meeting decided should apply until the 2015 Annual General Meeting.

Ratos shares

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

Class A shares carry entitlement to one vote per share and Class B and C shares (preference shares) to 1/10 of a vote per share. A shares can be issued in a maximum number that corresponds to 27% of the share capital and B shares in a number that corresponds to 100%. C shares in a number that corresponds to 10% and D shares in a number that corresponds to 10%. The Söderberg family with companies own shares corresponding to 17.9% of the capital and 43.9% of the voting rights. The Torsten Söderberg Foundation has 8.7% of the capital and 12.6% of the voting rights. The Ragnar Söderberg Foundation has 8.4% of the capital and 14.7% of the voting rights.

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

Holdings of treasury shares

The 2014 Annual General Meeting renewed the mandate that the company may repurchase A or B shares during the period until the next Annual General Meeting. Purchases may be made on one or more occasions before the next Annual General Meeting. Acquisition shall take place on Nasdaq Stockholm at a price within the price band prevailing on Nasdaq Stockholm on each occasion. The company's holding may not exceed 4% of all the shares in the company.

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

No shares were repurchased in 2014. 3,770 treasury shares were transferred during the year in accordance with a resolution at the 2014 Annual General Meeting to administrative employees. At year-end, the company held 5,131,107 treasury shares, corresponding to 1.6% of the total number of shares with a quota value of SEK 3.15 per share. A total of SEK 356m was paid for the shares.

Proposed distribution of profit

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

	SEKm
Retained earnings	7,240
Share premium reserve	1,556
Fair value reserve	7
Profit for the year	1,293
Total	10,096

The Board of Directors proposes the following distribution of profit:

Dividend to holders of A and B shares, SEK 3.25 per share [1]	1,037
Dividend to holders of Class C preference shares issued 19 June 2013 [2]	83
Dividend to holders of Class C and/or Class D preference shares of SEK 25 per quarter, although a maximum of SEK 100 per share, in the event of maximum utilisation of the authorisation [3]	125
To be carried forward	8,851

[1] Based on the number of shares outstanding on 19 February 2015. The number of treasury shares on that date was 5,131,107 and may change during the period until the record date for dividends.

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

[3] In accordance with the Board's proposal to the 2015 Annual General Meeting regarding possible new issue of preference shares.

Chairman's letter

It is an old truth that we should differentiate between our assessment of a company and its shares. In the final analysis such assessments can of course coincide, but often the conclusion is that the company is good but its shares are expensive or vice versa. Despite this truth, all too often a company's image is decided by the current share price.

This description is highly applicable to Ratos in recent years. The business has largely developed like the rest of the world. If we take, for example, a summary cross-section of one quarter's interim reports from listed companies, there are those that are doing brilliantly, others which are experiencing difficulties while most are muddling along somewhere in between. And that is also how development has looked for Ratos's holdings. This development has certainly led to a disappointment compared with our own hopes a couple of years ago, but equally we can also claim that the holdings that have found themselves in weak markets have coped relatively well – a clear majority of the holdings have performed better than their competitors. In addition, the exits made in recent years taken as a whole have been successful.

So why then, particularly in the media, is the picture of Ratos so negative right now – why such a weak share price performance? The explanation is probably basically simple. Following many years during which we succeeded in delivering a return which substantially exceeded the stock market's return requirement, the market finally started to price in that this would continue in the future. When actual performance subsequently became weaker than the previous average, this was insufficient to meet the expectations on the share price.

It is worth pointing out that this would have happened under all circumstances. The new management in place since 2012 has done an excellent job in a particularly tough and difficult environment.

I obviously realise that the above might sound like excuses but it is in fact the most honest analysis of developments that we can make. And in order to avoid any misunderstanding, neither the Board nor management are satisfied with performance in recent years. Our goals are set far higher than that! The fact that actual development in recent years has been weaker than expected is due to generally weak earnings in the holdings. Overcoming this problem is therefore at the top of the agenda for management and the Board.

There are several factors, however, that indicate that future development will be mainly positive:

- the business model that has now served Ratos well for 16 years is basically strong. So the strategy remains in place
- the key to long-term value development therefore continues to be the active exercise of our ownership role. In recent years this has been decisive in the defensive efforts to manage problem holdings, which are often not particularly outwardly visible and seldom lead to cheers from the stands. Nevertheless it is this work that lays the foundation for future success, as it has so many times in our history. One good example of this is Inwido which just a couple of years ago looked like one of Ratos's major problem holdings but is now partially exited with a good return
- a continued although still slow recovery in the global economy will benefit many of Ratos's holdings which after tough action programmes can obtain a good return even from small volume improvements
- likewise, a continued active transaction market creates opportunities for more good deals
- the balance sheet is strong and liquidity is good
- after several years of tough efforts to manage this new business environment, Ratos's management is now ready to look at new aggressive opportunities in the years ahead.

I would also like to add to this the inherent risk diversification that a broad portfolio of the Ratos type represents. For this reason I am sometimes surprised about the enormous focus on certain individual holdings some market players have at times. This was the case in 2014 with Aibel where this company, at the end of the year too, was highlighted as one reason for being negative about Ratos shares, although at that time the price had fallen more than it would cost Ratos if Aibel was to become totally worthless. As during previous dips in development over almost 150 years, the spread of risk has helped this time as well in our efforts to handle some difficult company situations.

Once a year (at least) since 1999 the Board has discussed our tough return target and we have now decided to adjust it. There are several reasons for this. These include developments in our business environment, with low or non-existent inflation and low interest rates, generally highly inflated prices for most asset classes in the world, the tougher competition for possible acquisitions, and so on. The new return target also makes high demands on Ratos's organisation, it is way above the stock market's return requirement and will, if we succeed in achieving it, ensure a continued valuation premium.

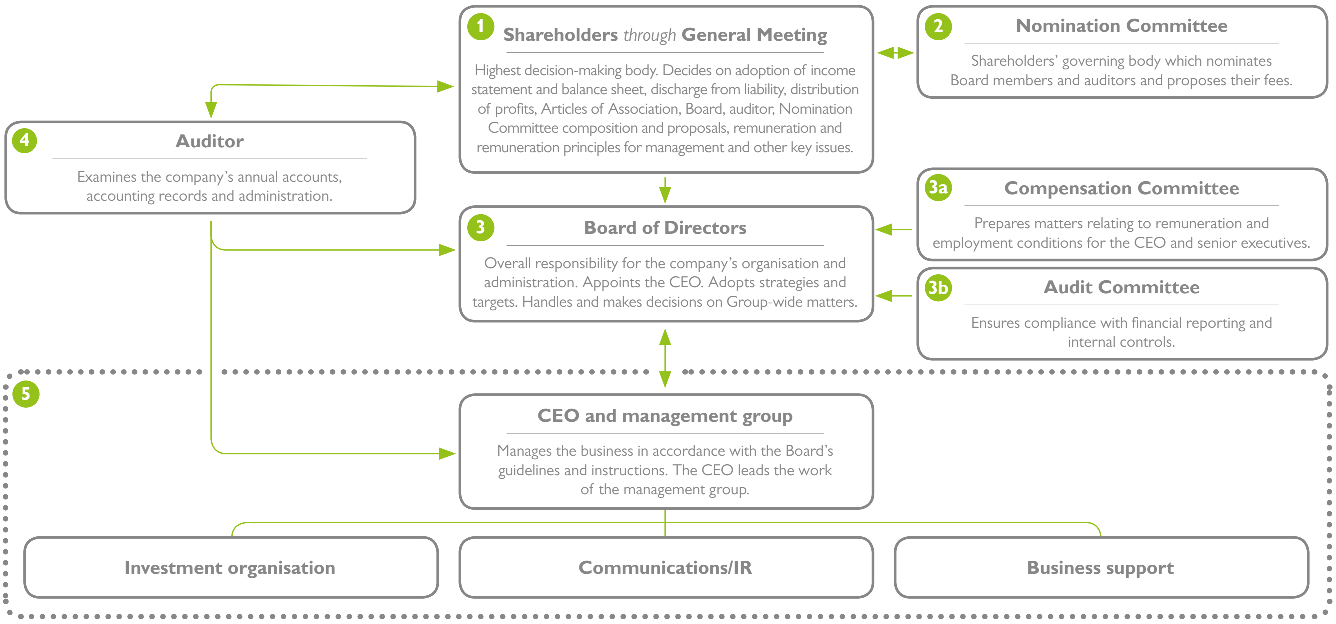
Having commented for a couple of years as chairman on the excellent corporate governance at Ratos, this year I will content myself with saying that this not only continues to apply but that additional steps have been taken to retain a top ranking in this area. It can be worth noting that first-class corporate governance is an essential component for a well-run company over time, but it does not determine share price performance.

Finally: Ratos today has a well-established and strong organisation, a functioning strategy and business model in place, a strong financial position and very good liquidity. There are therefore good conditions for a renewed long and profitable journey going forward.

Arne Karlsson
Chairman of the Board

Corporate governance report

GOVERNANCE STRUCTURE AT RATOS



Corporate governance in Ratos

Ratos AB is a public limited company and the basis for governance of Ratos is both external and internal regulations. In order to establish guidelines for the company's activities, the Board has prepared and adopted policy documents. These provide guidance to the organisation and employees based on the basic values and principles that must characterise the operations and conduct.

Ratos applies the Swedish Code of Corporate Governance (the Code) and does not report any non-compliance from the Code in the 2014 financial year, except with regard to the composition of the Nomination Committee (see Nomination Committee on pages 79-80).

This corporate governance report seeks to avoid repetition of information that is included in applicable regulations and primarily to describe corporate governance for Ratos AB.

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

Key external rules

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

Key internal rules and documents

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

For further information

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

1 Shareholders and general meetings

Share capital and shareholders

Ratos has been listed on Nasdaq Stockholm since 1954. At year-end 2014 the share capital amounted to SEK 1,024m divided among a total of 324,970,896 shares, of which 84,637,060 A shares, 239,503,836 B shares and 830,000 C shares (preference shares). The company's A shares carry entitlement to one vote per share while B shares and preference shares carry entitlement to one-tenth of a vote per share. A and B shares carry the same right to a share of the company's assets and to the same amount of dividend. The dividend on preference shares is regulated by the Articles of Association and includes preferential right before A and B shares to the company's assets. The Annual General Meeting decides on dividends.

At year-end Ratos had a total of 58,554 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 74% of the voting rights and 44% of the capital. The proportion of shares owned by shareholders outside Sweden amounted to 17%. 58% of Ratos's shareholders owned 500 shares or less and together accounted for just under 2% of the share capital. More information about Ratos's shares and shareholders is provided on pages 13-15.

Read more about Ratos's corporate governance

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

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

General meetings

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

Extraordinary general meetings can also be held. A shareholder with at least one-tenth of the votes in Ratos is entitled to request an extraordinary general meeting. The Board and Ratos's auditor can also convene an extraordinary general meeting.

In order to have a matter considered at an Annual General Meeting a shareholder must submit a written request to the Board in good time so that the matter can be included in the notice of the meeting, normally approximately seven weeks before the Annual General Meeting. The closing date for such requests is stated on Ratos's website.

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

Resolutions at general meetings are normally passed by a simple majority. Pursuant to the Swedish Companies Act certain resolutions, such as those related to remuneration or amendments to the Articles of Association require a qualified majority.

The following business shall be resolved at the Annual General Meeting:
- Adoption of the income statement and balance sheet
- Discharge from liability for the Board and CEO
- Disposition of the company's profit or loss
- Determination of fees to be paid to the Board of Directors
- Election of the Board of Directors and auditor
- Guidelines for remuneration to senior executives
- Amendments to the Articles of Association.

2014 Annual General Meeting

The 2014 Annual General Meeting was held on 27 March at Stockholm Waterfront Congress Centre. The Meeting was attended by 667 shareholders, proxies and assistants, who together represented 77.6% of the voting rights and 48.7% of the capital.

Ratos's Board, management and auditor were present at the Meeting. Minutes and information about the 2014 Annual General Meeting, in both Swedish and English versions, well as the CEO's address to the Meeting are published on www.ratos.se/About Ratos/Corporate governance/Annual General Meetings/AGM 2014.

Decisions at the 2014 Annual General Meeting included the following:
- Dividend of SEK 3.00 per A and B share, a total of SEK 957m. Dividend per Class C preference share issued on 19 June 2013 of SEK 25/share per quarter, although a maximum of SEK 100/year, a total of SEK 83m.
- Fees of SEK 1,000,000 to the Chairman of the Board and SEK 450,000 to each member of the Board as well as fees to auditors.
- Re-election of Board members Lars Berg, Staffan Bohman, Arne Karlsson, Annette Sadolin, Jan Söderberg and Per-Olof Söderberg. Election of Charlotte Strömberg as a new member of the Board. Arne Karlsson was elected as Chairman of the Board.
- Re-election of audit firm PricewaterhouseCoopers (PwC).
- Principles for how the Nomination Committee should be appointed.
- Adoption of guidelines for remuneration to senior executives.
- Offer to key people in Ratos on acquisition of call options in Ratos and of synthetic options relating to holdings.
- Amendments to the Articles of Association to enable a new issue of Class D preference shares.
- Authorisation for the Board to acquire Ratos shares up to 4% of all shares.
- Authorisation for the Board to decide on a new issue of a maximum of 35 million B shares to be used for acquisitions.
- Authorisation for the Board to decide on a new issue of a maximum total of 1,250,000 Class C and/or Class D preference shares to be used for acquisitions.

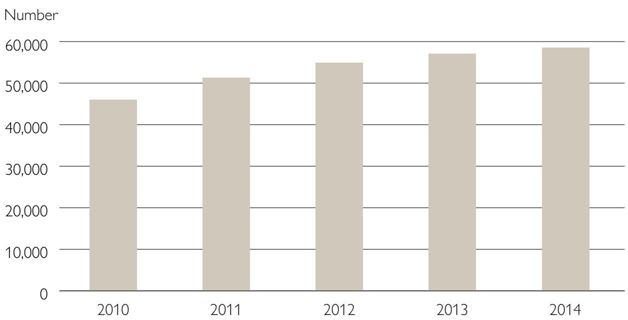
The Annual General Meeting thanked Margareth Øvrum who after five years on the Board had declined re-election.

2015 Annual General Meeting

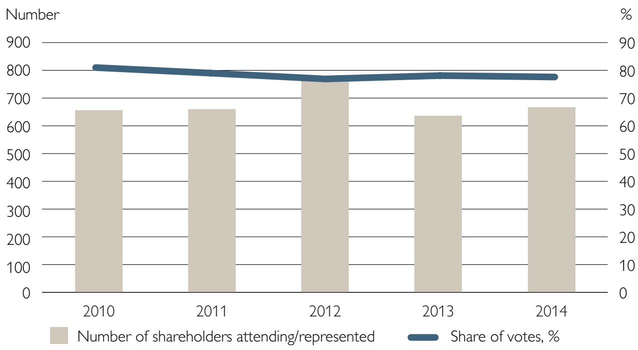
Ratos's 2015 Annual General Meeting will be held on 16 April at 16.30 CET at Stockholm Waterfront Congress Centre, Stockholm.

For matters related to the Nomination Committee and the Annual General Meeting, refer to Ratos's website. For further information about the Annual General Meeting ▶ see page 149.

Shareholders



Attendance at Annual General Meetings



2 Nomination Committee

The Annual General Meeting decides principles for how the Nomination Committee should be appointed. The 2014 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 2015 Annual General Meeting. According to the resolution, the Nomination Committee shall comprise the Ratos's Chairman plus a minimum of four members of the major shareholders in terms of voting rights registered in Euroclear Sweden at 31 August 2014. The majority of members of the Nomination Committee shall be independent in relation to the company and management. The Nomination Committee appoints a chairman between themselves. The Chairman of the Board may not be the chairman of the Nomination Committee. The Committee's term of office extends until a new Nomination Committee is constituted. If an already appointed member resigns from the Nomination Committee, the company's major shareholders in consultation shall appoint a replacement . The members of the Nomination Committee do not receive any remuneration from the company but are entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment if this is regarded as necessary for the fulfilment of its duties.

The current composition of the Nomination Committee was announced on Ratos's website and disclosed through a press release on 7 October 2014.

The work of the Nomination Committee

The duties of the Nomination Committee include:

To evaluate the composition and work of the Board

- To prepare a proposal to the Meeting regarding election of the Board and the Chairman of the Board
- To prepare a proposal, in cooperation with the company's Audit Committee, to the Meeting regarding election of auditor
- To prepare a proposal to the Meeting regarding fees to the Board, divided between the Chairman and other members, as well as any remuneration for committee work, and auditor
- To prepare a proposal to the Meeting regarding a chairman for the Annual General Meeting
- To prepare a proposal regarding principles for the composition of the next Nomination Committee

Nomination Committee's work ahead of the 2015 Annual General Meeting

Ahead of the 2015 Annual General Meeting the Nomination Committee held five minuted meetings and was in regular contact in between. In addition to taking notice of the Board's own evaluation of its work (read more on page 82) the Nomination Committee has had individual discussions with Board members. This review shows that the work of the Board has been active with major commitment and a high attendance among Board members. In its work the Nomination Committee has also taken note of the presentations by the Chairman of the Board and the CEO of the company's operations, goals and strategies.

Ratos's operational direction means, among other things, that members of the Board are required to be able to evaluate acquisition and divestment opportunities for Nordic companies as well as having experience of operating and developing medium-sized and large companies within different sectors. The Nomination Committee is of the opinion that Ratos has a Board whose overall expertise and experience well meet these requirements.

The requirement for independence is also assessed as having been met.

In its work the Nomination Committee also discussed requirements for diversity. Particular attention has been devoted to the requirement for an even gender balance in the Board. It is the Nomination Committee's firm ambition that the proportion of women Board members in the next few years shall be well at a level with the aims expressed by the Swedish Corporate Governance Board. The Nomination Committee is of the opinion that the Board proposed to the 2015 Annual General Meeting represents a good breadth in terms of age, industry experience and market expertise.

Proposed fees to the members of the Board, as well as remuneration for committee work, have been prepared by the three members of the Nomination Committee who are not members of Ratos's Board.

Shareholders have been informed that proposals for members of the Board can be submitted to the Nomination Committee. One such proposal has been received and examined by the Nomination Committee.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2015 Annual General Meeting as well as complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and also be presented at the 2015 Annual General Meeting.

Deviations/violations

Ratos complies with the Code except in the following respect. Ratos deviates from the Code's rule 2.4, second paragraph, which states that if more than one Board member sits on the Nomination Committee, a maximum of one of them may be non-independent in relation to the company's major shareholders. Two of the shareholders who have appointed members of the Nomination Committee have appointed Board members Per-Olof Söderberg and Jan Söderberg, both of whom are regarded as non-independent in relation to the company's major shareholders. Against the background of these persons' in-depth knowledge of Ratos, their roots in the ownership group and their network in Swedish industry, it was deemed beneficial to the company to deviate from the Code on this point. No violations of Nasdaq OMX Stockholm's Rules for Issuers or good practice in the stock market have occurred.

NOMINATION COMMITTEE AHEAD OF 2015 ANNUAL GENERAL MEETING

Name	Appointed by	Share of voting rights 31 Aug 2014	Share of voting rights 31 Dec 2014
Jan Andersson	Swedbank Robur funds, Chairman of Nomination Committee	0.5%	0.0%
Ulf Fahlgren	Akademiinvest	0.5%	0.5%
Arne Karlsson	Chairman of Ratos's board, own holding	0.0%	0.0%
Jan Söderberg	Ragnar Söderberg Foundation, own and related parties' holdings, member of Ratos's Board	28.5%	28.5%
Maria Söderberg	Torsten Söderberg Foundation	12.5%	12.6%
Per-Olof Söderberg	Own and related parties' holdings, member of Ratos's Board	15.4%	15.4%
Total, rounded off		**57.4%**	**57.0%**

3 Board of Directors

Composition of the Board

Ratos's Board shall comprise a minimum of four and a maximum of nine members with a maximum of three deputies. At present there are two women Board members, which is unchanged since 2009. The Board is appointed by shareholders at each Annual General Meeting. The mandate period is thereby one year.

The 2014 Annual General Meeting resolved that the Board shall consist of seven members and no deputies. The Meeting re-elected Arne Karlsson (who was also elected as Chairman), Lars Berg, Staffan Bohman, Annette Sadolin, Jan Söderberg and Per-Olof Söderberg. Charlotte Strömberg was elected as a new member of the Board. The CEO is not a member of the Board but attends Board meetings. The composition of the Board and an assessment of each Board member's independence is presented in more detail on page 82.

Responsibilities and duties of the Board

The Board has overall responsibility for Ratos's organisation and management of its affairs, in the interests of both the company and its shareholders. The Board adopts financial targets and decides on the company's strategy and business plan as well as ensuring good internal control and risk management. The work of the Board is regulated, among other things, by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board for its work. The Board's overarching responsibility cannot be delegated but the Board may appoint committees tasked to prepare and evaluate issues ahead of a decision by the Board.

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 describes the special role and duties of the Chairman of the Board, decision-making procedures, instructions for Ratos's CEO as well as areas of responsibility for the committees. The Board also adopts annually a number of policy documents for the company's operations.

Chairman of the Board

The main duty of the Chairman of the Board is to lead the work of the Board and ensure that Board members carry out their respective duties. Other areas of responsibility include the following:

- Responsible for ensuring that the work of the Board is carried out effectively.
- Ensuring that decisions are made on requisite matters and that minutes are kept.
- Responsible for convening meetings and ensuring that requisite decision material is sent to Board members.
- Acting as a contact and maintaining regular contact with the CEO and management.
- Maintaining regular contact with the auditor and ensuring that the auditor is summoned to attend a meeting in conjunction with the interim report as per September and the year-end report.
- Ensuring that an annual evaluation is performed of the Board and its members.
- Annually evaluating and reporting on the work of the CEO.

WORK OF THE BOARD IN 2014

● BOARD MEETING
● AUDIT COMMITTEE MEETING
● COMPENSATION COMMITTEE MEETING

JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

1. Annual evaluations of all holdings and decision on acquisition issues.
2. Year-end report, decisions on remuneration issues and incentive programmes, adoption of policies, decision on proposals to the Annual General Meeting.

3+4. Ordinary meeting and statutory meeting in conjunction with Annual General Meeting and decisions on acquisition and financing issues.

5. Visits to holding Aibel and company presentation HENT, decisions on divestment and financing issues.
6. Extra Board meeting, discussions and decisions on financing and divestment issues.
7. Six-month report, discussion and decisions on acquisition and project issues.
8. Strategy meeting.
9. Extra Board meeting, discussions and decisions on acquisition issues.
10. Extra Board meeting, discussions and decisions on acquisition and financing issues.
11. Community involvement. Company presentation Euromaint. Evaluation of the Board.

Work of the Board in 2014

During 2014, a total of eleven minuted Board meetings were held: eight ordinary meetings, including one statutory meeting, and three extra board meetings. Board meetings have a recurrent structure with the key items as illustrated below. Information and documentation for decision ahead of Board meetings are usually sent out approximately one week before each meeting.

Extra Board meetings normally examine acquisition and exit questions as well as financing and are held when such matters requiring a Board decision arise. Senior executives at Ratos attended board meetings to present specific issues.

Evaluation of the Board

The Board has decided that an annual evaluation of the work of the Board shall be performed where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and the scope of the assignment. This evaluation is performed every other year internally and every other year with the help of an external consultant. For the 2014 financial year this evaluation was performed internally through the Chairman interviewing members of the Board and senior executives in the company. As in evaluations performed in previous years the work of the Board was assessed as functioning very well. All members of the Board are considered to have made a constructive contribution to both strategic discussions and the governance of the company and discussions are characterised by openness and dynamics. The dialogue between the Board and management was also perceived as very good.

Committees

The Board has established a Compensation Committee and an Audit Committee in order to structure, improve efficiency and assure the quality of work within these areas. The members of these committees are appointed annually at the statutory Board meeting.

3a Work of the Compensation Committee

At Ratos, structured work with remuneration principles has been ongoing for many years. The Compensation Committee has both an advisory function (follow-up and evaluation) and a preparatory function for decision matters prior to their examination and decision by the Ratos Board.

The following matters are handled by the Compensation Committee

- The CEO's terms of employment and terms for employees directly subordinate to the CEO.
- Advice where required on general policy formulations.
- Matters of principle concerning pension agreements, severance pay/notice periods, bonus/earnings-related remuneration, fees, benefits, etc.
- Matters relating to the incentive systems for Ratos and the holdings.
- The Board's proposal to the Annual General Meeting on guidelines for remuneration to senior executives.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination is carried out to see whether there are any major remuneration-related issues of principle to prepare. If such issues exist they are processed ahead of a final proposal at the ordinary meeting in January. The Compensation Committee also prepares and processes guidelines for the structure of general salary development for the years ahead and conducts an annual review of Ratos's long-term incentive systems. No later than two weeks before the Annual General Meeting Ratos's Board submits an account of the results of the Compensation Committee's evaluation on the company's website (www.ratos.se/About Ratos/Corporate Governance/General Meetings).

During 2014 Arne Karlsson (chairman), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg were members of the Compensation Committee.

The Compensation Committee held six minuted meetings in 2014 and in between has been in regular contact. Ratos's CEO, Susanna Campbell, took the minutes.

3b Work of the Audit Committee

The Audit Committee includes Staffan Bohman, Arne Karlsson, who is also the chairman of the committee, and Charlotte Strömberg. The CEO and senior executives or auditor can be summoned to attend the meetings of the committee.

The Audit Committee has both an advisory and preparatory function for decision matters prior to review and decision by Ratos's Board.

Annually the Audit Committee adopts an annual cycle for its working duties and areas for which the Audit Committee is responsible. The Audit Committee is responsible for among other things accounting and reporting, audit, corporate governance, risk management, corporate responsibility, treasury, insurance, disputes, compliance and strategic accounting issues.

The main duties of the Audit Committee are as follows:

- Monitor the company's financial reporting.
- Discuss valuation issues and assessments in closing accounts.
- Keep itself informed about the audit of the annual accounts and consolidated financial statements, as well as review the audit process.
- Review and monitor the auditor's impartiality and independence and thereby giving particular attention if the auditor provides the company with other services than audit services.
- Assist with preparation of a proposal for a general meeting resolution on election of auditors as well as decision relating to fees to auditors.
- Ensure that the Group's nine-month report is reviewed by the Group's auditor.

COMPOSITION OF THE BOARD

Name	Elected year	Independent of company	Independent of major shareholders	Total fee[1] SEK 000s	Attendance at meetings 2014: Compensation Committee	Audit Committee[2]	Board meetings
Arne Karlsson	1999	No	Yes	1,150	6/6	5/5	11/11
Lars Berg	2000	Yes	Yes	450		1/5	11/11
Staffan Bohman	2005	Yes	Yes	545	6/6	5/5	11/11
Annette Sadolin	2007	Yes	Yes	450		1/5	10/11
Jan Söderberg	2000	Yes	No	480	6/6	1/5	10/11
Per-Olof Söderberg	2000	Yes	No	480	5/6	1/5	10/11
Charlotte Strömberg	2014	Yes	Yes	515		4/5	7/11
Total				**4,070**			

[1] Relates to fees for the Annual General Meeting year 2014/2015.
[2] Until the 2014 Annual General Meeting, all Board members were members of the Audit Committee.

The Audit Committee provides continuous oral reports to the Board and submits proposals on issues that require a Board decision.

The company's auditor presented his review and observations to the Audit Committee on two occasions in 2014. In addition, the Audit Committee held five minuted meetings. Minutes are made available to all members of the Board and the auditor. The auditor also receives material from the Audit Committee. The Chairman of the Board maintains regular contact with the company's auditor.

Evaluation of the need for an internal audit

Ratos's core expertise is not industry-specific and Ratos's holdings today are represented in widely differing sectors and with a wide geographic spread. Furthermore, Ratos's mission means that holdings are acquired and divested. For these reasons a general internal audit function would be difficult to establish. With regard to Ratos and the need for an internal audit it has been judged more suitable to discuss and decide for each individual holding, so that this can accompany the holding when it is sold, rather than setting up an internal audit at Group level.

The parent company Ratos AB with approximately 50 employees is a relatively small company which lacks complex functions that are difficult to analyse. So the need to introduce an internal audit function for the parent company Ratos AB must therefore be regarded as negligible. Against this background, the Audit Committee has decided not to introduce an internal audit function at Group level or for the parent company Ratos AB.

Compensation to the Board of Directors

The 2014 Annual General Meeting resolved that compensation to the ordinary members of the Board should be paid of SEK 450,000 per member and year. Compensation to the Chairman of the Board should amount to SEK 1,000,000 per year. It was decided to pay an additional SEK 100,000 per year to the chairman of the Audit Committee and SEK 65,000 per year to other members of the committee. It was decided to pay SEK 50,000 per year to the chairman of the Compensation Committee and SEK 30,000 per year to other members of the committee.

4 Auditor

Ratos's auditor is appointed annually by the Annual General Meeting. Nominations are made by the Nomination Committee. The auditor is tasked on behalf of shareholders to examine the company's annual accounts and consolidated financial statements as well as the administration of the company by the Board and the CEO and the corporate governance work. The review work and auditor's report are presented at the Annual General Meeting.

At the 2014 Annual General Meeting the audit firm PricewaterhouseCoopers was elected as auditor until the next Annual General Meeting. PwC has appointed Peter Clemedtson as Senior Auditor. In addition to his assignment in Ratos, Peter Clemedtson is senior auditor for, among others, Volvo and SKF.

Auditor's fees

Compensation is paid to the company's auditor in accordance with a special agreement on this matter in accordance with a resolution at the Annual General Meeting. In 2014, audit fees in the parent company amounted to SEK 2m and SEK 35m in the Group. In addition, the parent company paid SEK 1m in fees for other assignments to the company's auditor and the Group as a whole paid fees for other assignments amounting to SEK 30m. The Board has established guidelines for the relation between auditing fees and consulting fees. These guidelines are continuously monitored by the Audit Committee which also evaluates the content of both auditing and consulting services.

5 Governance in Ratos

Ratos's principles for active ownership and the exercise of its ownership role

Ratos's mission over time is to create the highest possible returns through professional, active and responsible exercise of its role as owner in a number of selected companies and investment opportunities. Ratos's owner policy includes specific strategic foundations that provide a basis for how we choose to act as owner and how we view corporate governance. One of these foundations is that Ratos's holdings must be independent of each other, strategically, operationally and financially. Ratos shall add and create value as owner but value creation and governance are therefore not identical in all situations. Having a clear division of responsibility between owner, board and CEO is important for governance of Ratos's holdings as well as for the parent company Ratos AB and is therefore a key part of Ratos's success as an owner and for the business model. Read more about Ratos's exercise of its ownership role on ▶ pages 8-12.

Investment decisions and evaluation of existing holdings

The decision-making procedures for Ratos's Board and the CEO relating to investment activities stipulate that all significant acquisitions of, and add-on investment in, companies that are to be included among Ratos's holdings must be decided by the Board. This also applies to the sale, wholly or partially, of a holding. An evaluation of all the holdings is performed every year in which an analysis of holding strategy, results and forecasts for future years are presented. These evaluations are presented to the Board by the person responsible for the holding in conjunction with the Board meeting in January.

CEO and management group

The CEO is appointed by the Board and is responsible together with the management group for daily operations in Ratos in accordance with the Board's instructions. The CEO provides the Board with regular updates on operations and ensures they receive information on which to base well considered decisions.

The management group at Ratos consists from February 2015 of the CEO, two deputy CEOs, head of Corporate Communications and one Investment Director. The role of the management group is to prepare and implement strategies, manage corporate governance and organisational issues and monitor Ratos's financial development.

Development of events in the holdings as well as updating of ongoing investment processes are dealt with at weekly meetings in a broader group comprising the CEO, deputy CEOs, people responsible for holdings, CFO, Debt Manager and the head of Corporate Communications.

Ideas for acquisitions are analysed by the investment organisation together with the CEO and are also discussed in an internal new investment group, whose main role is to provide feedback on indicative bids made by Ratos in connection with investment processes. After completion of due diligence a basis for decision is sent to Ratos's Board, which has the role of Investment Committee. (Read more about the route to acquisition in the section Ratos as owner).

Remuneration to the CEO

Information on remuneration to the CEO is provided in Note 9 on pages 114-117.

Guidelines and principles for remuneration to senior executives

The guidelines for remuneration and incentive systems for key people as set out below were approved by the 2014 Annual General Meeting. The following guidelines were applied throughout 2014.

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

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

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

With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. Pension benefits are generally paid in accordance with the ITP Plan. In the event of pension benefits which deviate from the ITP Plan defined contribution pension benefits are applied.

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

Variable salary

Variable salary is not paid to senior executives until certain conditions regarding return on the company's equity have been met. The requirement for payment of variable remuneration is that consolidated profit before tax, adjusted for minority effects in minority-owned subsidiaries, shall correspond to at least 5% of opening equity. A ceiling has been stipulated at a total of SEK 125m in variable remuneration, which falls due in the event of adjusted profit before tax of 25% of opening equity.

An earnings bank for the result that forms the basis for calculation of variable remuneration is applied. This means that earnings which in a certain year exceed the ceiling are transferred to the next year and increase the earnings on which remuneration is calculated. Earnings that are less than the threshold amount are also transferred and charged against earnings on which remuneration is based in the following year.

Adjusted profit before tax for 2014, including the earnings bank, provided variable remuneration of SEK 30.6m to be paid in 2015-17. Payment of variable salary is allocated over three years with 50% in the first year and 25% per year in the remaining two years.

Call option programmes

Annual general meetings from 2001 onwards have decided on call option programmes directed to senior executives and other key people within Ratos. 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 remuneration is divided into equal parts for five years. Call options are issued on treasury shares and have a maturity of 4-5 years.

TERMS FOR CALL OPTIONS OUTSTANDING AT 31 DECEMBER 2014

Maturity	Price/option SEK	Exercise price SEK/share	Right to purchase number of shares	Number of options	Corresponding number of shares
2010 - 20 March 2015	16.60	124.20	2.03	529,500	1,074,885
2011 - 18 March 2016	11.80	156.40	1.02	640,000	652,800
2012 - 20 March 2017	4.70	74.40	1	1,149,200	1,149,200
2013 - 20 March 2018	11.50	72.00	1	585,900	585,900
2014 - 20 March 2019	7.30	66.50	1	574,500	574,500
				3,479,100	**4,037,285**

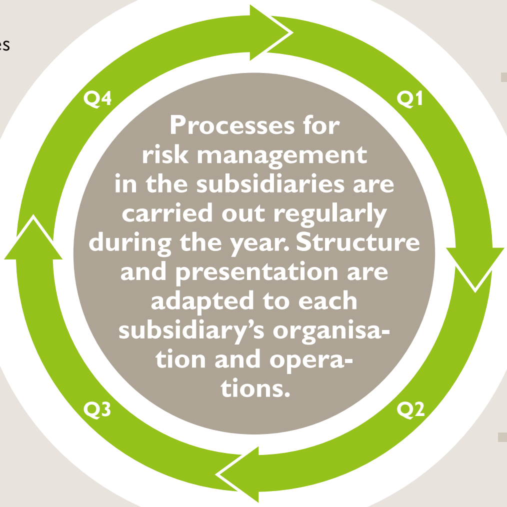
Outstanding options correspond to 1.3% of the total number of shares.

RATOS'S INTERNAL RISK PROCESS

Ratos's internal risk process takes into account a broad spectrum of risks: strategic, operational, financial risks as well as risks related to compliance and sustainability issues such as the environment, social responsibility and business ethics/corruption.

Stage 1

- Collection of risk reports from subsidiaries established and approved by each subsidiary's board, confirmed by the chairman of the board to Ratos's CEO
- Each company team presents and discusses subsidiaries' risk analysis with the CR Manager
- The CR Manager aggregates and compiles an overall Group risk report



Stage 2

- Discussion and adoption of final risk report in Ratos's management group
- Risk report is presented and then discussed in Ratos's Audit Committee
- Discussion and adoption by Ratos's Board

Stage 3

- Follow-up of items from Board discussion
- Review of risk process based on feedback from Board and Audit Committee
- Relevant items are included where necessary in Ratos's as well as the subsidiaries' strategy discussions

Stage 4

- If required short update to the Audit Committee
- Focus on major changes in the risk map and status update action plan for Group-wide risks

Synthetic options

The 2014 Annual General Meeting, like all Annual General Meetings since 2007, resolved on a cash-based option programme related to the Ratos's investments in the holdings. The programme is carried out through the issue of synthetic options that are transferred at market price. The programme gives the CEO and other key people within Ratos an opportunity to share in the investment result of the individual holdings. Options related to an individual investment only have a value if Ratos's annual return on the investment exceeds 15%. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year.

Internal control

The Board has ultimate responsibility for preparing an effective process for Ratos's risk management and internal control. The purpose is to provide reasonable assurance that operations are conducted in an appropriate and effective manner, that financial reporting is reliable and that laws as well as internal regulations are complied with. This work is conducted through structured board work as well as by tasks being delegated to management, the Audit Committee and other employees. Responsibility and authority are defined in instructions for powers of authorisation, policies and manuals which provide guidelines and guidance for the Group's operations and employees.

Furthermore, the board of each subsidiary is responsible for ensuring that the company in question complies with laws and regulations as well as for compliance with internal policies and guidelines.

Ratos's risk management process

Ratos conducts an annual review of risks where significant risks in its own operations and the holdings are summarised and discussed in Ratos's management and Board.

As part of good corporate governance, the holdings are expected to have a continuous process for identifying, assessing and managing

RECOMMENDED RISK MANAGEMENT PROCESS FOR RATOS'S SUBSIDIARIES

1. **IDENTIFICATION** – Ratos recommends a broad process where all relevant operational and strategic areas are covered, in order to identify the companies' biggest risks. Each holding should identify and discuss risks at a suitable level in the organisation in a company-adapted process.

2. **CLASSIFICATION** – classification and ranking of identified risks, for example based on probability, degree of impact, type of risk and time perspective.

3. **MANAGEMENT** – a plan for how identified risks should be managed should be drawn up with activities and means to eliminate/reduce/monitor the risk and specifying who is responsible.

4. **REPORTING** – the risk assessment and management plans should be presented and discussed in each company's board at least once a year.

5. **REPORT TO OWNER** – a report which summarises the biggest risks at Ratos and the holdings is compiled and presented to Ratos's Board annually.

their risks. Each holding's CEO and management have operational responsibility for having an appropriate risk management process in place which is approved by the holding's board.

During the year Ratos worked to strengthen its subsidiaries' risk processes through clearer communication of expectations, requirements and responsibilities, which requires a structured effort. All subsidiaries' chairmen were asked in 2014 to confirm to Ratos's CEO that the company concerned has implemented an appropriate process for management of the holding's risks.

Ratos's greatest risks are summarised in the Director's report ▶ page 75.

Ratos supports the subsidiaries with proposals for structure, models, etc., for work with risk management, see illustration on the previous page.

Internal control of financial reporting

Internal control of financial reporting is based on how operations are conducted and how the Ratos organisation is built up. Each holding is independent of other holdings owned by Ratos and has a dedicated company team that consists of two Ratos employees, one of whom is responsible for the holding. The team works actively in the holdings' boards.

Internal control of financial reporting is designed to be appropriate in Ratos AB, as well as in the holdings, and is evaluated and decided by each board and management.

Authority and responsibility within Ratos are communicated and documented in internal guidelines, manuals, etc. This applies, for example, to the division of work between the Board and the CEO and other bodies set up by the Board, instructions for powers of authorisation, as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

Ratos's company teams evaluate reporting from the holdings from an analytical viewpoint. Performance and risks that are identified are communicated monthly by the person responsible for the holding to the CEO who where appropriate in turn reports to the Board. Ahead of an acquisition a due diligence assessment of the company is performed which includes an analysis of accounting effects, a review of capital structure and a financial risk analysis.

The holdings' application of IFRS in their reporting and how they comply with the principle choices Ratos has made are followed up in conjunction with the quarterly accounts. Ratos Accounts has prepared a guide for the holdings for their reporting for this purpose.

Accounts relating to acquisitions and investments, as well as major transactions and accounting issues, are also reviewed with Ratos's auditor. In parallel with the annual evaluation, which is described on ▶ page 83, impairment testing is performed for each holding.

Quality assurance for financial reporting

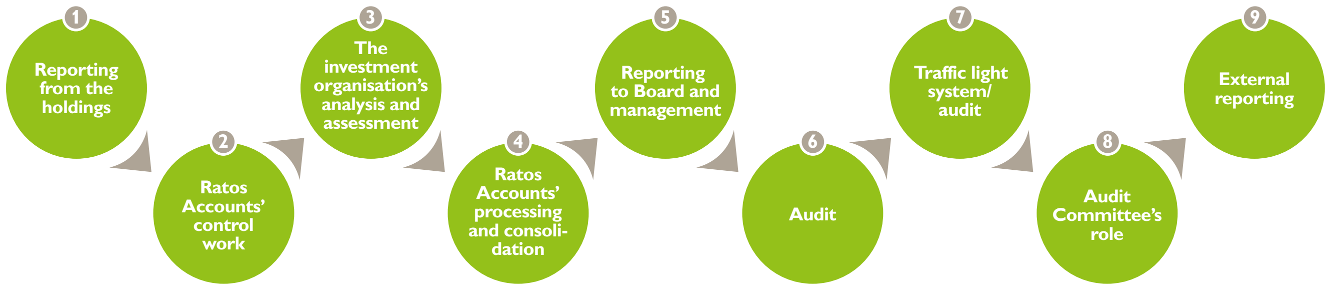
It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the accounting, reporting and finance functions are staffed and organised. At Ratos, the entire investment organisation is deeply involved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

Ratos Accounts is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people are employed within the function headed by the company's Finance Manager. The employees have long professional experience in financial control, reporting and accounting. The Debt Management function comprises one person with many years of experience of banking and finance issues.

Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated into the Ratos Group but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of the value-creating work with the companies, is to create independent and high-quality organisations with a quality of financial reporting that corresponds to that of a listed company.

The process and its built-in controls are described on the opposite page.

PROCESS FOR FINANCIAL REPORTING



1 REPORTING FROM HOLDINGS

The holdings report according to a set timetable an income statement every month and a complete reporting package every quarter. The reporting package is designed in accordance with current legislation, rules and accounting practice. Reporting is entered directly into a group-wide electronic consolidated reporting system with built-in controls designed to assure quality. As guidance for this reporting, Ratos has prepared a reporting manual intended for the holdings that provides clear instructions on how reporting should be carried out. The holdings' accounting and finance functions are invited once a year to seminars organised by Ratos which mainly examine year-end reporting and regular reporting, but also topical issues within reporting, accounts and finance.

2 RATOS ACCOUNTS' CONTROL WORK

The material reported by the holdings is examined analytically and evaluated regarding completeness and accuracy and compliance with Ratos's accounting principles. In the event of any discrepancies the holding is contacted. In conjunction with reporting the financial information is sent to each company team.

3 THE INVESTMENT ORGANISATION'S ANALYSIS AND ASSESSMENT

The investment organisation analyses the material on the basis of the knowledge available on each holding. The material is checked to ensure that it agrees with information provided to the holdings' boards.

4 RATOS ACCOUNTS' PROCESSING AND CONSOLIDATION

Any deviations noted in reconciliation are corrected both in the legal consolidated financial statements and in the information presented at holding level following a dialogue with the holding concerned. Consolidation includes a number of reconciliation controls. Reconciliation includes contributions to total equity per holding and checking that changes in equity are in accordance with completed transactions.

5 REPORTING TO BOARD AND MANAGEMENT

Board and management receive at every quarterly closing extensive in-depth material about both the Group and the individual holdings. Ratos Accounts also prepares an analysis of results for Ratos's management on a monthly basis.

6 AUDIT

A review is performed of subsidiaries' closing accounts as per September (hard close) and as per December. A hard close is carried out in order to prepare and facilitate the audit of the complete report for the full year. In these periods the material reported in stage 1 is audited and approved by the auditor of each holding. The audit of consolidated financial statements takes place in parallel. A review is performed of associates.

7 TRAFFIC LIGHT SYSTEM/AUDIT

Ratos Accounts receives all the audit reports relating to the holdings which are followed up using a so-called "traffic light system" where any observations made by auditors on the holdings are graded and assigned a red, yellow or green light according to their significance and risk. These observations are then followed up both overall for one holding and within different areas, for example internal control and disputes. An assessment is also made if there are observations that should be followed up for the Ratos Group as a whole. A follow-up is performed three times a year in conjunction with a hard close, review of year-end accounts and in the Audit Committee meeting in August. All audit observations are followed up until they are graded green by Ratos Accounts.

8 AUDIT COMMITTEE'S ROLE

The Audit Committee receives a summary of the traffic light control, described above, as well as an audit report from Ratos's auditor. In conjunction with the September closing accounts and annual accounts, Ratos's auditor presents an oral audit report to the Audit Committee and there is then an opportunity for Ratos's Audit Committee to ask complementary questions. These meetings are attended by Ratos's CEO, Deputy CEO responsible for finance, administration and compliance as well as the CFO who then presents Ratos's own traffic light follow-up as well as certain other related issues.

9 EXTERNAL REPORTING

Ratos publishes its interim and year-end reports as well as an annual report through press releases and publication on the website. Earlier reports can be downloaded from the website. The Annual Report is printed in Swedish and English and sent to those who wish to receive it. In addition, financial information about the holdings is published on Ratos's website.

Board of Directors & CEO

Board's and CEO's holdings at 31 December 2014

Arne Karlsson

Non-independent Chairman of the Board since 2012. Non-independent Board member 1999-2012. CEO of Ratos 1999-2012.

MSc Econ. Born 1958, Swedish.

Chairman of Bonnier Holding, Ecolean, Einar Mattsson, the Swedish Corporate Governance Board, SNS (Centre for Business and Policy Studies) and the World's Children's Prize Foundation. Board member of AP Møller-Maersk, Bonnier and Fortnox. Member of the Swedish Securities Council.

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

Shareholding in Ratos (own): 181,200 B shares.

Options in Ratos: 78,000 call options/2010, 200,000 call options/2011.

Lars Berg

Independent Board member since 2000.

MSc Econ. Born 1947, Swedish.

European Venture Partner in Constellation Growth Capital. Chairman of Net Insight. Board member of Norma Group (Frankfurt) and Tele2.

Previously member of executive management of Mannesmann with special responsibility for the Telecom Division 1999-2000, President and CEO of Telia 1994-99 and Senior positions within Ericsson 1970-94.

Shareholding in Ratos (own and related parties): 20,000 B shares, 80 preference shares.

Staffan Bohman

Independent Board member since 2005.

MSc Econ. Born 1949, Swedish.

Chairman of CibesLift and Höganäs, Deputy Chairman of Rezidor Hotel Group, the Board of Trustees of SNS and the Swedish Corporate Governance Board. Board member of Atlas Copco and Boliden and member of the Royal Swedish Academy of Engineering Sciences.

Formerly President and CEO of Gränges and Sapa 1999-2004. President and CEO of DeLaval 1992-99.

Shareholding in Ratos (own): 90,000 B shares.

Annette Sadolin

Independent Board member since 2007.

LL.B. Born 1947, Danish.

Board member of Blue Square Re NL, DSB, DSV, Ny Carlsberg Glyptotek, Skodsborg Kurhotel, Topdanmark and Østre Gasværk Teater.

Formerly Deputy CEO of GE Frankona Ruck 1996-2004, CEO of GE Employers Re International 1993-96, Deputy CEO of GE Employers Re International 1988-93.

Shareholding in Ratos (own): 8,264 B shares.

SECRETARY TO THE BOARD

Until October 2014, lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Subsequently lawyer Ingrid Westin Wallinder, Ramberg Advokater AB, has been secretary to the Board.

Charlotte Strömberg

Independent Board member since 2014.

MSc Econ. Born 1959, Swedish.

Chairman of Castellum. Board member of Bonnier Holding, Boomerang, Intrum Justitia, Karolinska Institutet, Skanska and Rezidor Hotel Group.

Formerly CEO of Jones Lang LaSalle Nordic. Executive positions in Carnegie Investment Bank and Alfred Berg/ABN AMRO.

Shareholding in Ratos (own and related parties): 10,000 B shares, 100 preference shares.

Jan Söderberg

Non-independent Board member since 2000.

MSc Econ. Born 1956, Swedish.

Chairman of Söderbergföretagen and My Big Day. Board member of Blinkfyrar, Elisolation, Henjo Plåtteknik, NPG and Smelink. Member of the Lund School of Economics Management Advisory Board and the Ragnar Söderberg Foundation.

Shareholding in Ratos (own and related parties): 14,973,776 A shares, 416,800 B shares, 6,600 preference shares.

Per-Olof Söderberg

Non-independent Board member since 2000.

MSc Econ. MBA Insead. Born 1955, Swedish.

Chairman of Byggdialog, Inkludera Invest and Söderberg & Partners. Board member of the Stockholm School of Economics Association, Stockholm Chamber of Commerce, Stockholm City Mission, among others.

Formerly CEO of Dahl 1990-2004.

Shareholding in Ratos (own and related parties): 16,705,964 A shares, 18,000 B shares, 90 preference shares.

CEO

Susanna Campbell

Not a member of the Board.

CEO of Ratos since April 2012.

MSc Econ. Born 1973, Swedish.

No significant assignments outside Ratos.

Employed by Ratos since 2003. McKinsey & Company 2000-03. Alfred Berg Corporate Finance 1996-2000

Shareholder in Ratos (own): 19,000 B shares.

Options in Ratos: 39,000 call options/2010, 40,000 call options/2011, 150,000 call options/2012, 90,000 call options/2013, 100,000 call options/2014.

AUDITOR

At the 2014 Annual General Meeting the auditing firm PricewaterhouseCoopers AB with authorised public accountant Peter Clemedtson as Senior Auditor, was elected for the period until the 2015 Annual General Meeting has been held.

Financial statements

Consolidated income statement

SEKm	Note 2, 3, 5	2014	2013
Net sales	4	28,098	26,084
Other operating income	6	163	362
Change in inventories of products in progress, finished goods and work in progress		-37	-66
Raw materials and consumables		-13,065	-11,151
Employee benefit costs	9, 26	-8,069	-8,033
Depreciation and impairment of property, plant and equipment and intangible assets	13, 14	-1,204	-1,225
Other costs	10, 31	-4,790	-4,859
Capital gain from the sale of group companies	7	1,404	864
Share of profits from investments recognised according to the equity method	8, 15	-127	183
Operating profit		**2,373**	**2,159**
Financial income	11	105	90
Financial expenses	11	-1,111	-1,166
Net financial items		**-1,006**	**-1,076**
Profit before tax		**1,367**	**1,083**
Tax	12	-265	-252
Share of tax from investments recognised according to the equity method	12	27	-29
Profit for the year		**1,129**	**802**
Attributable to:			
Owners of the parent		1,109	742
Non-controlling interests		20	60
Earnings per share, SEK	25		
– before dilution		3.22	2.13
– after dilution		3.22	2.13

Consolidated statement of comprehensive income

SEKm	Note	2014	2013
Profit for the year		**1,129**	**802**
Other comprehensive income			
Items that will not be reclassified to profit or loss	26		
Remeasurement of defined benefit pension obligations, net		-182	42
Tax attributable to items that will not be reclassified to profit or loss		45	-11
		-137	**31**
Items that may be reclassified subsequently to profit or loss	23		
Translation differences for the year		476	28
Change in hedging reserve for the year		-11	26
Tax attributable to items that may be reclassified subsequently to profit or loss		3	-7
		468	**47**
Other comprehensive income for the year		**331**	**78**
Total comprehensive income for the year		**1,460**	**880**
Total comprehensive income for the year attributable to:			
Owners of the parent		1,402	828
Non-controlling interests		58	52

Consolidated statement of financial position

SEKm	Note 5	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Goodwill	13	15,343	18,800
Other intangible assets	13	1,574	1,645
Property, plant and equipment	14	2,744	3,581
Investments recognised according to the equity method	15	3,895	2,726
Shares and participations	18	47	58
Financial receivables	18	65	66
Other receivables		126	120
Deferred tax assets	12	559	550
Total non-current assets		**24,353**	**27,546**
Current assets			
Inventories	20	2,107	2,374
Tax assets		98	135
Trade receivables	18, 30	3,762	4,716
Prepaid expenses and accrued income		389	432
Financial receivables	18	10	41
Other receivables	38	568	585
Cash and cash equivalents	18, 35	5,320	3,337
Assets held for sale	36	99	
Total current assets		**12,353**	**11,620**
Total assets		**36,706**	**39,166**
EQUITY AND LIABILITIES			
Equity	22, 23		
Share capital		1,024	1,024
Other capital provided		1,842	1,842
Reserves		-137	-524
Retained earnings including profit for the year		11,298	11,414
Equity attributable to owners of the parent		**14,027**	**13,756**
Non-controlling interests	24	2,982	2,377
Total equity		**17,009**	**16,133**
Liabilities			
Non-current interest-bearing liabilities	18, 30	8,305	10,160
Other non-current liabilities		318	327
Financial liabilities	9, 18	365	380
Provisions for pensions	26	563	416
Other provisions	27	140	154
Deferred tax liabilities	12	434	478
Total non-current liabilities		**10,125**	**11,915**
Current interest-bearing liabilities	18, 30	1,958	2,357
Financial liabilities	18	96	57
Trade payables	18	2,663	2,850
Tax liabilities		154	325
Other liabilities	28, 38	2,256	2,916
Accrued expenses and deferred income		1,958	2,254
Provisions	27	388	359
Liabilities attributable to assets held for sale	36	99	
Total current liabilities		**9,572**	**11,118**
Total liabilities		**19,697**	**23,033**
Total equity and liabilities		**36,706**	**39,166**

For information about the Group's pledged assets and contingent liabilities, see Note 32.

Consolidated statement of changes in equity

SEKm	Note 22, 23, 24	Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent						
Opening equity, 1 January 2013		**1,021**	**414**	**-590**	**11,508**	**12,353**	**788**	**13,141**
Adjustment[1]					-22	-22	-8	-30
Adjusted equity		1,021	414	-590	11,486	12,331	780	13,111
Profit for the year					742	742	60	802
Other comprehensive income for the year				66	20	86	-8	78
Total comprehensive income for the year				**66**	**762**	**828**	**52**	**880**
Dividend					-1,019	-1,019	-42	-1,061
New issue		3	1,428			1,431	16	1,447
Option premiums					7	7		7
Acquisition of shares in subsidiaries from non-controlling interests					50	50	46	96
Disposal of shares in subsidiaries to non-controlling interests					128	128	419	547
Non-controlling interests at acquisition							1,125	1,125
Non-controlling interests in disposals							-19	-19
Closing equity, 31 December 2013		**1,024**	**1,842**	**-524**	**11,414**	**13,756**	**2,377**	**16,133**
Opening equity, 1 January 2014		**1,024**	**1,842**	**-524**	**11,414**	**13,756**	**2,377**	**16,133**
Profit for the year					1,109	1,109	20	1,129
Other comprehensive income for the year				387	-94	293	38	331
Total comprehensive income for the year				**387**	**1,015**	**1,402**	**58**	**1,460**
Dividend					-1,040	-1,040	-37	-1,077
New issue							500	500
Option premiums					4	4		4
Put options, future acquisitions from non-controlling interests							17	17
Acquisition of shares in subsidiaries from non-controlling interests					-95	-95	-130	-225
Non-controlling interests at acquisition							341	341
Non-controlling interests in disposals							-144	-144
Closing equity, 31 December 2014		**1,024**	**1,842**	**-137**	**11,298**	**14,027**	**2,982**	**17,009**

1) Adjustment of opening equity attributable to Bisnode (-24) and Inwido (-6).

Consolidated statement of cash flows

SEKm	Note 35	2014	2013
Operating activities			
Consolidated profit before tax		1,367	1,083
Adjustment for non-cash items		-280	401
		1,087	1,484
Income tax paid		-410	-255
Cash flow from operating activities before change in working capital		**677**	**1,229**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-191	100
Increase (-)/Decrease (+) in operating receivables		-8	86
Increase (+)/Decrease (-) in operating liabilities		580	-283
Cash flow from operating activities		**1,058**	**1,132**
Investing activities			
Acquisition, group companies		-809	-626
Disposal, group companies		3,590	1,392
Acquisition, shares in associates		-38	-1,676
Dividend paid from associates		40	
Purchase, other intangible assets/property, plant and equipment		-762	-710
Disposal, other intangible assets/property, plant and equipment		49	376
Investments, financial assets		-8	-32
Disposals, financial assets		13	63
Cash flow from investing activities		**2,075**	**-1,213**
Financing activities			
New issue			1,431
Non-controlling interests' share of issue/capital contribution		20	15
Exercise of options		-71	-91
Option premiums		12	18
Acquisition of shares in subsidiaries from non-controlling interests		-173	-48
Dividends paid		-1,040	-999
Dividends paid, non-controlling interests		-37	-42
Borrowings		4,764	3,155
Amortisation of loans		-4,610	-3,229
Cash flow from financing activities		**-1,135**	**210**
Cash flow for the year		**1,998**	**129**
Cash and cash equivalents at the beginning of the year		3,337	3,203
Exchange differences in cash and cash equivalents		2	-67
Cash and cash equivalents classified as assets held for sale		-17	72
Cash and cash equivalents at the end of the year		5,320	3,337

Parent company income statement

SEKm	Note	2014	2013
Other operating income	6	10	12
Other external costs	10	-79	-76
Personnel costs	9, 26	-147	-130
Depreciation of property, plant and equipment	14	-4	-5
Operating profit/loss		**-220**	**-199**
Profit/loss from investments in group companies	7	1,416	-428
Result from other securities and receivables accounted for as non-current assets	11	100	133
Other interest income and similar profit/loss items	11	70	18
Interest expenses and similar profit/loss items	11	-73	-157
Profit/loss after financial items		**1,293**	**-633**
Tax	12	-	-
Profit/loss for the year		**1,293**	**-633**

Parent company statement of comprehensive income

SEKm	Note 23	2014	2013
Profit/loss for the year		**1,293**	**-633**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value reserve for the year		-36	14
Other comprehensive income for the year		**-36**	**14**
Comprehensive income for the year		**1,257**	**-619**

Parent company balance sheet

SEKm	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Property, plant and equipment	14	70	73
Financial assets			
Investments in group companies	34	8,898	10,675
Investments in associates	16	660	
Receivables from group companies	17, 18	1	1,202
Other securities held as non-current assets	18, 19	62	71
Total non-current assets		**9,691**	**12,021**
Current assets			
Current receivables			
Receivables from group companies	17, 18		41
Other receivables		11	9
Prepaid expenses and accrued income	21	3	4
Cash and bank balances	18, 35	3,251	1,273
Total current assets		**3,265**	**1,327**
Total assets		**12,956**	**13,348**
EQUITY AND LIABILITIES			
Equity	22, 23		
Restricted equity			
Share capital (number of A shares 84,637,060 number of B shares 239,503,836, number of C shares 830,000)		1,024	1,024
Statutory reserve		286	286
Unrestricted equity			
Premium reserve		1,556	1,556
Retained earnings		7,240	8,909
Fair value reserve		7	43
Profit/loss for the year		1,293	-633
Total equity		**11,406**	**11,185**
Non-current provisions			
Provisions for pensions	26		1
Other provisions	27		7
Total non-current provisions			**8**
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18	525	552
Non-interest bearing liabilities			
Financial liabilities	18	20	8
Other liabilities	28	35	22
Total non-current liabilities		**580**	**582**
Current provisions			
Other provisions	27	189	10
Current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18	681	1,477
Non-interest bearing liabilities			
Trade payables	18	10	9
Other liabilities		25	24
Accrued expenses and deferred income	29	65	53
Total current liabilities		**781**	**1,563**
Total equity and liabilities		**12,956**	**13,348**
Pledged assets	32	none	none
Contingent liabilities	32	399	none

Parent company statement of changes in equity

SEKm	Note 22, 23	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Premium reserve	Unrestricted equity: Fair value reserve	Unrestricted equity: Retained earnings	Unrestricted equity: Profit/loss for the year	Total equity
Opening equity, 1 January 2013		**1,021**	**286**	**128**	**29**	**9,315**	**606**	**11,385**
Other disposition of earnings						606	-606	
Profit/loss for the year							-633	-633
Other comprehensive income for the year					14			14
Comprehensive income for the year					**14**		**-633**	**-619**
New issue		3		1,428				1,431
Dividends						-1,019		-1,019
Option premiums						7		7
Closing equity, 31 December 2013		**1,024**	**286**	**1,556**	**43**	**8,909**	**-633**	**11,185**
Opening equity, 1 January 2014		**1,024**	**286**	**1,556**	**43**	**8,909**	**-633**	**11,185**
Other disposition of earnings						-633	633	
Profit/loss for the year							1,293	1,293
Other comprehensive income for the year					-36			-36
Comprehensive income for the year					**-36**		**1,293**	**1,257**
Dividends						-1,040		-1,040
Option premiums						4		4
Closing equity, 31 December 2014		**1,024**	**286**	**1,556**	**7**	**7,240**	**1,293**	**11,406**

Parent company cash flow statement

SEKm	Note 35	2014	2013
Operating activities			
Profit/loss before tax		1,293	-633
Adjustment for non-cash items		-1,421	415
		-128	-218
Income tax paid		-	-
Cash flow from operating activities before change in working capital		**-128**	**-218**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-87	-18
Increase (+)/Decrease (-) in operating liabilities		-55	26
Cash flow from operating activities		**-270**	**-210**
Investing activities			
Investment, shares in subsidiaries		-671	-2,649
Disposals, shares in subsidiaries		3,430	529
Investment, financial assets		-111	-141
Disposals, financial assets		5	26
Cash flow from investing activities		**2,653**	**-2,235**
Financing activities			
New issue			1,431
Option premiums		4	11
Redemption incentive programme			-21
Dividends paid		-1,040	-999
Borrowings, group companies		631	1,473
Cash flow from financing activities		**-405**	**1,895**
Cash flow for the year		**1,978**	**-550**
Cash and cash equivalents at the beginning of the year		1,273	1,823
Cash and cash equivalents at the end of the year		3,251	1,273

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Notes to the financial statements

Note 1 Accounting principles

Compliance with standards and laws

The consolidated financial statements for the Ratos Group are prepared in accordance with the Swedish Annual Accounts Act (1995:1554), RFR 1 Complementary Accounting rules for groups, International Financial Reporting Standards (IFRS) and interpretations of the standards (IFRIC) as endorsed by the EU. The parent company applies the same accounting principles as the Group except in cases specified in the section Parent company's accounting principles page 106.

Changed accounting principles due to new or amended IFRS

The Group applies the new and amended standards that have been published by IASB and endorsed by the EU for application from 1 January 2014. New standards are IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities. None of the new standards or amendments to existing standards has had any material impact on the Group's or parent company's earnings, financial position or disclosures but the following can be noted:

- Amendments to IFRS 10, 12 and IAS 27 on consolidation for Investment Entities

Amendments to IFRS 10, 12 and IAS 27 due to special rules for measurement and consolidation of subsidiaries for Investment Entities. Ratos does not apply the rules for Investment Entities since Ratos considers that it does not fall within the definition of an Investment Entity – primarily because the holdings are not regularly measured at fair value, secondarily because Ratos neither receives funds from investors nor, with this as a base, undertakes to invest funds received for continuous returns. How Ratos monitors and evaluates its holdings and the Group is specified in Note 3.

- IFRS 12 Disclosures of Interests in Other Entities

This standard contains disclosure requirements for all types of holdings in other companies, such as subsidiaries, associates and joint arrangements. Layout and reported content have been changed in some cases, see Notes 15 and 24.

New IFRS that have not yet come into force

From 2015 and beyond both new standards as well as amendments and annual improvements of a number of standards will come into force, subject to EU endorsement. These have not been applied in preparation of this financial report. New standards are IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The possible effect on the Group's earnings and financial position of these standards has not been evaluated. Other new or amended accounting standards are not expected to have a material impact on Ratos's financial statements.

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 measured at the lower of cost and net realisable value.
- Provisions are measured at the amount required to settle an obligation, with any present value calculation.
- A contingent consideration is measured at fair value.
- A net obligation relating to defined benefit pension plans is measured at the present value of an estimate of the future benefit earned by the employees with deduction for any plan assets linked to the respective pension plan, measured at fair value.

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

Estimations and assessments

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

The estimations and assumptions are reviewed on a regular basis. Changes in estimations are reported in the period in which the changes are made.

When applying IFRS, assessments which have a material effect on the financial statements, such as estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 37.

Classification

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

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

Consolidation principles and business combinations

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

Potential voting rights

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

Subsidiaries

Subsidiaries are companies over which Ratos exercises control. Control exists when the Group is exposed to or is entitled to a variable return from its holding in the company and is able to affect the return through its influence in the company. Subsidiaries are included in the consolidated financial statements with effect from the date when control is transferred to the Group.

Note 1, cont.

Acquisition method

Subsidiaries are reported according to the acquisition method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. In the purchase price allocation (PPA) the fair value on the acquisition date is identified of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. For business combinations there are two alternative methods for recognising goodwill, either a proportionate share of or full goodwill. Full goodwill means that a non-controlling interest is recognised at fair value. The choice between these two methods is made individually for every acquisition.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are recognised directly in profit or loss.

In step acquisitions goodwill is identified on the date control is obtained. If the company already owned an interest in the acquired subsidiary this is remeasured at fair value and the change in value recognised in profit or loss for the year.

In business combinations where the consideration transferred, any non-controlling interest and fair value of the previously owned interest exceed the fair value of acquired assets and assumed liabilities, the difference is recognised as goodwill. A bargain purchase (negative goodwill) arises when the difference is negative and is recognised directly in profit or loss for the year.

Payments that relate to settlement of an earlier business commitment are not included in the PPA but recognised in profit or loss.

Contingent considerations are recognised at fair value on the acquisition date. In the event the contingent consideration results in a liability this is remeasured at fair value on each reporting date. The remeasurement is recognised as income/expense in profit or loss for the year. If the contingent consideration, on the other hand, is classified as an equity instrument no remeasurement is performed and adjustment is made within equity.

Acquisition/disposal from/to non-controlling interests

Acquisitions from non-controlling interests are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests.

Disposals to a non-controlling interest where control remains, are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests.

Put options to non-controlling interests

Agreements concluded with non-controlling interests on the right to sell interests in the company, either at a fixed price or a fair value. The agreement, put option, corresponding to the purchase price for the interests, is recognised as a liability. Put options exceeding six months are discounted. At remeasurement of the liability the change in value and upward adjustment of interest are recognised in net financial items. At initial recognition of the put option as a liability, equity is reduced by an amount corresponding to its fair value, whereby Ratos has chosen to recognise in the first instance non-controlling interests in equity and if this is insufficient in equity attributable to owners of the parent.

Profits earned after this date are provided to the non-controlling interest in proportion to its participating interest.

Disposal of subsidiaries

Subsidiaries are excluded from the consolidated financial statements with effect from the date when control ceases to exit. The exit gain or loss relates to the capital gain or loss that arises when a holding is sold. When the Group no longer has control, each remaining holding is measured at fair value as at the date control was lost. The change in value is recognised in profit or loss. The fair value is used as the first carrying amount and provides the basis for future recognition of the remaining holding as an associate, joint venture or financial asset. All amounts relating to the sold subsidiaries which were previously recognised in other comprehensive income, are recognised as if the Group directly sold the attributable assets or liabilities. This can result in amounts previously recognised in other comprehensive income being reclassified to profit or loss.

Associates – equity method

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

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

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are included in acquisition cost.

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

Transactions eliminated on consolidation

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

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

Foreign currency

Transactions

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

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period.

Exchange differences that arise on translation are recognised in profit or loss for the year. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

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

Financial statements of foreign operations

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

If the foreign operation is not wholly owned, the translation differences are allocated to non-controlling interests on the basis of its proportional ownership. At disposal of a foreign operation the accumulated translation differences attributable to the operation are recognised whereby they are reclassified from the translation reserve to profit or loss for the year. In the event a disposal is made but control remains, a proportionate share of accumulated translation differences is transferred from other comprehensive income to non-controlling interests.

Net investment in foreign operations

Monetary non-current receivables to a foreign operation for which settlement is not planned and will probably not take place in the foreseeable future, are in practice part of net investment in foreign operations. An exchange difference that arises on the monetary non-current receivable is recognised in other comprehensive income and accumulated in the translation reserve in equity.

When a foreign operation repays monetary non-current receivables or provides a dividend and the parent company has the same participating interest as previously, Ratos has chosen not to transfer the accumulated translation differences from the translation reserve in equity to profit or loss for the year. At disposal of a foreign operation, the accumulated exchange differences attributable to monetary non-current receivables are reclassified from the translation reserve in equity to profit or loss for the year.

Revenue recognition

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

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

Construction contracts

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

Operating leases

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

Financial income and expenses

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

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

Exchange gains and exchange losses are recognised net.

Intangible assets

Goodwill

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment or when there is an indication that the asset has declined in value. Goodwill that arose at acquisition of associates is included in the carrying amount for investments in associates.

Research and development

Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the asset, the intention is and conditions exist for using the asset and the expenditure can be calculated in a reliable manner. The carrying amount includes all directly attributable expenditure, e.g. for material and services, employee benefits as well as registration of a legal entitlement. Amortisation is started when the product goes into operation and distributed on a straight-line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

Other intangible non-current assets

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

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

Subsequent expenditure

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

Borrowing costs

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

Amortisation

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

Note 1, cont.

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

Number of years	Group
Trademarks	4-20
Databases	5-10
Customer relations	4-20
Business systems	2-10
Other intangible assets	3-10

Property, plant and equipment

Owned assets

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

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

Leased assets

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

Assets that are leased according to a finance lease are recognised as an asset in the Statement of financial position and measured initially at the lower of the fair value of the leased asset and the present value of minimum leasing charges at the start of the contract. The obligation to pay future leasing charges is recognised as non-current and current liabilities. Leased assets are depreciated over the useful life of the asset while leasing payments are recognised as interest and amortisation of liabilities.

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

Borrowing costs

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

Subsequent expenditure

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

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

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

Depreciation principles

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

Number of years	Group	Parent company
Buildings	10-100	35-100
Equipment	2-20	3-10

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

Financial instruments

Financial instruments recognised in the Statement of financial position on the assets side include cash and cash equivalents, trade receivables, shares and participations and financial receivables. On the liabilities side there are trade payables, financial liabilities and interest-bearing liabilities.

Recognition and derecognition from the Statement of Financial Position

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

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

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

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

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

Classification and measurement

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

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

A division of financial assets and liabilities is made into one of the categories listed below. A combination of the purpose of the holding of a financial asset or liability at the original acquisition date and type of financial asset or liability is decisive for the division into categories. Category classification is not specified in the Statement of financial position but is specified, on the other hand, in Note 18.

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 classify in this category (the fair value option). Financial instruments in this category are measured on a current basis at fair value with changes in value recognised in profit or loss for the year. The first sub group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss.

– 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 receivables, financial receivables and cash and cash equivalents. Trade receivables are reported at the amount at which they are expected to accrue after deduction for individual assessment of doubtful debts. Impairment of trade receivables is recognised in operating expenses.

– Available-for-sale financial assets

The category available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here.

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

– Client money

Client money, which is recognised as assets and liabilities in the balance sheet, includes payment received for a specific receivable on behalf of a client and to be paid to the client within a specific period. Client money is cash and cash equivalents with a limited right of disposition. The same amount is recognised as a liability.

– Financial liabilities at fair value through profit or loss

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

– Other financial liabilities

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

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

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, 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 hedge accounting is applied.

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.

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

Receivables and liabilities in foreign currency

Forward contracts are used to hedge a receivable or liability against exchange rate risk. Hedge accounting is not used for protection against currency risk since a financial hedge is reflected in the financial statements through both the underlying receivable or liability and the hedging instrument being recognised at the exchange rate on the closing date and changes in exchange rates are recognised in profit or loss for the year.

Changes in exchange rates for operating receivables and liabilities are recognised in operating profit or loss while changes in exchange rates for financial receivables and liabilities are recognised in net financial items.

Cash flow hedges

Hedges of forecast purchases/sales in foreign currency

The forward contracts used to hedge future cash flows and forecast purchases/ sales in foreign currency are recognised in the Statement of financial position at fair value. Where hedge accounting is applied 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.

If hedge accounting is not applied, changes in value for the period are recognised directly in profit or loss for the year.

Hedging of fixed interest

To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used, where the company receives floating interest and pays fixed interest. These interest rate swaps are measured at fair value in the Statement of financial position. The interest coupon is recognised on a current basis in profit or loss as an interest expense. In the event hedge accounting is applied, unrealised changes in the fair value of the interest rate swap are recognised in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit or loss for the year and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit or loss for the year.

If hedge accounting is not applied, changes in value for the period are recognised directly in profit or loss for the year.

Impairment

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

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

Impairment

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

Impairment of goodwill, intangible assets and property, plant and equipment

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

An impairment is recognised when the carrying amount of an asset or holding exceeds the recoverable amount. An impairment is charged to operating profit or loss. Impairment attributable to a holding is allocated in the first instance to goodwill. The recoverable amount is the higher of fair value with deduction for selling costs and value in use. For a more detailed description, see Note 13.

Impairment of financial assets

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

Impairment of Available-for-sale financial assets is recognised in net financial items.

Reversal of impairment

Goodwill impairment is not reversed.

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

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

Inventories

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

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

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

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

Assets held for sale

Assets are classified as Assets held for sale when it is highly probable that a sale will take place. This can be an individual asset, a group of assets and liabilities attributable to them or a holding, i.e. a subsidiary or an associate. Assets classified as Assets held for sale are reported separately as a current asset. Liabilities attributable to Assets held for sale are reported separately as a current liability in the Statement of financial position. Immediately prior to classification as an asset held for sale, the carrying amount of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. Subsequently assets held for sale are recognised at the lower of carrying amount and fair value with deduction for selling costs. Changes in value are recognised in profit or loss.

Equity

Purchase of treasury shares

Acquisition of treasury shares is reported as a deductible from equity.

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

Preference shares

Ratos's recognises preference shares as equity in accordance with IAS 32, since Ratos does not have an undertaking to redeem outstanding preference shares. Ratos's Board is able to make a decision on redemption of preference shares. Dividends on preference shares require a general meeting resolution.

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Note 1, cont.

Employee benefits

Defined contribution plans

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

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

The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

Defined benefit plans

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

When the benefits in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in profit or loss. Remeasurements which arise as a result of defined benefit plans also include return on plan assets (excluding interest) and the effect of an asset ceiling (if any, excluding interest). These are recognised immediately in other comprehensive income. All other costs related to defined benefit plans are recognised under employee benefits in the income statement. The Group recognises interest on defined benefit obligation under net financial items in the income statement. When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised past service costs and the present value of future repayments from the plan or reduced future payments to the plan.

Other long-term benefits

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

Compensation in the event of termination of employment

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

Short-term benefits

Short-term employee benefits are calculated without discount and recognised as expenses when the relative services are received.

Incentive programmes

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

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

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

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

Earnings per share

Earnings per share are based on consolidated profit for the year attributable to owners of the parent reduced by dividend to preference shareholders divided by average outstanding ordinary shares.

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

Provisions

A provision differs from other liabilities since there is uncertainty about the payment date or the size of the amount to settle the provision.

A provision is recognised in the Statement of financial position when the Group has an existing legal or constructive obligation as a consequence of an event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made.

Provisions are made in the amount that is the best estimate of what is required to settle the existing obligation on the closing date. When the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the liability.

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

Note 1, cont.

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a weighing up of possible outcome in relation to the probabilities inherent in the outcome.

Restructuring

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

Tax

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

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

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

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

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

Contingent liabilities

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

Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 means that the parent company in the annual accounts for a legal entity must apply all EU endorsed IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made from IFRS.

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

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

Changed accounting principles

The parent company has not changed its accounting principles in 2014.

Classification and presentation

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

Financial instruments

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

Anticipated dividends

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

Associates and subsidiaries

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

This means that transaction costs are included in the carrying amount for holdings in subsidiaries and associates. In the Group, on the other hand, transaction costs are recognised for subsidiaries directly in profit or loss.

Contingent considerations are measured on the basis of the probability that the consideration will be paid. Any changes in provision/receivable increase/reduce cost. In the consolidated financial statements contingent considerations are recognised at fair value with changes in value through profit or loss.

Defined benefit pension plans

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

Group contributions and shareholder contributions

In cases where the parent company provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

The parent company can neither give or receive a group contribution due to its tax status, see under Tax below.

Tax

The parent company is taxed according to the rules for investment companies. This means that any capital gains that arise from shares and other ownership rights are not liable to tax. Capital losses may not be deducted.

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at the start of the year have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received and interest income are reported as income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

Note 2 Consolidated income statement

SEKm	2014	2013
Profit/share of profits before tax [1]		
AH Industries (70%)	-55	-78
Aibel (32%) [2]	-215	141
Arcus-Gruppen (83%)	117	75
Biolin Scientific (100%)	10	-13
Bisnode (70%)	-144	9
DIAB (96%)	-62	-109
Euromaint (100%)	17	-76
GS-Hydro (100%)	91	57
Hafa Bathroom Group (100%)	-6	-13
HENT (73%) [3]	135	28
HL Display (99%)	3	106
Inwido (31%) [4]	151	220
Jøtul (93%)	-110	-89
KVD (100%)	33	29
Ledil (66%) [5]	-12	
Mobile Climate Control (100%)	47	68
Nebula (73%) [6]	67	40
Nordic Cinema Group (58%) [7]	218	120
SB Seating (85%) [8]	107	86
Stofa (99%) [9]		1
Total profit/share of profits	**392**	**602**
Exit Inwido	1,187	
Exit SB Seating	202	
Exit Stofa		895
Total exit result	**1,390**	**895**
Impairment AH Industries	-87	
Impairment Hafa Bathroom Group	-62	
Impairment Jøtul	-101	-74
Impairment DIAB		-234
Profit from holdings	**1,532**	**1,189**
Income and expenses in Ratos AB and central companies		
Management costs	-229	-240
Financial items	64	134
Central income and expenses	**-165**	**-106**
Profit before tax	**1,367**	**1,083**
Tax	-238	-281
Profit for the year	**1,129**	**802**
Attributable to		
Owners of the parent	1,109	742
Non-controlling interests	20	60

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.

Profit before tax for the full year 2014 amounted to SEK 1,367m (1,083). The higher reported profit for Ratos's holdings is due to higher exit gains compared with the previous year. Share of profits for Ratos's holdings are affected by items affecting comparability in Aibel and impairment in Bisnode, primarily in the fourth quarter. The result includes profit/share of profits from the holdings of SEK 392m (602) and exit gains of SEK 1,390m (895).

Ratos's central income and expenses amounted to SEK -165m (-106), of which personnel costs in Ratos AB amounted to SEK -147m (-130).

The variable portion of personnel costs amounted to SEK -50m (-35) and other management costs were SEK -82m (-110).

Net financial items amounted to SEK 64m (134).

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.
2) Aibel is included in consolidated profit from 11 April 2013.
3) HENT is included in consolidated profit from July 2013.
4) Inwido is included as a subsidiary in consolidated profit through September 2014 and thereafter as an associate.
5) Ledil is included in consolidated profit from 29 December 2014.
6) Nebula is included in consolidated profit from May 2013.
7) 2013 relates solely to Finnkino until April and subsequently relates to Nordic Cinema Group.
8) SB Seating is included in consolidated profit through September 2014. The entire holding was sold in October 2014.
9) Stofa is included in consolidated profit through January 2013. The entire holding was sold in February 2013.

Note 3 Operating segments

Ratos is a private equity conglomerate whose operations comprise acquisition, development and divestment of preferably unlisted companies. Ratos's business mission over time is to create the highest possible returns through professional, active and responsible exercise of its role as owner in a number of selected companies and investment situations where Ratos creates a unique investment opportunity for stock market players. Added value is created in conjunction with acquisition, development and divestment of companies.

Ratos's CEO and Board, the Ratos Group's "chief operating decision-maker" monitor operations on the basis of development in all Ratos's holdings. Net sales, EBITA, adjusted EBITA and EBT are followed up for the holdings individually and in total. Management and the Board also follow up operations on the basis of how well the company-specific return target has been achieved.

2014, SEKm	Net sales	Depreciation [1]	Share of profit from investments recognised according to equity method	Interest income	Interest expenses [2]	EBT	Interest-bearing net receivable (+) / net debt (-) [3]
Holdings							
AH Industries	903	-41		8	-27	-55	-323
Aibel			-215			-215	
Arcus-Gruppen	2,548	-56	10	18	-97	117	-1,100
Biolin Scientific	224	-8			-7	10	-143
Bisnode	3,650	-167		2	-204	-144	-1,983
DIAB	1,157	-62		1	-63	-62	-800
Euromaint	2,274	-40			-30	17	-514
GS-Hydro	1,315	-21		1	-17	91	-405
Hafa Bathroom Group	206	-2			-2	-6	-40
HENT	4,865	-5		11	-26	135	487
HL Display	1,509	-40		1	-38	3	-635
Inwido [4]	3,495	-79	48	2	-38	151	
Jøtul	920	-57		1	-46	-110	-565
KVD	315	-3			-9	33	-176
Ledil [5]	3					-12	-190
Mobile Climate Control	1,021	-15			-27	47	-465
Nebula	261	-20			-17	67	-293
Nordic Cinema Group	2,631	-167	28	6	-110	218	-1,546
SB Seating [6]	799	-31		1	-45	107	
Total holdings	**28,096**	**-814**	**-129**	**52**	**-803**	**392**	**-8,691**
Exit Inwido						1,187	
Exit SB Seating						202	
Exit gain						**1,390**	
Impairment AH Industries						-87	
Impairment Hafa Bathroom Group						-62	
Impairment Jøtul						-101	
Total holdings	**28,096**	**-814**	**-129**	**52**	**-803**	**1,532**	**-8,691**
Central income and expenses	2	-4	2	169	-55	-165	3,251
Other/eliminations				-162	162		
Group total	**28,098**	**-818**	**-127**	**59**	**-696**	**1,367**	**-5,440**

1) Amortisation/depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Inwido is included as a subsidiary in consolidated profit through September 2014 and thereafter as an associate.
5) Ledil is included in consolidated profit with effect from 29 December 2014.
6) SB Seating is included in consolidated profit through September 2014. The entire holding was sold in October 2014.

Note 3, cont.

2013, SEKm	Net sales	Depre- [1] ciation	Share of profit from investments recognised according to equity method	Interest income	Interest [2] expenses	EBT	Interest-bearing net [3] receivable (+) / net debt (-)
Holdings							
AH Industries	1,018	-62		6	-38	-78	-356
Aibel [4]			141			141	
Arcus-Gruppen	2,516	-57	12	10	-100	75	-1,179
Biolin Scientific	233	-10			-8	-13	-169
Bisnode	3,724	-175			-204	9	-1,862
DIAB	864	-65			-57	-109	-731
Euromaint	2,419	-42		1	-100	-76	-542
GS-Hydro	1,237	-22		1	-17	57	-433
Hafa Bathroom Group	238	-3			-2	-13	-61
HENT [5]	2,243	-2		9	-17	28	420
HL Display	1,596	-39		1	-22	106	-296
Inwido	4,300	-103	1	3	-52	220	-971
Jøtul	930	-59		1	-45	-89	-557
KVD	296	-2		1	-12	29	-203
Mobile Climate Control	978	-20			-29	68	-464
Nebula [6]	155	-15			-20	40	-320
Nordic Cinema Group [7]	1,895	-126	28	2	-91	120	-1,647
SB Seating	1,112	-34		2	-124	86	-947
Stofa [8]	131	-10			-4	1	
Total holdings	**25,885**	**-846**	**182**	**37**	**-942**	**602**	**-10,318**
Exit Stofa						895	
Exit gain						**895**	
Impairment DIAB						-234	
Impairment Jøtul						-74	
Total holdings	**25,885**	**-846**	**182**	**37**	**-942**	**1,189**	**-10,318**
Central income and expenses	199	-7	1	340	-85	-106	1,289
Other/eliminations				-327	327		-427
Group total	**26,084**	**-853**	**183**	**50**	**-700**	**1,083**	**-9,456**

[1] Depreciation of intangible assets and property, plant and equipment.
[2] Including interest on shareholder loans.
[3] Excluding shareholder loans.
[4] Aibel is included in consolidated profit from 11 April 2013.
[5] HENT is included in consolidated profit from July 2013.
[6] Nebula is included in consolidated profit from May 2013.
[7] Earnings for 2013 consist of Finnkino solely until April and subsequently relate to the entire Nordic Cinema Group.
[8] Stofa is included in consolidated profit through January 2013. The entire holding was sold in February 2013.

The Ratos Group has its main focus on the Nordic market which is reflected in share of net sales in the Nordic countries amounting to approximately 71% (75). The rest of Europe is the second-largest market and amounts to approximately 19% (18) with the remainder evenly divided between North America and the rest of the world.

There is no individual customer that accounts for more than 10% of total revenues.

Note 4 Revenue breakdown

Group

SEKm	2014	2013
Breakdown of net sales		
Sale of goods	19,006	19,644
Service contracts	3,938	3,908
Construction contracts	5,154	2,532
	28,098	**26,084**

Note 5 Business combinations

Acquisitions 2014

Acquisition of subsidiary

Ledil

In November 2014, Ratos signed an agreement to acquire approximately 66% of the shares in the Finnish LED optics company Ledil Oy from the company's founders. The purchase price (enterprise value) for 100% of the company amounted to EUR 97m (approximately SEK 900m). The acquisition was completed in December 2014.

The acquisition was made via an existing holding company, Ledil Group Oy (Ledil), which already owned 14% of Ledil Oy. Ratos acquired (i) newly issued shares corresponding to approximately 52% of Ledil and (ii) approximately 15% from former owners for a total of approximately EUR 49m (SEK 470m). Ratos's holding subsequently amounted to 66%. Ledil acquired the remaining 86% of Ledil Oy and finally owns 100% of the company.

Ledil is a leading global player within secondary optics (lenses which focus light from a source to achieve a desired lighting solution) for LED lighting. The company has a broad portfolio of proprietary products which are sold by Ledil's own sales force as well as via agents and distributors in Europe, North America and Asia. Production is carried out by subcontractors in China and Finland. Today the products are mainly used in environments with high demands on lighting performance and are found exclusively in commercial applications such as retail stores, offices and street lighting.

The total consideration transferred for the acquisition amounted to SEK 630m. In the preliminary purchase price allocation goodwill amounted to SEK 898m. The goodwill recognised for the acquisition reflects a fast-growing, profitable and innovation-focused company with a strong market position within the lighting technology of the future, LED. The acquired company is included in consolidated sales for the holding period with SEK 3m and in profit before tax with SEK -12m. For the period January to December 2014, sales amounted to SEK 243m and profit before tax was SEK 51m. Acquisition-related costs amounted to SEK 18m, including a transaction tax that applies in Finland amounting to 1.6 % of the share value.

Preliminary purchase price allocation
Ledil

SEKm	
Intangible assets	1
Property, plant and equipment	1
Current assets	41
Cash and cash equivalents	66
Non-controlling interests	-341
Current liabilities	-36
Net identifiable assets and liabilities	**-268**
Goodwill	898
Consideration transferred [1]	630
[1] Cash	630

The purchase price allocation is preliminary which means that fair value is not finally identified for all items.

Acquisitions in subsidiaries

In the second quarter of 2014, Inwido acquired the Danish operations JNA Vinduer & Døre and SPAR Vinduer. JNA Vinduer & Døre was founded in 1990 for production and sales of windows in Denmark. In 2006, the group was expanded with SPAR Vinduer which was established as a less expensive alternative for Danish internet customers. The total consideration transferred for these acquisitions amounted to SEK 204m. The acquired companies are included in consolidated sales for the holding period with SEK 122m and in profit before tax with SEK 22m. For the period January to September 2014 sales totalled SEK 154m and profit before tax was SEK 8m. Acquisition-related costs amounted to SEK 2.5m.

In the first quarter of 2014, Bisnode acquired Debitor Registret and Grufman Reje. Debitor Registret is one of the largest players in Denmark within credit information and credit valuation of private individuals. Grufman Reje is a Swedish consulting company specialising in business analyses. The combined consideration transferred for these acquisitions amounted to SEK 101m. The acquired companies are included in consolidated sales for the holding period with SEK 26m and in profit before tax with SEK 5m. For the period January to December 2014 sales totalled SEK 29m and profit before tax was SEK 3m. Acquisition-related costs amounted to SEK 2m.

SEKm	Bisnode	Inwido
Intangible assets	27	58
Property, plant and equipment	1	20
Financial assets		1
Deferred tax assets	7	
Current assets	3	34
Cash and cash equivalents	0	19
Non-current liabilities and provisions	-1	
Deferred tax liabilities	-5	-15
Current liabilities	-14	-38
Net identifiable assets and liabilities	**18**	**79**
Goodwill	83	125
Consideration transferred [1]	101	204
[1] Cash	60	204
Contingent consideration	41	

The purchase price allocations are preliminary which means that fair value is not finally identified for all items.

Adoption of preliminary purchase price allocations (PPAs)

A PPA is preliminary until adopted which must take place within 12 months from the acquisition. The PPA for SF/Nordic Cinema Group has been adopted. In addition to the remeasurement announced on 31 December 2013, a reclassification has taken place between current assets and financial assets with SEK 46m.

The PPA for HENT has been adopted in accordance with the preliminary PPA presented in Ratos's Annual Report for 2013.

Disposals 2014

Disposal of subsidiaries

SB Seating

In July, Ratos signed an agreement to sell all shares in the subsidiary SB Seating. The sale was completed in October. The exit gain amounted to SEK 202m.

Inwido

On 26 September, Inwido was listed on Nasdaq Stockholm at a price of SEK 68 per share. In conjunction with the listing, Ratos sold shares for a total value of SEK 2,579m.

Since as a result of this transaction Inwido has changed from being a subsidiary to being an associate of Ratos, the entire holding in conjunction with the changeover, in accordance with IFRS, has been remeasured at fair value which is based on the listing price. The exit gain, which is based on the realised value of sold shares and on the appreciation in value in connection with the revaluation of the shares retained, amounted to approximately SEK 1,187m.

Disposal within subsidiary

Ratos's subsidiary Biolin Scientific has sold all its shares in its subsidiary Osstell. The sale was completed in March 2014.

Acquisitions 2013

Acquisitions of subsidiaries

Nordic Cinema Group

In March 2013, Ratos signed an agreement with Bonnier on a merger of SF Bio and Finnkino. SF Bio is the largest cinema player in Sweden. The merger took place through a newly formed company, Nordic Cinema Group, acquiring all the shares in SF Bio and Finnkino. In conjunction with completion of the acquisition at the beginning of May, Ratos transferred its shares in the holding in Finnkino. Subsequently, Nordic Cinema Group is owned to 58% by Ratos and 40% by Bonnier. Ratos acquired control when the acquisition was completed.

The main reason for the merger of Finnkino and SF Bio is to increase competitiveness by enabling value creation which the companies cannot be expected to achieve as separate units. SF Bio, like Finnkino, is the leader in its market. For Ratos, the operations conducted by Finnkino in Finland, Estonia, Latvia and Lithuania are expanded with SF Bio's operations in Sweden and Norway.

Ratos has prepared a preliminary purchase price allocation for SF Bio since the final figures for the transaction have not been determined. The entire difference between consideration transferred and carrying amounts of assets and liabilities has been allocated to goodwill of approximately SEK 1,900m. The change in goodwill and non-controlling interests between quarter 3 and quarter 4 2013 are due to adjustment of the purchase price.

The goodwill recognised for SF Bio mainly reflects the company's growth, profitability, market position and stability. Since the acquisition SF Bio is included in consolidated net sales including other income with SEK 1,131m and in operating profit (EBITA) with SEK 167m. For the full year 2013 pro forma net sales including other income amounted to SEK 1,679m and EBITA to SEK 197m. The acquisition company's interest expenses have been stated pro forma to correspond to the full year. Acquisition-related costs amounted to approximately SEK 30m in the reporting period and are recognised as other operating expenses in consolidated profit for the year.

Preliminary purchase price allocation (PPA)

SF/NCG [2] SEKm	PPA on acquisition date	New measurement	Preliminary PPA 31 Dec 2013
Property, plant and equipment	379		379
Financial assets	171		171
Deferred tax asset	8		8
Current assets	239		239
Cash and cash equivalents	326	9	335
Non-controlling interests	-256	38	-218
Non-current liabilities and provisions	-1,917		-1,917
Deferred tax liability	-29		-29
Current liabilities	-483		-483
Net identifiable assets and liabilities	**-1,562**	**47**	**-1,515**
Consolidated Goodwill	1,900	-9	1,891
Consideration transferred [1]	338	38	376
[1] Cash			38
Transfer Finnkino	338		338

[2] Relates to SF Bio including newly formed company Nordic Cinema Group.

The PPA has been adopted. For more information see Adoption of preliminary price allocations (PPAs) above.

Nebula

In March 2013, Ratos, together with Rite Ventures and the company's management, signed an agreement to acquire Nebula Oy, a market-leading provider of cloud services, IT infrastructure and network services to small and medium-sized enterprises in the Finnish market, which is also the main reason for the acquisition. The acquisition was completed in April when Ratos also acquired control.

The transaction was carried out via a subsidiary wholly owned by Ratos. Consideration transferred amounted to EUR 34m (SEK 284m) for a holding corresponding to 72%. A contingent consideration for 2013 and 2014 falls due if certain profitability milestones are achieved. At the acquisition date this was recognised as a liability in Nebula. The combined result for the two years 2013 and 2014 may be a minimum of EUR 0 and a maximum of EUR 20m. In addition, there is an option which entitles the sellers, if Ratos's average annual Return (IRR) at exit exceeds 20%, to receive a small part of this surplus return.

The purchase price allocation is adopted. Goodwill amounts to SEK 689m, which is motivated by a strong market position and continued growth, strong cash flows, a scalable business model and relatively cyclically insensitive services.

From the acquisition date Nebula is included in consolidated sales with SEK 155m and in profit before tax (EBT) with SEK 40m. For the full year pro forma sales amounted to SEK 228m and EBT to SEK 58m. The acquisition company's interest expenses have been stated pro forma to correspond to the full year. Acquisition-related costs amounted to approximately SEK 12m for the period and are recognised as other operating expenses in consolidated profit for the year.

Note 5, cont.

Definitive purchase price allocation (PPA)

Nebula SEKm	Preli-minary PPA	New measure-ment	Definitive PPA 31 Dec 2013
Intangible assets	93	-89	4
Property, plant and equipment	50		50
Current assets	16	-2	14
Cash and cash equivalents	26	1	27
Non-controlling interests	-108		-108
Non-current liabilities and provisions	-311	-11	-322
Deferred tax liability	-26	26	
Current liabilities	-83	13	-70
Net identifiable assets and liabilities	**-343**	**-62**	**-405**
Consolidated goodwill	627	62	689
Consideration transferred 1)	284		284
1) Cash	284		284

The PPA is definitive. Non-controlling interests have been measured at a proportionate share of identifiable net assets.

HENT

In May 2013, an agreement was signed to acquire 73% of the shares in the Norwegian construction company HENT from Heimdal Gruppen and a number of financial investors. The transaction was carried out via a subsidiary wholly owned by Ratos. HENT is a leading Norwegian construction company which mainly focuses on new construction of public and commercial properties. The company conducts projects throughout Norway. The main reasons for the acquisition of HENT are the company's strong position in the Norwegian construction market as well as a focused business model with a flexible cost structure.

The acquisition was completed in July 2013, when Ratos also acquired control. The total consideration transferred from Ratos amounted to SEK 347m, divided into consideration transferred of SEK 302m and shareholder loan of SEK 45m. Ratos has prepared a preliminary purchase price allocation for HENT in which goodwill amounts to approximately SEK 984m. The change in goodwill between quarter 3 and quarter 4 is due to remeasurement of non-current assets and liabilities. The goodwill recognised for HENT represents a smooth-functioning organisation with a strong culture and the ability to continuously develop and improve the efficiency of operations, the company's customer offering and expertise, a business model that generates strong cash flows and a leading position in the Norwegian construction market. Since the acquisition HENT is included in consolidated sales with SEK 2,243m and in profit before tax (EBT) with SEK 28m. For the full year pro forma sales amounted to SEK 4,213m and EBT to SEK 109m. The acquisition company's interest expenses are stated pro forma to correspond to the full year. Acquisition-related costs amounted to approximately SEK 12m in the reporting period and are recognised as other operating expenses in consolidated profit for the year.

Preliminary purchase price allocation (PPA)

HENT SEKm	PPA on acquisition date	New measure-ment	Preliminary PPA 31 Dec 2013
Intangible assets	2		2
Property, plant and equipment	24	6	30
Financial assets	14		14
Current assets	656		656
Cash and cash equivalents	463		463
Non-controlling interests	-113		-113
Non-current liabilities and provisions	-608		-608
Deferred tax liability	-23		-23
Current liabilities	-1,078	-25	-1,103 2)
Net identifiable assets and liabilities	**-663**	**-19**	**-682**
Consolidated goodwill	965	19	984
Consideration transferred 1)	302		302
1) Cash	302		302
Additional shareholder loan	45		45

2) Includes promissory note with SEK 113m.

The purchase price allocation is adopted. For more information, see Adoption of preliminary purchase price allocations above.

Acquisition of associated companies

The acquisition of Aibel announced in December 2012 was completed in April 2013. Enterprise value for 100% of Aibel amounted to NOK 8,600m. Ratos and the Sixth AP Fund acquired Aibel via a jointly owned company where Ratos owns 64%. The jointly owned company owns 49% of Aibel. Ratos's holding in Aibel therefore amounts to 32%. Ratos provided equity of NOK 1,429m (SEK 1,676m) to the jointly owned company. Ratos reports its participation as an associate. In the adopted purchase price allocation order backlog is valued at NOK 266m, customer relations at NOK 140m and provisions at NOK 138m. Amortisation of intangible assets are charged against earnings from the acquisition date.

Acquisitions in subsidiary

In July 2012, Arcus-Gruppen signed an agreement to acquire the brands Aalborg, Brøndums, Gammel Dansk and Malteserkreuz from Pernod Ricard. The purchase price (enterprise value) amounted to EUR 103m (approximately SEK 880m). The acquisition was completed in January 2013. In the purchase price allocation trademarks amount to SEK 447m and goodwill to SEK 380m. The change in goodwill between quarter 3 and quarter 4 is mainly due to remeasurement of non-current assets.

Brøndums was sold in June 2013. The purchase price (enterprise value) amounted to EUR 11m (approximately SEK 95m) and generated a capital gain in Arcus-Gruppen of approximately SEK 40m.

Note 5, cont.

Definitive purchase price allocation (PPA)

Arcus-Gruppen SEKm	Preliminary PPA	New measurement	Definitive PPA 31 Dec 2013
Intangible assets	447		447
Property, plant and equipment	121	-19	102
Current assets	42	2	44
Cash and cash equivalents	130		130
Deferred tax liability	-122	6	-116
Current liabilities	-53	-8	-61
Net identifiable assets and liabilities	**565**	**-19**	**546**
Consolidated goodwill	361	19	380
Consideration transferred [1)]	926		926

1) Cash 926 926

The PPA has been adopted.

Disposals 2013

In October 2012, Ratos signed an agreement on the sale of all the shares in the subsidiary Stofa to the Danish energy and telecom group SE (Syd Energi). The sale was completed in February 2013. Consideration transferred amounted to SEK 1,204m and the capital gain for Ratos (exit gain) amounted to SEK 895m.

Disposals within subsidiaries

Ratos's subsidiary Contex Group sold its subsidiary Contex A/S to the private equity fund Procuritas. The sale was completed in January 2013. Consideration transferred amounted to SEK 219m and the capital gain for Contex Group amounted to SEK 0m.

Note 6 Other operating income

Group

SEKm	2014	2013
Rental income	2	2
Gain from the sale of non-current assets	8	59
Government grants	1	2
Other	152	299
	163	**362**

Parent company

SEKm	2014	2013
Rental income	1	1
Other	9	11
	10	**12**

Note 7 Capital gain from the sale of group companies

Group

SEKm	2014	2013
Inwido	1,187	
SB Seating	202	
Stofa		895
Companies in the HENT group	11	
Companies in the Biolin group	-6	
Companies in the Bisnode group	6	-7
Companies in the Nordic Cinema Group	4	-1
Companies in the Image Matters group		-23
	1,404	**864**

Profits from investments in group companies

Parent company

SEKm	2014	2013
Dividend	40	49
Gain from the sale of shares	2,160	
Impairment	-784	-477
	1,416	**-428**

Note 8 Share of profits from investments recognised according to the equity method

Group

SEKm	2014	2013
Share of profits		
Aibel	-215	141
Inwido	46	
Share of profits from investments recognised according to the equity method, owned by group companies	42	42
	-127	**183**
Share of tax from investments recognised according to the equity method	27	-29
	-100	**154**

Note 9 Employees, personnel costs and remuneration to senior executives and boards

Average number of employees

	2014		2013	
	Total	Of whom, women, %	Total	Of whom, women, %
Parent company	47	52	45	49
Group companies	15,745	29	16,249	31
Group total	**15,792**		**16,294[1)]**	
Of whom in:				
Sweden	4,678	31	4,693	29
Norway	2,037	23	2,103	24
Finland	1,344	31	1,440	34
Denmark	1,031	24	1,096	21
Germany	1,350	19	1,425	18
Poland	987	40	945	37
USA	304	22	374	22
UK	471	20	516	19
Netherlands	89	36	117	26
Canada	304	9	273	6
Switzerland	140	39	136	39
Belgium	210	33	203	36
China	715	34	664	32
Italy	188	5	208	4
Ireland	13	46	10	50
France	276	47	315	47
Czech Republic	123	41	119	42
Russia	34	29	39	41
Ecuador	163	6	84	11
Austria	102	60	101	52
Spain	69	16	64	16
Hungary	96	58	98	66
Slovenia	77	53	73	56
Lithuania	233	45	288	45
Latvia	96	51	141	55
South Korea	79	16	70	20
India	13	31	17	35
Slovakia	46	17	47	91
Croatia	33	61	29	55
Australia	11	27	9	11
Singapore	38	37	41	39
Thailand	18	56	19	68
Japan	3	33	3	33
Estonia	359	52	198	75
Turkey	5	20	5	20
Malaysia	5	60	5	40
Taiwan	2	100	4	75
Bosnia-Herzegovina	1	100	6	-
Serbia	17	53	14	50
Ukraine	9	67	12	67
Rumania	6	67	6	67
Indonesia	9	44	7	57
United Arab Emirates	8	25	7	29
	15,792		**16,294[1)]**	

1) 2013 has been adjusted for comparative purposes due to changed calculation method in one subsidiary.

Gender distribution, boards and senior executives

	31 Dec 2014 Women	31 Dec 2013 Women
Board		
Parent company	29%	29%
Group total	17%	14%
Company management		
Parent company	40%	33%
Group total	24%	24%

Group – Salaries and other remuneration

SEKm	Boards and senior executives	Other employees	Total
2014			
Group, total	493	5,511	6,004
- of which, bonus	(56)		(56)
Of which in Sweden	152	1,858	2,010
- of which, bonus	(15)		(15)
Of which in other countries	342	3,652	3,994
- of which, bonus	(41)		(41)
Number of people	629		
2013			
Group, total	530	5,413	5,943
- of which, bonus	(71)		(71)
Of which in Sweden	196	1,954	2,150
- of which, bonus	(25)		(25)
Of which in other countries	334	3,459	3,793
- of which, bonus	(46)		(46)
Number of people	853		

Social security costs

SEKm	2014	2013
Social security costs	1,753	1,786
(of which pension costs)	(433)	(473)

Of the Group's pension costs SEK 49m (57) refers to the boards and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 4m (9).

Parent company – Salaries and other remuneration

SEKm	2014	2013
Senior executives, CEO and Deputy CEO		
Number of people [1)]	6	7
Salaries and other remuneration [2)]	30	31
– of which, bonus	(14)	(12)
Salary and other remuneration, other employees	64	50
Total	**94**	**81**

1) One person only 50% of the year. At 31 December 2014 the number was 5 people (6).

2) Excluding vacation pay.

Note 9, cont.

Social security costs

SEKm	2014	2013
Social security costs	46	42
(of which pension costs)	(13)	(13)

Of the parent company's pension costs, SEK 2m (3) refers to the CEO and Deputy CEO.

Remuneration to senior executives

Decisions on guidelines for senior executives taken at the 2014 Annual General Meeting are described in the Corporate Governance Report on page 84, where a description of programmes for call options and synthetic options is also provided.

Remuneration to Board and senior executives

2014 SEKm	Basic salary/ Board fee [1]	Variable remuneration [2]	Other benefits	Pension cost	Total	Pension obligations
Arne Karlsson, Chairman of the Board	1.2				1.2	-
Lars Berg, Board member	0.5				0.5	-
Staffan Bohman, Board member [3]	0.6				0.6	-
Annette Sadolin, Board member	0.5				0.5	-
Charlotte Strömberg, Board member [3] [4]	0.5				0.5	-
Jan Söderberg, Board member	0.5				0.5	-
Per-Olof Söderberg, Board member	0.5				0.5	-
Margareth Øvrum, Board member [5]	0.1				0.1	-
Susanna Campbell, CEO	6.0	6.8	0.1	1.5	14.4	-
Bo Jungner, Deputy CEO	3.0	2.2	0.0	0.6	5.8	-
Other senior executives (4 people) [6]	7.7	4.7	0.3	1.9	14.6	-

[1] Basic salary excluding vacation pay.
[2] Including call option subsidy.
[3] Invoiced fee taking social security costs into account.
[4] With effect from the AGM.
[5] With effect until the AGM.
[6] Of which one person 50% of the year. At 31 December 2014 "other senior executives" were 3 people.

2013 SEKm	Basic salary/ Board fee [1]	Variable remuneration [2]	Other benefits	Pension cost	Total	Pension obligations
Arne Karlsson, Chairman of the Board	1.1				1.1	-
Lars Berg, Board member	0.5				0.5	-
Staffan Bohman, Board member	0.5				0.5	-
Annette Sadolin, Board member	0.5				0.5	-
Jan Söderberg, Board member	0.5				0.5	-
Per-Olof Söderberg, Board member	0.5				0.5	-
Margareth Øvrum, Board member	0.5				0.5	-
Susanna Campbell, CEO	5.4	4.2	0.1	1.1	10.8	-
Leif Johansson, Deputy CEO [3]	1.8	0.0	0.1	1.2	3.1	-
Bo Jungner, Deputy CEO	2.9	1.7	0.0	0.5	5.1	-
Other senior executives (4 people)	9.0	6.6	0.3	1.2	17.1	-

[1] Basic salary excluding vacation pay.
[2] Including call option subsidy.
[3] Only 50% of the year.

Note 9, cont.

Remuneration to the CEO

Variable remuneration

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

Pension terms

Pension premiums amount to 25% of basic salary. The pension is a defined contribution plan. No retirement age has been agreed.

Terms for severance pay

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

Other senior executives

Variable remuneration

Remuneration to the other six senior executives including Deputy CEOs, see table on the previous page.

Pension terms

Pension benefits are paid in accordance with the ITP Plan, where pensionable salary is the maximum ITP limit (30 income base amounts) for ITP2, for ITP1 there is no ceiling. There is no agreed retirement age.

Severance pay terms

For other senior executives in Ratos there are no agreements on severance pay.

Call options

Holding 31 Dec 2014 [1]	2010 Number	2011 Number	2012 Number	2013 Number	2014 Number	Benefit
Chairman of the Board	78,000	200,000				-
Other Board members	-	-	-	-	-	-
Susanna Campbell, CEO	39,000	40,000	150,000	90,000	100,000	-
Bo Jungner, Deputy CEO	18,000	-	117,300	90,000	50,000	-
Other senior executives	20,000	20,000	58,500	30,000	95,000	-

Holding 31 Dec 2013 [1]	2009 Number	2010 Number	2011 Number	2012 Number	2013 Number	Benefit
Chairman of the Board	74,900	78,000	200,000	-	-	-
Other Board members	-	-	-	-	-	-
Susanna Campbell, CEO	-	39,000	40,000	150,000	90,000	-
Bo Jungner, Deputy CEO	37,400	18,000	-	117,300	90,000	-
Other senior executives	100,400	98,000	122,000	235,000	142,500	-

[1] Relates to own and related parties' holdings, incl. over allotment.

Synthetic options

	2014		2013	
SEKm	Paid-in premium	Benefit	Paid-in premium	Benefit
Board of Directors	-	-	-	-
CEO and other senior executives	-	-	2.4	-

Call options

	31 Dec 2014		31 Dec 2013	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	3,545,600	4,764,015	3,512,200	5,321,790
Issued	574,500	574,500	585,900	585,900
Expired [1]	-641,000	-1,301,230	-552,500	-1,143,675
Outstanding at end of period	**3,479,100**	**4,037,285**	**3,545,600**	**4,764,015**

[1] Exercise price SEK 92.60 per share (125.80), share price when the options expired was SEK 61.30 (63.95).

Note 9, cont.

Disclosures on call options issued during the period

Each option carries entitled to purchase one share.

	2014	2013
Maturity	20 Mar 2019	20 Mar 2018
Exercise price per share, SEK	66.50	72.00
Total option premium payments, SEKm	4.2	6.7
Total payments to Ratos if shares acquired, SEKm	38.2	42.2

Option terms for outstanding call options

				31 Dec 2014		31 Dec 2013	
Maturity date	Option price SEK/option	Exercise price SEK/share	Right to purchase number of shares	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
20 March 2014	13.00	92.60	2.03			641,000	1,301,230
20 March 2015	16.60	124.20	2.03	529,500	1,074,885	529,500	1,074,885
18 March 2016	11.80	156.40	1.02	640,000	652,800	640,000	652,800
20 March 2017	4.70	74.40	1.00	1,149,200	1,149,200	1,149,200	1,149,200
20 March 2018	11.50	72.00	1.00	585,900	585,900	585,900	585,900
20 March 2019	7.30	66.50	1.00	574,500	574,500		
				3,479,100	**4,037,285**	**3,545,600**	**4,764,015**
Maximum increase in number of shares in relation to outstanding shares at end of period					1.3%		1.5%

Cash amount that the company may receive on exercise of outstanding options amounts to SEK 401m (487).

Incentive programmes in Ratos's holdings

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, shareholder loans, subscription warrants, synthetic options and synthetic shares. Investments are made on market terms with some exceptions. IFRS 2 Share-based payments is applicable to the exceptions. These did not have any material effect on the Ratos Group's income statement and statement of financial position. In total, financial liabilities relating to synthetic option programmes in the Ratos Group amounted to SEK 133m (133). In 2014 the Group's earnings were affected by SEK -62m (-17) relating to synthetic option liabilities.

Note 10 Fees and disbursements to auditors

	2014		2013	
SEKm	**Group**	**Parent company**	**Group**	**Parent company**
Senior auditor PwC				
Audit assignment	17	2	18	2
Audit-related activities in addition to audit assignment	2		1	
Tax advice	1		1	
Other services	9	1	19	1
Other auditors				
Audit assignment	18		18	
Audit-related activities in addition to audit assignment	2		2	
Tax advice	1		2	
Other services	15		7	
	65	**3**	**68**	**3**

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 Financial income SEKm	Fair value through profit or loss – Held for trading		Derivatives used for hedging purposes		Loans and receivables		Available-for-sale financial assets		Other financial liabilities		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest income					59	50					59	50
Result from sale							2	5			2	5
Change in value, synthetic options	12	18									12	18
Change in value, put options	12	8									12	8
Change in value, derivatives												
- not hedge accounted	17	9									17	9
Other financial income					3						3	
	41	**35**			**62**	**50**	**2**	**5**			**105**	**90**
Financial expenses												
Interest expenses		-3							-696	-686	-696	-689
Change in value, synthetic options	-74	-34									-74	-34
Change in value, put options	-18										-18	
Change in value, derivatives												
- hedge accounted				-3								-3
- not hedge accounted	-27	-26									-27	-26
Other financial expenses									-107	-144	-107	-144
Changes in exchange rates, net									-166	-259	-166	-259
Impairment					-4		-5				-9	
	-119	**-63**		**-3**	**-4**		**-5**		**-969**	**-1,089**	**-1,097**	**-1,155**
Pensions, interest expenses											-14	-11
											-1,111	**-1,166**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 59m (50). Interest expenses attributable to financial liabilities not at fair value through profit or loss amount to SEK 696m (686). Profit for the year includes SEK -6m (-3) which relates to ineffectiveness in cash flow hedges. The Group has no fair value hedges.

Impairment of financial assets

SEKm	2014	2013
Trade receivables	4	26
Financial assets	5	
Total impairment	**9**	**26**

Impairment is recognised in trade receivables taking into account customers' ability to pay.

Parent company Financial income SEKm	Fair value through profit or loss – Held for trading		Loans and receivables		Available-for-sale financial assets		Other financial liabilities		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest income			109	147					109	147
Result from sale					2	4			2	4
Change in value, synthetic options	5								5	
Change in value, derivatives										
- not hedge accounted	17								17	
Changes in exchange rates, net							37		37	
	22		**109**	**147**	**2**	**4**	**37**		**170**	**151**
Financial expenses										
Interest expenses							-35	-46	-35	-46
Change in value, synthetic options	-17	-8							-17	-8
Change in value, derivatives										
- not hedge accounted	-7	-74							-7	-74
Other financial expenses							-14	-16	-14	-16
Changes in exchange rates, net								-13		-13
	-24	**-82**					**-49**	**-75**	**-73**	**-157**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 109m (147). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 35 m (46).

Note 12 Taxes

Recognised in profit or loss

SEKm	2014	2013
Tax expense for the period	-346	-364
Adjustment of tax attributable to previous years	-1	-33
Share of tax from investments recognised according to the equity method	27	-29
	-320	**-426**
Deferred tax relating to temporary differences	15	61
Deferred tax expense due to changed tax rates	-4	-4
Deferred tax income in capitalised tax value in loss carry-forward during the year	98	130
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward	-27	-42
	82	**145**
Total recognised tax expense in the Group	**-238**	**-281**

Reconciliation effective tax, Group

SEKm	2014	2013
Profit before tax	1,367	1,083
Less profit from investments recognised according to the equity method	127	-183
	1,494	**900**
Tax according to current tax rate, 22%	-329	-198
Effect of special taxation rules for investment companies	-55	-52
Effect of different tax rates in other countries	3	24
Non-deductible expenses	-170	-114
Non-taxable income	366	216
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-58	-58
Impairment of previously capitalised loss carry-forward	-42	-45
Use of previously non-capitalised tax loss carry-forward	1	9
Capitalisation of previously non-capitalised loss carry-forward	23	6
Tax attributable to previous years	-1	-33
Effect of changed tax rates and tax rules	1	-4
Other	-4	-3
Tax from investments recognised according to the equity method	27	-29
Reported effective tax	**-238**	**-281**

Tax items recognised in other comprehensive income

SEKm	2014	2013
Deferred tax attributable to hedging reserve	3	-7
Deferred tax attributable to remeasurement of defined benefit pension commitments	45	-11
	48	**-18**

Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
SEKm	2014	2013	2014	2013
Intangible assets	21	11	349	336
Property, plant and equipment	28	29	95	164
Financial assets	22	12	2	4
Inventories	33	27	13	5
Trade receivables	8	5	1	
Interest-bearing liabilities	12	10	2	
Provisions for pensions	80	51	5	
Other provisions	107	125	3	4
Other	37	30	119	111
Loss carry-forward	428	466		
Tax allocation reserves			62	70
Tax assets/tax liabilities	**776**	**766**	**651**	**694**
Offsets	-217	-216	-217	-216
Tax assets/tax liabilities, net	**559**	**550**	**434**	**478**

Of recognised deferred tax assets, SEK 115m (156) falls due within one year and SEK 247m (272) has no due date. Of deferred tax liabilities, SEK 22m (16) falls due within one year and SEK 352m (426) has no due date.

Unrecognised temporary differences

SEKm	2014	2013
Deductible temporary differences	50	46
Loss carry-forward	772	776
	822	**822**

Approximately SEK 105m (117) of the unrecognised loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 161m (123) of the tax deficit falls due in 2015-2024. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit correspond to a tax value amounting to SEK 212m (212).

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

Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise on shares and other part ownership rights are not liable to tax. Capital losses are not deductible. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding is less than 10% of the votes. Dividends received and interest income are reported as income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. The parent company's tax expense for 2014 amounted to SEK 0m (0).

Note 13 Intangible assets

Group		Acquired intangible assets					Generated internally				
SEKm	**Goodwill**	**Trade-marks**	**Customer relations**	**Data-bases**	**Business systems**	**Other assets**	**Data-bases**	**Business systems**	**Other assets**	**Projects in progress**	**Total**
Accumulated cost											
Opening balance 1 January 2013	16,873	600	439	254	223	685	218	72	175	76	19,615
Business combinations	3,955	449		5	3	2		8			4,422
Investments			9	9	16	40	4	56	23	96	253
Disposed company	-721				-21	-43					-785
Disposals		-56		-1	-9	-59	-7	-2	-15		-149
Reclassification	18	-4		32	28	-35		-3	3	-26	13
Exchange differences for the year	-119	-38	1	3	-1	9	2	3	4	-3	-139
Closing balance 31 Dec 2013	**20,006**	**951**	**449**	**302**	**239**	**599**	**217**	**134**	**190**	**143**	**23,230**
Opening balance 1 January 2014	20,006	951	449	302	239	599	217	134	190	143	23,230
Business combinations	1,105	37	24	2		22	3				1,193
Investments				6	38	55	5	11	13	108	236
Disposed company	-4,829	-38	-56		-43	-162			-94	-5	-5,227
Disposals				-47	-2	-3	-2		-2		-56
Reclassification to assets held for sale			-73			-46		-10	-6		-135
Reclassification			-4		18	3	19	-35	10	-59	-48
Exchange differences for the year	488	29	17	11	10	37	2	1	3	5	603
Closing balance 31 Dec 2014	**16,770**	**979**	**357**	**274**	**260**	**505**	**244**	**101**	**114**	**192**	**19,796**
Accumulated amortisation and impairment											
Opening balance 1 January 2013	-1,371	-62	-286	-166	-141	-538	-145	-37	-75		-2,821
Amortisation for the year		-10	-28	-35	-28	-52	-22	-28	-21		-224
Impairment for the year	-308	-10				-10			-7		-335
Accumulated amortisation in acquired companies				-4	-2			-4			-10
Accumulated amortisation in disposed companies					21	31					52
Accumulated impairment in disposed companies	453										453
Disposals		10		1	6	59	7	2	14		99
Reclassification		4		-19	-14	21					-8
Exchange differences for the year	20	4	-5	-1	3	-7	-1	-4			9
Closing balance 31 Dec 2013	**-1,206**	**-64**	**-319**	**-224**	**-155**	**-496**	**-161**	**-71**	**-89**		**-2,785**
Opening balance 1 January 2014	-1,206	-64	-319	-224	-155	-496	-161	-71	-89		-2,785
Amortisation for the year		-8	-19	-28	-30	-40	-27	-9	-20		-181
Impairment for the year	-250		-44	-13					-11		-318
Accumulated amortisation in acquired companies				-1		-1					-2
Accumulated amortisation in disposed companies			45		30	103			41		219
Accumulated impairment in disposed companies	9										9
Disposals				46	2	3	7		2		60
Reclassification to assets held for sale			73			40		10	3		126
Reclassification				-1	-2	-2	1	29			25
Exchange differences for the year	20	-1	-12	-9	-5	-30	-5	-1	11		-32
Closing balance 31 Dec 2014	**-1,427**	**-73**	**-276**	**-230**	**-160**	**-423**	**-185**	**-42**	**-63**		**-2,879**
Carrying amount according to Statement of financial position											
At 31 December 2014	**15,343**	**906**	**81**	**44**	**100**	**82**	**59**	**59**	**51**	**192**	**16,917**
At 31 December 2013	**18,800**	**887**	**130**	**78**	**84**	**103**	**56**	**63**	**101**	**143**	**20,445**

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:

	2014		2013	
	Goodwill	Intangible assets 1)	Goodwill	Intangible assets 1)
Bisnode 2)	3,874		3,788	
Nordic Cinema Group 2)	2,497		2,452	
Mobile Climate Control 2)	1,126		1,074	
HL Display 2)	1,082		1,061	
Arcus-Gruppen 2)	1,066	628	1,040	599
HENT	915		921	
Ledil	898			
Nebula	789		741	
DIAB	773		773	
Inwido			2,955	
SB Seating			1,469	
	13,020	**628**	**16,274**	**599**
Subsidiaries without significant goodwill values, total	2,323	200	2,526	201
	15,343	**828**	**18,800**	**800**

1) Relates to trademarks with indeterminable useful lives and which are therefore not amortised. Trademarks with indeterminable useful lives are key assets for the holdings that have measured these assets. Work on improving and developing trademarks is ongoing. Net cash flows generated by trademarks are not expected to cease in the foreseeable future. Trademarks are therefore regarded as having indeterminable useful lives.

2) Impairment testing for these holdings is described separately below.

Goodwill and other intangible assets with indeterminable useful lives are attributable when subject to impairment testing to separate subsidiaries which constitute holdings, since these constitute cash generating units. Only goodwill and intangible assets with indeterminable useful lives attributable to Bisnode, Nordic Cinema Group, Mobile Climate Control, HL Display and Arcus-Gruppen are of a significant size on their own in relation to the Ratos Group's total goodwill.

Goodwill in other subsidiaries, is not significant in each one separately. The individual goodwill items amount to less than 6% of the Ratos Group's total goodwill.

The method for impairment testing, i.e. calculation of the recoverable amount, for the different subsidiaries is either based on a measurement at fair value with deduction for selling costs or from a calculation of value in use. The recoverable amount is the higher of these.

Fair value minus selling costs

Impairment testing for Nordic Cinema Group and Arcus-Gruppen is based on fair value with deduction for selling costs for 2014. The breakdown of how fair value is determined in based on three levels. In level one the best expression of fair value minus selling costs is the price in a binding agreement between independent parties. In level two fair value can, in the absence of binding agreements, be determined by market price provided the asset is sold in an active market. The immediately preceding transaction can also provide a basis from which the value can be determined when current purchase rates are not available. If this too is not available, fair value minus selling costs comprises in level three 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 disposals of other companies made recently within the same sector are taken into account. The estimated value is not based on a forced sale.

Value in use

Impairment testing for Bisnode, Mobile Climate Control and HL Display is based on a value in use for 2014.

The basis for calculating value in use for a subsidiary is a profit forecast that covers a maximum of five years. Value in use is based on cash flow calculations and calculated as Ratos's share of present value of the subsidiary's future estimated cash flows. Estimations of future cash flows are based on profit forecasts. Assessments of future cash flows are based on the most recent budgets and forecasts as well as reasonable and verifiable assumptions which provide Ratos's best estimates of the economic conditions that are expected to prevail during the period of the forecast. The starting point for estimating values for these is in accordance with previous experience as well as external factors, whereby great weight is given to external factors.

After the cash flow forecast period, which comprises a maximum of five years, a final value is assessed for the subsidiary based on a multiple valuation. The method for estimating a multiple is (i) to analyse and take into account comparable listed companies, (ii) given the profit forecast to assess the attractiveness of the company. The estimated value in use is compared with the consolidated carrying amount for the subsidiary.

Key assumptions in the calculation include the discount rate, sales growth and gross margins as well as for assessment of final value: profit multiple and profit forecast. Different assumptions are used since each subsidiary in itself is an independent unit with unique circumstances. Key assumptions for each subsidiary are described below.

Discount rate

Future cash flows, including assessed final value, are present value calculated using a discount rate. Ratos has chosen a discount factor after tax where estimated future cash flows also include tax. On the basis of the actual applied required rate of return after tax (WACC) Ratos has made a translation to an estimate corresponding to a required rate of return before tax by dividing with a minus tax rate. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset. Calculation of the discount rate is based on the company's weighted average cost of capital, the company's marginal borrowing rate and other market borrowing rates independent of Ratos's capital structure.

Discount rate

	Discount rate after tax		Discount rate before tax	
%	2014	2013	2014	2013
Bisnode	8	8	10	11
Mobile Climate Control	7	8	9	10
HL Display	7	8	9	10

Key assumptions for value in use

Bisnode

The forecast cash flows for Bisnode are based on the fact that the company by integrating and streamlining operations by country has improved its opportunities to further develop its local customer offering and strengthen its position in the growing European market. The key assumptions when calculating value in use for Bisnode are sales growth, adjusted EBITA margin and profit multiple. Based on this, Ratos assumes increasing sales growth and an adjusted EBITA margin that is expected to remain constant and then gradually increase.

Estimated profit multiple is on a par with other Nordic media companies and other comparable digital business companies. The assessment is that no reasonable changes in key assumptions will result in the estimated value in use for Bisnode falling below the carrying amount.

Mobile Climate Control

The forecast cash flows for Mobile Climate Control are based on the company's position as a niche supplier that develops and sells customised climate systems to vehicles produced in short series and with high demands on performance and quality. The underlying market is driven over time by an increasing number of manufactured vehicles as well as increased penetration for (proportion of vehicles equipped with) customised climate systems. Mobile Climate Control's underlying markets are expected to show strong growth in future years. The key assumptions in calculation of value in use for Mobile Climate Control are a good underlying market growth and a slightly strengthened profit margin due to the company's operational leverage. Value in use for Mobile Climate Control is level with Ratos's consolidated book value. The assessments and assumptions that provide the base for the calculation of value in use for Mobile Climate Control are associated with uncertainties and risks. Small changes in any of the fundamental variables or input parameters means that value in use can change both up and down and can also lead to value in use being less than Ratos's consolidated value.

HL Display

The forecast cash flows for HL Display are based on the company being market leader in Europe and having a good strategic position with diversified customer exposure. The key assumptions in calculation of value in use for HL Display are sales growth, EBITA margin and expected exit multiple. Sales growth can be assumed to be low in the next few years due to uncertain economic outlooks in several of HL Display's markets. The EBITA margin is expected to show some increase particularly due to continued internal efficiency programmes. The assumed exit multiple is judged reasonable given the company's historical valuation levels on the stock exchange and valuation multiples for listed comparable companies. The assessment is that no reasonable changes in key assumptions will lead to the estimated value in use for HL Display falling below the carrying amount.

Key assumptions for fair value with deduction for selling costs

Nordic Cinema Group

Fair value with deduction for selling costs for Nordic Cinema Group has been established in level 3 of the valuation hierarchy and is based on the company having a strong position in the Nordic and Baltic regions thanks to high market shares and strong local brands. Key assumptions for calculation of fair value with deduction for selling costs are profit multiple at exit and profit forecast. Profit multiple is on a level with listed comparable companies. The profit forecast is based on the anticipated number of admissions and key ratios per admission, such as average ticket price, net concession sales and media sales per visitor. The company has good knowledge of the film offering over the next few years. The forecast also includes effects of new cinemas under construction. The assessment is that no reasonable changes in key assumptions will lead to fair value with deduction for selling costs for Nordic Cinema Group falling below the carrying amount.

Arcus-Gruppen

Fair value with deduction for selling costs for Arcus-Gruppen has been established in level 3 of the valuation hierarchy and is based on Arcus-Gruppen's two operating areas wine and spirits as well as Vectura, which operates in Norway as a distributor and haulier for importers, agents and producers of alcoholic beverages. Key assumptions for the valuation are profit multiple at exit and profit forecast. Profit multiple is on a level with listed comparable companies. The profit forecast is based on growth in line with the underlying market as well as some margin improvements primarily within the logistics operations in Vectura which are currently undergoing significant restructuring. The assessment is that no reasonable changes in key assumptions will lead to fair value with deduction for selling costs for Arcus-Gruppen falling below the carrying amount.

Impairment 2014

During the fourth quarter goodwill impairment was recognised totalling SEK 250m, attributable to AH Industries with SEK 87m, Hafa Bathroom Group with SEK 62m and Jøtul with SEK 101m. Impairment tests for the three subsidiaries were based on a calculation of value in use, see description above. The estimated value is based on cash flow forecasts and subsequently an assessed final value.

Discount rate

	Discount rate after tax		Discount rate before tax	
%	2014	2013	2014	2013
AH Industries	8	8	10	10
Hafa Bathroom Group	6	9	8	12
Jøtul	8	8	10	9

The Board decided on an impairment of SEK 87m attributable to AH Industries. The impairment is attributable to an assessed lower value of the Tower & Foundations business unit since development has been weak in recent years and market prospects for Tower & Foundations are assessed as uncertain. The recoverable amount is SEK 227m.

Since Hafa Bathroom Group's market has seen weak development in recent years, especially the consumer segment in which the company mainly operates, at the same time as competition has intensified due to the weak market, the Board decided on an impairment of SEK 62m attributable to Hafa Bathroom Group. The recoverable amount is SEK 98m.

Long-term challenges for Jøtul mean that profitability is not reaching satisfactory levels so the Board decided on an impairment of SEK 101m. The recoverable amount is SEK 45m.

Impairment 2013

Goodwill impairment was recognised in Q4 in DIAB with SEK 234m and in Jøtul with SEK 74m.

Impairment testing is based on a calculation of value in use described above. The estimated values have been present value calculated using discount rate of 9% (8) after tax. The discount rate before tax amounts to 11% (11). Since there is continued uncertainty in the wind energy market, the Board decided on an impairment of SEK 234m. The recoverable amount subsequently amounts to SEK 674m.

The estimated values for Jøtul were present value calculated using a discount rate of 7% after tax. The discount rate before tax amounts to 9%. The continued weak profitability led to the Board's decision on an impairment of SEK 74m. The recoverable amount subsequently amounts to SEK 164m.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2013	1,442	7,289	86	8,817
Investments	42	295	142	479
Disposals	-304	-355		-659
Assets in acquired companies	681	608	4	1,293
Assets in disposed companies	-35	-55		-90
Transferred from construction in progress	5	79	-83	1
Reclassification	2	8	-17	-7
Exchange differences for the year	55	-91	-1	-37
Closing balance 31 December 2013	**1,888**	**7,778**	**131**	**9,797**
Opening balance 1 January 2014	1,888	7,778	131	9,797
Investments	23	373	143	539
Disposals	-23	-172		-195
Assets in acquired companies	3	26		29
Assets in disposed companies	-595	-2,087	-41	-2,723
Transferred from construction in progress	2	75	-83	-6
Reclassification to assets held for sale		-33		-33
Reclassification	1	14	-13	2
Exchange differences for the year	87	245	2	334
Closing balance 31 December 2014	**1,386**	**6,219**	**139**	**7,744**
Accumulated depreciation and impairment				
Opening balance 1 January 2013	-585	-4,771		-5,356
Depreciation for the year	-46	-583		-629
Impairment for the year		-37		-37
Accumulated depreciation in acquired companies	-309	-422		-731
Accumulated depreciation in disposed companies		43		43
Disposals	96	346		442
Reclassification		2		2
Exchange differences for the year	-5	55		50
Closing balance 31 December 2013	**-849**	**-5,367**		**-6,216**
Opening balance 1 January 2014	-849	-5,367		-6,216
Depreciation for the year	-79	-558		-637
Impairment for the year	-2	-66		-68
Accumulated depreciation in acquired companies	-1	-7		-8
Accumulated depreciation in disposed companies	305	1,615		1,920
Disposals	16	144		160
Reclassification to assets held for sale		24		24
Reclassification	19	15		34
Exchange differences for the year	-37	-172		-209
Closing balance 31 December 2014	**-628**	**-4,372**		**-5,000**
Carrying amount according to Statement of financial position:				
At 31 December 2014	**758**	**1,847**	**139**	**2,744**
Of which finance leases	43	268		311
At 31 December 2013	**1,039**	**2,411**	**131**	**3,581**
Of which finance leases	51	294		345

Paid leasing charges during the year SEK 68m (66). Charges to pay in future years are shown in a table in Note 30.

Note 14, cont.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2013	83	30	113
Investments		0	0
Disposals/sales		-1	-1
Closing balance 31 December 2013	**83**	**29**	**112**
Opening balance 1 January 2014	83	29	112
Investments		0	0
Disposals/sales		-1	-1
Closing balance 31 December 2014	**83**	**28**	**111**
Accumulated depreciation			
Opening balance 1 January 2013	-12	-23	-35
Depreciation for the year	-3	-2	-5
Disposals/sales		1	1
Closing balance 31 December 2013	**-15**	**-24**	**-39**
Opening balance 1 January 2014	-15	-24	-39
Depreciation for the year	-2	-2	-4
Disposals/sales		2	2
Closing balance 31 December 2014	**-17**	**-24**	**-41**
Value according to balance sheet			
At 31 December 2014	**66**	**4**	**70**
At 31 December 2013	**68**	**5**	**73**

Note 15 Investments recognised according to the equity method

Change in carrying amounts

Group

SEKm	2014	2013
Carrying amount, 1 January	2,726	64
Investments	111	2,673
Group companies reclassified as investments reported according to the equity method	1,232	
Dividends	-40	-2
Share of profits of investments recognised according to the equity method	-127	183
Share of tax from investments recognised according to the equity method	27	-29
Share of other comprehensive income from investments recognised according to the equity method	-77	7
Other changes in equity	-5	
Investments recognised according to the equity method in disposed companies	-10	
Reclassification	65	
Exchange differences	-7	-170
Carrying amount at year-end	**3,895**	**2,726**

Note 15, cont.

Investments recognised according to the equity method breakdown between significant and individually insignificant investments

	2014				2013		
SEKm	**Aibel[1)]**	**Inwido[2)3)]**	**Individually insignificant investments**	**Total**	**Aibel**	**Individually insignificant investments**	**Total**
Investments recognised according to the equity method	**49%**	**31%**			**49%**		
Included in the Group as follows:							
Share of profit before tax	-215	46	42	-127	141	42	183
Tax	40	-10	-3	27	-29	-1	-30
Share of other comprehensive income	-94	17		-77	7		7
Share of comprehensive income	-269	53	39	-177	119	41	160
Consolidated value	**2,304**	**1,285**	**306**	**3,895**	**2,476**	**250**	**2,726**
100%							
Net sales	9,319	4,916			9,997		
Profit/loss for the year	-354	181			229		
Other comprehensive income	-190	87			13		
Total comprehensive income	-544	268			242		
Non-current assets	10,766	4,050			10,874		
Current assets	2,333	1,044			2,415		
Non-current liabilities	-5,195	-1,236			-4,915		
Current liabilities	-3,338	-1,065			-3,357		
Net assets	4,566	2,793			5,017		

[1)] Aibel Holding I AS is owned to 49% by NCS Invest. More information about group structure is provided in Note 34 Participations in group companies.
[2)] Inwido is recognised according to the equity method from October due to Ratos's sold shares in conjunction with the Inwido IPO in 2014.
[3)] Market value amounted to SEK 1,228m at 31 December 2014.

Summary reconciliation of financial information for significant investments recognised according to the equity method

	Aibel 100%		Inwido 100%	
SEKm	**2014**	**2013**	**2014**	**2013**
OB net assets	**5,017**		**2,525**	
New issue	110	5,091		
Profit for the year before tax	-435	286	253	
Tax	81	-58	-72	
Other comprehensive income	-190	14	87	
Translation differences	-17	-316		
CB net assets	**4,566**	**5,017**	**2,793**	

	Aibel 49%[1)]		Inwido 31%	
SEKm	**2014**	**2013**	**2014**	**2013**
Share in net assets	2,251	2,458	874	
Goodwill			411	
Other	53	18		
Carrying amount	**2,304**	**2,476**	**1,285**	

[1)] Ratos's direct share of consolidated value in Aibel amounts to SEK 1,494m (1,585), see also Note 37.

Note 16 Specification of parent company's investments in associates

Change in carrying amounts

Parent company

SEKm	2014	2013
Accumulated cost at 1 January		
Subsidiary reclassified as associate	660	
Value according to balance sheet	**660**	

Associate, reg. no., registered office	Number of participations	Owned share, %	Book value 2014	Book value 2013
Inwido AB, 556633-3828, Malmö	18,124,796	31	660	
Total			**660**	

Note 17 Receivables from group companies

Parent company

	Non-current receivables Group companies	
SEKm	**2014**	**2013**
Accumulated cost at 1 January	**1,202**	**1,424**
Investments	31	96
Reclassifications		26
Settlements	-1,331	-474
Capitalised interest	98	128
Change in exchange rates	1	2
Closing balance	**1**	**1,202**

	Current receivables Group companies	
SEKm	**2014**	**2013**
Accumulated cost at 1 January	**41**	**2**
Investments	128	174
Reclassifications		-54
Settlements	-178	-85
Capitalised interest	4	5
Change in exchange rates	5	-1
Closing balance	**0**	**41**

Note 18 Financial instruments

Group

31 December	Fair value through profit or loss – Held for trading		Derivatives used for hedging purposes		Loans and receivables		Available-for-sale financial assets		Other financial liabilities		Total according to statement of financial position	
SEKm	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Financial assets												
Shares and participations							47	58			47	58
Financial receivables [1)]	7	5	1	1	67	101					75	107
Trade receivables					3,762	4,716					3,762	4,716
Cash and cash equivalents					5,320	3,337					5,320	3,337
	7	**5**	**1**	**1**	**9,149**	**8,154**	**47**	**58**			**9,204**	**8,218**
Financial liabilities												
Interest-bearing liabilities												
- Liabilities to credit institutions									9,750	11,559		
- Finance lease									392	402		
- Other interest-bearing liabilities									121	556	10,263	12,517
Financial liabilities	425	397	36	40							461	437
Trade payables									2,663	2,850	2,663	2,850
	425	**397**	**36**	**40**					**12,926**	**15,367**	**13,387**	**15,804**

1) Financial receivables include SEK 66m (91) which is interest-bearing.

Note 18, cont.

Fair value

Forward contracts are measured at fair value taking interest rates and prices on the closing date into account. Fair value of interest rate swaps is based on a discount of estimated future cash flows according to the maturity dates and terms of the contract and taking into account market interest rate for similar instruments at the end of the reporting period. Otherwise, see Note 30 Financial risks and risk policy. Fair value of receivables with floating interest corresponds to their carrying amount. Since most of the interest-bearing liabilities carry floating interest, fair value at the end of the reporting period corresponds to carrying amount.

The tables below provide disclosures of how fair value is determined for the financial instruments measured at fair value in the Statement of financial position. Classification of how fair value is determined is based on the following levels.

Level 1: Financial instruments measured according to listed prices in an active market.
Level 2: Financial instruments measured according to directly or indirectly observable market data not included in level 1.
Level 3: Financial instruments measures on the basis of inputs that are not based on observable market data.

Fair value hierarchy

Assets	**Level 2**	
SEKm	**2014**	**2013**
Derivatives		
- Forward contracts	8	6
	8	**6**

Liabilities	**Level 2**		**Level 3**	
SEKm	**2014**	**2013**	**2014**	**2013**
Synthetic options			133	133
Derivatives				
- Interest rate swaps	75	62		
- Forward contracts	6	14		
Put options to non-controlling interest			152	227
Contingent considerations			95	1
	81	**76**	**380**	**361**

Change, level 3	**Synthetic options**		**Put options**		**Contingent considerations**	
SEKm	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Opening balance	133	154	227	250	1	1
Recognised in profit or loss	62	16	9	-5		-1
Newly issued	9	11	6		124	2
Settlements	-71	-91	-26		-30	-1
Expired agreements			-64			
Translation difference		-5		-18		
Reclassification		48				
Closing balance	**133**	**133**	**152**	**227**	**95**	**1**

Remeasurement of financial instruments in level 3 is included in profit for the year, for liabilities included in the closing balance, amount to SEK 2m (13).

The closing balance for synthetic options represents the total assessed value of a number of outstanding options within the Group which have Ratos's various holdings as underlying assets. Ratos values its synthetic options on the basis of accepted market principles. Decisive parameters in conjunction with valuation of options are assumed market values relating to the underlying assets, the volatility of the underlying assets and the length of the remaining option term. As a rule there is no strong correlation between how these parameters are developed for each option programme. Possible covariance has more to do with macroeconomic factors.

Put options to non-controlling interests are measured starting from the valuation model that provides the basis for the purchase agreement and shareholder agreement, discounted to the balance sheet date. The key parameters in the valuation are the value development of the shares which is based on results until the estimated maturity date.

Measurement of contingent considerations takes into account the present value of expected payments, discounted with a risk-adjusted discount rate. Different possible scenarios for forecast results are taken into account to assess expected payments, the amount assessed for each scenario and the probability of each scenario.

Parent company

31 December	**Fair value through profit or loss – Held for trading**		**Loans and receivables**		**Available-for-sale financial assets**		**Other financial liabilities**		**Total according to statement of financial position**	
SEKm	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Financial assets										
Other securities held as non-current assets	19	25			43	46			62	71
Receivables from group companies			1	1,243					1	1,243
Cash and cash equivalents			3,251	1,273					3,251	1,273
	19	**25**	**3,252**	**2,516**	**43**	**46**			**3,314**	**2,587**
Financial liabilities										
Interest-bearing liabilities, group companies							1,206	2,029	1,206	2,029
Financial liabilities	20	8							20	8
Trade payables							10	9	10	9
	20	**8**					**1,216**	**2,038**	**1,236**	**2,046**

Note 18, cont.

Fair value hierarchy
Parent company

Liabilities	Level 3	
SEKm	**2014**	**2013**
Synthetic options	20	8
	20	**8**

Change, level 3	Synthetic options	
SEKm	**2014**	**2013**
Opening balance at 1 January	8	17
Recognised in profit or loss	12	7
Newly issued		4
Settled		-20
Closing balance	**20**	**8**

Remeasurements of synthetic options are included in profit or loss for the year, with SEK -12m (2), relating to assets and liabilities in the closing balance.

Note 19 Other securities held as non-current assets

Parent company

SEKm	2014	2013
Accumulated cost		
At 1 January	71	88
Remeasurement	-6	
Disposals	-3	-17
	62	**71**

Note 20 Inventories

Group

SEKm	2014	2013
Raw materials and consumables	837	1,020
Products in progress	320	373
Finished products and goods for resale	950	981
	2,107	**2,374**

Note 21 Prepaid expenses and accrued income

Parent company

SEKm	2014	2013
Prepaid expenses and accrued income	3	4
	3	**4**

Note 22 Equity

Share capital

	Ordinary A		Ordinary B		Preference C	
Number	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Issued at 1 January	84,637,060	84,637,060	239,503,836	239,503,836	830,000	
New issue 19 June 2013						830,000
Issued at 31 December	**84,637,060**	**84,637,060**	**239,503,836**	**239,503,836**	**830,000**	**830,000**

	Total number of shares	Quota value	SEKm
Issued at 1 January 2014	324,970,896	3.15	1,024
Issued at 31 December 2014	**324,970,896**		**1,024**

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 2014 0 A shares (0) were converted into B shares.

Group

Other capital provided

Relates to equity provided by the owners. This includes premium reserves paid in conjunction with new issues.

Retained earnings including profit for the year

Retained earnings includes earned profits and remeasurement of defined benefit pension plans recognised in other comprehensive income for the parent company and its subsidiaries and associates. Previous provisions to statutory reserve are also included in this item.

Note 22, cont.

Parent company

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the premium reserve prior to 1 January 2006.

Unrestricted equity

The following 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 quota value, an amount corresponding to the amount received in excess of the quota value of the shares is transferred to the premium reserve. After 1 January 2006, an allocation to a premium reserve comprises unrestricted equity.

Retained earnings

Retained earnings comprise the previous year's retained earnings and profit after deduction for profit distribution provided during the year. Costs for purchase of treasury shares, call option premiums received and any additional transaction costs are recognised directly in retained earnings.

Fair value reserve

The parent company applies the Swedish Annual Accounts Act's rules relating to measurement of financial instruments at fair value according to Chapter 4, § 14 a-e. Recognition takes place directly in the fair value reserve when the change in value relates to a price change on a monetary item that comprises part of the company's net investment in a foreign operation. Accounting treatment is shown in Note 23.

Equity management

The financial target for the Group is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market and provides a basis for continued development of business operations at the same time as the long-term return generated to shareholders is satisfactory.

Starting in 2015, Ratos has decided to adjust the return target to a company-specific return target of at least 15-20% depending on market and company-specific factors. The adjusted return target improves opportunities to make interesting investments in the current market situation and takes into account lower growth in the business environment and higher competition for attractive acquisition candidates.

The result from the 38 exits Ratos has carried out since 1999 corresponds to an average IRR of 24%.

The divestment of SB Seating was completed in 2014. During the seven-year holding period the average annual return amounts to 14%.

The dividend over time shall reflect the actual earnings development in Ratos. Historically an average of 50% of profit after tax has been distributed as a dividend. The aim is to have an even dividend development. The proposed dividend for the 2014 financial year is SEK 3.25 which corresponds to 101% of earnings per share. The dividend yield at 31 December 2014 amounted to 6.9%.

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

Ratos has an authorisation from the 2014 Annual General Meeting to issue a maximum of 35 million B shares in conjunction with acquisitions and an authorisation to issue a maximum of 1,250,000 Class C and/or Class D preference shares in the company, in conjunction with acquisition, on one or several occasions, with or without deviation from shareholders' pre-emptive rights, for cash payment, through off-set or non-cash.

Neither the parent company nor any of the subsidiaries is subject to external capital requirements.

Treasury shares included in the equity item retained earnings including profit for the year

Number of shares	**2014**	**2013**
Opening treasury shares	5,134,877	5,139,537
Sold during the year (transfer of shares to administrative employees)	-3,770	-4,660
Closing treasury shares	**5,131,107**	**5,134,877**
Number of shares outstanding		
Total number of shares	324,970,896	324,140,896
New issue preference shares		830,000
Treasury shares	-5,131,107	-5,134,877
	319,839,789	**319,836,019**
Accumulated cost – treasury shares SEKm		
Opening balance	-356	-356
Sold during the year (transfer of shares to administrative employees)	0	0
	-356	**-356**

Repurchased shares comprise the cost of treasury shares held by the parent company.

Call options 2010-2014

The 2010-2014 Annual General Meetings decided to issue call options on treasury shares.

Option terms for outstanding call options at 31 December 2014 are provided in the Corporate Governance Report (page 84) and Note 9 (page 117). According to the outstanding option programme 4,037,285 treasury shares are reserved for transfer.

Dividend

After the reporting period the Board proposed the following dividend:

	SEKm
Dividend to holders of A and B shares, SEK 3.25 per share [1]	1,037
Dividend to holders of Class C preference shares issued 19 June 2013 [2]	83
Dividend to holders of Class C and/or Class D preference shares of SEK 25 per quarter, although a maximum of SEK 100 per share, in the event of maximum utilisation of the authorisation [3]	125
To be carried forward	8,851

1) Based on the number of shares outstanding on 19 February 2015. The number of treasury shares on that date was 5,131,107 and may change during the period until the record date for dividends.

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

3) In accordance with the Board's proposal to the 2015 Annual General Meeting regarding possible new issue of preference shares.

The proposed dividend for 2013 was approved at the Annual General Meeting on 27 March 2014. The proposed dividend for 2014 will be presented for approval at the Annual General Meeting on 16 April 2015.

Note 23 Disclosure of other comprehensive income and change in reserves and non-controlling interests

SEKm	Majority's share of reserves				
	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total
Opening carrying amount 1 January 2013	**-571**	**-19**	**-590**	**-155**	**-745**
Translation differences for the year	-27		-27	-22	-49
Translation differences attributable to discontinued operations	77		77		77
Cash flow hedges					
– recognised in other comprehensive income		20	20	3	23
– tax attributable to change for the year		-5	-5	-1	-6
– ineffectiveness recognised in profit or loss		2	2	1	3
– tax attributable to change for the year		-1	-1	0	-1
Closing carrying amount 31 December 2013	**-521**	**-3**	**-524**	**-174**	**-698**
Opening carrying amount 1 January 2014	**-521**	**-3**	**-524**	**-174**	**-698**
Translation differences for the year	377		341	84	425
Translation differences attributable to discontinued operations	15		51		51
Cash flow hedges					
– recognised in other comprehensive income		-12	-12	-4	-16
– tax attributable to change for the year		2	2	1	3
– ineffectiveness recognised in profit or loss		6	6		6
– tax attributable to change for the year		-1	-1		-1
Closing carrying amount 31 December 2014	**-129**	**-8**	**-137**	**-93**	**-230**

Translation reserve
The translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and Group present their financial reports in Swedish kronor.

Hedging reserve
The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Parent company

Specification of equity item reserves

SEKm	2014	2013
Fair value reserve		
Opening balance	43	29
Translation differences attributable to discontinued operations	-36	14
Closing balance	**7**	**43**

Note 24 Non-controlling interests

2014 SEKm	NCS Invest	Nordic Cinema Group	AH Industries	Bisnode	Individually insignificant non-controlling interests	Total
Non-controlling interests, share in %	**36%**	**42%**	**31%**	**30%**		
Non-current assets	2,251	3,615	1,076	4,891		
Current assets	0	773	335	1,065		
Non-current liabilities		-2,079	-267	-2,170		
Current liabilities		-1,041	-269	-1,660		
Net assets	**2,251**	**1,268**	**875**	**2,126**		
Carrying amount of non-controlling interests	**810**	**531**	**264**	**638**	**739**	**2,982**
Net sales		2,631	904	3,650		
Profit/loss for the year	-175	185	-56	-145		
Other comprehensive income	-105	8	4	58		
Total comprehensive income	**-280**	**193**	**-52**	**-87**		
Profit/loss for the year attributable to non-controlling interests	-63	77	-17	-43	66	20
Other comprehensive income attributable to non-controlling interests	-38	3	1	17	55	38
Cash flow from operating activities		249	65	197		
Cash flow from investing activities	-55	-65	-46	-121		
Cash flow from financing activities	55	-229	-6	-53		
Of which dividend to non-controlling interests	-	-	-	-		
Cash flow for the year	**0**	**-45**	**13**	**23**		

2013 SEKm	NCS Invest	Nordic Cinema Group	AH Industries	Bisnode	Individually insignificant non-controlling interests	Total
Non-controlling interests, share in %	**36%**	**42%**	**31%**	**30%**		
Non-current assets	2,476	3,577	1,041	4,798		
Current assets	0	744	370	998		
Non-current liabilities		-2,229	-311	-3,558		
Current liabilities		-1,024	-298	-1,406		
Net assets	**2,476**	**1,068**	**802**	**832**		
Carrying amount of non-controlling interests	**891**	**448**	**250**	**264**	**532**	**2,385**
Net sales		1,612	1,018	3,724		
Profit/loss for the year	113	44	-59	-22		
Other comprehensive income	-148	42	0	70		
Total comprehensive income	**-35**	**86**	**-59**	**48**		
Profit/loss for the year attributable to non-controlling interests	41	19	-18	-7	25	60
Other comprehensive income attributable to non-controlling interests	-53	18	0	21	6	-8
Cash flow from operating activities			23	375		
Cash flow from investing activities	-2,512		-18	-70		
Cash flow from financing activities	2,512		-5	-266		
Of which dividend to non-controlling interests	-		-	-		
Cash flow for the year	**0**		**0**	**39**		

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

SEKm	2014	2013
Profit for the year attributable to owners of the parent	1,109	742
Less – dividend on preference shares	-83	-62
	1,026	**680**
Weighted average number of shares		
Total number of ordinary shares 1 January	324,140,896	324,140,896
Effect of holding of treasury shares	-5,131,770	-5,135,696
Weighted average number before dilution	**319,009,126**	**319,005,200**
Effect of call options	-	-
Weighted average number after dilution	**319,009,126**	**319,005,200**
Earnings per share before dilution	3.22	2.13
Earnings per share after dilution	3.22	2.13

Instruments that can lead to potential dilution effects

In 2014, the company had five outstanding call option programmes for which the exercise price, SEK 124.20, SEK 156.40, SEK 74.40, SEK 72.0 and SEK 66.50 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 Pensions

In the Group there are both defined benefit and defined contribution pension plans. The Ratos Group does not have any group-wide policy relating to pensions so it is up to the board of each holding to decide on pension solutions for the holding. Of Ratos's currently 16 holdings which are subsidiaries, eight have defined benefit pension plans. The defined benefit plans are not the main solution for the holdings but only constitute a complement to defined contribution pension plans.

Bisnode has the largest pension obligation in the Group in terms of size and this amounts to SEK 345m and is divided among plans in five different countries. The pension obligations in Nordic Cinema Group total SEK 105m and consist entirely of ITP retirement pension secured through a provision in the balance sheet.

Defined benefit pensions

Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement.

Pension obligations are either financed through pension foundations or similar or by the company.

Defined contribution pensions

Pension plans mainly comprise retirement pensions. Pension premiums are salary-related and expensed on a current basis.

Note 26, cont.

Group

Pension cost

SEKm	2014	2013
Cost regarding current service period	40	28
Net interest	14	11
Past service costs	1	3
Effects of curtailments and settlements	-3	
Pension costs for defined benefit pensions	**52**	**42**
Pension costs for defined contribution pensions, Alecta	99	119
Pension costs for defined contribution pensions, other	276	225
Pension costs for the year	**427**	**386**

Pension costs are included on the line Employee benefits with the exception of net interest which is included in net financial items.

Defined benefit pension plans

SEKm	2014	2013
Present value of funded obligations	479	452
Fair value of plan assets	-261	-295
	218	**157**
Present value of unfunded obligations	330	252
Effect of limitation rule for net assets	15	7
Net liability in the Statement of financial position	**563**	**416**
Amount recognised in the balance sheet		
Provisions for pensions	563	416
Non-current financial receivables		
Net liability in Statement of financial position	**563**	**416**

Actuarial gains and losses

Adjustments based on experience are made as a consequence of the result due to mortality, morbidity, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

Specification of changes in the net liability recognised in the Statement of financial position

SEKm	2014	2013
Net liability at 1 January	416	370
Net cost recognised in profit or loss	52	42
Remeasurement of pension obligation recognised in other comprehensive income	116	-31
Premiums and pensions paid	-30	-38
Exchange differences on foreign plans	12	13
Net pension obligations transferred through sale of companies	-2	-14
Net pension obligations assumed through business combinations		74
Effects of settlements	-1	
Net liability at 31 December	**563**	**416**

Note 26, cont.

Plan assets comprise the following

SEKm	2014	2013
Equity instruments	12	33
Financial fixed-income assets	13	38
Properties	4	15
Other assets	232	209
	261	**295**

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2014, Alecta's surplus in the form of the collective funding ratio amounted to 143% (148). 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

	2014	2013
Discount rate, %	1.4-4.3	1.9-4.3
Inflation, %	0.9-2.0	1.2-3.5
Anticipated rate of salary increase, %	1.9-3.3	2.0-3.8
Annual increase in pensions and paid-up policies, %	0.1-2.0	0.8-3.0

The discount rate is based on first-class corporate bonds in all countries in the eurozone. For Swedish pension plans, the discount rate is based on mortgage bonds.

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 13m (13) of which SEK 6m (6) pertains to Alecta.

The present value of the parent company's unfunded obligations for defined benefit pensions amounts to SEK 0m (1).

Note 27 Provisions

Group

Provisions, non-current

SEKm	2014	2013
Guarantee commitments		
At the beginning of the year	35	39
Provisions for the year	9	11
Utilised provisions	-11	-14
Unutilised reversed provisions	-2	-1
Provisions in disposed company	-4	
At the end of the year	**27**	**35**
Other		
At the beginning of the year	119	140
Provisions for the year	67	35
Utilised provisions	-23	-47
Unutilised reversed provisions	-7	-2
Change in discounted value	1	
Liabilities held for sale	-12	
Reclassification	-35	-2
Translation difference	3	-5
At the end of the year	**113**	**119**
Total non-current provisions	**140**	**154**

Note 27, cont.

Provisions that are non-current liabilities and maturity structure

Guarantee commitments

Provisions relate to guarantee commitments for work carried out. Provision for guarantees start to be estimated when a service is completed or an item is transferred to a customer. In order to estimate amounts historical data relating to repairs and exchanges in mainly used. Guarantee periods extend over 2-10 years.

Other provisions

Other non-current provisions include provisions relating to sale and leaseback transactions and legal requirements. Of other provisions, SEK 65m has a maturity structure of up to 13 years. The remainder is expected to be settled within 2-5 years.

Provisions, current

SEKm	2014	2013
Guarantee commitments		
At the beginning of the year	262	37
Provisions for the year	100	66
Unutilised reversed provisions	-23	
Utilised provisions	-37	-14
Provisions in acquired companies		184
Provisions in disposed companies	-27	
Translation difference	-3	-11
At the end of the year	**272**	**262**
Other		
At the beginning of the year	99	101
Provisions for the year	45	64
Utilised provisions	-14	-43
Unutilised reversed provisions	-8	-29
Provisions in disposed companies	-47	
Change in discounted value	1	
Reclassification	35	2
Translation difference	5	4
At the end of the year	**116**	**99**
Total current provisions	**388**	**361**

Parent company

Provisions, non-current

SEKm	2014	2013
Other		
At the beginning of the year	7	7
Unutilised reversed provisions	-7	
At the end of the year		**7**

Provisions, current

SEKm	2014	2013
Other		
At the beginning of the year	10	28
Provisions for the year	178	
Change in discounted value	1	
Utilised provisions		-18
At the end of the year	**189**	**10**

Of the parent company's provisions SEK 178m relates to provisions for subsidiaries and associates.

Note 28 Other liabilities

Group
Other current liabilities include liability for alcohol tax of SEK 565m (579 and advances from customers of SEK 424m (447).

Parent company
Other non-current liabilities mainly comprise personnel costs.

Note 29 Accrued expenses and deferred income

Parent company

SEKm	2014	2013
Personnel costs	56	43
Other	9	10
	65	**53**

Note 30 Financial risks and risk policy

Principles for funding and financial risk management
The Group is exposed through its operations to different types of financial risks relating to trade receivables, trade payables, loans and derivative instruments. Ratos's financial risks consist of:

- financing risks
- credit risks
- interest rate risks
- currency risks

Ratos's financial strategies are adopted by Ratos's Board for the parent company and for Ratos's subsidiaries by the board of each subsidiary.

Parent company
The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

Group companies
The Group has no central treasury management function, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. The board of each subsidiary adopts its financial policy. Since subsidiaries' policies vary, only the parent company's policy is reported in the risk descriptions.

Brief description of effect of Ratos's financial strategy for the holdings:
- Only "normal" bank loans (senior debt). No syndicated loans, i.e. loans sold in small portions to different players.
- Focus on Nordic bank relationships.
- Ratos generally has no formal undertakings for debt in the portfolio companies or a third party. Ratos is, however, a responsible owner which works with long perspectives and Ratos therefore wishes to safeguard its reputation and confidence.
- Ratos seeks to ensure that the holdings have an optimal financial structure based on prevailing conditions.

Financing risk
Definition
Financing risk is the risk that costs will be higher when raising new loans and that financing of maturing loans will be difficult.

Current financing risk
The parent company is normally unleveraged and does not pledge shares or other assets as collateral for own commitments or for commitments of the holdings or a third party. Nor shall the parent company issue guarantees with any lender for the commitments of the holdings or a third party. Guarantees relating to provision of equity capital may be provided following a Board decision. Access to capital and flexibility are ensured by the parent company having a credit facility for bridge financing of acquisitions. This credit facility can also be used to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling three-year loan facility, which amounts to SEK 2.2 billon, including a bank overdraft facility. Ratos has a mandate from the 2014 Annual General Meeting in conjunction with company acquisitions, on one or more occasions, to decide on a new issue of 35 million B shares as payment for acquisitions. In addition, there is an authorisation from the Annual General Meeting to issue a maximum of 1,250,000 preference shares in conjunction with agreements on acquisitions. The mandate is unutilised and applies until the 2015 Annual General Meeting.

At 31 December 2014 the Group's interest-bearing debt to credit institutions amounted to SEK 9,749m (11,563). Total unutilised credit facilities amounted to SEK 3,746m (5,703).

Of the Group's outstanding interest rate swaps, 90% (90) mature within 36 months.

Loan agreements in subsidiaries contain agreements for some financial key ratios which are unique for each subsidiary. The most usual key ratios are interest-bearing net debt in relation to profit before depreciation and net interest, interest coverage and cash flow in relation to total interest expenses and amortisation.

Maturity analysis financial liabilities
The following anticipated maturity structure is shown for the Group's financial liabilities at 31 December 2014, comprising undiscounted cash flows relating to amortisation and estimated interest payments based on forward contracts alternatively actual interest as well as estimated margins.

Translation to SEK of amounts in foreign currency has been done at the exchange rate that applied at the end of the reporting period.

The maturity analysis does not include liabilities relating to synthetic options, since maturity date and amount are unknown. At 31 December the Group's liabilities for synthetic options amounted to SEK 133m (133).

Note 30, cont.

Maturity structure for financial liabilities

31 Dec 2014 SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	2,252	1,908	2,019	1,820	3,014	11,013
Finance leases	50	144	134	22	69	419
Other interest-bearing liabilities	40	5	196	155	7	403
Trade payables	2,663					2,663
Interest rate swaps	38	25	17	7	1	88
Forward contracts						
- outflow	116					116
- inflow	-116					-116
Total, net	**5,043**	**2,082**	**2,366**	**2,004**	**3,091**	**14,586**

31 Dec 2013 SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	2,366	4,111	2,034	1,578	2,728	12,817
Finance leases	66	61	139	121	49	436
Other interest-bearing liabilities	4	6		181	585	776
Trade payables	2,850					2,850
Interest rate swaps	65	26	13	8	3	115
Forward contracts						
- outflow	47					47
- inflow	-46					-46
Total, net	**5,352**	**4,204**	**2,186**	**1,888**	**3,365**	**16,995**

Credit risks

Definition

Credit risks comprise risks in financial and in commercial transactions. In its financial activities the Group is exposed to counterparty credit risk in conjunction with investment of surplus liquidity in bank accounts, fixed-income securities and in conjunction with the purchase of derivative instruments. Commercial exposure mainly comprises the credit risk in the Group's trade receivables, and mainly relates to customers failing to meet their payment commitments.

Financial credit risks

In order to reduce the parent company's financial credit risk and provide the parent company with a high level of preparedness for investments, cash and cash equivalents are invested in banks or fixed-income securities with low risk and high liquidity. In addition to placing cash and cash equivalents in bank accounts or deposit accounts with Nordic banks approved by Ratos and the Swedish National Debt Office, investments may only be made in securities (treasury bills, commercial papers, bonds or similar) issued by the Kingdom of Sweden, Swedish municipalities, banks and companies that have received a rating of at least A+ from Standard & Poor's or a corresponding rating from Moody's. The duration of investments of cash and cash equivalents may not exceed six months except for securities issued by the Kingdom of Sweden where treasury bills may have a maximum duration of 12 months and government bonds a maximum of 24 months.

At 31 December 2014 cash and cash equivalents in the Group amounted to SEK 5,320m (3,337). Ratos had no outstanding investments at that date. During 2014 there were no credit losses from investment of cash and cash equivalents or from trading with counterparties in financial transactions.

Commercial credit risks

The parent company does not have any trade receivables.

The carrying amount of the Group's trade receivables, in the Statement of financial position, reflects maximum exposure to credit risk. The Group's subsidiaries operate within a number of different sectors and in a large number of geographic markets, which provides a good risk spread.

Through its industry spread combined with global operations the Group has no significant concentration on individual customers. Trade receivables are analysed continuously to determine whether any impairment exists. Assessments take the form of individual assessments as well as on the basis of historical data on suspended payments.

Age analysis, trade receivables

Group

31 Dec 2014 SEKm	Nominal	Impairment	Book value
Not overdue	2,956	-7	2,949
Past due 0-60 days	687	-6	681
Past due 61-180 days	84	-6	78
Past due 181-365 days	36	-11	25
Past due more than one year	66	-37	29
Total	**3,829**	**-67**	**3,762**

31 Dec 2013 SEKm	Nominal	Impairment	Book value
Not overdue	3,774	-6	3,768
Past due 0-60 days	751	-6	745
Past due 61-180 days	154	-15	139
Past due 181-365 days	36	-14	22
Past due more than one year	102	-60	42
Total	**4,817**	**-101**	**4,716**

Information on impairment of trade receivables is provided in Note 11.

Interest rate risks

Definition

Interest rate risk is the risk that changes in interest rates will affect the Group's financial result and cash flow. The parent company is not exposed to interest rate risk since the parent company does not normally have any loans.

Current interest rate risks

The Group's exposure to interest rate risk mainly occurs in subsidiaries' long-term borrowing. The fixed-interest term depends on the individual subsidiary's structure and adopted financial policy. Interest rate swaps are used to change fixed-interest periods. Interest rate swaps with a duration of longer than 6 months correspond to 41% (47) of the Group's liabilities to credit institutions.

At 31 December 2014 the Group had interest rate swaps with a fair value of SEK 75m (62) recognised as a liability.

Sensitivity analysis

If interest rates change by one percentage point in all countries where the Ratos Group has loans or investments, the effect on net financial items in 2014, based on liabilities to credit institutions at year-end which are not hedged, will total approximately SEK 60m (60). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Note 30, cont.

Currency risks

Definition

Currency risk is the risk that changes in exchange rates have a negative impact on the consolidated income statement, Statement of financial position and/or cash flows. Currency risk exists in both transaction and translation exposure.

Translation exposure

The effects of changes in exchange rates affect the Group's earnings at translation of foreign subsidiaries' income statements to SEK. Other comprehensive income is affected when foreign subsidiaries' net assets in different currencies are translated into the parent company's functional currency.

In the parent company currency hedging is not effected without special reason. Exchange rate changes in net assets in foreign currency are not hedged in the parent company.

Ratos is a Nordic group, whose sub-groups have subsidiaries located in large parts of the world. When foreign sub-groups are translated into SEK a translation exposure arises, which is recognised in other comprehensive income and accumulated in the translation reserve in equity.

Sensitivity analysis

A change in the Swedish krona of 10% against other currencies at 31 December would lead to a change in equity of approximately SEK 1,237m (1,471).

Transaction exposure

Currency flows that arise at purchase and sale of goods and services in other currencies than the respective subsidiary's functional currency give rise to transaction exposure.

Since the parent company is an investment company it does not have transaction exposure from purchase and sales of goods. Currency risks in subsidiaries' net exposure is hedged on the basis of each subsidiary's adopted financial policy.

Since Ratos's subsidiaries are located in Sweden, Norway, Denmark and Finland, subsidiaries' main exposure is in the Nordic currencies. Several of the companies sell their products in a global market with exposure mainly in EUR. The diagram below shows that the Group has a negative exposure in EUR due to several of the Group's subsidiaries importing raw materials and products from the European market. In 2014 positive flows denominated in EUR decreased and negative flow in EUR increased, mainly due to increased purchases.

Of the Group's operating subsidiaries approximately one-third of the holdings manage foreign currency inflow and outflows through forward contracts. Volume varies from subsidiary to subsidiary and is dependent on exposure in the individual case and the adopted policy for hedging. The overall aim is to achieve natural hedging of flows in the same currencies.

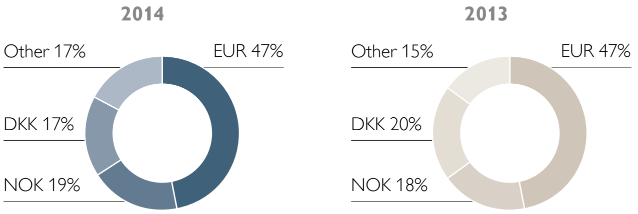
Future forecast cash flows are hedged, primarily economically, within a 12-month period, with the main emphasis on EUR, GBP and USD. Net flows for the year in different currencies are shown in the diagram below. In the majority of cases forward contracts are used as hedging instruments. In cases where subsidiaries choose hedge accounting, hedge accounting is applied when the requirements for this are met.

The net fair value of forward contracts amounted to SEK 2m (8) at 31 December 2014. Of this amount, SEK 8m (6) is recognised in the Statement of financial position as assets and SEK 6m (14) as liabilities.

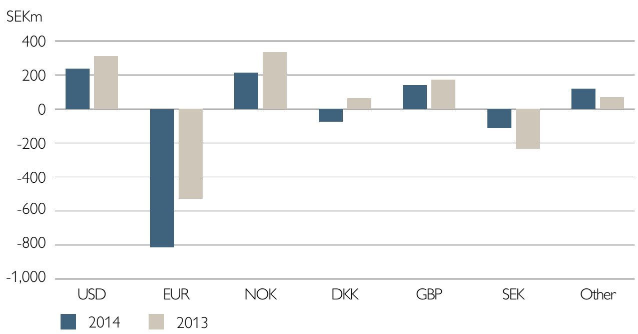
Sensitivity analysis

A change in the Swedish krona of 10% against Ratos's exposure of net flows in NOK, DKK, GBP, USD and EUR would have a negative effect on earnings of approximately SEK 14m (32) taking currency hedging into account.

Currency exposure of foreign subsidiaries' net assets



Transaction exposure, net flow [1)]



[1)] Inwido and SB Seating only included in 2013 figures.

Note 31 Operating leases

Group

Leases where the company is the lessee

Leasing payments made during the financial year relating to operating leases amount to:

SEKm	2014	2013
Minimum lease payments	873	798
Variable payments	55	48
Total leasing costs	**928**	**846**

Future payments for leases entered into amount to:

SEKm	2014	2013
Payments within 1 year	842	859
Between 1-5 years	2,262	2,262
>5 years	3,158	3,142
	6,262	**6,263**

Note 32 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	2014	2013
Real estate mortgages	448	791
Chattel mortgages	1,370	2,669
Shares in group companies	11,032	9,418
Other pledged assets	5,204	10,032
	18,054	**22,910**
Contingent liabilities	1,731	1,046

The above refer to pledged assets in group companies as well as contingent liabilities attributable to group companies and associates.

Parent company

The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 399m (0).

Note 33 Related party disclosures

Transactions with related parties are made on market terms.

Parent company

The parent company has a related party relationship with its group companies, see Note 34.

SEKm		Interest expenses	Interest income	Dividend	Provision	Receivable	Liability	Capital contribution	Contingent liability
Subsidiaries	2014	-35	102	40	178	1	1,206	212	399
Subsidiaries	2013	-46	135	49		1,243	2,029	240	

Transactions with key persons in leading positions

Remuneration to senior executives and Board members is specified in Note 9.

Note 34 Participations in group companies

Parent company

SEKm	2014	2013
Accumulated cost opening balance	12,491	10,062
Investments	1,544	2,466
Shareholder contribution	707	751
Repaid shareholder contribution	-1,202	-576
Subsidiary reclassified as associate	-660	
Reclassification	-404	
Disposals	-1,382	-212
At the end of the year	**11,094**	**12,491**
Accumulated impairment opening balance	-1,816	-1,339
Reclassification	404	
Impairment for the year	-784	-477
At the end of the year	**-2,196**	**-1,816**
Value according to balance sheet	**8,898**	**10,675**

Subsidiary, company reg. no., reg. office

SEKm	Number of shares	Owned share, %	31 Dec 2014	31 Dec 2013	Holding	Owned share of holding, %
Directly owned holdings						
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway	834,694	83	9	9		
Bisnode Business Information Group AB, 556681-5725, Stockholm	84,412,286	70	1,554	653		
GS Hydro Holding OY, 2268968-9, Hämeenlinna, Finland	28,301,900	100	309	309		
Hafa Bathroom Group AB, 556005-1491, Halmstad	2,000	100	98	157		
Inwido AB, 556633-3828, Malmö [1]				2,042		
Owner companies to holdings						
AHI Intressenter AB, 556726-7744, Stockholm	100,000	100	265	318	AH Industries	70
Alube Network AB, 556925-9376, Stockholm	50,000	100	285	285	Nebula	73
EMaint AB, 556731-5378, Stockholm	100,000	100	740	792	Euromaint	100
HL Intressenter AB, 556809-4402, Stockholm	50,000	100	779	1,122	HL Display	99
Kamin Intressenter AB, 556801-8427, Stockholm	100,000	100	82	164	Jøtul	93
Kelly Intressenter 1 AB, 556826-5705, Stockholm	50,000	100	210	210	KVD	100
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm	1,000	100	676	470	DIAB	96
Miehdnort AB, 556801-4731, Stockholm	100,000	100	362	358	HENT	73
Myggvärmare AB, 556723-5667, Stockholm	1,000	100	530	532	Mobile Climate Control	100
NCS Intressenter AB, 556801-8435, Stockholm	100,000	100	1,783	1,695	Aibel [2]	32
Nordic and Baltic Cinema Holdco AB, 556849-6177, Stockholm	50,000	100	362	405	Nordic Cinema Group	58
Noiro Holding AB, 556993-7104, Stockholm	50,000	100	470		Ledil	66
Quartzin Intressenter AB, 556835-3824, Stockholm	50,000	100	350	379	Biolin Scientific	100
Directly owned other subsidiaries						
Aalborg Fastigheter Intressenter ApS, 32318746, Aalborg, Denmark	867,668	87	24	24		
ASA Konsument Invest AB, 556801-8419, Stockholm	100,000	100	0	0		
Image Matters Intressenter AB, 556733-1854, Stockholm	100,000	100	1	167		
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6		
Ratos Kabel Holding AB, 556813-8076, Stockholm [3]	500	100		158		
Ratos Limfac Holding AB, 556730-7565, Stockholm	1,000	100	0	0		
Spin International AB, 556721-4969, Stockholm	1,000,000	100	3	420		
			8,898	**10,675**		

[1] Partially divested during the year in conjunction with IPO, remaining holding recognised as an associate.
[2] NCS Intressenter AB owns 64% of the shares in NCS Invest AB where the remaining 36% of the shares are owned by the Sixth AP Fund. NCS Invest in its turn owns 49% of the shares in Aibel. Ratos's direct holding in Aibel therefore amounts to 32%.
[3] Wound up during the year.

Note 35 Cash flow statement

	Group		Parent company	
SEKm	**2014**	**2013**	**2014**	**2013**
Dividends received	40	2	40	
Interest received	40	36	7	13
Interest paid	-417	-435		

Adjustment for non-cash items	Group		Parent company	
SEKm	**2014**	**2013**	**2014**	**2013**
Share of profits from investments recognised according to the equity method	127	-183		
Dividend				-49
Capital gains/losses	-1,425	-977	-2,153	-3
Depreciation and impairment of assets	1,204	1,225	788	500
Capitalised interest	52	111	-67	-86
Unrealised exchange differences	80	207	-41	29
Income realised from deferred income	-513			
Provisions, etc.	195	18	52	24
Adjustment for non-cash items	**-280**	**401**	**-1,421**	**415**

Cash and cash equivalents	Group		Parent company	
SEKm	**2014**	**2013**	**2014**	**2013**
Cash and bank balances	5,320	3,337	3,251	1,273
Cash and cash equivalents	**5,320**	**3,337**	**3,251**	**1,273**

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. At the end of the reporting period no short-term investments are reported in the Group.

Unutilised credit facilities

Unutilised credit facilities amount to SEK 3,746m (5,703) for the Group and SEK 2,200m (3,200) for the parent company.

Company disposals – Group

SEKm	**2014**	**2013**
Intangible assets	4,999	280
Property, plant and equipment	803	47
Financial assets	48	1
Deferred tax assets	81	11
Inventories	501	1
Current receivables	1,014	97
Cash and cash equivalents	196	115
Assets held for sale		1,894
Total assets	**7,642**	**2,446**
Non-controlling interests	184	19
Non-current liabilities and provisions	2,159	23
Current liabilities and provisions	1,730	194
Liabilities attributable to Assets held for sale		1,655
Total liabilities	**4,073**	**1,891**
Consideration transferred	3,830	1,507
Minus:		
Purchase promissory note	-44	
Cash and cash equivalents in the disposed operations	-196	-115
Effect on Group's cash and cash equivalents	**3,590**	**1,392**

Acquisition of group companies – Group

SEKm	**2014**	**2013**
Intangible assets	1,191	4,412
Property, plant and equipment	21	562
Financial assets	1	209
Deferred tax assets	7	8
Inventories	43	51
Current receivables	37	904
Cash and cash equivalents	85	961
Total assets	**1,385**	**7,107**
Non-controlling interests	341	443
Non-current liabilities	1	2,734
Deferred tax liabilities	20	168
Current liabilities	88	1,833
Total liabilities	**450**	**5,178**
Net identifiable assets and liabilities	935	1,929
Consideration transferred	935	1,929
Minus:		
Cash and cash equivalents in the acquired operations	-85	-961
Provision contingent consideration	-41	
Sale promissory note		-4
Transfer Finnkino		-338
Effect on Group's cash and cash equivalents	**809**	**626**

Note 36 Assets held for sale

Assets held for sale

SEKm	2014	2013
Intangible assets	9	
Property, plant and equipment	8	
Financial assets	2	
Current receivables	63	
Cash and cash equivalents	17	
Total assets reclassified	**99**	

Liabilities attributable to Assets held for sale

SEKm	2014	2013
Non-interest bearing liabilities	87	
Provisions	12	
Total liabilities reclassified	**99**	

In the autumn, Bisnode's board made a decision to divest the French part of its operations since they did not constitute part of the core business. Bisnode's operations in France had specialised in direct marketing services based on consumer information. An agreement to sell the French operations to the British investment company Coligny Capital was signed in January.

Note 37 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. This requires management to make assessments, estimations and assumptions that affect the application of accounting principles and the recognised amounts of assets, liabilities, income and expenses. Estimations and assessments are based on historical experience, external information and assumptions which management regards as reasonable under prevailing circumstances. Changed assumptions can result in adjustments to recognised figures and the actual outcome can different from estimations and assessments. made.

Within the framework of IFRS, a choice can be made in certain cases between different principles. The choice of principle requires in some cases management to make assessments as to which principle provides the most true and fair picture of Ratos's operations. Development within accounting and the choice of principles are discussed with Ratos's Audit Committee.

The most important areas where critical assessments were made in application of the Group's accounting principles and key sources of uncertainty in estimations are shown below.

Assessments at application of accounting principles

Acquisition and disposal of subsidiaries and associates

Ratos's operations as a private equity conglomerate mean that companies are both acquired and divested. This can relate to add-on acquisitions as well as partial disposals. Accounting for acquisitions and divestments of subsidiaries and associates is therefore of significance for Ratos as regards, among other things, date, degree of influence and valuation. At each individual business combination in 2014, a decision has been made regarding proportionate or full goodwill.

Key sources of uncertainty in estimations

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. the higher of value in use or fair value with deduction for selling costs for each subsidiary. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Future events and new information can change these assessments and estimations. Tests for impairment are performed on the basis of Ratos's main scenario relating to a macroeconomic forecast. Ahead of 2015 Ratos has a cautious macro view and no expectations of a strong general macroeconomic recovery. Market development for Ratos's holdings is therefore expected in 2015 as well to generally head in the right direction, but to vary strongly between different market niches and geographies.

Aibel

Consolidated value at 31 December 2014 amounts to SEK 1,494m (1,585). Impairment testing for the equity share in Aibel is based on a value in use. Ratos's share of the value in use is on a level with Ratos's consolidated value.

The basis for calculation of a value in use for Aibel is an earnings forecast that covers five years. Value in use is based on cash flow calculations and is calculated as Ratos's share of the present value of Aibel's future estimated cash flows. Future cash flow is estimated on the basis of an earnings forecast. Assessment of the future cash flows is based on recent adopted budgets and forecasts as well as reasonable and verifiable assumptions that comprise Ratos's best estimation of the economic conditions that are expected to prevail during the forecast period. The basis for estimating the value of these is in accordance with previous experience as well as external factors.

After the cash flow forecast period a final value is assessed for Aibel based on a multiple valuation. The means for estimating a multiple are (i) to analyse and take into account comparable listed companies, and (ii) given the established five-year earnings forecast to assess the attractiveness of Aibel. The estimated value in use is compared with the consolidated carrying amount for Aibel. The final value corresponds to approximately 70% of the estimated value in use.

For a description of the methods for calculating a discount rate, see Note 13 on page 121.

The forecast cash flows which provide the basis for a value in use calculation for Aibel are based on the company's strategic position and the market-specific conditions for the company's business areas. Aibel is market leader in the MMO and Modifications market on the Norwegian continental shelf, a smaller player in the global newbuild market and one of few players in the European market for new construction of offshore wind platforms. 2014 was characterised by very drastic market changes where Aibel's customers shifted focus from growth to cash-flow generation and cost reductions.

Ratos's forecast cash flows are based on an assumption of a continued weak MMO and Modifications market (the business area accounts for 2/3 of Aibel's operations based on sales) in a short-term perspective where customers are holding back projects in order to optimise cash flow and push through savings and productivity improvements. The assumption for sales growth is based on a scenario with a continued weak market and a slow recovery. In a more long-term perspective it is assumed that the market will recover driven, among other things, by a growing installed based on the Norwegian continental shelf, work to extend the useful life of fields/platforms as well as neglected maintenance from 2014-16. Margin development in the short term is expected to be under pressure from overcapacity among suppliers and a major cost focus from customers but is expected to normalise level with historical earnings in the slightly longer term driven by the efficiency improvement measures being carried out as well as a recovery in the market which will create a balance between supplier capacity and customer demand. Adjusted EBITA margin amounted to 7.0% in 2012 and 7.7% in 2011.

In relation to Aibel the price of oil has a limited direct effect for the main operations, MMO and Modification, since maintenance and continued production on already existing fields on the Norwegian continental shelf are rational even at relatively low oil price levels. There are indirect effects such as temporary halts in maintenance due to customers' need to increase focus on capital allocation and optimisation of investment decisions. For Aibel's newbuild operations there is a direct dependence on the oil price since decisions on new construction are influenced to a great extent by current and anticipated oil price. Ratos's forecast is based on known, planned new construction of platforms.

Estimated exit multiple is motivated among other things by historical average valuation multiples over time/a cycle for comparable listed companies, current valuation levels for Aibel at Ratos's acquisition (Ratos acquired Aibel at EV/EBITDA 9.6x) as well as a company-specific assessment of among other things Aibel's market position, risk profile and growth potential.

The discount rate before tax amounts to 10.34% and the discount rate after tax is 7.55%.

The assessments and assumptions that provide the basis for a value in use calculation for Aibel are inherent with significant uncertainties and risks. Small changes in one of the fundamental variables or input parameters mean that value in use can change both up and down and can also result in value in use falling below Ratos's consolidated value.

Note 38 Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the project. See Note 1, Accounting principles.

Income statement

SEKm	2014	2013
Contract revenue	5,154	2,532
Net profit	526	269

Statement of financial position
Receivables from customers for assignments under a construction contract

SEKm	2014	2013
Contract revenue	5,365	3,920
Billing	-5,220	-3,825
	145	**95**
Of which current receivables	119	95

Liabilities to customers for assignments under a construction contract

SEKm	2014	2013
Billing	-9,670	-9,993
Contract revenue	9,153	9,339
	-517	**-654**

Note 39 Parent company details

Ratos AB is a Swedish registered limited company with its registered office in Stockholm. The parent company's shares are registered on Nasdaq Stockholm. The address of the head office is Box 1661, SE-111 96 Stockholm and the visiting address is Drottninggatan 2.

The consolidated financial statements for 2014 comprise the parent company and its group companies. The Group also includes the owned shares in associates.

The Board of Directors' and CEO's certification

The Board of Directors confirms that the consolidated financial statements and annual accounts have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards and generally accepted auditing standards, and give a true and fair view of the parent company's and Group's financial position and results of operations, and that the statutory Board of Directors' report gives a true and fair view of the development of the Group's and parent company's operations, financial position and results of operations and describes significant risks and uncertainties facing the parent company and Group companies.

Stockholm, 19 February 2015

Arne Karlsson
Chairman

Lars Berg
Board member

Staffan Bohman
Board member

Annette Sadolin
Board member

Jan Söderberg
Board member

Per-Olof Söderberg
Board member

Charlotte Strömberg
Board member

Susanna Campbell
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 19 February 2015. The consolidated income statement and statement of financial position and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 16 April 2015.

Auditor's report

To the annual meeting of the shareholders of Ratos AB (publ), corp. Id. 556008-3585

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Ratos AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 74-142.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2014 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory directors' report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Ratos AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory directors' report and that the members of the Board of Directors and the CEO are discharged from liability for the financial year.

Stockholm, 19 February 2015
PricewaterhouseCoopers AB

Peter Clemedtson
Authorised Public Accountant
Senior Auditor

Jeanette Skoglund
Authorised Public Accountant

Additional information

Five-year summary, Group

	2014	2013	2012	2011	2010
Key figures [1]					
Earnings per share before dilution, SEK .	3.22	2.13	1.90	1.63	7.09
Dividend per A and B share, SEK	3.25[2]	3.00	3.00	5.50	5.25
Dividend per C share (preference share), SEK	100	100	75		
Dividend yield, %	6.9[2]	5.2	4.8	6.8	4.2
Total return, %	-15	-2	-17	-32	40
Market price, year end, SEK	47.07	58.15	62.50	80.75	124.50
Equity per share, 31 December, SEK	39	38	39	43	47.50
Equity, SEKm	14,027	13,778	12,353	13,658	15,091
Return on equity, %	8	6	5	4	15
Equity ratio, %	46	41	39	37	40
Average number of shares before dilution	319,009,126	319,005,200	319,000,693	319,036,699	318,134,920
Number A, B and C shares outstanding	319,839,789	319,836,019	319,001,359	318,996,769	318,474,614
Income statement, SEKm					
Profit from group companies	561	461	-33	525	1,201
Exit gains, group companies	1,390	895	897	38	783
Impairment, group companies	-250	-308	-375	-312	
Share of profits from investments recognised according to the equity method	-169	141	4	21	218
Remeasurement former associates					140
Exit gains, associates			81	487	537
Exit gains, other companies					
Profit from holdings	**1,532**	**1,189**	**574**	**759**	**2,879**
Central income and expenses	-165	-106	193	101	-11
Consolidated profit before tax	**1,367**	**1,083**	**767**	**860**	**2,868**
Tax	-238	-281	-224	-314	-455
Consolidated profit after tax	**1,129**	**802**	**543**	**546**	**2,413**
Profit attributable to owners of the parent	1,109	742	606	521	2,255
Statement of financial position, SEKm					
Intangible assets	16,917	20,445	16,794	22,024	21,925
Property, plant and equipment	2,744	3,581	3,461	4,286	4,050
Financial assets	4,133	2,970	225	785	808
Deferred tax assets	559	550	557	617	632
Current assets	12,353	11,620	12,550	12,210	13,348
Total assets	**36,706**	**39,166**	**33,587**	**39,922**	**40,763**
Equity	17,009	16,133	13,141	14,655	16,465
Provisions	1,091	929	687	1,524	1,057
Deferred tax liabilities	434	478	396	690	778
Interest-bearing liabilities	10,263	12,517	10,426	13,812	13,795
Non-interest bearing liabilities	7,909	9,109	8,937	9,241	8,668
Equity and liabilities	**36,706**	**39,166**	**33,587**	**39,922**	**40,763**

1) Applicable historical figures are restated taking 2:1 split in 2011 into account. Relates to B share unless otherwise specified.

2) Proposed ordinary dividend.

3) Defined with effect from 2013 as equity attributable to owners of the parent with deduction for total preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounts to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.

4) Attributable to owners of the parent.

Definitions*

Adjusted EBITA
EBITA minus items affecting comparability.

Adjusted EBITA margin
Adjusted EBITA expressed as a percentage of net sales.

Capital employed
Total assets minus non-interest bearing liabilities.

Cash flow before acquisition and disposal of companies
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisition and disposal of companies.

Consolidated value
The Group's share of the holding's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Debt/equity ratio
Interest-bearing liabilities in relation to equity.

Dividend yield
Dividend on ordinary shares expressed as a percentage of the B share's market price.

Earnings per share
Profit for the period attributable to owners of the parent minus dividend for the period on preference shares divided by the average number of outstanding ordinary shares.

EBIT
(Earnings Before Interest and Tax). Profit before net financial items and tax.

EBITA
(Earnings Before Interest, Tax and Amortisation). Operating profit after depreciation and impairment but before deduction for impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
(Earnings Before Interest, Tax, Depreciation and Amortisation). Profit before depreciation and impairment.

EBT
(Earnings Before Tax) Profit before tax.

EBT margin
EBT as a percentage of net sales.

Enterprise value
Market value of the shares plus interest-bearing net debt.

Equity per share
Equity attributable to owners of the parent minus total preference capital divided by the number of outstanding ordinary shares at the end of the period.

Equity ratio
Reported equity expressed as a percentage of total assets. Non-controlling interests are included in equity.

Exit gain/loss
Exit gain/loss is the capital gain or loss which arises when a holding is sold.

Interest-bearing net debt
Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

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

Items affecting comparability
An income item which is not recurrent and has a material impact on earnings in the holding and if it is not highlighted leads to difficulty in understanding the holding's underlying operational development and/or valuation.

P/E ratio
Market share price for B share in relation to earnings per share.

Preference capital
Preference capital amounts to SEK 1,525m (SEK 1,837.50 per preference share), which corresponds to the redemption amount after the 2017 Annual General Meeting.

Return on capital employed
Profit before interest expenses and tax expressed as a percentage of average capital employed.

Return on equity
Profit for the year attributable to owners of the parent divided by average equity attributable to owners of the parent.

Total return
Price development of B shares including reinvested dividends on ordinary shares.

Turnover rate
Number of B shares trading during a year in relation to the total number of B shares outstanding.

* Relates to B shares unless otherwise specified.

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Shareholder information

Annual General Meeting 16 April 2015

The Annual General Meeting of Ratos AB (publ) will be held at 16.30 CET on Thursday, 16 April 2015 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm.

Participation

Shareholders who wish to participate in the Annual General Meeting must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB on 10 April 2015,
- notify the company of their intention to attend no later than 10 April 2015.

Notification

Notification of participation may be made:

- by writing to Ratos AB, Box 1661, SE-111 96 Stockholm
- by telephoning +46 8 700 17 00
- via www.ratos.se

When notifying participation please state name, personal/company registration number, postal address, e-mail 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 AB no later than Friday, 10 April 2015. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 3.25 per A and B share for the financial year 2014. The record date for the right to receive dividends is proposed as 20 April 2015. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden AB on 23 April 2015.

The Board proposes a dividend on outstanding Class C preference shares until the 2016 Annual General Meeting shall be paid quarterly with SEK 25 per Class C preference share, although a maximum of SEK 100.

Proposed record dates for the quarterly dividends on outstanding Class C preference shares are 15 May 2015, 14 August 2015, 13 November 2015 and 15 February 2016. Payments from Euroclear Sweden AB are expected to be made on 20 May 2015, 19 August 2015, 18 November 2015 and 18 February 2016.

Financial calendar

16 April	Annual General Meeting 2015
7 May	Interim Report, January-March 2015
14 Aug	Interim Report, January-June 2015
6 Nov	Interim Report, January-September 2015

Reports can be accessed on Ratos's website directly after publication and are issued in Swedish and English. The annual report is sent by post to shareholders who have so requested.

Publications can be ordered at www.ratos.se or by

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