

RATOS



The way forward

CEO Magnus Agervald

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Ratos past and future

Introduction and background

Updated strategy

The Ratos way



Background of CEO

- Started as an entrepreneur, co-founder of Icomera AB
- Has worked in Private Equity (IDI AB) and at McKinsey
- 10 years at Byggmax, CEO for almost 9 years
- Board experience from Private Equity owned companies
- M.Sc. in Engineering Physics and M.Sc. in Business Administration

icomera

McKinsey&Company

BYGG max®



Why was Ratos attractive?

- Long history
- Strong brand and network
- Proven track record of successfully developing companies
- Flexible investment horizon
- Solid main shareholder
- The Foundations give back to society
- Significant development potential



TORSTEN SÖDERBERGS STIFTELSE

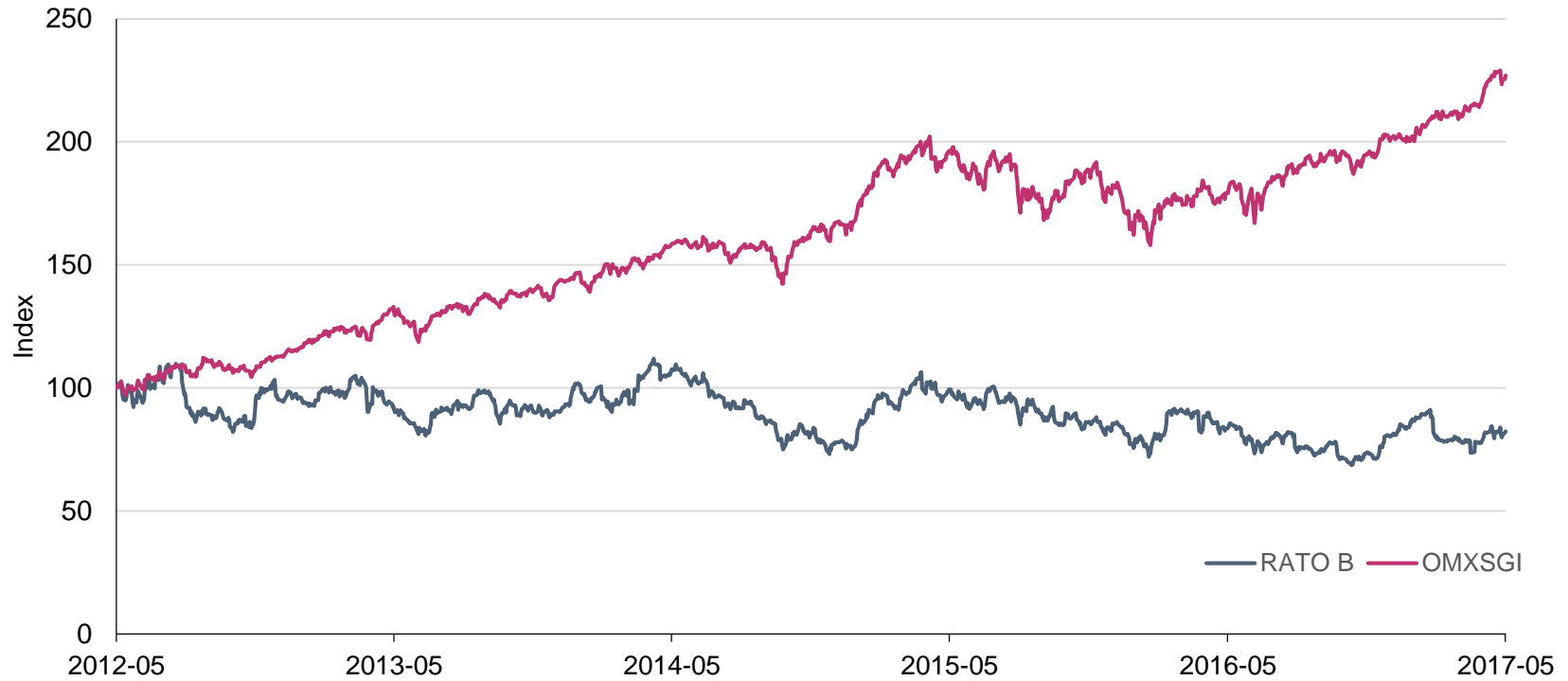
A pan-Nordic investment company

16* companies with total
sales of SEK **35** billion
adj. EBITA SEK **1.9** billion
and **14,000** employees



*Excludes Nebula, divestment expected to be closed in Q3 2017

Total return Ratos B-share compared to OMXSGI

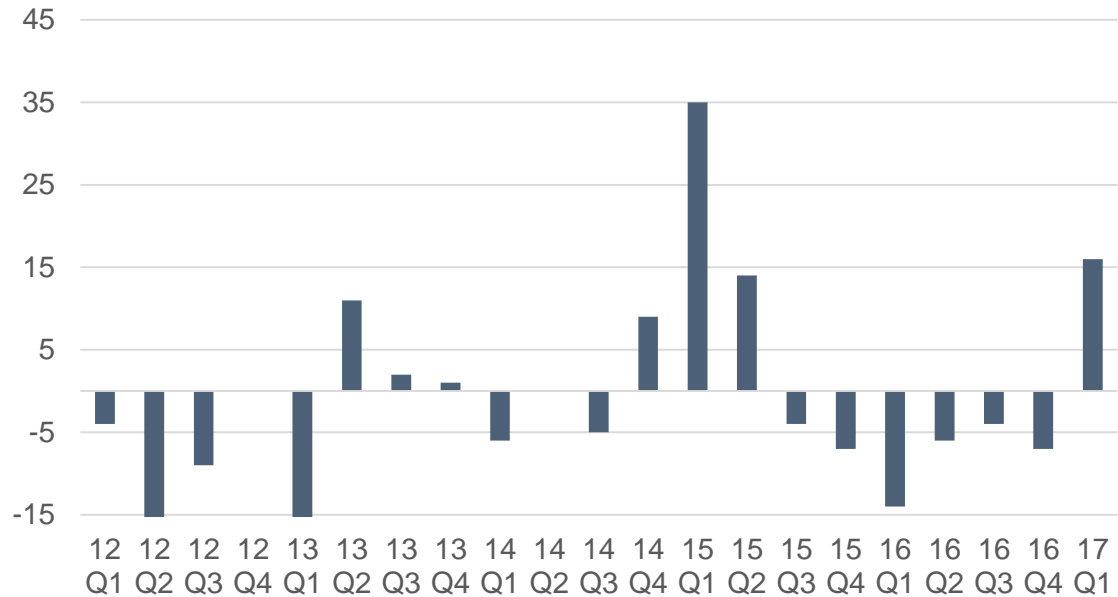


RATOS B shows the gross return of the Ratos B-share, indexed to 100 at 23rd May 2012 and including reinvestment of dividends

OMXSGI shows the gross return of all stocks listed on Nasdaq Stockholm, indexed to 100 at 23rd May 2012 and including reinvestment of dividends

The aggregated portfolio performance needs to improve

Quarterly development of operating EBITA, %



Operating EBITA-development in Q1 2017 mainly driven by Bisnode and Aibel.

The development shows company portfolio for each respective quarter and can be found in Ratos's Interim Reports

Key findings looking back

Weak average profit development in the portfolio

Too patient with non-performing companies

Unfavorable timing in some transactions

Central costs have been too high

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Ratos core strategy still stands

Invest in
primarily
unlisted Nordic
companies

Focus on
developing
companies

Run a portfolio
of 15-20
companies

Focus on
co-owner/
partnership
investments

Focus on being preferred partner

Preferred partner due to

- 1 Broad experience and network
- 2 Flexible investment horizon and access to capital
- 3 Strong brand and history
- 4 Transparency and value driven culture

Holding companies for longer time will lead to changed financing of dividends

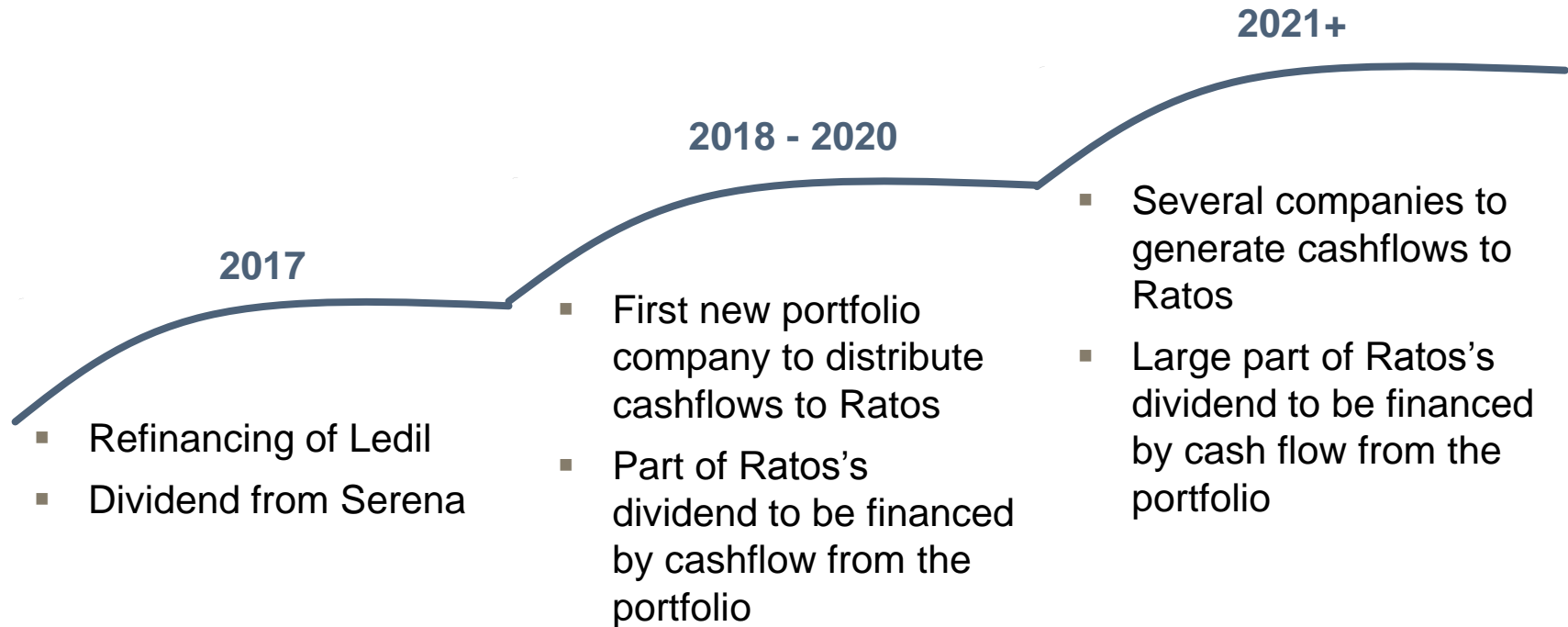
Before

- Clear strategy that all companies should be sold at some point in time
- High debt levels in the companies
- Ratos's dividends financed by cash from the sale of portfolio companies

Future

- We do not have to drive an active exit agenda, we have a long term investment horizon
- Decrease debt levels in companies owned over a longer period to allow dividends
- Ratos's dividends to be financed to a large part of cash flow from portfolio companies

It will take some time before the dividend is financed by operating cashflows from the portfolio



Changed size criteria for investments in new companies

Existing investment interval

New investment interval

- Minimum of SEK 250m, maximum of SEK 5 billion in equity
- Lower limit not flexible enough, focus should not be on value when we invest, but rather where we can take the company
- Upper limit too high given todays portfolio size
- Lower limit of all new investment should have the potential to be larger than SEK 0,5 billion in equity value within 5 years
- Upper limit at investment is SEK 2 billion. Existing companies can of course grow beyond that

**0.5 bn
SEK**
In equity value
within 5 years

**2 bn
SEK**
Upper limit
investment size in
equity

15%
IRR target

Execution focus going forward – accelerated change

Increased
impatience

Operational
improvements
in the portfolio

Sector focus

Lean
operations
internally

Increased impatience

Take actions faster

Take actions faster when needed, e.g.:

- Change investment teams
- Strengthening management teams
- Support with functional initiatives

Invest in transformation

Large improvement and investment programs launched in selected companies, e.g.:



Manage the portfolio

Three poorly performing companies sold in last 12 months



Operational initiatives and focus areas to support the portfolio companies

Operational initiatives to support our companies

- Functional focus areas
- Collection of tools / methods and best practices
- Annual forums and ongoing sharing of best practices among the companies
- Demand-driven support, i.e. companies are operationally responsible

Example focus areas



We have changed to a sector focus

- 2015



Sweden

Team A



Norway

Team B



Denmark

Team C



Finland

Team D

2016+

Business Services

Construction

Consumer/
Retail/Leisure

Healthcare/
Lifescience

Industrials

TMT

Ratos investments divided into sectors

Consumer / Retail / Leisure



Gudrun
Sjödén Group



Jøtul



Oase
Outdoors



Plantasjen

Construction



airteam



HENT

Healthcare



TFS

Business services



Speed Group

Industrial



Diab



GS-Hydro



HL Display



Ledil



Aibel

TMT



Bisnode



KVD



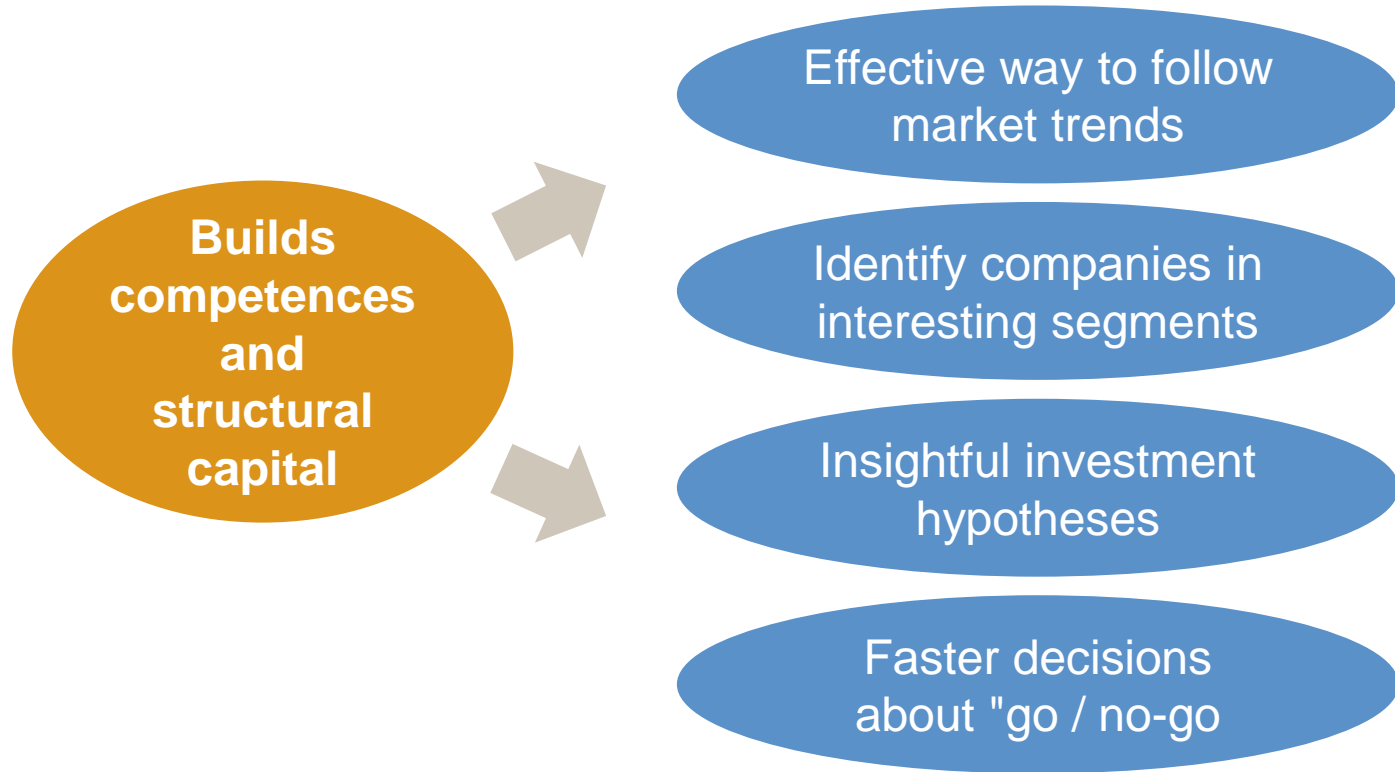
(Nebula)

Real estate



Serena
Properties

The advantage of sector focus



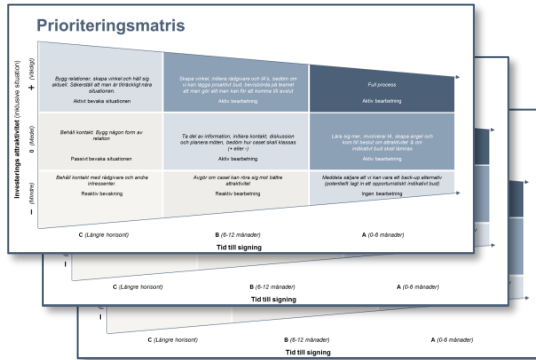
Changed way of working internally at Ratos

Finding new investments

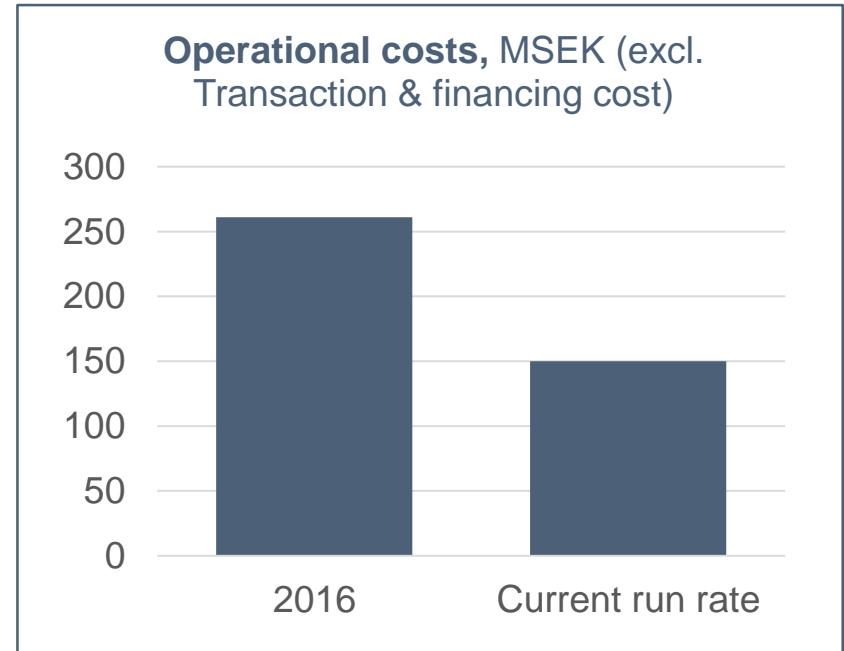
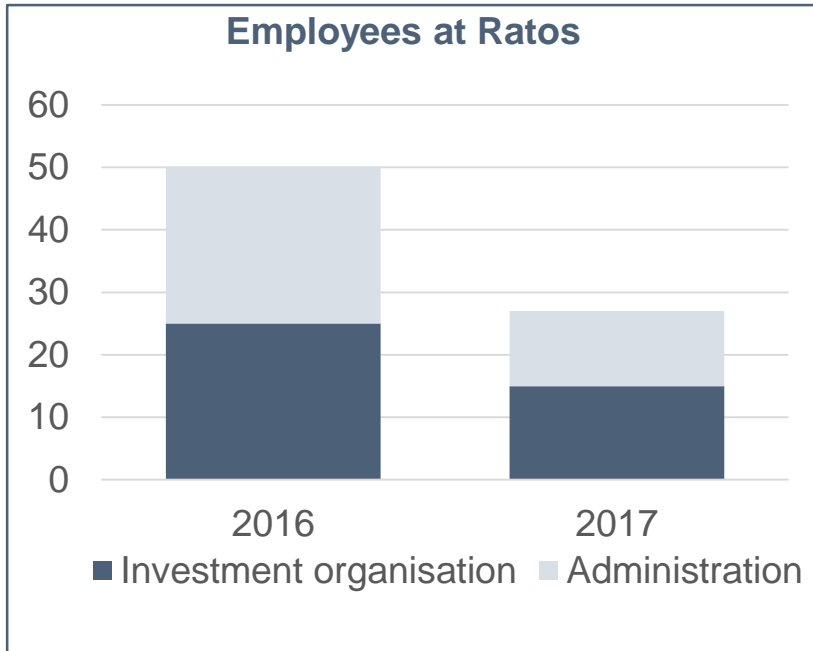
- Focused lead follow-up per sector
- Spend more time on developing own investment ideas

Internal projects

- Implementation of Program Management Office
- Introduced lean administration



Internal processes have been streamlined which has enable a reduction of corporate costs



Simplified internal processes and change of focus

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Ratos has a number of strengths

- Change oriented team with skill and experience
- Flexible investment horizon and access to capital
- Proven at developing companies
- Unique history and brand
- Access to a strong network of industrial advisors
- Transparency and value drive culture
- Solid main shareholder, Söderberg Family and Foundations



Historical examples of successful Ratos investments

10.1x



Haglöfs

International leading outdoor brand

IRR: 30%

Return: 10.1x

CAGR: 15%

3.6x



Inwido

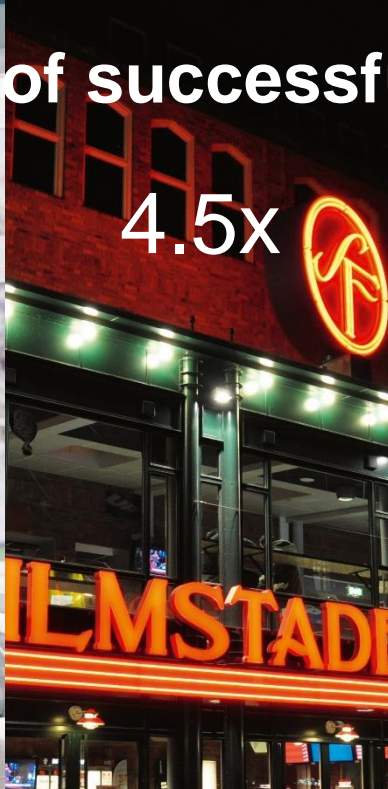
Northern Europe's largest window and door producer

IRR: 16%

Return: 3.6x

CAGR: 15%

4.5x



Nordic Cinema Group

A leading Cinema operator in the Nordic and Baltic regions

IRR: 41%

Return: 4.5x

6.2x



Arcus

Nordic region's leading supplier of wines and spirits

IRR: 30%

Return: 6.2x

CAGR: 11%

3.3x



Nebula (pending)







Finland's leading provider of cloud services

IRR: 37%

Return: 3.3x

CAGR: 12%

Different opportunities and challenges

Product development	Geographical expansion	Add-on acquisitions	Operational investments	Restructuring programs
  	  	   <small>It's all about trust</small>	   	  

Operational initiatives and focus areas

The way forward

- Focus on profit improvements (long and short term)
- Be impatient with poorly performing companies
- Finance Ratos's dividend to a larger part with cash flows from the portfolio
- Lean corporate cost level and reduced time spend on administration
- Incentives more aligned to profit improvements
- Keep developing the sector focus to enhance performance



The Ratos way, vision and core values

Ratos should be the preferred partner for developing companies



We are open for business

SEK 2 bn* in cash

If you have an investment
idea, call us +46 8 700 17 00

Thank you!

0.5 bn
SEK

In equity value
within 5 years

2 bn
SEK

Upper limit
investment size in
equity

15%

IRR target

After redemption of preference shares and divestment of Nebula