

Interim report

January – March 2011

Q1

- **Profit before tax SEK 699m (247)**
- **Earnings per share before dilution SEK 3.84 (0.81)**
- **Mixed but satisfactory underlying development in the holdings**
- **Acquisition of Finnkino**
- **Refinancing of Anticimex and Arcus-Gruppen**
- **Exit completed of Camfil and Superfos – combined exit gain SEK 486m**
- **Total return on Ratos shares 0%**
- **2:1 split carried out**

Ratos in summary

SEKm	2011 Q 1	2010 Q 1	2010
Profit/share of profits	199	273	1,419
Total profit/share of profits	199	273	1,419
Exit gains	486		1,320
Remeasurement			140
Profit from holdings	685	273	2,879
Central income and expenses	14	-26	-11
Profit before tax	699	247	2,868

Important events

- In March, Ratos concluded an agreement to acquire the Finnish movie theatre group Finnkino Oy. The acquisition was completed in April and the purchase price (Enterprise Value) amounted to EUR 94.3m (approximately SEK 840m), of which Ratos provided equity of EUR 45m (SEK 402m). Ratos's holding amounts to 98%. The seller was the media group Sanoma
- In March, Ratos's subsidiary Mobile Climate Control (MCC) concluded an agreement to acquire Carrier's bus AC operations in North America for a purchase price (Enterprise Value) of USD 32.1m (approximately SEK 200m). The acquisition was completed in April and Ratos provided capital corresponding to SEK 114m in conjunction with the acquisition
- In March, a refinancing was carried out in Anticimex totalling SEK 476m and in conjunction with this Ratos received a cash payment of SEK 405m (paid in April). The refinancing was made possible by the company's favourable development in recent years
- In March, a refinancing was carried out in Arcus-Gruppen totalling NOK 220m and in conjunction with this NOK 140m was distributed to the

cont.

RATOS

company's owners, of which Ratos's share amounted to SEK 132m (paid in April). The refinancing was made possible by the company's favourable development in recent years

- The sale of Superfos to RPC Group Plc was completed in February. The sale generated an exit result for Ratos of SEK -100m and an average annual return (IRR) of approximately 2%
- The acquisition and public offer for Biolin Scientific were completed in February. Ratos's holding amounts to 98% and the purchase price was SEK 298m, of which SEK 269m was paid in 2010. The final day for trading on Nasdaq OMX Stockholm was 22 February. Compulsory acquisition of the remaining shares has been initiated
- In January, the sale of Ratos's holding in Camfil to the company's principal owners was completed. The sale provided Ratos with an exit gain of SEK 586m and an average annual return (IRR) of 13%
- In January, Ratos's subsidiary Stofa signed an agreement to acquire the Danish cable TV operations in Canal Digital for a purchase price (Enterprise Value) of approximately DKK 100m (SEK 120m). The seller is Canal Digital AS, which is owned by Telenor. The Danish Competition Authority has started a detailed review. The acquisition will be financed using existing credit facilities in Stofa

- Add-ons and divestments were carried out in the holdings during the period including Arcus-Gruppen and Bisnode

Events after the end of the period

- Jøtul's CEO Erik Moe has informed the company's board that he wishes to resign during 2011. Erik Moe will remain as CEO until a successor is in place
- The 2011 Annual General Meeting resolved on a division of shares (share split) where each existing share will be divided into two shares of the same class. The record date at Euroclear Sweden will be 6 May 2011, which means that the final trading day before the split was 3 May. The total number of shares then increased from 162,070,448 to 324,140,896

More information about important events in the holdings is provided on pages 8-13.

CEO comments

The year started as expected with a couple of very weak months where a severe winter and weaker economic climate contributed to this development. In March, however, a marked improvement was noted in the portfolio companies, not least if order bookings and general customer activity are taken into account. Provided our main macroeconomic scenario, with a continued recovery, holds true we continue to expect that conditions will exist for a good earnings development in the holdings in 2011, with the main emphasis on the latter part of the year. The extensive risks in our business environment, however, mean that we must constantly monitor and be prepared in the event economic growth ceases or is reversed.



Arne Karlsson

Further CEO comments at www.ratos.se

Business environment and market

Ratos's macroeconomic scenario for 2011 is MOBBM, i.e. Make Or Break Becomes Make. The background to this acronym is that 2011 will be a decisive year for the world, when many major and difficult questions must find an answer. Probably the key issues at present are:

- the euro crisis must be solved, otherwise there is a risk that Europe (and the world) will be thrown into a chaotic dissolution of the monetary union
- the oil price must not reach a sustained, too high level since this could break the fragile, global economic recovery in which we find ourselves
- the US must enter a self-sustaining economic upturn, otherwise there is a risk of a multi-year "Japanese" deflationary scenario with dramatic consequences for the global economy.

So the world is facing a Make Or Break year – and our working hypothesis is that the answer will Become Make, i.e. that the various obstacles to recovery and growth can be overcome. Understandably, in view of the nature and complexity of these issues a happy outcome is not, however, evident. On the contrary, the risks are many and large. There is, for example, a major risk that the euro question will not achieve its final solution until the markets have once again staged a revolt against tardy political decisions.

For these reasons constant monitoring of developments and being prepared to continuously adjust the business environment scenario are essential. The companies in our portfolio must also continue to be prepared in the event that economic growth ceases or is reversed, by having internal so-called crash plans.

For Ratos's holdings the year started, in accordance with the assessment provided earlier, with two particularly weak months. This was largely due to the severe winter, which affected construction operations and consumer products, but was also a continuation of the weaker macroeconomic development which started in December.

A significant improvement in development for the portfolio companies was noted in March, not least if order bookings and

general customer activity are taken into account. Provided our main macroeconomic scenario, as set out above, holds true we continue to expect that conditions will exist for a good earnings development in the holdings in 2011, with the main emphasis on the latter part of the year.

Combined sales for the underlying portfolio of companies decreased by 2% in the first quarter compared with the previous year. Taking Ratos's ownership stakes into account, sales decreased by 4%. Corresponding figures for operating profit (EBITA) were -16% and -9% respectively and for profit before tax -32% and -16% respectively.

As always the percentage change figures for the first quarter of the year should be interpreted with caution. For the portfolio as a whole most earnings capacity (in proportional terms) comes after the first quarter. This means that minor changes in absolute numbers can have major effects on percentage change figures.

With regard to performance in the first quarter the following can also be noted:

- currency effects had a continued unusually large impact on Ratos's holdings – which in a normal situation and collectively are weakly impacted by currency fluctuations, with a weakly negative impact from a stronger Swedish krona – and decreased EBITA by about 4 percentage points
- the situation in the financial markets continues to ease, now also in an international perspective, and instruments which disappeared in conjunction with the Lehman crash are once again part of everyday life

- among other things as a consequence of this, the transaction market continues to be hot and the large choice of investment opportunities has now also been complemented with growing demand. Here too this means that phenomena which were consigned to history after the major crisis have returned to the market.

Performance Ratos's holdings

	2011 Q 1	
	100%	Ratos's share
Sales	-2%	-4%
EBITA	-16%	-9%
EBT	-32%	-16%

To facilitate analysis, an extensive table is provided on page 13 with key figures for Ratos's holdings. A summary of income statements, statements of financial position, etc., for Ratos's associates and subsidiaries is available in downloadable Excel files at www.ratos.se.

Ratos's result

Profit before tax for the first quarter of 2011 amounted to SEK 699m (247). The higher result is explained by the sale of Camfil and Superfos. Earnings include profit/share of profits from the holdings of SEK 199m (273) and exit gains of SEK 486m (0).

Central income and expenses

Ratos's central income and expenses amounted to SEK +14m (-26), of which personnel costs in Ratos AB amounted to SEK 36m (30). The variable

portion of personnel costs amounted to SEK 15m (3). Other management costs were SEK 20m (54). Net financial items amounted to SEK +70m (+59).

Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in consolidated profit or loss is affected, among other things, by the parent company's investment company status and by capital gains not liable to tax.

SEKm	2011 Q 1	2010 Q 1	2010
Profit/share of profits before tax ¹⁾			
AH Industries (69%)	14	-7	-24
Anticimex (85%)	23	20	127
Arcus-Gruppen (83%)	-12	-21	135
Biolin Scientific (98%) ²⁾	1		
Bisnode (70%)	25	98	274
Camfil (30%) ³⁾		23	99
Contex Group (99%)	19	15	43
DIAB (95%)	10	44	149
EuroMaint (100%)	0	-40	-165
GS-Hydro (100%)	-15	10	-27
Hafa Bathroom Group (100%)	3	21	37
Haglöfs (100%) ⁴⁾		18	5
HL Display (99%) ⁵⁾	12	7	13
Inwido (96%)	14	5	328
Jøtul (61%)	-9	-14	25
KVD Kvarndammen (100%) ²⁾	9		
Lindab (11%)	-7	-3	38
Medisize (98%)	33	28	95
Mobile Climate Control (100%)	9	22	71
SB Seating (85%)	30	32	87
Stofa (99%) ⁶⁾	40		44
Superfos (33%) ⁷⁾		15	65
Total profit/share of profits	199	273	1,419
Exit Camfil	586		
Exit Superfos	-100		
Exit Haglöfs			783
Exit Lindab			537
Total exit result	486	0	1,320
Remeasurement HL Display			140
Profit from holdings	685	273	2,879
Central income and expenses			
Management costs	-56	-85	-213
Financial items	70	59	202
Consolidated profit before tax	699	247	2,868

¹⁾ Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

²⁾ Biolin Scientific and KVD Kvarndammen were acquired at the end of December 2010 and are not included in consolidated profit for 2010.

³⁾ Camfil was sold at the beginning of January and is not included in consolidated profit for 2011. Until the sale, Camfil was recognised among Assets held for sale.

⁴⁾ Haglöfs is included in consolidated profit through July 2010. The entire holding was sold in August 2010.

⁵⁾ HL Display included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

⁶⁾ Stofa is included in the Group from August 2010.

⁷⁾ Superfos was recognised among Assets held for sale until it was sold in February and is thus not included in consolidated profit for 2011.

Financial position

Cash flow from operating activities and investing activities was SEK 1,447m (-424) and consolidated cash and cash equivalents at the end of the period amounted to SEK 3,640m (4,498), of which short-term interest-bearing investments accounted for SEK 511m (10). Interest-bearing liabilities including pension provisions amounted to SEK 13,462m (14,128).

Parent Company

The parent company's profit before tax amounted to SEK 626m (-43). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 1,576m (2,502). Taking into account financial transactions agreed but not yet carried out, at 5 May Ratos has a net liquidity of approximately SEK 0m. In addition, there is an existing credit facility of SEK 3.2 billion and authorisation from the 2011 Annual General Meeting to issue 17.5 million Ratos B shares in conjunction with agreements on acquisitions.

Risks and uncertainties

A description of the Group's and parent company's material risks and uncertainties is provided in the Directors' report and in Note 31 and 38 in the 2010 Annual Report. An assessment for the coming months is provided in the *Business environment and market* section on page 3.

Related-party transactions

The parent company received dividends from subsidiaries of SEK 537m (3). The dividends were recognised as income during the quarter but were not paid until April.

Ratos shares

Earnings per share before dilution amounted to SEK 3.84 (0.81). The total return on Ratos shares in the first quarter of 2011 amounted to 0%, compared with the performance of the SIX Return Index which was -1%.

Treasury shares and number of shares

No shares were repurchased in the first quarter of 2011. The number of call options exercised corresponded to 580,500 shares. At the end of March, Ratos owned 2,252,641 B shares (corresponding to 1.4% of the total number of shares), repurchased at an average price of SEK 126.

At 31 March the total number of shares in Ratos (A and B shares) amounted to 162,070,448 and the number of votes was 54,293,722. The number of outstanding shares was 159,817,807. The average number of B treasury shares in Ratos in the first quarter was 2,803,548 (2,879,865 in 2010).

After the end of the period a division of shares (share split) was carried out and each existing share has been divided into two shares of the same share class. The record date at Euroclear Sweden is 6 May 2011 and the final trading day before the split was 3 May. The total number of shares after the split amounts to 324,140,896 and the number of outstanding shares is 319,635,614. The number of votes amounts to 108,587,444.

Ratos's equity ¹⁾

At 31 March 2011, Ratos's equity (attributable to owners of the parent) amounted to SEK 15,517m (SEK 15,091m at 31 December 2010) corresponding

to SEK 97 per outstanding share (SEK 95 at 31 December 2010).

SEKm	31 March 2011	% of equity
AH Industries	621	4
Anticimex	524	3
Arcus-Gruppen	506	3
Biolin Scientific	294	2
Bisnode	1,280	8
Contex Group	925	6
DIAB	1,121	7
EuroMaint	614	4
GS-Hydro	-99	0
Hafa Bathroom Group	163	1
HL Display	1,031	7
Inwido	2,075	14
Jøtul	323	2
KVD Kvarndammen	367	2
Lindab	301	2
Medisize	791	5
Mobile Climate Control	661	4
SB Seating	1,096	7
Stofa	689	5
Total	13,283	86
Other net assets in central companies	2,234	14
Equity (attributable to owners of the parent)	15,517	100
Equity per share, SEK	97	

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

Credit facilities

The parent company has a five-year rolling credit facility of SEK 3.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridge financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period.

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. During the first quarter of 2011, 5,000 A shares were converted to B shares.

Other

Annual General Meeting Decisions

Election of the Board of Directors

The Meeting resolved in accordance with the Nomination Committee's proposal to re-elect Board members Olof Stenhammar, Lars Berg, Staffan Bohman, Arne Karlsson (CEO), Annette Sadolin, Jan Söderberg, Per-Olof Söderberg and Margareth Øvrum. Olof Stenhammar was elected as Chairman of the Board. A more detailed presentation of the members of the Board can be found at www.ratos.se.

Dividend

The Meeting resolved on an ordinary dividend of SEK 10.50 (9.50) per A and B share. The record date for dividends was set at 8 April and payments were made on 13 April 2011.

Division of shares (share split) 2:1

The Meeting resolved on a division of shares (share split) where each existing share is divided into two shares of the same class. The record date at Euro-clear Sweden is 6 May 2011, which means that the final trading day before the split was 3 May. The total number of shares then increased from 162,070,448 to 324,140,896.

Purchase of treasury shares

The Annual General Meeting gave the Board a mandate to decide, during the period before the next Annual General Meeting, on repurchase of a maximum number of shares so that the company's holding of treasury shares does not exceed 4% of all the shares in the company.

At a subsequent statutory meeting, the Board decided to give the CEO, in consultation with the Chairman, a mandate to carry out repurchases in accordance with the mandate given to the Board by the Annual General Meeting.

Incentive programmes

The Meeting resolved to issue a maximum of 650,000 call options (prior to share split) on repurchased Ratos shares to be transferred at a market price to key people within Ratos. The Meeting further resolved to transfer a maximum of 650,000 shares (prior to share split) in the company in conjunction with exercise of the above-mentioned options.

The Meeting also resolved, as in the previous year, on a cash-settled option programme related to Ratos's investments in the holdings. The programme will be carried out through issuance of synthetic options which key people within Ratos will be entitled to acquire.

The Meeting also resolved to transfer a maximum of 8,000 Ratos B shares (before the split) to administrative employees at Ratos.

Authorisation for new issues to be used at acquisitions

The Meeting resolved to authorise the Board, during the period until the next Annual General Meeting, in conjunction with agreements on company acquisitions, on one or several occasions, with or without deviation from the pre-emptive rights of shareholders, for a cash payment, through set-off or non-cash, to make a decision on a new issue of Ratos shares. This authorisation shall comprise a maximum of 17.5 million B shares (before the split).

Holdings

More information about the holdings and a summary of income statements and statements of financial position for Ratos's holdings is available in downloadable Excel files at www.ratos.se.

AH Industries

- Sales SEK 221m (240) and EBITA SEK 22m (15)
- Weak earnings development in Wind Solutions due to problems with raw material supplies within Nacelle & Hub and a continued weak market situation for Tower & Foundations
- Integration of RM Group has gone well and a broadening of the product offering in China has been initiated
- Earnings were positively affected by compensation awarded in an arbitration with a former supplier
- Continued uncertain market situation for the wind power industry in the short term

Ratos's holding in AH Industries amounted to 69% and the consolidated book value in Ratos was SEK 621m at 31 March 2011.

AH Industries is a world-leading supplier of metal components, modules, systems and services to the wind power and cement and minerals industries. The company is specialised in the manufacture and machining of heavy metal components with high precision requirements. Most of production is carried out in Jutland (Denmark) but the company also has operations in China.

Anticimex

- Sales SEK 448m (432) and EBITA SEK 42m (37)
- A good start to the year, EBITA margin amounted to 9.3% (8.6) for the first quarter and sales rose 7% adjusted for currency
- Refinancing carried out amounting to SEK 476m, whereby Ratos received a cash payment of SEK 405m. The refinancing was made possible by favourable development in recent years

Ratos's holding in Anticimex amounted to 85% and the consolidated book value in Ratos was SEK 524m at 31 March 2011.

Anticimex is a European service company that provides safe and healthy indoor environments through inspections, guarantees and insurance. Services include pest assurance, hygiene assurance, dehumidification, fire protection as well as property transfer and energy surveys. The Group is currently represented in Sweden, Finland, Denmark, Norway, Germany and the Netherlands.

Arcus-Gruppen

- Sales SEK 381m (405) and EBITA SEK -4m (-18)
- Good underlying sales growth although affected by the important Easter sales occurring in April this year
- Refinancing amounting to NOK 220m carried out. In conjunction with this NOK 140m was distributed to the company's owners (paid in April), of which Ratos received SEK 132m. The refinancing was made possible by favourable development in recent years
- Acquisition of Vingruppen finalised
- Otto Drakenberg new CEO from April 2011

Ratos's holding in Arcus-Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 506m at 31 March 2011.

Arcus-Gruppen is Norway's leading spirits producer and one of the largest wine suppliers in the Nordic region through Vingruppen, Vinordia and Arcus Wine Brands. The group's best-known brands include Braastad Cognac, Linie Aquavit, Løiten and Vikingfjord Vodka.

Biolin Scientific

- Sales SEK 25m (32) and EBITA SEK 2m (2)
- Positive sales performance in the US, while development was negative in Asia (mainly Japan). Currency effects had a negative impact on sales of approximately 10%
- Positive earnings effect of SEK 8m after final additional consideration for Farfield was confirmed. Lower operating EBITA due to lower sales
- Company delisted on 22 February and a compulsory acquisition process has started

Ratos's holding in Biolin Scientific amounted to 98% and the consolidated book value in Ratos was SEK 294m at 31 March 2011.

Biolin Scientific develops, manufactures and markets analytical instruments for research, development, quality control and clinical diagnostics. The company's largest market niche is nanotechnology, primarily materials science and biophysics. Customers are found worldwide and mainly comprise researchers in academia, research institutes and the industrial sector.

Bisnode

- Sales SEK 1,052m (1,162) and EBITA SEK 116m (139)
- Weak organic sales development (-1,5% adjusted for currency), affected by a weak development for the companies within Marketing Solutions and as anticipated lower sales for SPAR-related products
- Credit Solutions, Software & Applications and Product Information continued to perform well
- Continued strong cash flows
- The following acquisitions were made in the first quarter: Vendemore in Sweden, Lindorff Match and Lindorff Decision in Norway, and four Creditinfo Schufa companies in the Czech Republic, Slovakia and Poland

Ratos's holding in Bisnode amounted to 70% and the consolidated book value in Ratos was SEK 1,280m at 31 March 2011.

Bisnode is a leading European provider of digital business information with services within market, credit and business information. Using Bisnode's services companies can increase their sales, reduce their risks and improve their day-to-day business decisions. Operations are conducted in 17 countries in Europe.

Contex Group

- Sales SEK 171m (178) and EBITA SEK 26m (28)
- Sales rose 7% in local currency in the first quarter
- Improved performance for Z Corporation, sales +26% in local currency, due to good sales of products introduced in 2010 and consumables

Ratos's holding in Contex Group amounted to 99% and the consolidated book value in Ratos was SEK 925m at 31 March 2011.

The Danish company Contex Group is a world-leading developer and manufacturer of innovative 2D and 3D digital imaging solutions. The company has three operating areas: Contex A/S is the world's largest manufacturer of wide-format scanners, Z Corporation manufactures 3D printers, Vidar Systems Corporation manufactures products for medical imaging.

DIAB

- Sales SEK 291m (355) and EBITA SEK 20m (54)
- Weak sales at the start of the year mainly due to a temporary fall in demand in the wind segment and currency effects
- Weak profitability due to low sales volume and low capacity utilisation
- Improved market situation in March, EBITA margin again over the financial target (15%)
- Strong order bookings in March expected to contribute to a good sales and earnings development in the second quarter

Ratos's holding in DIAB amounted to 95% and the consolidated book value in Ratos was SEK 1,121m at 31 March 2011.

DIAB is a world-leading company that manufactures and develops core materials for composite structures including blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and rockets. The material has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

EuroMaint

- Sales SEK 949m (846) and EBITA SEK 22m (-12)
- Strong growth within Rail in all markets
- As in the previous year, raised costs for repairing extensive winter damage to trains and lower revenues per kilometre in availability-based contracts
- Seasonally weak start to the year for Industry
- Strong order book for both Rail and Industry and a continued high level of invitations to tender

Ratos's holding in EuroMaint amounted to 100% and the consolidated book value in Ratos was SEK 614m at 31 March 2011.

EuroMaint is a leading provider of advanced maintenance services to the manufacturing industry and the rail transport sector. Operations are conducted in two subsidiaries: EuroMaint Rail and EuroMaint Industry. EuroMaint conducts operations at 18 locations in Sweden, as well as in Germany, Belgium, Poland, the Netherlands and Latvia.

GS-Hydro

- Sales SEK 239m (319) and EBITA SEK -1m (22)
- Weaker sales due to downturn for the company's customers and a late-cyclical position. The underlying market development improved, however, which is expected to have a positive effect on GS-Hydro starting in the second half of the year
- Cost-cutting measures implemented to adapt operations to lower volumes

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK -99m at 31 March 2011 (negative value due to refinancing in 2008).

GS-Hydro is a leading supplier of non-welded piping solutions. Products are mainly used in the marine and offshore industries as well as in the pulp and paper, metals and mining and automotive and aerospace industries. The head office is located in Finland.

Hafa Bathroom Group

- Sales SEK 101m (120) and EBITA SEK 4m (21)
- Lower sales due to a terminated customer contract, but significant new contracts have been signed and are under implementation which will gradually have a positive effect on the company's sales
- Negative earnings trend due to lower volumes and costs related to aggressive marketing and construction of new product displays

Ratos's holding in Hafa Bathroom Group amounted to 100% and the consolidated book value in Ratos was SEK 163m at 31 March 2011.

Hafa Bathroom Group with the Hafa and Westerbergs brands is one of the Nordic region's leading bathroom interiors companies.

HL Display

- Sales SEK 415m (406) and EBITA SEK 21m (28)
- Sales rose 2% (+10% adjusted for currency). Good customer activity in most countries, primarily within food retail market
- Currency effects had a negative impact on EBITA of approximately SEK 10m

Ratos's holding in HL Display amounted to 99% and the consolidated book value in Ratos was SEK 1,031m at 31 March 2011.

HL Display is a global, market leading supplier of products and systems for merchandising and in-store communication with operations in 33 countries. Manufacture takes place in China, the UK and Sweden.

Inwido

- Sales SEK 1,000m (1,098) and EBITA SEK 32m (29)
- The cold and snowy winter affected sales and order bookings in the consumer segment during the first quarter. Sales in local currency decreased by 4%
- Improved order bookings at the end of the quarter and a retained gross market margin despite lower sales provide a continued positive outlook for the full-year 2011
- Acquisition of the Danish window manufacturer Pro Tec in April strengthens Inwido's position in the industrial segment in Denmark. Pro Tec's sales totalled DKK 170m in 2010

Ratos's holding in Inwido amounted to 96% and the consolidated book value in Ratos was SEK 2,075m at 31 March 2011.

Inwido develops, manufactures and sells a full range of windows and doors to consumers, construction companies and prefabricated home manufacturers. Operations are conducted in all the Nordic countries as well as in the UK, Ireland, Poland and Russia. The company's brands include Elitfönster, SnickarPer, Tiivi, KPK, Lyssand and Allan Brothers.

Jøtul

- Sales SEK 208m (206) and EBITA SEK 5m (6)
- Sales increased by 13% in local currency. Favourable development in most market areas, particularly in the Nordic region and the US
- Improved operating EBITA due to increased sales, SEK 5m (-9). Earnings for the first quarter of 2010 were positively affected by SEK 15m due to changed pension rules
- CEO Erik Moe has informed the company's board that he wishes to resign in 2011. Erik Moe will stay on as CEO until his successor is in place

Ratos's holding in Jøtul amounted to 61% and the consolidated book value in Ratos was SEK 323m at 31 March 2011.

The Norwegian company Jøtul is Europe's largest manufacturer of stoves and fireplaces with production facilities in Norway, Denmark, France, Poland and the US. The company dates back to 1853 and the products are sold worldwide, primarily through speciality stores, but also through the DIY trade.

KVD Kvarndammen

- Sales SEK 66m (54) and EBITA SEK 12m (8)
- Positive development in the Swedish car market
- Strengthened market share and increased revenue per item
- New production facility for cars and light vehicles opened in Källered, south of Gothenburg

Ratos's holding in KVD Kvarndammen amounted to 100% and the consolidated book value in Ratos was SEK 367m at 31 March 2011.

KVD Kvarndammen is Sweden's largest independent online marketplace offering broker services for second-hand company cars and car fleets. The company, which was founded in 1991, runs kvd.se where cars, heavy vehicles, machines, liquidation goods and surplus goods are offered for sale at weekly online auctions. The number of unique visitors totals approximately 200,000 per week. The company includes Sweden's largest valuation portal for cars, bilpriser.se.

Lindab

- Sales SEK 1,377m (1,234) and EBITA SEK -24m (28)
- Sales increased by 19% adjusted for currency effects and acquisitions. Strong performance primarily in Eastern Europe and Sweden
- Operating EBITA amounted to SEK -7m (-48)
- Nils-Johan Andersson, previously CFO of Lindab, new head of Ventilation business area

Ratos's holding in Lindab amounted to 11% and the consolidated book value in Ratos was SEK 301m at 31 March 2011.

Lindab is a leading European company within development, production, marketing and distribution of systems and products in sheet metal and steel for the construction industry. The group is established in 31 countries. Approximately 60% of sales go to countries outside the Nordic region. Lindab is listed on Nasdaq OMX Stockholm, Large Cap List.

Medisize

- Sales SEK 283m (293) and EBITA SEK 36m (37)
- Sales increased by 9% adjusted for currency effects
- Stable earnings development based on the company's long contract portfolio

Ratos's holding in Medisize amounted to 98% and the consolidated book value in Ratos was SEK 791m at 31 March 2011.

Medisize is an international contract manufacturer specialised in medical devices for delivery and administration of drugs and pharmaceutical packaging (Development & Manufacturing) as well as development, manufacture and distribution of single-use plastic products for anaesthesia and intensive care (Airway Management).

Mobile Climate Control (MCC)

- Sales SEK 203m (226) and EBITA SEK 16m (31)
- Lower sales due to a sharp decline in demand from the military segment, but continued good recovery in the off-road vehicle segment
- Less favourable earnings development due to negative currency effects, lower volumes and higher raw material prices
- Acquisition (completed in April) of Carrier's North American operations within bus AC for a purchase price (Enterprise Value) of USD 32.1m, of which Ratos provided USD 18m (SEK 114m)

Ratos's holding in MCC amounted to 100% and the consolidated book value in Ratos was SEK 661m at 31 March 2011.

Mobile Climate Control (MCC) offers complete climate comfort systems for three main customer segments: buses, off road and military vehicles. Approximately 75% of the company's sales take place in North America and 25% in Europe. Major production plants are located in Toronto (Canada), Goshen (USA), Norrtälje (Sweden), and Wrocław (Poland).

SB Seating

- Sales SEK 334m (327) and EBITA SEK 67m (57)
- The late-cyclical office chair market has stabilised. In local currency sales increased by 8% in the first quarter
- Substantial improvement in EBITA margin, 20% (17%), due to increased volumes and completed improvement programmes
- HÅG won an international design price, the Red Dot Design Award, for the new office chair HÅG Capisco Puls

Ratos's holding in SB Seating amounted to 85% and the consolidated book value in Ratos was SEK 1,096m at 31 March 2011.

SB Seating develops and produces ergonomic office chairs in Scandinavian design for private and public environments. The group markets three strong brands, HÅG, RH and RBM, which are mainly sold through retail outlets. The group is represented today in Norway, Sweden, Denmark, Germany, the UK, Benelux and France.

Stofa

- Sales SEK 340m (364) and EBITA SEK 39m (25)
- Sales in local currency rose 5% through increased sales of TV programmes and new services to antenna associations
- Improved EBITA margin due to new services launched in the previous year
- Fast subscriber growth for Stofa's telephone services
- Competition authority's approval for the acquisition of Canal Digital's Danish cable TV operations has not yet been received. A detailed review has been initiated

Ratos's holding in Stofa amounted to 99% and the consolidated book value in Ratos was SEK 689m at 31 March 2011.

Stofa is a Danish triple-play operator (broadband, cable TV and telephony) which provides some 350,000 Danish households with cable TV and 40% of them with broadband as well. The services are delivered in close cooperation with 300 antenna associations throughout Denmark. In addition, Stofa also sells to end-user subscribers who are offered interactive TV services (pay TV), broadband and IP telephony.

Ratos's holdings at 31 March 2011

SEKm	Net sales			EBITA			EBT ^{A)}		
	2011 Q 1	2010 Q 1	2010	2011 Q 1	2010 Q 1	2010	2011 Q 1	2010 Q 1	2010
AH Industries ¹⁾	221	240	978	22	15	55	14	9	26
Anticimex	448	432	1,856	42	37	198	32	28	159
Arcus-Gruppen	381	405	1,944	-4	-18	156	-12	-22	135
Biolin Scientific ²⁾	25	32	142	2	2	12	1	1	7
Bisnode	1,052	1,162	4,451	116	139	536	50	121	376
Contex Group	171	178	750	26	28	97	19	15	43
DIAB	291	355	1,396	20	54	188	10	44	149
EuroMaint	949	846	3,532	22	-12	-67	9	-32	-132
GS-Hydro	239	319	1,244	-1	22	27	-15	10	-27
Hafa Bathroom Group	101	120	424	4	21	38	3	21	37
HL Display ³⁾	415	406	1,617	21	28	66	12	21	29
Inwido	1,000	1,098	5,149	32	29	446	14	5	328
Jøtul	208	206	1,044	5	6	97	2	-4	67
KVD Kvarndammen ⁴⁾	66	54	239	12	8	32	9	5	22
Lindab	1,377	1,234	6,527	-24	28	401	-62	-15	112
Medisize	283	293	1,079	36	37	109	33	28	95
Mobile Climate Control	203	226	902	16	31	112	9	22	71
SB Seating	334	327	1,203	67	57	197	54	56	180
Stofa ⁵⁾	340	364	1,411	39	25	117	40	14	83
Total	8,106	8,297	35,888	450	537	2,815	223	328	1,761
Change	-2%			-16%			-32%		

SEKm	Depreciation ^{B)} 2011 Q 1	Investment ^{C)} 2011 Q 1	Cash flow ^{D)} 2011 Q 1	Equity ^{E)} 31 March 2011	Interest-bearing net debt ^{E)} 31 March 2011	Average no. employees 2010	Ratos's holding	
							Consolidated value 31 March 2011	31 March 2011
AH Industries ¹⁾	14	–	-11	891	369	420	621	69%
Anticimex	10	23	-13	590	409	1,204	524	85%
Arcus-Gruppen	8	15	-94	640	-76	452	506	83%
Biolin Scientific ²⁾	1	4	-9	305	4	91	294	98%
Bisnode	29	24	128	2,316	2,241	3,080	1,280	70%
Contex Group	12	12	10	942	597	322	925	99%
DIAB	21	17	-36	1,267	780	1,327	1,121	95%
EuroMaint	14	17	-30	630	675	2,713	614	100%
GS-Hydro	7	3	19	268	601	626	-99	100%
Hafa Bathroom Group	1	0	3	52	94	177	163	100%
HL Display ³⁾	9	14	-51	1,129	524	1,102	1,031	99%
Inwido	29	15	-187	2,330	1,683	3,759	2,075	96%
Jøtul	14	21	-69	607	605	714	323	61%
KVD Kvarndammen ⁴⁾	1	2	-5	367	173	167	367	100%
Lindab	39	23	-251	2,680	2,098	4,454	301	11%
Medisize	11	12	-15	817	260	838	791	98%
Mobile Climate Control	4	2	-2	688	507	501	661	100%
SB Seating	11	2	23	1,180	689	471	1,096	85%
Stofa ⁵⁾	23	28	95	692	519	429	689	99%

^{A)} Earnings with restored interest expenses on shareholder loan.

^{B)} Depreciation includes depreciation and impairment of property, plant and equipment as well as internally generated and directly acquired intangible assets. Depreciation and impairment are included in EBITA.

^{C)} Investments excluding company acquisitions.

^{D)} Cash flow refers to cash flow from operating activities including paid interest and investing activities before acquisition and disposal of companies.

^{E)} Equity includes shareholder loan. Interest-bearing debt excludes shareholder loan.

¹⁾ AH Industries' earnings and average number of employees in 2010 are pro forma taking the acquisition of RM Group into account.

²⁾ Biolin Scientific's earnings for 2011 are pro forma taking new group structure into account. Statement of cash flows refers to Biolin Scientific AB group.

³⁾ HL Display's earnings for 2010 are pro forma taking the refinancing in August 2010 into account.

⁴⁾ KVD Kvarndammen's earnings for 2010 are pro forma taking Ratos's acquisition into account.

⁵⁾ Stofa's earnings and average number of employees for 2010 are pro forma taking Ratos's acquisition into account.

Telephone conference
5 May
10.00 CET

+46 8 505 201 10

Listen to
CEO Arne Karlsson's
comments on
this report at
www.ratos.se

Financial calendar

2011

19 Aug Interim report Jan-June

9 Nov Interim report Jan-Sept

Stockholm, 5 May 2011
Ratos AB (publ)



Arne Karlsson
CEO

For further information, please contact:

Arne Karlsson, CEO, +46 8 700 17 00

Emma Rheborg, Head of Corporate Communications and IR, +46 8 700 17 20

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

This information is disclosed pursuant to the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act or requirements stipulated in the listing agreement.

Consolidated income statement

SEKm	2011 Q 1	2010 Q 1	2010
Net sales	6,875	6,370	27,953
Other operating income	77	65	376
Change in inventories	158	88	27
Raw materials and consumables	-2,701	-2,420	-10,411
Employee benefit costs	-2,350	-2,187	-8,941
Depreciation and impairment of property, plant and equipment and intangible assets	-267	-234	-1,050
Other costs	-1,422	-1,356	-6,097
Remeasurement HL Display			140
Capital gain from the sale of group companies			774
Capital gain from the sale of associates	486		537
Share of profits of associates	-4	50	253
Operating profit	852	376	3,561
Financial income	66	81	253
Financial expenses	-219	-210	-946
Net financial items	-153	-129	-693
Profit before tax	699	247	2,868
Tax	-72	-90	-455
Profit for the period	627	157	2,413
Profit for the period attributable to:			
Owners of the parent	611	129	2,255
Non-controlling interests	16	28	158
Earnings per share, SEK			
– before dilution	3.84	0.81	14.18
– after dilution	3.83	0.81	14.15

Consolidated statement of comprehensive income

SEKm	2011 Q 1	2010 Q 1	2010
Profit for the period	627	157	2,413
Other comprehensive income:			
Translation differences for the period	-172	-435	-1,153
Change in hedging reserve for the period	43	11	95
Tax attributable to other comprehensive income	-11	-3	-22
Other comprehensive income for the period	-140	-427	-1,080
Total comprehensive income for the period	487	-270	1,333
Total comprehensive income for the period attributable to:			
Owners of the parent	482	-213	1,352
Non-controlling interests	5	-57	-19

Summary consolidated statement of financial position

SEKm	31 March 2011	31 March 2010	31 Dec 2010
ASSETS			
Non-current assets			
Goodwill	20,126	18,217	20,304
Other intangible assets	1,597	1,786	1,621
Property, plant and equipment	3,958	3,604	4,050
Financial assets	791	2,698	808
Deferred tax assets	601	505	632
Total non-current assets	27,073	26,810	27,415
Current assets			
Inventories	2,883	2,804	2,884
Current receivables	6,090	5,781	6,291
Cash and cash equivalents	3,640	4,498	2,855
Assets held for sale			1,318
Total current assets	12,613	13,083	13,348
Total assets	39,686	39,893	40,763
EQUITY AND LIABILITIES			
Equity including non-controlling interests	16,682	16,384	16,465
Non-current liabilities			
Interest-bearing liabilities	10,606	11,602	10,923
Non-interest bearing liabilities	357	472	405
Pension provisions	410	416	412
Other provisions	528	627	431
Deferred tax liabilities	757	764	778
Total non-current liabilities	12,658	13,881	12,949
Current liabilities			
Interest-bearing liabilities	2,446	2,110	2,872
Non-interest bearing liabilities	7,255	6,976	7,851
Provisions	645	542	626
Total current liabilities	10,346	9,628	11,349
Total equity and liabilities	39,686	39,893	40,763

Summary statement of changes in consolidated equity

SEKm	31 March 2011			31 March 2010			31 Dec 2010		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
Opening equity	15,091	1,374	16,465	15,302	1,500	16,802	15,302	1,500	16,802
Adjusted for changed accounting principle				-25		-25	-25		-25
Adjusted equity	15,091	1,374	16,465	15,277	1,500	16,777	15,277	1,500	16,777
Total comprehensive income for the period	482	5	487	-213	-57	-270	1,352	-19	1,333
Dividend		-98	-98		-5	-5	-1,512	-23	-1,535
New issue							43	145	188
Transfer of treasury shares (at acquisitions) in associates				10		10	10		10
Purchase of treasury shares							-34		-34
Transfer of treasury shares (exercise of call options)	88		88	80		80	80		80
Option premiums							9		9
Redemption of convertible programme in associates							-8		-8
Acquisition of non-controlling interests	-144	-116	-260		-208	-208	-117	-234	-351
Disposal of non-controlling interests				-1	1			1	1
Redemption of options in subsidiary							-9		-9
Non-controlling interests at acquisition								32	32
Non-controlling interests in disposals								-28	-28
Closing equity	15,517	1,165	16,682	15,153	1,231	16,384	15,091	1,374	16,465

Consolidated statement of cash flows

SEKm	2011 Q 1	2010 Q 1	2010
Operating activities			
Profit before tax	699	247	2,868
Adjustment for non-cash items	-218	244	-621
	481	491	2,247
Income tax paid	-72	-58	-250
Cash flow from operating activities before change in working capital	409	433	1,997
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-7	-2	-2
Increase (-)/Decrease (+) in operating receivables	220	85	254
Increase (+)/Decrease (-) in operating liabilities	-804	-708	-429
Cash flow from operating activities	-182	-192	1,820
Investing activities			
Acquisition, group companies	-100	-236	-2,032
Disposal, group companies	7	186	1,118
Acquisition, shares in associates			-488
Disposal, shares in associates	1,873	3	858
Acquisition, other intangible/tangible assets	-209	-183	-710
Disposal, other intangible/tangible assets	26	14	76
Investment, financial assets	-17	-26	-67
Disposal, financial assets	49	10	31
Cash flow from investing activities	1,629	-232	-1,214
Financing activities			
Purchase of treasury shares			-34
Exercise of options	47	80	71
Option premiums	9		8
Acquisition of non-controlling interests (minority)	-167	-77	-271
Dividend paid			-1,512
Dividend paid/redemption, non-controlling interests		-5	-23
Loans raised	405	400	987
Amortisation of loans	-954	-453	-1,880
Cash flow from financing activities	-660	-55	-2,654
Cash flow for the period	787	-479	-2,048
Cash and cash equivalents at beginning of the year			
	2,855	4,999	4,999
Exchange differences in cash and cash equivalents	-2	-22	-96
Cash and cash equivalents at the end of the period	3,640	4,498	2,855

Consolidated key figures

	2011 Q 1	2010 Q 1	2010
Return on equity, %			15
Equity ratio, %	42	41	40
Key figures per share			
Total return, %	0	29	40
Dividend yield, %			4.2
Market price, SEK	249.20	239.50	249.00
Dividend, SEK			10.50
Equity attributable to owners of the parent, SEK	97	95	95
Earnings per share before dilution, SEK	3.84	0.81	14.18
Average number of shares outstanding			
– before dilution	159,266,900	158,722,372	159,067,460
– after dilution	159,628,044	159,127,665	159,376,350
Total number of registered shares			
Number of shares outstanding	162,070,448	161,852,892	162,070,448
– of which A shares	159,817,807	159,191,845	159,237,307
– of which B shares	42,318,530	42,328,530	42,323,530
	117,499,277	116,863,315	116,913,777

Parent company income statement

SEKm	2011 Q 1	2010 Q 1	2010
Other operating income			104
Other external costs	-20	-45	-139
Personnel costs	-36	-30	-167
Depreciation of property, plant and equipment	-1	-1	-5
Other operating expenses		-2	
Operating profit/loss	-57	-78	-207
Capital gain from sale of participations in group companies			932
Dividends from group companies	537	3	93
Impairment of shares in group companies			-4
Reversed impairment of shares in group companies	37		
Capital gain from sale of interests in associates	77		737
Dividends from associates			12
Impairment of interests in associates			-3
Result from other securities and receivables accounted for as non-current assets	46	35	116
Other interest income and similar profit/loss items	6	3	7
Interest expenses and similar profit/loss items	-20	-6	-75
Profit/loss after financial items	626	-43	1,608
Tax	-	-	-
Profit/loss for the period	626	-43	1,608

Parent company statement of comprehensive income

SEKm	2011 Q 1	2010 Q 1	2010
Profit/loss for the period	626	-43	1,608
Other comprehensive income:			
Change in fair value reserve for the period	-3	-7	-21
Other comprehensive income for the period	-3	-7	-21
Comprehensive income for the period	623	-50	1,587

Summary parent company balance sheet

SEKm	31 March 2011	31 March 2010	31 Dec 2010
ASSETS			
Non-current assets			
Property, plant and equipment	86	89	87
Financial assets	12,761	11,326	13,711
Total non-current assets	12,847	11,415	13,798
Current assets			
Current receivables	670	151	43
Cash and cash equivalents	1,576	2,502	420
Total current assets	2,246	2,653	463
Total assets	15,093	14,068	14,261
EQUITY AND LIABILITIES			
Equity	14,204	13,351	13,493
Non-current provisions			
Pension provisions	2	2	2
Other provisions	31	135	31
Non-current liabilities			
Interest-bearing liabilities, group companies	631	200	272
Non-interest bearing liabilities	73	86	99
Current provisions			
Current liabilities			
Interest-bearing liabilities, group companies			184
Non-interest bearing liabilities	152	294	180
Total equity and liabilities	15,093	14,068	14,261
Pledged assets and contingent liabilities	none	none	none

Summary statement of changes in parent company's equity

SEKm	31 March 2011	31 March 2010	31 Dec 2010
Opening equity	13,493	13,321	13,321
Comprehensive income for the period	623	-50	1,587
Dividend			-1,512
Purchase of treasury shares			-34
New issue			43
Transfer of treasury shares (exercise call options)	88	80	80
Option premiums			8
Closing equity	14,204	13,351	13,493

Parent company cash flow statement

SEKm	2011 Q 1	2010 Q 1	2010
Operating activities			
Profit/loss before tax	626	-43	1,608
Adjustment of non-cash items	-685	-4	-1,759
	-59	-47	-151
Income tax paid	-	-	-
Cash flow from operating activities before change in working capital	-59	-47	-151
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables	1	-12	-11
Increase (+)/Decrease (-) in operating liabilities	19	-28	-125
Cash flow from operating activities	-39	-87	-287
Investing activities			
Investment, shares in subsidiaries	-222	-257	-2,513
Sale and redemption, shares in subsidiaries	596	19	1,489
Investment, shares in associates and other holdings			-484
Disposal, shares in associates and other holdings	548		855
Acquisition, property, plant and equipment		-1	-2
Investment, financial assets	-110	-31	-40
Disposal, financial assets	43		80
Cash flow from investing activities	855	-270	-615
Financing activities			
Purchase of treasury shares			-34
Transfer of treasury shares (exercise call options)	88	80	80
Option premiums	2		8
Redemption incentive programme	-40		
Dividends paid			-1,512
Loans raised in group companies	290	3	4
Cash flow from financing activities	340	83	-1,454
Cash flow for the period	1,156	-274	-2,356
Cash and cash equivalents at the beginning of the year	420	2,776	2,776
Cash and cash equivalents at the end of the period	1,576	2,502	420

Operating segments

SEKm	Sales			EBT ¹⁾		
	2011 Q 1	2010 Q 1	2010	2011 Q 1	2010 Q 1	2010
Holdings						
AH Industries	221	94	611	14	-7	-24
Anticimex	448	432	1,856	23	20	127
Arcus-Gruppen	381	405	1,944	-12	-21	135
Biolin Scientific ²⁾	25			1		
Bisnode	1,052	1,162	4,451	25	98	274
Camfil ³⁾					23	99
Contex Group	171	178	750	19	15	43
DIAB	291	355	1,396	10	44	149
EuroMaint	949	846	3,532	0	-40	-165
GS-Hydro	239	319	1,244	-15	10	-27
Hafa Bathroom Group	101	120	424	3	21	37
Haglöfs ⁴⁾		163	289		18	5
HL Display ⁵⁾	415		662	12	7	13
Inwido	1,000	1,098	5,149	14	5	328
Jøtul	208	206	1,044	-9	-14	25
KVD Kvarndammen ²⁾	66			9		
Lindab				-7	-3	38
Medisize	283	293	1,079	33	28	95
Mobile Climate Control	203	226	902	9	22	71
SB Seating	334	327	1,203	30	32	87
Stofa ⁶⁾	340		600	40		44
Superfos ⁷⁾					15	65
Total	6,727	6,224	27,136	199	273	1,419
Exit Camfil				586		
Exit Superfos				-100		
Exit Haglöfs						783
Exit Lindab						537
Exit result	0	0	0	486	0	1,320
Remeasurement HL Display						140
Holdings total	6,727	6,224	27,136	685	273	2,879
Central income and expenses	147	146	817	14	-26	-11
Group total	6,875	6,370	27,953	699	247	2,868

¹⁾ Subsidiaries' earnings included with 100% and associates' earnings with respective holding percentage.

²⁾ Biolin Scientific and KVD Kvarndammen were acquired at the end of December 2010 and are not included in consolidated earnings for 2010.

³⁾ Camfil was sold at the beginning of January and is not included in consolidated earnings for 2011. Until the sale Camfil was recognised among Assets held for sale.

⁴⁾ Haglöfs is included in consolidated earnings until the end of July 2010. The entire holding was sold in August 2010.

⁵⁾ HL Display is included with 29% through May 2010, with 61% in June and July and subsequently with 99%.

⁶⁾ Stofa is included in the Group from August 2010.

⁷⁾ Superfos was recognised among Assets held for sale until it was sold in February and is therefore not included in consolidated earnings for 2011.

Accounting principles in accordance with IFRS

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

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

The accounting principles and basis of calculation are the same as those applied for the Group and the parent company in preparation of the most recent annual report. IFRS requires uniform accounting principles within a group.

New accounting principles for 2011

The revised IFRS standards and interpretations from IFRIC which come into force in 2011 are not assessed as having any material effect on the performance, financial position or disclosures of the Group or parent company.

Significant accounting and valuation principles

A brief summary of Ratos's key accounting principles is provided below.

Business combinations

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements are applied to acquisitions of subsidiaries. How an acquisition/disposal is recognised in the accounts depends on the size of the share acquired/sold.

- In the event ownership in the company exists, without this providing a controlling interest, when a controlling interest is obtained in the acquired company a remeasurement is performed at fair value whereby profit/loss is recognised in profit or loss for the year. In a corresponding manner a disposal, which results in a loss of control, is recognised as a capital gain or loss from the disposal while the remaining share in the company is remeasured at fair value.
- Acquisitions that take place after control has been obtained or in the event of a disposal when control remains, are regarded as owner transactions, whereby any changes are recognised in equity.
- Contingent considerations will be measured at fair value on the transaction date and in cases where the contingent consideration results in a liability it will be remeasured at fair value on each accounting date.

Remeasurement is recognised as income/expense in profit or loss for the year.

- Transaction costs that arise in conjunction with an acquisition are expensed immediately.
- For business combinations there are two alternative methods for recognising goodwill, either full or a proportionate share of goodwill. The choice between these two methods will be made individually for every acquisition.

Purchase price allocations

Purchase price allocations (PPAs) are preliminary until adopted, which must take place within 12 months from the acquisition. In cases where a PPA is changed, income statements and balance sheets are adjusted for the comparative period when appropriate.

Goodwill and intangible assets

IFRS represents a requirement to identify and measure intangible assets at acquisition. To the extent intangible assets can be identified goodwill decreases correspondingly. Goodwill is not amortised but is subject to an annual test for impairment. Other intangible assets are amortised to the extent that an amortisation period can be determined. In such cases, testing for impairment is only carried out when there is an indication of a decline in value. If the amortisation period cannot be determined and amortisation is therefore not effected, an annual impairment test must be performed regardless of whether or not there is any indication of impairment.

When testing for impairment, goodwill and other intangible assets with an indeterminable useful life are attributable to cash-generating units, which in Ratos's case constitute separate subsidiaries (holdings). All holdings' carrying amounts, including the value of goodwill and intangible non-current assets, attributable to the acquisition are tested by calculating the recoverable amount for the holdings. Holdings are tested for impairment annually regardless of whether or not there is any indication of impairment. Testing is conducted between annual periods if there is any indication of impairment.

Business combinations

Acquisitions

Acquisition after the end of the period

Ratos has acquired 98.4% of the shares in the Finnish movie theatre group Finnkinno Oy from the media group Sanoma. Consideration transferred (Enterprise Value) is expected to amount to EUR 94.3m (approximately SEK 840m), of which Ratos will provide equity of EUR 45m (SEK 402m). The acquisition was completed in April.

Acquisitions in group companies

Bisnode acquired four Creditinfo Schufa companies in the Czech Republic, Slovakia and Poland which operate within credit and business information solutions. Bisnode also acquired 51% of Vendemore Nordic AB and Poslovna Domena in Croatia. The total consideration transferred for these acquisitions amounted to SEK 82m. The acquired companies are included in consolidated sales for the period with SEK 4m and in loss before tax with SEK 1m. For the period January to March sales amounted to SEK 4m and loss before tax was SEK 1m. Acquisition-related costs amounted to SEK 1m for the period and are recognised as other operating expenses in consolidated profit or loss.

PPA for acquisitions within the Bisnode Group are shown in the table below.

Purchase price allocation (PPA)

SEKm	Bisnode
Intangible assets	10
Property, plant and equipment	1
Deferred tax asset	
Current assets	10
Cash and cash equivalents	1
Current liabilities	-19
Net identifiable assets and liabilities	3
Consolidated goodwill	79
Consideration transferred	82

Since all PPAs are preliminary, fair value has not been finally identified for all items.

Acquisitions in group companies after the end of the reporting period

Ratos's subsidiary Mobile Climate Control (MCC) concluded an agreement in March to acquire Carrier's bus AC operations in North America and the acquisition was completed in April. Consideration transferred (Enterprise Value) amounted to USD 32.1m (approximately SEK 200m) whereby Ratos provided capital corresponding to SEK 114m.

In February, Bisnode concluded an agreement to acquire the credit information company Lindorff Decision and 90.1% of the market information company Lindorff Match in Norway. Consideration transferred (Enterprise Value) is expected to amount to approximately SEK 240m and will be financed with funds available in Bisnode. The acquisition is subject to approval from the competition authorities.

In April, Inwido signed an agreement to acquire the Danish window manufacturer Pro Tec Vinduer. The acquisition is subject to approval from the relevant competition authorities.

Disposals

In November 2010, Ratos concluded an agreement with the principal owners, the Larson and Markman families, on a sale of the associated company Camfil. Consideration transferred amounted to SEK 1,325m and Ratos's capital gain (exit gain) amounted to SEK 586m. The sale was completed in January 2011.

Ratos and co-owner IK Investment Partners concluded an agreement in December 2010 on the sale of all the shares in Superfos Industries A/S. The sale was completed in February and Ratos's share of the consideration transferred amounted to EUR 63m (SEK 548m) and the capital loss for Ratos (exit result) was SEK -100m.



Ratos AB (publ) Drottninggatan 2 Box 1661 SE-111 96 Stockholm
Tel +46 8 700 17 00 www.ratos.se Reg. no. 556008-3585