

## **Statement by the Board of Directors pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act (item 11)**

### **Nature, extent and risks of operations**

The nature and scope of the Company's operations are specified in the Articles of Association and published annual reports. The operations conducted in the Company and group companies do not give rise to risks in addition to what occurs or can be expected to occur in the sectors concerned or the risks that are in general inherent when conducting business activities. With regard to significant events, reference is made to what is stated in the directors' report in the most recent annual report. In addition to this, no events have occurred that have a negative impact on the Company's ability to transfer values to its shareholders. The Company's dependence on the business cycle does not deviate from that which exists within the sectors concerned.

### **Financial position of the Company and the Group**

The financial position of the Company and the Group at 31 December 2014 is presented in the most recent annual report. Furthermore, the principles applied for valuation of assets, provisions and debt are presented in the annual report.

In the proposed distribution of profit the Board proposes a dividend of SEK 3.25 per Class A share and SEK 3.25 per Class B share and, prior to the 2016 Annual General Meeting, a quarterly dividend of SEK 25 per Class C preference share, although a maximum of SEK 100. The total dividend on Class A shares, outstanding Class B shares and outstanding Class C preference shares amounts to SEK 1,120 million based on the number of shares at 19 February 2015.

The Board further proposes a dividend on Class C and/or Class D preference shares which may be issued by the Board, pursuant to the authorisation for new issue proposed to the Annual General Meeting, as follows<sup>1</sup>. For each Class C and/or Class D preference share, which may be issued prior to the 2016 Annual General Meeting, a dividend shall be paid quarterly in an amount of SEK 25 prior to the Annual General Meeting 2016, although a maximum of SEK 100. Dividends on additional preference shares, in the event of maximum utilisation of the proposed new issue authorisation, will amount to a maximum of SEK 125 million.

In addition, the Board proposes authorisation for the Board to purchase treasury shares of Class A, Class B, Class C preference shares and Class D preference shares that may be issued prior to the next Annual General Meeting. In the event of full utilisation of the proposed repurchase mandate for purchase of Class B treasury shares the value transfer would correspond to approximately SEK 1,016 million calculated on the market price on 19 February 2015. In the event the mandate should be fully utilised with the present share structure, and thereby all Class C shares are repurchased and to the remaining part Class B shares, the value transfer would correspond to approximately SEK 2,590 million calculated on the market price at 19 February 2015.

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<sup>1</sup> The issue of Class C and/or Class D preference shares pursuant to the new issue authorisation is conditioned on the Annual General Meeting resolving in accordance with the Board's proposal on the new issue authorisation. The issue of Class D preference shares is also conditioned on the Annual General Meeting resolving on amendments to the Articles of Association. Ratos Annual General Meeting 2015

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

Consolidated equity attributable to owners of the parent at 31 December 2014 amounted to SEK 14,027 million and the parent company's unrestricted equity amounted to SEK 10,096 million. Unrealised gains constitute an insignificant part of the company's and Group equity.

Presentations in the annual report include that the Company's equity ratio amounts to 88 per cent (84) and consolidated equity to 46 per cent (41). The Company has, including agreed credit limits, access to substantial cash and cash equivalents. The financial position of the Company and the Group is strong. The proposed value transfers (dividend and possible repurchase) do not jeopardise the completion of investments regarded as necessary.

The value transfers do not affect the ability of the Company and the Group to meet existing and anticipated payment obligations at the right time. The liquidity forecasts of the Company and the Group include preparedness to manage variations in current payment obligations.

The financial position of the Company and the Group does not give rise to any assessment other than that the Company and the Group can continue their operations and the Company and the Group can be expected to meet their obligations in the short and long term.

In the opinion of the Board, the size of equity as reported in the most recent annual report is in reasonable proportion to the scope of the Company's activities and the risks inherent with conducting the business taking the value transfers now proposed into account.

### **Defensibility of the proposed dividend**

With reference to the above, and to other information that has come to the knowledge of the Board of Directors, it is the opinion of the Board that the financial position of the Company and the Group means that the proposed value transfers are defensible with reference to the demands that the nature, scope and risks, including effects of the macroeconomic situation, of the Company's operations place on the size of the Company's and the Group's equity, and on the Company's and the Group's consolidation needs, liquidity and position in general.

Stockholm, February 2015

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*Board of Directors*