

# Interim report

## January – June 2011

# Q2

- **Profit before tax SEK 889m (597)**
- **Earnings per share before dilution SEK 2.18 (1.07)**
- **Mixed development in the holdings**
- **Acquisition of Finnkino**
- **Dividends in Anticimex and Arcus-Gruppen**
- **Exits of Camfil and Superfos completed – total exit gain SEK 487m**
- **Medisize sold after the end of the period – exit gain SEK 40m**
- **Total return on Ratos shares 2%**

### Ratos in summary

SEKm	2011 Q 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010
Profit/share of profits	202	375	401	648	1,419
Total profit/share of profits	202	375	401	648	1,419
Exit gains	1		487		1,320
Remeasurement					140
Profit from holdings	203	375	888	648	2,879
Central income and expenses	-13	-25	1	-51	-11
Profit before tax	190	350	889	597	2,868

### Important events

- A share split was implemented in May where each share was divided into two shares. The record date at Euroclear Sweden was 6 May
- In May, Bo Jungner was appointed Deputy CEO at Ratos, with responsibility for finance, administration and compliance. Bo will also continue to work with Ratos's holdings as an Investment Director. Ratos's CFO Carina Strid has chosen to leave her position at the end of September. Kristina Linde has been appointed as the new Head of Accounting
- Acquisition of the Finnish movie theatre group Finnkino was completed in April. The purchase price (Enterprise Value) amounted to EUR 96.4m (approximately SEK 860m), of which Ratos provided equity of EUR 45m (SEK 402m). Ratos's holding amounts to 98%. The seller was the media group Sanoma
- In April, Ratos's subsidiary Mobile Climate Control (MCC) completed its acquisition of Carrier's bus AC operations in North America for a purchase price (Enterprise Value) of USD 32.1m (SEK 227m). 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. The refinancing was made possible by the company's favourable development in recent years

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RATOS

- In March, a refinancing was carried out in Arcus-Gruppen totalling NOK 220m and in conjunction with this NOK 140m was distributed to the company's owners, of which Ratos's share amounted to NOK 117m (SEK 132m). 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 -99m and an average annual return (IRR) of approximately 2%
- The acquisition of and public offer for Biolin Scientific were completed in February. Ratos's holding amounts to 98% and the purchase price amounted to SEK 298m, of which SEK 269m was paid in 2010. 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%
- During the period, add-ons and divestments were carried out in holdings including Arcus-Gruppen, Bisnode and Inwido
- In July, Ratos's subsidiary Biolin Scientific signed an agreement to acquire the Danish company Sophion Bioscience. The seller was NeuroSearch and a number of venture capital companies. The purchase price (Enterprise Value) for 100% of the company amounted to approximately DKK 145m (SEK 175m) with an additional DKK 10m which relates to sales milestones in 2011/12. Ratos provided approximately SEK 65m in conjunction with this acquisition. The acquisition was completed in August
- In July, Ratos's subsidiary Arcus-Gruppen signed an agreement to acquire 51% of the shares in the Norwegian wine wholesaler Excellars. The purchase price (Enterprise Value) for 51% amounts to NOK 65m (approximately SEK 75m). The seller is Geir Eikeland via Exworks AS. The acquisition is subject to approval from the relevant competition authorities and is expected to be completed in September
- In July, Ratos's subsidiary Stofa, in consultation with the seller Telenor, decided to terminate the acquisition process for Canal Digital's Danish cable TV operations, in view of the fact that the chances of obtaining approval from the competition authority were low
- In July, Ratos's subsidiary Inwido decided to pay a dividend totalling SEK 301m whereby Ratos received SEK 290m. The dividend was made possible by the company's favourable development in recent years

#### Events after the end of the period

- In July, Ratos signed an agreement to sell Medisize to Phillips Plastics. The selling price for 100% of the shares amounted to approximately EUR 99.8m (SEK 920m). Ratos's exit gain amounts to approximately SEK 40m and the average annual return (IRR) was 4%. The sale was completed in August

More information about important events in the holdings is provided on pages 7-13.

#### CEO comments

Global development in recent weeks has shown that 2011 is a "Make Or Break" year in which many and major issues must be solved. Naturally, uncertainty and the difficulty in assessing future development have increased, but we still believe it will resolve itself, i.e. "Becomes Make" <sup>\*)</sup>. In our assessment for the full year we already declared our expectation for a weaker first half and a stronger second half. It must be admitted, however, that development during the first six months has been more turbulent and overall somewhat weaker than we anticipated. A slightly more positive picture is hiding, however, beneath the aggregate figures when the individual holdings are analysed, and conditions exist for a positive earnings performance in the holdings for 2011 provided that our macro forecast holds.



Arne Karlsson

<sup>\*)</sup> Ratos's macro scenario for 2011 is MOBBM, Make Or Break Becomes Make.

Further CEO comments at [www.ratos.se](http://www.ratos.se)

## Business environment and market

Ratos's macroeconomic scenario for 2011 was summarised in the acronym MOBBM, i.e. Make Or Break Becomes Make. The background to this acronym is that 2011 was expected to be a decisive year for the world, when many major questions needed to be solved. The three key issues we highlighted were:

- the euro crisis must be solved through political, proactive measures during the first half of the year otherwise the markets would revolt and force through a solution (alternatively a dissolution of the monetary union)
- the oil price must not be allowed to reach levels that are too high since this could break the fragile, global economic recovery in which we still find ourselves
- the US must enter a self-sustaining economic upturn, otherwise there was a risk of a multi-year "Japanese" deflationary scenario with dramatic consequences for the global economy.

So the world faced and still faces a Make Or Break year – and our working hypothesis was and 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 far from self-evident – on the contrary, the risks are numerous and major. In this context we made a comparison with hiking the final stretch up the Kebnekaise mountain, where the route follows a narrow, icy and snowy mountain crest. Provided you can balance on the crest, you are in a relatively pleasant place but all it takes is a few false steps and on the one side it is extremely steep and on the other side even worse. So the distance between something pleasant and a total catastrophe is very short and in such an environment it is entirely logical that the financial markets are extremely volatile, i.e. tossed between hope and despair.

For this reason it is essential to constantly monitor global economic development and to be prepared to make continuous adjustments to the business environment scenario if required. 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 the year started with a relatively weak, or even volatile, first quarter. This was due to the severe winter and also to the general weak development in many areas. The sharp swings continued during the second quarter with months, geographic areas and sectors fluctuating between strong and weak demand. Taken overall the second quarter was also relatively weak at an aggregate level, although with considerably more positive signs than during the first quarter.

In our assessment for the full year we already declared our expectation for a weaker first half and a stronger second half. It must be admitted, however, that development during the first six months has been more turbulent and taken overall somewhat weaker than we anticipated.

Combined sales for the underlying portfolio of companies decreased in the first half of the year by 3% compared with the previous year. Taking Ratos's ownership stakes into account, sales decreased by 4%. Corresponding figures for operating profit (EBITA) were -14% and -15% respectively and for profit before tax -30% and -30% respectively.

A somewhat more positive picture is hiding, however, beneath the aggregate figures when the individual holdings are analysed. Development for five holdings during the first half of the year is designated as strong/surprisingly positive, for nine holdings as stable while five of the portfolio companies showed a negative performance. These five accounted for most of the total decline in earnings (EBITA) in the first half of the year as well as for more than the entire lower earnings during the second quarter (in the second quarter operating profit for the other 14 holdings increased by 3%).

The turbulent situation in the global economy and in the financial markets has naturally increased uncertainty and made future development more difficult to assess. Provided our main macroeconomic scenario, as set out above, holds true we continue to expect that conditions will exist for a positive earnings development in the holdings in 2011.

### Performance Ratos's holdings

	2011 Q 1-2	
	100%	Ratos's share
Sales	-3%	-4%
EBITA	-14%	-15%
EBT	-30%	-30%
	2011 Q 2	
	100%	Ratos's share
Sales	-3%	-4%
EBITA	-11%	-18%
EBT	-27%	-37%

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](http://www.ratos.se).

## Ratos's results

Profit before tax for the first half of 2011 amounted to SEK 889m (597). The higher result is explained by the sale of Camfil and Superfos. Earnings include profit/share of profits from the holdings of SEK 401m (646) and exit gains of SEK 487m (0).

### Central income and expenses

Ratos's central income and expenses amounted to SEK +1m (-49), of which personnel costs in Ratos AB amounted to SEK 81m (88). The variable por-

tion of personnel costs amounted to SEK 33m (35). Other management costs were SEK 56m (77). Net financial items amounted to SEK +138m (+116).

### 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 1-2	2010 Q 1-2	2010
<b>Profit/share of profits before tax <sup>1)</sup></b>			
AH Industries (69%)	5	-4	-24
Anticimex (85%)	56	58	127
Arcus-Gruppen (83%)	7	3	135
Biolin Scientific (98%) <sup>2)</sup>	-1		
Bisnode (70%)	33	119	274
Camfil (30%) <sup>3)</sup>		57	99
Contex Group (99%)	31	30	43
DIAB (95%)	39	91	149
EuroMaint (100%)	-54	-70	-165
Finnkino (98%) <sup>4)</sup>	-2		
GS-Hydro (100%)	-17	32	-27
Hafa Bathroom Group (100%)	-3	32	37
Haglöfs (100%) <sup>5)</sup>		9	5
HL Display (99%) <sup>6)</sup>	28	17	13
Inwido (96%)	143	138	328
Jøtul (61%)	-48	-52	25
KVD Kvarndammen (100%) <sup>2)</sup>	17		
Lindab (11%)	4	7	38
Medisize (98%)	53	54	95
Mobile Climate Control (100%)	13	37	71
SB Seating (85%)	33	51	87
Stofa (99%) <sup>7)</sup>	64		44
Superfos (33%) <sup>8)</sup>		37	65
<b>Total profit/share of profits</b>	<b>401</b>	<b>646</b>	<b>1,419</b>
Exit Camfil	586		
Exit Superfos	-99		
Exit Haglöfs			783
Exit Lindab			537
<b>Total exit result</b>	<b>487</b>	<b>0</b>	<b>1,320</b>
Remeasurement HL Display			140
<b>Profit from holdings</b>	<b>888</b>	<b>646</b>	<b>2,879</b>
<b>Central income and expenses</b>			
Management costs	-137	-165	-213
Financial items	138	116	202
<b>Consolidated profit before tax</b>	<b>889</b>	<b>597</b>	<b>2,868</b>

<sup>1)</sup> Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

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

<sup>3)</sup> 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.

<sup>4)</sup> Finnkino is included in the Group from May 2011.

<sup>5)</sup> Haglöfs is included in consolidated profit through July 2010. The entire holding was sold in August 2010.

<sup>6)</sup> HL Display included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

<sup>7)</sup> Stofa is included in the Group from August 2010.

<sup>8)</sup> 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 +31m (-909) and consolidated cash and cash equivalents at the end of the period amounted to SEK 2,076m (2,198), of which short-term interest-bearing investments accounted for SEK 2m (5). Interest-bearing liabilities including pension provisions amounted to SEK 15,194m (13,912).

### Parent company

The parent company's profit before tax amounted to SEK 631m (-11). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 1m (446). Taking into account financial transactions agreed but not yet carried out, at 19 August Ratos has a net liquidity of approximately SEK 950m. In addition, there is an existing credit facility of SEK 3.2 billion and authorisation from the 2011 Annual General Meeting to issue 35 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 and associates of SEK 553m (105). In April, Ratos provided capital to Mobile Climate Control amounting to SEK 114m for the acquisition of Carrier.

### Ratos shares

Earnings per share before dilution amounted to SEK 2.18 (1.07). The total return on Ratos shares in the first half of 2011 amounted to 2%, compared with the performance of the SIX Return Index which was -1%.

### Treasury shares and number of shares

638,845 shares were repurchased in the first half of 2011. The number of call options exercised corresponded to 1,161,000 shares. At the end of June, Ratos owned 5,144,127 B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 69.

A division of shares (share split) was implemented in May and each existing share was divided into two shares of the same share class. The record date at Euroclear Sweden was 6 May 2011 and the final trading day before the split was 3 May.

At 30 June the total number of shares in Ratos (A and B shares) amounted to 324,140,896 and the number of votes was 108,587,444. The number of outstanding shares was 318,996,769. The average number of B treasury shares in Ratos in the first half of the year was 5,063,379 (5,759,730 in 2010, adjusted for the share split).

## Ratos's equity <sup>1)</sup>

At 30 June 2011 Ratos's equity (attributable to owners of the parent) amounted to SEK 14,069m (SEK 15,517m at 31 March 2011), corresponding

to SEK 44 per outstanding share (SEK 48.50 at 31 March 2011, adjusted for the share split).

SEKm	30 June 2011	% of equity
AH Industries	632	5
Anticimex	555	4
Arcus-Gruppen	526	4
Biolin Scientific	293	2
Bisnode	1,340	10
Contex Group	939	7
DIAB	1,053	7
EuroMaint	593	4
Finnkino	406	3
GS-Hydro	-108	0
Hafa Bathroom Group	158	1
HL Display	1,032	7
Inwido	2,179	15
Jøtul	325	2
KVD Kvarndammen	373	3
Lindab	310	2
Medisize	845	6
Mobile Climate Control	772	5
SB Seating	1,140	8
Stofa	723	5
<b>Total</b>	<b>14,086</b>	<b>100</b>
Other net assets in central companies	-17	0
<b>Equity (attributable to owners of the parent)</b>	<b>14,069</b>	<b>100</b>
<b>Equity per share, SEK</b>	<b>44</b>	

<sup>1)</sup> 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. At the end of the period SEK 174m of the credit facility was utilised. At 19 August the credit facility was unutilised.

### 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 half of 2011, 5,000 A shares were converted to B shares.

# 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](http://www.ratos.se).

## AH Industries

- Sales SEK 443m (514) and EBITA SEK 19m (51)
- Continued weak earnings development in Wind Solutions due to temporary volume reductions for customers within Nacelle & Hub and a continued difficult market situation for Tower & Foundations
- Action programmes including employee cutbacks have been carried out and additional cost-saving measures are planned
- 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 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 632m at 30 June 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 936m (909) and EBITA SEK 104m (93)
- Continued favourable development particularly in Norway, Finland and Germany
- The EBITA margin amounted to 11.1% (10.3) for the first half of the year and sales increased by 5% adjusted for currency effects
- Refinancing of SEK 476m carried out in March, whereby Ratos received a cash payment of SEK 405m

Ratos's holding in Anticimex amounted to 85% and the consolidated book value in Ratos was SEK 555m at 30 June 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 884m (864) and EBITA SEK 38m (6)
- Good sales growth for wine in Sweden and Norway. Somewhat weaker sales of spirits in Norway due to raised alcohol tax
- Agreement signed to acquire 51% of the Norwegian wine wholesaler Excellars for NOK 65m (approximately SEK 75m) (Enterprise Value)
- Refinancing amounting to NOK 220m carried out. In conjunction with this NOK 140m was distributed to the company's owners, of which Ratos received NOK 117m (SEK 132m)

Ratos's holding in Arcus-Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 526m at 30 June 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 59m (70) and EBITA SEK 1m (4)
- Continued positive sales trend in the US but negative in Asia (primarily Japan and Korea) and in Europe. Currency effects had a negative impact on sales of approximately 10%
- An agreement was signed in July on acquisition of the Danish company Sophion Bioscience for approximately DKK 145m as well as an additional DKK 10m which relates to sales milestones in 2011/12. Ratos will provide approximately SEK 65m in conjunction with this acquisition. Acquisition completed in August

Ratos's holding in Biolin Scientific amounted to 98% and the consolidated book value in Ratos was SEK 293m at 30 June 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 universities, research institutes and the industrial sector.

### **Bisnode**

- Sales SEK 2,105m (2,273) and EBITA SEK 232m (242)
- Improved EBITA in the second quarter but continued weak organic sales development (-2% adjusted for currency effects)
- Credit Solutions, Software & Applications and Product Information continued to perform well. Weak development for companies within Marketing Solutions and as anticipated lower sales for SPAR-related products
- Continued strong cash flows
- The following acquisitions were made in the first half: Vendemore in Sweden, Lindorff Match and Lindorff Decision in Norway, four Creditinfo Schufa companies in the Czech Republic, Slovakia and Poland, and a 49% minority shareholding in the Swedish company Business Check

Ratos's holding in Bisnode amounted to 70% and the consolidated book value in Ratos was SEK 1,340m at 30 June 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 336m (366) and EBITA SEK 46m (57)
- Sales in local currency rose 6% in the first half of the year
- Sales in the subsidiary Z Corporation rose 17% in local currency. Stable performance for Contex A/S

Ratos's holding in Contex Group amounted to 99% and the consolidated book value in Ratos was SEK 939m at 30 June 2011.

The Danish company Contex Group is a world-leading developer and manufacturer of innovative 2D and 3D digital imaging solutions. The company has two operating areas: 2D Scanning and 3D Printing. 2D Scanning comprises Contex, the world's largest manufacturer of wide-format scanners, and Vidar Systems, the global market leader within digital medical imaging. 3D Printing comprises Z Corporation which manufactures 3D printers.



## DIAB

- Sales SEK 639m (718) and EBITA SEK 60m (108)
- Improved development during the second quarter following a weak start to the year due to a decline in demand in the wind segment and currency effects
- Weak profitability due to low sales volume and low capacity utilisation
- Good sales development within the segments Transport, Industry and Aerospace
- Anders Paulsson will not resign as CEO as announced earlier but has decided to continue

Ratos's holding in DIAB amounted to 95% and the consolidated book value in Ratos was SEK 1,053m at 30 June 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 1,810m (1,738) and EBITA SEK -7m (-20)
- Earnings were charged with increased costs for repairing winter damage to trains as well as write-downs within two rebuilding contracts amounting to SEK 32m in the second quarter
- Action programme initiated within EuroMaint Rail to reduce costs and raise efficiency
- Stronger order book and a continued high level of invitations to tender within EuroMaint Industry
- Ove Bergkvist, president of EuroMaint Rail since May, also appointed as the new CEO

Ratos's holding in EuroMaint amounted to 100% and the consolidated book value in Ratos was SEK 593m at 30 June 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.

## Finnkino

- Sales SEK 385m (430) and EBITA SEK 40m (48)
- Good development since Ratos's acquisition. In the second quarter revenues rose 8% compared with the previous year and the number of visits rose 7%
- Revenue from peripheral sales per visit rose 5%
- The most important movie during the period was Pirates of the Caribbean 4
- Ratos's acquisition was completed on 30 April

Ratos's holding in Finnkino amounted to 98% and the consolidated book value in Ratos was SEK 406m at 30 June 2011.

Finnkino is the largest movie theatre chain in Finland and the Baltic countries with 25 movie theatres and 161 screens with a total of approximately 30,000 seats. The company also conducts film distribution and some distribution of DVDs and video films. The movie theatre operations are conducted under the name Finnkino in Finland and Forum Cinemas in the Baltic countries.

## GS-Hydro

- Sales SEK 501m (669) and EBITA SEK 10m (47)
- Weaker sales due to downturn for the company's customers and a late-cyclical position. 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 the lower volume

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK -108m at 30 June 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 176m (229) and EBITA SEK -1m (32)
- Lower sales due to a terminated customer contract and weak market development in the second quarter
- Negative earnings development due to lower volume and costs related to aggressive marketing and construction of new product displays
- Significant new contracts concluded and under implementation which will gradually have a positive effect on the company's sales and earnings

Ratos's holding in Hafa Bathroom Group amounted to 100% and the consolidated book value in Ratos was SEK 158m at 30 June 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 824m (834) and EBITA SEK 46m (51)
- Sales rose 6% adjusted for currency effects. Good customer activity in most countries, primarily Southern Europe and Asia showed good growth
- Currency effects had a negative impact on EBITA of approximately SEK 25m

Ratos's holding in HL Display amounted to 99% and the consolidated book value in Ratos was SEK 1,032m at 30 June 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 2,350m (2,482) and EBITA SEK 182m (194)
- Positive sales development in local currency during the second quarter after a weak start to the year. Sales in the first half decreased by 1% in local currency. Good growth in the industry segment while consumer demand was cautious
- Acquisition of Danish window manufacturer Pro Tec completed in July
- In July, Inwido paid a dividend of SEK 301m, of which Ratos's share amounted to SEK 290m

Ratos's holding in Inwido amounted to 96% and the consolidated book value in Ratos was SEK 2,179m at 30 June 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 378m (385) and EBITA SEK -14m (-4)
- Sales increased by 7% in local currency. Good development in most market areas at the beginning of the year, but a weak end to the second quarter
- Earnings for the first half 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 325m at 30 June 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 134m (119) and EBITA SEK 23m (21)
- Positive development in the Swedish car market
- Stronger market share and increased revenue per item
- New mobile site launched (m.kvd.se)

Ratos's holding in KVD Kvarndammen amounted to 100% and the consolidated book value in Ratos was SEK 373m at 30 June 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 3,132m (2,949) and EBITA SEK 111m (119)
- Sales increased by 12% adjusted for currency effects and acquisitions. Price increases made a positive contribution to growth
- Good performance primarily in Eastern Europe and the Nordic region
- Operating EBITA amounted to SEK 125m (59)

Ratos's holding in Lindab amounted to 11% and the consolidated book value in Ratos was SEK 310m at 30 June 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, Mid Cap List.

### **Medisize**

- Sales SEK 551m (590) and EBITA SEK 60m (67)
- Sales rose 2% adjusted for currency effects
- Slightly lower volume than in the same period last year had a negative impact on profitability in the second quarter
- In July, Ratos signed an agreement to sell Medisize to Phillips Plastics. Ratos's exit gain amounts to approximately SEK 40m and the sale was completed in August

Ratos's holding in Medisize amounted to 98% and the consolidated book value in Ratos was SEK 845m at 30 June 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 482m (454) and EBITA SEK 27m (60)
- Acquisition completed 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)
- Increased sales as a result of acquisition. Sharp fall 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, higher raw material prices, a changed customer mix and non-recurring costs related to acquisitions

Ratos's holding in Mobile Climate Control amounted to 100% and the consolidated book value in Ratos was SEK 772m at 30 June 2011.

Mobile Climate Control (MCC) offers complete climate comfort systems for three main customer segments: buses, off road and military vehicles. Approximately 80% of the company's sales take place in North America and 20% in Europe. Major production plants are located in Toronto (Canada), Goshen (USA), Norrtälje (Sweden), and Wroclaw (Poland).

### SB Seating

- Sales SEK 624m (626) and EBITA SEK 116m (105)
- Sales in local currency increased in the first half of the year by 4%. Favourable development in Scandinavia and Germany. Continued weak development in the UK and Benelux
- Improved EBITA margin, 18% (17), due to increased volumes and completed improvement programmes

Ratos's holding in SB Seating amounted to 85% and the consolidated book value in Ratos was SEK 1,140m at 30 June 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 685m (717) and EBITA SEK 76m (72)
- Sales in local currency increased by 5% in the first half of the year and the EBITA margin rose to 11% (10). Increased sales of TV programmes and add-on services introduced in 2010 and 2011 had a positive impact on sales and profitability
- Fast subscriber growth for Stofa's telephony services
- Klaus Høeg-Hagensen new CEO from 1 August 2011
- The acquisition of Canal Digital's cable TV operations in Denmark was terminated in consultation with the seller Telenor since the probability of receiving approval from the competition authority was low

Ratos's holding in Stofa amounted to 99% and the consolidated book value in Ratos was SEK 723m at 30 June 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 30 June 2011

SEKm	Net sales			EBITA			EBT <sup>A)</sup>		
	2011 Q 1-2	2010 Q 1-2	2010	2011 Q 1-2	2010 Q 1-2	2010	2011 Q 1-2	2010 Q 1-2	2010
AH Industries <sup>1)</sup>	443	514	978	19	51	55	5	39	26
Anticimex <sup>2)</sup>	936	909	1,856	104	93	198	69	64	139
Arcus-Gruppen <sup>3)</sup>	884	864	1,944	38	6	156	2	-7	116
Biolin Scientific <sup>4)</sup>	59	70	142	1	4	12	-1	2	7
Bisnode	2,105	2,273	4,451	232	242	536	81	170	376
Contex Group	336	366	750	46	57	97	31	30	43
DIAB	639	718	1,396	60	108	188	40	91	149
EuroMaint	1,810	1,738	3,532	-7	-20	-67	-35	-54	-132
Finnkino <sup>5)</sup>	385	430	846	40	48	82	16	21	28
GS-Hydro	501	669	1,244	10	47	27	-17	32	-27
Hafa Bathroom Group	176	229	424	-1	32	38	-3	32	37
HL Display <sup>6)</sup>	824	834	1,617	46	51	66	28	37	29
Inwido	2,350	2,482	5,149	182	194	446	143	138	328
Jøtul	378	385	1,044	-14	-4	97	-25	-31	67
KVD Kvarndammen <sup>7)</sup>	134	119	239	23	21	32	17	17	22
Lindab	3,132	2,949	6,527	111	119	401	35	32	112
Medisize	551	590	1,079	60	67	109	53	54	95
Mobile Climate Control	482	454	902	27	60	112	13	37	71
SB Seating	624	626	1,203	116	105	197	83	98	180
Stofa <sup>8)</sup>	685	717	1,411	76	72	117	64	51	83
<b>Total</b>	<b>17,435</b>	<b>17,937</b>	<b>36,733</b>	<b>1,168</b>	<b>1,353</b>	<b>2,897</b>	<b>599</b>	<b>854</b>	<b>1,751</b>
<b>Change</b>		<b>-3%</b>			<b>-14%</b>			<b>-30%</b>	

SEKm	Depreciation <sup>B)</sup> 2011 Q 1-2	Investment <sup>C)</sup> 2011 Q 1-2	Cash flow <sup>D)</sup> 2011 Q 1-2	Equity <sup>E)</sup> 30 June 2011	Interest-bearing net debt <sup>E)</sup> 30 June 2011	Average no. employees 2010	Consolidated	Ratos's
							value 30 June 2011	holding 30 June 2011
AH Industries <sup>1)</sup>	27	13	-53	907	425	420	632	69%
Anticimex <sup>2)</sup>	20	-	0	627	848	1,204	555	85%
Arcus-Gruppen <sup>3)</sup>	17	-	0	659	124	452	526	83%
Biolin Scientific <sup>4)</sup>	3	1	-17	304	11	91	293	100%
Bisnode	61	57	169	2,358	2,395	3,080	1,340	70%
Contex Group	23	25	13	955	594	322	939	99%
DIAB	42	44	-40	1,199	846	1,327	1,053	95%
EuroMaint	30	18	-124	609	766	2,713	593	100%
Finnkino <sup>5)</sup>	32	-	0	413	391	620	406	98%
GS-Hydro	13	4	25	268	607	626	-108	100%
Hafa Bathroom Group	3	1	18	47	80	177	158	100%
HL Display <sup>6)</sup>	17	31	-45	1,127	528	1,102	1,032	99%
Inwido	57	39	-90	2,437	1,622	3,759	2,179	96%
Jøtul	28	38	-156	613	713	714	325	61%
KVD Kvarndammen <sup>7)</sup>	2	1	6	373	164	167	373	100%
Lindab	78	63	-73	2,758	2,043	4,454	310	11%
Medisize	22	24	-18	872	275	838	845	98%
Mobile Climate Control	8	3	32	799	565	501	772	100%
SB Seating	22	11	76	1,257	654	471	1,140	85%
Stofa <sup>8)</sup>	47	47	128	726	534	429	723	99%

<sup>A)</sup> Earnings with restored interest expenses on shareholder loan.

<sup>B)</sup> 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.

<sup>C)</sup> Investments excluding company acquisitions.

<sup>D)</sup> Cash flow refers to cash flow from operating activities including paid interest and investing activities before acquisition and disposal of companies.

<sup>E)</sup> Equity includes shareholder loans. Interest-bearing debt excludes shareholder loans.

<sup>1)</sup> AH Industries' earnings and average number of employees for 2010 are pro forma taking the acquisition of RM Group into account.

<sup>2)</sup> Anticimex's earnings for 2010 and 2011 are pro forma taking new financing into account.

<sup>3)</sup> Arcus-Gruppen's earnings for 2010 and 2011 are pro forma taking new financing into account.

<sup>4)</sup> 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.

<sup>5)</sup> Finnkino's earnings for 2010 and 2011 are pro forma taking Ratos's acquisition into account.

<sup>6)</sup> HL Display's earnings for 2010 are pro forma taking the refinancing in August 2010 into account.

<sup>7)</sup> KVD Kvarndammen's earnings for 2010 are pro forma taking Ratos's acquisition into account.

<sup>8)</sup> Stofa's earnings and average number of employees for 2010 are pro forma taking Ratos's acquisition into account.

This interim report provides a true and fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 19 August 2011  
Ratos AB (publ)



Olof Stenhammar  
Chairman



Lars Berg  
Board Member



Staffan Bohman  
Board Member



Annette Sadolin  
Board Member



Jan Söderberg  
Board Member



Per-Olof Söderberg  
Board Member



Margareth Øvrum  
Board Member



Arne Karlsson  
CEO and Board Member

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

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### Telephone conference

19 August

10.00 CET

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Listen to  
CEO Arne Karlsson's  
comments on  
this report at  
[www.ratos.se](http://www.ratos.se)

### Financial calendar

#### 2011

9 Nov Interim report Jan-Sept

#### 2012

16 Feb Year-end report 2011

18 April Annual General Meeting

8 May Interim report Jan-March

17 Aug Interim report Jan-June

9 Nov Interim report Jan-Sept

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 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010
Net sales	7,637	6,857	14,512	13,227	27,953
Other operating income	55	56	132	121	376
Change in inventories	23	78	181	166	27
Raw materials and consumables	-2,969	-2,523	-5,670	-4,943	-10,411
Employee benefit costs	-2,436	-2,243	-4,786	-4,430	-8,941
Depreciation and impairment of property, plant and equipment and intangible assets	-268	-236	-535	-470	-1 050
Other costs	-1,607	-1,546	-3,029	-2,902	-6,097
Remeasurement HL Display					140
Capital gain from the sale of group companies	1	-5	1	-5	774
Capital gain from the sale of associates	1		487		537
Share of profits of associates	12	84	8	134	253
Operating profit	449	522	1,301	898	3,561
Financial income	15	50	81	131	253
Financial expenses	-274	-222	-493	-432	-946
Net financial items	-259	-172	-412	-301	-693
Profit before tax	190	350	889	597	2,868
Tax	-103	-119	-175	-209	-455
Profit for the period	87	231	714	388	2,413
Profit for the period attributable to:					
Owners of the parent	85	210	696	339	2,255
Non-controlling interests	2	21	18	49	158
Earnings per share, SEK					
– before dilution	0.26	0.66	2.18	1.07	7.09
– after dilution	0.26	0.66	2.18	1.06	7.07

# Consolidated statement of comprehensive income

SEKm	2011 Q 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010
Profit for the period	87	231	714	388	2,413
Other comprehensive income:					
Translation differences for the period	284	-42	112	-477	-1,153
Change in hedging reserve for the period	-16	-1	27	10	95
Tax attributable to other comprehensive income	4	1	-7	-2	-22
Other comprehensive income for the period	272	-42	132	-469	-1,080
Total comprehensive income for the period	359	189	846	-81	1,333
Total comprehensive income for the period attributable to:					
Owners of the parent	318	195	800	-18	1,352
Non-controlling interests	41	-6	46	-63	-19

# Summary consolidated statement of financial position

SEKm	30 June 2011	30 June 2010	31 Dec 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	21,246	18,170	20,304
Other intangible assets	1,625	1,712	1,621
Property, plant and equipment	4,650	3,518	4,050
Financial assets	795	3,210	808
Deferred tax assets	598	477	632
Total non-current assets	28,914	27,087	27,415
<b>Current assets</b>			
Inventories	3,208	2,951	2,884
Current receivables	6,491	5,705	6,291
Cash and cash equivalents	2,076	2,198	2,855
Assets held for sale			1,318
Total current assets	11,775	10,854	13,348
Total assets	40,689	37,941	40,763
<b>EQUITY AND LIABILITIES</b>			
<b>Equity including non-controlling interests</b>	15,228	14,984	16,465
<b>Non-current liabilities</b>			
Interest-bearing liabilities	11,509	10,650	10,923
Non-interest bearing liabilities	640	467	405
Pension provisions	461	420	412
Other provisions	515	457	431
Deferred tax liabilities	757	724	778
Total non-current liabilities	13,882	12,718	12,949
<b>Current liabilities</b>			
Interest-bearing liabilities	3,224	2,842	2,872
Non-interest bearing liabilities	7,744	6,821	7,851
Provisions	611	576	626
Total current liabilities	11,579	10,239	11,349
Total equity and liabilities	40,689	37,941	40,763



# Summary statement of changes in consolidated equity

SEKm	30 June 2011			30 June 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	800	46	846	-18	-63	-81	1,352	-19	1,333
Dividend	-1,678	-119	-1,797	-1,512	-19	-1,531	-1,512	-23	-1,535
New issue		6	6				43	145	188
Transfer of treasury shares (at acquisitions) in associated				10		10	10		10
Purchase of treasury shares	-74		-74	-34		-34	-34		-34
Transfer of treasury shares (exercise of call options)	88		88	80		80	80		80
Option premiums	8		8	9		9	9		9
Redemption of convertible programme in associates				-8		-8	-8		-8
Acquisition of non-controlling interests	-166	-149	-315	-3	-207	-210	-117	-234	-351
Disposal of non-controlling interests				-1	1			1	1
Redemption of options in subsidiary							-9		-9
Non-controlling interests at acquisition		1	1					32	32
Non-controlling interests in disposals					-28	-28		-28	-28
Closing equity	14,069	1,159	15,228	13,800	1,184	14,984	15,091	1,374	16,465

# Consolidated statement of cash flows

SEKm	2011 Q 1-2	2010 Q 1-2	2010
<b>Operating activities</b>			
Profit before tax	889	597	2,868
Adjustment for non-cash items	90	455	-621
	979	1,052	2,247
Income tax paid	-166	-124	-250
Cash flow from operating activities before change in working capital	813	928	1,997
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-282	-199	-2
Increase (-)/Decrease (+) in operating receivables	-32	148	254
Increase (+)/Decrease (-) in operating liabilities	-818	-837	-447
Cash flow from operating activities	-319	40	1,802
<b>Investing activities</b>			
Acquisition, group companies	-981	-354	-2,032
Disposal, group companies	8	206	1,118
Acquisition, shares in subsidiaries		-489	-488
Disposal, shares in subsidiaries	1,874	3	858
Acquisition, other intangible/tangible assets	-617	-321	-710
Disposal, other intangible/tangible assets	39	20	76
Investment, financial assets	-26	-33	-67
Disposal, financial assets	53	19	31
Cash flow from investing activities	350	-949	-1,214
<b>Financing activities</b>			
Purchase of treasury shares	-74	-34	-34
Exercise of options	88	80	71
Option premiums	35	12	26
Acquisition of non-controlling interests (minority)	-219	-93	-271
Dividend paid	-1,678	-1,512	-1,512
Dividend paid/redemption, non-controlling interests	-55	-19	-23
Loans raised	2,905	667	987
Amortisation of loans	-1,835	-967	-1,880
Cash flow from financing activities	-833	-1,866	-2,636
Cash flow for the period	-802	-2,775	-2,048
Cash and cash equivalents at beginning of the year	2,855	4,999	4,999
Exchange differences in cash and cash equivalents	23	-26	-96
Cash and cash equivalents at the end of the period	2,076	2,198	2,855

# Consolidated key figures

1)	2011 Q 1-2	2010 Q 1-2	2010
Return on equity, %			15
Equity ratio, %	37	39	40
<b>Key figures per share</b>			
Total return, %	2	10	40
Dividend yield, %			4.2
Market price, SEK	121.50	98.35	124.50
Dividend, SEK			5.25
Equity attributable to owners of the parent, SEK	44	43	47
Earnings per share before dilution, SEK	2.18	1.07	7.09
<b>Average number of shares outstanding</b>			
– before dilution	319,077,517	317,850,528	318,134,920
– after dilution	319,587,006	318,497,698	318,752,700
<b>Total number of registered shares</b>			
Number of shares outstanding	324,140,896	323,705,784	324,140,896
– of which A shares	84,637,060	84,657,060	84,647,060
– of which B shares	234,359,709	239,382,442	233,827,554

1) Relevant historical figures are recalculated taking the 2011 share split into account.

# Parent company income statement

SEKm	2011 Q 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010
Other operating income	1	1	1	1	104
Other external costs	-30	-27	-50	-74	-139
Personnel costs	-45	-58	-81	-88	-167
Depreciation of property, plant and equipment	-1	-1	-2	-2	-5
Other operating expenses					
Operating profit/loss	-75	-85	-132	-163	-207
Capital gain from sale of participations in group companies					932
Dividends from group companies		90	537	93	93
Impairment of shares in group companies					-4
Reversed impairment of shares in group companies			37		
Capital gain from sale of interests in associates	1		78		737
Dividends from associates	16	12	16	12	12
Impairment of interests in associates					-3
Result from other securities and receivables accounted for as non-current assets	40	36	86	71	116
Other interest income and similar profit/loss items	27	1	33	4	7
Interest expenses and similar profit/loss items	-4	-22	-24	-28	-75
Profit after financial items	5	32	631	-11	1,608
Tax					
Profit/loss for the period	5	32	631	-11	1,608

# Parent company statement of comprehensive income

SEKm	2011 Q 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010
Profit/loss for the period	5	32	631	-11	1,608
Other comprehensive income:					
Change in fair value reserve for the period	9	-3	6	-10	-21
Other comprehensive income for the period	9	-3	6	-10	-21
Comprehensive income for the period	14	29	637	-21	1,587

# Summary parent company balance sheet

SEKm	30 June 2011	30 June 2010	31 Dec 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	84	88	87
Financial assets	13,329	11,816	13,711
Total non-current assets	13,413	11,904	13,798
<b>Current assets</b>			
Current receivables	103	81	43
Cash and cash equivalents	1	446	420
Total current assets	104	527	463
Total assets	13,517	12,431	14,261
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	12,474	11,842	13,493
<b>Non-current provisions</b>			
Pension provisions	2	2	2
Other provisions	38	136	31
<b>Non-current liabilities</b>			
Interest-bearing liabilities, group companies	642	220	272
Non-interest bearing liabilities	74	98	99
<b>Current provisions</b>			
<b>Current liabilities</b>			
Interest-bearing liabilities	174		
Interest-bearing liabilities, group companies			184
Non-interest bearing liabilities	113	133	180
Total equity and liabilities	13,517	12,431	14,261
Pledged assets and contingent liabilities	none	none	none

## Summary statement of changes in parent company's equity

SEKm	30 June 2011	30 June	31 Dec 2010
Opening equity	13,493	13,321	13,321
Comprehensive income for the period	637	-21	1,587
Dividend	-1,678	-1,512	-1,512
Purchase of treasury shares	-74	-34	-34
New issue			43
Transfer of treasury shares (exercise call options)	88	80	80
Option premiums	8	8	8
Closing equity	12,474	11,842	13,493

# Parent company cash flow statement

SEKm	2011 Q 1-2	2010 Q 1-2	2010
<b>Operating activities</b>			
Profit before tax	631	-11	1,608
Adjustment of non-cash items	-210	-12	-1,759
	421	-23	-151
Income tax paid	-	-	-
Cash flow from operating activities before change in working capital	421	-23	-151
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables	-5	-1	-11
Increase (+)/Decrease (-) in operating liabilities	1	-155	-128
Cash flow from operating activities	417	-179	-290
<b>Investing activities</b>			
Investment, shares in subsidiaries	-738	-276	-2,513
Sale and redemption, shares in subsidiaries	596	49	1,489
Investment, shares in associates and other holdings		-484	-484
Disposal, shares in associates and other holdings	549		855
Acquisition, property, plant and equipment		-1	-2
Investment, financial assets	-50	-84	-40
Disposal, financial assets	43	80	80
Cash flow from investing activities	400	-716	-615
<b>Financing activities</b>			
Purchase of treasury shares	-74	-34	-34
Transfer of treasury shares (exercise call options)	88	80	80
Option premiums	10	8	11
Redemption incentive programme	-45		
Dividends paid	-1,678	-1,512	-1,512
Utilised credit facility	174		
Loans raised in group companies	290	23	4
Cash flow from financing activities	-1,236	-1,435	-1,451
Cash flow for the period	-419	-2,330	-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	446	420

# Operating segments

SEKm	Sales					EBT <sup>1)</sup>				
	2011 Q 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010	2011 Q 2	2010 Q 2	2011 Q 1-2	2010 Q 1-2	2010
<b>Holdings</b>										
AH Industries	222	125	443	219	611	-9	3	5	-4	-24
Anticimex	488	477	936	909	1,856	33	38	56	58	127
Arcus-Gruppen	503	459	884	864	1,944	19	24	7	3	135
Biolin Scientific <sup>2)</sup>	34		59			-2		-1		
Bisnode	1,053	1,111	2,105	2,273	4,451	8	21	33	119	274
Camfil <sup>3)</sup>							34		57	99
Contex Group	165	188	336	366	750	12	15	31	30	43
DIAB	348	363	639	718	1,396	29	47	39	91	149
EuroMaint	861	892	1,810	1,738	3,532	-54	-30	-54	-70	-165
Finnkino <sup>4)</sup>	131		131			-2		-2		
GS-Hydro	262	350	501	669	1,244	-2	22	-17	32	-27
Hafa Bathroom Group	75	109	176	229	424	-6	11	-3	32	37
Haglöfs <sup>5)</sup>		96		259	289		-9		9	5
HL Display <sup>6)</sup>	409		824		662	16	10	28	17	13
Inwido	1,350	1,384	2,350	2,482	5,149	129	133	143	138	328
Jøtul	170	179	378	385	1,044	-39	-38	-48	-52	25
KVD Kvarndammen <sup>2)</sup>	68		134			8		17		
Lindab						11	10	4	7	38
Medisize	268	297	551	590	1,079	20	26	53	54	95
Mobile Climate Control	279	228	482	454	902	4	15	13	37	71
SB Seating	290	299	624	626	1,203	3	19	33	51	87
Stofa <sup>7)</sup>	345		685		600	24		64		44
Superfos <sup>8)</sup>							22		37	65
<b>Total</b>	<b>7,321</b>	<b>6,557</b>	<b>14,048</b>	<b>12,781</b>	<b>27,136</b>	<b>202</b>	<b>373</b>	<b>401</b>	<b>646</b>	<b>1,419</b>
Exit Camfil								586		
Exit Superfos						1		-99		
Exit Haglöfs										783
Exit Lindab										537
Exit result						1		487		1,320
Remeasurement HL Display										140
<b>Holdings total</b>	<b>7,321</b>	<b>6,557</b>	<b>14,048</b>	<b>12,781</b>	<b>27,136</b>	<b>203</b>	<b>373</b>	<b>888</b>	<b>646</b>	<b>2,879</b>
Central income and expenses	316	300	464	446	817	-13	-23	1	-49	-11
<b>Group total</b>	<b>7,637</b>	<b>6,857</b>	<b>14,512</b>	<b>13,227</b>	<b>27,953</b>	<b>190</b>	<b>350</b>	<b>889</b>	<b>597</b>	<b>2,868</b>

<sup>1)</sup> Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

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

<sup>3)</sup> 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.

<sup>4)</sup> Finnkino is included in the Group from May 2011.

<sup>5)</sup> Haglöfs is included in consolidated profit through July 2010. The entire holding was sold in August 2010.

<sup>6)</sup> HL Display included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

<sup>7)</sup> Stofa is included in the Group from August 2010.

<sup>8)</sup> Superfos was recognised among Assets held for sale until it was sold in February and is thus not included in consolidated profit 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 measured 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 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

In March, Ratos signed an agreement with the Sanoma media group to acquire the Finnish movie theatre group Finnkino. The acquisition was completed on 30 April. The consideration transferred amounted to EUR 71m (SEK 635m). Ratos provided equity of EUR 45m (SEK 402m). In the preliminary PPA goodwill amounts to SEK 474m. Finnkino conducts movie theatre operations in both Finland and the Baltic countries. The goodwill recognised for the acquisition reflects the company's strong market position, a well-developed concept with movie theatres with many screens, digital and 3D technology as well as service through the sale of snacks, sweets and soft drinks, which have contributed to the company's rising profitability level. The acquired company is included in consolidated sales for the period with SEK 131m and in profit before tax with SEK -2m. For the period January to June sales amounted to SEK 385m and profit before tax was SEK 16m. The acquisition company's interest expenses are stated pro forma to correspond to a full year. Acquisition-related costs amounted to SEK 14m for the period and are recognised as other operating expenses in consolidated profit or loss.

## Purchase price allocation (PPA)

SEKm	Finnkino
Intangible assets	111
Property, plant and equipment	577
Financial assets	1
Current assets	60
Cash and cash equivalents	53
Non-controlling interests	-7
Non-current liabilities and provisions	-474
Current liabilities	-160
Net identifiable assets and liabilities	161
Consolidated goodwill	474
Consideration transferred	635

Since the PPA is preliminary, fair value has not been finally identified for all items.

## 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. In Norway, Bisnode acquired the credit information company Lindorff Decision and 90.1% of the market information company Lindorff Match. The company also acquired 51% of Vendemore Nordic AB and Poslovna Domena in Croatia. The total consideration transferred

for these acquisitions amounted to SEK 258m. The acquired companies are included in consolidated sales for the period with SEK 27m and in profit before tax with SEK -1m. For the period January to June sales amounted to SEK 54m and profit before tax was SEK 4m. Acquisition-related costs amounted to SEK 4m for the period and are recognised as other operating expenses in consolidated profit or loss.

Mobile Climate Control (MCC) acquired Carrier's bus AC operations in North America from the American group Carrier Corporation. Consideration transferred amounted to SEK 227m, whereby Ratos provided capital of SEK 114m. In addition to this a number of minor acquisitions were made. The acquired companies are included in consolidated sales for the period with SEK 35m and in profit before tax with SEK 3m. For the period January to June sales amounted to SEK 89m and profit before tax was SEK 5m.

PPAs for each company are provided below.

## Purchase price allocations (PPAs)

SEKm	Bisnode	MCC
Intangible assets	10	147
Property, plant and equipment	1	10
Current assets	16	115
Cash and cash equivalents	11	
Non-current liabilities and provisions	35	
Current liabilities	-27	-31
Net identifiable assets and liabilities	46	240
Consolidated goodwill	212	
Consideration transferred	258	240

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

The agreement signed by Stofa for acquisition of Canal Digital's cable TV operations in Denmark will not be implemented. Since the possibility of Ratos obtaining approval from the competition authority has been assessed as low, Ratos and the seller Telenor have decided to terminate this process.

## Acquisition in group companies after the end of the period

In July, Biolin Scientific signed an agreement with NeuroSearch and a number of venture capital companies to acquire all the shares in the Danish company Sophion Bioscience. Enterprise Value amounts to approximately DKK 145m (SEK 175m) with continued consideration of DKK 10m which relates to sales milestones in 2011/12. Ratos will provide approximate-

ly SEK 65m in conjunction with this acquisition. The acquisition was completed in August.

In July, Arcus-Gruppen signed an agreement to acquire 51% of the shares in the Norwegian wine wholesaler Excellars AS. Enterprise Value amounts to NOK 65m (approximately SEK 75m). The acquisition is subject to approval from the relevant competition authorities and is expected to be completed in September.

### Disposals

In November 2010, Ratos concluded an agreement with the principal owners on a sale of the associated company Camfil to the Larson and Markman families. 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 549m) and the capital loss for Ratos (exit result) was SEK -99m.

### Disposal after the end of the reporting period

On 8 July, Ratos signed an agreement to sell the subsidiary Medisize to Phillips Plastics. From that date and until the deal is finalised, Medisize will be classified as Assets held for sale. The consideration transferred amounts to approximately SEK 870m and the exit gain for Ratos is expected to be approximately SEK 40m, based on the book value in Medisize at 31 March 2011.

## Earnings per share

At the Annual General Meeting held on 5 April a decision was made to increase the number of shares in Ratos by each share being divided into two shares (2:1 share split). The share split was effected on 6 May 2011. After the split the number of shares amounted to 324,140,896 instead of 162,070,448, comprising

84,647,060 A shares and 239,493,836 B shares. The share split means that the quota value per share (share capital divided by the number of shares) has changed from SEK 6.30 to SEK 3.15. Earnings per share have been recalculated taking the above change into account.



**RATOS**

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