

Interim report

January – September 2010

Q3

- **Profit before tax SEK 2,047m (766)**
- **Earnings per share before dilution SEK 9.86 (3.09)**
- **Overall good development in the holdings**
- **Acquisition of HL Display, Stofa and RM Group**
- **Haglöfs sold – exit gain SEK 783m**
- **Total return on Ratos shares +31%**

Ratos in summary

SEKm	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009
Profit/share of profits	524	391	1,172	681	1,295
Total profit/share of profits	524	391	1,172	681	1,295
Exit gains	783		783		
Remeasurement HL Display	140		140		
Profit from holdings	1,447	391	2,095	681	1,295
Central income and expenses	3	31	-48	85	80
Profit before tax	1,450	422	2,047	766	1,375

Important events

- In July, Ratos concluded an agreement to sell all the shares in Haglöfs to Asics, based in Japan, for SEK 1,007m. The sale provided Ratos with an exit gain of SEK 783m and an average annual return (IRR) of 30%. The sale was completed in August
- In July, Ratos concluded an agreement to acquire all the shares in the Danish triple-play operator Stofa for a purchase price (Enterprise Value) of DKK 1,090m. The seller was Telia-Sonera. Ratos provided equity of DKK 527m (SEK 668m). The acquisition was completed in July
- At the beginning of August, AH Industries signed an agreement to acquire all the shares in the Danish company RM Group. The seller is the Jørgensen family which founded the company and will remain as owners in the merged company with a holding of 10%. The acquisition was completed in August at an Enterprise Value of DKK 325m, of which Ratos, in connection with the deal, contributed equity of DKK 227m (SEK 288m). Ratos's holding amounts to 69%
- In June, Ratos signed an agreement to acquire the Remius family's shares in HL Display, corresponding to 28.2% of the capital and 59.1% of the votes in the company. In conjunction with

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this, and in compliance with the requirements for mandatory offers, a public offer was made to other shareholders of SEK 49 per share. The acquisition was completed during the third quarter and the total consideration transferred amounted to SEK 1,072m, of which SEK 43m comprised newly issued Ratos shares. Completion of the acquisition of the Remius family's shares gave Ratos control over HL Display and the previously held ownership interest must therefore be remeasured at fair value, which resulted in a positive earning effect of SEK 140m being recognised in profit. The last trading day for HL Display's shares on NASDAQ OMX Stockholm was 17 September. At 30 September, Ratos's holding in HL Display amounted to 99.5% of the capital and 99.7% of the votes. Ratos has called for mandatory redemption of the remaining shares

- In August, the holding in HL Display was refinanced, whereby Ratos received a cash payment of approximately SEK 400m. The refinancing was carried out to adjust HL Display to the new ownership structure with Ratos as principal owner
- In conjunction with the acquisition of the Remius family's shares in HL Display, a non-cash issue of 217,556 B shares in Ratos was carried out in July
- EuroMaint's acquisition of the German RSM Group was completed in January. The purchase price amounted to SEK 166m. Ratos provided the entire amount

- In March, Ratos acquired an additional 5.4% of Medisize for EUR 6.2m (SEK 59.8m)
- In the holdings, add-ons and divestments during the period included Bisnode and Inwido

Events after the end of the period

- The Ratos Board has decided to revise the investment strategy with regard to investment size and number of holdings. The lower limit for the smallest investment is raised to SEK 300m (previously SEK 150m). The limit is raised to better reflect Ratos's focus to invest in medium-sized to large companies and against the background that Ratos is today a considerably larger company following strong growth in recent years. The limit on the number of holdings will be removed since the number per se is not value creating and can vary over time due to changed market conditions. These revisions do not result, however, in any practical change compared with previous application of the investment strategy
- DIAB's CEO Anders Paulsson has informed the company's board that he wishes to resign as CEO by next summer at the latest. Anders Paulsson will continue to act as an advisor to the company and will remain as CEO until his successor is in place

More information about important events in the holdings is provided on pages 6-12.

CEO's comments

The year has continued to develop well for our companies, particularly in view of our less cyclically sensitive portfolio which also showed relatively strong development during 2009. At company level, however, there are major differences between how far the companies have come in their recovery. Some companies which came back quickly are now encountering good comparative figures from last year. About half of the companies have only started to see a clearly improved market situation in the last few months. Three holdings have either not yet or only recently bottomed out. For a portfolio with twenty holdings exposed to different sectors and markets, this spread reflects the business environment relatively well, in the current economic climate.



Arne Karlsson

Further CEO comments at www.ratos.se

Business environment and market

During 2010 the global economy has continued its slow and irregular but equally clear recovery. The macroeconomic scenario Ratos has been working with for almost two years, ROLWB (Recession Over, Long Way Back), still feels stable.

Naturally there are still major and difficult-to-assess risks that can threaten the reasonably positive trend we are currently experiencing – remember that for a couple of years now we have been in uncharted territory – where the crisis for Greece and the euro as well as the risk of a currency and trade war can serve as examples. Equally our main scenario is the same as it was at year-end 2008, i.e. the world for a number of years will experience sub par growth, in other words economic growth but below the long-term potential trend.

In recent years we have stressed that such a macroeconomic environment does not at all need to be negative for well-run companies with strong positions in the value chain – on the contrary these conditions provide major opportunities for good profitability development. This is something that we are now seeing in many companies, both in Ratos's portfolio and in our business environment.

For Ratos's holdings the year continued to develop in a satisfactory manner, particularly if we take into account the fact that we have a less cyclically sensitive portfolio which also developed relatively well during 2009.

Combined sales for the underlying portfolio of companies for the first nine months of the year was unchanged compared with the previous year. Taking Ratos's different ownership stakes into account, sales rose 2%. The corresponding figures for operating profit (EBITA) were +14% and +15% respectively and for profit before tax +30% and +38% respectively.

If the companies are analysed at a slightly more broken down level, three sub-groups can be discerned. In the first group, Early Birds, there are six companies which were already performing well at an early stage, in terms of sales and/or profits. These companies report very good figures for the first nine months of the year, but with a slower rate of increase primarily due to strong comparative figures from the second half of 2009.

In the second group, Runner Ups, there are eleven holdings which for different reasons have not yet reached top gear in their operations but have shown a clear turning point in recent months which hopefully will last in the future.

The three companies in group three, Laggards, are companies which have either not yet or only recently bottomed out, or, in the case of EuroMaint, will have a better underlying operating result than in 2009, but where substantial extraordinary expenses mean that 2010 will be a lost year.

Ratos's results

Profit before tax for the first nine months of 2010 amounted to SEK 2,047m (766). The higher result is mainly explained by improved earnings in the underlying holdings as well as the sale of Haglöfs in the third quarter. In addition, earnings were positively affected by SEK 140m as a result of a previously held ownership interest in HL Display being remeasured, in accordance with IFRS, to fair value in conjunction with completion of the acquisition of the Remius family's shares. The result includes profit/share of profits from the holdings of SEK 1,172m (681), an exit gain of SEK 783m (0) and remeasurement effects of SEK 140m (0).

Central income and expenses

Ratos's central income and expenses amounted to SEK -48m (+85), of which personnel costs amounted to SEK 119m (118). The variable portion of personnel costs amounted to SEK 45m (47). Other management costs were SEK 98m (43). Net financial items amounted to SEK +169m (+246).

Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in the consolidated income statement is affected, among other things, by the parent company's investment company status.

Financial position

Cash flow from operating activities and investing activities was SEK -489m (-71) and the Group's cash and cash equivalents at the end of the period amounted to SEK 2,522m (4,430), of which short-term interest-bearing invest-

Performance Ratos's holdings

	2010 Q 1-3	
	100%	Ratos's share
Sales	0%	+2%
EBITA	+14%	+15%
EBT	+30%	+38%
	2010 Q 3	
	100%	Ratos's share
Sales	+2%	+3%
EBITA	+9%	+2%
EBT	+10%	+3%

To facilitate analysis, an extensive table is provided on page 12 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 results

SEKm	2010 Q 1-3	2009 Q 1-3
Profit/share of profits before tax ¹⁾		
AH Industries (69%)	-11	-16
Anticimex (85%)	87	88
Arcus Gruppen (83%)	51	-7
Bisnode (70%)	189	88
Camfil (30%)	79	58
Contex Group (99%)	37	-82
DIAB (94%)	135	70
EuroMaint (100%)	-79	24
GS-Hydro (100%)	21	54
Hafa Bathroom Group (100%)	38	36
Haglöfs (100%) ²⁾	5	59
HL Display (99%)	20	17
Inwido (96%)	287	50
Jøtul (61%)	-27	20
Lindab (22%)	43	27
MCC (100%)	67	79
Medisize (98%)	85	43
SB Seating (85%)	71	-5
Stofa (100%)	12	
Superfos (33%)	58	92
Other holdings ³⁾	4	-14
Total profit/share of profits	1,172	681
Exit Haglöfs	783	
Total exit gains	783	0
Remeasurement HL Display	140	
Profit from holdings	2,095	681
Central income and expenses	-48	85
Consolidated profit before tax	2,047	766

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

²⁾ Haglöfs is included in consolidated profit through July. The entire holding was sold in August 2010.

³⁾ Relates to subsidiary BTJ Group.

ments amounted to SEK 0m (1,226). Interest-bearing liabilities including pension provisions amounted to SEK 14,760m (15,338).

Parent company

The parent company's profit before tax amounted to SEK 873m (631). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 282m (2,859). Taking into account financial transactions agreed but not yet carried out, at 4 November Ratos has a liquid investment capacity of approximately SEK 270m. In addition, there is an existing credit facility of SEK 3.2 billion and authorisation from the 2010 Annual General Meeting to issue 30 million Ratos B shares in conjunction with 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 2009 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 105m (223). In January, Ratos provided EuroMaint with SEK 166m for the acquisition of RSM Group. HL Display was sold to a wholly-owned Ratos subsidiary, HL Förvaltning i Stockholm AB, in conjunction with refinancing of the holding in August. In August, Ratos provided AH Industries with SEK 288m in conjunction with the acquisition of RM Group.

Ratos shares

Earnings per share before dilution amounted to SEK 9.86 (3.09). The total return on Ratos shares in the first nine months of the year was +31%, compared with the performance of the SIX Return Index which was +18%.

Buy-backs and number of shares

172,094 shares were repurchased during the period. The number of call options exercised corresponded to 576,200 shares. At the end of September, Ratos owned 2,833,141 B shares (corresponding to 1.7% of the total number of shares), repurchased at an average price of SEK 126.

In conjunction with acquisition of the Remius family's shares in HL Display a non-cash issue of 217,556 B shares in Ratos was carried out in July.

Ratos's equity ¹⁾

SEKm	30 Sept 2010	% of equity
AH Industries	630	4
Anticimex	878	6
Arcus Gruppen	746	5
Bisnode	1,169	8
Camfil	175	1
Contex Group	957	7
DIAB	1,050	7
EuroMaint	624	4
GS-Hydro	-33	0
Hafa Bathroom Group	165	1
HL Display	1,025	7
Inwido	2,062	14
Jøtul	306	2
Lindab	648	4
MCC	658	6
Medisize	782	5
SB Seating	1,082	7
Stofa	653	5
Superfos	591	4
Other holdings ²⁾	191	1
Total	14,359	98
Other net assets in central companies	71	2
Equity (attributable to owners of the parent)	14,430	100
Equity per share, SEK	91	

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.

²⁾ Other holdings include the subsidiary BTJ Group and the holdings in Overseas Telecom and IK Investment Partners.

At 30 September the total number of shares in Ratos (A and B shares) was 162,070,448 and the number of voting rights was 54,300,022. The number of outstanding shares amounted to 159,237,307. The average number of B treasury shares owned by Ratos during the period was 2,895,669 (3,276,077 in 2009).

Equity

At 30 September 2010, Ratos's equity (attributable to owners of the parent) amounted to SEK 14,430m

(13,800m at 30 June 2010) corresponding to SEK 91 per outstanding share (SEK 87 at 30 June 2010).

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 2010, 3,000 A shares have been converted to B shares.

Other

Nomination Committee

In accordance with a decision at Ratos's Annual General Meeting on 15 April 2010, the company's major shareholders have appointed between themselves a Nomination Committee with the Chairman of the Board Olof Stenhammar as convener. Anders Oscarsson (AMF Pension) was appointed as chairman of the committee. Other members of the Nomination Committee are: Annika Andersson (AP4), Jan Söderberg (Ragnar Söderberg Foundation as well as own and related parties' shares), Maria Söderberg (Torsten Söderberg Foundation), Per-Olof Söderberg (own and related parties' shares).

Extraordinary General Meeting

Ratos held an Extraordinary General Meeting in Stockholm on 6 October. The Meeting made decisions relating to incentive programmes in HL Display and in Stofa. The Meeting resolved in accordance with the proposal in the EGM notice regarding transfer of a maximum of 3,000 ordinary shares, corresponding to a maximum of 2% of the number of shares and the share of votes, in the subsidiary HL Förvaltning i Stockholm AB to employees and others in the HL Display Group. The Meeting also resolved in accordance with the proposal regarding transfer of a maximum of 2,825,000 shares, corresponding to a maximum of 1.6% of the number of shares and the share of votes, in the subsidiary Stofa Holding ApS to employees and others in the Stofa Holding Group.

Holdings

AH Industries

- Sales SEK 743m (890) and EBITA SEK 59m (51), pro forma including acquisition of RM Group
- Positive development in RM Group during the quarter while low market activity, particularly in the Flanges business area, had a negative impact on sales and earnings
- Continued uncertain market situation for the wind power industry means that a broad market recovery will take time
- Acquisition of RM Group completed at an Enterprise Value of DKK 325m, of which Ratos provided equity of DKK 227m (SEK 288m)

Ratos's holding in AH Industries amounted to 69% and the consolidated book value in Ratos was SEK 630m at 30 September 2010.

AH Industries is a world-leading supplier of metal components 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 1,370m (1,343) and EBITA SEK 140m (149)
- Sales growth affected by lower activity within energy inspections for blocks of flats, which according to law had to be carried out during 2009
- The cold and snowy winter led to high insurance claims at the start of the year which had a negative impact on earnings. Development for the third quarter was in line with the previous year
- Continued positive earnings development for operations outside Sweden
- Strong operating cash flow

Ratos's holding in Anticimex amounted to 85% and the consolidated book value in Ratos was SEK 878m at 30 September 2010.

Anticimex is a service company that offers a broad range of services for healthy and safe indoor environments. Services include pest assurance, hygiene assurance, insurance, dehumidifying, fire protection as well as property transfer and energy inspections. The Group is currently represented in Sweden, Finland, Denmark, Norway, Germany and the Netherlands.

Arcus Gruppen

- Sales SEK 1,340m (1,232) and EBITA SEK 55m (10)
- Continued good sales growth (+9% in local currency), mainly driven by wine in Sweden and Norway
- Strong earnings development as a result of higher volumes and a strengthening of the Norwegian krone and the Swedish krona against the euro
- Arcus Gruppen's CEO Jan Tore Føsund has resigned. The chairman of the board, Kaare Frydenberg, took on the role of executive chairman from 1 September until a successor is appointed

Ratos's holding in Arcus Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 746m at 30 September 2010.

Arcus Gruppen is Norway's leading spirits producer and wine supplier and also has a strong position in the other Nordic countries. The group's best-known brands include Braastad Cognac, Vikingfjord Vodka, Løiten and Linie Aquavit.

Bisnode

- Sales SEK 3,288m (3,497) and EBITA SEK 376m (407)
- The late-cyclical part of operations, Marketing Solutions, can now see signs of a turnaround in Sweden and Germany. Demand is expected to continue to rise towards the end of the year
- Earnings include extraordinary expenses and capital losses totalling SEK 16m
- Strong cash flow
- Yritystele, an online B2B search service for business information in Finland, was acquired at the beginning of October

Ratos's holding in Bisnode amounted to 70% and the consolidated book value in Ratos was SEK 1,169m at 30 September 2010.

Bisnode is a leading European provider of digital business information with services within market, credit and product information with information about consumers and companies. Operations are conducted in 17 countries in Europe.

Camfil

- Sales SEK 3,463m (3,381) and EBITA SEK 368m (309)
- Positive sales development in Europe, Asia and within Power Systems
- Improved profitability due to completed action programmes. Margins increased in all regions and within Power Systems
- Dividend of SEK 85m, of which Ratos's share was SEK 25m

Ratos's holding in Camfil amounted to 30% and the consolidated book value in Ratos was SEK 175m at 30 September 2010.

Camfil is a world leader in clean air technology and air filters. The Group's products and services contribute to a good indoor climate and protect sensitive manufacturing processes and the surrounding environment. Manufacture takes place in 23 plants on four continents and the Group is represented by subsidiaries and agents in over 50 countries.

Contex Group

- Sales SEK 552m (523) and EBITA SEK 78m (-11)
- Stock reductions by customers during 2009 contributed to good sales growth during 2010, particularly in Contex A/S
- Strong improvement in margins due to the extensive cost-cutting programmes in 2008 and 2009
- Aage Snorgaard new CEO from 1 October

Ratos's holding in Contex Group amounted to 99% and the consolidated book value in Ratos was SEK 957m at 30 September 2010.

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 1,080m (1,014) and EBITA SEK 166m (130)
- Sales increased by 12% in local currency. Continued strong wind market in Asia, but weaker development in Europe as well as North and South America
- Marine segment is recovering well
- Improved profitability due to increased capacity utilisation and efficiency gains
- CEO Anders Paulsson has informed the board that he wishes to resign by next summer at the latest. Anders Paulsson will continue to be an advisor to DIAB and will remain as CEO until a successor is in place

Ratos's holding in DIAB amounted to 94% and the consolidated book value in Ratos was SEK 1,050m at 30 September 2010.

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 2,583m (1,812) and EBITA SEK -4m (93)
- Organic sales growth (excluding acquisition of RSM and EISAB) was 12% due to favourable development within EuroMaint Rail
- Earnings charged with substantial cost increases for repairing extensive winter damage to trains as well as restructuring costs. Excluding these costs, earnings exceeded the 2009 level
- Continued weak development for EuroMaint Industry, although demand rose during the quarter
- EuroMaint Rail signed an extended maintenance agreement with Green Cargo in October. The order value is SEK 220m per year

Ratos's holding in EuroMaint amounted to 100% and the consolidated book value in Ratos was SEK 624m at 30 September 2010.

EuroMaint is one of Sweden's leading maintenance companies and offers advanced maintenance services to 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, Latvia and the US.

GS-Hydro

- Sales SEK 950m (1,125) and EBITA SEK 52m (99)
- Weak order bookings and sales development due to reduced investment by customers. Some stabilisation occurred, however, in the Offshore segment
- Savings measures are under way to adapt operations to lower volumes
- Pekka Frantti took over as the new CEO on 1 February 2010

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK -33m at 30 September 2010 (following refinancing in 2008).

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

Hafa Bathroom Group

- Sales SEK 324m (288) and EBITA SEK 39m (41)
- Positive sales development due to higher demand driven by low interest rates, the "ROT-avdrag" (tax reductions on renovations and extensions) and a long-term positive renovation trend for homes and bathrooms. A terminated customer contract is expected, however, to have a negative effect from the fourth quarter
- Launch of campaign focused on the professional market
- Ratos received a dividend of SEK 90m during the period

Ratos's holding in Hafa Bathroom Group amounted to 100% and the consolidated book value in Ratos was SEK 165m at 30 September 2010.

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

HL Display

- Sales SEK 1,226m (1,022) and EBITA SEK 59m (65)
- Sales increased by 20%. Excluding the acquisition of PPE (December 2009) sales were at the previous year's level
- Earnings were negatively affected by non-recurring costs of SEK 17m related, among other things, to restructuring of production. The strong Swedish krona also had a negative impact on earnings
- During the third quarter, Ratos completed its acquisition of the Remius family's shares and the public offer to other shareholders. At 30 September, Ratos's holding amounted to 99.5% of the capital and 99.7% of the votes. Ratos has called for mandatory redemption of the remaining shares. The last trading day on NASDAQ OMX Stockholm was 17 September
- Refinancing carried out where Ratos received approximately SEK 400m

Ratos's holding in HL Display amounted to 99% and the consolidated book value in Ratos was SEK 1,025m at 30 September 2010.

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, Sweden and the US.

Inwido

- Sales SEK 3,758m (3,553) and EBITA SEK 363m (230)
- Continued favourable development in Sweden, Finland and Norway. Weak in markets outside the Nordic region where improvement programmes have been initiated
- EBITA for the third quarter amounted to SEK 169m (162), corresponding to an EBITA margin of 13% (12). Cost efficiency and good gross margins contributed to the positive earnings development
- In the first quarter 34% of the Danish subsidiary was acquired where DKK 25m has been paid and DKK 71m will be paid no later than 2012. In addition, there is a possible earn-out of a maximum of DKK 17m to be paid in 2013. Following this acquisition the holding in Denmark amounts to 95%

Ratos's holding in Inwido amounted to 96% and the consolidated book value in Ratos was SEK 2,062m at 30 September 2010.

Inwido develops, manufactures and sells a full range of windows and doors to consumers, construction companies and modular 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 660m (676) and EBITA SEK 29m (20)
- Very good market development in Norway while sales in France weakened. Sales in local currency increased 4%
- EBITA was positively affected by changed pension rules, but negatively by higher raw material prices and currency fluctuations
- Following conversion into shares of the capital contribution made in 2009, Ratos's holding amounts to 61%

Ratos's holding in Jøtul amounted to 61% and the consolidated book value in Ratos was SEK 306m at 30 September 2010

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.

Lindab

- Sales SEK 4,830m (5,417) and EBITA SEK 325m (228)
- The market recovery continued in the third quarter. Development is good in Sweden and there is a clear recovery in Eastern Europe. Adjusted for currency and structural changes, sales increased 8% in the third quarter
- A sale and leaseback agreement for a property provided a cash flow of SEK 285m and a capital gain of SEK 73m
- Acquisition of the Finnish ventilation company IVK-Tuote Oy

Ratos's holding in Lindab amounted to 22% and the consolidated book value in Ratos was SEK 648m at 30 September 2010.

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 826m (951) and EBITA SEK 102m (75)
- Sales decreased by 4% adjusted for currency. Adjusted for revenues related to the start-up of a new production line in 2009, sales were +11% over the previous year
- Improved earnings driven by higher production of components for insulin pens than normal during the first half of the year. EBITA was positively affected by SEK 10m due, among other things, to insurance compensation for a fire in a production unit
- In the first quarter, Ratos acquired an additional 5.4% of Medisize for EUR 6.2m (SEK 59.8m)

Ratos's holding in Medisize amounted to 98% and the consolidated book value in Ratos was SEK 782m at 30 September 2010.

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 685m (875) and EBITA SEK 92m (116)
- Reduced sales due to lower demand in the military segment, but clear signs of a recovery in the off-road segment
- Stable EBITA margin 13% (13) despite lower sales
- Earn-out of SEK 43m paid attributable to acquisition of ACME in 2008

Ratos's holding in MCC amounted to 100% and the consolidated book value in Ratos was SEK 658m at 30 September 2010.

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 874m (890) and EBITA SEK 152m (29)
- The late-cyclical office chair market stabilised. Growth during 2010 for several key markets such as Sweden, Germany and Benelux
- Substantially improved EBITA margin, 18% (10). Reduced costs combined with the effects of the completed re-organisation explain the improved earnings

Ratos's holding in SB Seating amounted to 85% and the consolidated book value in Ratos was SEK 1,082m at 30 September 2010.

SB Seating develops and produces ergonomic seating solutions in Scandinavian design for companies 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 1,055m (1,088) and EBITA SEK 82m (79)
- Stable sales and operating profit development
- Earnings negatively affected by costs related to the change of owner
- New advertising campaign with adjusted brand identity started during the autumn
- Ratos's acquisition completed as of 31 July

Ratos holding in Stofa amounted to 100% and the consolidated book value in Ratos was SEK 653m at 30 September 2010.

Stofa is a Danish triple-play operator (broadband, cable TV and telephony) which provides some 350,000 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.

Superfos

- Sales SEK 2,441m (2,428) and EBITA SEK 191m (286)
- Sales in reporting currency increased by 12%. The improved economic situation led to a strong recovery in the paint, building materials and chemicals segments. Development was stable for the food segment, which is more independent of the economic climate
- The decline in earnings compared with the same period in the previous year is explained by a sharp rise in raw material prices. Adjusted for the effects of raw materials, earnings development was positive compared with the same period in 2009
- Several new products were launched which led to orders in new user segments during the period

Ratos's holding in Superfos amounted to 33% and the consolidated book value in Ratos was SEK 591m at 30 September 2010.

Superfos is an international Danish group with operations in 20 countries mainly in Europe. The company develops, produces and sells injection moulded packaging for the food, paint and chemical industries.

Other holdings

- BTJ's sales amounted to SEK 621m (681) and EBITA was SEK 5m (-12). Lower sales in Sweden and Finland were compensated by reduced operating expenses after completed action programmes
- Continued intense competition in the market for Overseas Telecom

The total consolidated book value for Other holdings in Ratos was SEK 191m AT 30 September 2010.

Other holdings comprise three holdings: BTJ Group, IK Investment Partners and Overseas Telecom.

Ratos's holdings at 30 September 2010

SEKm	Net sales			EBITA			EBT ^{A)}		
	2010 Q 1-3	2009 Q 1-3	2009	2010 Q 1-3	2009 Q 1-3	2009	2010 Q 1-3	2009 Q 1-3	2009
AH Industries ¹⁾	743	890	1,236	59	51	86	39	28	54
Anticimex	1,370	1,343	1,803	140	149	197	111	110	148
Arcus Gruppen	1,340	1,232	1,829	55	10	83	51	-7	50
Bisnode	3,288	3,497	4,741	376	407	593	263	240	324
Camfil ²⁾	3,463	3,381	4,503	368	309	417	341	275	376
Contex Group	552	523	698	78	-11	11	37	-82	-71
DIAB	1,080	1,014	1,322	166	130	156	135	81	97
EuroMaint	2,583	1,812	2,510	-4	93	133	-54	46	70
GS-Hydro	950	1,125	1,495	52	99	113	21	54	58
Hafa Bathroom Group	324	288	390	39	41	51	38	38	40
HL Display ³⁾	1,226	1,022	1,360	59	65	86	36	42	61
Inwido	3,758	3,553	5,026	363	230	348	287	110	189
Jøtul	660	676	1,044	29	20	89	4	49	112
Lindab	4,830	5,417	7,019	325	228	265	191	121	119
MCC	685	875	1,085	92	116	128	67	79	85
Medisize	826	951	1,358	102	75	134	85	43	103
SB Seating	874	890	1,203	152	29	56	141	58	76
Stofa ⁴⁾	1,055	1,088	1,460	82	79	130	52	57	99
Superfos	2,441	2,428	3,128	191	286	292	178	228	230
Other holdings ²⁾	621	681	863	5	-12	-16	4	-14	-18
Total	32,668	32,686	44,071	2,728	2,394	3,352	2,028	1,556	2,203
Change	0%			14%			30%		

SEKm	Depreciation ^{B)} 2010 Q 1-3	Investments ^{C)} 2010 Q 1-3	Cash-flow ^{D)} 2010 Q 1-3	Equity ^{E)} 30 Sept 2010	Interest-bearing net debt ^{E)} 30 Sept 2010	Average no. employees 2009	Consolidated value 30 Sept 2010	Ratos's
								holding 30 Sept 2010
AH Industries ¹⁾	43	–	–	904	397	405	630	69%
Anticimex	28	37	94	1,011	515	1,178	878	85%
Arcus Gruppen	27	21	52	954	-402	463	746	83%
Bisnode	101	66	179	2,202	2,492	3,167	1,169	70%
Camfil ²⁾	97	107	146	1,925	369	3,249	175	30%
Contex Group	40	44	21	974	663	335	957	99%
DIAB	65	49	68	1,204	840	1,132	1,050	94%
EuroMaint	42	41	48	624	744	1,909	624	100%
GS-Hydro	21	13	63	343	603	623	-33	100%
Hafa Bathroom Group	4	4	-22	54	112	166	165	100%
HL Display ³⁾	29	–	–	1,028	571	906	1,025	99%
Inwido	96	46	48	2,346	1,786	3,604	2,062	96%
Jøtul	44	53	-137	569	705	717	306	61%
Lindab	128	81	289	2,882	2,104	4,586	648	22%
MCC	12	50	-7	685	532	591	658	100%
Medisize	34	28	49	809	270	891	782	98%
SB Seating	37	15	110	1,124	808	457	1,082	85%
Stofa ⁴⁾	71	–	–	655	603	462	653	100%
Superfos	158	122	-25	1,752	428	1,452	591	33%
Other holdings ²⁾	8	7	-40	55	63	279	12	66%

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 divestment of companies.

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

1) AH Industries' earnings and average number of employees in 2009 and 2010 are pro forma taking the acquisition of RM Group into account.

2) Ratos refinanced its holding in Camfil in 2008 and has an interest-bearing net debt at 30 September 2010 of SEK 535m, which is not included in Camfil's income statement and statement of financial position. Ratos's consolidated book value has been adjusted to take the refinancing into account. Consolidated value excluding refinancing amounts to SEK 695m.

3) HL Display's earnings for 2009 and 2010 are pro forma taking the refinancing in August 2010 into account.

4) Stofa's earnings for 2009 and 2010 are pro forma taking Ratos's acquisition into account.

5) "Other holdings" include the subsidiary BTJ Group.

Stockholm, 4 November 2010
Ratos AB (publ)



Arne Karlsson
CEO

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4 November
10.00 CET

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

Financial calendar

2011

17 Feb	Year-end report 2010
5 April	Annual General Meeting
5 May	Interim report Jan-March
19 Aug	Interim report Jan-June
9 Nov	Interim report Jan-Sept

Review report

Introduction

We have reviewed this interim report for Ratos AB as at 30 September 2010 and the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditors of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us

to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, 4 November 2010
KPMG AB



Thomas Thiel
Authorised Public Accountant

Consolidated income statement

SEKm	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009
Net sales	6,856	6,417	20,083	19,203	26,356
Other operating income	87	39	208	122	178
Change in inventories	-533	-46	-367	26	-140
Raw materials and consumables	-2,172	-2,398	-7,115	-7,301	-9,663
Employee benefit costs	-1,984	-1,974	-6,414	-6,302	-8,469
Depreciation and impairment of property, plant and equipment and intangible assets	-255	-334	-725	-839	-1,134
Other costs	-1,407	-1,232	-4,309	-3,883	-5,447
Remeasurement HL Display	140		140		
Capital gain from the sale of group companies	783	-21	778	-22	6
Capital gain from the sale of associates					-6
Share of profits of associates	85	82	219	227	358
Operating profit	1,600	533	2,498	1,231	2,039
Financial income	48	129	179	281	328
Financial expenses	-198	-240	-630	-746	-992
Net financial items	-150	-111	-451	-465	-664
Profit before tax	1,450	422	2,047	766	1,375
Tax	-173	-114	-382	-239	-441
Profit for the period	1,277	308	1,665	527	934
Profit for the period attributable to:					
Owners of the parent	1,229	276	1,568	488	842
Non-controlling interests	48	32	97	39	92
Earnings per share, SEK					
– before dilution	7.73	1.75	9.86	3.09	5.32
– after dilution	7.72	1.74	9.84	3.09	5.32

Consolidated statement of comprehensive income

SEKm	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009
Profit for the period	1,277	308	1,665	527	934
Other comprehensive income:					
Translation differences for the period	-609	-455	-1,076	-462	-266
Change in hedging reserve for the period	51	-43	61	15	64
Change in fair value reserve for the period	-13	-28	-23	79	94
Tax attributable to other comprehensive income	-14	19	-16	-4	-7
Other comprehensive income for the period	-585	-507	-1,054	-372	-115
Total comprehensive income for the period	692	-199	611	155	819
Total comprehensive income for the period attributable to:					
Owners of the parent	698	-144	680	198	777
Non-controlling interests	-6	-55	-69	-43	42

Summary consolidated statement of financial position

SEKm	30 Sept 2010	30 Sept 2009	31 Dec 2009
ASSETS			
Non-current assets			
Goodwill	19,674	18,229	18,507
Other intangible assets	1,622	1,877	1,875
Property, plant and equipment	4,074	3,916	3,702
Financial assets	2,420	2,679	2,807
Deferred tax assets	490	487	500
Total non-current assets	28,280	27,188	27,391
Current assets			
Inventories	2,963	2,676	2,617
Current receivables	5,965	5,783	5,661
Cash and cash equivalents	2,522	4,430	4,999
Assets held for sale			190
Total current assets	11,450	12,889	13,467
Total assets	39,730	40,077	40,858
EQUITY AND LIABILITIES			
Equity including non-controlling interests	15,717	16,131	16,802
Non-current liabilities			
Interest-bearing liabilities	11,534	12,556	12,040
Non-interest bearing liabilities	446	374	415
Pension provisions	410	538	451
Other provisions	512	625	607
Deferred tax liabilities	710	717	779
Total non-current liabilities	13,612	14,810	14,292
Current liabilities			
Interest-bearing liabilities	2,816	2,244	2,014
Non-interest bearing liabilities	7,035	6,339	7,167
Provisions	550	553	579
Liabilities attributable to Assets held for sale			4
Total current liabilities	10,401	9,136	9,764
Total equity and liabilities	39,730	40,077	40,858

Summary statement of changes in consolidated equity

SEKm	30 Sept 2010			30 Sept 2009			31 Dec 2009		
	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	15,302	1,500	16,802	15,825	1,465	17,290	15,825	1,465	17,290
Adjusted for changed accounting principle	-25		-25						
Adjusted equity	15,277	1,500	16,777	15,825	1,465	17,290	15,825	1,465	17,290
Total comprehensive income for the period	680	-69	611	198	-43	155	777	42	819
Dividend	-1,512	-23	-1,535	-1,423	-11	-1,434	-1,423	-11	-1,434
New issue	43	125	168		46	46	89	102	191
Transfer of treasury shares (at acquisitions) in associates	10		10						
Purchase of treasury shares in associates				2		2	2		2
Purchase of treasury shares	-34		-34						
Transfer of treasury shares (exercise call options)	80		80	14		14	14		14
Option premiums	9		9	9		9	18		18
Redemption of convertible programme in associates	-8		-8						
Acquisition of non-controlling interests	-109	-218	-327		-11	-11		-158	-158
Divestment of non-controlling interests	-1	1							
Redemption of options in subsidiary	-5		-5						
Non-controlling interests at acquisition					60	60		60	60
Non-controlling interests in divested companies		-29	-29						
Closing equity	14,430	1,287	15,717	14,625	1,506	16,131	15,302	1,500	16,802

Consolidated statement of cash flows

SEKm	2010 Q 1-3	2009 Q 1-3	2009
Operating activities			
Profit before tax	2,047	766	1,375
Adjustment for non-cash items	-337	647	1,033
	1,710	1,413	2,408
Income tax paid	-141	-256	-285
Cash flow from operating activities before change in working capital	1,569	1,157	2,123
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in inventories	-90	212	475
Increase (-)/Decrease (+) in operating receivables	565	164	144
Increase (+)/Decrease (-) in operating liabilities	-1,321	-778	-239
Cash flow from operating activities	723	755	2,503
Investing activities			
Acquisition, group companies	-1,358	-359	-516
Divestment, group companies	1,103	155	205
Acquisition, shares in associates and other holdings	-491	-20	-20
Divestment, shares in associates and other holdings	3	6	31
Acquisition, other intangible/tangible assets	-518	-657	-974
Sale, other intangible/tangible assets	54	39	163
Investment, financial assets	-49	-6	-28
Sale, financial assets	44	16	36
Cash flow from investing activities	-1,212	-826	-1,103
Financing activities			
Repurchase of treasury shares	-34		
Exercise of options	75	14	-23
Option premiums	8	8	19
Non-controlling interest in issue/capital contribution		46	102
Acquisition of non-controlling interests	-254		
Dividends paid	-1,512	-1,423	-1,423
Dividends paid/redemption, non-controlling interests	-23	-11	-11
Loans raised	986	596	474
Amortisation of loans	-1,147	-2,226	-3,070
Cash flow from financing activities	-1,901	-2,996	-3,932
Cash flow for the period	-2,390	-3,067	-2,532
Cash and cash equivalents at beginning of the year	4,999	7,485	7,485
Exchange differences in cash and cash equivalents	-87	12	46
Cash and cash equivalents at the end of the period	2,522	4,430	4,999

Consolidated key figures

	2010 Q 1-3	2009 Q 1-3	2009
Return on equity, %			5
Equity ratio, %	40	40	41
Key figures per share			
Total return, %	31	33	47
Dividend yield, %			5.1
Market price, SEK	232.80	167.00	185.00
Dividend, SEK			9.5
Equity attributable to owners of the parent, SEK	91	93	96
Earnings per share before dilution, SEK	9.86	3.09	5.32
Average number of shares outstanding			
– before dilution	159,010,012	158,060,041	158,124,369
– after dilution	159,301,120	158,120,565	158,186,343
Total number of registered shares			
Number of shares outstanding	162,070,448	161,349,252	161,852,892
– of which A shares	42,325,530	42,328,530	42,328,530
– of which B shares	116,911,777	115,783,475	116,287,115

Parent company income statement

SEKm	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009
Other operating income	3	1	4	1	11
Other external costs	-13	-8	-87	-34	-60
Personnel costs	-31	-37	-119	-108	-158
Depreciation of property, plant and equipment	-2	-1	-4	-2	-4
Other operating expenses		-5		-6	-2
Operating profit/loss	-43	-50	-206	-149	-213
Capital gain from sale of participations in group companies	932		932	310	310
Dividends from group companies			93	25	25
Impairment of shares in group companies					-57
Capital gain from sale of interests in associates					-1
Dividends from associates			12	198	198
Result from other securities and receivables accounted for as non-current assets	35	68	106	214	262
Other interest income and similar profit/loss items	1	8	5	56	50
Interest expenses and similar profit/loss items	-41	-6	-69	-23	-28
Profit after financial items	884	20	873	631	546
Tax					
Profit for the period	884	20	873	631	546

Parent company statement of comprehensive income

SEKm	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009
Profit/loss for the period	884	20	873	631	546
Other comprehensive income:					
Change in fair value reserve for the period	-11	1	-21	79	99
Other comprehensive income for the period	-11	1	-21	79	99
Comprehensive income for the period	873	21	852	710	645

Summary parent company balance sheet

SEKm	30 Sept 2010	30 Sept 2009	31 Dec 2009
ASSETS			
Non-current assets			
Property, plant and equipment	87	87	90
Financial assets	13,021	10,995	11,124
Total non-current assets	13,108	11,082	11,214
Current assets			
Current receivables	24	49	119
Cash and cash equivalents	282	2,859	2,776
Total current assets	306	2,908	2,895
Total assets	13,414	13,990	14,109
EQUITY AND LIABILITIES			
Equity	12,758	13,297	13,321
Non-current provisions			
Pension provisions	2	2	2
Other provisions	136	179	168
Non-current liabilities			
Interest-bearing liabilities	244	201	197
Non-interest bearing liabilities	109	104	136
Current provisions			
		10	10
Current liabilities			
Non-interest bearing liabilities	165	197	275
Total equity and liabilities	13,414	13,990	14,109
Pledged assets and contingent liabilities	none	none	none

Summary statement of changes in parent company's equity

SEKm	30 Sept 2010	30 Sept 2009	31 Dec 2009
Opening equity	13,321	13,988	13,988
Comprehensive income for the period	852	710	645
Dividend	-1,512	-1,423	-1,423
Repurchase of treasury shares	-34		
New issue	43		89
Transfer of treasury shares (exercise call options)	80	14	14
Option premiums	8	8	8
Closing equity	12,758	13,297	13,321

Parent company cash flow statement

SEKm	2010 Q 1-3	2009 Q 1-3	2009
Operating activities			
Profit/loss before tax	873	631	546
Adjustment for non-cash items	-952	-523	-456
	-79	108	90
Income tax paid	-	-	-
Cash flow from operating activities before change in working capital	-79	108	90
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in operating receivables	-8	9	24
Increase (+)/Decrease (-) in operating liabilities	-145	-249	-250
Cash flow from operating activities	-232	-132	-136
Investing activities			
Investment, shares in subsidiaries	-1,896	-1,894	-2,360
Sale and redemption, shares in subsidiaries	1,489	1,108	1,157
Investment, shares in associates and other holdings	-486	-20	-20
Sales, shares in associates and other holdings		6	6
Acquisition, property, plant and equipment	-2	-55	-59
Investment, financial assets	-11	-510	-165
Sales, financial assets	80	85	85
Cash flow from investing activities	-826	-1,280	-1,356
Financing activities			
Repurchase of treasury shares	-34		
Transfer of treasury shares (exercise call options)	80	14	14
Option premiums	8	8	8
Dividends paid	-1,512	-1,423	-1,423
Loans raised	22		
Amortisation of loans		-28	-31
Cash flow from financing activities	-1,436	-1,429	-1,432
Cash flow for the period	-2,494	-2,841	-2,924
Cash and cash equivalents at the beginning of the year	2,776	5,700	5,700
Cash and cash equivalents at the end of the period	282	2,859	2,776

Operating segments

SEKm	Sales					EBT ¹⁾				
	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009	2010 Q 3	2009 Q 3	2010 Q 1-3	2009 Q 1-3	2009
Holdings										
AH Industries	152	94	371	383	523	-7	-14	-11	-16	-19
Anticimex	461	451	1,370	1,343	1,803	29	27	87	88	119
Arcus Gruppen	476	454	1,340	1,232	1,829	48	24	51	-7	165
Bisnode	1,015	1,092	3,288	3,595	4,838	70	5	189	88	145
Camfil						22	24	79	58	80
Contex Group	186	162	552	523	698	7	-10	37	-82	-73
DIAB	362	316	1,080	788	1,095	44	34	135	70	87
EuroMaint	845	615	2,583	1,812	2,510	-9	4	-79	24	41
GS-Hydro	281	343	950	1,125	1,495	-11	30	21	54	58
Hafa Bathroom Group	95	100	324	288	390	6	17	38	36	38
Haglöfs	30	227	289	480	587	-4	48	5	59	58
HL Display	270		270			3	6	20	17	25
Inwido	1,276	1,318	3,758	3,553	5,026	149	101	287	50	125
Jøtul	275	251	660	676	1,044	25	26	-27	20	74
Lindab						36	17	43	27	27
MCC	231	242	685	875	1,085	30	24	67	79	85
Medisize	236	315	826	951	1,358	31	9	85	43	103
SB Seating	248	249	874	890	1,203	20	3	71	-5	-9
Stofa	235		235			12		12		
Superfos						21	26	58	92	184
Other holdings ²⁾	180	185	621	681	863	2	-10	4	-14	-18
Total	6,854	6,414	20,076	19,195	26,347	524	391	1,172	681	1,295
Exit Haglöfs						783		783		
Exit gains	0	0	0	0	0	783	0	783	0	0
Remeasurement HL Display						140		140		
Holdings total	6,854	6,414	20,076	19,195	26,347	1,447	391	2,095	681	1,295
Central income and expenses	2	3	7	8	9	3	31	-48	85	80
Group total	6,856	6,417	20,083	19,203	26,356	1,450	422	2,047	766	1,375

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

²⁾ Relates to subsidiary BTJ Group.

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 and the Swedish Securities Market Act are also applied.

The parent company's interim report is prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act which are in accordance with the regulations in RFR 2.3 Accounting for Legal Entities.

Except where specified below, 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. This requirement pertains to both associates and subsidiaries.

New accounting principles for 2010

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements are applied as of 1 January 2010. These standards provide new rules for partial sales and partial acquisitions. How an acquisition/sale is recognised in the accounts depends on the size of the share acquired/sold.

- If the partial acquisition results in control being obtained in the acquired company, the previously owned share is remeasured at fair value, and profit/loss recognised in profit or loss for the year. In a corresponding manner a sale, which results in a loss of control, is recognised as a capital gain or loss from the sale 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 sale 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. Ratos has chosen to recognise transaction costs that arose in the Group during 2009 and where the acquisition was not completed until 2010 in retained earnings.

■ At acquisition of a “non-controlling interest” (minority) there are two alternative accounting methods, either full goodwill or proportionate share of acquired net assets. The choice between these two methods will be made individually for every acquisition.

Other revised IFRS standards and interpretations from IFRIC have not had any effect on the performance, financial position or disclosures of the Group or the parent company.

Significant accounting and valuation principles

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

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.

Goodwill and intangible assets

IFRS represents a requirement to identify and measure intangible assets at acquisition. To the extent intangible assets can be identified and measured, goodwill decreases correspondingly. Goodwill is not amortised but is subject to an annual test for impairment. Other intangible assets are amortised to the extent 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.

Associates

As previously, Ratos applies the equity method for consolidation of associates.

Business combinations

Acquisitions

Ratos increased its holding in Medisize by 5.4% to 98.4%. Consideration transferred amounted to SEK 59.8m (EUR 6.2m). Acquisition-related costs amount to SEK 2m and are recognised as other operating expenses in consolidated profit for the period.

Following conversion to shares of the capital contribution in Jøtul carried out in 2009, Ratos's holding amounts to 61% (63).

HL Display

In June, Ratos concluded an agreement to acquire the Remius family's shares in HL Display, corresponding to 28.2% of the capital and 59.1% of the votes. In conjunction with this, Ratos made an offer to the other shareholders in HL Display, in accordance with the requirements for mandatory offers, to transfer shares issued in HL Display to Ratos for SEK 49 per share.

During the second quarter, Ratos increased its holding in HL Display through acquisition of shares via NASDAQ OMX Stockholm to a value of SEK 483m. Acquisition of the Remius family's shares was completed on 21 July. Consideration transferred to the Remius family amounted to SEK 428m. Payment comprised 90% cash and 10% newly issued shares in Ratos corresponding to SEK 385m cash and 217,556 new shares in Ratos. In conjunction with the acquisition of the Remius family's shares, Ratos acquired control over HL Display which is subsequently reported as a subsidiary. Since the previously owned ownership interest must be remeasured at fair value when control is obtained, an earnings effect of the remeasurement including reversed currency effects of SEK 140m is recognised within operating profit. Ratos has chosen to report the acquisition according to the partial goodwill method. Preliminary goodwill amounts to a total of SEK 1,110m.

After acquiring control, Ratos acquired additional shares through the public offer and via NASDAQ OMX Stockholm to a value of SEK 161m. These acquisitions are regarded according to revised IFRS 3 Business Combinations as equity transactions since Ratos acquires the shares from a "non-controlling interest" (minority), therefore the difference between the consideration transferred and the acquired "non-controlling interest" is recognised directly in equity with SEK 105m. The total consideration transferred during the period amounts to SEK 1,072m, of which SEK 43m comprised newly issued Ratos shares. At the end of the period under review, Ratos owned 99.5% of the capital and 99.7% of the votes.

HL Display has a strong market position and is the only global company in its sector. The company has a

unique broad product range and its innovative ability and size provide good opportunities to create new competitive products. Acquired goodwill reflects these values.

As a subsidiary, HL Display is included in consolidated sales from 1 August with SEK 270m and in profit before tax with SEK 3m and prior to that date as an associate with SEK 16m in profit before tax. For the period January to September, sales amounted to SEK 1,226m and profit before tax to SEK 36m.

Acquisition-related costs amount to SEK 5m for the period and are recognised as other operating expenses in consolidated profit for the period.

Stofa

In July, Ratos signed an agreement with TeliaSonera to acquire all the shares in Stofa. The acquisition was completed on 30 July. Enterprise value amounted to DKK 1,090m and the consideration transferred amounted to DKK 527m (SEK 668m). In the preliminary PPA, goodwill amounts to SEK 885m. The goodwill recognised for the acquisition corresponds to the company's profitability level which is based, among other things, on the company's customer offering, technical expertise, market position and historical market presence.

The acquired company is included in consolidated sales for the period with SEK 235m and in profit before tax with SEK 12m. For the period January to September, sales amounted to SEK 1,055m and profit before tax to SEK 52m.

Acquisition-related costs amount to SEK 11m for the period and are recognised as other operating expenses in consolidated profit for the period.

PPAs for each company are provided below.

PPAs in conjunction with obtaining control

SEKm	HL Display	Stofa	Total
Intangible assets	4	6	10
Property, plant and equipment	221	467	688
Financial assets	24	68	92
Current assets	582	254	836
Cash and cash equivalents	144	131	275
Non-controlling interests	-59	-1	-60
Non-current liabilities and provisions	-293	-813	-1,106
Current liabilities	-386	-329	-715
Net identifiable assets and liabilities	237	-217	20
Consolidated value of associate at acquisition date	-775		-775
Remeasurement of previously held ownership interest, excl. currency effect	-144		-144
Consolidated goodwill	1,110	885	1,995
Consideration transferred	428	668	1,096

Acquisitions in group companies

Bisnode's investments in Directinet and Bilfakta have been completed. The combined consideration transferred for these acquisitions amounted to SEK 90m. The acquired companies are included in consolidated sales with SEK 95m and in profit before tax with SEK -5m. For the period January to September the companies' sales totalled SEK 96m and loss before tax was SEK 6m. Bisnode also paid a contingent consideration of SEK 108m for acquisitions made in 2007.

EuroMaint's acquisition of the German company Rail Service Management Group (RSM) was completed in January, whereby consideration transferred for the acquisition together with a number of other smaller acquisitions amounted to SEK 176m. The acquired companies are included in consolidated sales with SEK 577m and in profit before tax with SEK 4m. For the period January to September the companies' sales amounted to SEK 577m and profit before tax was SEK 4m. Acquisition-related costs amount to SEK 1m for the period and are recognised as other operating expenses in consolidated profit for the period.

AH Industries acquired RM Group as of 31 August. The consideration transferred amounted to DKK 316m (SEK 399m), of which Ratos provided equity of DKK 227m (SEK 288m). Preliminary goodwill amounts to DKK 158m (SEK 199m). The acquisition is expected to provide synergies in the form of a complementary product range, broader customer and supplier base as well as qualified expertise in the wind power and cement/mineral industries. In addition, the acquisition provides a platform for continued expansion outside Europe, among other things through RM Group's operations in China. Acquired goodwill reflects these values. The acquired company is included in consolidated sales with SEK 50m and in profit before tax with SEK 6m. For the period January to September the company's sales amounted to SEK 421m and profit before tax to SEK 56m.

Preliminary PPAs for each company are provided in the table below.

Preliminary PPAs

SEKm	Bisnode	EuroMaint	RM Group	Total
Intangible assets	5	1		6
Property, plant and equipment	2	67	121	190
Deferred tax assets	1			1
Current assets	52	251	175	478
Cash and cash equivalents	10	1	77	88
Non-current liabilities and provisions	-5	-31	-82	-118
Current liabilities	-62	-128	-91	-281
Net identifiable assets and liabilities	3	161	200	364
Consolidated goodwill ^{*)}	87	15	199	301
Consideration transferred	90	176	399	665

^{*)} EuroMaint's consolidated goodwill includes bargain purchase (negative goodwill) amounting to SEK 6m, which is recognised in profit for the period.

Divestment

On 12 July, Ratos concluded an agreement to sell the wholly owned subsidiary Haglöfs to Asics, based in Japan. The deal was completed on 20 August 2010. The consideration transferred amounted to SEK 1,007m and Ratos's capital gain (exit gain) amounted to SEK 783m.

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

RATOS

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