

# Year-end Report 2016



## RATOS

### Development in company portfolio

- Sales growth +13%. Adjusted for the size of Ratos's holding, net sales amounted to SEK 22,794m (20,164)
- Adjusted EBITA development -2%, adjusted for Ratos's holding, mainly due to weak performance of GS-Hydro. The portfolio's adjusted EBITA amounted to SEK 1,384m (1,414)
- EBITA performance -19%, adjusted for the size of Ratos's holding. The portfolio's adjusted EBITA amounted to SEK 1,005m (1,233)

### Acquisitions and divestments

- The acquisitions of Serena Properties, airteam, Oase Outdoors, Gudrun Sjödén Group and Plantagen were completed
- Divestment of Euromaint, Mobile Climate Control and Analytical Instruments, part of Biolin Scientific
- Initial public offering for Arcus
- Agreement signed for the divestment of AH Industries

### Financial information

- The impairment of book values in Aibel, AH Industries, Biolin Scientific, Euromaint, GS Hydro and Jøtul during the year amounted to SEK 1.9 billion, attributable to the owners of the parent, of which SEK 1.1 billion is attributable to Aibel
- Profit/share of profits from companies amounted to SEK 295m (664), weak earnings development, particularly in GS-Hydro and Aibel
- Proposed dividend of SEK 2.00 per share (3.25)
- Earnings per share before and after dilution amounted to SEK -1.79 (1.29)
- Cash and cash equivalents in the parent company totalled SEK 2,677m (4,677)

### Ratos Group's key figures based on IFRS

SEKm	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
Net sales	6 649	6 518	25 228	24 480
Operating profit	1 551	-478	-235	1 411
Profit before tax	1 330	-529	-890	892
of which, Profit/share of profits in portfolio companies	-38	53	295	664
of which, Exit gains in portfolio companies	1 672	44	1 672	1 101
of which, Impairment in portfolio companies:				
attributable to owners of the parent	-204	-565	-1 895	-565
attributable to non-controlling interest			-609	
Earnings per share after dilution	3,95	-2,05	-1,79	1,29
Equity (attributable to owners of the parent)			11 283	12 882
Return on equity, %			-4	4
Equity ratio, %			45	47
Cash flow for the period from operating activities			1 180	1 252
Cash and cash equivalents in the parent company			2 677	4 677

# Important events 2016

## Acquisitions

- In November, the acquisition was completed of 99% of the shares in Plantagen, the Nordic region's leading chain store for plants and gardening accessories. The purchase price (equity value) for 100% of the company amounts to approximately NOK 1.2 billion, corresponding to an enterprise value of about NOK 2.8 billion
- During the third quarter, the acquisitions were completed of 30% of Gudrun Sjødén Group, an international design company with uniquely colourful designs and a distinct sustainability profile, and 79% of Oase Outdoors, a Danish family-owned company that supplies high-quality camping and outdoor equipment
- During the first half of the year, the acquisitions were completed of 56% of Serena Properties, a newly formed real estate company with a portfolio of 21 commercial retail properties in Finland, and 70% of airteam, a leading supplier of ventilation solutions in Denmark

## Divestments

- Euromaint was sold in November for approximately SEK 650m (enterprise value). The divestment had no earnings effect for Ratos, since impairment at the anticipated exit value occurred in the third quarter. The investment has generated a negative annual average return (IRR)
- In November, Mobile Climate Control was sold for approximately SEK 1,790m (enterprise value) and Ratos received SEK 1,373m (equity value). The sale generated an exit gain of SEK 268m, an average annual return (IRR) of about 10% and a money multiple of 2.2x
- In December, Biolin Scientific divested its Analytical Instruments business area. The sale generated a small exit earnings effect for Ratos. The continuing operation in Biolin Scientific, Sophion, is recognised in other net assets in the Ratos Group
- On 1 December, Arcus was listed on the Oslo Stock Exchange at NOK 43 per share. In conjunction with the listing, Ratos sold shares for a total value of SEK 1,194m, after partially exercising the surplus allocation option. Ratos's holding now amounts to 23.6%. The total exit gain was SEK 1,403m. Since the acquisition in 2005 the average annual return (IRR) to date amounts to 29%, which implies a money multiple of 5.5x

- In December, Ratos signed an agreement for the sale of all shares in AH Industries at an enterprise value of DKK 240m for 100% of the company. Ratos's holding amounts to 70%. The sale resulted in an impairment of the company's total book value and thus, no significant exit earnings effect is expected. The investment has generated a negative annual average return (IRR)

## Impairment

- During the third quarter, the impairment of book values in Aibel, AH Industries, Biolin Scientific, Euromaint and Jøtul amounted to SEK 1.7 billion, attributable to the owners of the parent, of which SEK 1.1 billion is attributable to Aibel. In accordance with IFRS, the non-controlling interest's share of the impairment, SEK 609m, is also charged to the Ratos Group's net profit
- In the fourth quarter of 2016, impairment was also made of the book values in GS-Hydro of SEK 160m and in AH Industries of SEK 43m

## Capital contribution/earn-out

- During the fourth quarter, Ratos contributed SEK 68m (EUR 7m) to GS-Hydro. Earlier in the year, Ratos contributed SEK 319m (NOK 316m) to Aibel in conjunction with a new financing agreement, SEK 246m to Bisnode (of which SEK 71m in conjunction with the supplementary acquisition of NN Markedsdata), SEK 15m to KVD, SEK 46m (EUR 5m) to GS-Hydro and SEK 120m to Euromaint
- An earn-out of EUR 4m concerning TFS was paid in the first quarter

## Events after the end of the period

- In February 2017, Ratos's subsidiary Ledil was refinanced. Ratos will receive a dividend of approximately EUR 18m for its holding of 66%. The refinancing was facilitated by strong profitable growth and the business's favourable performance. Ratos's consolidated book value for Ledil will be adjusted downward by a corresponding amount

More information about important events in the holdings is provided on pages 7-16.

## Performance of Ratos's company portfolio <sup>1)</sup>

	2016 Q4				2016 Q1-4			
	Companies in their entirety		Ratos's holding		Companies in their entirety		Ratos's holding	
		Change		Change		Change		Change
Net sales in the portfolio	9 827	+32%	6 058	+20%	35 200	+19%	22 794	+13%
EBITA in the portfolio	94	-62%	53	-67%	1 406	-22%	1 005	-19%
Adjusted EBITA in the portfolio <sup>2)</sup>	367	-16%	223	-7%	2 027	-5%	1 384	-2%

<sup>1)</sup> Comparison with corresponding period in preceding year and for comparable units.

<sup>2)</sup> Excluding items affecting comparability

For reconciliation of alternative performance measures, see Note 3 on pages 32-33.

On page 17, an extensive table is provided with financial information for Ratos's holdings to facilitate analysis. At [www.ratos.se](http://www.ratos.se), income statements, statements of financial position, etc., for all Ratos's holdings are available in downloadable Excel files.

# A transaction-intensive year and fourth quarter



2016 was a transaction-intensive year, and the fourth quarter was no different. We completed a total of five acquisitions during the year and signed agreements to divest four companies, fully or partially, as well as also implementing an initial public offering for Arcus. In addition to our acquisitions and divestments, we have continued our development activities in the companies and in the central organisation at Ratos. In 2016, the overall development of the company portfolio did not live up to our expectations. Many companies are performing well, but in some of our holdings we are working even more intensively together with the management teams of the companies and their Boards of Directors.

## Development in portfolio

For full-year 2016, the portfolio displayed sales growth of +13%, but with a weakened trend in adjusted EBITA of -2%, adjusted for the size of Ratos's holding. During the fourth quarter of 2016, the portfolio displayed sales growth of +20%. However, adjusted for the size of Ratos's holding, adjusted EBITA declined -7%. The growth is primarily driven by Aibel, which had a considerable project delivery to the Johan Sverdrup field during the year and the fourth quarter but with lower margins in the project portfolio, as well as to HENT, which saw a high level of sales growth in 2016. This weak earnings trend was primarily attributable to the performance of GS-Hydro and to Aibel. GS-Hydro continues to encounter market-related uncertainty, with low volumes in both offshore and the land-based segment. Together with the management of the company, we are now implementing strong measures to adapt the company to the prevailing market conditions.

Several of our companies made progress both operationally and strategically during the year. During the year, the Norwegian construction services company HENT became established in the Swedish market, as well as starting up a new property development segment, with primary focus on residential properties in Norway. KVD, Sweden's largest independent online marketplace offering broker services for second-hand vehicles, is investing considerable amounts in upgrading its technical platform to be able to build out its customer offering.

Ratos as committed owner, wants to support the companies by providing both capital and expertise. In 2016, we undertook refinancing of Aibel, Bisnode, KVD and GS-Hydro. We contributed a total of about SEK 700m, corresponding to our holding. Refinancing has strengthened the companies' capital structures and provided a long-term, stable platform for continued development. After the end of the period, Ledil was refinanced and Ratos thus received a dividend of approximately EUR 18m for its holding of 66%. The refinancing was facilitated by strong profitable growth and the business's favourable performance.

## Interesting acquisitions and strategic investments

The transaction markets remain strong and during the year, Ratos has made several transactions in accordance with our strategy of investing in new, interesting companies, implementing add-on acquisitions, focusing on operational development and realising values through divestments. A clear example of this is Arcus, which Ratos has owned since 2005 and has developed from a Norwegian spirits producer into the Nordic region's leading supplier of wines and spirits. In December, Arcus was listed on the Oslo Stock Exchange.

In addition to the add-on acquisitions that TFS, Bisnode and airteam made during the year, Ratos acquired four companies: airteam, Gudrun Sjöden Group, Oase Outdoors and Plantagen. The acquisition of Serena Properties was also completed in 2016. In our newly acquired companies, Oase Outdoors and Gudrun Sjöden Group, we are now driving further development with a focus on growth initiatives and product development, as well as global expansion and the development of e-commerce. Plantagen has been included in Ratos's results since 1 December 2016, and the work with this company has only just begun.

During the year, Ratos sold Euromaint and signed agreements for the sale of AH Industries, while in addition, Biolin Scientific signed an agreement to sell its Analytical Instruments business area. We have owned AH Industries and Euromaint since 2007 and since the companies are not developing to plan, we regarded it as a logical time for a new owner to take the reins.

Mobile Climate Control (MCC) was also sold in 2016. Ratos has owned MCC since 2007 and during our time as owner, the company developed well, with sales that have more than doubled, international expansion, significant add-on acquisitions and investments in new production capacity.

Combined, the divestment of Mobile Climate Control and the Arcus IPO generated a total exit gain of approximately SEK 1.7 billion and a cash effect of SEK 2.5 billion.

### Impairment of book values

Some of our companies are operating under tough market conditions and are showing a weak earnings trend. To reflect the companies' market conditions, we adjusted our book values pertaining to the portfolio companies Aibel, AH Industries, Biolin Scientific, Euromaint, GS-Hydro and Jøtul during the year. In total, the impairments of investments in associates and goodwill attributable to the owners of the parent amounted to SEK 1.9 billion.

### Focus on development of the companies

2016 was an intensive year with successful investments in companies that we regard as having major development

potential and the divestment of companies that have developed both favourably and less favourably. The performance of the portfolio companies on the whole did not live up to our expectations, and we are continuing the intensive efforts with the management teams of our companies and their employees to turn this around. In addition, we are conducting a review of Ratos's strategy.



Magnus Agervald  
CEO

# Companies overview

The Ratos Group's net sales, in accordance with IFRS, for full-year 2016 amounted to SEK 25,228m (24,480), corresponding to an increase of +3%. The operating loss for the same period amounted to SEK -235m (1,411), mainly due to impairment of book values. To facilitate a comparison between periods and enable follow-up of the ongoing performance of Ratos's company portfolio, the companies overview presented below includes certain financial information that is not defined in accordance with IFRS. For a reconciliation of the alternative performance measures used in this report with the most directly reconcilable IFRS measures, refer to Note 3.

## Development in Ratos's company portfolio

Ratos invests mainly in unlisted medium-sized Nordic companies and, as per 31 December 2016, has 18 companies in its portfolio, ten of which are categorised as medium-sized (mid cap) and eight as small-sized (small cap). The largest segments in terms of sales are Consumer goods/Commerce, Construction and Energy. The information presented for each company refers to the company in its entirety and has not been adjusted for the size of Ratos's holding, with the exception of consolidated book value.

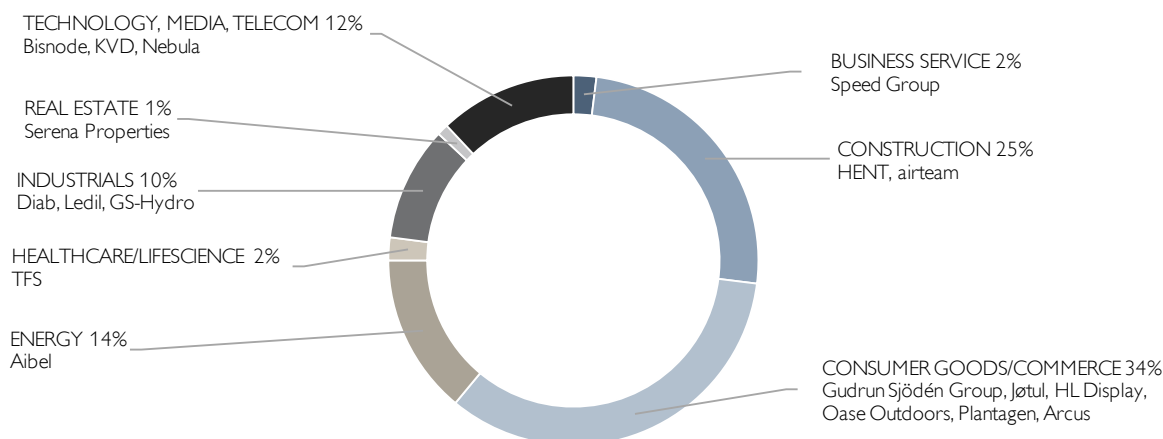


**18** companies with approximately

**14,500\*** employees

\* The number of employees is based on the average number of employees for full-year 2016 for the 18 companies.

## Sales breakdown by segment\*\*

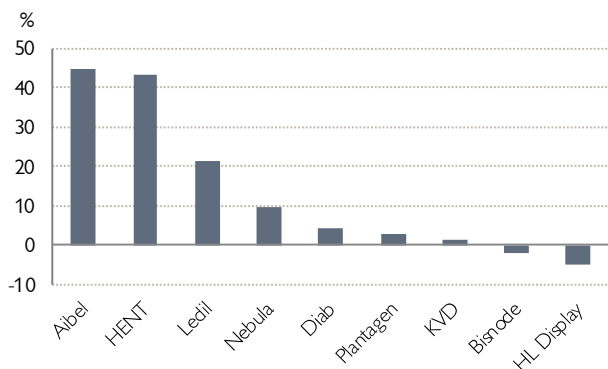


\*\* adjusted for the size of Ratos's holding.

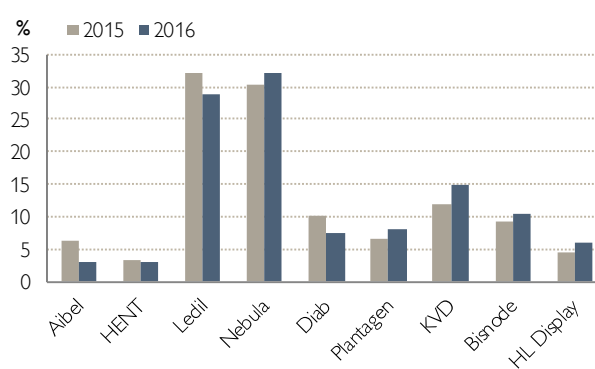
# Mid cap

In total, the mid cap companies showed +17% growth in net sales and an increase in adjusted EBITA of +7% (recognised EBITA -6%) for full-year 2016, adjusted for Ratos's holding. The companies' total sales accounted for 83% of Ratos's portfolio sales and 87% of adjusted EBITA.

Sales trend, local currency



Adjusted EBITA margin



## Aibel



- Sales growth is primarily driven by high activity in new construction contracts for the Johan Sverdrup field. Generally good deliveries of projects. The lower adjusted EBITA margin in the project portfolio is an effect of the weak market trend
- Weak market trend in MMO and Field Development, which is expected to continue in 2017. The order book at 31 December 2016 amounted to approximately NOK 15 billion, down about 20% compared with 31 December 2015
- Based on a weak market trend and completion during the year of the maintenance contract for the Ekofisk field, efficiency measures to strengthen competitiveness were implemented in 2016, which involved layoffs. The EBITA result was charged with items affecting comparability totalling NOK -262m, comprising costs of layoffs and closed and unused office premises
- In the fourth quarter, Aibel secured a key maintenance contract for the Dvalin field (Norwegian shelf), which will last until 2020, and two feasibility studies for two different platforms on the Norwegian shelf
- In September, the book value of Ratos was impaired by SEK -1.1 billion, attributable to the owners of the parent. In July, a capital contribution of NOK 316m was made to Aibel, corresponding to Ratos's holding of 32%

MNOK	Q1-4	
	2016	2015
Sales	10 679	7 385
EBITA	46	267
Adjusted EBITA	308	459
Adjusted EBITA margin	2,9%	6,2%
Time of acquisition, year	2013	
Book value (SEKm)	587	

Holding

32%

*Aibel is a leading Norwegian supplier of maintenance and modification services (MMO and Modification) for oil and gas production platforms as well as newbuild projects (Field Development) within oil, gas and renewable energy. The company has operations along the entire Norwegian coast as well as in Asia. Customers are primarily major oil companies which operate on the Norwegian continental shelf.*



- On 1 December, Arcus was listed on the Oslo Stock Exchange at NOK 43 per share. In conjunction with the listing, Ratos sold shares for a total value of SEK 1,194m, after partially exercising the surplus allocation option. Ratos's holding now amounts to 23.6%. The total exit gain was SEK 1,403m including both the realised value of sold shares and the increase in value following revaluation of the shares retained. Since the acquisition in 2005 the average annual return (IRR) to date amounts to 29%, which implies a money multiple of 5.5x
- Following the listing of Arcus, Ratos no longer has access to financial reporting from the company. Information regarding the company's financial performance is available from the company's website: <https://www.arcus.no/investor>



- The extensive change initiatives to strengthen core operations and modernise the customer offering are under way at a high pace. As a result of the measures implemented, adjusted EBITA increased approximately SEK 30m compared with the preceding year. Non-recurrent costs attributable to restructuring efforts, particularly layoffs, amounted to SEK -130m (-53). As a result of the ongoing strategic initiatives and product rationalizations, revenue development amounted to -2%
- Since Bisnode signed a new financing agreement (to enable restructuring work) and acquired Danish company NN Markedsdata, Ratos contributed SEK 246m, corresponding to its holding of 70%. After the end of the period, Bisnode acquired Belgian Swan Insights, which reinforces known-how of Big Data

Mkr	Q1-4	
	2016	2015
Sales	3 458	3 535
EBITA	228	275
Adjusted EBITA	358	328
Adjusted EBITA margin	10,4%	9,3%
Time of acquisition, year	2004	
Book value (SEKm)	1 606	

Holding

70%

*Bisnode is a leading European data and analysis company. The customer base comprises companies and organisations in Europe which use Bisnode's services to convert data into knowledge for both day-to-day issues and major strategic decisions.*



# Diab



- The sales increase was +5%, adjusted for currency effects, with strong development in the wind and TIA\* segments, driven primarily by India and Europe. Some slowdown in the wind segment in China during the year
- Planned growth initiatives to increase capacity in China and the US resulted in higher costs, which had a negative earnings impact but were necessary to meet increased demand
- The new facility for IPN foam production in China opened in late June 2016, is now certified and in production

\*Transport, Industry, Aerospace

Mkr	Q1-4	
	2016	2015
Sales	1 516	1 450
EBITA	109	154
Adjusted EBITA	114	146
Adjusted EBITA margin	7,5%	10,1%
Time of acquisition, year	2001/2009	
Book value (SEKm)	770	

Holding

96%

*Diab is a global company that develops, manufactures and sells core materials for sandwich composite structures including blades for wind turbines, hulls and decks for leisure boats, and components for aircraft, trains, industrial applications and buildings. The core materials have a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.*

# HENT

**HENT**

- Excellent sales growth of +43% driven by a strong order book and good progress in ongoing projects. Stable profitability
- Order intake of NOK 8.0 billion during the year. In 2016, HENT signed an agreement regarding the construction of a hotel in Trondheim, with an order value of approximately NOK 800m, and two breakthrough contracts in the Swedish market worth a total of NOK 1.6 billion, representing an important establishment in both the private and public sector in Sweden. The order book at 31 December 2016 amounted to approximately NOK 8.9 billion (approximately NOK 8.7 billion at 31 December 2015)
- During the year, HENT established a new property development segment, with primary focus on residential properties in Norway. Evaluation of and negotiation regarding potential projects are undertaken continuously

MNOK	Q1-4	
	2016	2015
Sales	7 834	5 462
EBITA	234	180
Adjusted EBITA	235	181
Adjusted EBITA margin	3,0%	3,3%
Time of acquisition, year	2013	
Book value (SEKm)	298	

Holding

73%

*HENT is a leading Norwegian construction company with projects in Norway and Sweden. The company focuses newbuilds of public and commercial real estate, and focuses its resources on project development, project management and procurement. The projects are to a large extent carried out by a broad network of quality assured subcontractors.*

# HL Display



- Stable demand in all markets, but lower sales trend in the UK, which is impacted by larger orders from the preceding year. Adjusted for currency effects, the sales trend amounted to -2%
- Positive profitability driven by product mix and previously implemented restructuring measures, including the transfer of production from Sweden to Poland and the consolidation of logistics centres
- Continued focus on profitable growth through strengthening of the sales organisation, product innovation and streamlining of production

Mkr	Q1-4	
	2016	2015
Sales	1 417	1 488
EBITA	67	8
Adjusted EBITA	85	66
Adjusted EBITA margin	6,0%	4,5%
Time of acquisition, year	2001/2010	
Book value (SEKm)	840	

Holding

99%

*HL Display is a global supplier of products and systems for merchandising and in-store communication with operations in 47 countries. Manufacturing takes place in Poland, Sweden, China and the UK.*

# KVD



- Stable sales trend driven by favourable growth within Private Cars (+32%), a stable performance in Company Cars and a slightly weaker trend in Machines & Heavy Vehicles
- Stronger EBITA following the discontinuation of the unprofitable Norwegian auction operation
- Continued investments in IT and the development of services in order to raise the level of customer value on the auction sites. A capital contribution of SEK 15m was provided

Mkr	Q1-4	
	2016	2015
Sales	321	317
EBITA	37	29
Adjusted EBITA	48	38
Adjusted EBITA margin	14,8%	11,9%
Time of acquisition, year	2010	
Book value (SEKm)	356	

Holding

100%

*KVD is Sweden's largest independent online marketplace offering broker services for second-hand vehicles. The company operates the auction sites kvd.se, kvdnorge.no, kvdpro.com and kvdauctions.com, where cars, heavy vehicles and machines are offered for sale at weekly online auctions. The number of unique visitors totals approximately 200,000 per week. The company's service offering includes valuation portals for cars.*

# Ledil



- Strong sales growth of +21%, driven by higher demand in all large markets, Europe, North America and Asia
- Good profitability, impact from increased expenses due to growth initiatives
- Strategic initiatives in product development and sales, including establishment of a new sales company in North America
- After the end of the period, Ratos's subsidiary Ledil was refinanced. Ratos will receive a dividend of approximately EUR 18m for its holding of 66%. The refinancing was facilitated by strong profitable growth and the business's favourable performance

MEUR	Q1-4	
	2016	2015
Sales	38,6	31,7
EBITA	11,1	10,2
Adjusted EBITA	11,1	10,2
Adjusted EBITA margin	28,9%	32,1%
Time of acquisition, year	2014	
Book value (SEKm)	530	

Holding

66%

*Ledil is a Finnish leading global player within secondary optics for LED lighting. The products are sold by the company's own sales force as well as via agents and distributors in Europe, North America and Asia. Production is carried out by subcontractors in Finland and China.*

# Nebula



- Sales growth of +10% driven by higher demand in all service areas and the acquisition of Telecity
- Improved profitability as an effect of increased sales driven by sales and product development initiatives
- Continued initiatives for sales, customer loyalty and customer service

MEUR	Q1-4	
	2016	2015
Sales	35,1	31,9
EBITA	10,7	9,3
Adjusted EBITA	11,3	9,7
Adjusted EBITA margin	32,2%	30,3%
Time of acquisition, year	2013	
Book value (SEKm)	283	

Holding

73%

*Nebula is a market leading provider of cloud-based services, IT-managed services and network services to small and medium-sized enterprises in the Finnish market. The company has two data centres in Finland as well as its own leased fibre network between the largest cities in Finland. Nebula has a total of about 40,000 customers. 90% of sales are subscription based.*

# Plantagen

**PLANTAGEN®**

- Sales growth of +3%, driven by a favourable trend for the plants and accessories focus area. Sales during the fourth quarter were negatively impacted by weak Christmas trading. Plantagen's sales have strong seasonal variations, since sales largely occur during the second quarter, while the remaining quarters are small in terms of sales. Higher operating profitability, driven by improved product mix
- The EBITA result was charged with transaction expenses related to the company's sales process
- Continued focus on developing supply chain and product range in plants and accessories. New concept of smaller city stores is being tested in several markets with positive results
- The company is included in the Ratos Group's results as of 1 December

MNOK	Q1-4	
	2016	2015
Sales	3 624	3 517
EBITA	228	247
Adjusted EBITA	293	231
Adjusted EBITA margin	8,1%	6,6%
Time of acquisition, year	2016	
Bokfört värde (Mkr)	1 303	

Holding

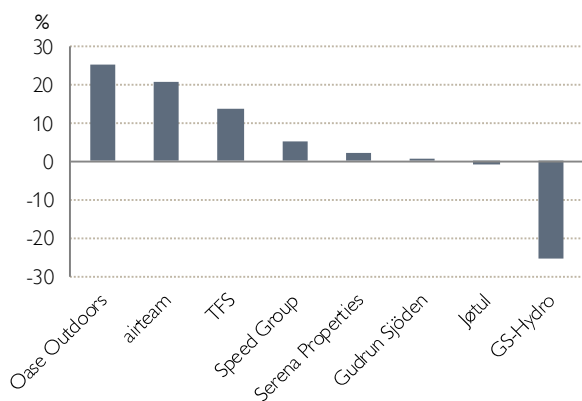
99%

*Plantagen is the Nordic region's leading chain for sales of plants and gardening accessories with more than 120 stores in Norway, Sweden and Finland and a primary focus on consumers.*

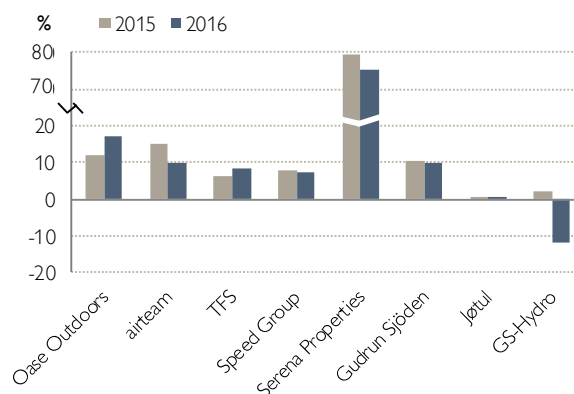
## Small cap

In total, the small-sized companies displayed a negative trend of -2% in net sales and a decrease in adjusted EBITA of -38% (recognised EBITA -70%) for full-year 2016, adjusted for Ratos's holding. The companies' total sales accounted for 17% of Ratos's portfolio sales and 13% of adjusted EBITA.

### Sales trend, local currency



### Adjusted EBITA margin



## airteam



- Strong sales growth of +21%. Continued good operative profitability, but impacted by a lower margin on certain projects during the year. airteam is a project-based operation, in which the sales and profitability of the projects vary over time and between periods
- Transaction-related and other non-recurrent costs amounted to approximately DKK 22m
- Investments in organisational development and intense focus on growth initiatives to enable expansion. During the third quarter, airteam acquired Ventek A/S, supplier of ventilation solutions, thereby strengthening its market position in Denmark

MDKK	Q1-4	
	2016	2015
Sales	604	501
EBITA	37	75
Adjusted EBITA	58	75
Adjusted EBITA margin	9,7%	15,0%
Time of acquisition, year	2016	
Book value (SEKm)	356	

Holding

70%

*airteam offers high-quality, effective ventilation solutions in Denmark.*

- Very weak trend and demand in both the offshore and land-based segments in 2016. Strong negative impact on earnings as a result of low volumes, price pressure and increased costs in individual projects
- The company is continuing to implement a highly comprehensive global restructuring programme with a focus on efficiency and cost savings, including substantial layoffs in most markets, efficiency-enhancement of logistics and the centralisation of warehouses
- Impairment of book value of SEK 160 during the fourth quarter. Capital contribution provided totalling EUR 12m during the year, of which EUR 7m during the fourth quarter

MEUR	Q1-4	
	2016	2015
Sales	93,7	125,6
EBITA	-15,8	1,3
Adjusted EBITA	-10,8	2,8
Adjusted EBITA margin	-11,5%	2,3%
Time of acquisition, year	2001	
Book value (SEKm)	0	

Holding  
**100%**

*GS-Hydro is a leading global supplier of non-welded piping solutions. The products and services are used within the marine and offshore industries, within land-based segments such as the paper and metals industries and in test equipment for the automotive industry.*

# Gudrun Sjödén Group



- Stable sales trend. Following a weak third quarter, sales increased in the fourth quarter by +7% driven by the Nordic region, the US and the UK. Stable profitability
- Continued focus on global expansion and development of e-commerce. One new store opened in Munster, Germany, during the fourth quarter

Mkr	Q1-4	
	2016	2015
Sales	712	711
EBITA	70	74
Adjusted EBITA	70	74
Adjusted EBITA margin	9,9%	10,4%
Time of acquisition, year	2016	
Book value (SEKm)	166	

Holding  
**30%**

*International design company with a unique, colourful style and clear sustainability profile.*

# Jøtul



- Weak sales performance with low demand in the two main markets, North America and France. Favourable trend in Norway, particularly during the fourth quarter
- Continued strong focus on improving production efficiency
- Impairment of book value of SEK 81m during the third quarter
- After the end of the period, Nils Agnar Brunborg, with long experience as the president of international companies, took office as Acting CEO

MNOK	Q1-4	
	2016	2015
Sales	880	888
EBITA	0	0
Adjusted EBITA	7	5
Adjusted EBITA margin	0,8%	0,6%
Time of acquisition, year	2006	
Book value (SEKm)	4	

Holding  
**93%**

*The Norwegian company Jøtul is a global supplier of fireplaces with its main production facilities in Norway and Denmark.*

## Oase Outdoors



- Strong sales growth of +26% driven by such factors as higher volume, currency effects and price increases. Positive profitability development driven by strong sales. Oase's sales have strong seasonal variations, since invoicing largely occurs during the first half of the year, while the third and, mainly, the fourth quarters are normally small in terms of sales. Acquisition-related non-recurrent costs amounted to about DKK 12m
- Through its sales to the UK, Oase has a natural currency exposure to the GBP, which will impact the sales trend in 2017
- Major focus on growth initiatives and product development

MDKK	Q1-4	
	2016	2015
Sales	332	265
EBITA	37	29
Adjusted EBITA	57	32
Adjusted EBITA margin	17,1%	12,0%
Time of acquisition, year	2016	
Book value (SEKm)	137	

Holding

79%

*Danish company that designs, produces and sells high-quality camping and outdoor equipment.*

## Serena Properties



- Favourable trend in terms of rental income and profitability with several leases extended
- Continued active management of the real estate portfolio with a focus on developing the respective retail areas and streamlining the portfolio
- A small property was sold for EUR 2.3m during the second quarter, which exceeded the valuation carried out when RatOS acquired the property

Mkr	Q1-4	
	2016	2015
Sales	171	167
EBITA	129	133
Adjusted EBITA	129	133
Adjusted EBITA margin	75,3%	79,3%
Time of acquisition, year	2016	
Bokfört värde (Mkr)	398	

Holding\*

56%

*Serena Properties is a newly formed real estate company with a portfolio of 21 commercial retail properties in 14 mid-sized towns in Finland. \*Serena Properties is a joint venture, in which RatOS and Varma have joint decision-making influence and the company is thus reported in the Group using the equity method.*

# Speed Group



- Increased demand in the logistics business, but with a slowdown at the end of the year, which also impacted profitability
- Peter Nilsson, former Board member of Speed and with experience from senior positions in the logistics industry, most recently as CEO of DHL's Norwegian and Swedish supply chain operations, was appointed as new President in October. Ingvar Nilsson, former regional director of Schenker Northern Europe, became a new Board member in July

Mkr	Q1-4	
	2016	2015
Sales	562	536
EBITA	34	25
Adjusted EBITA	41	42
Adjusted EBITA margin	7,3%	7,8%
Time of acquisition, year	2015	
Book value (SEKm)	296	

Holding

70%

*Speed Group is a Swedish supplier of services that extend from staffing and recruitment to full-scale warehouse management, and production and education.*

# TFS



- Service sales\* amounted to EUR 60.2m (52.9), corresponding to growth of +14%. Continued healthy trend for the order book and positive book-to-bill ratio (order intake/sales)
- Earn-out of EUR 4m paid during the first quarter
- Ongoing investments in the service range, organisation and operational efficiency. Looking ahead, growth initiatives will incur some increase in the cost base. The acquisition of German company SCIderm, a dermatology-focused CRO with major strategic importance for TFS, was completed in the fourth quarter

MEUR	Q1-4	
	2016	2015
Sales	83,7	73,7
EBITA	6,7	4,8
Adjusted EBITA	7,0	4,8
Adjusted EBITA margin	8,4%	6,5%
Time of acquisition, year	2015	
Book value (SEKm)	168	

Holding

60%

*TFS performs clinical trials in the human phase on behalf of the pharmaceutical, biotechnology and medical device industries.*

\*According to IFRS, TFS and other contract research organizations (CRO) generate two types of revenue: 1) Service sales (actual revenue-generating sales) and 2) re-invoicing of expenditure (for example, travel expenses, laboratory costs and other overheads) at no or a very low margin. In all material respects, service sales are the most important when it comes to the company's performance and earnings.



## Ratos's companies at 31 December 2016

SEKm	Net sales in portfolio				EBITA in portfolio			
	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
Aibel	3 537	1 892	10 892	7 728	-93	-18	46	279
airteam <sup>1)</sup>	239	151	768	629	20	21	47	94
Bisnode	964	963	3 458	3 535	113	115	228	275
Diab	390	357	1 516	1 450	29	22	109	154
GS-Hydro	221	274	887	1 175	-55	-23	-149	12
Gudrun Sjödén Group <sup>2)</sup>	199	187	712	711	25	22	70	74
HENT	2 190	1 598	7 991	5 716	59	40	239	189
HL Display	373	399	1 417	1 488	10	6	67	8
Jøtul	305	304	898	930	19	29	0	0
KVD	85	78	321	317	13	1	37	29
Ledil	90	72	365	297	17	18	105	95
Nebula	88	81	332	299	23	20	101	87
Oase Outdoors <sup>3)</sup>	14	9	422	333	-27	-16	46	37
Plantagen <sup>4)</sup>	711	677	3 696	3 681	-114	-47	233	258
Serena Properties <sup>5)</sup>	44	42	171	167	35	33	129	133
Speed Group	136	152	562	536	-5	10	34	25
TFS	240	203	793	689	24	16	63	45
<b>Total companies in their entirety</b>	<b>9 827</b>	<b>7 438</b>	<b>35 200</b>	<b>29 679</b>	<b>94</b>	<b>248</b>	<b>1 406</b>	<b>1 795</b>
<b>Change</b>	<b>+32%</b>		<b>+19%</b>		<b>-62%</b>		<b>-22%</b>	
<b>Total adjusted for Ratos's holding</b>	<b>6 058</b>	<b>5 037</b>	<b>22 794</b>	<b>20 164</b>	<b>53</b>	<b>161</b>	<b>1 005</b>	<b>1 233</b>
<b>Change</b>	<b>+20%</b>		<b>+13%</b>		<b>-67%</b>		<b>-19%</b>	

SEKm	Adjusted EBITA in portfolio <sup>A)</sup>				Depre- ciation in portfolio	Invest- ments in portfolio <sup>B)</sup>	Cash flow in portfolio <sup>C)</sup>	Interest- bearing net debt in portfolio	Consoli- dated value	Ratos's holding
	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4						
Aibel	30	127	314	480	130	88	620	2 585	587	32
airteam <sup>1)</sup>	21	21	74	94	1			197	356	70
Bisnode	159	154	358	328	156	166	32	1 745	1 606	70
Diab	29	22	114	146	65	140	-45	890	770	96
GS-Hydro	-27	-16	-102	26	24	10	-110	368	0	100
Gudrun Sjödén Group <sup>2)</sup>	25	22	70	74	8			-6	166	30
HENT	59	40	239	190	7	8	168	-733	298	73
HL Display	18	20	85	66	35	23	33	569	840	99
Jøtul	21	29	7	6	49	32	-8	534	4	93
KVD	13	6	48	38	8	14	17	143	356	100
Ledil	17	18	105	95	1	3	72	123	530	66
Nebula	24	21	107	90	21	18	74	440	283	73
Oase Outdoors <sup>3)</sup>	-22	-15	72	40	2			284	137	79
Plantagen <sup>4)</sup>	-62	-73	299	242	124			2 384	1 303	99
Serena Properties <sup>5)</sup>	35	33	129	133		1 811	-1 700	1 094	398	56
Speed Group	2	10	41	42	9	5	90	-50	296	70
TFS	26	16	66	45	3	13	-11	4	168	60
<b>Total companies in their entirety</b>	<b>367</b>	<b>436</b>	<b>2 027</b>	<b>2 136</b>				<b>10 571</b>		
<b>Change</b>	<b>-16%</b>		<b>-5%</b>							
<b>Total adjusted for Ratos's holding</b>	<b>223</b>	<b>238</b>	<b>1 384</b>	<b>1 414</b>						
<b>Change</b>	<b>-7%</b>		<b>-2%</b>							

A) EBITA, adjusted for items affecting comparability.

B) Investments excluding business combinations.

C) Cash flow from operating activities and investing activities before acquisition and disposal of companies.

All figures in the above table relate to 100% of each holding, except consolidated values, which are based on Ratos's holdings. In order to facilitate comparisons between years and provide a comparable structure, where appropriate some holdings are reported pro forma. Pro formas for 2016 are presented in the note below. A complete income statement, statement of financial position and statement of cash flows for all of the companies are available at [www.ratos.se](http://www.ratos.se).

1) airteam's earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisitions and for new financing and Group structure.

2) Gudrun Sjödén Group's earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisition. The German operation was included in its entirety in 2015.

3) Oase Outdoors' earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisitions and for new financing and Group structure.

4) Plantagen's earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisitions and for new financing and Group structure.

5) Serena Properties' earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisitions and for new financing and Group structure.

# Financial information

## Ratos's results

SEKm	2016 Q1-4	2015 Q1-4
<b>Profit/share of profits before tax <sup>1)</sup></b>		
AH Industries (70%)	19	-15
Aibel (32%)	-198	-75
Arcus (83%/24%) <sup>2)</sup>	4	106
Biolin Scientific (100%)	-28	3
Bisnode (70%)	47	201
Diab (96%)	84	105
GS-Hydro (100%)	-149	11
HENT (73%)	191	194
HL Display (99%)	43	-28
Jøtul (93%)	-10	-42
KVD (100%)	31	21
Ledil (66%)	91	65
Nebula (73%)	71	71
<b>Total companies in portfolio all reported periods</b>	<b>196</b>	<b>618</b>
airteam (70%) <sup>3)</sup>	14	
Gudrun Sjødén Group(30%) <sup>4)</sup>	8	
Oase Outdoors (79%) <sup>5)</sup>	-44	
Plantagen (99%) <sup>6)</sup>	-37	
Serena Properties (56%) <sup>7)</sup>	56	
Speed Group (70%) <sup>8)</sup>	11	10
TFS (60%) <sup>9)</sup>	6	-2
<b>Total companies acquired during reported periods</b>	<b>13</b>	<b>8</b>
Euromaint (100%)	9	-224
Hafa Bathroom Group (100%)		3
Inwido (10%)		42
Mobile Climate Control (100%)	77	108
Nordic Cinema Group (58%)		108
<b>Total companies divested during reported periods</b>	<b>86</b>	<b>38</b>
<b>Total profit/share of profits</b>	<b>295</b>	<b>664</b>
Exit Arcus	1 403	
Exit Euromaint	0	
Exit Mobile Climate Control	268	
Exit Nordic Cinema Group		905
Exit Inwido		290
Exit Hafa Bathroom Group		-93
<b>Total exit gains</b>	<b>1 672</b>	<b>1 101</b>
Impairment AH Industries	-135	-85
Impairment Aibel	-1 692	
Impairment Biolin Scientific	-314	
Impairment Euromaint	-122	-480
Impairment GS-Hydro	-160	
Impairment Jøtul	-81	
<b>Profit from companies</b>	<b>-538</b>	<b>1 200</b>
<b>Income and expenses in the parent company and central companies</b>		
Operating management costs	-261	-208
Other costs, incl. transaction costs	-56	-47
Costs which will be charged to portfolio companies	-9	3
Financial items	-27	-56
<b>Consolidated profit before tax</b>	<b>-890</b>	<b>892</b>

<sup>1)</sup> Subsidiaries are included with 100% in consolidated profit. Investments recognised according to the equity method are included with holding percentage of pre-tax profit/loss.

<sup>2)</sup> Arcus is included as a subsidiary through November 2016 and then as an associate with a holding of 24%.

<sup>3)</sup> airteam is included as a subsidiary as of April 2016.

<sup>4)</sup> Gudrun Sjødén is included as an associate with a holding of 30% as of September 2016.

<sup>5)</sup> Oase Outdoors is included as a subsidiary as of September 2016.

<sup>6)</sup> Plantagen is included as a subsidiary as of December 2016.

<sup>7)</sup> Serena Properties is included as a joint venture with a holding of 56% from January 2016.

<sup>8)</sup> Speed Group is included as a subsidiary as of September 2015.

<sup>9)</sup> TFS is included as a subsidiary as of October 2015.

## Ratos's results

Loss before tax for full-year 2016 amounted to SEK -890m (profit: 892). The negative recognised earnings were impacted by impairments totalling SEK 2,504m, of which SEK 1,895 was attributable to owners of the parent.

The result includes profit/share of profits from the companies in the amount of SEK 295m (664). The lower earnings compared with the preceding year are mainly attributable to the weak market performance in offshore, which impacts Aibel and GS-Hydro, and the negative currency effects in Bisnode's net financial items.

The relatively high tax expense for the period is attributable to impairments carried out, which are not tax deductible, and tax-related losses in Ratos's parent company and in certain portfolio companies, which were not capitalised.

## Income and expenses in the parent company and central companies

Ratos's adjusted management costs amounted to SEK -261m (-208). The adjusted management costs comprise, for example, current expenses such as personnel costs, listing and auditing costs, Board fees and costs related to Ratos's Nordic operations. The higher costs are attributable to organisational changes made in 2016 to enhance the efficiency of operations in Ratos.

## Cash flow and financial position

Cash flow for the period amounted to SEK -2,187m (1,234), of which cash flow from operating activities accounted for SEK 1,108m (1,252), cash flow from investing activities for SEK -1,857m (1,943) and cash flow from financing activities for SEK -1,510m (-1,961). In addition to the conditions in the portfolio companies' operating activities, Ratos's cash flow was impacted by changes in the company portfolio.

The Group's cash and cash equivalents at the end of the period amounted to SEK 4,389 (6,455) and interest-bearing net debt totalled SEK 3,939 (2,177).

## Parent company

The parent company's loss before tax amounted to SEK -312m (587). The parent company's cash and cash equivalents totalled SEK 2,677m (4,677). In addition, there is a credit facility of SEK 2.2 billion, authorisation from the 2016 Annual General Meeting to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions and an authorisation to issue a maximum total of 1,250,000 Class C and/or Class D preference shares in conjunction with acquisitions.

## Ratos B shares

Earnings per share before dilution amounted to SEK -1.79 (1.29). The closing price for Ratos's Class B shares on 30 December was SEK 43.14. Total return on B shares for full-year 2016 amounted to -6%, compared with the performance of the SIX Return Index, which was +10%.

## Ratos preference shares

The closing price for Ratos's Class C preference shares on 30 December was SEK 1,850. The dividend is regulated by the Articles of Association and amounts to SEK 100 per year and is paid quarterly in February, May, August and November. Redemption can take place following a decision by the Board in an amount of SEK 2,012.50 (corresponding to 115% of the subscription price) until the 2017 Annual General Meeting, and subsequent redemption will take place in an amount of SEK 1,837.50 (corresponding to 105% of the subscription price). With effect from the first payment date after the 2017 Annual General Meeting and for the subsequent period, the annual dividend for preference shares of Class C shall increase to SEK 120 per year. A dividend totalling SEK 18m were paid on 18 February 2016 with a record date of 15 February 2016, on 18 May 2016 with a record date of 13 May 2016, on 18 August 2016 with a record date of 15 August 2016 and on 18 November 2016 with a record date of 15 November 2016.

## Treasury shares and number of shares

During 2016, 32,738 Class C preference shares were repurchased at an average price of SEK 1,886 per share. As of 30 December 2016, a total of 122,592 Class C preference shares have been repurchased. No Class B shares were repurchased and no call options were exercised during the period. 1,344 Class B shares were transferred to administrative employees in accordance with an Annual General Meeting resolution. At the end of December, Ratos owned 5,126,262 Class B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 68.

At 30 December, the total number of shares in Ratos (Class A and B shares as well as preference shares) amounted to 324,970,896 and the number of votes was 108,670,444. The number of outstanding Class A and B shares was 319,014,634 and the number of outstanding preference shares 707,408. The average number of Class B treasury shares in Ratos in 2016 was 5,126,468 (5,128,279 in full-year 2015).

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

At 31 December 2016, Ratos's equity (attributable to owners of the parent) amounted to SEK 11,283m (SEK 10,279m at 30 September 2016), corresponding to SEK 31 per share outstanding (SEK 28 at 30 September 2016).

SEKm	2016-12-31	% of equity
AH Industries	0	0
Aibel	587	5
airteam	356	3
Arcus	729	6
Bisnode	1 606	14
Diab	770	7
GS-Hydro	0	0
Gudrun Sjödén Group	166	1
HENT	298	3
HL Display	840	7
Jøtul	4	0
KVD	356	3
Ledil	530	5
Nebula	283	3
Oase Outdoors	137	1
Plantagen	1 303	12
Serena Properties	398	4
Speed Group	296	3
TFS	168	1
<b>Total</b>	<b>8 825</b>	<b>78</b>
Other net assets in the parent company and central companies	2 458 <sup>3)</sup>	22
<b>Equity (attributable to owners of the parent)</b>	<b>11 283</b>	<b>100</b>
<b>Equity per ordinary share, SEK <sup>2)</sup></b>	<b>31</b>	

<sup>1)</sup> Companies are shown at consolidated figures, which correspond to the Group's share of the companies' equity, any residual values on consolidate surplus and deficit values, minus any intra-group profits. Shareholder loans are also included.

<sup>2)</sup> Equity attributable to owners of the parent with deductions for outstanding preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounted to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.

<sup>3)</sup> Of which, cash and cash equivalents in the parent company accounts for SEK 2,677m.

## Credit facilities

The parent company has a credit facility of SEK 2.2 billion including a bank overdraft facility. The purpose of the credit 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.

## Proposals to the Annual General Meeting 2017

### Annual General Meeting

Ratos's Annual General Meeting (AGM) will be held on 6 April 2017 at 2:00 p.m. at Skandiascenen, Cirkus, in Stockholm, Sweden. Shareholders who wish to participate in the Annual General Meeting must be recorded in the register of shareholders maintained by Euroclear Sweden AB on 31 March 2017 and notify the company of their intention to attend not later than 31 March 2017. The Annual Report will be available at the company's head

office and on its website, [www.ratos.se](http://www.ratos.se), not later than 16 March 2017.

### Proposed dividend for Class A and B shares

The Board proposes an ordinary dividend for the 2016 financial year of SEK 2.00 (3.25) per Class A and Class B share. The record date for the right to receive dividends is proposed as 10 April 2017 and dividends are expected to be paid from Euroclear Sweden on 13 April 2017.

### Proposed dividend for preference shares

The Board proposes that a dividend on outstanding Class C preference shares until the 2018 Meeting, in accordance with the Articles of Association, shall be paid quarterly in an amount of SEK 30 per Class C preference share, although a maximum amount of SEK 120.

The record dates, prior to the next AGM, for quarterly dividends on outstanding Class C preference shares are proposed as 15 May 2017, 15 August 2017, 15 November 2017 and 15 February 2018. Payments from Euroclear Sweden are expected to be made on 18 May 2017, 18 August 2017, 20 November 2017 and 20 February 2018.

# Financial statements

## Consolidated income statement

SEKm	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
Net sales	6 649	6 518	25 228	24 480
Other operating income	56	70	88	120
Change in inventories of products in progress, finished goods and work in progress	-36	-17	7	-0
Work performed by the company for its own use and capitalised	32	30	90	88
Raw materials and consumables	-3 625	-3 282	-13 695	-12 395
Employee benefit costs	-1 735	-1 806	-6 807	-6 824
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-412	-788	-1 441	-1 345
Other costs	-976	-1 168	-3 539	-3 890
Capital gain/loss from sale of group companies	1 680	-7	1 678	901
Impairment and capital gain from investments recognised according to the equity method		53	-1 692	290
Share of pre-tax profit/loss from investments recognised according to the equity method <sup>1)</sup>	-83	-79	-152	-14
<b>Operating profit</b>	<b>1 551</b>	<b>-478</b>	<b>-235</b>	<b>1 411</b>
Financial income	41	37	96	88
Financial expenses	-262	-89	-751	-607
<b>Net financial items</b>	<b>-221</b>	<b>-52</b>	<b>-655</b>	<b>-518</b>
<b>Profit before tax</b>	<b>1 330</b>	<b>-529</b>	<b>-890</b>	<b>892</b>
Tax	-61	-79	-198	-252
Share of tax from investments recognised according to the equity method <sup>1)</sup>	-0	40	18	36
<b>Profit/loss for the period</b>	<b>1 270</b>	<b>-569</b>	<b>-1 071</b>	<b>676</b>
<i>Profit/loss for the period attributable to:</i>				
Owners of the parent	1 277	-632	-500	496
Non-controlling interests	-8	63	-570	180
Earnings per share, SEK				
– before dilution	3,95	-2,05	-1,79	1,29
– after dilution	3,95	-2,05	-1,79	1,29

<sup>1)</sup> Tax attributable to shares of profit/loss before tax from investments recognised according to the equity method are presented on a separate line.

## Consolidated statement of comprehensive income

SEKm	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
<b>Profit/loss for the period</b>	<b>1 270</b>	<b>-569</b>	<b>-1 071</b>	<b>676</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit pension obligations, net	18	82	-70	86
Tax attributable to items that will not be reclassified to profit or loss	-3	-19	18	-22
	<b>15</b>	<b>63</b>	<b>-51</b>	<b>64</b>
Items that may be reclassified subsequently to profit or loss:				
Translation differences for the period	-340	-304	312	-546
Change in hedging reserve for the period	-61	3	-54	1
Tax attributable to items that may be reclassified subsequently to profit or loss	11	0	9	0
	<b>-390</b>	<b>-300</b>	<b>268</b>	<b>-545</b>
<b>Other comprehensive income for the period</b>	<b>-375</b>	<b>-237</b>	<b>216</b>	<b>-482</b>
<b>Total comprehensive income for the period</b>	<b>895</b>	<b>-805</b>	<b>-854</b>	<b>194</b>
<i>Total comprehensive income for the period attributable to:</i>				
Owners of the parent	980	-814	-388	152
Non-controlling interest	-85	9	-466	41

## Summary consolidated statement of financial position

SEKm	2016-12-31	2015-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	12 990	12 671
Other intangible non-current assets	1 844	1 623
Property, plant and equipment	1 970	1 789
Financial assets	2 373	2 522
Deferred tax assets	594	490
<b>Total non-current assets</b>	<b>19 771</b>	<b>19 094</b>
<b>Current assets</b>		
Inventories	1 389	1 890
Current receivables	3 771	4 875
Cash and cash equivalents	4 389	6 455
Assets held for sale	485	308
<b>Total current assets</b>	<b>10 034</b>	<b>13 529</b>
<b>Total assets</b>	<b>29 805</b>	<b>32 623</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity including non-controlling interests</b>	<b>13 286</b>	<b>15 302</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	6 953	5 886
Non-interest bearing liabilities	582	451
Pension provisions	487	454
Other provisions	99	112
Deferred tax liabilities	501	392
<b>Total non-current liabilities</b>	<b>8 623</b>	<b>7 294</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	1 228	2 346
Non-interest bearing liabilities	5 630	6 796
Provisions	553	595
Liabilities attributable to Assets held for sale	485	291
<b>Total current liabilities</b>	<b>7 896</b>	<b>10 028</b>
<b>Total equity and liabilities</b>	<b>29 805</b>	<b>32 623</b>



## Summary statement of changes in consolidated equity

SEKm	2016-12-31			2015-12-31		
	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity
<b>Opening equity</b>	<b>12 882</b>	<b>2 419</b>	<b>15 302</b>	<b>14 027</b>	<b>2 982</b>	<b>17 009</b>
Adjusted <sup>1)</sup>	-35	-10	-46			
<b>Adjusted equity</b>	<b>12 847</b>	<b>2 409</b>	<b>15 256</b>	<b>14 027</b>	<b>2 982</b>	<b>17 009</b>
Total comprehensive income for the period	-388	-466	-854	152	41	194
Dividends	-1 108	-22	-1 131	-1 120	-210	-1 330
Non-controlling interests' share of capital contribution and new issue		494	494		20	20
Purchase of treasury shares, net effect	-61		-61	-166		-166
Option premiums	2		2	3		3
Put options, future acquisitions from non-controlling interests	-4	-38	-42		-139	-139
Acquisition of shares in subsidiaries from non-controlling interests	-6	-55	-60	-15	-2	-18
Disposal of shares in subsidiaries to non-controlling interests		0	0	2	3	5
Non-controlling interests at acquisition		8	8		274	274
Non-controlling interests in disposals		-63	-63		-551	-551
Adjusted non-controlling interests		-264	-264			
<b>Closing equity</b>	<b>11 283</b>	<b>2 003</b>	<b>13 286</b>	<b>12 882</b>	<b>2 419</b>	<b>15 302</b>

<sup>1)</sup> Pertains to adjustment of acquisition analysis for Arcus for 2013 (SEK 31m) and adjustment of accrued costs in Bisnode (SEK 13m).

## Consolidated statement of cash flows

Mkr	2016 Q1-4	2015 Q1-4
<b>Operating activities</b>		
Profit/loss before tax	-890	892
Adjustment for non-cash items	2 168	203
	1 278	1 096
Income tax paid	-232	-288
<b>Cash flow from operating activities before change in working capital</b>	<b>1 046</b>	<b>807</b>
Cash flow from change in working capital		
Increase (-)/Decrease (+) in inventories	-47	83
Increase (-)/Decrease (+) in operating receivables	-118	-293
Increase (+)/Decrease (-) in operating liabilities	299	655
<b>Cash flow from operating activities</b>	<b>1 180</b>	<b>1 252</b>
<b>Investing activities</b>		
Acquisition, group companies	-2 242	-587
Disposal, group companies	1 757	1 532
Acquisitions, investments recognised according to the equity method	-585	
Disposals, investments recognised according to the equity method		1 599
Dividends paid from investments recognised according to the equity method		12
Purchase, intangible assets/property, plant and equipment	-548	-697
Disposal, intangible assets/property, plant and equipment	19	44
Investments, financial assets	-261	-1
Disposal, financial assets	4	42
<b>Cash flow from investing activities</b>	<b>-1 857</b>	<b>1 943</b>
<b>Financing activities</b>		
Non-controlling interests' share of issue/capital contribution	298	20
Purchase of treasury shares	-62	-168
Redemption of options	-11	-41
Option premiums paid	66	18
Acquisition of shares in subsidiaries from non-controlling interests	-96	-77
Dividends paid	-1 109	-1 120
Dividends paid, non-controlling interests	-28	-204
Borrowings	3 376	1 192
Amortisation of loans	-3 944	-1 583
<b>Cash flow from financing activities</b>	<b>-1 510</b>	<b>-1 961</b>
<b>Cash flow for the period</b>	<b>-2 187</b>	<b>1 234</b>
Cash and cash equivalents at the beginning of the year	6 455	5 320
Exchange differences in cash and cash equivalents	138	-100
Increase (-)/Decrease (+) of cash and cash equivalents classified as Assets held for sale	-17	2
Cash and cash equivalents at the end of the period	4 389	6 455

## Key figures for Ratos share

SEKm	2016 Q1-4	2015 Q1-4
<b>Key figures per share <sup>1)</sup></b>		
Total return, %	-6	9
Dividend yield, %	4,6	6,7
Market price, SEK	43,14	48,83
Dividend, SEK	2,00 <sup>4)</sup>	3,25
Equity attributable to owners of the parent, SEK <sup>2)</sup>	31	36
Earnings per share before dilution, SEK <sup>3)</sup>	-1,79	1,29
Average number of ordinary shares outstanding:		
– before dilution	319 014 428	319 012 617
– after dilution	319 014 428	319 012 617
Total number of registered shares	324 970 896	324 970 896
Number of shares outstanding	319 722 042	319 753 436
– of which, Class A shares	84 637 060	84 637 060
– of which, Class B shares	234 377 574	234 376 230
– of which, Class C shares	707 408	740 146

<sup>1)</sup> Relates to Class B shares unless specified otherwise.

<sup>2)</sup> Equity attributable to owners of the parent with deductions for outstanding preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounted to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.

<sup>3)</sup> Profit for the period attributable to owners of the parent minus dividend for the period on preference shares divided by the average number of outstanding ordinary shares.

<sup>4)</sup> Proposed dividend

## Parent company income statement

SEKm	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
Other operating income	0	0	2	3
Other external costs	-21	-25	-81	-110
Personnel costs	-42	-36	-184	-141
Depreciation of property, plant and equipment	-1	-1	-4	-3
<b>Operating loss</b>	<b>-64</b>	<b>-62</b>	<b>-266</b>	<b>-252</b>
Gain from sale of participating interests in group companies	1 155	8	2 459	8
Dividends from group companies		445		983
Impairment of shares in group companies	-226	-947	-2 467	-1 033
Gain from sale of interests in associates		273		920
Dividends from associates				12
Result from other securities and receivables accounted for as non-current assets	0	2	0	6
Other interest income and similar profit/loss items	-9	3	14	5
Interest expenses and similar profit/loss items	-12	-12	-52	-61
<b>Profit/loss after financial items</b>	<b>844</b>	<b>-290</b>	<b>-312</b>	<b>587</b>
Tax				
<b>Profit/loss for the period</b>	<b>844</b>	<b>-290</b>	<b>-312</b>	<b>587</b>

## Parent company statement of comprehensive income

SEKm	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
<b>Profit/loss for the period</b>	<b>844</b>	<b>-290</b>	<b>-312</b>	<b>587</b>
<b>Total comprehensive income for the period</b>	<b>844</b>	<b>-290</b>	<b>-312</b>	<b>587</b>

## Summary parent company balance sheet

SEKm	2016-12-31	2015-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	64	67
Financial assets	9 075	8 961
<b>Total non-current assets</b>	<b>9 139</b>	<b>9 028</b>
<b>Current assets</b>		
Current receivables	51	87
Cash and cash equivalents	2 677	4 677
<b>Total current assets</b>	<b>2 728</b>	<b>4 764</b>
<b>Total assets</b>	<b>11 867</b>	<b>13 792</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>9 232</b>	<b>10 711</b>
<b>Non-current provisions</b>		
Other provisions	11	23
<b>Non-current liabilities</b>		
Interest-bearing liabilities, group companies	2 254	879
Non-interest bearing liabilities	73	50
<b>Current provisions</b>		
	117	309
<b>Current liabilities</b>		
Interest-bearing liabilities, group companies		1 714
Non-interest bearing liabilities	181	105
<b>Total equity and liabilities</b>	<b>11 867</b>	<b>13 792</b>

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

SEKm	2016-12-31	2015-12-31
<b>Opening equity</b>	<b>10 711</b>	<b>11 406</b>
Comprehensive income for the period	-312	587
Dividends	-1 108	-1 120
Purchase of treasury shares, net effect	-61	-166
Option premiums	2	3
<b>Closing equity</b>	<b>9 232</b>	<b>10 711</b>

## Parent company cash flow statement

SEKm	2016 Q1-4	2015 Q1-4
<b>Operating activities</b>		
Profit/loss before tax	-312	587
Adjustment for non-cash items	143	-354
	-169	233
Income tax paid		
<b>Cash flow from operating activities before change in working capital</b>	<b>-169</b>	<b>233</b>
Cash flow from change in working capital:		
Increase (-)/Decrease (+) in operating receivables	-4	-72
Increase (+)/Decrease (-) in operating liabilities	-28	-63
<b>Cash flow from operating activities</b>	<b>-201</b>	<b>98</b>
<b>Investing activities</b>		
Investment, shares in subsidiaries	-3 198	-749
Disposal, shares in subsidiaries	1 196	107
Liabilities to group companies <sup>1)</sup>	1 364	1 668
Disposal, shares in associates		1 595
Disposal, property, plant and equipment	-1	
Investment, financial assets	-4	
Disposal, financial assets		22
<b>Cash flow from investing activities</b>	<b>-643</b>	<b>2 643</b>
<b>Financing activities</b>		
Purchase of treasury shares	-62	-168
Option premiums paid	6	4
Redemption options		-31
Dividends paid	-1 109	-1 120
<b>Cash flow from financing activities</b>	<b>-1 165</b>	<b>-1 314</b>
<b>Cash flow for the period</b>	<b>-2 009</b>	<b>1 426</b>
Cash and cash equivalents at the beginning of the year	4 677	3 251
Exchange differences in cash and cash equivalents	9	
Cash and cash equivalents at the end of the period	2 677	4 677

<sup>1)</sup> Liability to centrally administered group company that arose in conjunction with divestment of group company.

## Note 1 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.

IFRS requires uniform accounting principles within a group. The IFRS standards and issued interpretations applied in this interim report are those endorsed by the EU until and including 31 December 2015. The new and revised IFRS standards which came into force in 2016 have not had any material effect on the Ratos Group's financial statements. This means that the same accounting principles and basis of calculation are applied for the Group and the parent company as those used in preparation of the 2015 Annual Report.

## Note 2 Risks and uncertainties

Ratos invests in and develops unlisted enterprises in the Nordic region.

These operations include inherent risks attributable to both Ratos and the companies. These mainly comprise market, operational and transaction risks and can include both general risks, such as external factors and macroeconomic development, as well as company- and sector-specific risks. Ratos's future earnings development is dependent to a large extent on the success and returns of the underlying companies which is also dependent, among other things, on how successful those responsible for the investments and each company's management group and board are at developing and implementing value-enhancing initiatives.

Ratos is also exposed to various types of financial risks, primarily related to loans, trade receivables, trade payables and derivative instruments. The financial risks consist of financing risks, interest rate risks, credit risks and currency risks.

It is also essential that Ratos has the ability to attract and retain employees with the right skills and experience.

A more detailed description of the material risks and uncertainties to which the Group and the parent company are exposed is provided in the Directors' report and in Notes 30 and 37 in the 2015 Annual Report.

## Note 3 Alternative performance measures

Due to the nature of Ratos's operations – acquisition, development and divestment of companies – differences may arise in the structure of the Group between periods. Accordingly, consolidated sales and earnings recognised in accordance with IFRS may vary significantly from period to period as a result of differences in the composition of the company portfolio. Moreover, earnings from company divestments normally arise at irregular intervals, generating significant non-recurrent effects.

To facilitate a comparison between periods and enable follow-up of the ongoing earnings and performance of the company portfolio, Ratos

presents certain financial information that is not defined in accordance with IFRS. This information is intended to give the reader a better opportunity to evaluate Ratos's investments and should be regarded as a complement to the financial information recognised in accordance with IFRS.

The following reconciliation and accounts pertain to components included in the alternative performance measures used in this report. Definitions are available at [www.ratos.se](http://www.ratos.se).

### Net sales

SEKm	2016 Q1-4	2015 Q1-4	Change
<b>Net sales in the portfolio, Ratos's holding</b>	<b>22 794</b>	<b>20 164</b>	<b>13%</b>
Net sales in the portfolio, holding not owned by Ratos	12 406	9 515	
<b>Total net sales in the portfolio, companies in their entirety</b>	<b>35 200</b>	<b>29 679</b>	<b>19%</b>
Investments recognised according to the equity method	-11 774	-8 606	
Subsidiaries acquired during current year	-3 993	-5 461	
Subsidiaries divested during current year	5 795	8 867	
<b>Net sales in accordance with IFRS</b>	<b>25 228</b>	<b>24 480</b>	<b>3%</b>

## Adjusted EBITA, EBITA and operating profit

SEKm	2016 Q1-4				2015 Q1-4		
	Adjusted EBITA	Items affecting comparability	EBITA	Change EBITA	Adjusted EBITA	Items affecting comparability	EBITA
<b>Ratos's holding</b>	<b>1 384</b>	-379	<b>1 005</b>	<b>-19%</b>	<b>1 414</b>	-180	<b>1 233</b>
Holding not owned by Ratos	643	-242	402		722	-160	562
<b>Total companies in their entirety</b>	<b>2 027</b>	-621	<b>1 406</b>	<b>-22%</b>	<b>2 136</b>	-340	<b>1 795</b>
<b>Total EBITA in the portfolio, companies in their entirety</b>			<b>1 406</b>				<b>1 795</b>
Investments recognised according to the equity method			-399				-562
Income and expenses in the parent company and central companies			-326				-252
Amortisation and impairment of intangible assets in connection with company acquisitions			-2 555				-600
Subsidiaries acquired during current year			-375				-437
Subsidiaries divested during current year			2 058				1 467
Other			-44				0
<b>Consolidated operating profit</b>			<b>-235</b>				<b>1 411</b>

## Interest-bearing net debt

SEKm	2016-12-31	
<b>Total interest-bearing net debt in the portfolio</b>	<b>10 571</b>	
Investments recognised according to the equity method	-3 673	
Attributable to the parent company and central companies	-2 959	
<b>Consolidated interest-bearing net debt</b>	<b>3 939</b>	
	2016-12-31	2015-12-31
Non-current interest-bearing liabilities	6 953	5 886
Current interest-bearing liabilities	1 228	2 346
Provisions for pensions	487	454
Interest-bearing assets	-340	-53
Cash and cash equivalents	-4 389	-6 455
<b>Consolidated interest-bearing net debt</b>	<b>3 939</b>	<b>2 177</b>



## Note 4 Acquired and divested businesses

### Acquisition of Plantagen

At the end of November 2016, Ratos acquired 99% of the shares in Plantagen, in accordance with the agreement signed in September 2016. The purchase price (equity value) amounts to NOK 1.2 billion, corresponding to an enterprise value of NOK 2.8 billion, adjusted for estimated net debt on completion of the transaction. Ratos paid SEK 1.4 billion. The acquisition was made via the wholly owned subsidiary Blomster Intressenter AB, which subscribed for 99% of the shares in Plantasjen Holding AS, which subsequently acquired 100% of the shares in Plant Topco AS through its subsidiary Plantasjen Group AS.

Plantagen was founded in Norway in 1986 and is the Nordic region's leading chain for sales of plants and gardening accessories, with a total of 124 stores in Norway, Sweden and Finland, and a primary focus on consumers. Plantagen has approximately 1,200 employees.

The total consideration transferred for the acquisition of the shares in Plantagen amounted to SEK 1,232m. Goodwill in the preliminary acquisition analysis amounts to SEK 2,391m and is primarily attributable to the company's growth and business model, as well as an organisation with a strong culture. Plantagen has been included in the Ratos Group from the date of acquisition, with net sales of SEK 280m and loss before tax of SEK -37m. For the period January to December, sales amounted to SEK 3,696m and profit before tax was SEK 56m. Acquisition-related transaction costs amounted to SEK 24m.

#### Preliminary acquisition analysis

<b>Plantagen</b>	SEKm
Trademarks	624
Customer relations	40
Other intangible assets	4
Property, plant and equipment	841
Financial assets	21
Deferred tax asset	230
Current assets	528
Cash and cash equivalents	198
Non controlling interest	-11
Deferred tax liability	-148
Non-current liabilities and provisions	-3 027
Current liabilities	-459
<b>Net identifiable assets and liabilities</b>	<b>-1 159</b>
Goodwill	2 391
<b>Consideration transferred</b>	<b>1 232</b>
of which, paid in cash	1 222
via non-cash issue	10

### Acquisition of Oase Outdoors

In September 2016, Ratos acquired 79% of the shares in Danish company Oase Outdoors, in accordance with the agreement signed in June 2016. The purchase price (enterprise value) for 100% of the company amounted to DKK 380m, of which Ratos provided DKK 126m. The acquisition was made via the wholly owned subsidiary Outdoor Intressenter AB, which subscribed for 79% of the shares in Sunrise TopCo ApS, which subsequently acquired 100% of the shares in Oase Outdoors ApS through its subsidiary Sunrise BidCo. Oase Outdoors is a family-owned company that designs, produces and supplies innovative camping and outdoor equipment under three strong brands, namely Outwell®, Easy Camp® and Robens®. Resellers distribute the products globally to more than 40 markets.

The total consideration transferred for the acquisition of the shares in Oase Outdoors amounted to SEK 423m. Goodwill in the preliminary acquisition analysis amounts to SEK 223m and is primarily attributable to the company's growth and business model as well as an organisation with a strong culture. Oase Outdoors has been included in the Group from the date of acquisition, with net sales of SEK 14m and loss before tax of SEK -44m. For the period January to December, sales amounted to SEK 422m and profit before tax was SEK 37m. Acquisition-related transaction costs amounted to SEK 8m.

#### Preliminary acquisition analysis

<b>Oase Outdoors</b>	SEKm
Trademarks	165
Customer relations	6
Intangible assets	0
Property, plant and equipment	5
Financial assets	1
Current assets	91
Cash and cash equivalents	13
Deferred tax liability	-39
Current liabilities	-43
<b>Net identifiable assets and liabilities</b>	<b>200</b>
Goodwill	223
<b>Consideration transferred</b>	<b>423</b>
of which, paid in cash	359
of which, contingent consideration	64

### Acquisition of Gudrun Sjödén Group

In September 2016, Ratos acquired 30% of the shares in Gudrun Sjödén Group, in accordance with the agreement signed in July 2016. The purchase price (enterprise value) for 100% of the company amounted to SEK 725m, of which Ratos paid SEK 152m, corresponding to its holding, after adjustment for net debt. Ratos also signed an agreement for an option to increase its holding a further 40% in 2018.

Gudrun Sjödén Group is a family-owned, Swedish design company with a unique, colourful style, and a clear sustainability profile. The Gudrun Sjödén brand is sold and marketed globally through 21 of its own stores in seven countries, a global webshop and mail order service as well as online sales, which is the largest distribution channel. Customers are located in more than 50 countries, with Germany and Sweden comprising the largest markets. Gudrun Sjödén Group is recognised in the Ratos Group according to the equity method from the date of acquisition.

### Acquisition of airteam

Ratos acquired 70% of the shares in airteam in April 2016, in accordance with the agreement signed in February of the same year. The purchase price (enterprise value) for 100% of the company amounted to DKK 575m, of which Ratos provided DKK 272m. The acquisition was carried out when Ratos, via the wholly owned subsidiary Vento Intressenter AB, subscribed for 70% of the shares issued in the newly formed Danish holding company Airteam TopCo ApS, which in turn acquired 100% of the shares in Airteam A/S via Airteam Holding ApS.

airteam offers high-quality, effective ventilation solutions in Denmark and is headquartered in Aarhus. The company focuses on project development, project management and procurement where the projects, to a large extent, are carried out by a broad network of quality-assured subcontractors. Furthermore, airteam offers maintenance and service of its installed solutions.

The total consideration transferred for the acquisition of the shares in airteam amounted to SEK 740m. A contingent consideration may be paid in a maximum amount of SEK 37m, which corresponds with book value, dependent on the outcome of customer guarantees in the acquired company. Goodwill in the preliminary acquisition analysis amounts to SEK 664m and is primarily attributable to the company's growth and business model as well as an organisation with a strong culture. airteam has been included in the Group from the acquisition date, with net sales of SEK 601m and profit before tax of SEK 14m, after amortisation of acquisition-related intangible assets of SEK 25m. For the period January to December, sales amounted to SEK 769m and profit before tax was SEK 14m. Acquisition-related transaction costs amounted to SEK 7m.

#### Preliminary acquisition analysis

airteam	SEKm
Trademarks	15
Customer relations	57
Property, plant and equipment	2
Financial assets	2
Current assets	135
Cash and cash equivalents	42
Deferred tax liability	-47
Non-current liabilities and provisions	-7
Current liabilities	-122
<b>Net identifiable assets and liabilities</b>	<b>76</b>
Goodwill	664
<b>Consideration transferred</b>	<b>740</b>
of which, paid in cash	703
of which, contingent consideration	37

#### Acquisition of Serena Properties

In January 2016, Ratos acquired 56% of the shares in Serena Properties, a newly formed real estate company with commercial retail properties in Finland, in accordance with the agreement signed in November 2015. The purchase price (enterprise value) for 100% of the company amounted to EUR 191.5m, of which Ratos paid EUR 39m (SEK 359m). The acquisition was carried out when Ratos, via wholly owned subsidiary Aneres Properties AB, subscribed for shares in the newly formed holding company Serena Properties AB, which in turn acquired a number of Finnish real estate companies. The amount provided includes lending to the Serena Properties Group from Aneres Properties. Serena Properties is a joint venture in which Ratos has joint controlling influence and the company is therefore recognised according to the equity method in the Group.

Serena Properties owns and manages retail properties located across 14 mid-sized towns in Finland. The properties are located in established retail areas with tenants that are attractive and largely comprise grocery and discount retailers. The properties were previously 100% owned by Varma, which following the sale, will retain 43% ownership in Serena Properties. Redito has been commissioned as property portfolio manager and has acquired 1% of the shares.

#### Approval of acquisition analysis of Speed Group and TFS

In the third and fourth quarters, respectively, the earlier preliminary acquisition analyses for the acquisition of Speed Group in September 2015, and the acquisition of TFS in October 2015 were approved, and intangible assets in the form of trademarks and customer contracts were valued. As a consequence of this, previously recognised goodwill declined. The complete final acquisition analyses at the date of acquisition are presented below. Identified customer contracts are amortised from the date of acquisition and over the maturity of the contract. Amortisation of customer contracts in Speed Group were charged to

earnings for the period in an amount of SEK 17m, net of the effect of deferred tax. Amortisation of customer contracts in TFS were charged to earnings for the period in an amount of SEK 21m, net of the effect of deferred tax.

Speed Group	Preliminary acquisition analysis	Final acquisition analysis
Trademarks		5
Customer relations		64
Property, plant and equipment	20	20
Current assets	201	201
Cash and cash equivalents	25	25
Deferred tax liability	-1	-16
Current liabilities	-289	-289
<b>Net identifiable assets and liabilities</b>	<b>-44</b>	<b>10</b>
Goodwill	342	289
<b>Consideration transferred</b>	<b>299</b>	<b>299</b>

TFS	Preliminary acquisition analysis	Final acquisition analysis
Trademarks		21
Customer relations		55
Property, plant and equipment	7	7
Financial assets	3	3
Current assets	177	177
Cash and cash equivalents	36	36
Non controlling interest	-150	-150
Deferred tax liability		-17
Non-current liabilities and provisions	-1	-1
Current liabilities	-216	-216
<b>Net identifiable assets and liabilities</b>	<b>-145</b>	<b>-86</b>
Goodwill	370	311
<b>Consideration transferred</b>	<b>225</b>	<b>225</b>

#### Divestment of Euromaint

Ratos divested 100% of the shares in subsidiary Euromaint in November 2016, in accordance with the agreement signed in October of the same year. The selling price amounted to approximately SEK 650m (enterprise value). The divestment did not generate any exit gain effect, since the holding was impaired at the net sales value in the third quarter.

#### Divestment of Mobile Climate Control

In November 2016, Ratos divested 100% of the shares in subsidiary Mobile Climate Control in accordance with the agreement signed in the same month. The selling price amounted to SEK 1,373m and generated an exit gain of SEK 268m.

#### Initial public offering for Arcus

On 1 December 2016, the subsidiary Arcus was listed on the Oslo Stock Exchange at NOK 43 per share. In conjunction with the listing, Ratos sold shares for a total value of SEK 1,194m. Since, as a result of this transaction, Arcus has changed from being a subsidiary to being an associate of Ratos, the entire holding in conjunction with the changeover, in accordance with IFRS, has been remeasured at fair value which is based on the listing price. The exit gain, which is based both on realised shares and an increase in value from remeasurement of shares retained, amounted to SEK 1,403m.

### **Divestment of Analytical Instruments, part of Biolin Scientific**

In December, Biolin Scientific divested its Analytical Instruments business area. The sale generated a small exit earnings effect for Ratos. In future, the continuing operations will be run under the name Sophion and recognised under other net assets in Ratos.

### **Agreement signed for the divestment of AH Industries**

In December, Ratos signed an agreement for the sale of all shares in AH Industries at an enterprise value of DKK 240m for 100% of the company. Ratos's holding amounts to 70%. The sale resulted in an impairment of SEK 43m during the fourth quarter, corresponding to the company's total book value. Accordingly, no exit earnings effect is expected on completion of the transaction during the first quarter of 2017.

### **Acquisitions within subsidiaries**

In the fourth quarter, TFS strengthened its market position in Germany through the acquisition of dermatology specialist SCIderm GmbH. Earlier in the year, Bisnode acquired Danish company NN Markedsdata ApS, Belgian Swan Insights NV and three companies to strengthen its position in Central Europe. airteam acquired Ventek Ventilation A/S.

The acquired companies constitute subsidiaries in their respective groups.

### **Disposals within subsidiaries**

Ratos's subsidiary Bisnode divested Bisnode Campaign AS during the third quarter. Ratos's subsidiary Euromaint signed an agreement in December 2015 to sell all shares in its German subsidiary. The divestment was completed during the first quarter of 2016.

## Note 5 Operating segments

SEKm	Sales				EBT <sup>1)</sup>			
	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4	2016 Q4	2015 Q4	2016 Q1-4	2015 Q1-4
AH Industries	254	223	1 059	1 013	12	-6	19	-15
Aibel					-100	-83	-198	-75
Arcus <sup>2)</sup>	523	810	2 294	2 586	2	127	4	106
Biolin Scientific	44	62	186	227	-5	7	-28	3
Bisnode	964	963	3 458	3 535	126	147	47	201
Diab	390	357	1 516	1 450	23	8	84	105
GS-Hydro	220	274	886	1 175	-55	-28	-149	11
HENT	2 190	1 598	7 991	5 716	21	39	191	194
HL Display	373	399	1 417	1 488	2	-1	43	-28
Jøtul	305	304	898	930	4	16	-10	-42
KVD	85	78	321	317	10	-1	31	21
Ledil	90	72	365	297	8	3	91	65
Nebula	88	81	332	299	15	16	71	71
<b>Total companies in portfolio all reported periods</b>	<b>5 529</b>	<b>5 221</b>	<b>20 723</b>	<b>19 032</b>	<b>64</b>	<b>243</b>	<b>196</b>	<b>618</b>
airteam <sup>3)</sup>	237		601		10		14	
Gudrun Sjødén Group <sup>4)</sup>					7		8	
Oase Outdoors <sup>5)</sup>	9		14		-31		-44	
Plantagen <sup>6)</sup>	280		280		-37		-37	
Serena Properties <sup>7)</sup>					15		56	
Speed Group <sup>8)</sup>	136	152	562	203	-9	10	11	10
TFS <sup>9)</sup>	240	203	793	203	-24	-2	6	-2
<b>Total companies acquired during reported periods</b>	<b>902</b>	<b>355</b>	<b>2 250</b>	<b>406</b>	<b>-69</b>	<b>7</b>	<b>13</b>	<b>8</b>
Euromaint		663	1 061	2 273	0	-216	9	-224
Hafa Bathroom Group				149				3
Inwido								42
Mobile Climate Control	218	279	1 194	1 264	-32	18	77	108
Nordic Cinema Group				1 356				108
<b>Total companies divested during reported periods</b>	<b>218</b>	<b>941</b>	<b>2 255</b>	<b>5 041</b>	<b>-33</b>	<b>-198</b>	<b>86</b>	<b>38</b>
<b>Total</b>	<b>6 649</b>	<b>6 518</b>	<b>25 228</b>	<b>24 480</b>	<b>-38</b>	<b>53</b>	<b>295</b>	<b>664</b>
Exit Arcus					1 403		1 403	
Exit Euromaint					0		0	
Exit Mobile Climate Control					268		268	
Exit Nordic Cinema Group								905
Exit Inwido						54		290
Exit Hafa Bathroom Group						-9		-93
<b>Total exit gains</b>					<b>1 672</b>	<b>44</b>	<b>1 672</b>	<b>1 101</b>
Impairment AH Industries					-43	-85	-135	-85
Impairment Aibel							-1 692	
Impairment Biolin Scientific							-314	
Impairment Euromaint						-480	-122	-480
Impairment GS-Hydro					-160		-160	
Impairment Jøtul							-81	
<b>Companies total</b>	<b>6 649</b>	<b>6 518</b>	<b>25 228</b>	<b>24 480</b>	<b>1 430</b>	<b>-468</b>	<b>-538</b>	<b>1 200</b>
Income and expenses in the parent company and central companies					-100	-61	-353	-308
<b>Group total</b>	<b>6 649</b>	<b>6 518</b>	<b>25 228</b>	<b>24 480</b>	<b>1 330</b>	<b>-529</b>	<b>-890</b>	<b>892</b>

<sup>1)</sup> Subsidiaries are included with 100% in consolidated profit. Investments recognised according to the equity method are included with holding percentage of pre-tax profit/loss.

<sup>2)</sup> Arcus is included as a subsidiary through November 2016 and then as an associate with a holding of 24%.

<sup>3)</sup> airteam is included as a subsidiary as of April 2016.

<sup>4)</sup> Gudrun Sjødén is included as an associate with a holding of 30% as of September 2016.

<sup>5)</sup> Oase Outdoors is included as a subsidiary as of September 2016.

<sup>6)</sup> Plantagen is included as a subsidiary as of December 2016.

<sup>7)</sup> Serena Properties is included as a joint venture with a holding of 56% from January 2016.

<sup>8)</sup> Speed Group is included as a subsidiary as of September 2015.

<sup>9)</sup> TFS is included as a subsidiary as of October 2015.

## Note 6 Financial instruments

Ratos applies fair value measurements to a limited extent and mainly for derivatives and synthetic options, contingent considerations and put options. These items are measured according to levels two and three respectively in the fair value hierarchy.

Valuation techniques were unchanged during the period.

In the statement of financial position at 31 December 2016, the total value of financial instruments measured at fair value in accordance with level three amounts to SEK 510m (504 at 31 December 2015). Changes

in the carrying amount since 31 December 2015, SEK 6m, mainly comprise the revaluation of and redemption of synthetic options and newly issued synthetic options.

In the statement of financial position at 31 December 2016, the net value of derivatives amounts to SEK -18m (-29), of which SEK 24m (17) is recognised as an asset and SEK 42m (45) as a liability.

## Note 7 Goodwill and impairment

Goodwill changed during the period as shown below.

SEKm	Accumulated cost	Accumulated impairment	Total
<b>Opening balance</b>			
<b>1 January 2016</b>	14 543	-1 872	12 671
Business combinations	3 352		3 352
Divested companies	-2 938	602	-2 336
Reclassifications	-954	617	-337
Impairment		-798	-798
Translation differences for the year	520	-81	438
<b>Closing balance</b>			
<b>31 December 2016</b>	<b>14 522</b>	<b>-1 532</b>	<b>12 990</b>

### Impairment

Ratos makes continuous assessments of whether there is any indication that any company has declined in value. In the event that such an indication exists, the recovery value of the company is calculated, which comprises the higher of value in use and fair value less sales costs. If the recovery value is lower than the carrying amount, an impairment is made.

Based on impairment testing, established by the Board of Ratos AB, impairments were made in the third and fourth quarters attributable to the portfolio companies Aibel, AH Industries, Biolin Scientific, Euromaint, GS-Hydro and Jøtul. These companies operate under tough market conditions and show a weak earnings trend. The book values were adjusted to reflect the companies' market conditions.

In total, the impairments impact Ratos's operating profit in an amount of SEK 2,504m, of which SEK 1,895m is attributable to owners of the parent.

### Impairment of investments recognised according to the equity method

#### Aibel

The impairment of Aibel amounting to SEK 1,692m, of which SEK 1,083m is attributable to the owners of the parent, was implemented in the third quarter. The impairment was caused by a lower level of activity combined with overcapacity in the industry and pressure on margins. Ratos does not assume a return to the market situation that prevailed before the drop in the price of oil. The carrying amount for Aibel totalled SEK 587m at 31 December 2016. The recovery value, which was established on 30 September 2016 through calculation of the value in use, amounted to SEK 690m, and in the last quarter of the year, there were no indications that the company had further declined in value. In the value in use calculation that was conducted, the growth in sales and assumption regarding the EBITA margin in the forecast cash flows were

adapted to the prevailing market conditions. The discount rate applied after tax amounts to 7% (7% on 31 December 2015) and the discount rate before tax to 8% (9% at 31 December 2015). In addition to other key assumptions about sales growth and the adjusted EBITA margin, Ratos includes a value in use calculation that assumes future profit multiples on exit. Aibel is recognised in the Ratos Group in accordance with the equity method and the impairment carried out resulted in a reduction in the item Investments recognised according to the equity method.

### Impairment of Goodwill

#### AH Industries

The impairment of SEK 92m in the third quarter was attributable to a continued weak market in the cement and mineral industry, which, together with a high level of competition in the wind power segment, brought about a development in the company that did not correspond with Ratos's earlier forecasts. In December 2016, Ratos signed an agreement to divest all of the shares in AH Industries. Based on the anticipated exit gain, the company's total remaining book value of SEK 43m was impaired during the fourth quarter. Accordingly, the sale is not expected to generate a significant exit gain for Ratos on conclusion of the transaction.

#### Biolin Scientific

The impairment of SEK 314m in the third quarter was caused by changed purchasing patterns among customers within the Drug Discovery business unit, which had a negative impact on instrument sales and meant that earlier forecasts were not met. The recovery value of SEK 31m, established on 30 September 2016 through the calculation of fair value less sales costs, exceeded the book value on the balance-sheet date. Due to a negative result from the company in the fourth quarter, the book value at 31 December 2016 amounted to SEK 6m. Key assumptions for the valuation are profit multiple at exit and profit forecast. Profit multiple is on a level with listed comparable companies.

#### Euromaint

In November, Ratos divested 100% of the shares in Euromaint in accordance with the agreement signed in October 2016. As a result of the signed agreement, the portfolio company was impaired by SEK 122m to the anticipated exit value during the third quarter. The divestment of Euromaint, which was completed in November 2016, thus generated no exit gain.

#### GS-Hydro

During the fourth quarter, the holding in GS-Hydro was impaired by SEK 160m. A more rapid and stronger fall than expected in the offshore market led to the outcome for 2016 deviating from the earlier forecast. The poorer market outlook in the offshore industry and reduced demand in the land-based segment are factors that have influenced Ratos's future forecasts. After impairment, the book value of GS-Hydro amounted to SEK 0m, corresponding to the recovery value established by calculating fair value after deduction of sales costs.

#### Jøtul

The impairment of SEK 81m implemented in the third quarter was mainly attributable to continued weak demand for cast-iron stoves and low sales volumes, which led to failure to achieve earlier forecasts. After impairment, the book value at 30 September amounted to SEK 0m, corresponding to the recovery value established on the same date by calculating fair value after deduction of sales costs. At 31 December 2016, the carrying amount for Jøtul was SEK 4m, attributable to positive translation effects.

## Note 8 Related party disclosures

Transactions with related parties are made on market terms.

### Parent company

The parent company has a related party relationship with its Group companies. For more information see Note 33 in the 2015 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 533m (400). In addition, the parent company guarantees that Medcro Intressenter AB and Aneres Properties AB fulfil their obligations in conjunction with the acquisition of TFS and the acquisition of Serena Properties respectively.

The parent company's income and expenses in relation to its subsidiaries and associates for the period and the parent company's balance sheet items in relation to its subsidiaries and associates at the end of the period are presented below.

SEKm	Interest expenses	Interest income	Dividend
2016 Q1-4		0	
2015 Q1-4	-8	0	995

SEKm	Receivable	Provision	Liability	Capital contribution	Contingent liability
2016-12-31	1	90	2 269	814	533
2015-12-31	88	309	2 594	270	400

During the fourth quarter, Ratos contributed SEK 68m (EUR 7m) to GS-Hydro. Earlier in the year, Ratos provided contributions of SEK 319m (NOK 316m) to Aibel in conjunction with a new financing agreement, SEK 246m to Bisnode, SEK 15m to KVD, SEK 46m (EUR 5m) to GS-Hydro and SEK 120m to Euromaint.

## Telephone conference

17 February at 10:00 a.m.

+46 8 566 426 95

## Financial calendar

### 2017

Annual General Meeting	6 April 2017
Interim report January-March 2017	8 May 2017
Interim report January-June 2017	17 August 2017
Interim report January-September 2017	14 November

Stockholm, 16 February 2017

Ratos AB (publ)



Magnus Agervald  
CEO

For further information, please contact:

Magnus Agervald, CEO, +46 (0)8-700 17 00

Helene Gustafsson, Head of IR- and Press, +46 8 700 17 98

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

This information is information that Ratos AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET on 17 February 2017.

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Ratos AB (publ) Drottninggatan 2 Box 1661 SE-111 96 Stockholm

Tel +46 8 700 17 00 [www.ratos.se](http://www.ratos.se) Reg. no. 556008-3585

*Ratos owns and develops unlisted medium-sized companies in the Nordic countries. Our goal as an active owner is to contribute to long-term and sustainable business development in the companies we invest in and to make value-generating transactions. Ratos's portfolio consists of 18 medium-sized Nordic companies and the largest segments in terms of sales are Consumer goods/Commerce, Construction and Energy. Ratos is listed on Nasdaq Stockholm and has a total of approximately 14,500 employees.*

**RATOS**