

Alternative performance measures

Reconciliations between alternative performance measures (APM) and IFRS

Ratos applies financial measures that are not defined in IFRS but are so-called alternative performance measures (APMs). The alternative performance measures presented are considered to be valuable supplementary information for analysts and other stakeholders for the evaluation and assessment of the Group's financial performance and position. The tables displayed with a tinted background are APMs. The performance measures are not to be regarded as a substitute for Ratos's financial statements, which are prepared in accordance with IFRS, but as a complement. Ratos's definitions of these performance measures may differ from other companies, which may calculate alternative performance measures in a different way and, accordingly, these are not always comparable with similar performance measures used in other companies.

The following reconciliations and accounts pertain to sub-components included in the material alternative performance measures used in this report. Reconciliation is made against the most reconcilable item, subtotal or total provided in the financial statements for the corresponding period. Definitions are available at www.ratos.com and on page 29 of this report

Net sales, Ratos's holding

MSEK	Q3 2020	Q3 2019	Q1-3 2020	Q1-3 2019	Full Year 2019
Ratos's companies, Net sales	5,580	5,951	18,398	18,270	24,496
Net sales in subsidiaries, holding not owned by Ratos	1,059	1,132	3,290	3,369	4,609
Investments recognised according to the equity method	-906	-1,072	-2,873	-2,769	-4,019
Eliminations	-0	-15	-11	-15	-26
Ratos Group, Net sales	5,732	5,996	18,804	18,855	25,061

Organic growth, Ratos's holding

MSEK	Q3 2020	Q3 2019	Q1-3 2020	Q1-3 2019	Full Year 2019
Ratos's companies, Growth Net Sales	-6.2%	17.2%	0.7%	13.4%	13.7%
Ratos's companies, Net sales	5,580	5,951	18,398	18,270	24,496
Acquired net sales	4	41	35	133	150
Effects from change in currency	-382	32	-896	326	359
Ratos's companies, adjusted Net Sales	5,958	5,878	19,259	17,812	23,988
Divested net sales in the comparison period	50	10	231	23	113
Ratos's companies, adjusted Net Sales in the comparison period	5,901	5,067	18,039	16,095	21,439
Ratos's companies, Organic growth	57	811	1,220	1,717	2,549
Ratos's companies, Organic growth	1.0%	16.0%	6.8%	10.7%	11.9%

EBITDA, EBITA and Group operating profit

MSEK	Q3 2020	Q3 2019	Q1-3 2020	Q1-3 2019	Full Year 2019
Ratos's companies, EBITDA	719	607	2,429	1,925	2,293
Depreciation and impairment	-293	-276	-849	-815	-1,096
Ratos's companies, EBITA	426	332	1,581	1,110	1,198
Ratos's companies, EBITA margin	7.6%	5.6%	8.6%	6.1%	4.9%
EBITA in subsidiaries, holding not owned by Ratos	78	69	215	135	217
Capital gain from portfolio companies				31	31
Investments recognised according to the equity method	-29	-17	-94	-76	-102
Income and expenses attributable to the parent company and central companies	-45	468	-117	378	366
Other	1	-8	3	-8	-7
Ratos Group, EBITA	430	844	1,588	1,570	1,703
Amortisation and impairment of intangible assets in connection with company acquisitions	-11	-12	-32	-37	-48
Ratos Group, Operating profit	419	832	1,557	1,534	1,655

Cash flow from operations

MSEK	Q3 2020	Q3 2019	Q1-3 2020	Q1-3 2019	Full Year 2019
Ratos's companies, Cash flow from operations	203	-277	1,331	524	949
Cash flow from operations, holding not owned by Ratos	108	4	266	64	158
Investments recognised according to the equity method	-92	-170	5	-209	-428
Acquisition and disposal, intangible assets/property, plant and equipment ¹⁾	155	159	459	426	670
Lease payment	235	215	704	685	914
Income tax paid	-57	-12	-189	-145	-230
Attributable to the parent company and central companies	-16	-35	-99	-116	43
Eliminations	-0	-2	-0	3	-167
Ratos Group, Cash flow from operating activities	536	-117	2,476	1,232	1,909

¹⁾ Cash flow from sale of the Lejonet 4 property, a total of SEK 550m for 2019, is not included in this item.

Interest-bearing net debt

MSEK	2020-09-30	2019-09-30	2019-12-31
Ratos's companies, Interest-bearing net debt	7,969	9,606	9,404
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	748	834	831
Investments recognised according to the equity method	-786	-1,131	-910
Attributable to the parent company and central companies	-1,133	-1,490	-1,521
Other	22		22
Ratos Group, Interest-bearing net debt	6,820	7,819	7,826
	2020-09-30	2019-09-30	2019-12-31
Non-current interest-bearing liabilities, other	3,534	2,957	4,210
Non-current interest-bearing liabilities, leasing	4,243	4,187	4,189
Current interest-bearing liabilities, other	996	2,655	1,369
Current interest-bearing liabilities, leasing	622	673	682
Provisions for pensions	697	555	642
Interest-bearing assets	-53	-50	-47
Cash and cash equivalents	-3,218	-3,159	-3,219
Ratos Group, Interest-bearing net debt	6,820	7,819	7,826