



# Annual General Meeting 2018

Jonas Wiström

3 May 2018

# Who is Jonas Wiström?

- Royal Institute of Technology Stockholm  
1983
- Philips Defence Electronics
- Saab-Scania
- SUN Microsystems
- Silicon Graphics
- Prevas
- ÅF
- Ratos
- Current Board memberships
  - Business Sweden, IVA



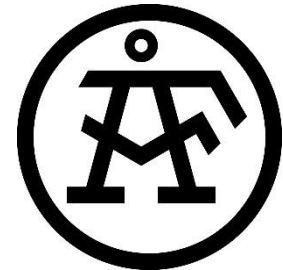
**PHILIPS**



**SCANIA**



**Prevas**



# My task

To increase shareholder  
value in a growing Ratos

# Ratos's 2018 AGM

- **Ratos 2017**
- Q1 2018
- Starting position and activities
- Ratos moving forward
- Objectives 2018

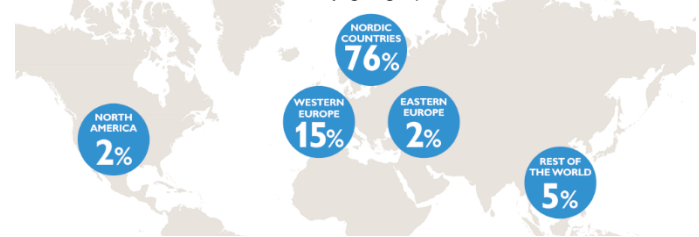


# Market conditions 2017

- Performance varied between companies, which are exposed to different industries and markets
- Generally very positive underlying trend
- Continued strong transaction market
  - Ratos's net sellers in 2017



Sales breakdown by geographic market



\* Ratos's holding.

# Ratos during 2017

- Updated strategic agenda
  - ✗ Focus holdings on fewer sectors
  - ✗ Retain certain companies for a longer period with lower indebtedness over time
  - ✗ In future, dividends on Ratos shares will be based on stable cash flows from the portfolio companies instead of exit gains
  - ✓ Changed investment intervals
- Nebula and Serena successfully divested
- GS-Hydro declared bankrupt



# Ratos during 2017 (cont.)

- Preference shares ended
- Impairment of book values SEK -550m
- New STI programme
- More efficient organisation
  - Reduced central management costs
- Weak performance by the company portfolio during the second half of the year



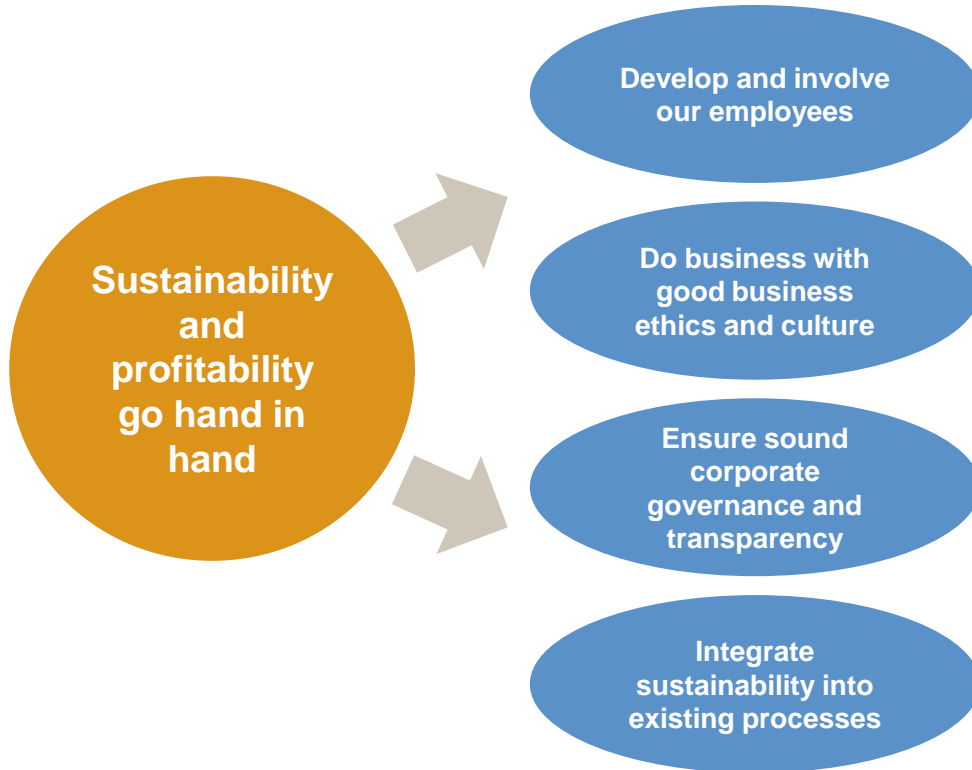
# EBITA trend 2017

## SEKm, Ratos's holding

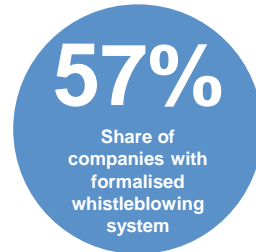
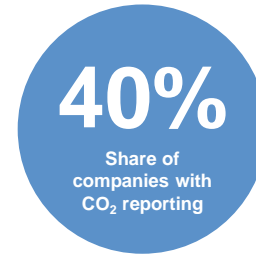
Companies	Jan-Dec 2017	Jan-Dec 2016
Aibel	102	15
Bisnode	277	159
Diab	1	105
HENT	190	174
HL Display	42	66
Ledil	71	70
Plantasjen	217	230
Other 7 companies	149	189
<b>Ratos total</b>	<b>1,048</b>	<b>1,008</b>



# Ratos is pursuing a sustainability agenda



## Ratos's companies Ratos AB



Signatory of:



# Ratos's 2018 AGM

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# Weak start to 2018

- Plantasjen
  - EBITA performance SEK -60m (-40%)
  - Restructuring SEK -23m
  - Cold March in the Nordic countries
- Diab
  - EBITA performance SEK -22m (-88%)
  - Weak trend in wind power
  - High commodity costs
- Under-performer, EBITA performance SEK -31m
  - Kvdbil
  - TFS
  - Speed Group
- Aibel
  - EBITA SEK 35m (45), as expected
  - EBITA margin intact



# EBITA performance Q1 2018

SEKm, Ratos's holding

Companies	Jan-Mar 2018	Jan-Mar 2017
Aibel	35	45
Bisnode	50	56
Diab	3	25
HENT	48	48
HL Display	21	14
Ledil	22	17
Plantasjen	-209	-149
Other 6 companies	12	46
<b>Ratos total</b>	<b>-18</b>	<b>102</b>

# Important events Q1 2018

- Divestment of Jøtul
- HENT
  - Strong order intake, NOK 3.2 billion (2.1)
  - Divestment of residential development operations (April)
- airteam
  - Expansion to Sweden through acquisition of Luftkontroll Energy
- Speed Group
  - Acquisition of Samdistribution to establish a presence in the Stockholm region
- Aibel
  - Secured key contract in April (Letter of Intent) for a process platform in the Johan Sverdrup field (NOK 8 billion)



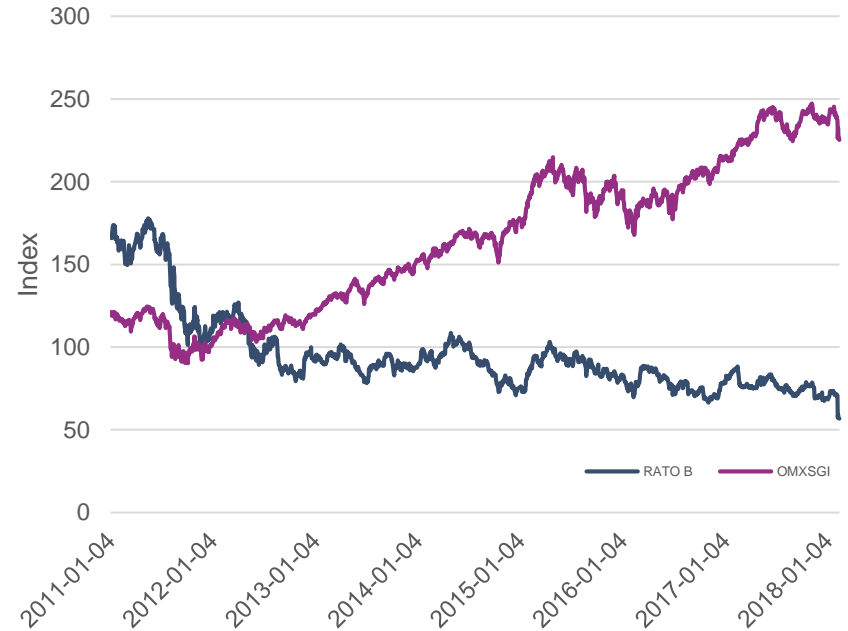
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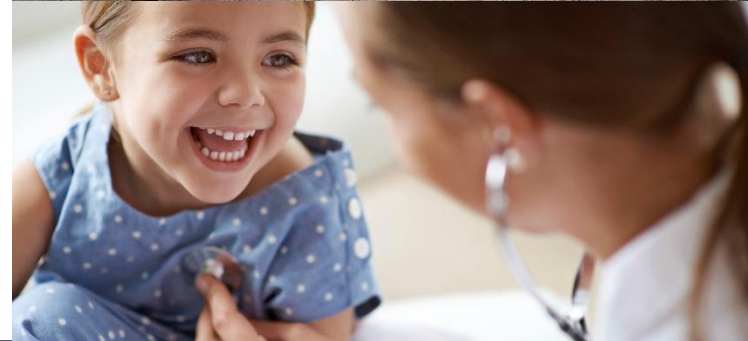
# My view of Ratos

- Established and well-known brand in the Nordic countries, with a fantastic history and enormous potential
- Clear, long-term and dedicated principal owner
- Operates as a listed PE company
- Very poor share price trend since 2011 with high dividend yield



# History

- High valuation 2011
- “Sold good companies and held on to lesser ones”
- Company development in the portfolio is too weak, although some companies are performing well





# Ratos's challenge

## Development of the company portfolio

- During 2017, only 7 of 14 companies showed an improved EBITA performance, despite a boom in nearly all industries
- The companies' earnings generation and indebtedness do not finance Ratos's dividends



# My own experience

Understand  
BEFORE  
you want to  
be  
understood!

The answers  
are to be  
found  
in the  
organisation

# Agenda for my first 70 days

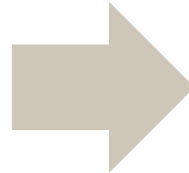
Understand and go through in detail

- Portfolio companies
  - Management
  - Board of Directors
  - Market
  - Results
- Our corporate governance
- Ratos AB
  - Organisation
  - Processes
  - Culture
  - Incentive system



# Nothing is more important to a good result for Ratos than...

Good CEOs  
in our  
companies!



TEAM

TAKE  
ACTION

STRATEGY

HAVE FUN

# My view of leadership

- Definition of a good leader/CEO
  - A good leader delivers favourable results over time



What is a good result  
(EBITA and growth)?

# Difficult, more difficult and most difficult

Organisation

(Difficult)

Processes  
&  
Systems

(More difficult)

Culture

(Most difficult)

# Action (Organisation)

- Reduced and changed investment organisation -5 +2
  - Was too large
  - We require less of certain competences and more of others
  - We need new eyes
- Changed incentive system
  - Short-term incentive programme (1 year) based on the earnings trend in the company portfolio, excluding acquisitions and divestments, as well as the right management for the companies
  - Long-term incentive programme (4-5 years) based on the performance of the Ratos share



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# Ratos moving forward

Organisation

Processes  
&  
Systems

(Corporate  
governance)

Culture

# Agenda looking forward

- Focus on existing portfolio companies
  - Right management
  - The company's market position, 1st or 2nd in each market?
  - Stability => Profitability => Growth
  - Correct level of indebtedness
- Define “The Ratos Way:”
  - Our processes and systems
  - Our corporate governance
  - Our culture



# Ratos's 2018 AGM

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# Objectives 2018

- Reverse the negative profitability trend
- Determine which are our more long-term holdings
- Deliver on the updated strategy

# Why Ratos will succeed

- We will highlight and live according to our unique positions of strength
- We have a strong brand
- We are an attractive owner
- We are an attractive workplace
- We have a strong balance sheet and long-term principal owners



THANK  
YOU!