RATOS
ANNUAL REPORT 2015

Ratos develops Nordic companies

We create value
Ratos is an investment company that acquires, develops and divests mainly unlisted Nordic companies. The common denominator for the companies that Ratos acquires is that all have clear development potential. With focus on growth and profitability, initiatives are taken that can change entire industries and, in many cases, the companies undergo a total transformation during the holding period. Ratos has 18 companies in its portfolio, combined sales of SEK 31bn and 15,500 employees.

We invest in attractive business models and in people who are driven
Ratos's operation is a question of being entrepreneurial – of inquisitively recognising potential and driving change. In all enterprise, value is created by people. Our ability to attract and develop employees and to build important relationships is therefore a prerequisite for long-term success. Ratos's goal is to realise the development potential in the companies we invest in and create value by being a partner that harnesses business opportunities and lends its ideas, experience, capital and contacts. We gladly co-invest with entrepreneurs and other owners who see the advantage of our profile, flexible ownership horizon and values.

Ratos celebrates its 150th anniversary this year. Our long history and our strong principal owner in the Söderberg family and the Söderberg Foundations provide credibility and stability over time. We want to build successful business models and we are convinced that sustainable business creates value and is a prerequisite for sound long-term growth – for companies, people and the community.

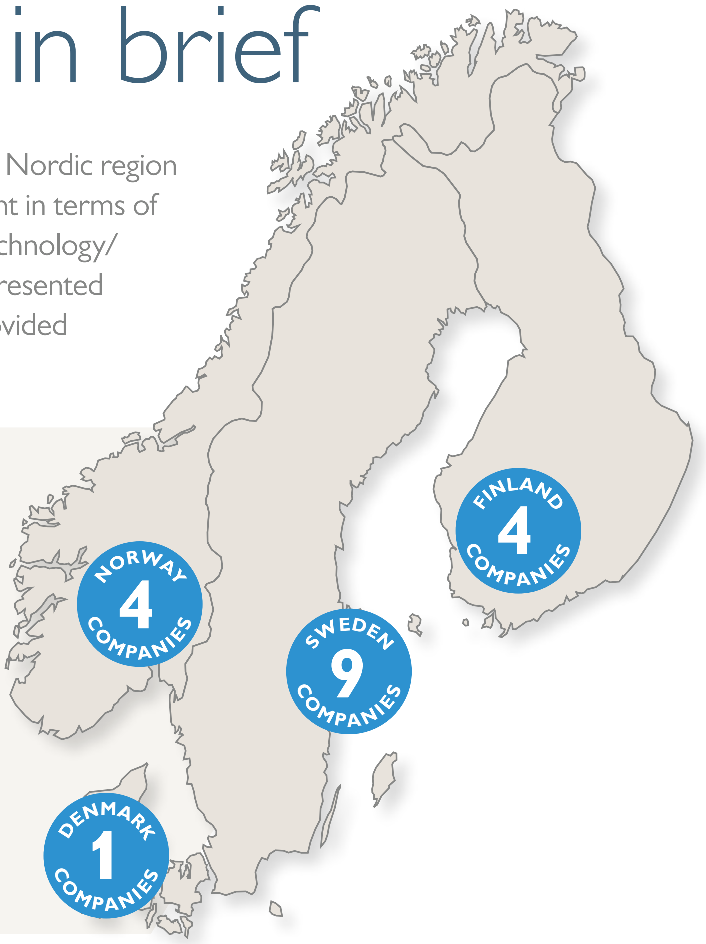
We offer a unique investment opportunity
Ratos offers a unique opportunity for stock market players to benefit from unlisted Nordic enterprises' growth in value. Ratos is listed on Nasdaq Stockholm and has a balanced portfolio and exposure to several industries and markets, which is expected to yield healthy returns over time.

Our company-specific return target (annual average internal rate of return, IRR) amounts to a minimum of 15–20%. In the past ten years, Ratos has delivered a 22% return on completed exists.

Ratos invests its equity, which gives the strength and flexibility to buy and sell companies at the right moment. As long as the assessed future potential meets our criteria and as long as we can contribute to further development of a company, Ratos stays on as owner, normally for a period of between five and ten years.

The companies in brief

Ratos invests in unlisted medium-sized companies in the Nordic region and has a portfolio of 18 companies. The biggest segment in terms of sales is Industrials, followed by Consumer goods and Technology/Media/Telecom. An overview of Ratos's companies is presented below and a detailed description of each company is provided on ▸ pages 34-68.



18 companies with total sales of SEK **31** bn

Adjusted EBITA of SEK **2.1** bn and **15,500** employees.

The figures and number of companies include the acquisition of Serena Properties completed in January 2016.

Our companies

INDUSTRIALS

AH Industries
A global supplier of metal components, modules and services to the wind energy, and cement and minerals industries.

Sales SEK 929m
Operating profit SEK 15m
Ratos's holding 70%
Investment year 2007

www.ah-industries.dk

Aibel
A leading Norwegian supplier of maintenance and modification services as well as new construction projects in oil, gas and renewable energy.

Sales SEK 7,728m
Operating profit SEK 279m
Ratos's holding 32%
Investment year 2013

www.aibel.com

DIAB
A global company that manufactures and develops core material for sandwich composite structures including blades for wind turbines.

Sales SEK 1,450m
Operating profit SEK 154m
Ratos's holding 96%
Investment year 2001/2009

www.diabgroup.com

GS-Hydro
A leading global supplier of non-welded piping solutions to the marine and offshore industries, among others.

Sales SEK 1,175m
Operating profit SEK 12m
Ratos's holding 100%
Investment year 2001

www.gshydro.com

HENT
A Norwegian construction company that focuses on newbuild of public and commercial real estate.

Sales SEK 5,716m
Operating profit SEK 189m
Ratos's holding 73%
Investment year 2013

www.hent.no

SERVICES

Euromaint
An independent maintenance company for the rail transport sector in Sweden.

Sales SEK 1,735m
Operating profit SEK 74m
Ratos's holding 100%
Investment year 2007

www.euromaint.com

Speed Group
A Swedish service provider in the area of staffing, warehousing and logistics with supplementary services in production, recruitment and education.

Sales SEK 536m
Operating profit SEK 25m
Ratos's holding 70%
Investment year 2015

www.speedgroup.se

TECHNOLOGY/MEDIA/TELECOM

Bisnode
One of Europe's leading providers of decision-support solutions. By transforming data into insight, Bisnode helps decision makers to make smart decisions.

Sales SEK 3,535m
Operating profit SEK 280m
Ratos's holding 70%
Investment year 2005

www.bisnode.com

KVD
Sweden's largest independent online marketplace offering broker services for second-hand vehicles.

Sales SEK 317m
Operating profit SEK 29m
Ratos's holding 100%
Investment year 2010

www.kvd.se

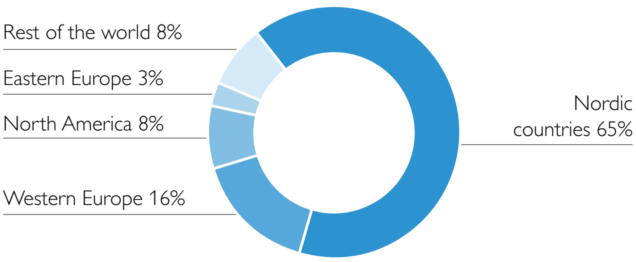
Nebula
A leading provider of cloud-based services, IT infrastructure and network services to small and medium-sized enterprises in Finland.

Sales SEK 299m
Operating profit SEK 87m
Ratos's holding 73%
Investment year 2013

www.nebula.fi

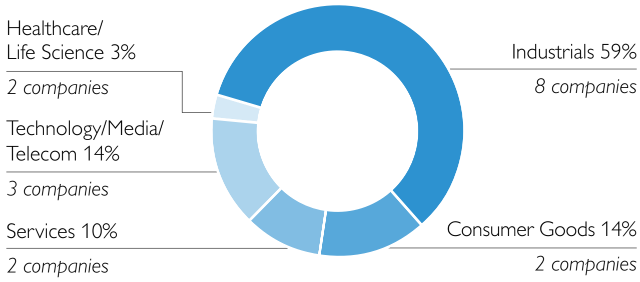


Sales breakdown by geographic market



Adjusted for the size of Ratos's holding. Serena Properties not included.

Sales breakdown by segment



Adjusted for the size of Ratos's holding. Serena Properties not included.

HL Display
An international supplier of products and solutions for in-store communication and merchandising.

Sales SEK 1,488
Operating profit SEK 8m
Ratos's holding 99%
Investment year 2001/2010

www.hl-display.com

Ledil
A leading global supplier of high-quality secondary optics for LED lighting.

Sales SEK 297m
Operating profit SEK 95m
Ratos's holding 66%
Investment year 2014

www.ledil.com

Mobile Climate Control
An international supplier of complete climate systems for buses, off-road and defence vehicles.

Sales SEK 1,264m
Operating profit SEK 152m
Ratos's holding 100%
Investment year 2007

www.mcc-hvac.com

CONSUMER GOODS

ArcusGruppen
A leading supplier of wine and spirits in the Nordic region through its own brands and well-known agency brands.

Sales SEK 2,586m
Operating profit SEK 217m
Ratos's holding 83%
Investment year 2005

www.arcus.no

Jøtul
One of Europe's largest manufacturers of stoves and fireplaces with global distribution through its own sales organisations and via distributors.

Sales SEK 930m
Operating profit SEK 0m
Ratos's holding 93%
Investment year 2006

www.jotulgroup.com

HEALTHCARE/LIFE SCIENCE

Biolin Scientific
An international provider that develops, manufactures and markets analytical instruments for research, development and quality control.

Sales SEK 227m
Operating profit SEK 8m
Ratos's holding 100%
Investment year 2010

www.biolinscientific.com

TFS
A global service company that performs clinical trials on behalf of pharmaceutical, biotechnology and medical device industries.

Sales SEK 689m
Operating profit SEK 45m
Ratos's holding 60%
Investment year 2015

www.tfscro.com

REAL ESTATE

Serena Properties
Commercial retail properties in Finland with tenants in grocery and discount retail.

Ratos's holding 56%
Investment year 2016

www.serena.se

Performance of the company portfolio

- Good development, EBITA +9% (Ratos's share) and adjusted EBITA +6%
- Sales growth of +4%
- Profit/share of profits from the companies SEK 664m (392)

Acquisitions and divestments

- Acquisition of Speed Group, TFS and Serena Properties
- Three divestments during the year – total exit gain of SEK 1,101m
- Add-on acquisitions in Bisnode, GS-Hydro, among others
- Agreement on acquisition of airteam after period-end

Financial information

- Profit before tax SEK 892m (1,367)
- Earnings per share before dilution SEK 1.29 (3.22)
- Impairment of SEK -565m (-250), mainly attributable to Euromaint
- Proposed dividend SEK 3.25 per share (3.25)
- Continued strong financial position
- Total return on the Ratos share +9%

Results

SEKm	2015	2014	2013	2012	2011
Profit/share of profits	664	392	602	-29	546
Exit gains	1,101	1,390	895	978	525
Revaluations and impairment	-565	-250	-308	-375	-312
Profit from companies	**1,200**	**1,532**	**1,189**	**574**	**759**
Central income and expenses	-308	-165	-106	193	101
Profit before tax	**892**	**1,367**	**1,083**	**767**	**860**
Equity	12,882	14,027	13,756	12,353	13,658

Data per share [1]

SEK per share	2015	2014	2013	2012	2011
Profit after tax [2]	1.29	3.22	2.13	1.90	1.63
Equity [3]	36	39	38	39	43
Dividend [2]	3.25[4]	3.25	3.00	3.00	5.50
Dividend yield, %	6.7[4]	6.9	5.2	4.8	6.8
Total return, %	+9	-15	-2	-17	-32
Market price	48.83	47.07	58.15	62.50	80.75
Market price/equity, %	135	121	153	160	188

[1] Applicable historical figures are recalculated taking into account the split in 2011. Relates to Class B shares unless otherwise stated.
[2] Per ordinary share.
[3] 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.
[4] Proposed dividend.

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CEO's comments

An eventful year

2015 was an extremely eventful year, for both Ratos and the world in general. At Ratos, we continued to work with growth and profit-improving measures in the companies, while realising substantial accumulated values through the divestment of Nordic Cinema Group and Inwido. We added three new attractive companies to the portfolio and exited a couple of smaller companies that did not perform as intended. A portfolio of companies is now emerging that has increasingly greater elements of growth companies and large development potential. Meanwhile, we have a strong financial position that allows for more acquisitions. After a few years of very weak share price performance, the Ratos share delivered a total return in 2015 that is almost on par with the market. When combined with all the important transactions and good development in our companies, this makes me proud of what we have accomplished during the year, and excited to see the future effects of all our efforts.

Divestment of two new market leaders

Two brilliant examples of how Ratos works with business development are the two larger companies we sold in 2015. In both cases, we helped create market-leading companies in interesting market niches. Window and door manufacturer Inwido was one of our holdings for 11 years, during which time, we made 30-something add-on acquisitions. A major player has subsequently been created that can capitalise on economies of scale and make long-term investments in product development.

In the five years since we stepped in as owner of Finnkino, the Nordic region's leading cinema operator was created and reports good profitability and growth. The deciding factors were the 2013 acquisition of SF Bio and the formation of Nordic Cinema Group, through which we could extract considerable synergies in everything from the design of theatres to marketing and concession sales.

Ratos's shareholders were well rewarded after the divestment, and the realised values give us good conditions for new, attractive investments.

New acquisitions and partnership

Our portfolio has two new growth companies, clinical trials service provider TFS, and logistics service provider Speed Group. They represent two vastly different sectors. What unites them is that they are founded and driven by entrepreneurs who have wanted to partner with an active owner with which they develop their company together. They found the partner they were looking for in Ratos. Even the third acquisition, Finnish real estate company Serena Properties, is a partnership in which the Finnish company Varma was looking for a partner for further development of the 22 retail properties. After period-end, we acquired yet another company, airteam, a leading supplier of ventilation solutions in Denmark.

Our expertise in business development, our experience of growing companies and our long-term approach, profile, values and committed employees have been decisive factors and, in many instances, weighed heavier than the price alone at the time of acquisition.

The completed transactions leave us standing with a strong financial position. This is particularly reassuring since, at the time of writing, 2016 has opened with turbulence in the financial markets. Meanwhile, it is our explicit ambition to continue to acquire attractive companies in 2016 that will make the Ratos portfolio more growth-oriented and that have good value-creation potential.

Measures and development

Our companies are still exhibiting a high level of activity and we predict that the measures we have taken will generate further effects in the future. As always, this is the core of our business. A few examples of the year's development focus and strategically important changes can be found on the next page.

We have also taken measures in companies where we do not see sufficient potential for them to realise our return requirement in the long term. Our exit from Hafa Bathroom Group is one such example, as is Euromaint's divestment of its unprofitable German operations. It is important to balance a long-term approach with impatience in situations where the desired progress is not made.

Outlook and new thinking

From the past year, I will particularly remember the transformative global events that affected us all, but also the brighter moments, such as when the countries of the world reached a new climate agreement. Beyond a shadow of a doubt, trends in 2015 revealed a never-stronger demand for change and renewal. A heavy burden of responsibility rests on our politicians, but also on the business community. I am convinced that the business community's role in societal progress will only increase in importance and Ratos intends to play a part.

Meeting the challenges that Europe and the world face will require capital, expertise and innovation. We must apply all our creativity and ingenuity. We must think changing consumerism and sharing economy; recycling and sustainability; inclusion and diversity; globalisation and digitisation. All this will affect the corporate climate in future and it will affect us in our work to develop enterprises.

Companies that are better equipped and that can deliver solutions to various types of social challenges are, from our perspective, imperative and have vast potential for growth and profitability in the long run. This is why we drive and develop our companies' sustainability programmes. The challenges in this area are huge, but so are the possibilities.

Investment company Ratos wants to be the best at developing companies in the Nordic region

To ensure that also Ratos as a company develops, we clarified Ratos's vision, business concept and market position during the year. The result is a more pronounced vision in which we declare our ambition to be the best in the Nordic region at developing companies. Moreover, we have now decided to refer to ourself as an investment company, a broader term that points to the heart of what we do, namely our core business of investments and business development and our efforts to realise the potential of our companies. Our domestic market remains the Nordic countries, where we have our contacts and business network and where we are primarily active. Investment company Ratos will be an eco-system in which we create the optimum conditions for enterprises and entrepreneurial individuals to develop and grow.

2016 will also bring changes to Ratos's Board of Directors. Arne Karlsson has declared his intention to step down as chairman. The Nomination Committee has proposed Jonas Wiström as new chairman and I look forward to working together with him. I would like to thank Arne for the excellent cooperation we have enjoyed during our years together at Ratos. You have been a constant source of wise advice and a valuable partner, for which I am extremely grateful.

Ratos turns 150 in 2016, and we intend to celebrate!

This year it is 150 years since Ratos's predecessor Söderberg & Haak was founded. In other words, we have cause to reflect over a slightly longer time perspective.

When I read the book about Ratos's history written by Anders Johnson, it strikes me that a clear common thread can be seen in Ratos, a strong driving force that weaves through time and generations of the Söderberg family. Ratos and its predecessors have lent their knowledge, expertise and capital since 1866. Throughout, the predominant driving force has been the will to create something new, to do business, to develop organisations and people, and to contribute to society. It is the same force that drives us today as Ratos sets its sight on the next 150 years.

I am pleased and proud over everything we have accomplished so far, but I am also excited about and look forward to what lies ahead. We have incredible employees, and together we work to cultivate great value – in companies, in communities and in our day-to-day activities at Ratos. Thank you for all your work, for your drive and for your dedication! Thank you to our shareholders, too. You keep us on our toes!

Susanna Campbell
CEO

2015 in 5 minutes

Exciting portfolio development

The year 2015 was distinguished by a fierce pace and numerous value-creating activities. We not only completed a total of three acquisitions and a number of add-on acquisitions, we put into action our growth and improvement initiatives in the companies. Meanwhile, we divested two of our largest holdings, Nordic Cinema Group and Inwido, and one of our smallest holdings in the portfolio, Hafa Bathroom Group.

AIBEL LANDED CRITICAL ORDERS DESPITE WEAK MARKET

Aibel won several major orders during the year. Among them are the new construction contract for the Johan Sverdrup field worth about NOK 8bn and a six-year framework agreement for the supply of maintenance and modification services to Statoil worth an estimated NOK 7.5bn. In total, Aibel had a record-strong order intake throughout the year, amounting to approximately NOK 20bn.

ARCUSGRUPPEN CONTINUES TO GROW

In line with the strategy to grow in the Nordic countries, ArcusGruppen acquired the Swedish aquavit and mulled wine brand Snälleröds in February and one of Finland's leading wine importing companies Social Wines in April. Relocation of production in Aalborg to the plant in Gjelleråsen has been completed and will make production more efficient in the future.

TWO PROFITABLE PLACEMENTS OF INWIDO SHARES

In April, Ratos sold 20.9% of the total number of shares in Inwido at a price of SEK 91 per share, SEK 1,103m in total. In October, Ratos sold its remaining 10.4% at a price of SEK 83 per share, SEK 498m in total. The exit gain for these two divestments amounted to approximately SEK 290m. In total, Inwido generated an exit gain of approximately SEK 1,477m and an average annual return (IRR) of 16% since the investment in 2004.

SALE OF NORDIC CINEMA GROUP

During the four-year holding period, Ratos created the leading cinema operator in the Nordic region, Nordic Cinema Group, through the acquisition of Finnkino and then the merger with SF Bio. In July, the company was sold for approximately SEK 4,700m (enterprise value) and Ratos received SEK 1,667m for its shareholding. The exit gain amounted to SEK 905m, with an average annual return (IRR) of 41%.

BISNODE STRENGTHENS OFFERING THROUGH ACQUISITION

During the year, the process to strengthen core operations and offer smart decision-support solutions under a joint brand continued. This includes the July acquisition of Finnish SN4 International, a provider of Customer Experience Management (CEM) and Marketing Automation Services. In October, the operations of AIS Nordic was acquired, which strengthens Bisnode's operations in vehicle-data services.

HENT BUILDS ON ORDER BOOK AND IS REFINANCED
In July, HENT was contracted to construct Vålerenga Stadion, a project worth approximately NOK 600m. HENT's positive performance during the year generated a refinancing of the company, giving Ratos a dividend of SEK 259m (NOK 267m).

STRONG PERFORMANCE AND REFINANCING OF NEBULA
In August, parts of Telecity's Finnish network and support operations were acquired, thereby strengthening our position in the Finnish market. As a result of strong growth and favourable performance, a refinancing of Nebula was carried out in November, giving Ratos a dividend of SEK 186m (EUR 20m).

ACQUISITION OF SPEED GROUP
In September, Ratos completed the acquisition of Speed Group, a fast-growing Swedish logistics and staffing services provider. The purchase price (enterprise value) for 100% of the company amounted to SEK 450m, of which Ratos paid SEK 285m for a holding of 70%.

ACQUISITION OF TFS
Trial Form Support International (TFS), an international service provider of clinical trials – or so-called contract research organisation (CRO) – was acquired in October. The purchase price (enterprise value) for 100% of the company was approximately EUR 47m, of which Ratos provides equity of approximately EUR 27m, including a maximum additional purchase price, for a holding of 60%.

GS-HYDRO ACQUIRES UK COMPANY FIRST HOSE
In October, GS-Hydro acquired the UK company First Hose, which supplies hoses and hose-related components for the oil and gas industry in the North Sea. The acquisition will strengthen GS-Hydro's aftermarket business and position as supplier of hose management systems.

EXIT HAFA BATHROOM GROUP
In November, Ratos sold Hafa Bathroom Group – one of the Nordic region's leading bathroom interior companies – after almost 15 years as owner. The enterprise value amounted to approximately SEK 50m, and generated an exit loss of SEK 93m and a negative annual average return (IRR).

ACQUISITION OF SERENA PROPERTIES
In November, an agreement was signed to acquire 56% of the shares in Serena Properties, a newly formed real estate company with a portfolio of 22 commercial retail properties in Finland. The acquisition was completed in January 2016. The purchase price (enterprise value) for 100% of the company amounted to approximately EUR 191.5m, of which Ratos provided EUR 39m (SEK 359m) in equity.

Vision, business concept, investment strategy and targets

A Nordic company developer

Just as we drive development in our companies, development projects are continuously underway in our own operations. In 2015, a project was launched to clarify our vision, business concept and description of our value creation as a company.

Ratos is an investment company that acquires, develops and divests medium-sized unlisted companies in the Nordic countries. This is to support our vision to be the best at developing companies in the Nordic region.

Acquisition ➧ DEVELOPMENT ➧ Divestment

Ratos's business model

Acquisitions
Companies with clear potential for development, employees with strong drive and innovative ideas, and the potential to meet Ratos's required return target are interesting investment opportunities. Ratos mainly invests in unlisted companies in the Nordic countries, and ideally in partnership with entrepreneurs and other owners who see the advantage of our profile, flexible ownership horizon and sound values. Every year Ratos analyses many interesting investment opportunities, where only a few lead to acquisitions. Most ideas are generated within Ratos's investment organisation while others come from our Nordic network. We participate in processes driven by investment banks and other advisors, too.

Development
Ratos's goal is to generate value by developing successful companies. We lend the innovativeness, experience, expertise, contacts and capital needed to realise the potential of the companies in which we invest.

Together with the executive management of these companies, we cultivate conditions for further growth and improved profitability. Many companies undergo a total transformation during our holding period. The companies' ability to show development in financial, environmental and social sustainability is high on the agenda.

Divestment
We work together with the companies toward mutual goals, normally with a time perspective of between five and ten years. However, Ratos has a flexible ownership horizon and stays on as owner as long as we contribute to the development of the company and meet our return target.

We endeavour to combine long-term sustainable development with the highest possible return.

Vision: Our vision is to be the best at developing companies in the Nordic region

Business concept
Ratos is an investment company that acquires, develops and divests mainly unlisted Nordic companies. Over time, Ratos is to generate the highest possible return by actively exercising its ownership to realise the potential of a number of selected companies and investment situations. In this, Ratos provides stock market players with a unique investment opportunity.

Investment strategy
Ratos invests mainly in unlisted medium-sized Nordic companies with clear development potential. The enterprises should have an established business model through which Ratos and the companies can together identify and then realise a potential.

Holding and investment interval
Normally, Ratos is the largest owner in the companies, but we can also have a minority holding. However, our constant ambition is to be a committed owner that takes part in and can influence the companies' development. We gladly co-invest with entrepreneurs and other owners, and we have a minimum holding of 20%. We normally invest a minimum of SEK 250m and a maximum of SEK 5bn in equity. Ratos does not invest in the early phases of companies' life cycles.

Geographic focus
Ratos invests in enterprises that are headquartered in the Nordic region. No geographic limits exist for add-on acquisitions to our companies.

Sector independent
Ratos develops companies through active ownership. Independent of sector, we lend the innovativeness, experience, expertise, contacts and capital needed to realise the potential of our companies.

Selection process
Ratos focuses on self-generated transactions. Our investment organisation identifies and analyses companies with potential for development that suit Ratos's portfolio of companies. We also take part in processes driven by investment banks and other advisors.

Exit strategy
Ratos does not have any limits to its holding period. The companies' return potential and Ratos's ability to contribute to their development is continuously assessed. Ratos can retain its holding as long as value is created in the company that exceeds the return target, which is often for a five-to-ten-year period.

Financial targets
Ratos has a company-specific return target (annual average internal rate of return, IRR) that amounts to a minimum of 15–20%. The target creates opportunities to make attractive investments in the current market situation with low market interest rates, a business environment with lower growth and greater competition for attractive acquisition candidates.

During the past ten years, Ratos has sold 19 companies, with an average IRR of 22% per year.

Returns will always vary over time and between investments. A few of the companies in Ratos's portfolio will not meet the return target. At the same time, many companies in the portfolio are expected to exceed the return target.

Committed and active owner

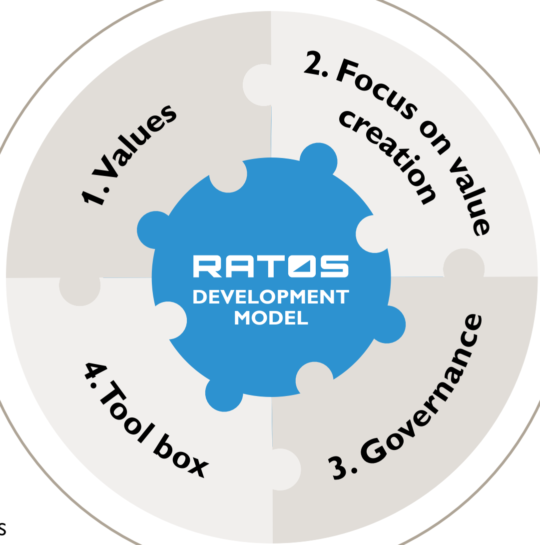
Ratos's goal is to develop successful companies. A committed and active owner, we invest in Nordic, mainly unlisted companies. Each investment situation is unique, and even if the companies operate strategically, operationally and financially independent of each other, there is a common denominator for our activities. Ratos's focus is to contribute to long-term and sustainable business development based on common values. Our ownership model is based on four cornerstones:

1. Values

Ratos's actions are based on the core values entrepreneurial, committed and responsible. *Entrepreneurial* because we in our companies want to stimulate curiosity, original approaches and change and reinforce a genuine interest in entrepreneurship. *Committed* since we want to work closely with key people in the companies, develop ideas and act together. *Responsible* since we have high demands on business ethics and always weigh the consequences of the decisions we are involved in for people and the environment. Those with whom we do business will be able to trust us, want to choose us and return to us.

2. Focus on value creation

When we invest in a new company, a thorough and ambitious strategy and business plan with clear business targets for development and financial effects, are prepared. Together with the companies' executive management, we cultivate the conditions for further growth and better profitability. Ratos has a flexible ownership horizon, which is often between five and ten years. We strive for long-term, lasting effects in our work with the companies and take part in driving sustainability development in the companies in which we are active.



3. Governance

A distinct structure for corporate governance is always introduced in companies in which we invest. A board is appointed comprising people who bring strategic expertise and industrial experience. The chairman of the board is recruited externally. Management has clear and complete operational mandate and responsibility. In parallel with a formal corporate governance, we want to create a close collaboration and common agenda for the company's development. We do so through our troikas (CEO, chairman of the board and Ratos's company executive) which prepare key issues and serve as a sounding board for the CEO.

4. Tool box

Ratos lends expertise, experience, contacts and capital to our companies. This is done in part via board work, and in part through daily contacts between key people in the companies and Ratos's employees, as well as forums organised by Ratos in which employees from different companies meet and exchange best practices. Ratos's organisation contains experience accumulated in strategy processes, business analysis, transactions, financing, accounting, sustainability and brand issues that contribute to the companies' development.

Acquisition ➧ **DEVELOPMENT** ➧ Divestment

Acquisition opportunities

Ratos is always looking for attractive companies in which to invest. Ideas for potential acquisitions stem from several sources. Sometimes they come directly from other owners and entrepreneurs who are looking for a partner to realise their visions. Other times suggestions come from banks and our industrial contacts, but most of the ideas are self-generated. They originate in our own inquisitiveness and a genuine interest in entrepreneurship and Nordic business. Over the course of one year, Ratos analyses between 200 and 250 companies, and systematically maps sectors and regions. We always have several companies under observation, sometimes for a long time.

No one acquisition is like another. Only a few of the companies we look at lead to an investment, because the others do not meet our investment criteria and return target or because they are not for sale at that time. The timing must be right, but purchase price expectations and other conditions must also be fulfilled. Moreover, the parties involved must be compatible. It is vital to have a clear plan for realising the return target and value creation early in the process. Another important aspect involves the mapping of sustainability-related risks and opportunities, including the operations' long-term sustainability and the company's level of maturity and values. The analysis provides a base for the business plan that is formed to drive sustainability efforts in the companies during Ratos's period of ownership. Ratos also has exclusion criteria and does not invest in companies that deal in the arms industry or pornography.

Competition in the acquisitions market is fierce. Access to capital, from creditors and investors alike, triggers a rise in investment prices for good companies. It is important to find the optimum capital structure and leverage that allows profitable growth. For a long time, Ratos has adopted a long-term and responsible approach in the Nordic market and has a good reputation. We have good access to bank financing at reasonable levels and terms.

In 2015, Ratos acquired Speed Group, a Swedish staffing and logistics service provider and TFS, an international service provider of clinical trials on behalf of pharmaceutical, biotechnology and medical device industries (read more below). In November, an agreement was signed to acquire Serena Properties, a newly formed real estate company with a portfolio of 22 commercial retail properties in Finland.

TFS – the start of a global journey

TFS
It's all about trust

In September 2015, Ratos acquired 60% of the shares in Trial Form Support International (TFS), an international service provider that conducts clinical trials for pharmaceutical, biotechnology and medical device companies.

TFS has 25 offices in Europe and North America, and conducts trials in a total of 40 countries. The company was founded in 1996 by Daniel Spasic in Lund. Daniel will stay on as CEO and retain a 40% ownership share.

"TFS is a very attractive company in a growing global industry. Nordic values distinguish its corporate culture although the management group is spread over the US, Spain, the UK and Sweden. This is probably why we found each other. TFS's values and corporate culture coincide with Ratos's," says Mikael Norlander, responsible for Ratos's investment in TFS.

In discussions leading up to the transaction, a strategic direction was identified that relies on continued profitable growth by capitalising on the uniqueness of TFS, which is active in an expanding market segment that shows an evident consolidation trend.

"Ratos began by learning to understand the business, what drives it, how value is created for the customer and what makes TFS a success. Only after that did they start to analyse the finances. The other potential buyers did the opposite. They started with the figures. Ratos's industrial approach was what clinched it," says Daniel Spasic.

"Ratos understands entrepreneurs. We realised that Daniel and his team were more interested in taking the next step in developing and building TFS than in selling. With Ratos, they get the best of two worlds – the resources and the expertise we can provide coupled with the flexibility and drive of an entrepreneurial company," says Mikael Norlander.

Ratos's top priority now is to help TFS continue to grow. The ambition is to become the most attractive partner for small and medium-sized pharmaceutical, biotechnology and medical device companies.

Value-creating business development

In partnership with the companies, long-term values are created mainly through sales growth and profitability improvements. How this is done in practice differs from company to company. As an active owner, we can help recruit key people and supply the capital that enables the companies to invest in product development, improved customer offerings and inroads in new markets. We can also offer a far-reaching network that can share best practices and new ideas. It might even entail making add-on acquisitions that provide revenue and cost synergies, or investments in new production technology to improve effectiveness and productivity. We always aim to offer management and the board new perspectives, particularly in sustainability issues where we work in a structured way with clear targets and continuous follow-up.

Occasionally, initiatives that re-define entire sectors are taken. One such example is Inwido, which was listed in 2014 – and in which we sold our final shares during the autumn of 2015. During our holding period, 30-something window and door manufacturers were acquired and integrated into a well-functioning group. Today, Inwido is Europe's largest manufacturer of windows and doors. Large-scale and transformative changes are not always needed to create great value. Steadily improving profitability and raising sales growth by a few percentage points can generate major effects, as in the case of Nordic Cinema Group, where an overhaul of the Nordic cinema industry resulted in continuous improvements. Our single greatest contribution to creating value is however to establish the company's strategies together with management and the board, and to be clear in our demands to ensure that they are implemented and produce the desired results. This is how the investment idea behind the acquisition is realised. ArcusGruppen is a good example of a well-executed strategy where the company has evolved from a Norwegian chemicals and spirits company to the leading supplier of wine and spirits in the Nordic region (read more below).

Value growth measured in return

Our return target is company specific and at least 15–20% (IRR*), depending on company and market-specific factors. To assess our success requires an analysis of the companies we have divested to date. In the past ten years, we have sold 19 companies (exits) that combined have generated approximately SEK 30bn for Ratos's cash flow. The internal rate of return (IRR) amounts to 22%. Extremely successful and less successful examples are among the divested companies. It is inevitable that returns vary from company to company and over time. Steadily changing economic situations and other external factors have an impact on the companies in ways that cannot be predicted at the time of acquisition.

* IRR: Internal rate of return – the annual average return of the invested amount calculated from the original investment, final selling amount and other cash flows, taking into account when in time all these payments were made to or from Ratos.

ArcusGruppen – continued strong potential for growth

ArcusGruppen

ArcusGruppen is a leading supplier of wine and spirits in the Nordic region through its own brands and leading agencies.

Since Ratos acquired the company in 2005, a few strategic initiatives have included the divestment of non-core operations, focusing on growth through Nordic expansion and higher production efficiency. A major investment in a new production facility in the Norwegian town of Gjelleråsen has been completed, a smaller production facility has been wound up and several new brands have been purchased. Sales, which amounted to approximately NOK 860m in 2005, have now climbed to NOK 2.5bn. Margins have also improved considerably.

"ArcusGruppen was a rough diamond when we stepped in 2005. It has been an extremely interesting growth journey, filled with every value-creating dimension. With its strong management group and leading market position, the company is well-equipped for the future. The goal is for ArcusGruppen to continue to grow with better profitability, a foundation that has been laid for continued strong performance," says Mikael Norlander, responsible for Ratos's investment in ArcusGruppen.

"Our entire organisation is set on profitable growth. We are already the biggest in a few markets and product categories. We use our experience to maintain our edge and boost sales there. In other categories and markets, we have significant potential to grow. We have tackled the challenge of becoming the biggest in the Nordic countries, and I am optimistic in regard to 2016," says Kenneth Hamnes, CEO since August of 2015.

The internal rate of return (IRR) is 22%

The value Ratos has created based on the companies divested over the past ten years can be broken into three segments: operational development, improved cash flow and capital growth, and multiple arbitrage.

+76%

Operational development

Approximately 76% of value creation comes from different types of operational development in the companies, leading to higher growth and profitability. Sales growth is created both through organic growth and through acquisitions.

Cash flows and capital growth

Approximately 27% of value creation comes from financial effects. Of these, approximately half can be derived from higher sales and profitability. The remainder is explained by work with financial efficiency and measures to optimise the capital structures, for example, that an acquisition is leveraged.

+27%

-3%

Multiple arbitrage

Multiple arbitrage is the price of the company in relation to the company's profits. Multiple arbitrage has provided a negative contribution of -3%, i.e. Ratos has sold for slightly lower multiples than those that applied at acquisition.

Inwido
– transformed an entire sector

In the autumn of 2015, Ratos sold its remaining holding in window and door manufacturer Inwido. This marked the end of an eleven-year commitment that transformed not only Inwido, but also an entire sector.

"Through Inwido, we industrialised a highly traditional sector. We have made the most of cultural and local aspects, while simultaneously benefiting from industrialisation and consolidation. This has allowed us to create substantial values," says Henrik Lundh who was responsible for Ratos's investment in Inwido.

From the start, Ratos had planned to create a Nordic market leader. At the time of the acquisition in 2004, the company had some 1,000 employees and sales of over SEK 1.2bn. In 2015, sales had escalated to SEK 5.2 billion and the number of employees to approximately 3,400. Over the course of a few years, 30-something acquisitions were completed in the Nordic countries, after which ensued a period of integration and streamlining during which Inwido created considerable synergies in product development, production, distribution, marketing and sales. Meanwhile, many local brands were retained, thereby securing the customers' different national preferences.

Today, Inwido is Europe's largest, most profitable door and window manufacturer.

In total, the investment in Inwido generated a surplus of SEK 3bn for Ratos and an IRR of 16%. After a tentative start, the IPO in September of 2014 was a huge success. At 31 December 2015, the share had risen 63%, compared with 7% for OMXSPI.

"Due in large to its consumer focus, Inwido is a company we saw would be perfect for the stock exchange. Ratos is not only a responsible owner, but also a responsible seller," says Henrik Lundh.

"Ratos has had a long-term and professional approach, been highly adaptable and exhibited a good understanding for us and the industry. This created the right conditions for our strong performance," says Håkan Jeppson, CEO of Inwido.

Exits

Ratos divests a company when we have executed the plans made to realise the company's potential for growth or when another owner might be more suitable for the company's future development. Ratos does not set any limit on its holding period and we remain as owners as long as we create value – meaning that we are often owners between five and ten years, sometimes longer.

Ratos strives to make responsible exits where we are to combine long-term, good survival with the highest possible return. In 2015, Ratos completed the sale of the Nordic Cinema Group, the leading cinema operator in the Nordic and Baltic regions, divestment of the remaining holding in Inwido, northern Europe's leading window and door manufacturer, and the sale of bathroom interior manufacturer Hafa Bathroom Group. In total, the year's exits generated an exit gain of SEK 1,101m.

Nordic Cinema Group – creation of the leading cinema operator in the Nordic region

In April 2015, Ratos sold its holding in Nordic Cinema Group (NCG), providing an exit gain of SEK 905m and an IRR of 41%.

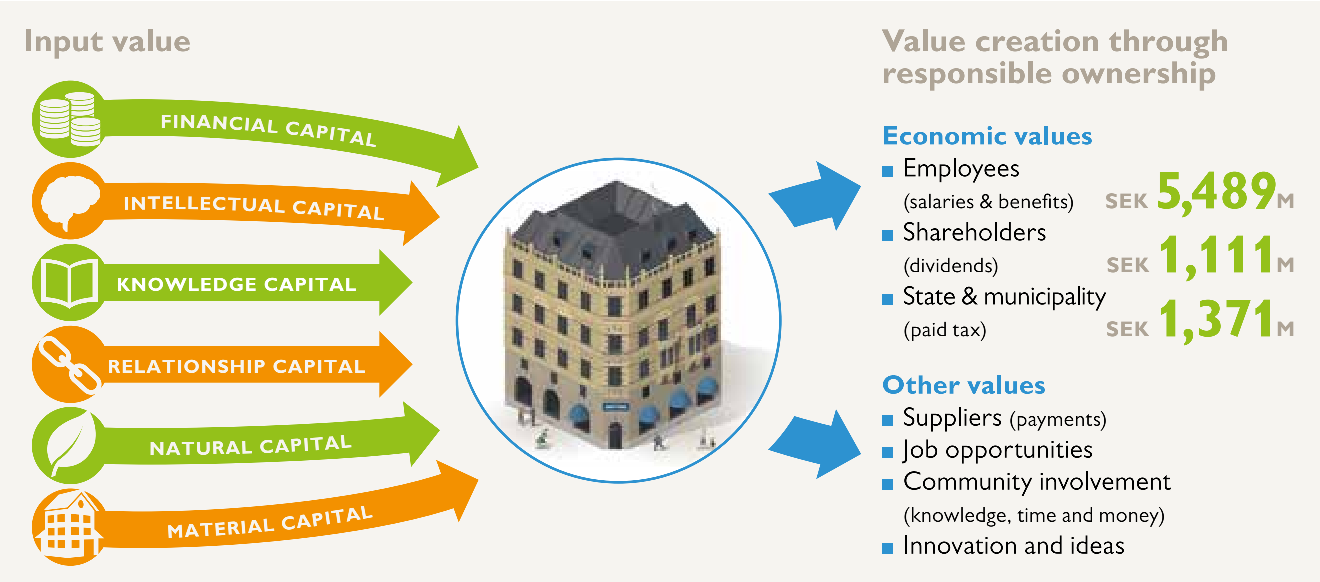
In just a few years, Ratos had executed what it set out to do when it purchased the local Finnish and Baltic cinema operator Finnkino in 2011 – to become a leading player in the Nordic and Baltic cinema markets. NCG was formed through the merger of Finnkino and Bonnier-owned SF Bio. The two companies were merged, and several value-generating growth initiatives were implemented, such as investments in more modern cinemas, enhanced customer offerings in the form of new digital distribution and ticket systems, as well as marketing and concession sales.

The basic concept, that cinema-goers in Nordic and Baltic countries want similar cinema experiences, and that larger distributors receive a better offer from one player with representation in the entire region, proved accurate.

"What we did in NCG is a good example of how Ratos's business model works in practice. The merger of Finnkino and SF Bio was the foundation, and we were able to quickly benefit from the synergies through decisive action together with company management. It is remarkable how much can be accomplished in a short period when owners and management have a common agenda and pull in the same direction," says Lina Arnesson, Investment Manager at Ratos.

Sustainable development

Ratos is an integrated part of the community. To conduct our operations and develop companies requires different types of input that Ratos manages and invests in. Through its operations, Ratos creates value for the community in forms such as financial flows, structure capital, innovation and development.



Sustainability for an investment company

As a responsible owner, we create value by establishing companies with a pronounced sustainability agenda. Our focus on sustainability stems from a conviction that sustainable business is value-generating and necessary for continued sound development in Ratos and society. To preserve and create value, Ratos conducts structured sustainability initiatives with demands and support to each individual company.

In 2013, Ratos became a signatory to the UN Global Compact's ten principles for responsible business operations as well as the UN Principles for Responsible Investment, PRI. These principles provide a basis for our sustainability agenda. The year's report adheres to the GRI G4 Guidelines (see the reference index on ▶ page 142-143) and finds inspiration from the Integrated Reporting framework.

Our stakeholders and key issues

Ratos's most material sustainability issues have been identified through intelligence gathering, industry analysis and a process that weighs in the different stakeholders' priorities and highly relevant issues for the operations and value creation. In addition, further discussions have been conducted in Ratos's management group. Priorities are set based on this mapping of relevant issues.

Ratos's key stakeholders include the employees, management groups and boards of Ratos and our companies, business partners as co-investors, and our shareholders. These groups are prioritised since their influence on Ratos's financial, environmental and social aspects are key for its operations.

Stakeholders	Method of interaction	Top sustainability issues for the group
Employees at Ratos and its companies	■ Staff meetings, performance reviews ■ Structured discussion groups focusing on Ratos's values, corporate culture, processes and future development ■ Meeting forums at Ratos (CEO, CFO, etc.)	■ Work-life balance, equal opportunities, resource prioritisation, talent development
The companies' management groups and board members	■ Clear and structured corporate governance and dialogue ■ Group-wide assessment of the work of the board	■ Reasonable, defined, and company-relevant requirements ■ Support available from Ratos
Owners and investors (see page 27 for Ratos's largest owners)	■ Active in surveys such as RobecoSAM, Vigeo, Sustainalytics, CDP and Regi IR Nordic ■ General meetings ■ Dialogues and individual meetings	■ Financial strength and resilience ■ Corporate governance, transparency, including taxes ■ Business ethics, anti-corruption ■ Ratos's employees: competence, equality, conditions ■ Strategy and control of sustainability ■ Integration of sustainability/ESG in the investment process and active ownership
Others	■ No proactive dialogue, available for discussions as needed	

NB: Companies refers to subsidiaries. In our associated companies, Ratos can exert influence to a different extent, which is why demands and processes can vary.

Ratos's sustainability issues have been prioritised based on stakeholder dialogues and materiality analysis. Refer to materiality analysis on www.ratos.se. Ratos's direct impact is very slight in relation to the portfolio companies' impact. Ratos's work as responsible investor and owner has top priority. Other key issues for Ratos that concern the parent company's own sustainability efforts and constitute the base for our work as responsible owner are summarised below. Financial strength and resilience are a prerequisite for Ratos's ability to conduct its operations and develop companies for the future. Refer to the financial reports for details.

Ratos's most pronounced impact is realised through responsible ownership. To achieve this necessitates the parent company actively working with employees, business ethics, corporate governance and serving as good role models.

Parent company's sustainability agenda

1 *Develop and involve our employees*
Ratos places great importance on strategic talent development and supply, better equal opportunities and diversity, and a sound occupational environment and health, including work-life balance. See ▸ pages 18-21 for more information about Ratos's employees and how Ratos addresses these issues.

2 *Do business with good business ethics and culture*
Ratos's excellent reputation and the opportunity to do sound business rests on good business ethics. Ratos will ensure that the company's values and ethical rules permeate all operations and that all employees understand and comply with the Code of Conduct adopted by Ratos's Board of Directors. Ratos's internal policies and process for ethics and compliance secure high quality and long-term confidence from the market. Ratos's employees, including new recruits, receive training in business ethics, the Code of Conduct and how it relates to their role in the company, and regularly discuss what this means in practice. In 2015, Ratos had zero incidents of violations of the Code of Conduct and zero whistleblowing reports. Moreover, Ratos has not been fined or received any other sanctions due to violations of laws or regulations.

3 *Ensure sound corporate governance and transparency*
Sound corporate governance creates value and Ratos aims for high transparency in our operations. We strive to continuously improve our corporate governance and communication to safeguard high quality and the market's long-term confidence.

4 *Lead by example: climate responsibility*
To be able to make demands and influence our companies, Ratos must lead by example. Climate issues concern everyone and, as a company, Ratos wants to contribute to a better environment and reduce climate impact. We do so by measuring and reducing/limiting our consumption of energy and consumables, optimising business travel and adapting requirements when making larger purchases of goods and services.

Ratos has an environmental policy and plan for its internal environmental work that aims to reduce Ratos's environmental impact. Ratos's Head of Sustainability is responsible for follow-up. Ratos's parent company is not subject to any specific environmental legislation.

In 2015, Ratos completed its second climate report (scope 1, scope 2 and parts of scope 3 according to the Greenhouse Gas Protocol). Ratos's greatest climate impact stems from business flights. Networking and personal meetings are fundamental to our ability to do business, and Ratos will continue to prioritise critical business trips. Consequently, we started to make climate compensation for all air travel in 2014. As of 2015, Ratos uses only renewable electricity, and as of 2016, electricity labelled good environmental choice.

Total emissions, tonne CO_2e/yr	**2015**	**2014**
Business travel	248	294
of which, air travel	207	274
Head office (the building)	27	210
of which, electricity consumption	3	187
Office material	1	2
Company cars, official use	3	<0.5
Total before climate compensation	279	506
Total after climate compensation	72	232

Ratos as responsible owner

Ratos's ambition as owner includes driving the sustainability agenda in our companies. Sustainability is an integrated part of the exercise of our ownership role throughout the holding period – from decision processes ahead of an acquisition to a responsible exit. Integration of sustainability in our portfolio of companies is carried out in the acquisition process and through ongoing development work. Visit Ratos's website for relevant policies (Code of Conduct, the policy for Corporate Responsibility and Responsible Investments, and the Environmental Policy).

During the year, Ratos has used negative screening (see Ratos's Policy for CR and Responsible Investments for a description of Ratos's exclusion criteria). The assessment of a potential acquisition includes an evaluation of long-term sustainability, sustainability-related risks (social and environmental issues, and business ethics including corruption risks) coupled with the company's maturity, culture and values. In 2015, Ratos made three acquisitions, and in all acquisitions (100%), an assessment of the sustainability-related risks was performed as an integral part of the due diligence. The risk assessment resulted in a recommendation to proceed with each acquisition and recommendations for the ownership process.

Ratos is a sector generalist, which means that our holdings are affected by many different issues. We therefore have both common requirements for the entire portfolio and company-specific efforts to ensure focus on sustainability issues relevant to each company. Our demands emanate from relevant legislation and the Global Compact's principles. Since 2011, Ratos's demands and expectations on its companies are clarified in our Corporate Responsibility (CR) framework. It has a basic level that applies to all subsidiaries, and a number of additional modules with requirements for specific companies based on their operations and market presence. In addition, Ratos encourages own initiatives which strengthen the company's sustainability work and sustainable business development.

The base for each company's sustainability work should constitute a well-defined strategy and set targets, anchored in the company's board, including a plan for how the CR framework will be implemented and complied with in operations.

We have an ongoing dialogue with each company's management and sustainability manager to bolster each company's sustainability efforts during our ownership. We also lend concrete support. Ratos's annual CR Forum creates networks and opportunities to share inspiration and best practice between the companies. Practical tools are provides to facilitate implementation, including Ratos's CR Handbook, the whistleblowing and climate reporting systems, and more. To enhance sustainability efforts, the investment organisation receives training regularly. Of the 18 companies included in Ratos's portfolio at the start of 2015, Ratos has interacted with all 18 companies (100%) on the matter of sustainability, including social and environmental issues, and/or business ethics.

Responsibility, governance and follow-up

Ratos's active ownership necessitates a clear division of responsibility and follow-up. Ratos's CEO and Head of Sustainability share the overall responsibility for Ratos's sustainability strategy and initiatives. The Head of Sustainability defines and coordinates requirements, guidelines and follow-up of the companies' sustainability work and assists Ratos's company teams and the companies themselves when necessary. The CEO and management of each company have operational responsibility for the company's CR work. Each company board is ultimately responsible for ensuring the company complies with Ratos's and the company's policies and guidelines. Each company has an established process that enables the board to regularly follow-up sustainability efforts and that stipulates that the board is expected to receive a report about and discuss the progress of sustainability efforts at least once a year. Each company's board ensures that the company meets Ratos's sustainability requirements and performs an annual review of work on these issues. As of 2014, all companies submit an annual sustainability report to Ratos.

Selected key activities in 2015

- First report from Ratos to Global Compact, PRI and CDP.
- Climate reporting system (Our Impacts) implemented at Ratos (first report for 2014) and in two companies.
- Reinforced external reporting in line with the GRI G4 Guidelines.
- Update of the comprehensive objectives for Ratos's sustainability efforts.
- Companies: focus on continued implementation of Ratos's CR framework and selected modules. First status report concerning sustainability to Ratos.

The above work will continue in 2016.

COMPREHENSIVE OBJECTIVES FOR RATOS'S RESPONSIBLE OWNERSHIP EFFORTS

Comprehensive objectives	Status	Comments/focus 2016–2017
Ratos and the companies are considered attractive employers in each target group ■ Dedicated, motivated employees ■ Safe workplace	e/t	Focus 2016–2017: Establish concrete goals and measurement methods.
Before acquisition, all new investments are subject to a sustainability or ESG screening.	●	Established processes and tools exist. This screening was performed for all three acquisitions completed in 2015.
All the companies we sell have an established sustainability plan ■ Sustainability agenda with top issues and activities (companies > 1 year) ■ Short- and long-term sustainability goals established and followed-up (companies > 2 years) ■ Yearly sustainability reports (companies > 1 year)	● ● ●	All companies (> 1 year) submitted a status report for sustainability 2014. The quality needs to be strengthened, however (focus 2015–16). The companies' sustainability goals will be clarified during 2016.
The board is ultimately responsible and involved: all company boards have defined the sustainability goals and follow-up initiatives at least once a year.	●	In 100% of the companies we owned > 1 year, the Board has presented and discussed the company's sustainability efforts during the year.
For each company: reduce the climate impact and energy consumption per SEK of sales during the holding period.	e/t	Reporting requirement (as of 2016/2017) concerning energy consumption and CO_2 (scope 1, scope 2 and parts of scope 3 when relevant). Implementation of climate reporting in progress or will start in all companies (> 2 years).

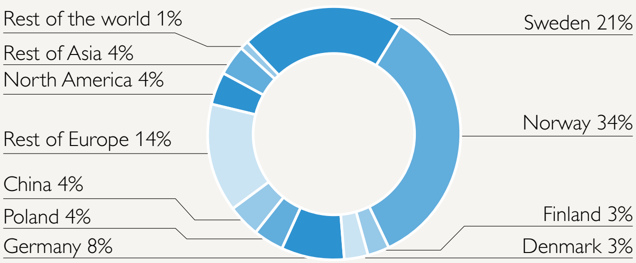
Employees, human rights and working conditions

Implementation of Ratos's development plans in each company cannot be done without talented, dedicated and healthy employees. Most (87%) of the Group's 15,500 employees work in the Nordic countries and the rest of Europe, and 8% work in Asia, China mainly. Several of the companies have operations that put employees at a greater risk of work-related injury. A good, safe work environment, employee dedication and talent development are therefore top-priority issues. Respect for human rights, reasonable working conditions and freedom of association are other key aspects. This applies to both the companies' own operations and that of their suppliers and partners.

As owner, Ratos makes it clear that international conventions, human rights, and employee rights and working conditions must be respected, which is stipulated in Ratos's Code of Conduct. The companies are to implement a code of conduct in line with Ratos's Code. Based on a risk analysis, the same will also be implemented in the value chain in a suitable manner.

In the sustainability reports that the companies' are asked to compile every year, sick leave and the share of women in senior positions is reported as the same standard. Despite a proactive safety programme, serious occupational accidents occurred at some of Ratos's companies in 2015. Consequently, health and safety are still given top focus in 2016.

Group employees per geographic area 2015



Responsibility for environmental and climate impact

Our companies are the source of Ratos's greatest environmental impact. All companies will implement an environmental policy and plan based on an analysis that identifies the drivers of the company's greatest environmental impact. Each company has a delegated responsibility to comply with relevant environmental legislation/standards, ensure that environmental permits exist, and so on.

For Ratos as an investor, climate impact and change is a relevant issue. Fossil fuels contribute to climate change and, at the same time, our world is dependent on fossil energy. For some time to come, the world needs to drive a switch to a sustainable supply of energy. Ratos encourages its companies to develop sustainable and "climate smart" products and services, and to advocate more focus on energy efficiency and reducing greenhouse gas emissions through sector and company-specific initiatives. In addition, regular assessments are performed concerning the current companies' risks and impact in relation to climate issues. In companies where fossil fuels are part of the supply chain, Ratos helps the company develop its strategy to integrate the transformation of the energy sector in progress. The focus of Ratos's CR Forum 2015 was climate issues. Lecturers from Stockholm Resilience Center and various companies highlighted both threats and opportunities related to climate changes, and shared their experiences from a variety of solutions.

The companies' sustainability reports contain a compilation of energy consumption (kWh) and relative energy consumption. For companies that have their own production, expectations are higher and involve among other things, waste management and water consumption. In 2016, Ratos's companies will implement CO_2 footprint reporting in line with the GHG Protocol.

Share of companies (>1 year) that have an environmental policy and/or plan.

93%

Share of companies (>1 year) that have environmental certification (ISO14001).

60%

Business ethics and anti-corruption

For an investment company like Ratos, credibility, sound ethical values and regulatory compliance are essential in doing business. Corruption is a widespread problem in the world, leading to ineffective markets and major costs for companies as well as for many countries in the form of limited progress.

An important aspect of Ratos's active ownership involves mapping corruption risks. Ratos performed a detailed corruption analysis in 2014 for all its companies. The conclusions are annually reviewed to identify a need for an updated analysis. Of Ratos's companies, 11 are considered to have an elevated risk of corruption. The risk assessment was done using a tool devised for Ratos's investment organisation and the companies, and can be found in Ratos's CR Handbook. The code of conduct that Ratos's companies implement contains written business ethics and anti-corruption instructions. All companies will perform corruption risk analyses as part of comprehensive risk mapping and management, and have preventive processes that are risk-specific, such as guidelines for employees and training programmes for people with high-risk jobs.

Ratos's CR Handbook, which has guidelines, support and best practices for all companies, contains principles for the companies' anti-corruption initiatives and development of its anti-corruption programme. Companies with an elevated risk of corruption or irregularities have more requirements in regard to preventive efforts in their own operations and with business partners.

As of 2016, Ratos's general rule is that all companies will have implemented a whistleblowing system, run by an external provider to guarantee anonymity and full integrity. Exceptions can be made for smaller companies that do not have an elevated risk.

Share of companies (>1 year) that have a code of conduct according to Ratos's standard.

100%

Share of companies (>1 year) that have a formalised whistleblowing system.

40%

HENT – a safer workplace

HENT, a Norwegian construction company, has identified a safe work environment, fair working conditions and labour laws among its key sustainability issues. During the year, HENT intensified its efforts for a safer work environment and expanded its preventive measures to reduce crime in the workplace.

Projects are largely carried out by a broad network of subcontractors in the construction industry. One challenge is that most in turn use other subcontractors, of whom, some use undeclared labour with poor working conditions and terms.

HENT has implemented a new policy that dictates that subcontractors may be commissioned in two stages. Personal electronic registration will be introduced at every construction site. Every individual will complete a health, environment and safety certification programme. All employees in charge of purchasing have taken courses in new routines for reviewing and approving subcontractors. In total, the number of ongoing controls and audits of subcontractors and safety routines has increased.

The outcome is greater awareness among HENT's employees and in the supply chain of the importance of a sound work environment and humane working conditions, as well as high operational efficiency and good advances in ongoing construction projects.

Share of employees in charge of purchasing trained in new routines for HMS review and audit.

100%

Ledil – energy-efficient production innovation

Ledil, a global player within secondary optics for LED lighting, has built its business strategy on contributing to solve the world's climate challenge. During the year, Ledil continued to develop new products that contribute to more sustainable lighting in the world.

Approximately 25% of today's global energy consumption goes to lighting. The need for good, energy-efficient lighting rises constantly in pace with a growing population and higher living standards.

Ledil has a sustainable strategy with a product and a business that both generates value for the company and offers solutions to parts of the climate challenge.

Through a high pace of product innovation and technology advances, Ledil's high-quality secondary optic LED lights are converted into customised, specific and energy-efficient lighting.

LED lighting is estimated to be 19 times more energy efficient than a traditional light bulb and is more environmentally friendly. LED penetration is expected to amount to approximately 15–25% today and still has vast growth opportunities.

Higher energy efficiency with LED lighting than traditional lighting.

19 times

DIAB – global export control

DIAB, a global provider of sandwich composite materials that lowers the weight of components in everything from wind blades for wind turbines to aircraft interior, which reduces costs and environmental impact for the customer. Given its global operations, business ethics and anti-corruption are identified as top-priority sustainability issues, and several measures were implemented during the year to strengthen the company's preventive efforts in the area.

Share of people in high-risk positions who received training during the year.

100%

DIAB is a global company with operations in many countries where there is an elevated risk of corruption and violations of current export laws.

DIAB has implemented a number of measures to ensure internal processes regarding export control and anti-corruption in all countries. The company has introduced a centralised approval process for trade partners who undergo review and quality assurance. DIAB's sustainability manager has carried out an internal training programme in which all employees learned about the clarified code of conduct and new anti-corruption directives, and has implemented an external whistleblowing system.

The result is a greater awareness. In 2015, everyone in high-risk positions received in-depth training in DIAB's new anti-corruption and international trade directives. DIAB has a pronounced zero tolerance for all forms of corruption.

We at Ratos

People make the difference

In all business, value is created by people. Attracting, developing and retaining skilled employees and talent is imperative to Ratos and our companies' ability to deliver and realise long-term success. Therefore, a major priority for us is that we and our companies are attractive employers.

The Ratos Group has some 15,500 employees worldwide who work for one of the 18 companies that make up Ratos's portfolio of companies or in Ratos's organisation. In Ratos's parent company, approximately 50 individuals are currently employed, 25 of whom work in the investment organisation responsible for development of the companies and finding new investment opportunities. In addition, 15 Industrial Advisors are associated with the operations. Ratos's CEO and management group are responsible for the employees' work situation, talent development and initiatives related to equal opportunities and diversity.

Focus on the right skills

The investment organisation is staffed with people who have extensive experience in company development and strategic analysis, people who often have a background as management consultants or from operative roles. They are continuously involved in investment processes, and lead the work in Ratos's companies together with each company's board and management. Ratos's organisation also includes people with expertise in communication, brand-related issues, sustainability, financing and accounting.

Ratos's values

Entrepreneurial *since we encourage original approaches, curiosity and harness opportunities, conduct business and build companies.*

Committed *and dedicated in our businesses, companies and the people who lead and work at Ratos and its companies.*

Responsible *since we have high demands on business ethics and weigh in the consequences of the decisions we are involved in for people and the environment.*

Part of my work involves identifying and initiating new contact for new investment opportunities in Denmark. At Ratos, we work with value creation on several levels: strategic, operational and financial. It always feels to me that our contributions make a difference in the companies. Ratos should be seen as a reliable partner and owner, instead of as a financial investor.

Martin Højbjerg
Investment Manager

I first worked in the investment organisation developing our companies, but for the past three years I've been head of Ratos's sustainability efforts and community involvement. I believe in the business community as a driver of positive societal development, and that it often requires strong, hands-on owners for this to happen.

Jenny Askfelt Ruud
Head of Sustainability

Ratos is long term and usually has a somewhat lower leverage than most PE funds. This, combined with working closer to the companies than is customary at banks where I come from, is what makes Ratos an attractive workplace.

Karl Molander
Head of Debt Management

The power of teamwork

Each company has a dedicated team which normally consists of two Ratos employees, one of whom is responsible for the investment, with one or more as a member of the company's board. The composition of the team and its team spirit is key. Together with the company's management and boards we draft ambitious business plans to create growth and profitability, and to realise our return target.

Network with Nordic business experience

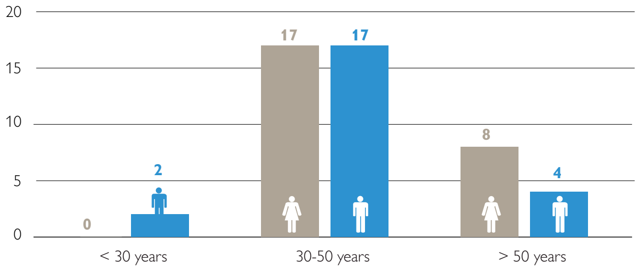
Our Industrial Advisors act as advisors in investment processes and operational development, and are often board members in the companies as well as members of our Advisory Boards. In addition, we work with an extended network of qualified advisors who have long-standing business experience from all the Nordic countries. To further broaden and improve our Nordic contact base, we have Advisory Boards in Denmark, Finland, Norway and Sweden made up of people with many years of business experience. They act as Ratos's representatives and share their knowledge of local business life and contacts in their individual networks since the Nordic countries differ in several respects, including corporate structure, sector distribution and business culture.

The Ratos spirit

Ratos's actions are based on our core values – we will be entrepreneurial, committed and responsible. Through good business ethics, we ensure that those with whom we do business will be able to trust us, want to choose us and return to us. These values define how we work and interact with each other and our stakeholders.

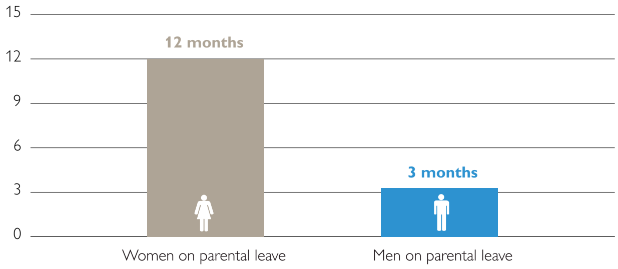
Age distribution

Number of permanently employed per age category, Ratos's head office



Parental leave on average

Number of months of parental leave (rolling twelve months, mean), Ratos's head office



Employees, type and function at Ratos's head office
Number and proportion based on the type of employment in relation to gender

	Women	%	Men	%	<30 years	30–50 years	>50 years
Permanent employment	25	*52*	23	*48*	2	34	12
Fixed-term contract	2	*67*	1	*33*	2	0	1
Management group	2	*40*	3	*60*	0	3	2
Investment organisation	6	*29*	15	*71*	1	20	0
Business support	17	*77*	5	*23*	1	11	10
Total	**25**		**23**		**2**	**34**	**12**
Ratos's Board of Directors	2	*29*	5	*71*	0	0	7
Boards in the companies, excluding Ratos's investment organisation	19	*26*	54	*74*	0	0	0
Employees who have resigned	4		0		0	2	2
New employees	3		1		1	3	0

Together with two of my colleagues, I am in charge of making sure that Ratos has a good presence in Norway and for generating new investment opportunities. When we find attractive cases, we involve Ratos's entire investment organisation to complete the acquisition. It is important for me personally to work actively to generate change. It is why I so enjoy working at Ratos, which is an active and dedicated owner that works closely with the companies' boards and management to create value.

Lene Sandvoll Stern
Senior Investment Manager

I work with one of our Finnish companies and with new investment opportunities, in particular in Finland. I chose to join Ratos to gain a long-term perspective in company development combined with more short-term and intensive acquisition projects. Plus, it's important for me that I work for a company that has sound values, a good reputation and talented, pleasant colleagues.

Tero Merentie
Investment Manager

With a background in the cut-off between technology, design and innovation, I lend my expertise and experience from changing user needs and supply chains triggered by digitisation. It is a force of change that will rapidly shatter established sectors and supply chains. There's a wealth of new business opportunities open to those who are in the vanguard and who can understand the new rules of the game before others.

Sara Öhrvall
Industrial Advisor

Attractive employer

In all business, value is created by people, which is why it is a major priority for us that we, and our companies, are attractive employers. We build networks and make sure we find the right person for the right job.

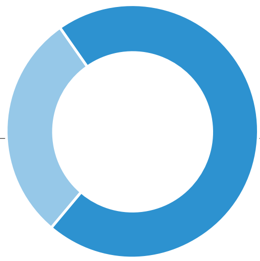
Ratos has a structured approach for attracting, developing and retaining skilled employees and talent as it is imperative to Ratos and our companies' ability to deliver and realise long-term success. We offer attractive opportunities for personal growth and development through interesting and diverse tasks, as well as the opportunity to create value and do business.

Talent and leadership development programmes are regularly based on identified needs. In 2015, this included training in digitisation and innovation processes, compliance issues, diversity issues, management and personal efficiency, and personal development. All employees (100%) have annual formal performance reviews.

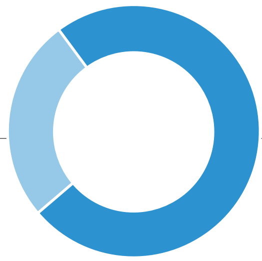
Ratos strives to provide a good work-life balance. Most of Ratos's employees work full time, but other alternatives are available and is determined by employee preference. The option to structure working hours to achieve a work-family life balance does exist along with more possibilities to work from home. Ratos encourages parental leave for both men and women, and actively works to make the return to work after parental leave smooth and straightforward. As of 2015, statistics concerning to what extent parental leave is taken is compiled and monitored. In 2015, of those on parental leave, women were on leave for an average of 12 months and men for three months.

To gain access to and harness the skills of a deep pool of talent, Ratos advocates equal opportunities and diversity. Ratos is relatively equal when it comes to the total number of employees and, in the investment organisation which is traditionally a male-dominated sector, 29% were women, evenly distributed over different seniorities.

Distribution, Investment organisation



Distribution, the company's boards
(excluding Ratos employees and employee representative)



Ratos Talent Award

Ratos Talent Award was presented for the fourth time in 2015. The award was established to increase the focus on talent development in our companies' management groups. The year's winners are:

Tomas Jonsson *Eva Heyerdahl* *Olli-Pekka Laakkio*

Tomas Jonsson, 41
Head of the technical department at HENT:

Tomas has become a role model within HENT and has played a significant role in developing HENT's overall technical competitiveness and winning new important orders.

Eva Heyerdahl, 43
Senior Manager Business Development at Aibel

Eva has evolved into a dedicated leader and has successfully negotiated major contracts, including the NOK 8bn Johan Sverdrup contract.

Olli-Pekka Laakkio, 27
Product Manager at Ledil

Olli-Pekka is one of the world's most recognised designers of LED-based street light optics. His creativity and innovative thinking has been instrumental in developing the product portfolio and a key factor in Ledil's successful journey of global growth.

Ratos aims to broaden its equal opportunities efforts to include a diversity perspective, efforts that will intensify in 2016 and the future.

While there is normally no risk for serious physical injury at Ratos's office, there is a risk for stress-related illnesses. Ratos takes a preventive approach by encouraging health-promoting activities, for example, by offering fitness subsidies, medical and health insurance and preventive health exams. Good management and streamlined methods are also in focus.

Sick leave is generally low and was in 2015:

3.3%

Sharing best practices

Every year Ratos conducts a number of initiatives to stimulate the transfer of knowledge and exchange of best practice between different companies, sectors and employees through, for example Network Days, Chairman Forum, CEO Summit, CFO Summit and Ratos Talent Award.

Involved in community development

Ratos's community involvement is founded in our 150-year history where long-term responsibility has been a natural part of our operations. Ratos strives to contribute to a world where people have the opportunity to make a difference by changing and developing companies, sectors and society.

By merging hearts and heads in our day-to-day work, our employees lend their time and expertise in business development and entrepreneurship to contribute to various public activities and projects with which Ratos has an established collaboration.

Portion of our employees who took part in some activity together with our partners in 2015.

33%

Entrepreneurship

Entrepreneurship and business development are key components in Ratos's history and the core of today's operations.

Inkludera Invest, with which Ratos started a collaboration in 2014, is a non-profit organisation that works to combat marginalisation in Sweden by backing social entrepreneurs who have developed solutions to social challenges. In addition to providing the organisation with financial support, Ratos's employees assist Inkludera Invest's entrepreneurs by acting as mentors, sounding boards and support as well as holding workshops on corporate governance, for example.

CEO Susanna Campbell participates in the Royal Swedish Academy of Engineering Sciences', IVA's, project Prince Daniel's Fellowship and Entrepreneurship Programme, a project aimed to encourage and inspire young people to consider entrepreneurship as an option.

Development of young people

Ratos has cooperated with Mentor Sweden since 2006 and is today one of its main partners. Mentor Sweden works to give young people a strong self-image and a brighter future outlook by offering various mentorship programmes and activities for parents. During the year, Ratos's employees have inspired and spoken to students about their own work and taught business skills and codes together with Mentor.

Moreover, Ratos provides financial means, resources and time to a variety of organisations that advocate education and research, and that counteract marginalisation in society.

Jonathan Wallis
Senior Investment Manager

Henrik Blomé
Deputy CEO and Investment Director

Anders Lindblad
Industrial Advisor

Henrik Joelsson
Investment Director

Cecilia Lundberg
Investment Manager

Niclas Nylund
Investment Manager

Berit Lind
Investment Manager

Bo Jungner
Deputy CEO and Investment Director

Employees

Investment organisation

Oscar Hermansson
Investment Manager

Hanna Eiderbrant
Investment Manager

Lina Arnesson
Investment Manager

Lene Sandvoll Stern
Senior Investment Manager

Johan Pålsson
Senior Investment Manager

Henrik Lundh
Senior Investment Manager

Peter Carrick
Industrial Advisor

Karl Molander
Head of Debt Management

Johan Rydmark
Senior Investment Manager

Susanna Campbell
CEO

Per Nordgren
Industrial Advisor

Daniel Repfennig
Senior Investment Manager

Mikael Norlander
Investment Director

Monica Bergvall
Senior Investment Manager

Christian Johansson Gebauer
Investment Manager

Tero Merentie
Investment Manager

Stig Karlsson
Industrial Advisor

Jenny Askfelt Ruud
Head of Sustainability

Mårten Bernow
Investment Manager

Lars Johansson
Investment Director

Martin Højbjerg
Investment Manager

Birgitta Stymne Göransson
Industrial Advisor

Robin Molvin
Investment Director

Johan Andersson *Facilities Manager*
Monica Andersson *Accounts*
Helena Jansson *Assistant Communications & IR*
Anne Ferber *Assistant Investment Organisation*
Carina Strid *Finance Manager*
Nina Grönberg *Group Accounting Manager*
Suzanne Boghammar *Housekeeper*
Anna Ahlberg *Project Manager*
Daniel Johansson *IT*
Catrine Tham *Reception*
Yvonne Carpenter Elveljung *CEO Assistant*

Employees

Business support

Kerstin Dard *Receptionist*
Jenny Attemark *Conference & Service*
Yvonne Bonnier *Property & Service Organisation Manager*
Helene Gustafsson *IR Manager*
Linda Andersson *Group Financial Accountant*
Fredrik Evén *IT Manager*
Linda Bergman *Staff Manager/ Accounts Assistant*
Maria Glifberg *Group Financial Accountant*
Elin Ljung *Head of Corporate Communications*
Nina Hillerström *Assistant*
Per Djursing *Reception/Property*

Ratos share data

In 2015 the portfolio of companies reported favourable growth and improved operating profit. Ratos shares improved +4% with a total return (price development including reinvested dividends) of +9% compared with the SIX Return Index, which was +10%.

Total return

+9%

BRIEF FACTS 2015

Share listing	Nasdaq Stockholm
Total number of shares	324,970,896
Number of shares outstanding	319,753,436
Closing price, 30 Dec 2015	SEK 48.83 (Ratos Class B)
Highest/lowest quotation	SEK 65/44.4 (Ratos Class B)
Market capitalisation, 30 Dec 2015	SEK 18bn

Share price performance

The total return (price development including reinvested dividends) for Ratos Class B shares in 2015 amounted to +9% compared with the SIX Return Index, which was +10% during the same period. Performance for Ratos Class B shares was +4% compared with the OMXSPI, which was +7% in the same period. The highest quotation during the year (SEK 65) occurred in April and the lowest (SEK 44.4) in January. Closing price on 30 December was SEK 48.83.

The highest quotation for Ratos preference shares was SEK 1,999 in April, and the lowest was SEK 1,843 in December. The closing price on 30 December was SEK 1,852. Dividend yield on preference shares on the final trading day of the year was 5.4%.

Trading

A total of 194 million Ratos shares (of which Class B shares accounted for almost 193 million) were traded via Nasdaq Stockholm in 2015 at a value of over SEK 11bn. An average of approximately 774,000 shares, of which 769,000 Class B shares, were traded per day. The turnover rate was 81% for Ratos Class B shares (79% in 2014). Approximately 1,400 preference shares were traded per day. Trading in Ratos B shares also takes place outside Nasdaq Stockholm via other marketplaces (multilateral trading facilities), such as Bats Chi-X, Bats OTC and Turquoise. An additional approximately 569,000 Ratos Class B shares were traded per day via these marketplaces in 2015.

Market capitalisation

Ratos's total market capitalisation, calculated on the number of outstanding shares, amounted to approximately SEK 18bn at year-end. This ranks the company as number 62 in terms of size of the 288 companies listed on Nasdaq Stockholm and number 105 of the 566 companies on Nasdaq Nordic.

Dividend ordinary shares

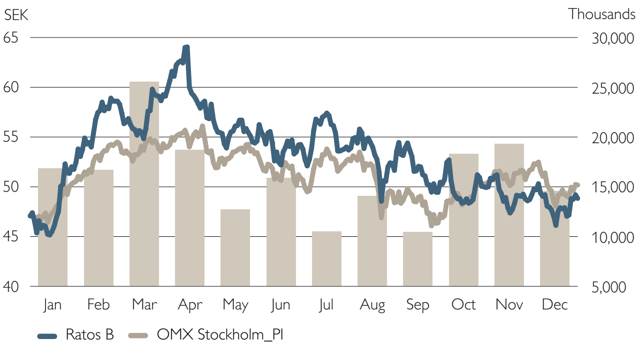
Dividends on ordinary shares will, over time, reflect the actual earnings trend in Ratos. The aim is to have an even dividend trend. Historically over 50% of profit after tax has been distributed as a dividend.

Dividends on Class C preference shares are regulated in the Articles of Association and amount at present to SEK 25 per quarter and share. The maximum dividend per share is SEK 100 per year. Payments are made quarterly in February, May, August and November. See www.ratos.se.

The Board of Directors proposes an ordinary dividend for the 2015 financial year of SEK 3.25 per Class A and B share, which corresponds to 252% of the earnings per share and a total dividend of SEK 1,037m. Dividend yield amounts to 6.7% based on the closing price at year-end.

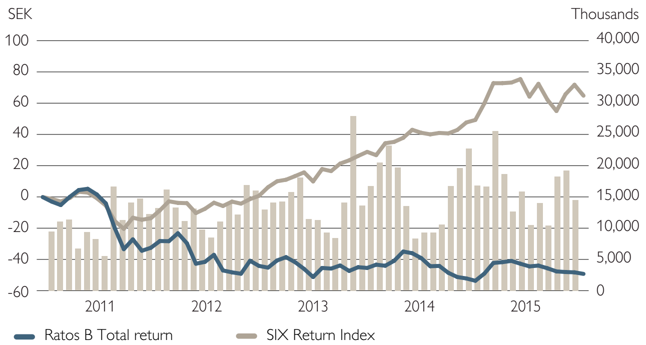
The dividend has a major impact on the long-term return. An investment of SEK 1,000 in Ratos shares when Ratos became a listed company in 1954 was worth more than SEK 0.5m at year-end 2014 and, if the dividends had been reinvested, the value was almost SEK 6.4m. This effect is illustrated on the next page.

Share price trend and trading 2015



Source: SIX

Total return and trading 2011–2015



Source: SIX and Ratos

An investment of SEK 1,000

Investment year, SEK	Total return (price+reinvested dividend) Ratos B	Index	Development alone Ratos B	Index
1954*	6,390,000	2,236,000	561,000	305,000
1999**	9,142	4,419	3,682	2,574
10 years	1,758	2,421	1,071	1,673
5 years	508	1,648	392	1,379
1 year	1,093	1,104	1,037	1,066

* Ratos was listed in June 1954.
** Ratos carried out change of strategy.

Sources: Nasdaq Stockholm, SIX, Ratos.

Ownership structure

The ten largest shareholders accounted for 74% of the voting rights and 44% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 15%. The US, the UK and Luxembourg account for the largest shareholdings outside Sweden.

Shareholder statistics

Number of shares	Number of shareholders	Share of capital, %
1–500	36,174	2
501–1,000	9,477	2
1,001–5,000	12,230	9
5,001–10,000	2,025	5
10,001–20,000	924	4
20,001–	910	78
Total	**61,740**	**100**

Source: Euroclear Sweden

Breakdown by class of share

Share classes	Number of shares	% of voting rights	% of capital
Class A	84,637,060	77.9	26.0
Class B	239,503,836	22.0	73.7
Class C (preference share)	830,000	0.1	0.3
Total	**324,970,896**	**100**	**100**

Source: Euroclear Sweden

Employee ownership in Ratos

Key people at Ratos are encouraged to have a shared outlook with the company's shareholders, which is achieved through owning shares and well-balanced option programmes. Read more on pages 108-112 and on Ratos's website.

Purchase of treasury shares

The 2015 Annual General Meeting renewed the mandate for the company to acquire treasury shares. The holding of treasury shares may not exceed 7% of the total number of shares in the company. During 2015, Ratos repurchased 89,854 Class C preference shares at an average of SEK 1,866 per share. 3,501 repurchased Class B shares were transferred to administrative employees during the year. At year-end, Ratos owned 5,127,606 Class B shares (corresponding to 1.6% of the total number of shares) with an average purchase price of SEK 69.

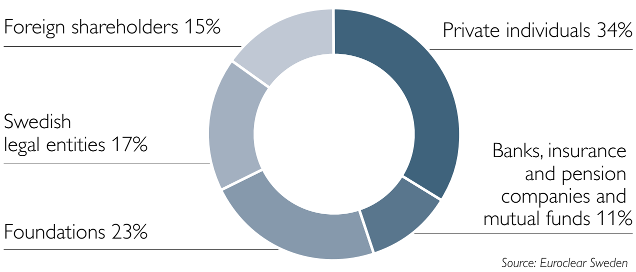
Issue of Class B shares and preference shares

Since the 2009 Annual General Meeting there has been a decision that Ratos, in connection with acquisitions, may issue Class B shares in Ratos - through set-off, non-cash or for cash payment. This mandate was renewed at the 2015 Annual General Meeting and applies for a maximum of 35 million Class B shares. In addition, there is an authorisation from the Board to issue a maximum total of 1,250,000 preference shares of Class C and/or Class D in conjunction with agreements on acquisitions.

Analysts who monitor Ratos

A current list of analysts who monitor Ratos is available on the website under Investor Relations/Share information/Analysts.

Breakdown of Ratos's shareholders, % of capital



Source: Euroclear Sweden

Data per share*	**2015**	**2014**	**2013**	**2012**	**2011**
Earnings per share before dilution, SEK	1.29	3.22	2.13	1.90	1.63
Dividend per Class A and B share, SEK	3.25 [1]	3.25	3.00	3.00	5.50
Dividend per Class C share (preference share), SEK	100 [1]	100	100	75	
Dividend per Class A and B share as % of earnings	252 [1]	101	141	158	337
Dividend per Class A and B share as % of equity	9 [1]	8	8	8	13
Equity, SEK [2]	36	39	38	39	43
Closing market price, Class B share, SEK	48.83	47.07	58.15	62.50	80.75
Market price/equity, %	135	121	153	160	188
Dividend yield, Class B share, %	6.7 [1]	6.9	5.2	4.8	6.8
Total return, Class B share, %	+9	-15	-2	-17	-32
P/E ratio	37.9	14.6	27.3	32.9	49.5
Highest/lowest price paid, Class B share, SEK	65/44.40	67.45/43.21	70/50.75	93/53.75	135.90/69.05

Key figures*	**2015**	**2014**	**2013**	**2012**	**2011**
Market capitalisation, SEKm [3]	17,563	17,103	20,508	19,938	25,759
Number of shareholders	61,740	58,554	57,052	54,911	51,294
Average number of Class A and B shares outstanding before dilution	319,012,617	319,009,126	319,005,200	319,000,693	319,036,699
Number of outstanding Class A and B shares at year-end	319,013,290	319,009,789	319,006,019	319,001,359	318,996,769
Average number of traded Ratos shares/day, (Nasdaq Stockholm)	774,000	768,000	690,000	625,000	675,000
Dividend, SEKm [4]	1,111 [1]	1,120	1,040	1,019	1,754

* Applicable historical figures are recalculated taking the 2011 share split into account. Relates to B shares unless specified otherwise.
[1] Proposed dividend.
[2] Defined with effect from 2013 as equity attributable to owners of the parent with deduction for outstanding preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounts to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.
[3] Refers to shares outstanding (including preference shares from 2013).
[4] Dividend refers to ordinary shares and preference shares in 2012, 2013, 2014 and 2015.

Ratos shareholders*		**Number**		**Share of**	
30 Dec 2015	**Class A shares**	**Class B shares**	**Preference shares**	**capital, %**	**votes, %**
Söderberg family with companies	46,119,596	11,194,236	3,851	17.6	43.5
Ragnar Söderberg Foundation	17,235,241	12,406,552	0	9.1	17.0
Torsten Söderberg Foundation	12,051,444	16,063,900	0	8.7	12.6
Avanza Pension	41,651	6,135,127	16,381	1.9	0.6
CBNY-Norges Bank	0	5,949,912	27,150	1.8	0.6
JPM Chase NA	0	3,808,905	7,396	1.2	0.4
Uppsala University Foundation Admin.	0	3,202,000	0	1.0	0.3
Fourth AP Fund	0	3,149,393	0	1.0	0.3
Nordnet Pensionsförsäkring	21,121	2,970,186	18,130	0.9	0.3
Håkansson, Björn	2,660,000	0	715	0.8	2.4
Treasury shares	0	5,127,606	89,854	1.6	0.5
Other	6,507,647	169,496,019	666,523	54.4	21.5
Total	**84,637,060**	**239,503,836**	**830,000**	**100.0**	**100.0**

* Refers to shares registered with Euroclear Sweden at 30 December 2015. Pledged shares are not included in shareholder statistics.

Source: Euroclear Sweden

150 years business development and community involvement

The Ratos story begins with the will to create something new. To do business. To develop companies and people. To contribute to the community and thereby, build prosperity.

The story about Ratos and the entrepreneurial Söderberg family is both about constant change and about what survives for decades. While outer elements change shape in pace with the passing of time, the protagonists' inner driving force remains the same.

Wholesale was the focal point for the Söderberg family for more than 100 years. Retail's significance has often been underestimated in the depiction of the evolution of business and industry. Real businessmen should be "industrialists". And yet, wholesale in particular can form an important platform for a successful and broad entrepreneurship. Here, it is possible to develop a feel for the economy's dynamics, for the correlation between manufacturers and end-users, for the need to establish networks and to develop the ability to make good deals at the right time. When Ratos abandoned steel wholesale in 1979, several members of the Söderberg family had a couple decades' experience of active ownership and board assignments.

This story starts with Pelle Söderberg. As the first wholesaler for iron and steel manufacturing in the Swedish market, he founded together with Leonard Haak, the first steel wholesale company, Söderberg & Haak, in 1866.

At the same time, Sweden took its first steps into the modern age. Demand for raw materials such as iron, steel and wood products drive a powerful economic expansion. The old trading houses that had dominated the Swedish business community since the Age of Liberty are outpaced by the new entrepreneurs who are more prone to capitalise on the evolving industrialism's opportunities.

Business development and community involvement from the start

Pelle Söderberg is one of the most prominent wholesalers. He is a driven entrepreneur and had customers in Denmark, Finland and Norway. He died early at the age of 45, leaving his wife Göta to take over the business. Göta Söderberg decides to maintain her position as principal owner. Through her, Söderberg & Haak's survival as a family business is secured.

Pelle and Göta's sons, Per Johan and Olof, take over the firm at the turn of the century, launching a tradition of brothers with shared responsibilities. With Olof at the helm, Söderberg & Haak grows considerably during the first three decades of the 20th century. Olof is resourceful and driven, not only in the firm itself. He is also involved in building up the community in general. He helps to found three institutions that are of great significance for the business community still today.

The first is the Stockholm Chamber of Commerce, where he is member of the board, and eventually its chairman. The second is the Stockholm School of Economics, which had the objective of "through scientific teaching and research, strengthen Sweden's competitiveness". Olof is named treasurer and member of the executive board. The third is SPP and the idea of a joint pension plan for the salaried employees working for private companies, entitling them to transfer earned pension amounts from one employer to another. Olof is a driving force and Söderberg & Haak is one of the first companies to join. Olof is its deputy chairman from the start, until his death in 1931.

Early focus on ownership issues

His sons Torsten and Ragnar take control, and in 1934 they form Förvaltnings AB Ratos. The idea is to create a fixed ownership structure for Söderberg & Haak and the family's other assets that is sufficiently robust to survive a generational change. Torsten heads operations in Gothenburg and plays an important part in the city's business community, including positions such as chairman of Göteborgs Börssällskap, Köpmannförening and deputy chairman of the Gothenburg Chamber of Commerce.

Ragnar is the more driven of the two, and makes many profitable stock transactions. Both Torsten and Ragnar put a premium on their employees, a legacy from Olof. Free dental care, free medical care and child benefits were introduced at Söderberg & Haak. There are even scholarships for which the employees can apply. Ragnar often says: "People work well when they are happy." Ratos is described as a workplace with a strong corporate culture, where people enjoy their work, and the atmosphere is friendly and considerate. Long periods of employment are common.

In 1960 Torsten and Ragnar donate a considerable share of their Ratos shares to their respective foundations to promote scientific research and studies in medicine, economics and law. These foundations are still large shareholders in Ratos. The considerable amounts paid out every year are based largely on dividends from Ratos shares.

Ratos is listed and Sweden changes

When Ratos was listed on the stock exchange in 1954 it is as a mixed investment company. Ratos is an active owner in a number of operating subsidiaries. The most important are Gryts Bruk, Lasco and Smedjebackens Valsverk, besides Söderberg & Haak which is the foundation. Ratos also has a listed portfolio that includes heavyweights such as Asea, Bulten, Gränges, Holmen and Sveriges Litografiska Tryckerier (SLT; now Esselte).

Major changes await after Ragnar's death in 1974. His sons Johan, Erik and Sven take over for a period when the industrialised world plunges into a deep, prolonged recession. At the same time, Sweden's basic industries are exposed to increasingly tougher international competition. Ratos is heavily exposed to the severely affected steel sector, but accomplishes one of the most impressive retreats in modern Swedish business history. Under Sven Söderberg's leadership, the company divests its involvement in steel, and in 1991, Ratos exits the steel industry completely. Yet again, Ratos and the Söderbergs prove their ability to make the right deal at the right time. Intact is a vast property portfolio. The divestment also makes it possible to invest in what will come to be Scandic Hotels.

Streamlining toward business development

The three brothers are members of the management team. Johan, who has somewhat of a scientific nature, Erik the outgoing businessman, and Sven who is considered most like his father, "always informed, driven, unafraid and a man of honour". In 1985 a new strategy is adopted where, in addition to the listed portfolio, ownership concentrates on a few large, wholly owned companies such as HVAC wholesaler Dahl, real estate company Stancia, hotel chain Scandic Hotels, and transport group Inter Forward. All the companies are large, expansive and internationally active.

The financial crisis hits in the beginning of the 1990s. Ratos was also affected, and its market capitalisation plummeted. Johan sells his Ratos shares and leaves the company, while Erik and Sven remain. Urban Jansson was appointed MD, tasked with streamlining, restructuring and creating a positive cash flow. Dahl undergoes a major transformation, thrives well under the management of Sven's son Per-Olof Söderberg, and is a good deal when it is sold in 2004. Also Scandic Hotels makes an impressive shift, and becomes a pioneer in environmental efforts in its sector, launching the trend-setting initiative of only changing towels that the guests place on the floor, among other things. When Scandic Hotels is sold in 2001, it is Ratos's largest divestment ever.

In 1995, a new strategy is adopted in which Ratos goes from being a mixed to a pure-play investment company without wholly owned subsidiaries. The reason is the negative attitude to conglomerates among investors where there are no synergies between subsidiaries and mixed investment companies are considered hard to value. The new strategy entails greater risk spreading and more aggressive dividend policy. However, the pure-play investment company is overshadowed by discount to net asset value and redemption schemes. The latter risks shrinking Ratos gradually, which makes Sven increasingly more sceptical and leads to a change in managing directors.

In steps Arne Karlsson. He is interested in the position of CEO if he is endorsed for the strategy he wants to drive and the business model he presents, which is based on his research on discount of NAV in investment companies. In 1999, the proposed strategy transformation is completed, meaning that the listed portfolio is divested and focus is directed to investments in and development of unlisted companies. The Atle acquisition in 2001 is the largest in Ratos's history and in one stroke, Ratos becomes the company for which the new strategy is intended.

Value-creating development

Over the years, Ratos has managed to challenge the strategy and continuously change and improve the business model to keep pace with the times. There is a history and long tradition of ability, will and courage to change, to develop and to dare to think in new ways.

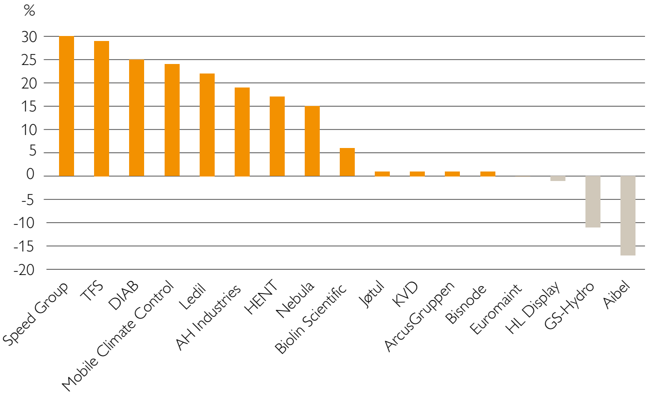
For 150 years, Ratos and its predecessors have lent their knowledge, expertise and capital. Throughout, the main driving force has been the will to create something new, to do business, to develop companies and people, and to contribute to the community. The same driving force applies today as then as Ratos and the Söderberg family set their sights on the next 150 years. A tradition of development, with a future in development

Companies overview

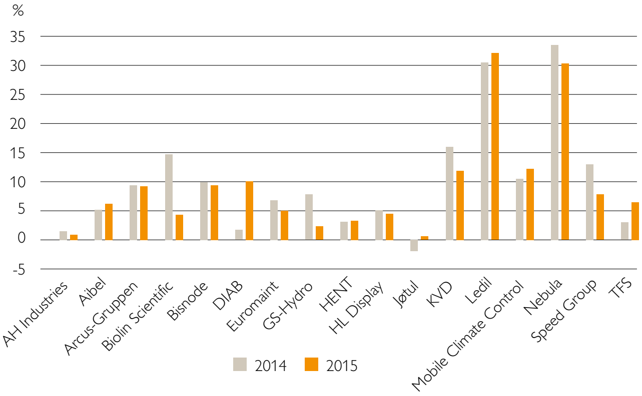
Ratos's portfolio of companies is made up of 18 companies that together employ some 15,500 employees with combined sales of approximately SEK 31bn and an adjusted EBITA of approximately SEK 2.1bn on an annual basis. The companies are active in different sectors, and operate strategically, operationally and financially independent of each other. The common denominator for these companies is the existence of an apparent company-specific development potential that is realised by focus on long-term value creation. Information about the company's operations, market position, financial key figures and development potential can be found on ▶ pages 34-68.

Includes the acquisition of Serena Properties completed in January 2016.

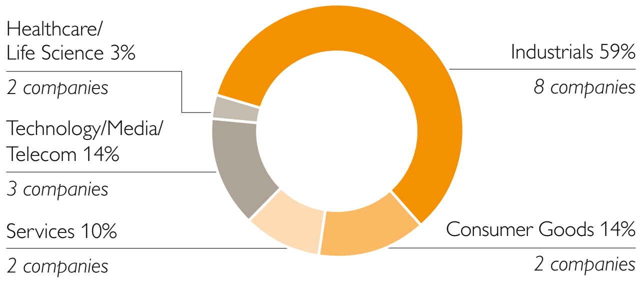
Net sales growth*



Adjusted EBITA margin*

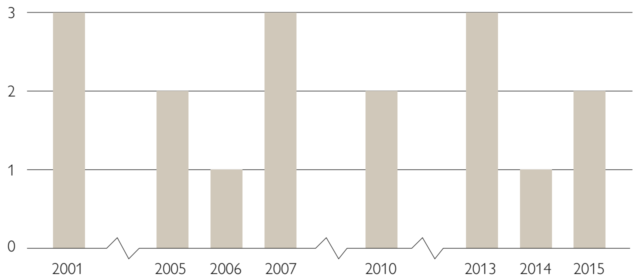


Sales breakdown by segment*

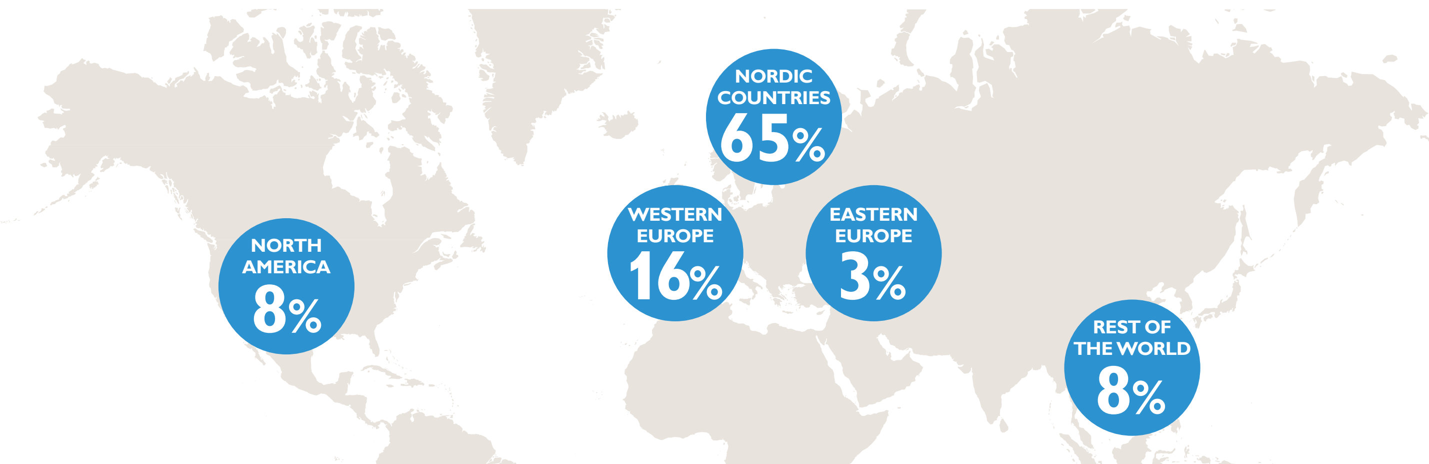


Investment year

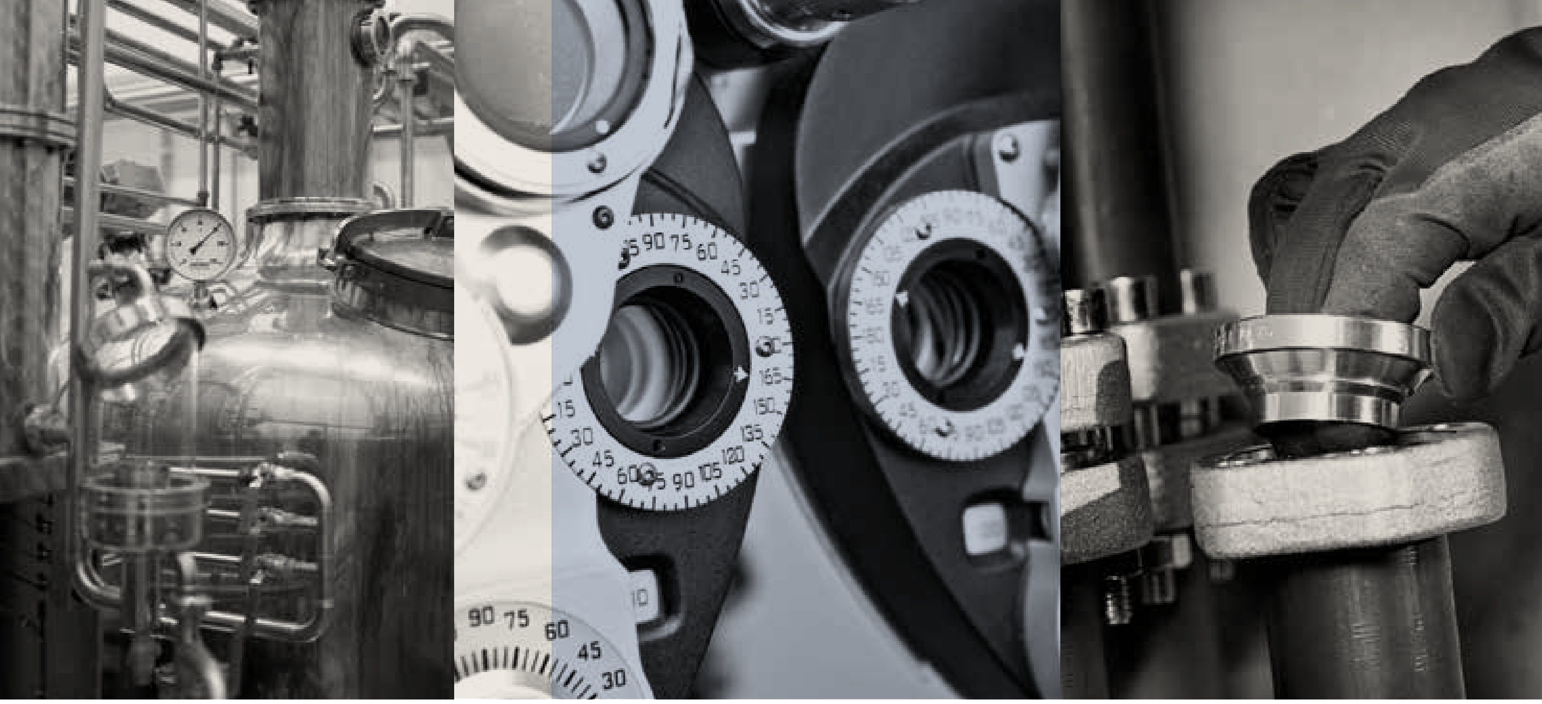
Number of companies



Sales breakdown by geographic market*



* Adjusted for the size of Ratos's holding.



Summary of Ratos's companies

SEKm	Net sales 2015	Net sales 2014	EBITA 2015	EBITA 2014	Adjusted EBITA A) 2015	Adjusted EBITA A) 2014	Interest-bearing net debt 31 Dec 2015	Consolidated value 31 Dec 2015	Ratos's holding 31 Dec 2015
AH Industries [1]	929	781	15	12	8	11	288	125	70
Aibel	7,728	9,319	279	22	480	484	3,880	1,539	32
ArcusGruppen	2,586	2,548	217	245	239	239	1,009	701	83
Biolin Scientific	227	215	8	32	10	32	135	360	100
Bisnode	3,535	3,502	280	298	332	346	1,896	1,257	70
DIAB	1,450	1,157	154	-4	146	20	796	651	96
Euromaint [2]	1,735	1,739	74	106	87	118	503	124	100
GS-Hydro	1,175	1,315	12	100	26	103	351	182	100
HENT	5,716	4,865	189	159	190	149	-482	181	73
HL Display	1,488	1,509	8	60	66	77	627	797	99
Jøtul	930	920	0	-22	6	-17	476	94	93
KVD	317	315	29	44	38	50	159	316	100
Ledil	297	243	95	61	95	74	182	461	66
Mobile Climate Control	1,264	1,021	152	106	154	107	421	1,032	100
Nebula	299	261	87	85	90	87	490	232	73
Speed Group [3]	536	413	25	57	42	54	41	290	70
TFS [4]	689	535	45	12	45	16	-17	135	60
Total 100%	**30,900**	**30,658**	**1,668**	**1,374**	**2,055**	**1,951**			
Change	**+1%**		**+21%**		**+5%**				
Total adjusted for holding	**21,526**	**20,627**	**1,213**	**1,117**	**1,438**	**1,360**			
Change	**+4%**		**+9%**		**+6%**				

A) EBITA, adjusted for items affecting comparability

All figures in the above table relate to 100% of each company, except consolidated value. In order to facilitate comparisons between years and provide a comparable structure, where appropriate some companies are reported pro forma. Pro formas for 2015 are presented in the note below. At www.ratos.se, a complete statement of historic pro forma effects, income statement, statement of financial position and statement of cash flows for all companies is available.

1) AH Industries' Tower & Foundation operations are recognised as discontinued operations for 2015 and 2014 in accordance with IFRS.
2) Euromaint's operations in Germany are recognised as discontinued operations for 2015 and 2014 in accordance with IFRS.
3) Speed Groups' earnings for 2015 and 2014 are pro forma taking into account Ratos's acquisition.
4) TFS's earnings for 2015 and 2014 are pro forma taking into account Ratos's acquisition and for reversed goodwill amortisation.

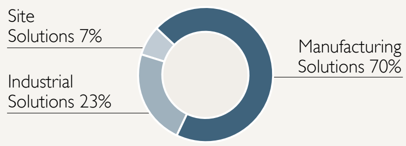
AH Industries

Sales increase of 16% – good development within Industrial Solutions

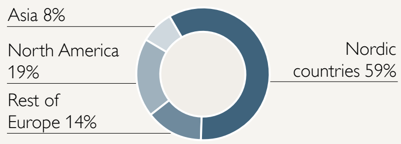
Weak profitability largely due to negative performance within parts of the wind operations

Divestment of Tower & Foundation completed

SALES BY OPERATING AREA



SALES BY MARKET



Yet another intensive year focusing on streamlining core operations, new sales initiatives and continued improvement measures.

Operations

AH Industries (AHI) is a major supplier of metal components, modules, systems and services to the wind turbine, cement and minerals industries. The company specialises in manufacturing and machining of heavy metal components with high demands on precision and technical expertise.

The Group has been re-organised into three business areas, effective 2016: Manufacturing Solutions, Industrial Solutions and Site Solutions. Manufacturing Solutions includes contract manufacturing that focuses on machining of heavy components that are primarily for the wind turbine industry such as rotor housings and hubs. Industrial Solutions supplies components to the cement and mineral industries, often in the form of modules or system solutions. Site Solutions supplies services and lifting equipment to turbine manufacturers and wind park owners.

AHI has approximately 370 employees and production facilities in Denmark and China.

Market

The global wind turbine industry and its value chain has undergone restructuring in recent years. Although global demand for wind energy is growing, the market situation for suppliers is still strained due to cost cutting, price pressure and volatile demand. Technological advances toward larger and more effective turbines within, among others, the offshore wind industry continues and provides opportunities for those suppliers, such as AHI, that can meet the new requirements.

The global wind energy market is expected to continue to develop favourably, although with major differences between product segments and geographic markets.

For the global cement and minerals equipment market, the climate is harsh, but long-term demand is expected to remain at an attractive level.

The year in brief

2015 was another challenging, intense year for AHI and the improvement measures introduced in previous years continued. As an element of focusing on core operations, assets in the Tower & Foundation division, part of the Manufacturing Solutions business area (formerly Wind Solutions), were divested. The remainder of the operations was reorganised to realise synergies between the units.

The year's sales increase was driven by good performance in Industrial Solutions and parts of Manufacturing Solutions.

Weak profitability within parts of Manufacturing Solutions, internal production disruptions and order delays impacted the year's earnings, resulting in greater focus on new sales initiatives, business development and improvement measures.

Sustainability

Given its core operations within renewable energy, sustainability is an integrated part of AHI's overall strategy. Building close relationships with both suppliers and customers is pivotal to the company. Prioritised sustainability issues include employee health and safety, reduced environmental and climate impact from production and demands in the value chain. AHI's operations are environmentally certified in accordance with ISO14001 and in 2013 the company subscribed to the UN Global Compact.

Development potential

In recent years, AHI has carried out a large-scale change initiative to boost the company's competitiveness and strategic position in the value chain. Considerable cost-saving measures, consolidation of production, purchasing optimisation and changes in the organisation have been made and today, the company has a solid platform. In the immediate future, the company will concentrate on measures to improve profitability and new sales initiatives to broaden its customer base.

We still have a positive long-term view of developments in the wind turbine, cement and minerals industries and in AHI's potential as a leading competitive supplier.

Time of acquisition, year	2007
Co-owners:	
Arne Hougaard via Bjert Invest A/S	16%
RM Group Holding A/S	10%
Management and Board of Directors	4%
Consolidated book value	SEK 125m
Net investment	SEK 700m

Holding
70%

Responsible for the investment: Robin Molvin

FINANCIAL FACTS, DKKm	**2015[1]**	**2014[1]**	**2013[1]**	**2012**	**2011**
Net sales	741	640	773	908	763
EBITDA	38	40	21	10	66
EBITA	12	10	-29	-38	20
EBITA margin (%)	1.6	1.5	-3.7	-4.2	2.6
Items affecting comparability in EBITA	6	1	-45	-33	7
Adjusted EBITA	6	9	16	-6	13
Adjusted EBITA margin (%)	0.9	1.5	2.1	-0.6	1.7
Cash flow before acquisition and disposal of companies	20	14	-	-67	-9
Interest-bearing net debt	235	253	297	341	309
Average number of employees	369	404	419	456	457

NON-FINANCIAL KEY FIGURES	**2015**
Energy consumption, KWh	6,283,838
Metal waste to recycling, tonnes	9.8
Number of suppliers that have undergone CR screening and/or audit	15

[1] AH Industries' Tower & Foundation operations are recognised as discontinued operations for 2015, 2014 and 2013 in accordance with IFRS.

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for AH Industries are available at www.ratos.se.

www.ah-industries.dk

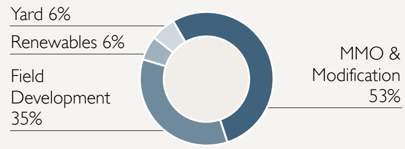
Aibel

Sales dip – weak MMO and Modification trend

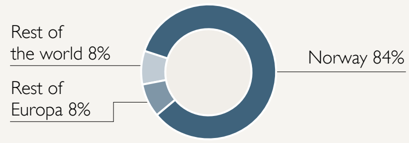
Improved earnings driven by successful projects and implemented restructuring measures

Record-strong order intake of approximately NOK 20 billion

SALES BY OPERATING AREA



SALES BY MARKET



Record-strong order intake and better earnings as an effect of earlier restructuring measures and high-quality project execution. Good growth in Field Development, but continued low activity levels in MMO and Modification.

Operations

Aibel is a leading Norwegian supplier of maintenance (MMO) and upgrading services (Modification) for production platforms and onshore installations for oil and gas as well as new construction projects in the oil, gas (Field Development) and renewable energy (Offshore Wind) sectors.

Operations cover the entire value chain from planning, design and development to construction and installation.

The company has operations along the entire Norwegian coast including a yard in Haugesund, an engineering office in Singapore and a yard in Thailand. Customers are primarily the major oil companies that are active on the Norwegian continental shelf, but Aibel also has international commissions.

Aibel has approximately 4,000 employees who are, depending on the workload, supplemented with subcontractors and consultants.

Market

Aibel is one of the largest players on the Norwegian continental shelf in maintenance and upgrading services. Competitors include Aker Solutions, Apply Sørco and Wood Group. In the Field Development business area, competitors are multinational companies and Asian yards.

A decline in demand for maintenance and upgrading services and a severe market downturn has been triggered by the oil companies' declining investment levels and intense focus on cash flow and costs. However, maintenance is inevitable for effective oil production, and the assessment is that many projects have been postponed, resulting in a temporarily lower activity level. Growth in maintenance and upgrading services for oil-producing platforms shows limited direct dependence on the current price of oil over time.

Demand within new construction can vary considerably year to year depending on when individual large-scale projects are initiated and delivered, and has a clearer direct correlation to the current price of oil. Consequently, seen from a global perspective, market activities were extremely low in 2015. At the same time, the large-scale Johan Sverdrup expansion and the many new contracts related to it had a favourable effect on the situation on the Norwegian continental shelf.

The year in brief

Aibel landed two new construction contracts for the Johan Sverdrup field worth some NOK 8.6bn for delivery during the 2015–2018 period, and a six-year framework agreement for the supply of maintenance and modification services to Statoil, valued at an estimated NOK 7.5bn. In addition, the company secured several medium-sized projects, including the modification project Maria worth NOK 860m and a framework agreement with a new customer, Centrica Energy Norway for a potential field development project on the Norwegian shelf. Aibel has also maintained an extremely high level of delivery in terms of its project portfolio.

A lacklustre market trend and low MMO and Modification activity levels had a negative impact on sales. Focus has therefore been on adapting, in close dialogue with customers, the organisation and costs to the current level. The earnings increase is mainly driven by several successful MMO and Modification projects and earlier restructuring measures.

Sustainability

Aibel's top sustainability issues are health, safety and environment (HSE) as well as anti-corruption, which have

high priority throughout the industry. The company has a well-developed approach integrated in the operating activities with systems and processes to monitor compliance and ensure continuous improvement. In 2016, the company will work to clarify its position and efforts regarding environmental and climate issues.

Development potential

Aibel has a strong market position based on the company's integrated business model which covers the entire value chain, a combination of Norwegian and Asian resources, and strong customer relationships. The past years' market slump has placed more severe demands on the sector as whole to cut costs and streamline. Aibel responded with extensive measures to guarantee that customer expectations were met and to be competitive. High delivery capacity and quality has strengthened the company's market position.

In future, focus will be to continue to improve Aibel's delivery model to enhance efficiency and competitiveness, ensure high quality in the deliveries of existing project portfolios and win new contracts. Measures designed to improve efficiency and reduce costs have the highest priority as does working close to the company's customers to improve efficiency throughout the value chain. Aibel is thereby well-equipped to manage the lower market activity that it temporarily faces. We acquired Aibel because the company has a leading position in an attractive market with good long-term growth potential, strong customer relationships and a unique business model. This has not changed and will be significant in the future.

Time of acquisition, year	2013
Co-owners:	
Ferd	49%
Sixth AP Fund (represented by Ratos)	17%
Management and Board of Directors	2%
Consolidated book value	SEK 1,539m
Net investment	SEK 1,720m

Holding
32%

Responsible for the investment: Henrik Joelsson

FINANCIAL FACTS, NOKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	7,385	8,554	12,645	10,918	8,584
EBITDA	391	184	778	898	760
EBITA	267	20	619	767	646
EBITA margin (%)	3.6	0.2	4.9	7.0	7.5
Items affecting comparability in EBITA	-192	-424	-4		-19
Adjusted EBITA	459	444	623	767	665
Adjusted EBITA margin (%)	6.2	5.2	4.9	7.0	7.7
Cash flow before acquisition and disposal of companies	359	-828	-	-	775
Interest-bearing net debt	4,060	4,553	3,589	-	3,122
Average number of employees	4,631	5,493	5,794	5,120	4,187

NON-FINANCIAL KEY FIGURES	**2015**
Sick leave	3.4%
Number of serious incidents (per one million working hours)	0.7
Number of integrity due diligences (IDD) conducted at suppliers	259

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Aibel are available at www.ratos.se.

www.aibel.com

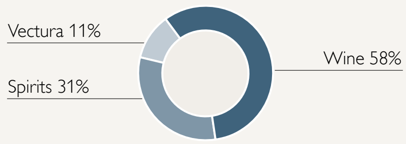
ArcusGruppen

Sales increase of 6% – robust development for Wine, Spirits stable

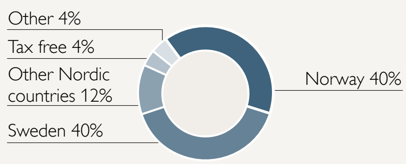
Stable profitability development – negative impact from currency

Vectura exhibits better earnings following significant cost-cutting measures

SALES BY OPERATING AREA



SALES BY MARKET



Strategic add-on acquisitions and healthy growth in the Wine area contributed to favourable sales growth and expansion in the Nordic countries. Improved earnings despite negative impact of currency effects and raised alcohol tax.

Operations

ArcusGruppen (Arcus) is a leading supplier of wine and spirits in the Nordic region. Operations are divided into three areas: Spirits, Wine and Logistics (Vectura).

Aalborg Akvavit, Braastad Cognac, Gammel Dansk, Lysholm Linie Aquavit and Vikingfjord Vodka are the best-known brands in the Spirits area. Within Wine, Arcus both has its own brands such as Falling Feather and Ruby Zin, and an agency business where the company represents producers such as Masi, Francois Lurton and E. Guigal. Vectura is Norway's leading logistics company for alcoholic beverages.

Arcus's home market is the Nordic region. In Norway, Arcus is market leader within both wine and spirits. In the other Nordic markets, Arcus is one of the leading players.

Market

Within spirits, Arcus competes with multinational companies that have international brands, such as Bacardi, Diageo and Pernod Ricard, as well as with local players such as the Finnish company Altia. In Arcus's most important spirits segment, aquavit, the market only consists of local players since tastes and consumption patterns vary considerably between different geographic markets.

The Nordic wine markets are fragmented and mainly comprise local importers (agents) that both represent international producers and develop their own locally adapted brands that are chiefly sold in the national retail monopolies.

The market for wine and spirit products is considered non-cyclical. In recent years, the consumption pattern in Nordic countries has shifted from spirits to a greater demand for wine. In total, the market for wine grows approximately 1–3% while spirits are volume-wise stable to slightly falling, but with a premiumisation toward higher value.

The year in brief

Two strategic add-on acquisitions in line with the goal to expand in the Nordic region were completed in 2015. In April, one of Finland's leading wine importers, Social Wines, and Swedish organic aquavit and mulled wine brand, Snälleröds, were acquired.

Sales increased through healthy growth in the Wine area, while Spirits displayed stable sales growth for the full year after healthy growth during the second half.

Operating profit improved despite the overall weaker growth within spirits, the negative impact of currency effects and raised alcohol tax. During the second half of the year, production in Aalborg was relocated to Gjelleråsen. Despite lower volumes, Vectura logistics operations reported better earnings following significant cost-cutting measures.

Kenneth Hamnes took over as the new CEO of ArcusGruppen in August.

Sustainability

Arcus focuses its sustainability efforts on three themes: the environment, a responsible value chain and responsible consumption. In an effort to diminish its environmental impact, the company works to reduce water consumption and waste in production and increase the proportion of renewable energy. The company complies with the Nordic alcohol monopolies' common code of conduct and therefore makes clear demands on both its own organisation and its suppliers. It takes an active position against alcohol abuse, among other things through the programme for

Responsible Alcohol Consumption. Arcus subscribed to the UN Global Compact in 2012.

Development potential

Arcus has undergone a transformation since Ratos acquired the company and has evolved into a leading Nordic wine and spirits supplier. Over the past ten years, non-core operations have been discontinued, property sold, several acquisitions of complementary brands have been carried out, and investments in expanding the offering have been made. Arcus has also invested in a new production and logistics facility, Gjelleråsen.

Vectura, distribution of alcoholic beverages in Norway, is a business-critical operation for Arcus. Extensive profitability-oriented restructuring efforts have been carried out that have resulted in a lower cost base.

Arcus operates in a non-cyclical market with stable to weak growth. Organic growth, better profitability and efficient production are the heart of the strategic plan.

The spirits portfolio of strong brands has considerable growth potential and brand building features high on the agenda. Together with a strong position in an expanding and fragmented wine market, the company has a solid foundation for continued growth. Value-creating add-on acquisitions have historically been a key part of Arcus's strategy and are expected to remain so in future. Given its strong management group, the company is well-equipped for the future. Our goal is that Arcus will continue to grow with increased profitability and we foresee unceasing good growth opportunities.

Time of acquisition, year	2005
Co-owners:	
HOFF Norske Potetindustrier	10%
Management and Board of Directors	7%
Consolidated book value	SEK 701m
Net investment	SEK -280m

Holding
83%

Responsible for the investment: Mikael Norlander

FINANCIAL FACTS, NOKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	2,471	2,339	2,268	1,957	1,789
EBITDA	258	272	294	38	155
EBITA	207	225	247	4	126
EBITA margin (%)	8.4	9.6	10.9	0.2	7.0
Items affecting comparability in EBITA	-21	6	26	-172	-43
Adjusted EBITA	228	219	221	176	169
Adjusted EBITA margin (%)	9.2	9.4	9.8	9.0	9.5
Cash flow before acquisition and disposal of companies	145	112	9	-81	26
Interest-bearing net debt	1,056	1,046	1,115	373	14
Average number of employees	435	448	460	441	469

NON-FINANCIAL KEY FIGURES	**2015**
Energy efficiency: KWh/produced litre	0.38
Proportion renewable energy (own operations)	70%
Reduction of spillage in production per packaged litre, wine (reduction since 2014)	35%
Reduction of spillage in production per packaged litre, spirits (established 2016)	

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for ArcusGruppen are available at www.ratos.se.

www.arcus.no

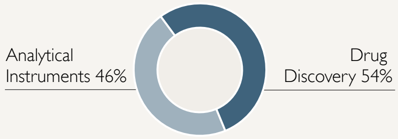
Biolin Scientific

Sales growth of 6% – good development within Drug Discovery

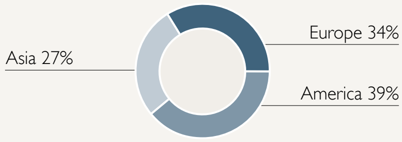
Weak earnings due to investments in product development

Qube, a new instrument in pharmaceutical research, launched during the year

SALES BY OPERATING AREA



SALES BY MARKET



Good sales growth mainly driven by continued growth within Drug Discovery. Investments in product development led to strained short-term earnings, but are expected to provide favourable effects in the long term.

Operations

Biolin Scientific (Biolin) offers advanced analysis instruments for research and development that help scientists and enterprises on the frontiers to scientifically analyse materials, nanotechnologies and pharmaceuticals faster and better. Operations are divided into two business areas: Analytical Instruments and Drug Discovery. Analytical Instruments, with the brands Q-Sense, KSV NIMA and Attension, is active in areas such as chemical engineering, development of new materials and the energy sector (such as battery technology, solar panels and oil handling). Most customers are found in academic research, but the proportion of industrial customers is growing. Drug Discovery, with the Sophion brand, has a leading platform for analysis of living cells. Sophion's systems are used by pharmaceutical companies worldwide to test the safety and efficacy of new products.

The head office is in Sweden but the company also has operations in Denmark, Finland, the UK, the US, China and Japan. Sales are global and conducted through the company's own sales teams in major markets and through distributors. The company has approximately 115 employees.

Market

The global market for analytical instruments has annual sales of approximately USD 50bn and growth of approximately 4–5% per year. The market is expected to continue to show positive development with the highest anticipated growth in Asia and North America.

Biolin's products have strong niche positions due to patent protection and/or unique functionality. Growth within academic research is driven by public and private grants, while growth among industrial customers is driven by product development and new process technologies.

The year in brief

2015 exhibited good sales growth of 6%, mainly driven by continued growth within Drug Discovery and favourable currency effects. Within Analytical Instruments, development was stable, albeit varied among the different geographic regions.

During the year, the new instrument Qube was launched. Designed for ion channel screening in the development of new drugs, it is intended for pharmaceutical companies. In conjunction with this, the operating profit was negatively affected by higher depreciation for investments in product development which are expected to provide a positive contribution in future.

Biolin received a capital contribution of SEK 5m during the year.

Sustainability

Good business ethics and proactive anti-corruption efforts are top-priority issues for Biolin. The company's sales are mainly a result of procurement processes and customers are often reliant on public funding. A high business ethics standard is central and governed by the company's code of conduct which is communicated to both the group's own employees and to its partners. The company mainly operates in markets with tough labour, health and safety legislation. Its direct environmental impact is small, and the company contributes to a sustainable society in many of its product applications, for example within renewable energy and research into new materials.

Development potential

We acquired Biolin Scientific with the intention of harnessing the organic growth potential and making add-on acquisitions that generate value. One major add-on (Sophion, Drug Discovery business area) has been completed, while a non-core operation (Osstell) has been divested.

We continue to develop existing operations, focusing on organic growth and product development. For Drug Discovery, product development and the launch of the new instrument Qube has vast potential, as does continuing to develop the strong aftermarket offering that includes consumables. In Analytical Instruments, the intention is to build growth by raising the proportion of industrial customers, something that is also expected to contribute favourably to aftermarket sales, and to increase sales in China.

Time of acquisition, year	2010
Consolidated book value	SEK 360m
Net investment	SEK 390m

Holding **100%**

Responsible for the investment: Henrik Joelsson

FINANCIAL FACTS, SEKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	227	215	197	235	232
EBITDA	23	39	29	31	22
EBITA	8	32	21	23	15
EBITA margin (%)	3.5	14.7	10.9	10.0	6.4
Items affecting comparability in EBITA	-2		-3		-1
Adjusted EBITA	10	32	25	23	16
Adjusted EBITA margin (%)	4.3	14.7	12.5	10.0	6.9
Cash flow before acquisition and disposal of companies	3	-	-	-11	-
Interest-bearing net debt	135	143	-	155	149
Average number of employees	115	123	-	136	141

NON-FINANCIAL KEY FIGURES	**2015**
Number of employees who have been informed about and signed the Code of Conduct.	100%
Sick leave (Sweden, Denmark, Finland and USA)	2%
Proportion of women among the employees	32%
Energy consumption, KWh (Sweden and Denmark)	456,053

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Biolin Scientific are available at www.ratos.se.

www.biolinscientific.com

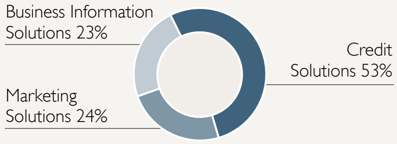
Bisnode

Stable sales development following modified sales strategy

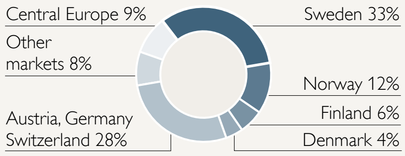
Earnings burdened by ongoing reform process in Sweden

Strategic add-on acquisition completed

SALES BY OPERATING AREA



SALES BY MARKET



The reform process to strengthen core operations under a common brand continued and several add-on acquisitions were completed to enhance the offering.

Operations

Bisnode is a leading European business information provider with operations in 17 countries. They are experts in analysis of large quantities of data, and have a long history of supplying integrated and quality-assured data, and developing decision platforms to help companies to streamline their business processes and make data-driven decisions.

Bisnode's goal is to help companies to manage their customers throughout the entire customer life cycle, from finding new customers to handling existing ones. To do so, Bisnode provides market and credit information as well as new data volumes and decision-support solutions that support the customers' sales strategies. Through its strong local presence and collaboration with Dun&Bradstreet, the world's foremost source of global business information, Bisnode has unique access to large quantities of local and global data concerning enterprises and consumers.

Market

Europe's business information market is undergoing consolidation and major changes. Historically, the market has mainly comprised local business information players, and a few larger players specialising in credit information, such as Experian, Bureau van Dijk and Creditsafe.

Digitisation, globalisation and new technologies facilitate faster and more cost-effective processing of large volumes of data. This creates new business opportunities. Companies recognise the importance of working with the right data and streamlining their business and decision processes. While the value of raw data is dropping, the demand for and willingness to pay for enhanced, smart data is escalating. While traditional business data shows low growth, the demand for predictive, smart data is skyrocketing. Bisnode operates in a growing European market for data and analysis estimated at USD 7bn.

The year in brief

Bisnode proceeded in 2015 with an extensive reform process to strengthen core operations and modernise the customer offering. During the year, Magnus Silfverberg was recruited as new CEO. A new organisation structure was established that has a more effective sales organisation per country and centralised product development and IT resources. The Group endeavours to strengthen its brand, its organisation and its offering. Throughout the year, several smaller add-on acquisitions were completed to enhance the company's position in current markets. Bisnode received a capital contribution of SEK 46m to finance one of the acquisitions.

Several of Bisnodes markets exhibit stable or good organic growth with improved levels of profitability following completed reform initiatives and a positive underlying market trend. However, the trend in the Swedish operations remained weak, primarily during the first six months, following changes in the sales organisation and a diminished demand for parts of the traditional market offering.

Sustainability

Business ethics and integrity protection are Bisnode's most important sustainability issues. Customers have gradually increased their focus on environmental and climate issues, and the company has initiated a structured approach to follow-up and limit its environmental impact. The company's services are primarily produced and distributed digitally, contributing to reduced consumption of paper and electricity. Bisnode has common ethical guidelines for all employees and regularly trains people in

high-risk positions. The new organisational structure will strengthen the company's ability to work with sustainability systematically.

Development potential

Formation of the Bisnode Group produced a company with a strong position in the European market for decision support. The company has evolved significantly since. After a period of several add-on acquisitions, a large-scale reform process started in 2012/2013 to realise synergies and heighten organic growth.

Bisnode has a leading position in Europe and, in combination with Group-wide product development and IT, both interesting growth opportunities and cost synergies are created in future. To continue to be a reliable and business developing partner for its customers, Bisnode intends to invest more in its core operations.

We see significant potential to continue to develop Bisnode's business model based on the company's local expertise and global resources. The priority in future is to realise the synergies the reform offers, turn the negative trend in Sweden and grow the business with a broader, more integrated customer offering.

Time of acquisition, year	2004
Co-owners:	
Bonnier	30%
Consolidated book value	SEK 1,257m
Net investment	SEK 345m

Holding **70%**

Responsible for the investment: Mikael Norlander

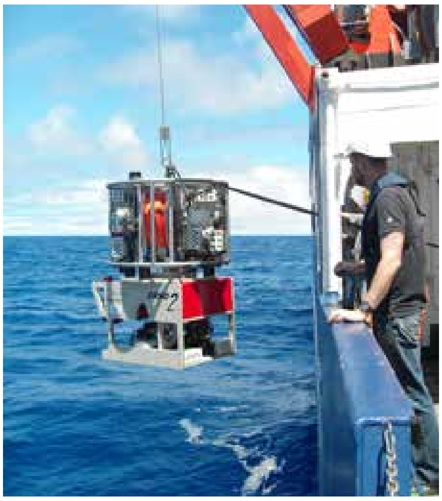
FINANCIAL FACTS, SEKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	3,535	3,502	3,540	3,869	4,310
EBITDA	434	413	454	482	577
EBITA	280	298	344	339	447
EBITA margin (%)	7.9	8.5	9.7	8.8	10.4
Items affecting comparability in EBITA	-53	-48	-102	-77	-78
Adjusted EBITA	332	346	447	416	526
Adjusted EBITA margin (%)	9.4	9.9	12.6	10.8	12.2
Cash flow from operating activities before acquisition and disposal of companies	110	83	276	-	229
Interest-bearing net debt	1,896	1,983	1,862	-	2,427
Average number of employees	2,394	2,616	2,849	2,848	3,016

NON-FINANCIAL KEY FIGURES	**2015**
Proportion of women among the employees	45%
CO_2 emissions, CO_2e tonnes per employee (scope 1+2 and business trips, Sweden)	1.42

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Bisnode are available at www.ratos.se.

www.bisnode.com

DIAB

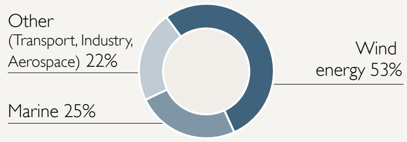


Sales growth of 25% – all segments and regions are growing

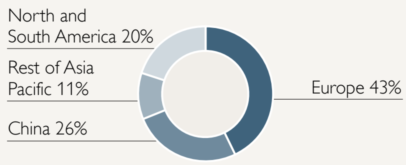
The company's operational leverage contributes to markedly improved earnings

New production plant in China enhances competitiveness

SALES BY OPERATING AREA



SALES BY MARKET



Strong sales performance with growth in all segments and regions, coupled with markedly improved earnings. Good market growth is expected over the next few years.

Operations

DIAB is a global company that develops, manufactures and sells core materials for sandwich composite structures for, among other objects, leisure boats, blades for wind turbines and components for aircraft, trains, industrial applications and buildings. The core material – which has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance – is used in construction within several market segments: Wind Energy, Marine, Transport, Industry and Aerospace.

DIAB has a globally strong position in the market for core materials for sandwich structures, with special strength within cellular plastics. Over 95% of DIAB's sales are to customers outside Sweden. The company has production units for material in Sweden, Italy, the US and Ecuador. Material processing takes place in the production units as well as in China and Lithuania. The company has approximately 1,100 employees in some 20 countries and its head office in Laholm.

Market

The market for core material grows with the underlying customers' production volumes, such as the number of wind turbines and boats, and also through the increased use of sandwich structures in existing and new applications. Growth is driven by efforts to achieve structures with greater strength and lower weight. 3A Composites and Gurit are among the company's competitors.

Following lacklustre volume development in recent years, the market returned to growth and conditions in the global wind energy market improved in 2015. Good market growth is expected over the next few years.

The year in brief

DIAB increased sales by 25% in 2015, where currency-adjusted growth amounted to approximately 12%. The wind energy market was the primary growth driver, but also other segments, Aerospace in particular, performed well. DIAB grew in all regions, but a slowdown in China was noticeable at year-end.

The profitability trend was good following the strong increase in sales and the company's operational leverage, but also due to favourable currency effects.

DIAB has invested in a new IPN foam production plant in China to further consolidate the company's competitiveness in China. The plant is scheduled to begin operations in 2016 and the investment has been partially financed through a capital contribution from Ratos in the amount of SEK 40m during the year.

Several measures were implemented throughout the year to strengthen the company's preventive efforts in global export control.

Sustainability

DIAB has an updated sustainability strategy as of 2015. Key issues include health, safety and working conditions, good business ethics and preventive anti-corruption processes coupled with systematic environmental processes including resource efficiency. DIAB's products contribute to reducing weight in customers' applications and thus help to cut fuel consumption in vehicles, boats and aircraft. In 2015, DIAB subscribed to the UN's principles for corporate responsibility, Global Compact. Three of six production facilities are ISO 14001 certified, and two more are in the process of becoming.

Development potential

During the period of Ratos's ownership, DIAB has evolved into a global player and become a world-leading supplier of core material for sandwich composite structures through investments in the company's product offering and production.

Our assessment is that DIAB has an attractive long-term growth profile driven by the need for strong and light structures, a sustainability perspective and good prospects for growth in applications. We also see good long-term opportunities for growth and improved profitability through DIAB's operational leverage. The establishment of a new core material production plant in China in 2016 is also expected to contribute to improved earnings in the longer term.

Ratos intends to continue to focus on the development of DIAB's product offering, the company's global market presence and a sales organisation with applications expertise.

Time of acquisition, year	2001/2009
Co-owners:	
Management and Board of Directors	4%
Consolidated book value	SEK 651m
Net investment	SEK 885m

Holding

96%

Responsible for the investment: Henrik Blomé

FINANCIAL FACTS, SEKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	1,450	1,157	864	1,003	1,219
EBITDA	217	63	47	-43	85
EBITA	154	-4	-50	-217	-5
EBITA margin (%)	10.6	-0.3	-5.8	-21.6	-0.4
Items affecting comparability in EBITA	8	-23	-39	-142	-40
Adjusted EBITA	146	20	-11	-75	35
Adjusted EBITA margin (%)	10.1	1.7	-1.3	-7.4	2.9
Cash flow before acquisition and disposal of companies	-22	-55	-55	-36	-88
Interest-bearing net debt	796	800	731	771	888
Average number of employees	1,117	1,110	1,008	1,169	1,389

NON-FINANCIAL KEY FIGURES	**2015**
Energy consumption per product (KWh/m^3)	713
Total cost of waste per product (SEK/m^3)	74

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for DIAB are available at www.ratos.se.

www.diabgroup.com

Euromaint

Additional cost cutting and restructuring implemented

Several important tenders won in 2015

German operations divested

Focus on the profitable core operations in Sweden by adjusting operations to pertinent volumes and divestment of the German operations. Several important tenders have been won, which secures future volumes.

Operations

Euromaint is Sweden's leading independent maintenance company for the rail transport industry. The company offers qualified technical maintenance to meet customer requirements for well-functioning rolling stock fleets. Euromaint's services and products guarantee the reliability and service life of track-mounted vehicles such as passenger trains, locomotives, freight wagons and work machines. The company's customers are primarily train operators. Euromaint has deep technical knowledge about the customers' trains and maintenance-specific skills.

It has operations in Sweden, a presence in the Netherlands and Latvia and approximately 1,100 employees.

Market

There is an underlying growth in Sweden's train market driven by such factors as greater respect for the environment when choosing means of transport. The growth rate for passenger traffic in Sweden is good, but goods transport is today presenting lower volumes due to raised track access charges and lower demand for heavier freights.

Euromaint holds a strong position in Sweden for train maintenance. Competitors include Alstom, Bombardier and Mantena.

The year in brief

In 2015, Euromaint mainly focused on further developing and streamlining the profitable Swedish operations, and conducting a strategic review of the German business, which had exhibited very weak growth for an extended period. This resulted in the divestment of the German business and subsequently, a substantial negative impact on earnings at the end of 2015.

Throughout the year, the Swedish operations have focused on winning ongoing and upcoming tenders, which Euromaint by and large succeeded in doing. The tenders that were landed cover light and heavy maintenance of SJ's X2000 train fleet and carriages, as well as Norrtåg and Stockholm's commuter trains.

Further streamlining and restructuring measures have been implemented to adapt operations to current volumes.

A capital contribution of SEK 30m was provided during the year.

Sustainability

Euromaint's sustainability efforts stem from the vision of safe and reliable trains, which also promotes a sustainable society. The most significant sustainability issues for the company therefore are the environment, safety, and maintenance quality. The operations follow strict safety and quality regulations, and inspections are performed regularly. Business ethics and anti-corruption efforts are other top-priority issues. Euromaint works systematically with employee training based on the company's Code of Conduct.

Development potential

The main reasons for Ratos's acquisition of Euromaint was the company's strong market position as independent maintenance company, a growing market due to escalating train transport and a potential for improvement within the company. Since the acquisition, Euromaint has focused on its core operations, i.e. maintenance of trains, initiated international expansion through an add-on acquisition in Germany, and continuously worked to improve deliveries and efficiency. While internal improvement efforts have taken longer than initially planned, they have produced results in the form of higher efficiency and quality. The German market did not grow as planned, and the German operations have been sold.

Our view is that Euromaint can now focus on its profitable Swedish core operations, with continued improvement potential and streamlining possibilities.

Time of acquisition, year	2007
Consolidated book value	SEK 124m
Net investment	SEK 965m

Holding **100%**

Responsible for the investment: Henrik Lundh

FINANCIAL FACTS, SEKm	**2015[1)]**	**2014[1)]**	**2013**	**2012**	**2011**
Net sales	1,735	1,739	2,416	2,484	2,860
EBITDA	98	133	68	111	159
EBITA	74	106	25	60	102
EBITA margin (%)	4.2	6.1	1.0	2.4	3.6
Items affecting comparability in EBITA	-14	-13	-42	-30	-35
Adjusted EBITA	87	118	67	90	137
Adjusted EBITA margin (%)	5.0	6.8	2.8	3.6	4.8
Cash flow before acquisition and disposal of companies	6	-50	-	-	-
Interest-bearing net debt	503	514	542	-	647
Average number of employees	1,144	1,245	2,291	2,437	2,442

NON-FINANCIAL KEY FIGURES	**2015**
Incidence rate (number of work-related accidents with sick leave per 100,000 working hours)	1.2
Number of completed product and process inspections	465
Total waste landfill, kilo	35,402

1) Euromaint's operations in Germany are recognised as discontinued operations for 2015 and 2014 in accordance with IFRS.

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Euromaint are available at www.ratos.se.

www.euromaint.com

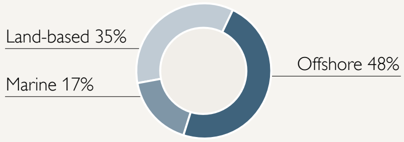
GS-Hydro

Weak development in offshore segment driven by weak market

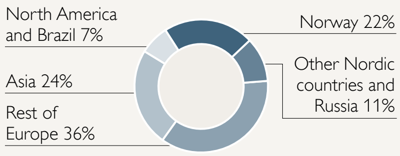
Streamlining measures and add-on acquisitions completed in 2015

Juha Silvennoinen took over as the new CEO

SALES BY OPERATING AREA



SALES BY MARKET



Focus on efficiency improvement measures in several markets following lacklustre offshore growth. Weak performance in sales and earnings.

Operations

GS-Hydro is a leading global supplier of non-welded piping solutions. Piping systems are mainly used for hydraulic applications with high demands on fast installation, cleanliness and minimal production shutdowns.

The company supplies complete piping systems, prefabricated piping modules and components for piping systems and related services such as design, installation, documentation and maintenance. GH-Hydro has also expanded its offering to include hoses and hose-related components.

The company's 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. GS-Hydro has operations worldwide, approximately 700 employees in 17 countries and its head office in Espoo, Finland.

Market

Non-welded piping solutions account for a relatively small part of the global market for piping solutions for hydraulic applications. Opportunities to increase the market share are created by highlighting the advantages of the system compared with welded solutions. The advantages are evident and include shorter installation times, improved accessibility, lower environmental impact at installation, improved opportunities for customers' production to continue without costly shutdowns during installation and maintenance as well as better work environment and safety, particularly in the offshore segment, since no welding flame is required.

The offshore industry is GS-Hydro's single largest customer segment and, given the pressured price on oil, the market outlook is sluggish. The marine segment is GS-Hydro's second-largest customer segment and, following a lengthy cyclical decline, the market has stabilised in the past years. Also GS-Hydro's prioritised land-based industries have enjoyed a relatively stable market trend in recent years.

The year in brief

The sales trend for GS-Hydro was affected by extremely weak growth in the offshore segment and weaker sales in the land-based segment toward the end of the year. The trend in the marine segment was stable.

Sluggish sales had an impact on operating profit, instigating a focus on streamlining measures in several markets.

During the year, GS-Hydro acquired the UK company First Hose, which supplies hoses and hose-related components for the oil and gas industry in the UK North Sea. The acquisition will strengthen GS-Hydro's aftermarket business and position as supplier of hose maintenance. In conjunction with the acquisition, GS-Hydro received a capital contribution of SEK 59m.

Juha Silvennoinen was recruited as new CEO and took over at the end of the year.

Sustainability

GS-Hydro's key sustainability issues are preventative anti-corruption initiatives since the company operates in a number of high-risk markets and reducing its environmental impact. The company has implemented a clear Code of Conduct, whistleblowing system, employee training programmes and follow-up processes. From an environmental perspective, GS-Hydro's non-welded piping systems offer

a better solution than welded systems, generating both business and environmental potential.

Development potential

GS-Hydro has a strong position in an attractive market niche, a global presence, extensive applications expertise and the ability to supply total solutions for piping systems.

Since Ratos became sole owner of GS-Hydro, the company's sales have grown 8% per year on average. Growth has mainly been driven by non-welded technology capturing market shares from traditional welded technology, the company's expansion into growth markets and overall positive underlying market development.

Uncertainty in the offshore segment has increased in the short term and a lower growth rate is expected. However, GS-Hydro has the potential to grow in this segment by developing the company's aftermarket offering, broadening the product offering and taking market shares from welded solutions. The company also has considerable potential to grow in marine and land-based industries where a more stable market trend is predicted, and to improve and strengthen its operational efficiency.

Time of acquisition, year	2001
Consolidated book value	SEK 182m
Net investment	SEK -280m

Holding **100%**

Responsible for the investment: Johan Pålsson

FINANCIAL FACTS, EURm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	125.6	144.6	143.0	155.3	118.8
EBITDA	3.8	13.3	12.2	16.6	6.1
EBITA	1.3	11.0	9.6	14.1	3.4
EBITA margin (%)	1.0	7.6	6.7	9.1	2.9
Items affecting comparability in EBITA	-1.6	-0.3			
Adjusted EBITA	2.8	11.3	9.6	14.1	3.4
Adjusted EBITA margin (%)	2.3	7.8	6.7	9.1	2.9
Cash flow before acquisition and disposal of companies	4.9	5.2	4.5	7.2	3.4
Interest-bearing net debt	38.4	42.5	48.4	52.3	59
Average number of employees	694	693	673	636	608

NON-FINANCIAL KEY FIGURES	**2015**
Proportion of women among local management groups	25%

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for GS-Hydro are available at www.ratos.se.

www.gshydro.com

HENT

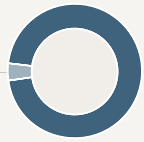
HENT

Sales growth +22% and improved profitability

Good order intake and efficient implementation of projects in progress

Continued efforts to create a safer work environment

SALES BY REGION



Strong sales growth and better profitability driven by good order intake, high activity and efficient implementation of projects in progress.

Operations

HENT is a leading Norwegian building contractor that focuses on the construction of newbuild public and commercial real estate. The company also has a smaller but growing renovation-oriented business. HENT is involved in projects throughout Norway, operating from its head office in Trondheim and local offices in Oslo, Ålesund, Bergen, Hamar, Horten, Bodø and Tromsø.

HENT focuses on project development, project management and purchasing. To a large extent, the projects are carried out by a broad network of quality assured subcontractors. HENT has strong established customer relations and often works closely with customers to develop projects together.

HENT's market position is especially strong in central and northern Norway in the segment for large projects (>NOK 250m) as well as schools, healthcare-related buildings, offices and hotels.

Market

The total construction market in Norway, public works not included, amounts to approximately NOK 280bn of which newbuild public and commercial real estate accounts for approximately NOK 70–75bn.

The Norwegian construction market is highly fragmented. HENT is one of the leading players and competes with Veidekke, Skanska, AF-Gruppen, NCC and Kruse Smith, among others.

The newbuild market is cyclical, but has historically shown good structural growth. Since the start of the 2000s, annual market growth has been approximately 5%. A stable, albeit somewhat lower, future market growth is expected in HENT's market segment. Currently low oil prices negatively impact the construction market. At the same time, there are permanent structural demand drivers, including underlying stable public finances, low unemployment, demographic growth and the need to invest in infrastructure and public buildings.

The year in brief

2015 was yet another excellent year for HENT which continued to raise its market shares following good competitiveness and order intake. The order book was approximately NOK 8.7bn at year-end (8.7). Contracts signed during the year included one for construction of Vålerenga Stadion, a project worth around NOK 600m.

HENT's sales rose by 22% as a result of a large order book and efficient implementation of ongoing projects, which also improved the adjusted EBITA margin.

HENT has started its first project outside Norway with the construction of a hotel in Helsinki. At the beginning of 2016 HENT set up an office in Stockholm to start marketing activities in the Swedish market.

The company has continued to improve its health, safety and environmental efforts by focusing on forming a safer work environment and extending its preventive measures to reduce crime in the workplace.

Following a refinancing at the end of the year, Ratos's shareholder loan of NOK 50m was repaid and a dividend of NOK 365m, of which Ratos's share totalled NOK 267m, was issued.

Sustainability

HENT's most important sustainability issues include labour law (focusing on conditions for subcontractors), health, work environment, safety and business ethics. All of these are related to HENT's strategy and managing them is central to the company's commercial success.

HENT works actively to further enhance work with all these issues.

Development potential

Ratos invested in HENT because it is a well-run company with a strong position in the Norwegian construction market. The company delivers high quality and a flexible cost structure, which allows matching of costs to demand and managing fluctuations in the cyclical construction market. This combined prompts us to take a positive view of the company's future prospects.

HENT has a skilled and dedicated management that increased its ownership in conjunction with Ratos becoming an owner in 2013 – strong proof of belief in the company's future.

HENT has seen rapid expansion in recent years with stable profitability and has continuously strengthened its market position. Together with the company's management we aim to further develop the company and create opportunities for continued organic growth within the existing business model and the potential for geographic expansion.

Time of acquisition, year	2013
Co-owners:	
Management and Board of Directors	27%
Consolidated book value	SEK 181m
Net investment	SEK 50m

Holding **73%**

Responsible for the investment: Henrik Blomé

FINANCIAL FACTS, NOKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	5,462	4,466	3,797	2,886	3,090
EBITDA	186	151	112	101	87
EBITA	180	146	108	97	78
EBITA margin (%)	3.3	3.3	2.8	3.4	2.5
Items affecting comparability in EBITA	-1	9	-13		
Adjusted EBITA	181	137	121	97	78
Adjusted EBITA margin (%)	3.3	3.1	3.2	3.4	2.5
Cash flow before acquisition and disposal of companies	461	87	-	-	-
Interest-bearing net debt	-504	-464	-397	-	-275
Average number of employees	637	528	468	397	397

NON-FINANCIAL KEY FIGURES	**2015**
Incidence rate (Work-related accidents with sick leave per one million working hours, including subcontractors)	5.1
Absence rates (Days absent due to injuries per one million working hours, including subcontractors)	203
Sick leave, own employees	3.3%
Waste, sorting level	70%
Waste, kilo per m^2 construction	11

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for HENT are available at www.ratos.se.

www.hent.no

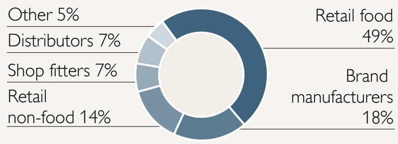
HL Display

Negative impact on sales due to declining demand in Russia

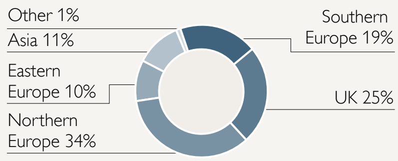
Extensive structural measures in both production and sales completed

Nina Jönsson to take over as new CEO in March 2016

SALES BY OPERATING AREA



SALES BY MARKET



The reform process of simplifying and rationalising operations, focusing on streamlined production and modified sales strategies, has proceeded throughout the year.

Operations

HL Display is an international supplier of products and solutions for in-store communication and merchandising. The three key customer segments are retail food, brand manufacturers and retail non-food.

HL Display helps its customers to create an attractive store environment which increases sales and helps customers to reduce costs. The company's products include datastrips, shelf management systems, printed in-store communication, merchandising stands, frames, bulk food dispensers, lighting systems and digital signage.

Production takes place in Poland, Sweden, China and the UK. Sales are conducted through its own sales subsidiaries and distributors in a total of 43 markets. The company's largest markets are the UK, France, Sweden and Norway.

HL Display has a total of approximately 1,000 employees.

Market

The global and regional development of the retail sector is pivotal for demand for HL Display's products. Newly opened stores and store re-profiling, the launch of new store concepts and improved store efficiency and productivity are key growth drivers, as are the campaigns and profiling ambitions of brand manufacturers.

The company operates in a highly fragmented sector with many local competitors. HL Display is the only global player in its niche. The current trends of store upgrading that focus more on differentiation and merchandising concepts streamline work in stores and create possibilities.

The year in brief

2015 was characterised by a stable sales trend. Sales were, however, negatively impacted by a weaker market in Russia as well as ongoing restructuring of a number of small sales offices. Sales in retail food, particularly in the UK, have after a weak opening grown strongly at year-end, while sales in Western Europe and Asia showed good growth throughout the year.

Initiatives that started in 2014 to simplify and rationalise operations continued in 2015. Alongside cost-saving measures in administration and now closed sales offices, production and logistics relocated from Sweden to Poland during the year. The ongoing restructuring and streamlining measures led to a total of SEK 59m in costs affecting comparability.

In the autumn of 2015, Nina Jönsson was appointed new CEO and she took over during the first quarter of 2016.

Sustainability

HL Display has worked actively with sustainability issues for many years. The company's prioritised areas are business ethics and anti-corruption given its operations in a number of markets with an elevated risk, as well as environmental issues that focus on resource efficiency, recycling and choice of raw materials. All production facilities are certified according to ISO 14001. HL Display subscribed to the UN Global Compact in 2010.

Development potential

HL Display has a market leading position in an attractive sector with good growth potential and major opportunities for efficiency improvements. Since Ratos's acquisition, HL Display has reviewed its production structure, relocated production to low-cost countries and implemented a cost-cutting programme, which all combined improved the competitiveness of HL Display's product range. Over the past two years, the company has also worked actively to create its own market through concept sales, more structured activities for global customers and continued product innovation, which gave results in 2015 in the form of growth in concept sales, particularly in mature European markets. The focus going forward is to continue to further improve sales efforts. In all, our assessment is that the company has good potential for growth, both through organic growth in existing markets and through add-on acquisitions.

We also see excellent opportunities for improved margin through the company's operational leverage and as a result of the restructuring measures carried out in 2015, and which will provide effects in years to come.

Time of acquisition, year	2001/2010
Co-owners:	
Management and Board of Directors	1%
Consolidated book value	SEK 797m
Net investment	SEK 415m

Holding 99%

Responsible for the investment: Robin Molvin

FINANCIAL FACTS, SEKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	1,488	1,509	1,596	1,657	1,643
EBITDA	47	99	166	142	100
EBITA	8	60	128	104	64
EBITA margin (%)	0.5	4.0	8.0	6.3	3.9
Items affecting comparability in EBITA	-59	-18	-12	-21	-39
Adjusted EBITA	66	77	140	125	103
Adjusted EBITA margin (%)	4.5	5.1	8.8	7.6	6.3
Cash flow before acquisition and disposal of companies	15	50	91	70	22
Interest-bearing net debt	627	635	296	396	469
Average number of employees	993	1,134	1,143	1,162	1,138

NON-FINANCIAL KEY FIGURES	**2015**
Number of work-related accidents with absence	20
Waste, sorting level	94%
Energy consumption, MWh	25,476
Share of electricity labelled good environmental choice	58%
Water consumption, m^3	347,120

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for HL Display are available at www.ratos.se.

www.hl-display.com

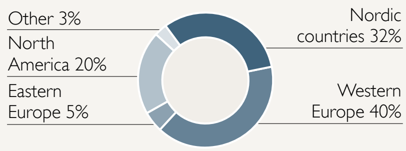
Jøtul

Weak demand due to mild weather

Completed structural measures have led to improved profitability

Focus on enhancing market position

SALES BY REGION



Restructuring and streamlining efforts in production, logistics and distribution have had effect in the form of cost savings and more internal efficiency.

Operations

Jøtul is one of Europe's largest manufacturers of stoves and fireplaces. The company, one of Norway's oldest dating back to 1853, manufactures cast-iron stoves and fireplaces, inserts, surrounds and accessories. The group's most important brands are Jøtul and Scan. Jøtul stoves are made of cast iron with an emphasis on their timeless, Norwegian origins, while Scan's products are manufactured from sheet metal with a modern design. Manufacturing mainly takes place in Norway and Denmark, with smaller units in France and the US, and to some extent via partners. Its products are sold worldwide through the company's sales subsidiaries and distributors. Products reach end consumers through specialised stores and in Norway also through the DIY channel.

Market

Jøtul's largest markets are the Nordic countries, France and the US. The market share in the Nordic countries is approximately 20%. Competition mainly comprises local players in Jøtul's various markets. However, the main competitor in the Nordic region, NIBE, like Jøtul has an international presence. Short-term demand is affected by the macroeconomic situation and consumers' willingness to invest. Long-term market growth is mainly driven by an increased focus on heating using renewable energy and by the price trend for alternative heating sources – electricity, oil and natural gas. Market development is also affected by factors such as weather, property prices, housing starts and renovations. Key product characteristics for cast-iron stoves and fireplaces are design and the ability to burn the wood cleanly so that particle emissions are minimised. In Norway, tough demands on clean-burning were introduced at an early stage and Jøtul's products are market leaders in this area.

The year in brief

Sales in 2015 rose, driven by currency effects. Growth in France was weak and several of the company's larger markets were negatively affected by the mild weather.

The plan launched in 2014 to recover Jøtul's competitiveness and profitability continued throughout the year, resulting in cost savings as a combination of continued internal efficiency improvements and structural changes in the production structure. Implemented measures and favourable currency effects led to an improvement in the adjusted EBITA margin for the full year.

During the year, a capital contribution of SEK 91m was provided and a new financing agreement was signed, resulting in a new capital structure and improved cash flow.

In 2015 Jøtul won several prestigious design awards for the design of its cast-iron stoves and fireplaces, an increasingly more important factor in efforts to strengthen the brand directly among consumers.

Sustainability

High quality and environmental products are central to Jøtul's product development and manufacturing process. All cast iron used in production is manufactured from recovered scrap iron and hydropower is used almost exclusively in the manufacturing process. Jøtul's products are among the market's most energy efficient and have a very clean burning technology. Jøtul aspires to the company's products being environmentally certified in accordance with local environmental certification standards.

The company places great emphasis on health and safety.

Development potential

Jøtul has a strong global market position. The market in which the company is active is, however, shrinking and has been volatile, showing negative development since Ratos acquired the company. Jøtul has increased its market shares, but the earnings trend has been unsatisfactory. Therefore, focus for the most recent and coming years will be on further streamlining in order to restore profitability.

In addition to optimising purchasing, production, logistics and distribution, Jøtul will invest in product development to further strengthen its global market position. An important element in greater competitiveness includes continued investments in product development that focuses on both design and emissions from stoves and fireplaces coupled with efficiency in pace with demands for changes in regulations.

Time of acquisition, year	2006
Co-owners:	
Management and Board of Directors	7%
Consolidated book value	SEK 94m
Net investment	SEK 650m

Holding **93%**

Responsible for the investment: Lars Johansson

FINANCIAL FACTS, NOKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	888	845	838	784	859
EBITDA	49	32	40	6	21
EBITA	0	-20	-13	-44	-29
EBITA margin (%)	-0.1	-2.4	-1.6	-5.7	-3.3
Items affecting comparability in EBITA	-6	-4	-7		-24
Adjusted EBITA	5	-16	-7	-44	-5
Adjusted EBITA margin (%)	0.6	-1.9	-0.8	-5.7	-0.6
Cash flow before acquisition and disposal of companies	-19	-48	-21	-70	-68
Interest-bearing net debt	498	537	527	499	540
Average number of employees	595	627	635	683	713

NON-FINANCIAL KEY FIGURES	**2015**
Incidence rate (Work-related accidents with sick leave per one million working hours)	8
Sick leave (Norway)	7.9%

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Jøtul are available at www.ratos.se.

www.jotulgroup.com

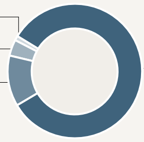
KVD

Strong growth within Cars, +76%

Growth initiatives and establishment in Norway charged to earnings

Torbjörn Wik has taken over as acting CEO

SALES BY SEGMENT



The initiative within Cars has developed strongly and focus on growth is planned in order to more quickly gain market shares and cultivate conditions for long-term improved margin.

Operations

KVD is Sweden's largest independent online marketplace offering broker services for second-hand vehicles. The company has two business areas, Cars and Machines & Heavy Vehicles, and operates the auction sites kvd.se, kvdnorge.no and kvdauctions.com where trading in cars, heavy vehicles and machines takes place on a weekly basis. KVD handles the entire transaction from client order to end customer as well as guaranteeing the quality of the brokered item. KVD is independent (does not own the item itself) and represents both buyer and seller in the transaction. The aim is to offer the most secure and effective process with the lowest risk for both parties. The company also offers additional services such as guarantees, insurance, financing and transport. Revenues comprise commission on brokered sales and services, and the sale of additional services.

KVD's marketplaces have about 200,000 unique visitors per week and KVD has facilities at 16 locations in Sweden and one in Norway. The company includes Sweden's largest valuation portal for cars, bilpriser.se. In 2015, the valuation service was launched for the Norwegian market, too. The company has approximately 170 employees.

Market

The market for company cars is stable where car dealers comprise the largest competing channel for sales to end customers. KVD also competes with auction companies that sell only to dealers. KVD has a market share of approximately 10% in the segment for sales of second-hand company cars (primarily leased cars) in Sweden and is therefore the market leader. Since 2012, KVD has also brokered cars owned by private individuals and thus more than doubled the potential market in Sweden. Competitors in brokerage of private cars are primarily traditional car dealers and private-to-private sales via digital advertising. Greater digitisation and greater demand for fast, reliable management of the buying and selling process are key drivers. Within Heavy Vehicles, KVD's current market share is approximately 7%. The machine market is highly fragmented both in terms of brokered items and alternative sales channels.

The year in brief

In 2015 KVD proceeded with a number of growth initiatives such as the launch of a new valuation service in Norway, a new auction site for professional users in Machines & Heavy Vehicles, expanded marketing activities, continued process automation and the opening of more drop-off points.

Sales were stable during the year. Cars showed strong development with a growth of 76%. The number of cars brokered for private individuals amounted to about 20% of the total volume of cars compared with 12% in 2014. The trend in Company Cars and Machines & Heavy Vehicles was weaker, and stable in Norway.

Establishment in the Norwegian market and restructuring in Machines & Heavy Vehicles are charged to the year's earnings.

After year-end, Torbjörn Wik assumed the position of acting CEO. The process of recruiting a new CEO has begun.

Sustainability

KVD's business concept is to offer an efficient, transparent process for brokering second-hand items, which in turn leads to more efficient use of resources and a more sustainable society. To be the leading marketplace

requires confidence and transparency, which is the basis for the company's internal business ethics process. KVD also works to gradually make its operations more environment friendly, with focus on the company's local test facilities.

Development potential

KVD has a highly competitive business model, which was the main reason for Ratos's original acquisition of the company. We also saw potential to expand both inside and outside Sweden and through a broadening of the offering. Since the acquisition the company's business has been streamlined, brokerage of privately owned cars has been initiated and KVD has also established itself in Norway. In recent years the company has made significant investments in technology, marketing, facilities and customer offerings.

During 2015, focus was mainly on a considerable growth in private car volumes. In the future, we foresee vast potential for growth within privately owned cars because the market share is small and there is consumer demand for this service. Focus will also be on developing strategic partnerships, automating processes, developing value-adding add-on services and benefiting from the digitisation trend.

KVD has a good platform for continued, strong organic sales growth.

Time of acquisition, year	2010
Consolidated book value	SEK 316m
Net investment	SEK 210m

Holding
100%

Responsible for the investment: Lars Johansson

FINANCIAL FACTS, SEKm	2015	2014	2013	2012	2011
Net sales	317	315	297	287	276
EBITDA	34	48	46	46	57
EBITA	29	44	44	41	52
EBITA margin (%)	9.3	14.0	14.8	14.4	18.9
Items affecting comparability in EBITA	-8	-6		-2	
Adjusted EBITA	38	50	44	44	52
Adjusted EBITA margin (%)	11.9	16.0	14.8	15.2	18.9
Cash flow before acquisition and disposal of companies	18	32	18	49	29
Interest-bearing net debt	159	176	203	220	144
Average number of employees	168	176	186	184	177

NON-FINANCIAL KEY FIGURES	2015
Sick leave, own employees	3.4%
Customer satisfaction index (1–5)	4.2
CO_2 emissions, CO_2e tonnes (scope 1+2 and business trips)	315
CO_2 emissions, CO_2e tonnes per employee (scope 1+2 and business trips)	2.0

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for KVD are available at www.ratos.se.

www.kvd.se

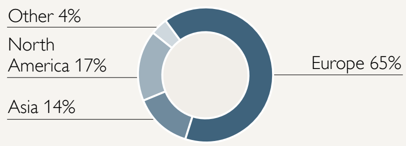
Ledil

Sales growth of 19% – higher demand in several segments and markets

Improved profitability driven by increasing volumes

Strategic growth initiatives initiated

SALES BY MARKET



Strong sales growth, driven by higher demand for high-quality secondary optics, has contributed to better profitability. Several strategic growth initiatives have started.

Operations

Ledil develops and sells secondary optics (plastic lenses which through design and material properties focus light from a source to achieve a desired lighting solution) for LED lighting. The company has a broad portfolio of proprietary products sold globally through its own sales force as well as through agents and distributors with emphasis on Europe, North America and Asia. Production is carried out by subcontractors in Finland and China. Today the products are mainly used in environments with high demands on lighting performance and are found exclusively in commercial applications such as retail stores, offices and street lighting. The company's many proprietary products are of a high quality and compatible with most available light sources.

Market

The global lighting market has annual sales of approximately SEK 750bn. Underlying growth is driven by the rising population, urbanisation and an increased interest in lighting.

LED technology has revolutionised the lighting market through lower energy consumption, environmental friendliness and superior operating life. In addition to the economic advantages, LED penetration, today assessed as reaching approximately 15–25%, is also driven by legislation banning traditional incandescent bulbs. LED market penetration is expected to see strong growth in future years.

Secondary optics, which are mounted adjacent to the light source, give the light its properties by changing the direction (concentrating or diffusing) as well as dispersing the light and are a vital component in an LED lamp.

Ledil has a strong market position in Europe and significant potential for further growth in North America and Asia. In addition to Ledil, the Taiwanese company LedLink is a larger market player within secondary optics. The market is, however, relatively fragmented with a number of smaller local players.

The year in brief

Ledil's markets continued to perform strongly throughout 2015 when demand for secondary optics was still high.

Sales climbed by 19% (13% adjusted for currency effects). The strong growth is driven by increased demand in several product areas and geographic markets as well as Ledil's high pace of innovation. Strategic growth initiatives have started, particularly within the sales organisation.

Profitability, with an EBITA margin of 32.1% (30.5), improved driven by increased volume and positive currency effects.

During the period, Ratos received a dividend of SEK 17m from Ledil.

Sustainability

Ledil's products are instrumental in the conversion to more environmental lighting and thereby, to reduced climate impact. Prioritised sustainability issues are the company's climate impact in the value chain, as are human rights and working conditions among the subcontractors.

Development potential

Ledil is a fast-growing, profitable and innovation-focused company that has built up a strong market position within its niche. The company's opportunities for continued organic growth within several product areas and markets, combined with the underlying rising demand for energy-efficient, environmentally friendly and high-quality LED lighting, will be growth drivers in the years ahead. In addition to growth within secondary optics, Ledil is assessed in the medium term as having the potential to expand its offering to related product areas and to grow through add-on acquisitions.

The expertise and innovative powers of its management, combined with Ratos's experience of supporting companies in growth phases and further developing organisations, create exciting opportunities to take Ledil to the next level.

Time of acquisition, year	2014
Co-owners:	
Founders and management	34%
Consolidated book value	SEK 461m
Net investment	SEK 460m

Holding **66%**

Responsible for the investment: Robin Molvin

FINANCIAL FACTS, EURm	**2015**	**2014**	**2013**	**2012/13**	**2011/12**
Net sales	31.7	26.8	19.7	18.2	15.3
EBITDA	10.3	6.9	5.3	4.8	3.9
EBITA	10.2	6.8	5.2	4.7	3.8
EBITA margin (%)	32.1	25.3	26.5	25.7	24.6
Items affecting comparability in EBITA		-1.4			
Adjusted EBITA	10.2	8.2	5.2	4.7	3.8
Adjusted EBITA margin (%)	32.1	30.5	26.5	25.7	24.6
Cash flow before acquisition and disposal of companies	4.9	-	-	2.9	2.7
Interest-bearing net debt	19.9	19.9	-	-2.7	-2.6
Average number of employees	74	70	-	52	41

NON-FINANCIAL KEY FIGURES	**2015**
Sick leave	2.4%
Further indicators to be determined in 2016	

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Ledil are available at www.ratos.se.

www.ledil.com

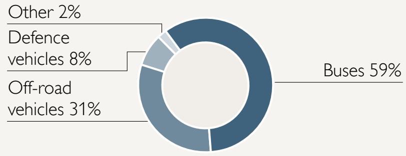
Mobile Climate Control

Increased market activity has led to sales growth of 24%

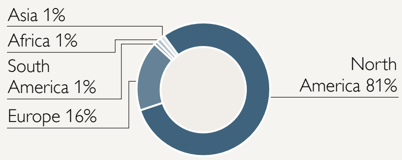
Improved profitability driven by higher volumes and currency effects

Competitiveness strengthened through new technology investments

SALES BY OPERATING AREA



SALES BY MARKET



Good sales and earnings trend. Several key orders have been landed which strengthened the North American bus market share.

Operations

Mobile Climate Control (MCC) develops, manufactures and sells complete climate control systems with high demands on product performance and quality for vehicles produced in short series. The climate control systems are designed to customer specifications and include heating and/or cooling (HVAC), providing a pleasant environment for drivers and passengers.

MCC has three main customer segments: bus manufacturers, off-road vehicle manufacturers (such as construction vehicles, mining and materials handling vehicles and forest machines) and defence vehicle manufacturers. The head office is in Stockholm and production takes place in Canada, the US, Poland and China. Approximately 80% of sales take place in North America.

Market

Market growth is driven by a long-term increase in the number of vehicles produced and by the fact that a growing proportion are equipped with climate control systems. The trend is for end customers to demand better comfort for passengers and drivers, while vehicle manufacturers demand more energy-efficient solutions.

MCC has a strong position in its customer segments. In North America, the company is one of the market leaders in the bus segment and has a strong position within off-road vehicles. In Europe, MCC's position is strong in the bus segment for heating systems but weaker in cooling systems. The company has a good market position in off-road vehicles in the Nordic region. In defence vehicles, MCC's operations focus on North America where the company has a strong market position. Among MCC's larger North American competitors are Red Dot, Bergstrom and ThermoKing. The European market is fragmented and Spheros, Konvekta and Aurora are a few of the company's competitors.

The year in brief

Recovery for the North American bus market continued during the year. The European market was stable, overall. MCC's market share improved for effective climate comfort systems for urban buses after MCC landed several key orders during the year.

Continued increasing market activity in the bus segment in North America contributed to a robust sales growth of 24% (10% adjusted for currency effects).

Operating margin improved for the year driven by increasing volume and positive currency effects.

A new production plant for aluminium-based heat exchangers (new technology) opened in Toronto, which further strengthens MCC's competitiveness in customized climate control systems.

Sustainability

MCC makes long-term efforts to reduce environmental impact from both the production and application of the company's products in the form of reduced emissions and higher energy efficiency. Respect for human rights and preventive anti-corruption initiatives in the entire value chain are other key aspects. The company's sustainability efforts are implemented in practice through The MCC Way – the company's objectives, values and working methods.

Development potential

MCC is a profitable niche company in a market with good structural growth. Since Ratos's acquisition, MCC has evolved from a successful entrepreneur-controlled company into a global, professional industrial player. Two strategic add-on acquisitions and active customer activities and product development have enhanced the company's market position. Efficiency has improved through reorganisation and optimisation of production, systematic purchasing efforts and investments in modern production technology.

The market trend has been challenging for several years. However, in 2015 the demand for effective climate comfort systems increased, and the effects of previously implemented measures and market investments started to pay off.

Our assessment is that MCC has considerable growth potential. It is satisfying to witness the intensified market activity and that previously implemented measures have reinforced the company's competitiveness. Over the next few years, the company will focus on growth, both organic and through acquisitions, while continuing to address the issue of efficiency improvement. MCC is today well-positioned for profitable growth, both strategically and operationally.

Time of acquisition, year	2007/2008
Consolidated book value	SEK 1,032m
Net investment	SEK 620m

Holding **100%**

Responsible for the investment: Henrik Blomé

FINANCIAL FACTS, SEKm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	1,264	1,021	978	1,250	1,048
EBITDA	164	120	112	124	61
EBITA	152	106	97	108	45
EBITA margin (%)	12.0	10.4	9.9	8.6	4.3
Items affecting comparability in EBITA	-3	-1	-6	-3	-58
Adjusted EBITA	154	107	103	111	103
Adjusted EBITA margin (%)	12.2	10.5	10.5	8.9	9.8
Cash flow before acquisition and disposal of companies	65	62	92	2	60
Interest-bearing net debt	421	465	464	562	570
Average number of employees	640	618	658	628	630

NON-FINANCIAL KEY FIGURES	**2015**
Sick leave	1.5%
Employee turnover	12.5%
Energy consumption, MWh	2,952

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Mobile Climate Control are available at www.ratos.se.

www.mcc-hvac.com

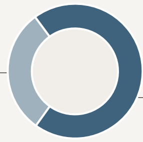
Nebula

Sales rose by 11% through both organic and some acquired growth

Focus on cloud services and the company's scalable business model to strengthen growth opportunities

Strategic add-on acquisition and refinancing completed

SALES BY SEGMENT



Good sales growth within cloud services, strategic add-on acquisitions and focus on initiatives that strengthen future opportunities for growth.

Operations

Nebula is a market leader within cloud-based IT-capacity services, IT-managed services and network services for small and medium-sized companies in the Finnish market.

Nebula's operations are split into three areas: cloud services (capacity, software and platform services delivered over the internet), IT-managed services (management and monitoring of servers at the customer's site or on dedicated hardware at Nebula's data centres) and network services (internet connections via fibre and DSL, as well as private networks).

The company has four data centres – two in Finland, one in London and one in Singapore – and its own leased fibre network between the largest cities in Finland. In total, Nebula has approximately 40,000 customers and 90% of sales are subscription based. The head office is in Helsinki.

Market

The total market for IT services in Finland is growing by an average of about 2% per year. Within Nebula's market niche, the underlying growth is stronger. Demand is driven by an increasing need to store, process and transmit data flexibly and securely, by efficiency gains where customers can outsource IT management, and by the fact that standardised and scalable cloud services are cheaper than traditional solutions. The benefits of cloud services are relevant to small and medium-sized companies; high growth is therefore expected in this segment.

The market for cloud services is also growing faster than the total market for IT services. Competitors are mainly local providers, although Google and Amazon are competitors for standardised services.

Annual growth in the market for IT-managed services is approximately 3%, but slightly faster within Nebula's focus area server management. Competitors in IT-managed services include TeliaSonera, Elisa and smaller local IT-managed providers.

The market for network services is stable. Growth can mainly be created here by taking market shares from the major operators.

The year in brief

The year is characterised by robust sales growth of 11%, driven by continued strong growth in cloud services and good development for IT-managed services and network services. New initiatives were completed during the year that focus on sales, customer loyalty, customer service and the organisation in order to secure opportunities for continued growth.

Parts of Telecity's Finnish network and support operations were acquired during the year. The acquisition strengthens Nebula's position in the Finnish market.

As a result of the company's favourable performance, a refinancing of Nebula was carried out in November, giving Ratos a dividend of EUR 20m.

Sustainability

The most significant sustainability issues for Nebula are information security and business ethics (for example, processing sensitive information), energy efficiency as well as dedicated and healthy employees. Since 2013, Nebula has had a basic framework for how sustainability efforts should be carried out in line with Ratos's guidelines and the principles in the UN Global Compact.

Development potential

Ratos invested in Nebula because it is a fast-growing, well-run company with a leading position in markets with strong underlying growth. Nebula is quality-oriented and has a good reputation, a local presence and acknowledged technical expertise, which are vital when customers choose a service provider.

We see major potential to develop Nebula with continued growth and good profitability since the company, in addition to its strong market position, has an attractive and scalable business model with low margin costs for new customers, good customer relationships, high customer satisfaction, strong cash flows and a relatively non-cyclical range of services.

The current digitisation and trend for small and medium-sized enterprises to outsource their IT environment is expected to last and contribute to continued growth in the sector.

Nebula is well-positioned to continue to gain market shares by harnessing the strong underlying market growth in its core business areas and successfully participating in the consolidation of the fragmented cloud services market.

Time of acquisition, year	2013
Co-owners:	
Rite Ventures (formerly principal owner)	15%
Management and key employees	12%
Consolidated book value	SEK 232m
Net investment	SEK 100m

Holding
73%

Responsible for the investment: Johan Rydmark

FINANCIAL FACTS, EURm	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	31.9	28.6	26.4	24.2	21.5
EBITDA	11.5	11.4	12.1	9.8	7.7
EBITA	9.3	9.4	10.0	8.0	6.1
EBITA margin (%)	29.2	32.8	38.1	33.0	28.2
Items affecting comparability in EBITA	-0.3	-0.2	1.4		
Adjusted EBITA	9.7	9.6	8.7	8.0	6.1
Adjusted EBITA margin (%)	30.3	33.5	32.9	33.0	28.2
Cash flow before acquisition and disposal of companies	7.2	5.0	-	-	4.7
Interest-bearing net debt	53.6	30.8	35.7	-	21.5
Average number of employees	131	117	112	103	90

NON-FINANCIAL KEY FIGURES	**2015**
Customer satisfaction index (1–5)	4.1
PUE, Power Usage Effectiveness (total facility energy/IT equipment energy)	1.16

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Nebula are available at www.ratos.se.

www.nebula.fi

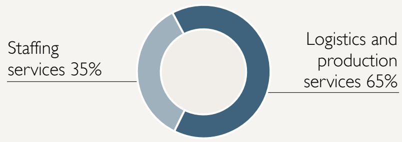
Speed Group

Sales growth of 30% – higher demand in all business areas

Higher start-up costs for new customer contracts and IT investments

Acquisition completed in September

SALES BY SEGMENT



Co-owned with the founders since September. Strong sales growth driven by higher demand in both logistics and staffing services. Several new key customer contracts were signed to broaden the customer base and increase volumes.

Operations

Speed Group is a fast-growing Swedish supplier of services that range from staffing and recruitment to full-scale warehouse management, as well as production and education.

The Group has two primary business areas; staffing, and logistics and production services. Staffing service offers both blue and white collar personnel, as well as external recruitment of skilled professionals. Logistics and production services include full-scale warehouse management and production services. The company also offers external training courses in these areas.

Speed Group is located in south-west Sweden and its head office is in Borås.

Market

Demand for efficient logistics and production services is steadily increasing in pace with the growth in e-commerce, escalating outsourcing, the centralisation of warehouses in strategic locations and the rising complexity of logistics systems. Customers also have an increasing need for flexible solutions for specialised and skilled personnel, which has been apparent in the flourishing staffing market in recent years. A flexible solution for logistics, production and staffing provides customers with the opportunity to focus on their core operations. Among the most prominent players in staffing and logistics services are the company's competitors, including Logent and Aditro Logistics. The market for outsourcing of logistics has grown in the past years and is expected to continue to report annual growth of approximately 5–7%.

The year in brief

Speed Group has demonstrated strong sales growth driven by higher demand in both logistics and staffing services. Efforts to broaden the customer base have continued, and the company has satisfyingly signed several new key customer contracts.

Earnings declined as an effect of seasonal fluctuations in individual customer contracts, and have been burdened by start-up costs in conjunction with new customer contracts and investments in a new IT platform.

During the year, the company's sustainability efforts were recognised with Sakrådet's 2015 Award for its long-term, structured and strategic collaboration with schools in technology and industry.

Sustainability

Speed Group works to integrate sustainability in the company's comprehensive strategy and business plan, and actively strives to reduce the company's environmental impact and work environment-related risks in warehousing and production, which also provides competitive advantages. The company contributes to the local community through its continuous involvement in technology and schools, including through the Navet Science Center.

Development potential

Ratos invested in Speed Group because it is a fast-growing service company with a unique business model and considerable development potential in a structurally growing market niche.

Speed Group's customer-oriented corporate culture and currently strong market position in the Gothenburg region means a continued development potential to expand organically with existing customers and to increase the market share in south-western Sweden, where expansion in efficient logistics solutions and the need for flexible solutions remains strong.

Focus is also on strengthening and investing in internal processes and efficiency improvements. In all, we have a positive view of the growth potential of the industry and Speed Group's potential as a competitive supplier.

Time of acquisition, year	2015
Co-owners:	
The company's founders Jarl Ternander, Daniel Johansson and Jesper Andersson	30%
Consolidated book value	SEK 290m
Net investment	SEK 285m

Holding
70%

Responsible for the investment: Henrik Joelsson

FINANCIAL FACTS, SEKm	**2015**[1]	**2014**[1]	**2013**	**2012**	**2011**
Net sales	536	413	337	251	178
EBITDA	34	64	48	33	23
EBITA	25	57	42	31	22
EBITA margin (%)	4.7	13.8	12.4	12.2	12.2
Items affecting comparability in EBITA	-16	3			
Adjusted EBITA	42	54	42	31	22
Adjusted EBITA margin (%)	7.8	13.0	12.4	12.2	12.2
Cash flow before acquisition and disposal of companies	-	-	21	6	18
Interest-bearing net debt	41	-	8	-11	-13
Average number of employees	706	637	573	396	287

NON-FINANCIAL KEY FIGURES

To be established in 2016

[1] Earnings for 2015 and 2014 are pro forma taking into account Ratos's acquisition.

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for Speed Group are available at www.ratos.se.

www.speedgroup.se

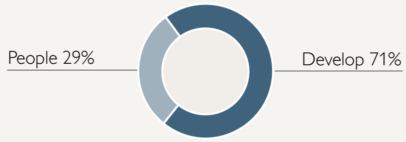
TFS

Good order intake and robust sales growth of 17% within professional fees

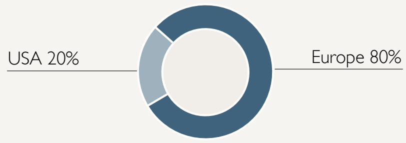
High utilisation of resources and effective implementation of several trials strengthened earnings

The acquisition of TFS completed in October

SALES BY SEGMENT



SALES BY REGION



Fast-growing company Trial Form Support was acquired in October. The company demonstrates continued strong growth, better profitability and effective implementation of several successful trials.

Operations

Trial Form Support (TFS) performs clinical trials in the human phase on behalf of the pharmaceutical, biotechnology and medical device industries, as well as associated sectors. TFS is a clinical research organisation (CRO) that offers broad medical competence and niche expertise, providing global clinical trials to its customers in a regulated and safe manner. The company's offering comprises contract research services by coordinating and implementing clinical trials, regulatory consulting and analysis of test results. Assignments comprise the implementation of entire clinical development programmes or specifically selected services of the clinical trials.

TFS's services contribute to solving customers' increasing needs to optimise internal use of resources, as well as the need for qualitative and efficiently performed clinical trials. TFS's services achieve a reduction in the clinical development time and therefore contribute considerable value to the customers' objective of reducing time to market and potentially increased sales.

TFS has 25 offices in Europe and North America, and conducts trials in a total of 40 countries.

The number of employees has continued to climb throughout the year, and at the end of 2015 totalled approximately 700.

Market

The CRO market is global with an estimated value of approximately USD 35bn and expanding as pharmaceutical companies increasingly focusing on their core operations (R&D), as well as the need to adhere to the increasing requirements and complexity of the regulatory frameworks. TFS's core expertise lies in serving small and medium-sized pharmaceutical, biotechnology and medical device companies where there is a growing outsourcing trend for clinical trials. The CRO market is expected to grow annually by approximately 6–8%.

The year in brief

During the year, TFS has shown robust development and growth through a streamlined work process that successfully supplied large-scale global trials. The task of integrating earlier add-on acquisitions in Europe and the US has progressed to realise the expected synergies.

Professionl fee revenue increased by 17% due to good order intake and positive growth in all regions and business areas.

In 2015, TFS successfully implemented a globalisation process of the company's operational business areas and service functions. The implementation was driven by Group management to ensure efficiency, resource optimisation, system utilisation and quality control of all global clinical development projects.

Sustainability

TFS's key sustainability issues comprise following up respect for human rights and reasonable working conditions in the value chain, primarily pertaining to contracted suppliers, and ensuring good business ethics and preventive anti-corruption efforts. The company's direct environmental impact is small. Through its work, the company contributes to positive community development by assuring the quality of new pharmaceuticals.

Development potential

Ratos invested in TFS for its high-quality service offering in a fast-growing market niche where there is continued strong potential for growth.

TFS has well-established and strong customer relations, and has developed a stable international platform in a market segment that is expanding as the demand for these service offerings and specific expertise increases. We have also identified a distinct consolidation trend in the industry, which could generate opportunities for attractive add-on acquisitions. TFS is an entrepreneurial company with a corporate culture that focuses on customers and sales, and where we have identified potential for further development and improved profitability through combining the management's industry expertise with Ratos's experience of developing growing companies with a clear strategic agenda, our capital and our skills in conducting add-on acquisitions.

Time of acquisition, year	2015
Co-owners:	
Company CEO Daniel Spasic	40%
Consolidated book value	SEK 135m
Net investment*	SEK 145m

Holding **60%**

Responsible for the investment: Mikael Norlander

** Before additional purchase price.*

FINANCIAL FACTS, EURm	**2015[1]**	**2014[1]**	**2013**	**2012**	**2011**
Net sales	73.7	58.8	56.2	43.4	
- Professional fee revenue	52.9	45.1	41.0	32.6	
- Reimbursable revenue	20.7	13.7	15.2	10.8	
EBITDA	5.1	1.5	2.4	2.3	
EBITA	4.8	1.3	2.2	2.1	
EBITA margin (%)	6.5	2.2	3.9	4.8	
Items affecting comparability in EBITA	0.0	-0.5	-0.2	0.3	
Adjusted EBITA	4.8	1.8	2.4	1.8	
Adjusted EBITA margin (%)	6.5	3.0	4.3	4.2	
- Adjusted EBITA margin (%), estimated on sales Services	9.1	3.9	5.9	5.5	
Cash flow from operating activities before acquisition and disposal of companies	2.6	1.7	-1.5	0.4	
Interest-bearing net debt	-1.9	0.2	2.3	-0.2	
Average number of employees	646	550	494	422	

[1] TFS's earnings for 2015 and 2014 are pro forma taking into account Ratos's acquisition and for reversed goodwill amortisation.

NON-FINANCIAL KEY FIGURES

To be established in 2016

A complete description of historic pro forma, income statement, statement of financial position, statement of cash flows, and a presentation of the Board and management for TFS are available at www.ratos.se.

www.tfscro.com

Serena Properties

SERENA
PROPERTIES

80% of the leasable area leased to grocery and discount retailers

Acquisition of Serena Properties completed in January 2016

In January 2016, the acquisition of the newly formed real estate company Serena Properties was completed.

Operations
Serena Properties (Serena) is a newly formed real estate company with a portfolio of 22 commercial retail properties in 14 mid-sized towns in Finland. The company owns and manages properties located in established retail areas with tenants that are attractive and largely comprise grocery and discount retailers. The largest tenants are Kesko and S-group. Total leasable area is 152,000 square metres.

Market
The Finnish market for retail properties has higher yield levels than many other segments and geographies due to the recession and a relatively small market with restricted liquidity.

Most of Serena's tenants are grocery and discount retail store chains that have performed relatively well in a weak domestic economy in Finland.

There are a number of players who invest in retail properties in the Nordic countries, including Svenska Handelsfastigheter, Sveafastigheter Riks, Nordika funds and Vencom.

The year in brief
The agreement to acquire the 22 properties in the portfolio was signed in November 2015. The transaction was completed and the new company was formed in January 2016. The company's tenants in grocery and discount retail have performed well in recent years in an otherwise weak Finnish retail market.

Sustainability
Under Ratos's ownership, Serena Properties will systematise their efforts regarding relevant sustainability issues, focusing on the company's environmental impact, in which energy consumption and heating are key areas.

Development potential
With the establishment of Serena Properties, Ratos sees an opportunity to streamline day-to-day operations and generate value by developing the retail areas through proactive management. There is potential for growth in value-generating investments to develop the properties, extending leases, and optimising the mix of retail area tenants. Serena will assess attractive Nordic add-on acquisitions in the form of similar properties. Serena has a well-diversified portfolio of retail properties in Finland, with long-term contracts with high-performance retail chains.

Ratos and Varma are strong owners with joint focus to develop and increase the value of the portfolio through more active management.

Time of acquisition, year	2016
Co-owners:	
Varma	43%
Redito	1%

Holding
56%

www.serena.se Responsible for the investment: Johan Rydmark

Financial statements

RATOS

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Quick guide to Ratos's accounts

Ratos acquires, develops and divests companies. The way in which we monitor the business is not fully reflected in the financial statements prepared in accordance with IFRS. Ratos has therefore opted to present its own version of the consolidated income statement and its own presentation of equity attributable to the owners of the parent company.

Ratos's results

SEKm	2015	2014
Profit/share of profits before tax [1]		
AH Industries (70%)	-15	-55
Aibel (32%)	-75	-215
ArcusGruppen (83%)	106	117
Biolin Scientific (100%)	3	10
Bisnode (70%)	201	-144
DIAB (96%)	105	-62
Euromaint (100%)	-224	17
GS-Hydro (100%)	11	91
Hafa Bathroom Group (100%) [2]	3	-6
HENT (73%)	194	135
HL Display (99%)	-28	3
Inwido (10%) [3]	42	151
Jøtul (93%)	-42	-110
KVD (100%)	21	33
Ledil (66%) [4]	65	-12
Mobile Climate Control (100%)	108	47
Nebula (73%)	71	67
Nordic Cinema Group (58%) [5]	108	218
Speed Group (70%) [6]	10	
SB Seating (85%) [7]		107
TFS (60%) [8]	-2	
Total profit/share of profits	**664**	**392**
Exit Nordic Cinema Group	905	
Exit Inwido	290	1,187
Exit Hafa	-93	
Exit SB Seating		202
Total exit result	**1,101**	**1,390**
Impairment AH Industries	-85	-87
Impairment Euromaint	-480	
Impairment Hafa Bathroom Group		-62
Impairment Jøtul		-101
Profit from companies	**1,200**	**1,532**
Income and expenses in the parent company and central companies		
Management costs	-252	-229
Financial items	-56	64
Consolidated profit before tax	**892**	**1,367**

1) Subsidiaries' profits included with 100% and investments recognised according to the equity method included with pre-tax holding percentage.
2) Hafa Bathroom Group is included as a subsidiary in consolidated profit until October 2015.
3) Inwido is included in consolidated profit through September 2014 as a subsidiary and subsequently as an associate with a holding of 31% until April and 10% respectively until October 2015 when the entire holding was divested.
4) Ledil is included in consolidated profit from 29 December 2014.
5) Nordic Cinema group is included in consolidated profit through June 2015. The entire holding was sold in July 2015.
6) SB Seating is included in consolidated profit through September 2014. The entire holding was sold in October 2014.
7) Speed Group is included in consolidated profit from September 2015.
8) TFS is included in consolidated profit from October 2015.

This table on the left shows which companies contribute to consolidated profit before tax and by how much. Subsidiaries are 100% included and investments recognised according to the equity method included with pre-tax holding percentage. Profit before tax is the same as in the Consolidated income statement. To gain an understanding of development in each individual company, refer to the table on ▶ page 33, Companies overview, and financial facts for the companies (▶ pages 34-68). These are updated quarterly in conjunction with Ratos's interim reports and a more detailed version is published on the website. The table below illustrates the carrying amount (consolidated carrying amount) per company and the share each company has of Ratos's equity.

A complete guide to Ratos's accounts is available on Ratos's website.

Ratos's results

Profit before tax for the full year 2015 amounted to SEK 892m (1,367). Ratos's companies report an improved total result that, adjusted for exit results and impairment, amounts to SEK 664m (392). The profit is burdened by impairment of SEK 565m, attributed mainly to Euromaint. Ratos's income and expenses in the parent company and central companies amounted to SEK -308m (-165), consisting of management costs of SEK -252m (-229) and net financial items of SEK -56m (+64). The increase in management costs is mainly due to higher transaction costs attributable to a higher level of transaction activities.

Ratos's equity

At 31 December 2015, Ratos's equity (attributable to owners of the parent) amounted to SEK 12,882m (14,027m), corresponding to SEK 36 per outstanding share (39).

Ratos's equity [1] **SEKm**	**31 Dec 2015**	**% of equity**
AH Industries	125	1
Aibel	1,539	12
ArcusGruppen	701	5
Biolin Scientific	360	3
Bisnode	1,257	10
DIAB	651	5
Euromaint	124	1
GS-Hydro	182	1
HENT	181	1
HL Display	797	6
Jøtul	94	1
KVD	316	2
Ledil	461	4
Mobile Climate Control	1,032	8
Nebula	232	2
Speed Group	290	2
TFS	135	1
Total	**8,479**	**66**
Other net assets in the parent company and central companies	4,403	34
Equity (attributable to owners of the parent)	**12,882**	**100**
Equity per ordinary share, SEK [2]	**36**	

1) 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.
2) 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.

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit the 2015 Annual Report for the parent company and the Group. The registered office of the Board is in Stockholm, Sweden.

The company's activities

Ratos is an investment company that acquires, develops and divests mainly unlisted Nordic companies. Over time, Ratos is to generate the highest possible return by actively exercising its ownership to realise the potential of a number of selected companies and investment situations. In this, Ratos provides stock market players with a unique investment opportunity.

Ratos has its roots in Söderberg & Haak – Sweden's first wholesaler for iron and iron products – which was formed on 5 May 1866. In 1934, the assets were placed in an investment company under the name Ratos, as in Ragnar and Torsten Söderberg. Ratos was listed in 1954. Business direction has changed a few times over the years, but the connecting thread throughout Ratos's history is entrepreneurship, business development and community involvement. Some 50 people work at Ratos today, of whom about 25 work in the investment organisation.

At 31 December 2015 Ratos owns 17 companies in the Nordic region.

Company	Ratos's holding 31 Dec 2015
AH Industries	70%
Aibel	32%
ArcusGruppen	83%
Biolin Scientific	100%
Bisnode	70%
DIAB	96%
Euromaint	100%
GS-Hydro	100%
HENT	73%
HL Display	99%
Jøtul	93%
KVD	100%
Ledil	66%
Mobile Climate Control	100%
Nebula	73%
Speed Group	70%
TFS	60%

Investment strategy

Ratos invests mainly in unlisted medium-sized Nordic companies with clear development potential. The enterprises should have an established business model through which Ratos and the companies can together identify and then realise a potential.

Holding and investment interval

Normally, Ratos is the largest owner in the companies, but we can also have a minority holding. However, our constant ambition is to be a committed owner that takes part in and can influence the companies' development. We gladly co-invest with entrepreneurs and other owners, and we have a minimum holding of 20%. We normally invest a minimum of SEK 250m and a maximum of SEK 5bn in equity. Ratos does not invest in the early phases of companies' life cycles.

Geographic focus

Ratos invests in enterprises that are headquartered in the Nordic region. No geographic limits exist for add-on acquisitions to our companies.

Sector independent

Ratos develops companies through active ownership. Independent of sector, we lend the innovativeness, experience, expertise, contacts and capital needed to realise the potential of our companies.

Selection process

Ratos focuses on self-generated transactions. Our investment organisation identifies and analyses companies with potential for development that suit Ratos's portfolio of companies. We also take part in processes driven by investment banks and other advisors.

Exit strategy

Ratos does not have any limits to its holding period. The companies' return potential and Ratos's ability to contribute to their development is continuously assessed. Ratos can retain its holding as long as value is created in the company that exceeds the return target, which is often for a five-to-ten-year period.

Financial targets

Ratos has a company-specific return target (annual average internal rate of return, IRR) that amounts to a minimum of 15–20%. The target creates opportunities to make attractive investments in the current market situation with low market interest rates, a business environment with lower growth and greater competition for attractive acquisition candidates. During the past ten years, Ratos has sold 19 companies, with an average IRR of 22% per year. Returns will always vary over time and between investments. A few of the companies in Ratos's portfolio will not meet the return target. At the same time, many companies in the portfolio are expected to exceed the return target.

Dividend policy Class A and B shares

- The dividend over time shall reflect the actual earnings development in Ratos.
- Historically over 50% of profit after tax has been distributed as a dividend.
- The aim is to have an even dividend development.

Dividend policy preference shares

- Dividends on preference shares are regulated in the Articles of Association and currently amount to SEK 25 per quarter and share, although a maximum of SEK 100 per preference share and year.
- Payments are made quarterly in February, May, August and November.

Events during the year

Acquisitions

In October, acquisition of 60% of the shares in Trial Form Support International (TFS) was completed. TFS is an international service supplier, so-called contract research organisation (CRO), which performs clinical trials in the human phase on behalf of pharmaceutical, biotechnology and medical device industries, as well as associated industries. The purchase price (enterprise value) for 100% of the company amounted to approximately EUR 47m, of which Ratos provides equity of approximately EUR 27m, including a maximum additional purchase price.

In September, Ratos completed the acquisition of Speed Group, a fast-growing Swedish logistics and staffing services provider. The purchase price (enterprise value) for 100% of the company amounted to approximately SEK 450m, of which Ratos paid SEK 285m for a holding corresponding to 70%.

Disposals

In July, Ratos completed the sale of Nordic Cinema Group, whereby Ratos received SEK 1,667m for its shareholding. The exit gain amounted to SEK 905m, with an average annual return (IRR) of 41%.

In April, Ratos sold 20.9% of the total number of shares in Inwido AB (publ). The sale was made at a price of SEK 91 per share, a total of SEK 1,103m, and provides an exit gain of SEK 236m. In October, the remaining 10.4% were sold. The sale was made at a price of SEK 83 per share, a total of SEK 498m, and provided an exit gain of SEK 54m. Following the sale, Ratos owns no shares in Inwido. In total, Inwido generated an exit gain of SEK 1,477m and an annual average return (IRR) of 16%.

In November, Ratos sold Hafa Bathroom Group after almost 15 years as owner. The selling price amounted to approximately SEK 50m (enterprise value), generating an exit loss of SEK 93m including impairment of SEK 84m, and a negative annual average return (IRR).

Refinancing and dividends

HENT repaid Ratos's shareholder loan of SEK 50m in the first quarter. During the second quarter, Ratos received a dividend in the amount of SEK 17m from Ledil.

Nebula carried out a refinancing in November whereby Ratos received a dividend of SEK 186m. HENT's positive performance during the year facilitated a re-financing of the company, giving Ratos a dividend of SEK 259m.

Capital contributions

Ratos provided capital contributions during the year to Biolin Scientific (SEK 5m), DIAB (SEK 40m), Euromaint (SEK 30m), and Jøtul (SEK 91m). In conjunction with Bisnode's acquisition of operations in AIS Nordic, Ratos made a contribution of SEK 46m. Ratos contributed SEK 59m to GS-Hydro in conjunction with the company's acquisition of the UK company First Hose.

Environmental impact

Operations that require a permit under the Environmental Protection Act are conducted within some subsidiaries. Permits relate to environmental impact in the form of emissions of solvents to air as well as dust, effluent and noise. Ratos's direct environmental and climate impact is limited. In its investing activities, Ratos exercises environmental and climate considerations by weighing in long-term sustainability in its investment decision, and by driving the development of "climate smart" products and services and advocating that the companies focus on energy efficiency.

Sustainability

Sustainability or Corporate Responsibility – i.e. take responsibility for the company's impact on its environment and stakeholders – is a key part of efforts to manage and develop the trust that Ratos has built up in the Nordic business community and society over a period of almost 150 years. As responsible owner, Ratos generates value by driving the sustainability agenda in our companies. Sustainability is an integrated part of the exercise of our ownership role throughout the holding period – from the decision process ahead of an acquisition to a responsible divestment. Long-term sustainability, including climate impact, is an integrated part of our new investment assessments, and the investment organisation works actively with sustainability issues in every company based on both common requirements for all companies and company-specific efforts to ensure focus on sustainability issues relevant to each company. Ratos's CR framework clarifies expectations and demands on the companies related to governance and management of sustainability programmes as well as the companies' conduct regarding human rights, labour, business ethics and anti-corruption, and the environment. It contains the same key areas as the UN Global Compact's ten principles as well as aspects related to strategy and governance of sustainability. The CEO and management of each company have operational responsibility for the company's sustainability efforts. Each company board is ultimately responsible for ensuring the company complies with Ratos's and the company's policies and guidelines. Furthermore, each company's board ensures that the company meets Ratos's sustainability requirements and performs an annual review of work on these issues. In companies which are associates, Ratos has a different degree of influence, so demands and processes may be different. Ratos's sustainability efforts have been discussed by Ratos's Board on several occasions in 2015.

Results

The parent company's profit before and after tax amounted to SEK 587m (1,293). The Ratos Group's profit before tax (see Note 2) amounted to SEK 892m (1,367). This result includes profit from companies of SEK 1,200m (1,532). Ratos's companies report an improved total result that, adjusted for exit results and impairment, amounts to SEK 664m (392). The exit gain of SEK 1,101m (1,390) is included, as is impairment of SEK -565m (-250). Impairment of SEK 85m for AH Industries is attributable to a lower outcome in 2015 due to postponed orders, for example, and the positive effects of the implemented actions programmes are expected somewhat later than earlier estimated. The impairment of SEK 480m for Euromaint is a consequence of the disposal of the German subsidiary and Euromaint's overall weak performance over an extended period.

Financial position

Cash and cash equivalents in the Group amounted to SEK 6,455m (5,320) at year-end. The Group's interest-bearing net debt at year-end amounted to SEK 2,167m (5,440). Interest-bearing liabilities including pension provisions amounted to SEK 8,686m (10,826). Interest-bearing net debt for associates is not included. The Group's equity ratio amounted to 47% (46). The parent company has substantial liquid assets. Cash and cash equivalents amounted to SEK 4,677m (3,251) at year-end.

The parent company's liabilities, which are limited, mainly relate to centrally administered subsidiaries. The parent company has a three-year rolling 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. At the end of the period the credit facility was unutilised. In addition there is a mandate from the 2015 Annual General Meeting to authorise the Board, in conjunction with company acquisitions, to make a decision on a new issue of a maximum of 35 million Ratos Class B shares as well as an authorisation to issue a maximum total of 1,250,000 preference shares of Class C and/or Class D in conjunction with agreements on acquisitions. The mandate is unutilised and applies until the 2016 Annual General Meeting.

Management costs

Management costs in Ratos AB and central companies amounted to SEK 252m (229), approximately 1% (1) of market capitalisation. In the past five years, management costs have amounted to an average of SEK 199m per year.

Events after the reporting period

In January, Ratos completed the acquisition of 56% of the shares in Serena Properties AB, a newly formed real estate company with a portfolio of 22 commercial retail properties in Finland. The purchase price (enterprise value) for 100% of the company amounts to approximately EUR 191.5m, of which Ratos provided EUR 39m (SEK 359m) in equity. The other owners are the Finnish pension insurance company Varma, the previous owner of the properties, and property management company, Redito.

In February, Ratos signed an agreement to acquire approximately 70% of the shares in airteam, a leading supplier of ventilation solutions in Denmark. The purchase price (enterprise value) for 100% of the company amounts to approximately DKK 575m, of which Ratos will provide approximately DKK 250m in equity.

Future development

Ratos's focus on growth and profit-improving measures in the companies during 2015, coupled with acquisitions and completed sales, means that today's Ratos portfolio has the potential to continue to deliver higher earnings in 2016. The Ratos companies have a clear majority (85%) of the sales in the Nordic and Western European countries. Overall, these markets were stable in 2015. However, market conditions vary as always between different sectors and niches. A few of Ratos's companies have some sales in Asia (China, primarily), and here we have seen a distinct slowdown in the fourth quarter even if it, due to its limited scope, has no major impact on Ratos as a whole. For the portfolio of companies that Ratos owns at the beginning of 2016, Ratos sees that conditions exist for higher operating profit (adjusted for the size of Ratos's holdings) overall in 2016. Ratos's financial position is strong with cash of SEK 4.7bn at the close of the year – particularly reassuring given the macroeconomic turbulence at the beginning of 2016.

Risks and uncertainties

Ratos's value and return on invested capital depends on development in the companies which Ratos acquires and the ability to realise the value in these companies. The success and value development of the companies depend on how skilled the investment organisation and each company's management group and board are at implementing value-enhancing improvements. Value is also dependent on external factors such as the general macroeconomic climate as well as on how the markets in which the companies operate develop. If this is less favourable than expected, which Ratos cannot influence, there is a risk that the value of individual investments can fall which can result in return being less favourable than expected. Ratos performs an annual mapping and risk assessment and risk management of the companies and Ratos's parent company which is aggregated, compiled and assessed by Ratos's management and Board. Risk efforts have a broad perspective and include external, strategic, financial, operational risks and risks related to compliance and sustainability. See further in Ratos's Corporate Governance Report.

It is also essential that Ratos has the ability to attract and retain employees with the right skills, experience and values. A high level of expertise in business development, transactions and financing are essential in Ratos's business.

The Group through its activities is exposed to various types of financial risks related to trade receivables, trade payables, loans and derivative instruments. The financial risks consist of financing risks, interest rate risks, credit risks and currency risks. Ratos's Board approves the financial strategy for the parent company while the subsidiaries' boards adopt financial strategies for each company. The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy. The Group has no central treasury management function, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. Subsidiaries' financial policies are adopted by each company's board. For further information, refer to Note 30 Financial risks and risk policy.

The work of the Board of Directors

The Corporate Governance Report includes a report on the work of the Board, ▶ see page 77 onwards.

The Board's proposal to the 2016 Annual General Meeting for decision on guidelines for remuneration to senior executives

The incentive system for the Company's business organisation is of major strategic importance for Ratos. Against this background, a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of the shareholders.

The incentive system comprises a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles.

- Ratos's employees shall be offered competitive terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary to senior executives does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year the compensation is earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately one per cent of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value, but also take a personal risk by paying a market premium for the options.

With regard to the costs for the proposed option programmes, refer to the Board's proposal regarding call options (item 17) and synthetic options (item 19) in the Notice of the Annual General Meeting. Pension benefits are generally paid in accordance with the ITP Plan. For pension benefits that deviate from the ITP Plan, defined contribution pension benefits apply.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail.

The guidelines for remuneration to senior executives which the 2015 Annual General Meeting decided and which apply until the 2016 Annual General Meeting are presented in Note 9.

Ratos share data

Total no. of Class A shares at year-end	84,637,060
Total no. of Class B shares at year-end	239,503,836
Total no. of Class C shares (preference shares) at year-end	830,000
Total no. of shares	324,970,896

Class A shares carry entitlement to one vote per share and Class B and C shares (preference shares) to 1/10 of a vote per share. Class A shares can be issued in a maximum number that corresponds to 27% of the share capital and Class B shares in a number that corresponds to 100%, Class C shares in a number that corresponds to 10% and Class D shares in a number that corresponds to 10%. The Söderberg family with companies owned at the turn of the year shares corresponding to 17.6% of the capital and 43.5% of the voting rights. The Ragnar Söderberg Foundation had 9.1% of the capital and 17.0% of the voting rights. The Torsten Söderberg Foundation has 8.7% of the capital and 12.6% of the voting rights.

The company knows of no agreements between shareholders that might lead to restrictions in the right to transfer shares.

Holdings of treasury shares

The 2015 Annual General Meeting renewed the mandate that the company may repurchase Class A, Class B, Class C preference shares and Class D shares that may be issued during the period until the next Annual General Meeting. Purchases may be made on one or more occasions before the next Annual General Meeting. Purchases shall take place on Nasdaq Stockholm at a price within the price band prevailing on Nasdaq Stockholm on each occasion. A maximum number of shares may be acquired so that the company's holding at any time does not exceed 7% of all the shares in the company.

Purchases of treasury shares are carried out in order to give the Board greater freedom of action in its efforts to create value for the company's shareholders. This includes hedging of call options issued within the framework of Ratos's incentive programme.

No Class A or B shares were repurchased in 2015. 3,501 treasury shares were transferred during the year in accordance with a resolution at the 2014 Annual General Meeting to administrative employees. At year-end, the company held 5,127,606 treasury shares, corresponding to 1.6% of the total number of shares with a quota value of SEK 3.15 per share. A total of SEK 356m was paid for the shares.

Ratos repurchased 89,854 Class C shares (preference shares) in 2015. A total of SEK 168m was paid for the shares.

Proposed distribution of profit

The following amounts are at the disposal of the Annual General Meeting:

	SEKm
Share premium reserve	1,556
Fair value reserve	7
Retained earnings	7,251
Profit/loss for the year	587
Total	9,401

The Board of Directors proposes the following distribution of profit:

Dividend to holders of Class A and B shares SEK 3.25 per share [1]	1,037
Dividend to holders of Class C preference shares issued 19 June 2013 [2]	74
Dividend to holders of Class C preference shares and/or Class D shares of SEK 25 per quarter, although a maximum of SEK 100 per share, in the event of maximum utilisation of the authorisation [3]	125
To be carried forward	8,165

1) Based on the number of shares outstanding on 16 February 2016. The number of treasury shares on that date was 5,127,606 and may change during the period until the record date for dividends.

2) Based on the number of shares outstanding on 16 February 2016. Dividends on preference shares are regulated in the Articles of Association following a general meeting resolution. The dividend amounts to SEK 25 per quarter, although a maximum of SEK 100 per preference share and year. Payments are made quarterly in February, May, August and November.

3) In accordance with the Board's proposal to the 2016 Annual General Meeting regarding possible new issue of preference shares.

Chairman's letter

18 years is a long time – and yet, it's not. When you find yourself in the midst of an ever-changing existence, you don't really have the time to contemplate how big the differences are as compared, for example, with a decade ago. I guess it's like our own ageing – usually we feel as young and beautiful (almost...) as always, at least until we catch sight of a photo taken a while back...

When I in conjunction with the Annual General Meeting in April leave my office on Drottninggatan after four years as Chairman preceded by almost 14 years as CEO, it is however the most natural thing in the world to ponder some past events.

Looking back on the situation in 1998/1999, the greatest difference is that Ratos of today is a completely different type of company, with a completely different strategy and business model. Ratos 1998/1999 was a traditional pure investment company with a portfolio of primarily listed shares. Two and a half years later, 90% listed had become 90% unlisted, a professional ownership organisation had been built and the journey Ratos is still undertaking had begun.

It is well worth noting however that we have not thrown the baby out with the bathwater, and much of what constituted our heritage – the stable, long-term and serious owner family, the tradition of industrial development efforts, the assumption of enormous responsibility toward the companies owner, and much more – became the basis for the (then) new strategy. As we used to say the first years: "we are making contemporary business based on a stable platform of good, old-fashion Swedish ownership tradition".

As a consequence of the change in strategy, or more accurately, the improved profitability that this brought with it, Ratos's substantial investment company discount transformed, after a few years, into a valuation premium. And handling this valuation issues was the main objective behind the strategy change, something we theoretically compiled using the so-called "Black Box" theory. During my first years at Ratos, the discount was at most more than 40%. Today, we still have by analysts' standards measures, a valuation premium.

A reflection of this is obviously the total return (price plus reinvested dividend) that shareholders have enjoyed since 1999. An investment in the Ratos share then at SEK 100 was worth SEK 914 at the turn of the year 2015/2016, which equates to an annual return of approximately 14%. A similar investment in an average listed share was worth SEK 442. And this is true despite the negative price development during a few of the later years.

Another, gradual and on a daily basis difficult to detect change, is the manning of the Board and management. Over the past years, Ratos has undergone a major generational change in management and the rest of the organisation, a change that has been seamlessly completed. The business is still managed in an exemplary manner and, as I pointed out in last year's Letter from the Chairman, Sanna and her team have done an extraordinarily good job in a particularly tough and daunting environment. It is an old truth that we should differentiate between our assessment of a company and its shares, and this most certainly applies to Ratos the past years. That the changes have been so smoothly implemented is largely due to the sound corporate governance in place in Ratos – (again) an area in which the company ranks among the elite.

A few other major differences between 1998/1999 that are today worth highlighting include:

- the time a listed CEO spends on necessary, albeit from a business development perspective unproductive activities, is dramatically greater today
- the substantially more globalised world in which we live today has dramatically altered the landscape in which Ratos is active, both in terms of its own operations and the competitive situation, but also for the portfolio of companies
- the difficult political and macroeconomic situation, and the consequences thereof, such as supply markets that are swimming in money, have created completely new and more challenging circumstances for a company that has transactions as an integrated part of its operations.

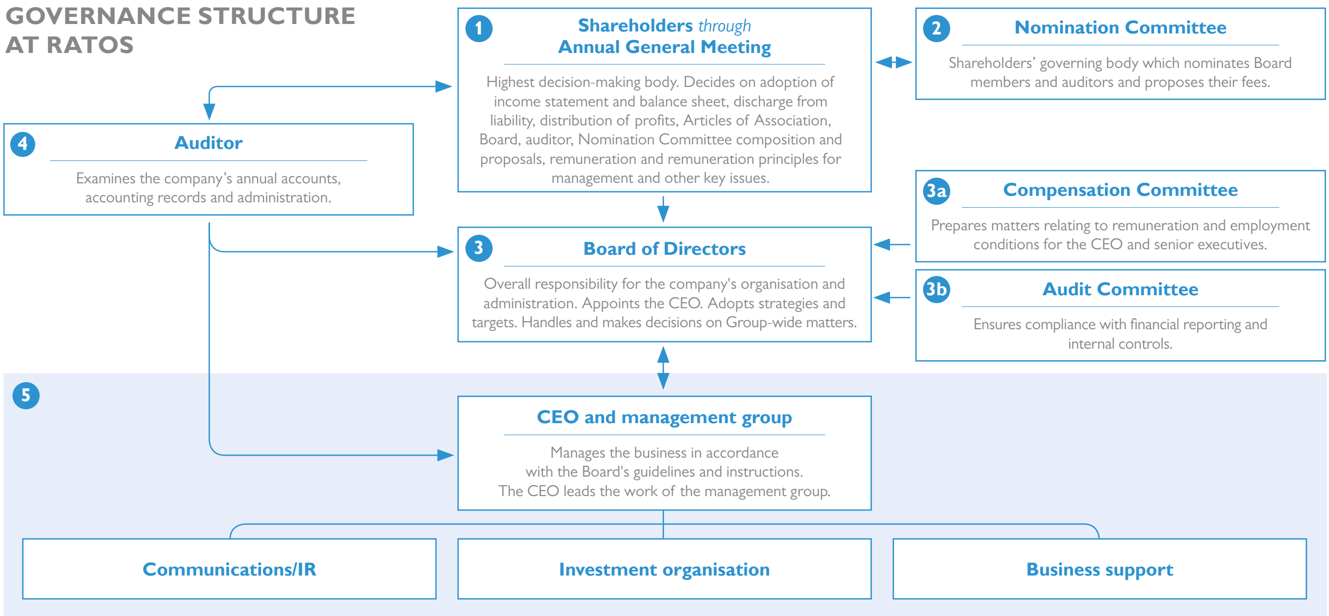
Naturally, it will feel very strange to leave a company to which one has devoted more than half of one's career. Nonetheless, when I accepted the role of chairman I had already planned to try to assist the generational change that had then started, and eventually hand over the baton to other capacities. This decision is not without an element of selfishness as it is my intention to no longer work as much as a I did when I was CEO – and I'm still not quite there.

I am therefore extremely pleased that we have managed to recruit a first-class new chairman to Ratos who, with both vast industrial insight – the area in which most of Ratos's value creation has been achieved since 1999 – and transaction experience, will contribute to the company's further development. After all, as we all know: change is the only tradition worth preserving. And it is thanks to change that Ratos will celebrate its 150th anniversary in 2016, with a future that is every bit as exciting as in 1866. Welcome to the boardroom, Jonas!

Finally, of all that I will truly miss when I pass through the doors of Drottninggatan 2, the most noticeable are all the fantastic colleagues in the Board and the organisation with whom I have had the pleasure to work throughout all the years. The collegiality of the Ratos spirit is something unique that I, as I now leave my operational career, will never experience again. These have been more than thrilling and expansive years; above all, we have a damn good time working together! My deepest and sincerest thank you for that.

Arne Karlsson
Chairman of the Board

Corporate governance report



Corporate governance in Ratos

Ratos AB is a public limited company and the basis for governance of Ratos is both external and internal regulations. In order to establish guidelines for the company's activities, the Board has prepared and adopted policy documents. These provide guidance to the organisation and employees based on the basic values and principles that must characterise the operations and conduct.

Ratos applies the Swedish Code of Corporate Governance (the Code) and does not report any non-compliance from the Code in the 2015 financial year, except with regard to the composition of the Nomination Committee (see Nomination Committee on ▶ page 76).

This corporate governance report seeks to avoid repetition of information that is included in applicable regulations and primarily to describe corporate governance for Ratos AB.

The company's auditors have performed a statutory examination of the Corporate Governance Report.

Key external rules

- Swedish Companies Act
- Accounting legislation and recommendations
- Nasdaq Stockholm's Rules for Issuers
- Swedish Code of Corporate Governance

Key internal rules and documents

- Articles of association
- The Board's formal work plan
- Decision-making procedures/authorisation instructions
- Reporting guidelines for Ratos's companies
- Internal guidelines, policies and manuals which provide guidelines for the Group's operations and employees, such as Ratos's information policy, owner policy, code of conduct, and policy for corporate responsibility and responsible investments

1 Shareholders and general meetings

Share capital and shareholders

Ratos has been listed on Nasdaq Stockholm since 1954. At year-end 2015 the share capital amounted to SEK 1,024m divided among a total of 324,970,896 shares, of which 84,637,060 Class A shares, 239,503,836 Class B shares and 830,000 Class C shares (preference shares). The company's Class A shares carry entitlement to one vote per share while Class B shares and preference shares carry entitlement to one-tenth of a vote per share. Class A and B shares carry the same right to a share of the company's assets and to the same amount of dividend. The dividend on preference shares is regulated by the Articles of Association and includes preferential right before Class A and B shares to the company's assets. The Annual General Meeting decides on dividends.

At year-end Ratos had a total of 61,740 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 74% of the voting rights and 44% of the share capital. More information about Ratos's shares and shareholders is provided on ▶ page 25-27.

General meetings

The general meeting is the highest decision-making body in Ratos and it is through attendance that Ratos's shareholders exercise their influence on the company. Normally one general meeting is held each year, the Annual General Meeting of Shareholders, which is convened in Stockholm before the end of June. Notice is published in the form of an announcement in the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Ratos's website. Publication of the notice is announced in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in Swedish and English.

Read more about Ratos's corporate governance

Read more about Ratos's corporate governance on our website under About Ratos/Corporate governance:

- Articles of association
- Information from general meetings in previous years
- Nomination Committee
- The Board and its committees
- Corporate governance reports from previous years

A shareholder with at least one-tenth of the votes in Ratos is entitled to request an extraordinary general meeting. The Board and Ratos's auditor can also convene an extraordinary general meeting.

In order to have a matter considered at an Annual General Meeting a shareholder must submit a written request to the Board in good time so that the matter can be included in the notice of the meeting, normally approximately seven weeks before the Annual General Meeting. The closing date for such requests is stated on Ratos's website.

Shareholders who are registered on Euroclear Sweden's list of shareholders and who have notified their attendance to the company in due time are entitled to attend the Meeting, in person or through a proxy, and to vote for their holding of shares. Shareholders may bring an assistant to the meeting provided they have notified the company.

The following business shall be resolved at the Annual General Meeting:

- Adoption of the income statement and balance sheet
- Discharge from liability for the Board and CEO
- Disposition of the company's profit or loss
- Determination of fees to be paid to the Board of Directors and auditor
- Election of the Board of Directors and auditor
- Guidelines for remuneration to senior executives
- Amendments to the Articles of Association

Annual General Meeting 2015

The 2015 Annual General Meeting was held on 16 April at Stockholm Waterfront Congress Centre. The Meeting was attended by 642 shareholders, proxies and assistants, who together represented 77.3% of the voting rights and 46.4% of the capital.

Ratos's Board, management and auditor were present at the Meeting. Minutes and information about the 2015 Annual General Meeting, in both Swedish and English versions, as well as the CEO's address to the Meeting are published on www.ratos.se

61,740

Ratos's shareholders

Decisions at the 2015 Annual General Meeting included the following:

- Dividend of SEK 3.25 per Class A and B share, a total of SEK 1,037m. Dividend of Class C preference shares issued on 19 June 2013 of SEK 25/share per quarter, although a maximum of SEK 100/year, a total of SEK 83m.
- Fees of SEK 1,050,000 to the Chairman of the Board and SEK 475,000 to each member of the Board as well as fees to auditors.
- Re-election of Board members Staffan Bohman, Arne Karlsson, Annette Sadolin, Charlotte Strömberg, Jan Söderberg and Per-Olof Söderberg. Election of Karsten Slotte as a new member of the Board. Arne Karlsson was elected as Chairman of the Board.
- Re-election of audit firm PricewaterhouseCoopers (PwC).
- Principles for how the Nomination Committee should be appointed.
- Adoption of guidelines for remuneration to senior executives.
- Offer to key people in Ratos on acquisition of call options in Ratos and of synthetic options relating to investments in the companies.
- Amendments to the Articles of Association to enable a new issue of Class D preference shares.
- Authorisation for the Board to acquire Ratos shares up to 7% of all shares.
- Authorisation for the Board to decide on a new issue of a maximum of 35 million Class B shares to be used for acquisitions.
- Authorisation for the Board to decide on a new issue of a maximum total of 1,250,000 Class C and/or Class D preference shares to be used for acquisitions.

The Annual General Meeting thanked Lars Berg who after fifteen years on the Board had declined re-election.

Annual General Meeting 2016

Ratos's 2016 Annual General Meeting will be held on 14 April at 16.30 CET at Stockholm Waterfront Congress Centre, Stockholm.

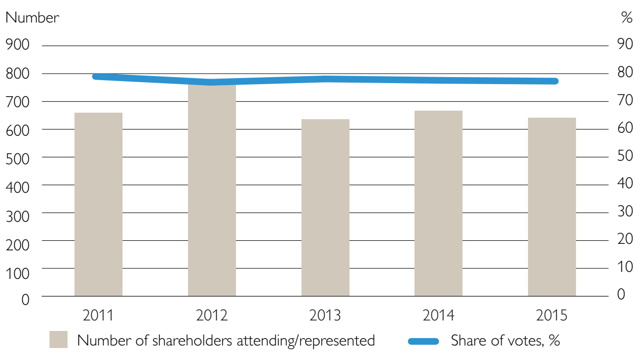
For matters related to the Nomination Committee and the Annual General Meeting, refer to Ratos's website. For further information about the Annual General Meeting ▶ see page 145.

2 Nomination Committee

The Annual General Meeting decides principles for how the Nomination Committee should be appointed. The 2015 Annual General Meeting resolved that the company's Chairman in consultation with the company's major shareholders should appoint a nomination committee ahead of the 2016 Annual General Meeting. According to the resolution, the Nomination Committee shall comprise Ratos's Chairman plus a minimum of four members of the major shareholders in terms of voting rights registered in Euroclear Sweden at 31 August 2015. The majority of the members of the Nomination Committee shall be independent from the company and company management. The Committee's term of office extends until a new Nomination Committee is constituted. If an already appointed member resigns from the Nomination Committee, or the owner who the member represents considerably reduces its shareholding in the company, the Nomination Committee can offer another shareholder to appoint a replacement. The members of the Nomination Committee do not receive any remuneration from the company but are entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment.

The current composition of the Nomination Committee was announced on Ratos's website and disclosed through a press release on 12 October 2015.

Attendance at Annual General Meetings



The work of the Nomination Committee

The duties of the Nomination Committee include:

- To evaluate the composition and work of the Board.
- To prepare a proposal to the Meeting regarding election of the Board and the Chairman of the Board.
- To prepare a proposal, in cooperation with the company's Audit Committee, to the Meeting regarding election of auditor.
- To prepare a proposal to the Meeting regarding fees to the Board, divided between the Chairman and other members, as well as any remuneration for committee work, and auditor.
- To prepare a proposal to the Meeting regarding a chairman for the Annual General Meeting.
- To prepare a proposal regarding principles for the composition of the next Nomination Committee.

Nomination Committee's work ahead of the 2016 Annual General Meeting

Ahead of the 2016 Annual General Meeting the Nomination Committee held four minuted meetings and has had extensive contact in between. In its work the Nomination Committee has taken note of the evaluation of the Board's work performed by an external consultant (read more on ▶ page 78)

In its work the Nomination Committee has also taken note of the presentations by the Chairman of the Board and the CEO of the company's operations, goals and strategies.

Ratos's operational direction means, among other things, that strict requirements are placed on members of the Board to be able to evaluate acquisition and divestment opportunities of companies as well as having experience of operating and developing medium-sized and large companies within different sectors and phases of development. Arne Karlsson and Staffan Bohman have declined re-election. In the search for a new chairman, it has been important for the Nomination Committee to find an individual with good leadership qualities who has both a broad industrial background and documented ability to complete company acquisitions and to further develop operations. The Nomination Committee is of the opinion that Jonas Wiström has during his long-standing managerial career at ÅF documented these abilities. It is the assessment of the Nomination Committee that Jonas Wikström can devote the time and commitment to the role of chairman that is required. Ahead of the 2016 Annual General Meeting the Nomination Committee further proposes that Ulla Litzén be elected Board member.

The Nomination Committee is of the opinion that Ratos has a Board whose overall expertise and experience well meet the requirements placed on it.

The requirement for independence is also assessed as having been met.

The Nomination Committee has continued to discuss requirements for diversity, in particular the requirement for an even gender balance in the Board. In the proposed Board, the proportion of women Board members will be 43% and thereby fulfil the requirements for an even gender distribution set by both the Swedish Corporate Governance Board and various government representatives. The Nomination Committee notes that the proposed Board also represents a good breadth in terms of age, industry experience and market expertise.

Proposed fees to the members of the Board, as well as remuneration for committee work, have been prepared by the three members of the Nomination Committee who are not members of Ratos's Board.

Shareholders have been informed that proposals to the Annual General Meeting can be submitted to the Nomination Committee.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2016 Annual General Meeting as well as complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and also be presented at the 2016 Annual General Meeting.

Deviations/violations

Ratos deviates from the Code's rule 2.4, second paragraph, which states that if more than one Board member sits on the Nomination Committee, a maximum of one of them may be non-independent in relation to the company's major shareholders. Two of the shareholders who have appointed members of the Nomination Committee have appointed Board members Per-Olof Söderberg and Jan Söderberg, both of whom are regarded as non-independent in relation to the company's major shareholders. Against the background of these persons' in-depth knowledge of Ratos, their roots in the ownership group and their network in Swedish industry, it was deemed beneficial to the company to deviate from the Code on this point. No violations of Nasdaq Stockholm's Rules for Issuers or good practice in the stock market have occurred.

3 Board of Directors

Composition of the Board

Ratos's Board shall comprise a minimum of four and a maximum of nine members with a maximum of three deputies. The Board is appointed by shareholders at each Annual General Meeting. The mandate period is thereby one year.

The 2015 Annual General Meeting resolved that the Board shall consist of seven members and no deputies. The Meeting reelected Arne Karlsson (who was also elected as Chairman), Staffan Bohman, Annette Sadolin, Charlotte Strömberg, Jan Söderberg and Per-Olof Söderberg. Karsten Slotte was elected as a new member of the Board. The CEO is not a member of the Board but attends Board meetings. The composition of the Board and an assessment of each Board member's independence is presented in more detail on ▶ pages 83-84.

Responsibilities and duties of the Board

The Board has overall responsibility for Ratos's organisation and management of its affairs, in the interests of both the company and its shareholders. The Board adopts financial targets and decides on the company's strategy, business plan, ensures good internal control, risk management and an adequate sustainability programme. The work of the Board is regulated, among other things, by the Swedish Companies

NOMINATION COMMITTEE AHEAD OF 2016 ANNUAL GENERAL MEETING

Name	Appointed by	Share of votes at 31 Aug 2015	Share of votes at 30 Dec 2015
Jan Andersson	Ratos's principal owner and a number of Swedish institutions, Chairman of the Nomination Committee	0.0%	0.0%
Ulf Fahlgren	Akademiinvest	0.5%	0.5%
Arne Karlsson	Chairman of the Board Ratos, own holding	0.0%	0.0%
Jan Söderberg	Own and related parties' holdings, member of the Board	13.8%	13.8%
Maria Söderberg	Torsten Söderberg Foundation	12.6%	12.6%
Per-Olof Söderberg	Ragnar Söderberg Foundation and own and related parties' holdings, member of the Board	32.4%	32.4%
Total, rounded off		**59.3%**	**59.3%**

Act, the Articles of Association, the Code and the formal work plan adopted by the Board for its work. The Board's overarching responsibility cannot be delegated but the Board may appoint committees tasked to prepare and evaluate issues ahead of a decision by the Board.

Each year the Board adopts a formal work plan for its work designed to ensure that the company's operations and financial circumstances are controlled in an adequate manner. The formal work plan describes the special role and duties of the Chairman of the Board, decision-making procedures, instructions for Ratos's CEO as well as areas of responsibility for the committees. Furthermore, the Board also adopts annually a number of policy documents for the company's operations.

Chairman of the Board

The main duty of the Chairman of the Board is to lead the work of the Board and ensure that Board members carry out their respective duties. Other areas of responsibility include the following:

- Responsible for ensuring that the work of the Board is carried out effectively.
- Ensuring that decisions are made on requisite matters and that minutes are kept.
- Responsible for convening meetings and ensuring that requisite decision material is sent to Board members.
- Acting as a contact and maintaining regular contact with the CEO and management.
- Maintaining regular contact with the auditor and ensuring that the auditor is summoned to attend a meeting in conjunction with the interim report as per September and the year-end report.
- Ensuring that an annual evaluation is performed of the Board and its members.
- Evaluating and reporting annually on the work of the CEO.

Work of the Board in 2015

During 2015, a total of twelve minuted Board meetings were held: seven ordinary meetings, including one statutory meeting, and four extra board meetings. Board meetings have a recurrent structure with the key items as illustrated below. Information and documentation for decision ahead of Board meetings are usually sent out approximately one week before each meeting.

Extra Board meetings normally examine acquisition and divestment issues as well as financing, and are held when such matters requiring a Board decision arise. Senior executives at Ratos attended board meetings to present specific issues.

Evaluation of the Board

The Board has decided that an annual evaluation of the work of the Board shall be performed where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and the scope of the assignment. This evaluation is performed every other year internally and every other year with the help of an external consultant. For the 2015 financial year this evaluation was performed with the help of an external consultant.

As in evaluations performed in previous years the work of the Board was assessed as functioning very well. All members of the Board are considered to have made a constructive contribution to both strategic discussions and the governance of the company, and discussions are characterised by openness and dynamics. The dialogue between the Board and management was also perceived as very good.

Committees

The Board has established a Compensation Committee and an Audit Committee in order to structure, improve efficiency and assure the quality of work within these areas. The members of these committees are appointed annually at the statutory Board meeting.

3a Work of the Compensation Committee

At Ratos, structured work with remuneration principles has been ongoing for many years. The Compensation Committee has both an advisory function (follow-up and evaluation) and a preparatory function for decision matters prior to their examination and decision by the Ratos Board.

The following matters are handled by the Compensation Committee

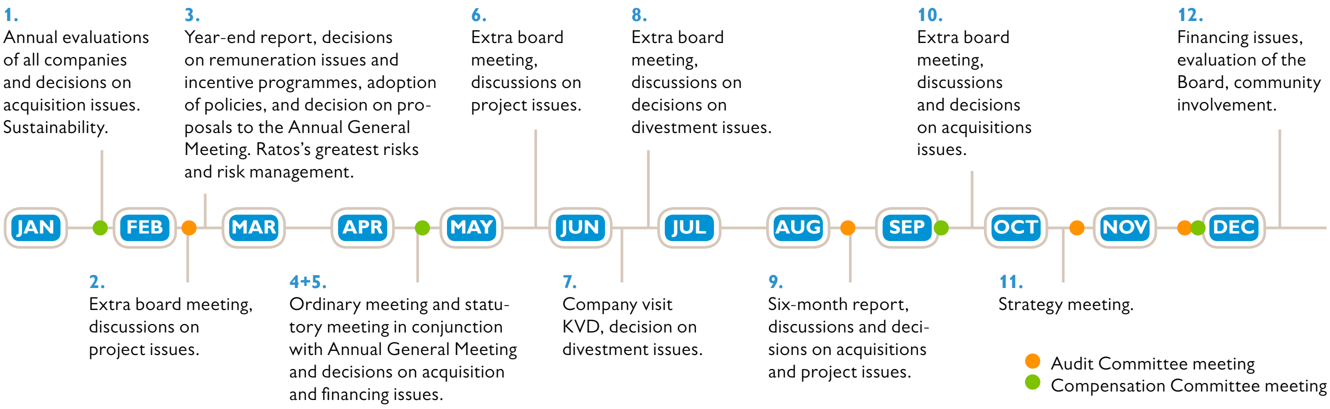
- The CEO's terms of employment and terms for employees directly subordinate to the CEO.
- Advice where required on general policy formulations.
- Matters of principle concerning pension agreements, severance pay, notice periods, bonus/earnings-related remuneration, fees, benefits, etc.
- Matters relating to the incentive systems for Ratos and the companies.
- The Board's proposal to the Annual General Meeting on guidelines for remuneration to senior executives.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination is carried out to see whether there are any major remuneration-related issues of principle to prepare. If such issues exist they are processed ahead of a final proposal at the ordinary meeting in January. The Compensation Committee also prepares and processes guidelines for the structure of general salary development for the years ahead and conducts an annual review of Ratos's long-term incentive systems. No later than three weeks before the Annual General Meeting Ratos's Board submits an account of the results of the Compensation Committee's evaluation on the company's website (www.ratos.se).

During 2015 Arne Karlsson (chairman), Staffan Bohman (until and through the 2015 Annual General Meeting), Jan Söderberg and Per-Olof Söderberg were members of the Compensation Committee.

The Compensation Committee held four minuted meetings in 2015 and in between has been in regular contact. Ratos's CEO, Susanna Campbell, took the minutes.

WORK OF THE BOARD IN 2015



3b Work of the Audit Committee

The Audit Committee includes Staffan Bohman, Arne Karlsson, who is also the chairman of the committee, and Charlotte Strömberg. The company's auditor presented his audit and observations to the Audit Committee on two occasions in 2015. The Audit Committee held four minuted meetings. The Audit Committee has both an advisory and preparatory function for decision matters prior to review and decision by Ratos's Board.

Annually the Audit Committee adopts an annual cycle for its working duties and areas for which the Audit Committee is responsible. The Audit Committee is responsible for and monitors according to an adopted schedule among other things accounting and reporting, audit, corporate governance, risk management, sustainability, financial policy, investment decisions, insurance, disputes and strategic accounting issues as well as compliance with rules and regulations. The CEO and senior executives or auditor can be summoned to attend the meetings of the committee.

The main duties of the Audit Committee are as follows:

- Monitor the financial reporting in regard to efficiency of internal control, internal audit and risk management.
- Discuss valuation issues and assessments in closing accounts.
- Keep itself informed about the audit of the annual accounts and consolidated financial statements, as well as review the audit process.
- Review and monitor the auditor's impartiality and independence and thereby giving particular attention if the auditor provides the company with other services than audit services.
- Assist with preparation of a proposal for a general meeting resolution on election of auditors as well as decision relating to fees to auditors.
- Ensure that the Group's nine-month report is reviewed by the Group's auditor.
- Discuss and prepare Board decisions regarding risk and sustainability.

The Audit Committee provides continuous oral reports to the Board and submits proposals on issues that require a Board decision.

Minutes are made available to all members of the Board and the auditor. The auditor also receives material from the Audit Committee. The Chairman of the Board maintains regular contact with the company's auditor.

Evaluation of the need for an internal audit

Ratos's core expertise is not industry-specific and Ratos's companies today are represented in widely differing sectors and with a wide geographic spread. Furthermore, Ratos's mission means that companies are acquired and divested. For these reasons a general internal audit function would be difficult to establish. With regard to Ratos and the need for an internal audit it has been judged more suitable to discuss and decide for each individual company, so that this can accompany the company when it is sold, rather than setting up an internal audit at Group level. Ratos's management and Audit Committee annually perform a review of which of Ratos's companies that have internal audit functions and which do not have such a function and the reason for this choice.

The parent company Ratos AB with approximately 50 employees is a relatively small company which lacks complex functions that are difficult to analyse. The need to introduce an internal audit function for the parent company Ratos AB must therefore be regarded as negligible. Against this background, the Audit Committee has decided not to introduce an internal audit function at Group level or for the parent company Ratos AB.

Compensation to the Board of Directors

The 2015 Annual General Meeting resolved that compensation to the ordinary members of the Board should be paid of SEK 475,000 per member and year. Compensation to the Chairman of the Board should amount to SEK 1,050,000 per year. It was decided to pay an additional SEK 100,000 per year to the chairman of the Audit Committee and SEK 65,000 per year to other members of the committee. It was decided to pay SEK 50,000 per year to the chairman of the Compensation Committee and SEK 30,000 per year to other members of the committee.

4 Auditor

Ratos's auditor is appointed annually by the Annual General Meeting. Nominations are made by the Nomination Committee. The auditor is tasked on behalf of shareholders to examine the company's annual accounts and consolidated financial statements as well as the administration of the company by the Board and the CEO and the corporate governance work. The review work and auditor's report are presented at the Annual General Meeting.

At the 2015 Annual General Meeting the audit firm PricewaterhouseCoopers was elected as auditor until the next Annual General Meeting. PwC has appointed Peter Clemedtson as Senior Auditor. In addition to his assignment in Ratos, Peter Clemedtson is senior auditor for, among others, Nordea, SKF and Volvo.

Auditor's fees

Compensation is paid to the company's auditor in accordance with a special agreement on this matter in accordance with a resolution at the Annual General Meeting. For a specification of audit fees and fees for other assignments, see Note 10. The Board has established guidelines for the relation between auditing fees and consulting fees. These guidelines are continuously monitored by the Audit Committee which also evaluates the content of both auditing and consulting services.

COMPOSITION OF THE BOARD

					Attendance at meetings 2015		
Name	**Elected year**	**Independent of the company**	**Independent of major shareholders**	**Total fee [1], SEK 000s**	**Compensation Committee meetings**	**Audit Committee meetings**	**Board meetings**
Arne Karlsson	1999	No	Yes	1,200	4/4	4/4	12/12
Staffan Bohman	2005	Yes	Yes	540	1/1[2]	4/4	12/12
Annette Sadolin	2007	Yes	Yes	475	–	–	12/12
Karsten Slotte	2015	Yes	Yes	475	–	–	7/8[3]
Charlotte Strömberg	2014	Yes	Yes	540	–	4/4	12/12
Jan Söderberg	2000	Yes	No	505	4/4	–	12/12
Per-Olof Söderberg	2000	Yes	No	505	4/4	–	12/12
Total				**4,240**			

1) Relates to fees for the Annual General Meeting year 2015/2016.
2) With effect until the 2015 AGM.
3) Elected at the 2015 AGM.
(Lars Berg declined re-election at the 2015 AGM)

5 Governance in Ratos

Ratos's principles for active ownership and the exercise of its ownership role

Ratos is an investment company that acquires, develops and divests mainly unlisted Nordic companies. Over time, Ratos is to generate the highest possible return by actively exercising its ownership to realise the potential of a number of selected companies and investment situations. Ratos's owner policy includes specific strategic foundations that provide a basis for how we choose to act as owner and how we view corporate governance. One of these foundations is that Ratos's companies must be independent of each other, strategically, operationally and financially. As owner Ratos shall add and create value but value creation and governance are therefore not identical in all situations. Having a clear division of responsibility between owner, board and CEO is important for governance of Ratos's companies as well as for the parent company Ratos AB and is therefore a key part of the business model and for Ratos's success as an owner. Read more about Ratos's exercise of its ownership role on ▶ pages 8-12.

Investment decisions and evaluation of existing companies

The decision-making procedures for Ratos's Board and the CEO relating to investment activities stipulate that all significant acquisitions of, and add-on investment in, companies that are to be included among Ratos's companies must be decided by the Board. This also applies to the sale, wholly or partially, of a company. An evaluation of all the companies is performed every year in which an analysis of holding strategy, results and forecasts for future years are presented. These evaluations are presented to the Board by the person responsible for the holding in conjunction with the Board meeting in January.

CEO and management group

The CEO is appointed by the Board and is responsible together with the management group for daily operations in Ratos in accordance with the Board's instructions. The CEO provides the Board with regular updates on operations and ensures they receive information on which to base well considered decisions.

The management group at Ratos consists of the CEO, two deputy CEOs, head of Corporate Communications and one Investment Director. The role of the management group is to prepare and implement strategies, manage corporate governance and organisational issues and monitor Ratos's financial development and Ratos's sustainability programme.

Development of events in the companies as well as updating of ongoing investment processes are dealt with at weekly meetings in a broader group comprising the CEO, deputy CEOs, people responsible for companies, CFO, the head of Sustainability, Debt Manager and the head of Corporate Communications.

Ideas for acquisitions are analysed by the investment organisation together with the CEO and are also discussed in an internal new-investment group, whose main role is to provide feedback on bids made by Ratos in connection with investment processes. After completion of due diligence a basis for decision is sent to Ratos's Board ahead of a decision regarding a possible investment. (Read more about the development model in the section Ratos as owner).

Remuneration to senior executives

Guidelines for remuneration to senior executives was approved at the 2015 Annual General Meeting. More information about basic and variable salary is in Note 9 ▶ pages 108-112.

Internal control

The Board has overarching responsibility for ensuring that Ratos internally has an effective and adequate process for risk management and internal control. The purpose is to provide reasonable assurance that operations are conducted in an appropriate and effective manner, that external reporting is reliable and that laws as well as internal rules are complied with. This work is conducted through structured board work as well as by tasks being delegated to management, the Audit Committee and other employees. Responsibility and authority are defined in instructions for powers of authorisation, policies and manuals which provide guidelines and guidance for the Group's operations and employees.

Furthermore, the board of each subsidiary is responsible for ensuring that the company in question complies with laws and regulations as well as for compliance with internal policies and guidelines. During the year a routine was prepared to strengthen follow-up that will be implemented gradually in 2016.

Ratos's risk management process

Ratos performs an annual review of risks where significant risks in its own operations and the companies are summarised and discussed in Ratos's management and Board.

As part of good corporate governance, the companies are expected to have a continuous process for identifying, assessing and managing

RATOS'S INTERNAL RISK PROCESS

Ratos's internal risk process takes into account a broad spectrum of risks, including external events, strategic, operational, financial risks as well as risks related to violations of laws and rules, including internal policies (compliance and sustainability issues). Annual planning has been updated as of 2016.

Q1 JAN–MAR
- Collection of risk reports from subsidiaries established and approved by each subsidiary's board, confirmed by the chairman of the board to Ratos's CEO
- Each company team presents and discusses subsidiaries' risk analysis with the Head of Sustainability
- The Head of Sustainability aggregates and compiles an overall Group risk report

Q2 APR–JUN
- Discussion and adoption of final risk report in Ratos's management group
- Risk report is presented and then discussed in Ratos's Audit Committee

Q3 JUL–SEP
- Discussion and adoption of risk report by Ratos's Board
- Follow-up of items from Board discussion
- Relevant items are included where necessary in Ratos's as well as the subsidiaries' strategy discussions
- Review of risk process based on feedback from Board and Audit Committee

Q4 OCT–DEC
- Short update to the Audit Committee regarding the Group's greatest risks
- Focus on major changes in the risk map and status update action plan for Group-wide risks

their risks. Each company's CEO and management have operational responsibility for having an appropriate risk management process in place which is approved by the company's board. All subsidiaries' chairmen are asked every year to confirm to Ratos's CEO that the company concerned has implemented an appropriate process for management of the company's risks, which was done in 2015.

Ratos continuously works to strengthen the internal and subsidiaries' risk processes. In 2015–2016, Ratos works to expand the risk management process with an assurance mapping, i.e. a clarification of responsibilities and validation of internal processes and identified risks. Ratos's greatest risks are summarised in the Directors' report ▶ on pages 72-73.

Ratos supports the subsidiaries with proposals for structure, models, etc., for work with risk management, see illustration below.

RECOMMENDED RISK MANAGEMENT PROCESS FOR RATOS'S SUBSIDIARIES

1. **IDENTIFICATION:** Ratos recommends a broad process where all relevant operational and strategic areas are covered, in order to identify the companies' biggest risks. Each company should identify and discuss risks at a suitable level in the organisation in a company-adapted process.

2. **CLASSIFICATION:** classification and ranking of identified risks, based on probability, degree of impact, type of risk and time perspective.

3. **MANAGEMENT:** a plan for how identified risks should be managed is drawn up with activities and means to eliminate/ reduce/ monitor the risk and specifying who is responsible.

4. **REPORTING:** the risk assessment and management plans are presented and discussed in each company's board at least once a year.

5. **REPORT TO OWNER:** a report which summarises the biggest risks at Ratos and the companies is compiled and presented to Ratos's Board annually.

Internal control of financial reporting

Internal control of financial reporting is based on how operations are conducted and how the Ratos organisation is built up. Each company is independent of other companies owned by Ratos and has a dedicated company team that consists of two Ratos employees, one of whom is responsible for the investment. The team works actively in the companies' boards.

Internal control of financial reporting is designed to be appropriate in Ratos AB, as well as in the companies, and is evaluated and decided by each board and management.

Authority and responsibility within Ratos are communicated and documented in internal guidelines, policies and manuals. This applies, for example, to the division of work between the Board and the CEO and other bodies set up by the Board, instructions for powers of authorisation, as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

Ratos's company teams evaluate reporting from the companies from an analytical viewpoint. Performance and risks that are identified are communicated monthly by the person responsible for the investment to the CEO who where appropriate in turn reports to the Board. Ahead of an acquisition a due diligence assessment of the company is performed which includes an analysis of accounting effects, a review of capital structure and a financial risk analysis.

The companies' application of IFRS in their reporting and how they comply with the principle choices Ratos has made are followed up in conjunction with the quarterly accounts. Ratos Accounts has, among other things, prepared a guide for Ratos's companies for their reporting for this purpose.

Accounts relating to acquisitions and investments, as well as major transactions and accounting issues, are discussed and regularly reconciled with Ratos's auditor. In parallel with the annual evaluation, which is described on ▶ page 80, impairment testing is performed for each company.

Quality assurance for financial reporting

It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the accounting, reporting and finance functions are staffed and organised. At Ratos, the entire investment organisation is deeply involved in reporting from the companies. This means that the quality of the accounting and reporting of the companies is continuously examined and developed.

Ratos Accounts is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people are employed within the function headed by the company's Finance Manager. The employees have long professional experience in reporting and accounting. The Debt Management function comprises one person with many years of experience of banking and finance issues.

Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated into the Ratos Group but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of the value-creating work with the companies, is to create independent and high-quality organisations with a quality of financial reporting that corresponds to that of a listed company.

PROCESS FOR FINANCIAL REPORTING

1 REPORTING FROM COMPANIES

The companies report according to a set timetable an income statement every month and an extended reporting package every quarter. Complementary information is provided within several areas in conjunction with the annual accounts.

The reporting constitutes the basis both for the legal consolidated financial statements and for Ratos's analysis of all companies combined. Normally, the financial information is the same, but in some cases, the companies report an adjusted profit, so-called pro forma, to achieve comparable periods and comparable results.

The financial reporting is designed to follow the applicable laws and regulatory frameworks such as IFRS. Reporting is entered into a group-wide electronic consolidated reporting system. As guidance for this reporting, Ratos has prepared a reporting manual intended for the companies that provides clear instructions and a number of other supporting instructions and documents. The companies' accounting and finance functions are invited once a year to seminars organised by Ratos which mainly examine year-end reporting, other financial information and other reporting to Ratos, but also pending accounting changes and other relevant and topical issues.

2 RATOS ACCOUNTS' ANALYSIS AND ASSESSMENT

Ratos Accounts acts as financial controllers in analysis and assessment of each company's reporting. The material reported by the companies is examined analytically and evaluated regarding completeness and accuracy and compliance with Ratos's accounting principles. Ratos Accounts has an active dialogue with each company. Any deviations noted in the legal and operational follow-up as well as the analysis and reconciliation are corrected both in the legal consolidated financial statements and in the information presented at company level following a dialogue with the company concerned.

3 THE INVESTMENT ORGANISATION'S ANALYSIS AND ASSESSMENT

The investment organisation acts as business controllers in analysis and assessment of each company's reporting.

In parallel with Ratos Accounts, the reported material is analysed on the basis of the knowledge available on each company, based on among other things information provided to the companies' boards, to understand each company's financial development. The investment organisation writes a monthly report per company where activities in the company and the company's development is described and analysed. The report is submitted to Ratos's management each month and to Ratos's Board each quarter.

4 RATOS ACCOUNTS' PROCESSING AND CONSOLIDATION

Ratos Accounts prepares both a legal consolidated financial statement according to IFRS and various analyses of Ratos's companies combined, such as the table of companies found on ▶ page 33.

Consolidation includes a number of reconciliation controls. Reconciliation includes contributions to total equity per company and checking that changes in equity are in accordance with completed transactions.

5 REPORTING TO BOARD AND MANAGEMENT

Ratos Accounts prepares every month a report to management regarding the development in Ratos's companies combined, focusing on the development of sales, EBITA, adjusted EBITA and EBITA margins.

The Board and management receive at every quarterly closing extensive in-depth material about both the Group and the companies combined and individually. Ratos Accounts reports every month a formal result for the Ratos Group in accordance with IFRS to Ratos's management.

6 AUDIT

A review is performed of subsidiaries' closing accounts as per September (hard close) and as per December. A hard close is carried out in order to prepare and facilitate the audit of the complete report for the full year. In these periods the material reported in stage 1 is audited and approved by the auditor of each company. The audit of consolidated financial statements takes place in parallel. A review is performed of associates. In the third quarter a review is performed.

7 TRAFFIC LIGHT SYSTEM/AUDIT

Ratos Accounts receives all audit reports relating to the subsidiaries. Any observations made by auditors are followed up using a "traffic light system" where any observations are graded and assigned a red, orange or yellow light according to their significance and risk for each company. These observations are then followed up both overall for one company and within different areas, for example internal control and disputes. An assessment is also made if there are observations that should be followed up for the Ratos Group as a whole. A follow-up is performed three times a year in conjunction with a review of third-quarter accounts, review of year-end accounts and in the Audit Committee meeting in August. All observations made by auditors are followed up until they are resolved, i.e. when an observation in internal control is solved or a dispute is settled.

8 AUDIT COMMITTEE'S ROLE

The Audit Committee receives a summary of the traffic light control, described above, as well as an audit report from Ratos's auditor, both in conjunction with the third-quarter accounts and the year-end accounts. Ratos's auditors also then presents an oral audit report to the Audit Committee and there is then an opportunity for Ratos's Audit Committee to ask complementary questions. These meetings are attended by Ratos's CEO, Deputy CEO responsible for finance, administration and compliance as well as the CFO who presents Ratos's own traffic light follow-up as well as certain other related issues.

9 EXTERNAL REPORTING

Ratos publishes its interim and year-end reports as well as an annual report through press releases and publication on the website. Earlier reports can be downloaded from the website. The Annual Report is printed in Swedish and English and sent to those who wish to receive it. In addition, financial information about the companies is published on Ratos's website.

Board of Directors and CEO

Board's and CEO's holdings at 31 December 2015

Arne Karlsson

Non-independent Chairman of the Board since 2012. Non-independent Board member 1999–2012. CEO of Ratos 1999–2012.

MSc Econ. Born 1958, Swedish.

Chairman of Bonnier Holding, Ecolean, Einar Mattsson, the Swedish Corporate Governance Board, the Board of Trustees of SNS (Centre for Business and Policy Studies) and the World's Children's Prize Foundation. Board member of AP Møller-Maersk, Bonnier and Fortnox. Member of the Swedish Securities Council.

Formerly CEO of Atle Mergers & Acquisitions 1996–98, Head Analyst Atle 1993–98, President of Hartwig Invest 1988–93, Aktiv Placering 1982–88.

Shareholding in Ratos (own): 8,264 Class B shares.

Staffan Bohman

Independent Board member since 2005.

MSc Econ. Born 1949, Swedish.

Chairman of CibesLift and Höganäs, Deputy Chairman of Rezidor Hotel Group, the Board of Trustees of SNS and the Swedish Corporate Governance Board. Board member of Atlas Copco, Boliden and Upplands motor and member of the Royal Swedish Academy of Engineering Sciences.

Formerly President and CEO of Gränges and Sapa 1999–2004. President and CEO of DeLaval 1992–99.

Shareholding in Ratos (own): 90,000 Class B shares.

Annette Sadolin

Independent Board member since 2007.

LL.B. Born 1947, Danish.

Chairman of Østre Gasværk Teater.
Board member of Blue Square Re NL, DSB, DSV, Ny Carlsberg Glyptotek, Skodsborg Kurhotel and Topdanmark.

Formerly Deputy CEO of GE Frankona Ruck 1996–2004, CEO of GE Employers Re International

1993–96, Deputy CEO of GE Employers Re International 1988–93.

Shareholding in Ratos (own): 8,264 Class B shares.

Karsten Slotte

Independent Board member since 2015.

MSc Econ. Born 1953, Finnish.

Chairman of Onninen. Board member of Fiskars, Onvest, Royal Unibrew and Scandi Standard.

Formerly President and CEO of the Karl Fazer Group 2007–2013. Formerly CEO of Cloetta-Fazer 2002–2006.

Shareholding in Ratos (own): 8,600 Class B shares.

SECRETARY TO THE BOARD

Lawyer Ingrid Westin Wallinder, Ramberg Advokater AB.

Charlotte Strömberg

Independent Board member since 2014.

MSc Econ. Born 1959, Swedish.

Chairman of Castellum. Board member of Bonnier Holding, Intrum Justitia, Karolinska Institutet, Skanska and Rezidor Hotel Group. Member of the Swedish Securities Council.

Formerly CEO of Jones Lang LaSalle Nordic. Executive positions in Carnegie Investment Bank and Alfred Berg/ABN AMRO.

Shareholding in Ratos (own and related parties): 11,500 Class B shares, 280 preference shares.

Jan Söderberg

Non-independent Board member since 2000.

MSc Econ. Born 1956, Swedish.

Chairman of Söderbergföretagen and My Big Day. Board member of Blinkfyrar, Elisolation, Henjo Plåtteknik, NPG, ProVia and Smelink. Member of the Lund School of Economics Management Advisory Board and the Ragnar Söderberg Foundation.

Shareholding in Ratos (own and related parties): 14,973,776 Class A shares, 616,800 Class B shares, 6,600 preference shares.

Per-Olof Söderberg

Non-independent Board member since 2000.

MSc Econ. MBA Insead. Born 1955, Swedish.

Chairman of Söderberg & Partners, Byggdialog, Stockholm City Mission and Inkludera Invest. Deputy Chairman of the Stockholm Chamber of Commerce and board member of Stockholm School of Economics, among others.

Formerly CEO of Dahl 1990–2004.

Shareholding in Ratos (own and related parties): 16,705,964 Class A shares, 18,000 Class B shares, 90 preference shares.

Susanna Campbell

Not a member of the Board.

CEO of Ratos since April 2012.

MSc Econ. Born 1973, Swedish.

No significant assignments outside Ratos.

Employed by Ratos since 2003. McKinsey & Company 2000–03. Alfred Berg Corporate Finance 1996–2000

Shareholding in Ratos (own): 19,000 Class B shares.

*Options in Ratos:*150,000 call options/2012, 90,000 call options/2013, 100,000 call options/2014, 93,000 call options/2015.

AUDITOR

At the 2015 Annual General Meeting the auditing firm PricewaterhouseCoopers AB with authorised public accountant Peter Clemedtson as Senior Auditor, was elected for the period until the 2016 Annual General Meeting has been held.

Financial statements

Consolidated income statement

SEKm	Note 2, 3, 5	2015	2014
Net sales	4	24,480	28,098
Other operating income	6	120	163
Change in inventories of products in progress, finished goods and work in progress		0	-37
Work performed by the company for its own use and capitalised		88	
Raw materials and consumables		-12,395	-13,065
Employee benefit costs	9, 26	-6,824	-8,069
Depreciation and impairment of property, plant and equipment and intangible assets	13, 14	-1,345	-1,204
Other costs	10, 31	-3,890	-4,790
Capital gain from sale of group companies	7	901	1,404
Capital gain from sale of investments recognised according to the equity method	7	290	
Share of pre-tax profits from investments recognised according to the equity method [1)]	8, 15	-14	-127
Operating profit		**1,411**	**2,373**
Financial income	11	88	105
Financial expenses	11	-606	-1,111
Net financial items		**-518**	**-1,006**
Profit before tax		**892**	**1,367**
Tax	12	-252	-265
Share of tax from investments recognised according to the equity method [1)]	12	36	27
Profit/loss for the year		**676**	**1,129**
Attributable to:			
Owners of the parent		496	1,109
Non-controlling interests		180	20
Earnings per share, SEK	25		
– before dilution		1.29	3.22
– after dilution		1.29	3.22

[1)] Tax attributable to shares of profits before tax from investments recognised according to the equity method are presented on a separate line.

Consolidated statement of comprehensive income

SEKm	Note	2015	2014
Profit/loss for the year		**676**	**1,129**
Other comprehensive income			
Items that will not be reclassified to profit or loss	26		
Revaluation of defined benefit pension obligations, net		86	-182
Tax attributable to items that will not be reclassified to profit or loss		-22	45
		64	**-137**
Items that may be reclassified subsequently to profit or loss	23		
Translation differences for the year		-546	476
Change in hedging reserve for the year		1	-11
Tax attributable to items that may be reclassified subsequently to profit or loss		0	3
		-545	**468**
Other comprehensive income for the year		**-482**	**331**
Total comprehensive income for the year		**194**	**1,460**
Total comprehensive income for the year attributable to:			
Owners of the parent		152	1,402
Non-controlling interests		41	58

Consolidated statement of financial position

SEKm	Note 5	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Goodwill	13	12,671	15,343
Other intangible assets	13	1,623	1,574
Property, plant and equipment	14	1,789	2,744
Investments recognised according to the equity method	15	2,357	3,895
Shares and participations	18	41	47
Financial receivables	18	48	65
Other receivables		76	126
Deferred tax assets	12	490	559
Total non-current assets		**19,094**	**24,353**
Current assets			
Inventories	20	1,890	2,107
Tax assets		97	98
Trade receivables	18, 30	3,771	3,762
Prepaid expenses and accrued income		388	389
Financial receivables	18	9	10
Other receivables	38	611	568
Cash and cash equivalents	18, 35	6,455	5,320
Assets held for sale	36	308	99
Total current assets		**13,529**	**12,353**
Total assets		**32,623**	**36,706**
EQUITY AND LIABILITIES			
Equity	22, 23		
Share capital		1,024	1,024
Other capital provided		1,842	1,842
Reserves		-523	-137
Retained earnings including profit for the year		10,539	11,298
Equity attributable to owners of the parent		**12,882**	**14,027**
Non-controlling interests	24	2,419	2,982
Total equity		**15,302**	**17,009**
Liabilities			
Non-current interest-bearing liabilities	18, 30	5,886	8,305
Other non-current liabilities		34	318
Financial liabilities	9, 18	417	365
Provisions for pensions	26	454	563
Other provisions	27	112	140
Deferred tax liabilities	12	392	434
Total non-current liabilities		**7,294**	**10,125**
Current interest-bearing liabilities	18, 30	2,346	1,958
Financial liabilities	18	153	96
Trade payables	18	2,631	2,663
Tax liabilities		160	154
Other liabilities	28, 38	2,123	2,256
Accrued expenses and deferred income		1,729	1,958
Provisions	27	595	388
Liabilities attributable to assets held for sale	36	291	99
Total current liabilities		**10,028**	**9,572**
Total liabilities		**17,322**	**19,697**
Total equity and liabilities		**32,623**	**36,706**

For information about the Group's pledged assets and contingent liabilities, see Note 32.

Consolidated statement of changes in equity

SEKm Note 22, 23, 24	Equity attributable to owners of the parent						
	Share capital	**Other capital provided**	**Reserves**	**Retained earnings incl. profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity, 1 January 2014	**1,024**	**1,842**	**-524**	**11,414**	**13,756**	**2,377**	**16,133**
Profit/loss for the year				1,109	1,109	20	1,129
Other comprehensive income for the year			387	-94	293	38	331
Total comprehensive income for the year			**387**	**1,015**	**1,402**	**58**	**1,460**
Dividend				-1,040	-1,040	-37	-1,077
New issue						500	500
Option premiums				4	4		4
Put options, future acquisitions from non-controlling interests						17	17
Acquisition of shares in subsidiaries from non-controlling interests				-95	-95	-130	-225
Non-controlling interests at acquisition						341	341
Non-controlling interests in disposals						-144	-144
Closing equity, 31 December 2014	**1,024**	**1,842**	**-137**	**11,298**	**14,027**	**2,982**	**17,009**
Opening equity, 1 January 2015	**1,024**	**1,842**	**-137**	**11,298**	**14,027**	**2,982**	**17,009**
Adjustment [1]			4	-4			
Adjusted equity	1,024	1,842	-133	11,294	14,027	2,982	17,009
Profit/loss for the year				496	496	180	676
Other comprehensive income for the year			-390	46	-344	-139	-482
Total comprehensive income for the year			**-390**	**542**	**152**	**41**	**194**
Dividend				-1,120	-1,120	-210	-1,330
Non-controlling interests' share of capital contribution						20	20
Purchase of treasury shares				-166	-166		-166
Option premiums				3	3		3
Put options, future acquisitions from non-controlling interests						-139	-139
Acquisition of shares in subsidiaries from non-controlling interests				-15	-15	-2	-18
Disposal of shares in subsidiaries to non-controlling interests				2	2	3	5
Non-controlling interests at acquisition						274	274
Non-controlling interests in disposals						-551	-551
Closing equity, 31 December 2015	**1,024**	**1,842**	**-523**	**10,539**	**12,882**	**2,419**	**15,302**

1) Adjustment opening equity for HL Display.

Consolidated statement of cash flows

SEKm	Note 35	2015	2014
Operating activities			
Consolidated profit before tax		892	1,367
Adjustment for non-cash items		203	-280
		1,096	1,087
Income tax paid		-288	-410
Cash flow from operating activities before change in working capital		**807**	**677**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		83	-191
Increase (-)/Decrease (+) in operating receivables		-293	-8
Increase (+)/Decrease (-) in operating liabilities		655	580
Cash flow from operating activities		**1,252**	**1,058**
Investing activities			
Acquisitions, group companies		-587	-809
Disposals, group companies		1,532	3,590
Acquisitions, investments recognised according to the equity method			-38
Disposals, investments recognised according to the equity method		1,599	
Dividends paid from investments recognised according to the equity method		12	40
Acquisitions, other intangible assets/property, plant and equipment		-697	-762
Disposals, other intangible assets/property, plant and equipment		44	49
Investments, financial assets		-1	-8
Disposals, financial assets		42	13
Cash flow from investing activities		**1,943**	**2,075**
Financing activities			
Non-controlling interests' share of issue/capital contribution		20	20
Purchase of treasury shares		-168	
Redemption of options		-41	-71
Option premiums paid		18	12
Acquisition of shares paid in subsidiaries from non-controlling interests		-77	-173
Dividend paid		-1,120	-1,040
Dividends paid, non-controlling interests		-204	-37
Borrowings		1,192	4,764
Amortisation of loans		-1,583	-4,610
Cash flow from financing activities		**-1,961**	**-1,135**
Cash flow for the year		**1,234**	**1,998**
Cash and cash equivalents at the beginning of the year		5,320	3,337
Exchange differences in cash and cash equivalents		-100	2
Cash and cash equivalents Assets held for sale		2	-17
Cash and cash equivalents at the end of the year		6,455	5,320

Parent company income statement

SEKm	Note	2015	2014
Other operating income	6	3	10
Other external costs	10	-110	-79
Personnel costs	9, 26	-141	-147
Depreciation of property, plant and equipment	14	-3	-4
Operating profit		**-252**	**-220**
Profits from investments in group companies	7	-42	1,416
Profit from investments in associates	7	932	
Result from other securities and receivables accounted for as non-current assets	11	6	100
Other interest income and similar profit/loss items	11	5	70
Interest expenses and similar profit/loss items	11	-61	-73
Profit/loss after financial items		**587**	**1,293**
Tax	12	-	-
Profit/loss for the year		**587**	**1,293**

Parent company statement of comprehensive income

SEKm	Note 23	2015	2014
Profit/loss for the year		**587**	**1,293**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value reserve for the year			-36
Other comprehensive income for the year			**-36**
Total comprehensive income for the year		**587**	**1,257**

Parent company balance sheet

SEKm	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Property, plant and equipment	14	67	70
Financial assets			
Participations in group companies	34	8,897	8,898
Investments in associates	16		660
Receivables from group companies	17, 18	17	1
Other securities held as non-current assets	18, 19	27	43
Financial receivables	18	20	19
Total non-current assets		**9,028**	**9,691**
Current assets			
Current assets			
Receivables from group companies	17, 18	70	
Other receivables		9	11
Financial receivables		5	
Prepaid expenses and accrued income	21	3	3
Cash and bank balances	18, 35	4,677	3,251
Total current assets		**4,764**	**3,265**
Total assets		**13,792**	**12,956**
EQUITY AND LIABILITIES			
Equity	22, 23		
Restricted equity			
Share capital (number of A shares 84,637,060, number of B shares 239,503,836, number of C shares 830,000)		1,024	1,024
Statutory reserve		286	286
Unrestricted equity			
Share premium reserve		1,556	1,556
Fair value reserve		7	7
Retained earnings		7,251	7,240
Profit/loss for the year		587	1,293
Total equity		**10,711**	**11,406**
Non-current provisions			
Other provisions	27	23	
Total non-current provisions		**23**	
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18	879	525
Non-interest bearing liabilities			
Financial liabilities	18	16	20
Other liabilities		34	35
Total non-current liabilities		**929**	**580**
Current provisions			
Other provisions	27	309	189
Current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18	1,714	681
Non-interest bearing liabilities			
Trade payables	18	10	10
Other liabilities		23	25
Accrued expenses and deferred income	29	73	65
Total current liabilities		**1,820**	**781**
Total equity and liabilities		**13,792**	**12,956**
Pledged assets	32	none	none
Contingent liabilities	32	400	399

Parent company statement of changes in equity

SEKm Note 22, 23	Restricted equity		Unrestricted equity				
	Share capital	**Statutory reserve**	**Share premium reserve**	**Fair value reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening equity, 1 January 2014	**1,024**	**286**	**1,556**	**43**	**8,909**	**-633**	**11,185**
Other disposition of earnings					-633	633	
Profit/loss for the year						1,293	1,293
Other comprehensive income for the year				-36			-36
Total comprehensive income for the year				**-36**	**8,276**	**1,293**	**1,257**
Dividend					-1,040		-1,040
Option premiums					4		4
Closing equity, 31 December 2014	**1,024**	**286**	**1,556**	**7**	**7,240**	**1,293**	**11,406**
Opening equity, 1 January 2015	**1,024**	**286**	**1,556**	**7**	**7,240**	**1,293**	**11,406**
Other disposition of earnings					1,293	-1,293	
Profit/loss for the year						587	587
Other comprehensive income for the year							
Total comprehensive income for the year					**8,533**	**587**	**587**
Dividend					-1,120		-1,120
Purchase of Class C shares (preference shares)					-166		-166
Option premiums					3		3
Closing equity, 31 December 2015	**1,024**	**286**	**1,556**	**7**	**7,251**	**587**	**10,711**

Parent company cash flow statement

SEKm	Note 35	2015	2014
Operating activities			
Profit before tax		587	1,293
Adjustment for non-cash items		-354	-1,421
		233	-128
Income tax paid		-	-
Cash flow from operating activities before change in working capital		**233**	**-128**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-72	-87
Increase (+)/Decrease (-) in operating liabilities		-63	-55
Cash flow from operating activities		**98**	**-270**
Investing activities			
Investment, shares in subsidiaries		-749	-671
Disposals, shares in subsidiaries		107	3,430
Liabilities to group companies [1)]		1,668	631
Disposal shares in associates		1,595	
Investments, financial assets			-111
Disposals, financial assets		22	5
Cash flow from investing activities		**2,643**	**3,284**
Financing activities			
Purchase of treasury shares		-168	
Option premiums paid		4	4
Redemption of options		-31	
Dividend paid		-1,120	-1,040
Cash flow from financing activities		**-1,314**	**-1,036**
Cash flow for the year		**1,426**	**1,978**
Cash and cash equivalents at the beginning of the year		3,251	1,273
Cash and cash equivalents at the end of the year		4,677	3,251

[1)] Liability to centrally administered group companies that arose in conjunction with divestments of group companies.

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Notes to the financial statements

Note 1 Accounting principles

Compliance with standards and laws

Ratos's consolidated financial statements are prepared in accordance with the Swedish Annual Accounts Act (1995:1554), RFR 1 Complementary Accounting rules for groups, International Financial Reporting Standards (IFRS) and interpretations of the standards (IFRIC) as endorsed by the EU. The parent company applies the same accounting principles as the Group except in cases specified in the section Parent company's accounting principles page 101.

Changed accounting principles due to new or amended IFRS

No new standards or amendments to standards have been added that have necessitated changes in the accounting principles or disclosures.

New IFRS that have not yet come into force

From 2016 and beyond both new standards as well as amendments and annual improvements of a number of standards will come into force, subject to EU endorsement. These have not been applied in preparation of this financial report. New standards are IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will be applied from 2018 and sets out the requirements for recognising revenue that apply to all contracts with customers and the sale of certain non-financial assets. It replaces IAS 11 Construction Contracts and IAS 18 Revenue and the related interpretations. The effects of the standard are being assessed. Because Ratos's subsidiaries operate in a variety of sectors, some subsidiaries may be affected while others may not. To date, no significant effects for the Ratos Group have been identified.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial instruments: Recognition and measurement. The standard is effective from 2018. The amended standard concerns the Ratos Group primarily in terms of recognition of bad debts, but because bad debts have been, and are expected to be very small, the potential effect is not expected to be significant, see Note 11 Financial income and expenses. New rules for hedge accounting are not expected to have any significant effect either, see also Note 18 Financial instruments and Note 30 Financial risks and risk policy for a description of the hedges within the Ratos Group.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease and related rules. The standard is effective from 2019. Under the new standard, the lessee is required to recognise all contracts that meet the definition in the standard of a lease (except leases of 12 months or less and leases of low-value assets) as assets and liabilities in the balance sheet, with recognition of depreciations and interest expenses in the income statement. Leases that are current operating leases will subsequently be capitalised in the balance sheet. The Group has not yet assessed the effects of implementing the standard.

Conditions for preparation of the financial statements of the parent company and the Group

The parent company's functional currency is Swedish kronor (SEK) which also comprises the presentation currency for the parent company and the Group. This means that the financial reports are presented in Swedish kronor. Unless otherwise stated, all amounts are in SEK million. Totals may not exactly match the sums of the partial amounts since the figures in tables and the financial statements may have been rounded off.

Measurement of assets and liabilities is based on historical cost. The following assets and liabilities are measured in another manner:

- Financial assets and liabilities can be measured at fair value, cost or amortised cost.
- Associates and joint ventures are reported in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated applying current tax rates.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are measured at the lower of cost and net realisable value.
- Provisions are measured at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is measured at the present value of an estimate of the future benefit earned by the employees with deduction for any plan assets linked to the respective pension plan, measured at fair value.

The Group's accounting principles, summarised below, are applied consistently to all periods presented in the Group's financial statements. These principles are also applied consistently to reporting and consolidation of parent companies, subsidiaries and associates.

Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

The estimations and assumptions are reviewed on a regular basis. Changes in estimations are reported in the period in which the changes are made.

When applying IFRS, assessments which have a material effect on the financial statements, such as estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 37.

Classification

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid after more than 12 months from the end of the reporting period.

Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within 12 months from the end of the reporting period.

Consolidation principles and business combinations

The consolidated financial statements are prepared in accordance with IFRS 10 Consolidated Financial Statements and IFRS 3 Business Combinations. Subsidiaries are consolidated applying the acquisition method. Associates and joint ventures are consolidated applying the equity method.

Subsidiaries

Subsidiaries are companies over which Ratos exercises control. Control exists when the Group is exposed to or is entitled to a variable return from its holding in the company and is able to affect the return through its controlling influence in the company. Subsidiaries are included in the consolidated financial statements with effect from the date when control is transferred to the Group.

Potential voting rights

Consolidation is normally carried out on the basis of the current ownership share. Potential voting rights relate to votes that may be added after the exercise of, for example, convertibles and options. Potential shares carrying voting rights that can be utilised or converted without delay are taken into account when assessing whether a significant influence or control exists. The existence of all such potential voting rights is taken into account, i.e. not only those related to the parent or owner company.

Acquisition method

Subsidiaries are reported according to the acquisition method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. In the purchase price allocation (PPA) the fair value on the acquisition date is identified of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. For business combinations there are two alternative methods for recognising goodwill, either a proportionate share of or full goodwill. Full goodwill means that a non-controlling interest is recognised at fair value. The choice between these two methods is made individually for every acquisition.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are recognised directly in profit or loss. In step acquisitions goodwill is identified on the date control is obtained. If the company already owned an interest in the acquired subsidiary this is remeasured at fair value and the change in value recognised in profit or loss for the year. In business combinations where the consideration transferred, any non-controlling interest and fair value of the previously owned interest exceed the fair value of acquired assets and assumed liabilities, the difference is recognised as goodwill. When the difference is negative, called "A bargain purchase", the difference is recognised directly in profit or loss for the year. Payments that relate to settlement of an earlier business commitment are not included in the PPA but recognised in profit or loss. Contingent considerations are recognised at fair value on the acquisition date. If the contingent consideration is classified as a financial liability this is remeasured at fair value on each reporting date. The remeasurement is recognised in profit or loss for the year. If the contingent consideration, on the other hand, is classified as an equity instrument no remeasurement is performed and adjustment is made within equity.

Acquisitions and divestments in subsidiaries where the controlling interest is unchanged

Acquisitions and divestments in subsidiaries, where Ratos's controlling interest is unchanged, are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests.

Put options issued to owners with non-controlling interests

Put options issued to owners with non-controlling interests refer to agreements that give the owner the right to sell interests in the company, either at a fixed price or a fair value at a future period in time. The amount that may be paid if the option is exercised is initially recognised at the present value of the strike price applicable at the period in time when the option can first be exercised as financial liability with a corresponding amount directly in equity. Ratos has chosen to recognise the corresponding amount in the first instance in the equity attributable to non-controlling interests and if this is insufficient in equity attributable to owners of the parent. The liability is adjusted to the strike price applicable on the date when the option can first be exercised. If the option is not exercised by maturity, the liability is derecognised and a corresponding adjustment of equity is made.

Disposal of subsidiaries

Subsidiaries are excluded from the consolidated financial statements with effect from the date when control ceases to exist. The exit gain or loss relates to the capital gain or loss that arises when a subsidiary is sold, which occurs when the Group no longer has a controlling interest. At that point in time, every remaining holding is measured at fair value. The change in value is recognised in profit or loss for the year. The fair value is used as the first carrying amount and provides the basis for future recognition of the remaining holding as an associate, joint venture or financial asset. All amounts relating to the sold subsidiaries which were previously recognised in other comprehensive income, are recognised as if the Group directly sold the attributable assets or liabilities, meaning that amounts previously recognised in Other comprehensive income are reclassified to profit or loss.

Associates and joint ventures – equity method

Associates are companies over which Ratos exercises a significant influence. A significant influence means the possibility of participating in decisions concerning the company's financial and operating strategies, but does not imply control or joint control. Normally, ownership corresponding to not less than 20% and not more than 50% of the voting rights means that a significant influence exists. Circumstances in individual cases may lead to a significant influence even with ownership of less than 20% of the votes.

A joint venture is a joint arrangement through which the parties have joint controlling influence over the arrangement and are entitled to net assets from the arrangement. Joint controlling influence exists when joint exercise of the controlling influence over an operation is contractually stipulated. It exists only when it is required that the parties sharing the controlling influence must give their consent regarding operations-related decisions.

Associates and joint ventures are recognised according to the equity method. The equity method means that the book value in the Group of the shares in associates corresponds to the Group's share of equity in associates, and any residual values on consolidated surplus and deficit values minus any intra-group profits. In the consolidated income statement, the Group's share of associates' profits after financial income and expenses reduced by depreciation of acquired surplus values and where applicable dissolution of deficit values is reported as "Share of profits of investments recognised according to the equity method". The Group's share of associates' reported taxes are reported on a separate line. Dividends received from associates reduce carrying amounts.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are included in acquisition cost.

When the Group's share of recognised losses in the associate exceeds the carrying amount of the interests in the Group, the value of these interests is reduced to zero. Future losses are thus not recognised unless the Group has provided guarantees to cover losses arising in the associate. The equity method is applied until the date a significant influence ceases.

If the ownership interest in a joint venture or associate is reduced but joint control (JV) or significant influence (associates) is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in their entirety.

Unrealised gains arising from transactions with associates are eliminated to an extent that corresponds to the Group's holding in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

Note 1, cont.

Foreign currency

Transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period.

Exchange differences that arise on translation are recognised in profit or loss for the year. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

Non-monetary assets and liabilities reported at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the rates on each transaction date. Translation differences that arise on translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve in equity.

If the foreign operation is not wholly owned, the translation differences are allocated to non-controlling interests on the basis of its proportional ownership. At disposal of a foreign operation the accumulated translation differences attributable to the operation are realised whereby they are reclassified from the translation reserve to profit or loss for the year. In the event a disposal is made but control remains, a proportionate share of accumulated translation differences is transferred from other comprehensive income to non-controlling interests.

Net investment in foreign operations

Monetary non-current receivables to a foreign operation for which settlement is not planned and will probably not take place in the foreseeable future, are in practice part of net investment in foreign operations. An exchange difference that arises on the monetary non-current receivable is recognised in other comprehensive income and accumulated in the translation reserve in equity.

When a foreign operation repays monetary non-current receivables or provides a dividend and the parent company has the same participating interest as previously, Ratos has chosen not to transfer the accumulated translation differences from the translation reserve in equity to profit or loss for the year. At disposal of a foreign operation, the accumulated exchange differences attributable to monetary non-current receivables are reclassified from the translation reserve in equity to profit or loss for the year.

Revenue recognition

Revenue recognition occurs when significant risks and benefits that are associated with companies' goods are transferred to the purchaser and the economic benefits will probably accrue to the company. The company does not subsequently retain any commitment in the current administration that is normally associated with ownership. Furthermore, revenue recognition does not occur until the income and expenditure that arose or are expected to arise as a result of the transaction can be calculated in a reliable manner.

Revenues from service assignments are recognised in profit or loss when the financial results can be calculated in a reliable manner. Income and expenses are then recognised in profit or loss in relation to the percentage of completion of the assignment.

Construction contracts

When the outcome of a construction contract can be calculated in a reliable manner, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively in the consolidated income statement by reference to the stage of completion known as percentage of completion. Stage of completion is determined by calculating the relationship between contract costs paid for work carried out at the end of the reporting period and estimated total contract costs.

Operating leases

Costs for operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in conjunction with signature of a lease are recognised in profit or loss as a reduction of leasing charges on a straight-line basis over the term of the lease. Variable charges are recognised as an expense in the period in which they arise.

Financial income and expenses

Net financial items include dividends, interest as well as costs for raising loans, calculated using the effective interest method, and exchange-rate fluctuations relating to financial assets and liabilities. Dividend income is recognised when the right to receive dividends is established. Capital gains or losses that arise in conjunction with divestments of financial assets and impairment of financial assets are also reported in net financial items, as are unrealised and realised changes in value relating to financial assets measured at fair value through profit or loss, including derivative instruments that are not recognised in other comprehensive income due to hedge accounting.

In addition, payments relating to finance leases are divided between interest expense and amortisation. Interest expense is recognised as a financial expense.

Exchange gains and exchange losses are recognised net.

Intangible assets

Goodwill

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment or when there is an indication that the asset has declined in value. Goodwill that arose at acquisition of associates or joint ventures is included in the carrying amount for investments.

Research and development

Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the asset, the intention is and conditions exist for using the asset and the expenditure can be calculated in a reliable manner. The carrying amount includes all directly attributable expenditure, e.g. for material and services, employee benefits as well as registration of a legal entitlement. Amortisation is started when the product goes into operation and distributed on a straight-line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

Other intangible assets

Other intangible non-current assets acquired by the Group are reported at cost with deduction for impairment and, if the asset has a determinable useful life, cumulative amortisation.

Costs incurred for internally generated goodwill and internally generated trademarks are reported in profit or loss when the cost is incurred.

Subsequent expenditure

Subsequent expenditure for capitalised intangible assets is recognised as an asset in the Statement of financial position only if it increases the future economic benefits for the specific asset to which it is attributable. All other expenditure is recognised as an expense when it arises.

Note 1, cont.

Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which necessarily takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

Amortisation

Amortisation is reported in profit or loss on a straight-line basis over the estimated useful life of intangible assets, provided such useful lives are not indeterminable. Useful lives are tested annually or when required.

Depreciable intangible assets are amortised from the date when they are available for use. The estimated useful lives are:

Number of years	Group
Trademarks	4–20
Databases	5–10
Customer relations	4–20
Business systmes	2–20
Other intangible assets	3–20

Property, plant and equipment

Owned assets

Property, plant and equipment are reported in the Group at cost after deduction for cumulative depreciation and any impairment losses. Cost includes the purchase price as well as costs directly attributable to the asset in order to put it in place and in a condition to be utilised in accordance with the purpose of its acquisition. Examples of directly attributable costs included in cost are costs for delivery and handling, installation, registration of title, consulting services and legal services.

The carrying amount of property, plant and equipment is derecognised from the Statement of financial position at disposal or sale or when no future economic benefits are expected from use or disposal/sale of the asset. Gains or losses that arise from sale or disposal of an asset comprise the difference between the selling price and the carrying amount of the asset with deduction for direct selling costs. Gains and losses are reported as other operating income/expense.

Leased assets

Leases are classified in the consolidated financial statements as either finance or operating leases. A finance lease exists when the economic risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, it is an operating lease.

Assets attributable to finance leases are recognised as an asset in the Statement of financial position and measured initially at the lower of the fair value of the leased asset and the present value of minimum leasing charges at the start of the contract. The obligation to pay future leasing charges is recognised as non-current and current liabilities. Leased assets are depreciated over the useful life of the asset while leasing payments are recognised as interest and amortisation of liabilities.

Assets leased under operating leases are not recognised as an asset in the Statement of financial position. Nor do operating leases give rise to a liability.

Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which necessarily takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

Subsequent expenditure

Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be estimated in a reliable manner. All other subsequent expenditure is recognised as an expense in the period in which it arises. Decisive for assessment of when a subsequent expenditure is added to cost is whether the expenditure relates to replacement of identified components, or parts of the same, whereby such expenditure is recognised as an asset.

In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts on replaced components, or parts of components, are disposed of and recognised as an expense when the replacement takes place. Repairs are recognised as an expense on a current basis.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life per component. Land is not depreciated.

Number of years	Group	Parent company
Buildings	10–100	35–100
Equipment	2–20	3–10

The residual value and useful life of an asset are assessed annually.

Financial instruments

Financial instruments recognised in the Statement of financial position on the assets side include cash and cash equivalents, trade receivables, shares and participations and financial receivables. On the liabilities side there are trade payables, financial liabilities and interest-bearing liabilities.

Recognition and derecognition from the Statement of Financial Position

A financial asset or a financial liability is recognised in the Statement of financial position when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation to pay exists, even if an invoice has not yet been sent. Trade receivables are recognised in the Statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are recognised when an invoice has been received. Financial assets and liabilities can be measured at fair value, cost or amortised cost.

A financial asset is derecognised from the Statement of financial position when the contractual rights are realised, expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the Statement of financial position when the contractual obligation is met or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised with a net amount in the Statement of financial position only if a legal right to offset these amounts exists and there is an intention to settle these items with a net amount or at the same time realise the asset and settle the liability.

Acquisition and divestment of financial assets are reported on the trade date, which is the day when the company undertakes to acquire or divest the asset except in cases where the company acquires or divests listed securities, when settlement date accounting is applied.

Classification and measurement

Initially financial assets and liabilities are measured at a cost corresponding to fair value with the addition of transaction costs. An exception is financial assets and liabilities that are recognised at fair value through profit or loss which are initially measured at fair value excluding transaction costs.

Fair value for listed financial assets corresponds to the listed purchase price of the asset at the end of the reporting period. Fair value of unlisted financial assets is determined by applying valuation techniques such as recently completed transactions, price of similar instruments and discounted cash flows. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

A division of financial assets and liabilities is made into one of the categories listed below. A combination of the purpose of the holding at the original acquisition date and type of financial asset or liability is decisive for the division. Category classification is not specified in the Statement of financial position but is specified, on the other hand, in Note 18.

Cash and cash equivalents consist of cash and immediately available balances held by banks and similar institutions as well as short-term liquid investments with a maturity from the acquisition date of less than three months which are only exposed to an insignificant risk for fluctuations in value.

– Financial assets at fair value through profit or loss

This category consists of two sub groups: financial assets held for trading and other financial assets that the company has chosen to classify in this category (the fair value option). These are measured on a current basis at fair value with changes in value recognised in profit or loss for the year. The first sub group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss.

– Loans and receivables

This category includes trade receivables, financial receivables and cash and cash equivalents. Trade receivables are reported at the amount at which they are expected to accrue after deduction for individual assessment of doubtful debts. Impairment of trade receivables is recognised in operating expenses.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Trade receivables have a short remaining maturity and are therefore measured at a nominal amount without discount.

– Available-for-sale financial assets

The category available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here. Shares and participations classified as available-for-sale assets, which are not listed in an active market and for which fair value cannot be calculated in a reliable manner, are measured at cost.

– Client money

Client money, which is recognised as assets and liabilities in the Statement of financial position, includes payment received for a specific receivable on behalf of a client and to be paid to the client within a specific period. Client money is cash and cash equivalents with a limited right of disposition, so that the same amount is recognised as liablities.

–Financial liabilities at fair value through profit or loss

This category consists of two sub groups: financial liabilities held for trading and other financial liabilities that the company chose to place in this category (the fair value option), see description above under "Financial assets at fair value through profit or loss". The first category includes derivative instruments with a negative value that are not classified as hedging instruments when hedge accounting is applied. These are measured on a current basis at fair value with changes in value recognised in profit or loss for the year. The purpose of the derivative instrument determines whether a change in value is recognised in net financial items or in operating profit or loss. Change in value of financial liabilities attributable to issued synthetic options where market premiums have been paid is recognised within net financial items.

– Other financial liabilities

Loans and other financial liabilities, such as trade payables, are included in this category. The liabilities are measured at amortised cost.

Trade and other payables that have a short anticipated maturity are measured at nominal amounts without discount.

Derivative instruments and hedge accounting

The Group's derivative instruments are acquired to hedge the risks of interest rate and currency exposure to which the Group is exposed. In order to hedge this risk, various types of derivative instruments are used such as forward contracts, and swaps.

All derivative instruments are recognised at fair value in the Statement of financial position. Transaction costs are charged to earnings initially. The changes in value that arise on remeasurement can be recognised in different ways depending on whether or not hedge accounting is applied.

In order to meet the requirements for hedge accounting according to IAS 39, there must be an unequivocal link to the hedged item. Furthermore, it is required that the hedge effectively protects the hedged item, that hedging documentation is prepared and that effectiveness through effectiveness measurement can be shown to be sufficiently high. The outcome related to hedges are recognised in profit or loss at the same time as gains or losses are recognised for the hedged items.

If hedge accounting is discontinued before the maturity of the derivative instrument, the derivative instrument returns to classification as a financial asset or liability measured at fair value through profit or loss, and the future changes in value of the derivative instrument are therefore recognised directly in profit or loss for the year.

Receivables and liabilities in foreign currency

Forward contracts are used to hedge a receivable or liability with exchange rate risk. Hedge accounting is not used in these cases since a financial hedge is reflected in the financial statements through both the underlying receivable or liability and the hedging instrument being recognised at the exchange rate on the closing date and changes in exchange rates are recognised in profit or loss for the year.

Changes in exchange rates for operating receivables and liabilities are recognised in operating profit or loss while changes in exchange rates for financial receivables and liabilities are recognised in net financial items.

Cash flow hedges

Hedges of forecast purchases/sales in foreign currency

The forward contracts used to hedge future cash flows and forecast purchases and sales in foreign currency are recognised in the Statement of financial position at fair value. Where hedge accounting is applied changes in value for the period are recognised in other comprehensive income and accumulated changes in value in the hedging reserve within equity until the hedged flow is recognised in profit or loss, whereby the hedging instrument's accumulated changes in value are reclassified to profit or loss for the year where they meet and match profit or loss effects from the hedged transaction.

If hedge accounting is not applied, changes in value for the period are recognised directly in profit or loss for the year.

Hedging of fixed interest
To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used, where the company receives floating interest and pays fixed interest. These interest rate swaps are measured at fair value in the Statement of financial position. The interest coupon is recognised on a current basis in profit or loss as an interest expense. In the event hedge accounting is applied, unrealised changes in the fair value of the interest rate swap are recognised in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit or loss for the year and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit or loss for the year.

If hedge accounting is not applied, changes in value for the period are recognised directly in profit or loss for the year.

Impairment

On each closing date an assessment is made of whether there is any indication that an asset has an impaired value. If such indication exists, the recoverable amount of the asset is calculated.

Assessment of carrying amount is performed in another manner for certain assets. This applies to inventories, assets held for sale, assets under management used for financing of employee benefits and deferred tax assets, see respective headings below. IAS 36 is applied to impairment of assets other than financial assets which are reported according to IAS 39.

Impairment of goodwill, intangible assets and property, plant and equipment

In the Ratos Group, goodwill and intangible assets with an indeterminable useful life are attributed to a company, i.e. a subsidiary or associate, since each company comprises a cash-generating unit. Testing of carrying amounts is performed per company, including the value of goodwill and intangible assets which are attributable to the company in question. Testing is carried out annually by calculating a recoverable amount regardless of whether or not an indication of impairment exists. In between, the value is tested if an indication of impairment exists.

An impairment is charged to operating profit or loss and recognised when the carrying amount exceeds the coverable amount. Impairment is allocated in the first instance to goodwill.

The recoverable amount is the higher of fair value with deduction for selling costs and value in use. For a more detailed description, see Note 13.

Impairment of financial assets

On each reporting date the Group evaluates whether there are objective indications that a financial asset or group of financial assets is impaired. Objective indications comprise both noticeable circumstances that have occurred and which have a negative impact on the possibility to recover cost, as well as significant or lengthy reductions in the fair value of an investment in a financial investment classified as an Available-for-sale financial asset, see Note 18.

The impairment requirement of the receivables is determined on the basis of historical experience of bad debts on similar receivables. Trade receivables with an impairment requirement are recognised at the present value of anticipated future cash flows.

Impairment of Available-for-sale financial assets is recognised in net financial items.

Reversal of impairment

Goodwill impairment is not reversed.

Impairment losses on other assets are reversed if there has been a change in the assumptions that form the basis of calculation of the recoverable amount. An impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been recognised, taking into account the amortisation that would then have taken place.

Impairment of held to maturity investments or loan and trade receivables recognised at amortised cost are reversed if the earlier reasons for impairment no longer exist and full payment is expected. Impairment of equity instruments classified as Available-for-sale financial assets, which were previously recognised in profit or loss are not reversed through profit or loss for the year but in other comprehensive income. The impaired value is the amount from which a subsequent revaluation is performed which is recognised in other comprehensive income. Impairments of fixed-income instruments, classified as Available-for-sale financial assets, are reversed through profit or loss if the fair value increases and the increase can objectively be attributed to an event that occurred after the impairment was recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs for purchase, costs for manufacture and other costs of bringing the goods to their current location and condition. Cost for goods that are not exchangeable and for goods and services that are produced for and held separately for specific projects are determined based on the specific costs attributable to the respective product.

For other goods, cost is calculated according to the first-in, first-out principle or through methods based on a weighted average.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

Assets held for sale

Assets are classified as Assets held for sale when it is highly probable that a sale will take place. This can be an individual asset, a group of assets and liabilities attributable to them or a company, i.e. a subsidiary or an associate. Assets classified as Assets held for sale are reported separately as a current asset. Liabilities attributable to Assets held for sale are reported separately as a current liability in the Statement of financial position. Immediately prior to classification as an Asset held for sale, the carrying amount of the assets and liabilities (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. Subsequently Assets held for sale are recognised at the lower of carrying amount and fair value with deduction for selling costs. Changes in value are recognised in profit or loss.

Equity

Purchase of treasury shares

Acquisition of treasury shares is reported as a reduction of equity.

Proceeds from the sale of treasury shares are reported as an increase in equity. Any transaction costs are recognised directly in equity.

Preference shares

Ratos's recognises preference shares as equity in accordance with IAS 32, since Ratos does not have an undertaking to redeem outstanding preference shares. Ratos's Board is able to make a decision on redemption of preference shares. Dividends on preference shares require a general meeting resolution.

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Employee benefits

Defined contribution pension plans

Plans where the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution pension plans. In such case the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company and the return on investment provided by the contributions. Consequently it is the employee who bears the actuarial risk and the investment risk. The company's obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they are earned through the employees' service to the company over a period.

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that covers several employers. Information which makes it possible to report this plan as a defined benefit plan has not so far been made available.

The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

Defined benefit plans

The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. The remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate at the end of the reporting period for a first-class corporate bond with a maturity that corresponds to the Group's pension obligations. When there is no active market for such corporate bonds the market rate on government bonds with a corresponding maturity is used instead. This calculation is performed by a qualified actuary using the projected unit credit method.

When the terms in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in profit or loss. Remeasurements which arise as a result of defined benefit plans also include return on plan assets (excluding interest) and the effect of an asset ceiling (if any, excluding interest). These are recognised immediately in other comprehensive income. All other costs related to defined benefit plans are recognised under employee benefits in the income statement. The Group recognises interest on defined benefit obligation under net financial items in the income statement. When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised past service costs and the present value of future repayments from the plan or reduced future payments to the plan.

Other long-term benefits

The portion of variable remuneration to employees that is only paid if the employee remains in service, is reported under Other non-current liabilities. The remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined benefit pension plans.

Compensation in the event of termination of employment

Costs for benefits in conjunction with termination of employment are only recognised if the company is demonstrably obligated, without any realistic possibility of withdrawal, by a formal, detailed plan to terminate an employment prior to the normal date. When benefits are provided as an offering to encourage voluntary attrition, an expense is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be estimated in a reliable manner.

Short-term benefits

Short-term employee benefits are calculated without discount and recognised as expenses when the relative services are received.

Incentive programmes

Ratos AB's call option programmes are secured through purchases of treasury shares. Purchase of treasury shares is reported as a reduction of equity. The options have been acquired at a market price and the option premium is recognised directly in equity. In the event of future exercise of the options, the exercise price will be paid and increase equity.

Synthetic option with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognised as a financial liability. This did not initially imply any cost for the company since measurement of the options' fair value corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options are recognised as a financial item.

If a synthetic option is utilised by the holder the financial liability is settled. The realised profit or loss is recognised in profit or loss as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

In cases when a market premium is not paid, these are recognised and measured in accordance with IFRS 2. A basic premise for IFRS 2 is that the company bears the cost that has incurred by not receiving a market premium. The expense that initially corresponds to the market value of the liability is recognised as employee benefits. In certain cases the expense is accrued over an earning period. The liability is remeasured on a current basis at fair value and changes in value are recognised in profit or loss for the year.

Earnings per share

Earnings per share are based on consolidated profit for the year attributable to owners of the parent reduced by the period's dividend to preference shareholders divided by average outstanding ordinary shares.

The dilution effect of option programmes depends on outstanding call options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, taking the average market price for Ratos shares into account, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect.

Provisions

A provision differs from other liabilities since there is uncertainty about the payment date or the size of the amount to settle the provision.

A provision is recognised in the Statement of financial position when the Group has an existing legal or constructive obligation as a consequence of a post event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made.

Provisions are made in the amount that is the best estimate of what is required to settle the existing obligation on the closing date. If the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the provision.

A provision for an onerous contract is recognised when the expected economic benefits to the Group from a contract are lower than the unavoidable costs of meeting obligations under the contract.

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a weighing up of possible outcome in relation to the probabilities inherent in the outcome.

Restructuring

A provision for restructuring is recognised when there is an adopted, detailed and formal restructuring plan and the restructuring has either started or been publicly announced. No provision is made for future operating expenses.

Note 1, cont.

Tax

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when the underlying transaction is recognised directly in other comprehensive income or equity, when the inherent tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received relating to the current year, applying the tax rates decided or in practice decided at the closing date. Current tax also includes adjustments of current tax attributable to past periods.

Deferred tax is calculated on the basis of the difference between reported and tax value of assets and liabilities if it is probable that recovery or adjustment respectively of the difference is probable. A valuation is performed based on the tax rates and tax regulations decided or announced as per the end of the reporting period. Deferred tax assets relating to deductible temporary differences and loss carry forwards are only recognised to the extent it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer assessed as probable that they can be used.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment that stems from events that have taken place and when their occurrence is only confirmed by one or more uncertain future events or when there is a commitment that is not recognised as a liability or provision since it is not probable that an outflow of economic benefits will be required.

Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 means that the parent company in the annual accounts for a legal entity must apply all EU endorsed IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made from IFRS.

The differences between the Group's and the parent company's accounting principles are stated below.

The accounting principles set out below for the parent company are applied consistently to all periods presented in the parent company's financial reports.

Classification and presentation

The parent company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule, while the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences between the consolidated financial statements which apply in the parent company's income statement and balance sheet mainly comprise recognition of financial income and expenses, non-current assets, equity and the occurrence of provisions as a separate heading in the balance sheet.

Financial instruments

The parent company applies the rules in the Swedish Annual Accounts Act, Chapter 4, §14 a-e which allow measurement of some financial instruments at fair value.

Anticipated dividends

Anticipated dividend from a subsidiary is recognised in cases where the parent company alone is entitled to decide on the size of the dividend and this has been decided before the parent company published its financial statements.

Associates and subsidiaries

Interests in associates and subsidiaries are reported in the parent company according to the acquisition cost method.

This means that transaction costs are included in the carrying amount for holdings in subsidiaries and associates. In the Group, on the other hand, transaction costs are recognised for subsidiaries directly in profit or loss.

Contingent considerations are measured on the basis of the probability that the consideration will be paid. Any changes in provision/receivable increase or reduce the cost. In the consolidated financial statements contingent considerations are recognised at fair value with changes in value through profit or loss.

Group contributions and shareholder contributions

In cases where the parent company provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

The parent company can neither give or receive a group contribution due to its tax status, see under Tax below.

Tax

The parent company is taxed according to the rules for investment companies. This means that any capital gains that arise from shares and other ownership rights are not liable to tax. Capital losses may not be deducted.

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at the start of the year have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received and interest incomes are reported as taxable income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and subsidiaries.

Note 2 Consolidated income statement

SEKm	2015	2014
Profit/share of profits before tax [1]		
AH Industries (70%)	-15	-55
Aibel (32%)	-75	-215
ArcusGruppen (83%)	106	117
Biolin Scientific (100%)	3	10
Bisnode (70%)	201	-144
DIAB (96%)	105	-62
Euromaint (100%)	-224	17
GS-Hydro (100%)	11	91
Hafa Bathroom Group (100%) [2]	3	-6
HENT (73%)	194	135
HL Display (99%)	-28	3
Inwido (31%) [3]	42	151
Jøtul (93%)	-42	-110
KVD Kvarndammen (100%)	21	33
Ledil (66%) [4]	65	-12
Mobile Climate Control (100%)	108	47
Nebula (73%)	71	67
Nordic Cinema Group (58%) [5]	108	218
SB Seating (85%) [6]		107
Speed Group (70%) [7]	10	
TFS (60%) [8]	-2	
Total profit/share of profits	**664**	**392**
Exit Hafa Bathroom Group	-93	
Exit Inwido	290	1,187
Exit Nordic Cinema Group	905	
Exit SB Seating		202
Total exit result	**1,101**	**1,390**
Impairment AH Industries	-85	-87
Impairment Euromaint	-480	
Impairment Hafa Bathroom Group		-62
Impairment Jøtul		-101
Profit from companies	**1,200**	**1,532**
Management costs	-252	-229
Financial items	-56	64
Income and expenses in the parent company and central companies	**-308**	**-165**
Profit before tax	**892**	**1,367**
Tax	-216	-238
Profit/loss for the year	**676**	**1,129**
Attributable to		
Owners of the parent	496	1,109
Non-controlling interests	180	20

Ratos's business comprises the acquisition, development and divestment of enterprises. The way in which we monitor the business is not fully reflected in the financial statements prepared in accordance with IFRS. Ratos has therefore opted to present its own version of the consolidated income statement and its own presentation of equity attributable to the owners of the parent company.

This table on the left shows which companies contribute to consolidated profit before tax and by how much. Subsidiaries are 100% included and investments recognised according to the equity method included with pre-tax holding percentage. Profit before tax is the same as in the Consolidated income statement.

Ratos's results

Profit before tax for the full year 2015 amounted to SEK 892m (1,367). Ratos's companies report an improved total result that, adjusted for exit results and impairment, amounts to SEK 664m (392). The profit is burdened by impairment of SEK 565m, attributed mainly to Euromaint.

Income and expenses in the parent company and central companies

Ratos's income and expenses in the parent company and central companies amounted to SEK -308m (-165), consisting of management costs of SEK -252m (-229) and net financial items of SEK -56m (+64). The increase in management costs is mainly due to higher transaction costs attributable to a higher level of transaction activities.

[1] Subsidiaries' profits included with 100% and investments recognised according to the equity method included with pre-tax holding percentage.
[2] Hafa Bathroom Group is included as a subsidiary in consolidated profit until October 2015.
[3] Inwido is included in consolidated profit through September 2014 as a subsidiary and subsequently as an associate with a holding of 31% until April and 10% respectively until October 2015 when the entire holding was divested.
[4] Ledil is included in consolidated profit from 29 December 2014.
[5] Nordic Cinema group is included in consolidated profit through June 2015. The entire holding was sold in July 2015.
[6] SB Seating is included in consolidated profit through September 2014. The entire holding was sold in October 2014.
[7] Speed Group is included in consolidated profit from September 2015.
[8] TFS is included in consolidated profit from October 2015.

Note 3 Operating segments

Ratos is an investment company that acquires, develops and divests mainly unlisted Nordic companies. Over time, Ratos is to generate the highest possible return by actively exercising its ownership to realise the potential of a number of selected companies and investment situations. In this, Ratos provides stock market players with a unique investment opportunity.

Ratos's CEO and Board, the Ratos Group's "chief operating decision-maker" monitor operations on the basis of development in all Ratos's companies. Net sales, EBITA, adjusted EBITA and EBT are followed up for the holdings individually and in total. Management and the Board also follow up operations on the basis of how well the company-specific return target has been achieved.

2015, SEKm	Net sales	Deprecia-tion [1]	Share of profits of investments recognised according to the equity method	Interest income	Interest expenses [2]	EBT	Interest-bearing net receivable (+) net debt (-) [3]
Companies							
AH Industries	1,013	-35		9	-26	-15	-288
Aibel			-75			-75	
ArcusGruppen	2,586	-54	5	10	-81	106	-1,009
Biolin Scientific	227	-15		0	-6	3	-135
Bisnode	3,535	-155		2	-87	201	-1,896
DIAB	1,450	-62		1	-43	105	-796
Euromaint	2,273	-35		0	-24	-224	-503
GS-Hydro	1,175	-24		1	-14	11	-351
Hafa Bathroom Group [4]	149	-1		0	-1	3	
HENT	5,716	-6		6	-8	194	482
HL Display	1,488	-39		1	-41	-28	-627
Inwido [5]			42			42	
Jøtul	930	-52		1	-21	-42	-476
KVD	317	-5		0	-6	21	-159
Ledil	297	-1		0	-10	65	-182
Mobile Climate Control	1,264	-15		0	-26	108	-421
Nebula	299	-22		0	-13	71	-490
Nordic Cinema Group [6]	1,356	-80	14	0	-55	108	
Speed Group [7]	203	-3		1	-1	10	-41
TFS [8]	203	-1		0	0	-2	17
Total companies	**24,480**	**-604**	**-14**	**34**	**-464**	**664**	**-6,875**
Exit Nordic Cinema Group						905	
Exit Inwido						290	
Exit Hafa Bathroom Group						-93	
Exit gains						**1,101**	
Impairment AH Industries						-85	
Impairment Euromaint						-480	
Total companies	**24,480**	**-604**	**-14**	**34**	**-464**	**1,200**	**-6,875**
Attributable to the parent company and central companies		-3	0	15	-9	-308	4,707
Other/eliminations				-12	12		
Group total	**24,480**	**-607**	**-14**	**36**	**-460**	**892**	**-2,167**

1) Depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Hafa Bathroom Group is included as a subsidiary in consolidated profit until October 2015.
5) Inwido is included in consolidated profit through September 2014 as a subsidiary and subsequently as an associate with a holding of 31% until April and 10% respectively until October 2015 when the remainder was divested.
6) Nordic Cinema group is included in consolidated profit through June 2015. The entire holding was sold in July 2015.
7) Speed Group is included in consolidated profit from September 2015.
8) TFS is included in consolidated profit from October 2015.

Note 3, cont.

2014, SEKm	Net sales	Deprecia-tion [1]	Share of profits of investments recognised according to the equity method	Interest income	Interest expenses [2]	EBT	Interest-bearing net receivable (+) net debt (-) [3]
Companies							
AH Industries	903	-41		8	-27	-55	-323
Aibel			-215			-215	
ArcusGruppen	2,548	-56	10	18	-97	117	-1,100
Biolin Scientific	224	-8			-7	10	-143
Bisnode	3,650	-167		2	-204	-144	-1,983
DIAB	1,157	-62		1	-63	-62	-800
Euromaint	2,274	-40			-30	17	-514
GS-Hydro	1,315	-21		1	-17	91	-405
Hafa Bathroom Group	206	-2			-2	-6	-40
HENT	4,865	-5		11	-26	135	487
HL Display	1,509	-40		1	-38	3	-635
Inwido [4]	3,495	-79	48	2	-38	151	
Jøtul	920	-57		1	-46	-110	-565
KVD	315	-3			-9	33	-176
Ledil [5]	3					-12	-190
Mobile Climate Control	1,021	-15			-27	47	-465
Nebula	261	-20			-17	67	-293
Nordic Cinema Group	2,631	-167	28	6	-110	218	-1,546
SB Seating [6]	799	-31		1	-45	107	
Total companies	**28,096**	**-814**	**-129**	**52**	**-803**	**392**	**-8,691**
Exit Inwido						1,187	
Exit SB Seating						202	
Exit gains						**1,390**	
Impairment AH Industries						-87	
Impairment Hafa Bathroom Group						-62	
Impairment Jøtul						-101	
Total companies	**28,096**	**-814**	**-129**	**52**	**-803**	**1,532**	**-8,691**
Attributable to the parent company and central companies	2	-4	2	169	-55	-165	3,251
Other/eliminations				-162	162		
Group total	**28,098**	**-818**	**-127**	**59**	**-696**	**1,367**	**-5,440**

1) Depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Inwido is included as a subsidiary in consolidated profit through September 2014 and thereafter as an associate.
5) Ledil is included in consolidated profit from 29 December 2014.
6) SB Seating is included in consolidated profit through September 2014. The entire holding was sold in October 2014.

The Ratos Group has its main focus on the Nordic market which is reflected in share of net sales in the Nordic countries amounting to approximately 64% (71). The rest of Europe is the second-largest market and amounts to approximately 22% (19) with the remainder evenly divided between North America and the rest of the world.

No individual customer accounts for more than 10% of total revenues.

Note 4 Revenue breakdown

Group

SEKm	2015	2014
Breakdown of net sales		
Sale of goods	14,429	19,006
Service contracts	3,904	3,938
Construction contracts	6,079	5,154
Reimbursable expenditure	67	
	24,480	**28,098**

Note 5 Business combinations

Acquisitions 2015

Acquisitions of subsidiaries

TFS

In September, Ratos signedan agreement to acquire 60% of the shares in TFS Trial Form Support International AB (TFS). The purchase price (enterprise value) for 100% of the company amounted to approximately EUR 47m, of which Ratos provides equity of approximately EUR 27m, including a maximum additional purchase price. The acquisition was finalised on 1 October 2015.

The transaction was carried out via one of Ratos's wholly owned, newly formed holding company, Medcro Intressenter AB. Medcro Intressenter acquired 60% of the shares in TFS. The acquisition analysis is presented below.

TFS is an international service supplier, so-called Contract Research Organisation (CRO), which performs clinical trials in the human phase on behalf of pharmaceutical, biotechnology and medical device industries, as well as associated industries. TFS offers broad medical competency and niche expertise, thus providing global trials to its customers in a regulated and safe manner.

The total consideration transferred for the acquisition amounted to SEK 225m. In the preliminary purchase price allocations, goodwill amounted to SEK 370m. The goodwill recognised for the acquisition reflects that the company is active in a growing market and is well-positioned to grow in line with, or faster than the market, and the possibility of good cash flows given that the business model requires relatively low operational investments.

The acquired company is included in consolidated sales for the holding period with SEK 203m and in profit before tax with SEK -2m, including acquisition costs of SEK 8m. For the period January to December 2015, sales amounted to SEK 689m and profit before tax was SEK 43m.

Preliminary purchase price allocations (PPA)
TFS

SEKm	
Property, plant and equipment	7
Financial assets	3
Current assets	177
Cash and cash equivalents	36
Non-controlling interests	-150
Non-current liabilities and provisions	-1
Current liabilities	-216
Net identifiable assets and liabilities	**-145**
Goodwill	370
Consideration transferred [1)]	225

1) Cash 136
Contingent consideration 89

Ratos has chosen to measure non-controlling interests at fair value based on the price that Ratos paid for its holding. The PPA is preliminary, meaning that fair value has not been established for all items. The Group will finally identify and measure the acquired assets. The above acquisition analysis may therefore be updated if information or circumstances arise that cause a change in the items. Fair value of the contingent consideration has been estimated by calculating the present value of the expected cash flow. The expected cash flow is estimated based on the terms of the purchase agreement and falls due if certain performance levels are achieved.

Speed Group

In June 2015, Ratos signed an agreement to acquire 70% of the shares in Speed Group. The purchase price (enterprise value) for 100% of the company amounted to SEK 450m, of which Ratos provided equity of SEK 285m. The transaction was finalised on 1 September 2015.

The acquisition was conducted through a newly formed holding company, Speed Group Holding AB, in which Ratos acquired newly issued shares corresponding to approximately 70%. Speed Group Holding then acquired 100% of the shares in Speed Group, and the PPA is presented below.

Speed Group is a supplier of logistics services that extend from staffing to full-scale warehouse management and certain supplementary services in production, recruitment and education. Speed Group currently has about 700 employees with operations located in south-west Sweden and its head office in Borås.

The total consideration transferred for the acquisition amounted to SEK 229m. In the PPA, goodwill amounted to SEK 342m. The goodwill recognised for the acquisition mainly reflects the company's growth potential, business model and an organisation with a strong culture.

The acquired company is included in consolidated sales for the holding period with SEK 203m and in profit before tax with SEK 10m. For the period January to December 2015, sales amounted to SEK 536m and profit before tax was SEK 25m. Acquisition-related costs amounted to SEK 5m.

Preliminary purchase price allocations (PPA)
Speed Group

SEKm	
Property, plant and equipment	20
Current assets	201
Cash and cash equivalents	25
Deferred tax liabilities	-1
Current liabilities	-289
Net identifiable assets and liabilities	**-44**
Goodwill	342
Consideration transferred [1)]	299

1) Cash 207
Promissory note 92

The PPA is preliminary, meaning that fair value has not been established for all items. The Group will finally identify and measure the acquired assets. The above acquisition analysis may therefore be updated if information or circumstances arise that cause a change in the items.

Acquisitions within subsidiaries

In October, GS-Hydro acquired the UK company First Hose, which offers hoses and hose-related components for the oil and gas industry in the UK continental shelf, which will strengthen GS-Hydro's position as a supplier of day-to-day hose maintenance systems. The purchase price comprises and initial payment of approximately GBP 4.5m (enterprise value) and a maximum additional purchase price of approximately GBP 1.5m, of which Ratos provided GBP 4.5m (about SEK 59m) to finance the acquisition.

In October, Ratos's subsidiary Bisnode acquired the operations of AIS Nordic. Through this acquisition, Bisnode increases its offering in vehicle information services. The purchase price amounted to SEK 65m. Ratos made a contribution of SEK 46m.

In August, Nebula acquired part of the operations of the Finnish company Telecity Group Finland Oy. The acquisition strengthens Nebula's position in the Finnish market.

Note 5, cont.

In the third quarter, Bisnode acquired SN4 International Oy in Finland, a leading provider of customer experience management and marketing automation services to companies in various industries.

In the second quarter, ArcusGruppen acquired 90% of the shares in Social Wines (formerly Modern Fluids). The acquisition is in line with ArcusGruppen's strategy to increase market share in Finland.

In the first quarter of 2015, Bisnode acquired Octopus System in the Czech Republic. The intention is to strengthen Bisnode in the Czech market. In the same quarter, Nordic Cinema Group, via a subsidiary, acquired all the shares in Ski Kinosenter AS. The acquisition is in line with SF Kino AS's strategy to establish itself in the Oslo market.

The subsidiaries that are part of the Ratos Group at year-end and the acquisition of which has had the greatest impact on Ratos's financial statements are presented below. The PPA for acquisitions with ArcusGruppen and GS-Hydro are preliminary, while the PPA for acquisitions within Bisnode are settled.

Purchase Price Allocation (PPA) SEKm	Within ArcusGruppen	Within Bisnode	Within GS-Hydro
Intangible assets	4	36	
Property, plant and equipment	0	0	3
Financial assets		1	
Current assets	47	8	31
Cash and cash equivalents	2	4	
Non-controlling interests	-2		
Deferred tax liabilities		-8	-0
Non-current liabilities and provisions	-3		
Current liabilities	-34	-6	-11
Net identifiable assets and liabilities	**14**	**14**	**22**
Goodwill	22	88	47
Consideration transferred [1]	36	123	69
[1] Cash	34	114	58
Promissory note	2		
Contingent consideration		9	11

Adoption of preliminary purchase price allocations (PPAs)

A PPA is preliminary until adopted which must take place within 12 months from the acquisition. The PPA for Ledil has been adopted in accordance with the preliminary PPA presented in Ratos's Annual Report for 2014.

The PPA for Bisnode's acquisition of Grufman Reje has been adopted in accordance with the preliminary PPA presented in Ratos's Annual Report for 2014. The PPA for Bisnode's acquisition of Debitor Registret presented in Ratos's Annaul Report for 2014 has been adopted, resulting in a SEK 5m reduction of the goodwill that arose on acquisition.

Disposals 2015

Disposal of subsidiaries

Nordic Cinema Group

Ratos signed an agreement on the sale of its subsidiary Nordic Cinema Group in April. The sale was completed in July. Ratos received SEK 1,667m, which generated an exit gain of SEK 905m.

Inwido

In April, Ratos sold 20.9% of the total number of shares in Inwido AB (publ). The sale was made at a price of SEK 91 per share, a total of SEK 1,103m, and provides an exit gain of SEK 236m. Following the sale, Ratos owns 10.4% of the shares in Inwido. Ratos's assessment was that even after the partial divestment, the Group had a significant influence over Inwido despite the Group then owning less than 20% of the shares. This was due to an assessed unchanged influence and continued representation on the Board. Inwido therefore continued to be classified as an associate. In October, Ratos sold its remaining holding of 10.4% in Inwido AB (publ). The sale was made at a price of SEK 83 per share, totalling SEK 498m. The sale generated an exit gain of approximately SEK 54m. Following the sale, Ratos owns no shares in Inwido.

Hafa Bathroom Group

In November, Ratos sold its holding in Hafa Bathroom Group. The selling price amounted to approximately SEK 50m (enterprise value) and resulted in an exit loss of SEK 93m, including SEK 84m in impairment.

Acquisitions 2014

Acquisitions of subsidiaries

Ledil

In November 2014, Ratos signed an agreement to acquire 66% of the shares in the Finnish LED optics company Ledil Oy from the company's founders. The purchase price (enterprise value) for 100% of the company amounted to EUR 97m (approximately SEK 900m). The acquisition was completed in December 2014.

The acquisition was made via an existing holding company, Ledil Group Oy (Ledil), which already owned 14% of Ledil Oy. Ratos acquired newly issued shares corresponding to 52% of Ledil and 15% from former owners for a total of EUR 49m (SEK 470m). Ratos's holding subsequently amounted to 66%. Ledil acquired the remaining 86% of Ledil Oy and, at year-end 2014, finally owned 100% of the company.

Ledil is a leading global player within secondary optics (lenses which focus light from a source to achieve a desired lighting solution) for LED lighting. The company has a broad portfolio of proprietary products which are sold by Ledil's own sales force as well as via agents and distributors in Europe, North America and Asia. Production is carried out by subcontractors in China and Finland. Today the products are mainly used in environments with high demands on lighting performance and are found exclusively in commercial applications such as retail stores, offices and street lighting.

The total consideration transferred for the acquisition amounted to SEK 630m. In the preliminary purchase price allocations, goodwill amounted to SEK 898m. The goodwill recognised for the acquisition reflects a fast-growing, profitable and innovation-focused company with a strong market position within the lighting technology of the future, LED. For the period December 2014, the company's sales were included in consolidated sales with SEK 3m and in profit before tax with SEK -12m. For the period January to December 2014, sales amounted to SEK 243m and profit before tax was SEK 51m. Acquisition-related costs amounted to SEK 18m, including a transaction tax that applies in Finland amounting to 1.6 % of the share value.

Note 5, cont.

Preliminary purchase price allocations (PPA)
Ledil

SEKm	
Intangible assets	1
Property, plant and equipment	1
Current assets	41
Cash and cash equivalents	66
Non-controlling interests	-341
Current liabilities	-36
Net identifiable assets and liabilities	**-268**
Goodwill	898
Consideration transferred [1]	630

[1] Cash 630

The purchase price allocation is adopted. For more information, see Adoption of preliminary purchase price allocations above.

Acquisitions within subsidiaries

In the second quarter of 2014, Inwido acquired the Danish operations JNA Vinduer & Døre and SPAR Vinduer. JNA Vinduer & Døre was founded in 1990 for production and sales of windows in Denmark. In 2006, the group was expanded with SPAR Vinduer which was established as a less expensive alternative for Danish internet customers. The total consideration transferred for these acquisitions amounted to SEK 204m. The acquired companies were included in consolidated sales with SEK 122m and in profit before tax with SEK 22m. For the period January to September 2014 sales totalled SEK 154m and profit before tax was SEK 8m. Acquisition-related costs amounted to SEK 2.5m.

In the first quarter of 2014, Bisnode acquired Debitor Registret and Grufman Reje. Debitor Registret is one of the largest players in Denmark within credit information and credit valuation of private individuals. Grufman Reje is a Swedish consulting company specialising in business analyses. The combined consideration transferred for these acquisitions amounted to SEK 101m. The acquired companies were included in 2014 in consolidated sales with SEK 26m and in profit before tax with SEK 5m. For the period January to December 2014 sales totalled SEK 29m and profit before tax was SEK 3m. Acquisition-related costs amounted to SEK 2m.

Preliminary purchase price allocations (PPA)

SEKm	Within Bisnode	Within Inwido
Intangible assets	27	58
Property, plant and equipment	1	20
Financial assets		1
Deferred tax assets	7	
Current assets	3	34
Cash and cash equivalents	0	19
Non-current liabilities and provisions	-1	
Deferred tax liabilities	-5	-15
Current liabilities	-14	-38
Net identifiable assets and liabilities	**18**	**79**
Goodwill	83	125
Consideration transferred [1]	101	204

[1] Cash	60	204
Contingent consideration	41	

The acquisition analyses for acquisitions within Bisnode were adopted during the year, meaning that fair value has finally been established for all items. In conjunction with this, liabilities diminished and net assets increased with SEK 5m, with goodwill reduced to the corresponding extent. The acquisition analyses for acquisitions within the Inwido Group were preliminary until the controlling influence ceased in September 2014. For more information, see Adoption of preliminary purchase price allocations above.

Disposals 2014

Disposal of subsidiaries

SB Seating

In July, Ratos signed an agreement to sell all shares in the subsidiary SB Seating. The sale was completed in October. The exit gain amounted to SEK 202m.

Inwido

On 26 September, Inwido was listed on Nasdaq Stockholm at a price of SEK 68 per share. In conjunction with the listing, Ratos sold shares for a total value of SEK 2,579m.

Since as a result of this transaction Inwido changed from being a subsidiary to being an associate of Ratos, the entire holding in conjunction with the changeover has been remeasured, in accordance with IFRS, at fair value which was based on the listing price. The exit gain, which was based on the realised value of sold shares and on the appreciation in value in connection with the revaluation of the shares retained, amounted to approximately SEK 1,187m.

Disposals within subsidiaries

Ratos's subsidiary Biolin Scientific has sold all its shares in the subsidiary Osstell. The sale was completed in March 2014.

Note 6 Other operating income

Group

SEKm	2015	2014
Rental income	3	4
Gain from the sale of non-current assets	28	8
Government grants		1
Re-invoiced costs	8	9
Work performed by the company for its own use [1]		68
Other	81	73
	120	**163**

[1] Recognised on a separate row in the consolidated income statement 2015.

Parent company

SEKm	2015	2014
Rental income	1	1
Other	2	9
	3	**10**

Note 7 Capital gain from sale of group companies and investments recognised according to the equity method

Group

Capital gain from sale of group companies

SEKm	2015	2014
Hafa Bathroom Group	-9	
Nordic Cinema Group	905	
Inwido		1,187
SB Seating		202
Companies within ArcusGruppen	6	
Companies in the HENT group		11
Companies in the Biolin group	-1	-6
Companies in the Bisnode group		6
Companies in the Nordic Cinema Group		4
	901	**1,404**

Capital gain from sale of investments recognised according to the equity method

SEKm	2015	2014
Inwido	290	

Parent company

Profits from investments in group companies

SEKm	2015	2014
Dividend	983	40
Gain from the sale of shares	8	2,160
Impairment	-1,033	-784
	-42	**1,416**

Profit from investments in associates

SEKm	2015	2014
Dividend	12	
Gain from the sale of shares	920	
	920	

Note 8 Share of profits of investments recognised according to the equity method

Group

SEKm	2015	2014
Share of profits		
Aibel	-75	-215
Inwido	42	46
Share of profits from investments recognised according to the equity method, owned by group companies	19	42
	-14	**-127**
Share of tax from investments recognised according to the equity method	36	27
	22	**-100**

Note 9 Employees, personnel costs and remuneration to senior executives and boards

Average number of employees

	2015		2014	
	Total	**Of whom, women, %**	**Total**	**Of whom, women, %**
Parent company	44	54	47	52
Group companies	12,913	31	15,745	29
Group total	**12,957**		**15,792**	
Of whom in:				
Sweden	4,029	30	4,678	31
Norway	1,751	22	2,037	23
Finland	746	39	1,344	31
Denmark	478	23	1,031	24
Australia	10	30	11	27
Belgium	195	34	210	33
Bosnia-Herzegovina	1	100	1	100
Brazil	1	0		
Ecuador	132	7	163	6
Estonia	149	77	359	52
France	137	45	276	47
United Arab Emirates	8	25	8	25
India	9	22	13	31
Indonesia	7	57	9	44
Ireland			13	46
Italy	232	18	188	5
Japan	3	33	3	33
Canada	316	9	304	9
China	635	31	715	34
Croatia	33	64	33	61
Latvia	85	49	96	51
Lithuania	259	37	233	45
Malaysia	1	0	5	60
Netherlands	70	40	89	36
Poland	648	51	987	40
Rumania	10	60	6	67
Russia	24	42	34	29
Switzerland	113	35	140	39
Serbia	24	58	17	53
Singapore	17	24	38	37
Slovakia	49	22	46	17
Slovenia	94	54	77	53
Spain	409	65	69	16
UK	285	25	471	20
South Korea	79	19	79	16
Taiwan			2	100
Thailand	14	64	18	56
Czech Republic	127	42	123	41
Turkey			5	20
Germany	1,239	19	1,350	19
Ukraine			9	67
Hungary	84	58	96	58
USA	360	25	304	22
Austria	85	49	102	60
Other countries	9	22		
	12,957		**15,792**	

Note 9, cont.

Gender distribution, boards and senior executives

	31 Dec 2015 Proportion Women	31 Dec 2014 Proportion Women
Board of Directors		
Parent company	29%	29%
Group total	17%	17%
Management		
Parent company	40%	40%
Group total	21%	24%

Group - Salaries and other remuneration

SEKm	Boards and senior executives	Other employees	Total
2015			
Group, total	400	4,693	5,093
– of which, bonus	(56)		(56)
Of which in Sweden	161	1,447	1,608
– of which, bonus	(31)		(31)
Of which in other countries	239	3,246	3,486
– of which, bonus	(24)		(24)
Number of people	482		
2014			
Group, total	493	5,511	6,004
– of which, bonus	(56)		(56)
Of which in Sweden	152	1,858	2,010
– of which, bonus	(15)		(15)
Of which in other countries	342	3,652	3,994
– of which, bonus	(41)		(41)
Number of people	629		

Social security costs

SEKm	2015	2014
Social security costs	1,479	1,753
(of which pension costs)	(396)	(433)

Of the Group's pension costs SEK 39m (39) refers to the boards and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 2m (4).

Parent company – Salaries and other remuneration

SEKm	2015	2014
Senior executives, CEO and Deputy CEO		
Number of people	5	6 [1]
Salaries and other remuneration [2]	30	30
– of which, bonus	(14)	(14)
Salary and other remuneration, other employees	59	64
Total	**89**	**94**

[1] One person only 50% of the year. At 31 December 2015 the number was 5 people.
[2] Excluding vacation pay.

Social security costs

SEKm	2015	2014
Social security costs	46	46
(of which pension costs)	(13)	(13)

Of the parent company's pension costs, SEK 3.0m (2) refers to the CEO and Deputy CEO.

Remuneration to Board and senior executives

Guidelines and principles for remuneration to senior executives

The guidelines for remuneration and incentive systems for key people as set out below were approved by the 2015 Annual General Meeting. The following guidelines were applied throughout 2015.

The incentive system for the Company's business organisation is of major strategic importance for Ratos. Against this background, a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of the shareholders.

The incentive system comprises a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles.

- Ratos's employees shall be offered competitive terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary to senior executives does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year the compensation is earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately one per cent of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value, but also take a personal risk by paying a market premium for the options.

Pension benefits are generally paid in accordance with the ITP Plan. For pension benefits that deviate from the ITP Plan, defined contribution pension benefits apply. The Board shall be entitled to deviate from these guidelines if special circumstances should prevail in an individual case.

Variable salary

Variable salary is not paid to senior executives until certain conditions regarding return on the company's equity have been met. The requirement for payment of variable remuneration is that consolidated profit before tax, adjusted for minority effects in minority-owned subsidiaries, shall correspond to at least 5% of opening equity. Should the threshold be reached, the bonus amount is calculated from 0%. A ceiling has been stipulated at a total of SEK 125m in variable remuneration, which falls due in the event of adjusted profit before tax of 25% of opening equity.

Note 9, cont.

An earnings bank for the result that forms the basis for calculation of variable remuneration is applied. This means that earnings which in a certain year exceed the ceiling are transferred to the next year and increase the earnings on which remuneration is calculated. Earnings that are less than the threshold amount are also transferred and charged against earnings on which remuneration is based in the following year. Adjusted profit before tax for 2015, including the earnings bank, provided variable remuneration of SEK 25.2m to be paid in 2016–2018. Payment of variable salary is allocated over three years with 50% in the first year and 25% per year in the remaining two years.

Call option programmes

Annual general meetings from 2001 onwards have decided on call option programmes directed to senior executives and other key people within Ratos. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the remuneration is divided into equal parts for five years. Call options are issued on treasury shares and have a maturity of 4–5 years.

Synthetic options

The 2015 Annual General Meeting, like all Annual General Meetings since 2007, resolved on a cash-based option programme related to the Ratos's investments in the companies. The programme is carried out through the issue of synthetic options that are transferred at market price. The programme gives the CEO and other key people within Ratos an opportunity to share in the investment result of the individual companies. Options related to an individual investment only have a value if Ratos's annual return on the investment exceeds 10%. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 10% per year. Acquisition of synthetic options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the remuneration is divided into equal parts for five years.

Remuneration to Ratos's Board and senior executives

2015 SEKm	Basic salary/ Board fee [1]	Variable remuneration [2]	Other benefits [3]	Pension costs	Total	Pension commitments
Arne Karlsson, Chairman of the Board	1.2				1.2	-
Lars Berg, Board member [6]	0.1				0.1	-
Staffan Bohman, Board member[4]	0.6				0.6	-
Annette Sadolin, Board member	0.5				0.5	-
Jan Söderberg, Board member	0.5				0.5	-
Per-Olof Söderberg, Board member	0.5				0.5	-
Karsten Slotte [5]	0.4				0.4	-
Charlotte Strömberg, Board member [4]	0.6				0.6	-
Susanna Campbell, CEO	6.3	5.6	0.1	1.9	13.9	-
Bo Jungner, Deputy CEO	3.0	1.8	-	0.7	5.5	-
Henrik Blomé, Deputy CEO [7]	2.4	3.3	0.1	0.4	6.2	-
Other senior executives (2 people)	4.0	2.9	0.1	1.0	8.0	-

[1] Basic salary excluding vacation pay [2] Including call option subsidy [3] Company car [4] Invoiced fee taking social security costs into account
[5] With effect from the AGM [6] With effect until the AGM [7] Henrik Blomé Deputy CEO from 19 February 2015

2014 SEKm	Basic salary/ Board fee [1]	Variable remuneration [2]	Other benefits	Pension costs	Total	Pension commitments
Arne Karlsson, Chairman of the Board	1.2				1.2	-
Lars Berg, Board member	0.5				0.5	-
Staffan Bohman, Board member[3]	0.6				0.6	-
Annette Sadolin, Board member	0.5				0.5	-
Charlotte Strömberg, Board member [3][4]	0.5				0.5	-
Jan Söderberg, Board member	0.5				0.5	-
Per-Olof Söderberg, Board member	0.5				0.5	-
Margareth Øvrum, Board member[5]	0.1				0.1	-
Susanna Campbell, CEO	6.0	6.8	0.1	1.5	14.4	-
Bo Jungner, Deputy CEO	3.0	2.2	0.0	0.6	5.8	-
Other senior executives (4 people)[6]	7.7	4.7	0.3	1.9	14.6	-

[1] Basic salary excluding vacation pay [2] Including call option subsidy [3] Invoiced fee taking social security costs into account
[4] With effect from the AGM [5] With effect until the AGM [6] Of which one person 50% of the year. At 31 December 2014 "other senior executives" were 3 people

Note 9, cont.

Remuneration to the CEO

Variable remuneration

The size of variable remuneration is decided on a discretionary basis by the Board based on a proposal from the Compensation Committee and within the framework of the total variable remuneration component for senior executives and other key people. Acquisition of call options and synthetic options is subsidised within the framework of the option programme for senior executives.

Pension terms

Pension premiums amount to 30% of basic salary. The pension is a defined contribution plan. There is no agreed retirement age.

Terms for severance pay

The mutual notice period is six months. Severance pay corresponding to one and a half annual salaries is paid and may not be triggered by the CEO.

Other senior executives

Variable remuneration

Remuneration to the other six senior executives including Deputy CEOs, see table on the previous page.

Pension terms

Pension benefits are paid in accordance with the ITP Plan, where pensionable salary is the maximum ITP limit (30 income base amounts) for ITP2, for ITP1 there is no ceiling. There is no agreed retirement age.

Terms for severance pay

For other senior executives in Ratos there are no agreements on severance pay.

Call options

Holding 31 Dec 2015 [1]	2011 Number	2012 Number	2013 Number	2014 Number	2015 Number	Benefit
Chairman of the Board	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
Susanna Campbell, CEO	-	150,000	90,000	100,000	93,000	-
Bo Jungner, Deputy CEO	-	117,300	90,000	50,000	46,500	-
Henrik Blomé, Deputy CEO	20,000	58,500	30,000	35,000	46,500	-
Other senior executives	-	-	-	60,000	37,000	-

Holding 31 Dec 2014 [1]	2010 Number	2011 Number	2012 Number	2013 Number	2014 Number	Benefit
Chairman of the Board	78,000	200,000	-	-	-	-
Other Board members	-	-	-	-	-	-
Susanna Campbell, CEO	39,000	40,000	150,000	90,000	100,000	-
Bo Jungner, Deputy CEO	18,000	-	117,300	90,000	50,000	-
Other senior executives	20,000	20,000	58,500	30,000	95,000	-

[1] Relates to own and related parties' holdings, incl. over allotment.

Synthetic options	2015		2014	
SEKm	Paid-in premium	Benefit	Paid-in premium	Benefit
Board of Directors	-	-	-	-
CEO and other senior executives	0.7	-	-	-

Call options

	31 Dec 2015		31 Dec 2014	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	3,479,100	4,037,285	3,545,600	4,764,015
Issued	462,100	462,100	574,500	574,500
Translation due to dividends		17,892		
Expired [1]	-529,500	-1,074,885	-641,000	-1,301,230
Outstanding at end of period	**3,411,700**	**3,442,392**	**3,479,100**	**4,037,285**

[1] Exercise price SEK 124.20 per share (92.60), share price when the options expired was SEK 57.65 (61.30).

Note 9, cont.

Disclosures on call options issued during the period
Each option carries entitled to purchase one share.

	2015	2014
Maturity date	20 March 2020	20 March 2019
Exercise price per share on issuance, SEK	64,60	66,50
Total option premium payments, SEKm	3,0	4,2
Total payments to Ratos if shares acquired, SEKm	29,9	38,2

Option terms for outstanding call options

				31 Dec 2015		31 Dec 2014	
Maturity date	**Price/ option SEK**	**Exercise price SEK/share**	**Right to pur-chase number of shares**	**Number of options**	**Corresponding number of shares**	**Number of options**	**Corresponding number of shares**
20 March 2015	16,60	124,20	2,03			529,500	1,074,885
18 March 2016	11,80	154,60	1.03	640,000	659,200	640,000	652,800
20 March 2017	4,70	73,60	1.01	1,149,200	1,160,692	1,149,200	1,149,200
20 March 2018	11,50	66,10	1.00	585,900	585,900	585,900	585,900
20 March 2019	7,30	60,90	1.00	574,500	574,500	574,500	574,500
20 March 2020	6,50	64,60	1.00	462,100	462,100		
				3,411,700	**3,442,392**	**3,479,100**	**4,037,285**
Maximum increase in number of shares in relation to outstanding shares at end of period					1.1%		1.3%

Cash amount that the company may receive on exercise of outstanding options amounts to SEK 291m (401).

Incentive programmes in Ratos's subsidiaries

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, shareholder loans, subscription warrants, synthetic options and synthetic shares. Investments are made on market terms with some exceptions.

IFRS 2 Share-based payments is applicable to the exceptions. These did not have any material effect on the Ratos Group's income statement and statement of financial position. In total, financial liabilities relating to synthetic option programmes in the Ratos Group amounted to SEK 108m (133). In 2014 the Group's earnings were affected by SEK -17m (-62) relating to synthetic option liabilities.

Note 10 Fees and disbursements to auditors

	2015		2014	
SEKm	**Group**	**Parent company**	**Group**	**Parent company**
Senior auditor PwC				
Audit assignment	17	2	17	2
Audit-related activities in addition to audit assignment	1		2	
Tax advice	2		1	
Other services	9	4	9	1
Other auditors				
Audit assignment	15		18	
Audit-related activities in addition to audit assignment	3		2	
Tax advice	5	2	1	
Other services	6	0	15	
	58	**9**	**65**	**3**

Audit assignment refers to examination of the annual accounts and accounting records as well as the administration by the Board of Directors and the CEO, other tasks which are the business of the company's auditors, and advice or other assistance which is caused by observations on such examination or implementation of such work tasks. Everything else relates to other assignments.

Note 11 Financial income and expenses

Group Financial income SEKm	Fair value through profit or loss – Held for trading		Loans and receivables		Available-for-sale financial assets		Other financial liabilities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Interest income			36	59					36	59
Result from sale					5	2			5	2
Change in value, synthetic options	19	12							19	12
Change in value, put options	12	12							12	12
Change in value, derivatives – not hedge accounted	11	17							11	17
Other financial income				3						3
Changes in exchange rates, net							5		5	
	42	**41**	**36**	**62**	**5**	**2**	**5**	**0**	**88**	**105**
Financial expenses										
Interest expenses							-460	-696	-460	-696
Change in value, synthetic options	-35	-74							-35	-74
Change in value, put options	-4	-18							-4	-18
Change in value, contingent considerations	-15								-15	
Change in value, derivatives – not hedge accounted		-27								-27
Other financial expenses							-81	-107	-81	-107
Changes in exchange rates, net								-166		-166
Impairment				-4		-5				-9
	-54	**-119**		**-4**		**-5**	**-541**	**-969**	**-595**	**-1,097**
Pensions, interest expenses									-11	-14
									-606	**-1,111**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 36m (59). Interest expenses attributable to financial liabilities not at fair value through profit or loss amount to SEK 460m (696). Profit for the year includes SEK 0m (-6) which relates to ineffectiveness in cash flow hedges. The Group has no fair value hedges.

Impairment of financial assets

SEKm	2015	2014
Trade receivables	35	19
Financial assets		9
Total impairment	35	**28**

Impairment is recognised in trade receivables taking into account customers' ability to pay.

Parent company Financial income SEKm	Fair value through profit or loss – Held for trading		Loans and receivables		Available-for-sale financial assets		Other financial liabilities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Interest income			1	109					1	109
Result from sale					6	2			6	2
Change in value, synthetic options	3	5							3	5
Change in value, derivatives – not hedge accounted		17								17
Changes in exchange rates, net								37		37
	3	**22**	**1**	**109**	**6**	**2**		**37**	**10**	**170**
Financial expenses										
Interest expenses							-8	-35	-8	-35
Change in value, synthetic options	-37	-24							-37	-24
Other financial expenses							-10	-14	-10	-14
Changes in exchange rates, net	-1		-5						-6	
	-38	**-24**	**-5**				**-18**	**-49**	**-61**	**-73**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 1m (109). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 8m (35).

Note 12 Taxes

Recognised in profit or loss

SEKm	2015	2014
Tax expense for the period	-255	-346
Adjustment of tax attributable to previous years	9	-1
Deferred tax relating to temporary differences	-75	15
Deferred tax expense due to changed tax rates	-2	-4
Deferred tax income in capitalised tax value in loss carry-forward during the year	106	98
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward	-34	-27
	-252	**-265**
Shaer of associates' tax	36	27
Total recognised tax expense in the Group	**-216**	**-238**

Reconciliation effective tax, Group

SEKm	2015	2014
Profit before tax	892	1,367
Less profit from investments recognised according to the equity method	14	127
	906	**1,494**
Tax according to current tax rate, 22%	-199	-329
Effect of special taxation rules for investment companies	8	-55
Effect of different tax rates in other countries	-24	3
Non-deductible expenses	-264	-170
Non-taxable income	350	366
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-137	-58
Impairment of previously capitalised loss carry-forward	-24	-42
Use of previously non-capitalised tax loss carry-forward	13	1
Capitalisation of previously non-capitalised loss carry-forward	1	23
Tax attributable to previous years	9	-1
Effect of changed tax rates and tax rules	7	1
Other	7	-4
Reported effective tax	**-252**	**-265**

Tax items recognised in other comprehensive income

SEKm	2015	2014
Deferred tax attributable to hedging reserve	0	3
Deferred tax attributable to remeasurement of defined benefit pension commitments	22	45
	22	**48**

Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
SEKm	**2015**	**2014**	**2015**	**2014**
Intangible assets	14	21	325	349
Property, plant and equipment	17	28	85	95
Financial assets		22	6	2
Inventories	37	33	11	13
Trade receivables	10	8	0	1
Interest-bearing liabilities	13	12	1	2
Provisions for pensions	58	80	3	5
Other provisions	98	107	1	3
Other	30	37	179	119
Loss carry-forward	417	428		
Tax allocation reserves	25		10	62
Tax assets/ tax liabilities	**719**	**776**	**620**	**651**
Offsets	-229	-217	-229	-217
Tax assets/ tax liabilities, net	**490**	**559**	**392**	**434**

Of recognised deferred tax assets, SEK 36m (115) falls due within one year and SEK 407m (247) has no due date. Of deferred tax liabilities, SEK 13m (22) falls due within one year and SEK 311m (352) has no due date.

Unrecognised temporary differences

SEKm	2015	2014
Deductible temporary differences	687	50
Loss carry-forward	1,684	772
	2,371	**822**

Approximately SEK 94m (105) of the unrecognised loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 172m (161) of the tax deficit falls due in 2016–2025. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit correspond to a tax value amounting to SEK 631m (212).

Since it is improbable that unrecognised temporary differences will lead to lower tax payments in the future, these have not been assigned any value.

Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise on shares and other part ownership rights are not liable to tax. Capital losses are not deductible. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at the start of the year have been held for less than one year or where the holding is less than 10% of the votes. Dividends received and interest incomes are reported as taxable income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. The parent company's tax expense for 2015 amounted to SEK 0m (0).

Note 13 Intangible assets

Group		Non-current assets acquired					Internally generated intangible assets				
SEKm	**Goodwill**	**Trade-marks**	**Customer relations**	**Data-bases**	**Business systems**	**Other assets**	**Data-bases**	**Business systems**	**Other assets**	**Projects in progress**	**Total**
Accumulated cost											
Opening balance 1 January 2014	20,006	951	449	302	239	599	217	134	190	143	23,230
Business combinations	1,105	37	24	2		22	3				1,193
Investments				6	38	55	5	11	13	108	236
Company disposals	-4,829	-38	-56		-43	-162			-94	-5	-5,227
Disposals				-47	-2	-3	-2		-2		-56
Reclassification to Assets held for sale			-73			-46		-10	-6		-135
Reclassifications			-4		18	3	19	-35	10	-59	-48
Exchange differences for the year	488	29	17	11	10	37	2	1	3	5	603
Closing balance 31 Dec 2014	**16,770**	**979**	**357**	**274**	**260**	**505**	**244**	**101**	**114**	**192**	**19,796**
Opening balance 1 January 2015	16,770	979	357	274	260	505	244	101	114	192	19,796
Business combinations	948		29			18					995
Investments		4		13	36	22	16	40	14	97	243
Company disposals	-2,702			-16	-8	0		-42			-2,768
Disposals			-2	-1	-2	-13	-13	-1	-2	-2	-36
Reclassification to Assets held for sale	-51					-11					-61
Reclassifications	-5			-2	129	18	25	5	109	-165	114
Exchange differences for the year	-417	-59	-17	-10	-12	-15	-6	0	-1	-4	-541
Closing balance 31 Dec 2015	**14,543**	**925**	**367**	**258**	**404**	**524**	**266**	**103**	**234**	**117**	**17,741**
Accumulated amortisation and impairment											
Opening balance 1 January 2014	-1,206	-64	-319	-224	-155	-496	-161	-71	-89		-2,785
Depreciation for the year		-8	-19	-28	-30	-40	-27	-9	-20		-181
Impairment for the year	-250		-44	-13					-11		-318
Accumulated depreciation in acquired companies				-1		-1					-2
Accumulated depreciation in disposed companies			45		30	103			41		219
Accumulated impairment in disposed companies	9										9
Disposals				46	2	3	7		2		60
Reclassification to Assets held for sale			73			40		10	3		126
Reclassifications				-1	-2	-2	1	29			25
Exchange differences for the year	20	-1	-12	-9	-5	-30	-5	-1	11		-32
Closing balance 31 Dec 2014	**-1,427**	**-73**	**-276**	**-230**	**-160**	**-423**	**-185**	**-42**	**-63**		**-2,879**
Opening balance 1 January 2015	-1,427	-73	-276	-230	-160	-423	-185	-42	-63		-2,879
Depreciation for the year		-9	-11	-25	-47	-32	-28	-11	-23		-185
Impairment for the year	-700				-2	-1	-4		-27		-734
Accumulated depreciation in disposed companies				11	4	0					16
Accumulated impairment in disposed companies	136										136
Disposals				1	2	12	14	1	3		34
Reclassification to Assets held for sale	51					11					62
Reclassifications				1	-17	0					-16
Exchange differences for the year	67	4	12	8	9	12	5	0	0		118
Closing balance 31 Dec 2015	**-1,872**	**-77**	**-275**	**-232**	**-211**	**-421**	**-198**	**-52**	**-108**		**-3,447**
Carrying amount according to Statement of financial position:											
At 31 December 2015	**12,671**	**848**	**92**	**25**	**193**	**103**	**67**	**51**	**126**	**117**	**14,293**
At 31 December 2014	**15,343**	**906**	**81**	**44**	**100**	**82**	**59**	**59**	**51**	**192**	**16,917**

Note 13, cont.

Impairment testing for goodwill and intangible assets with indeterminable useful lives attributable to group companies

The Ratos Group's goodwill and intangible assets with indeterminable useful lives are distributed as follows:

	2015		2014	
	Goodwill	Intangible assets [1]	Goodwill	Intangible assets [1]
Bisnode [2]	3,843		3,874	
Mobile Climate Control [2]	1,147		1,126	
HL Display [2]	1,085		1,082	
ArcusGruppen[2]	1,026	601	1,066	628
Ledil	871		898	
HENT	832		915	
DIAB	773		773	
Nebula	766		789	
Nordic Cinema Group			2,497	
	10,343	**601**	**13,020**	**628**
Subsidiaries without significant goodwill values, total	2,328	182	2,323	200
	12,671	**783**	**15,343**	**828**

[1] Relates to trademarks with indeterminable useful lives and which are therefore not amortised. Trademarks with indeterminable useful lives are key assets for the companies that have measured these assets. Work on improving and developing trademarks is ongoing. Net cash flows generated by trademarks are not expected to cease in the foreseeable future. Trademarks are therefore regarded as having indeterminable useful lives.

[2] Impairment testing for these companies is described separately below.

Goodwill and other intangible assets with indeterminable useful lives are attributable when subject to impairment testing to separate subsidiaries which constitute one of Ratos's portfolio companies, since these each individually constitute cash generating units. Only goodwill and intangible assets with indeterminable useful lives attributable to Bisnode, Mobile Climate Control, HL Display and ArcusGruppen are of a significant size on their own in relation to the Ratos Group's total goodwill.

Goodwill attributable to other subsidiaries, is not significant in each one separately. The method for impairment testing, i.e. calculation of the recoverable amount, for the different subsidiaries is either based on a measurement at fair value less costs of disposal or from a calculation of value in use. The recoverable amount is the higher of these.

Fair value less costs of disposal

Impairment testing for ArcusGruppen is based on fair value less costs of disposal for 2015.

The breakdown of how fair value is determined is based on three levels. In level one the best expression of fair value less costs of disposal is the price in a binding agreement between independent parties. In level two fair value can, in the absence of binding agreements, be determined by market price provided the asset is sold in an active market. The immediately preceding transaction can also provide a basis from which the value can be determined when current purchase rates are not available. If this too is not available, fair value less costs of disposal comprises in level three the price that is expected to be obtained in the event of a sale of the asset between parties who are independent of each other, well informed and have an interest in the transaction. When the amount is determined the result of disposals of other companies made recently within the same sector are taken into account. The estimated value is not based on a forced sale.

Key assumptions for fair value less costs of disposal

ArcusGruppen

Fair value less costs of disposal for ArcusGruppen has been established in level three of the valuation hierarchy and is based on ArcusGruppen's two operating areas wine and spirits as well as Vectura, which operates in Norway as a distributor and haulier for importers, agents and producers of alcoholic beverages. Key assumptions for the valuation are profit multiple at exit and profit forecast. Profit multiple is on a level with listed comparable companies. The profit forecast is based on growth in line with the underlying market as well as some margin improvements primarily within the logistics operations in Vectura which are currently undergoing significant restructuring and with spirits production/bottling where consolidation of the operations started in 2015 and continues during 2016. The assessment is that no reasonable changes in key assumptions will lead to fair value less costs of disposal for ArcusGruppen falling below the carrying amount.

Value in use

Impairment testing for Bisnode, Mobile Climate Control and HL Display is based on a value in use for 2015.

The basis for calculating value in use for a subsidiary is a profit forecast that covers a maximum of five years. Value in use is based on cash flow calculations and calculated as Ratos's share of present value of the subsidiary's future estimated cash flows. Future cash flow is estimated on the basis of an earnings forecast. Assessments of future cash flows are based on the most recent budgets and forecasts as well as reasonable and verifiable assumptions which provide Ratos's best estimates of the economic conditions that are expected to prevail during the period of the forecast. The starting point for estimating values for these is in accordance with previous experience as well as external factors, whereby great weight is given to external factors.

After the cash flow forecast period, which comprises a maximum of five years, terminal value is assessed for the subsidiary based on a multiple valuation. The method for estimating a multiple is (i) to analyse and take into account comparable listed companies, (ii) given the profit forecast to assess the attractiveness of the company. Key assumptions in the calculation include the discount rate, sales growth and gross margins as well as for assessment of terminal value: profit multiple and profit forecast. Different assumptions are used since each subsidiary in itself is an independent unit with unique circumstances. Key assumptions for each subsidiary are described below.

Discount rate

Future cash flows, including assessed terminal value, are present-value calculated using a discount rate. Ratos has chosen a discount factor after tax where estimated future cash flows also include tax. On the basis of the actual applied required rate of return after tax (WACC) Ratos has made a translation to an estimate corresponding to a required rate of return before tax by dividing with a minus tax rate. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset.

	Discount rate after tax		Discount rate before tax	
%	2015	2014	2015	2014
Bisnode	8	8	11	10
Mobile Climate Control	7	7	9	9
HL Display	7	7	9	9

Key assumptions for value in use

Bisnode

The forecasted cash flows for Bisnode are based on the fact that the company by integrating and streamlining operations has improved its opportunities to further develop its customer offering and strengthen its position in the growing European market. The key assumptions when calculating value in use for Bisnode are sales growth, adjusted EBITA margin and profit multiple. Based on this, Ratos assumes increasing sales growth and an adjusted EBITA margin that is expected to remain constant and then gradually increase. 2016 is an adjustment period. Reliable growth is on a level with the market. Estimated profit multiple is on a par with other Nordic media companies and other comparable digital business companies. The assessment is that no reasonable changes in key assumptions will result in the estimated value in use for Bisnode falling below the carrying amount.

Mobile Climate Control

The forecasted cash flows for Mobile Climate Control are based on the company's position as a niche supplier that develops and sells customised climate systems to vehicles produced in short series and with high demands on performance and quality. The underlying market is driven over time by an increasing number of manufactured vehicles as well as increased penetration for (proportion of vehicles equipped with) customised climate systems. The underlying market is expected to show good growth in years to come, and the company is expected to increase its market share driven by already secured contracts. The key assumptions in calculation of value in use are a good underlying market growth and a slightly strengthened profit margin due to the company's operational leverage. The assumptions for underlying markets are based in part on cyclical recovering in the short terms. In the long term, growth is driven by a long-term increase in the number of vehicles produced and by the fact that a growing proportion of vehicles are equipped with climate control systems. Value in use for Mobile Climate Control is in level with Ratos's consolidated book value. The assessments and assumptions that provide the base for the calculation of value in use for are associated with uncertainties and risks. Small changes in one of the fundamental variables or input parameters mean that value in use can change both up and down and can also result in value in use falling below Ratos's consolidated value.

HL Display

The forecast cash flows for HL Display are based on the company being market leader in Europe and having a good strategic position with diversified customer exposure. The key assumptions in calculation of value in use are sales growth, EBITA margin and expected exit multiple. Sales growth can be assumed to be low in the next few years due to uncertain economic outlooks in several of HL Display's markets. The EBITA margin is expected to show some increase particularly due to continued internal efficiency programmes. The assumed exit multiple is judged reasonable given the company's historical valuation levels on the stock exchange and valuation multiples for listed comparable companies. The assessment is that no reasonable changes in key assumptions will lead to the estimated value in use for HL Display falling below the carrying amount.

Impairment 2015

Goodwill impairment has been carried out in the amount of a total SEK 700m (250), see below.

Impairment

SEKm	2015	2014
AH Industries	85	87
Euromaint, including impairment attributable to the German operations	531	
Hafa Bathroom Group	84	62
Jøtul		101
	700	**250**

Impairment tests for AH Industries and Euromaint are based on a calculation of value in use, see description above. The estimated value is based on cash flow forecasts and subsequently an assessed terminal value.

AH Industries

The Board decided on an impairment of SEK 85m attributable to AH Industries. Impairment is attributable to a lower outcome in 2015 due to postponed orders, for example, and the positive effects of the implemented actions programmes are expected somewhat later than earlier estimated. The recoverable amount is SEK 125m.

The forecast cash flows are based on the company's position as strategic supplier of metal components, modules, systems and services to the wind turbine, cement and minerals industries.

The key assumptions when calculating value in use are sales growth, adjusted EBITA margin and profit multiple. The underlying market is driven by an increasing focus on renewable energy and efficiency improvements across the value chain. In 2015, the company strengthened its relationship to the key customers and also established a dialogue with a number of new customers. EBITA margin is expected to show an improvement primarily driven by higher sales, and the effect of already implemented improvement measures. Estimated profit multiple is lower than listed wind turbine manufacturers based on the company's development the past years. The relevance of comparing these companies is however limited. The assessments and assumptions that provide the base for the calculation of value in use for are associated with uncertainties.

Euromaint

The Board decided on an impairment of SEK 480m attributable to Euromaint. In addition, Euromaint recognised goodwill impairment attributable to the German operations in the amount of SEK 51m. The impairment is a consequence of the disposal of the German subsidiary and Euromaint's overall weak performance over an extended period. The recoverable amount is SEK 124m.

The forecasted cash flows are based on the company being market leader in the Swedish home market. The key assumptions in calculation of value in use are sales growth, EBITA margin and expected exit multiple. Sales growth is assumed to be low in the short term. The EBITA margin is expected to show an increase particularly due to continued internal efficiency programmes. The assumed exit multiple is judged reasonable given the valuation multiples for listed comparable companies.

Hafa Bathroom Group

In November Hafa Bathroom Group was sold, resulting in an exit loss of SEK 93m, including SEK 84m in goodwill impairment.

	Discount rate after tax		Discount rate before tax	
%	2015	2014	2015	2014
AH Industries	8	8	10	10
Euromaint	7	6	9	8

Note 13, cont.

Impairment 2014

During the fourth quarter 2014 goodwill impairment was recognised totalling SEK 250m, attributable to AH Industries with SEK 87m, Hafa Bathroom Group with SEK 62m and Jøtul with SEK 101m. Impairment tests for the three subsidiaries were based on a calculation of value in use, see description above. The estimated value is based on cash flow forecasts and subsequently an assessed final value.

%	Discount rate after tax, 2014	Discount rate before tax, 2014
AH Industries	8	10
Hafa Bathroom Group	6	8
Jøtul	8	10

The Board decided on an impairment of SEK 87m attributable to AH Industries. The impairment was attributable to an assessed lower value of the Tower & Foundations business unit since development had been weak in recent years and market prospects for Tower & Foundations were assessed as uncertain. The recoverable amount was SEK 227m.

Since Hafa Bathroom Group's market has seen weak development in recent years, especially the consumer segment in which the company mainly operates, at the same time as competition has intensified due to the weak market, the Board decided on an impairment of SEK 62m attributable to Hafa Bathroom Group. The recoverable amount was SEK 98m. Long-term challenges for Jøtul meant that profitability did not reaching satisfactory levels so the Board decided on an impairment of SEK 101m. The recoverable amount was SEK 45m.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2014	1,888	7,778	131	9,797
Investments	23	373	143	539
Disposals	-23	-172		-195
Assets in acquired companies	3	26		29
Assets in disposed companies	-595	-2,087	-41	-2,723
Transferred from construction in progress	2	75	-83	-6
Reclassification to Assets held for sale		-33		-33
Reclassifications	1	14	-13	2
Exchange differences for the year	87	245	2	334
Closing balance 31 Dec 2014	**1,386**	**6,219**	**139**	**7,744**
Opening balance 1 January 2015	1,386	6,219	139	7,744
Investments	24	236	202	463
Disposals	-41	-302	-3	-346
Assets in acquired companies		93		93
Assets in disposed companies	-609	-1,446	-59	-2,113
Transferred from construction in progress	5	14	-19	
Reclassification to Assets held for sale	-29	-86		-115
Reclassifications	-70	53	-97	-114
Exchange differences for the year	-21	-174	-6	-201
Closing balance 31 Dec 2015	**646**	**4,607**	**157**	**5,410**
Accumulated amortisation and impairment				
Opening balance 1 January 2014	-849	-5,367		-6,216
Depreciation for the year	-79	-558		-637
Impairment for the year	-2	-66		-68
Accumulated depreciation in acquired companies	-1	-7		-8
Accumulated depreciation in disposed companies	305	1,615		1,920
Disposals	16	144		160
Reclassification to Assets held for sale		24		24
Reclassifications	19	15		34
Exchange differences for the year	-37	-172		-209
Closing balance 31 Dec 2014	**-628**	**-4,372**		**-5,000**

Note 14, cont.

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Opening balance 1 January 2015	-628	-4,372		-5,000
Depreciation for the year	-39	-382		-421
Impairment for the year	-3	-1		-3
Accumulated depreciation in acquired companies		-61		-61
Accumulated depreciation in disposed companies	284	1,050		1,334
Disposals	34	291		325
Reclassification to Assets held for sale	12	56		68
Reclassifications	49	-33		16
Exchange differences for the year	12	108		120
Closing balance 31 Dec 2015	**-278**	**-3,343**		**-3,621**
Carrying amount according to Statement of financial position:				
At 31 December 2015	**368**	**1,264**	**157**	**1,789**
Of which finance leases	38	231		269
At 31 December 2014	**758**	**1,847**	**139**	**2,744**
Of which finance leases	43	268		311

Paid leasing charges during the year SEK 100m (68). Charges to pay in future years are shown in a table in Note 30.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2014	83	29	112
Disposals/sales		-1	-1
Closing balance 31 Dec 2014	**83**	**28**	**111**
Opening balance 1 January 2015	83	28	111
Closing balance 31 Dec 2015	**83**	**28**	**111**
Accumulated depreciation			
Opening balance 1 January 2014	-15	-24	-39
Depreciation for the year	-2	-2	-4
Disposals/sales		2	2
Closing balance 31 Dec 2014	**-17**	**-24**	**-41**
Opening balance 1 January 2015	-17	-24	-41
Depreciation for the year	-2	-1	-3
Closing balance 31 Dec 2015	**-19**	**-25**	**-44**
Value according to balance sheet			
At 31 December 2015	**64**	**3**	**67**
At 31 December 2014	**66**	**4**	**70**

Note 15 Investments recognised according to the equity method

Change in carrying amounts

Group

SEKm	2015	2014
Carrying amount, 1 January	3,895	2,726
Investments	157	111
Disposals	-1,297	
Group companies reclassified as investments reported according to the equity method		1,232
Dividends	-24	-40
Share of pre-tax profits from investments recognised according to the equity method	-14	-127
Share of tax from investments recognised according to the equity method	36	27
Share of other comprehensive income from investments recognised according to the equity method	54	-77
Other changes in equity	-16	-5
Investments recognised according to the equity method in disposed companies	-218	-10
Reclassifications		65
Exchange differences	-216	-7
Carrying amount at year-end	**2,357**	**3,895**

Investments recognised according to the equity method breakdown between significant and individually insignificant investments

	2015				2014			
SEKm	Aibel[1]	Inwido [2]	Individually insignificant investments	Total	Aibel[1]	Inwido [2]	Individually insignificant investments	Total
Investments recognised according to the equity method	**49%**				**49%**	**31%**		
Included in the Group as follows:								
Share of profit before tax	-75	42	19	-14	-215	46	42	-127
Tax	45	-9	0	36	40	-10	-3	27
Share of other comprehensive income	65	-11		54	-94	17		-77
Share of comprehensive income	35	22	19	76	-269	53	39	-177
Consolidated value	**2,287**		**71**	**2,357**	**2,304**	**1,285**	**306**	**3,895**
100%								
Net sales	7,728	3,750			9,319	4,916		
Profit/loss for the year	-63	296			-354	181		
Other comprehensive income	132	-24			-190	87		
Total comprehensive income	69	272			-544	268		
Non-current assets	9,611				10,766	4,050		
Current assets	2,128				2,333	1,044		
Non-current liabilities	-4,274				-5,195	-1,236		
Current liabilities	-3,253				-3,338	-1,065		
Net assets	4,212				4,566	2,793		

[1] Aibel Holding I AS is owned to 49% by NCS Invest. More information about group structure is provided in Note 34 Participations in group companies.

[2] Inwido is recognised according to the equity method as of October 2014 with a holding of 31% through April 2015 and 10% respectively through to October 2015 when the entire holding was divested. Details about net sales and profit and loss for 2015 refer to the period through to the entire holding was divested.

Note 15, cont.

Summary reconciliation of financial information for significant investments recognised according to the equity method

	Aibel 100%		Inwido 100% [1]
SEKm	**2015**	**2014**	**2014**
Opening balance net assets	**4,566**	**5,017**	**2,525**
New issue		110	
Profit for the year before tax	-153	-435	253
Tax	90	81	-72
Other comprehensive income	132	-190	87
Translation differences	-423	-17	
Closing balance net assets	**4,212**	**4,566**	**2,793**

	Aibel 49% [2]		Inwido 31%
SEKm	**2015**	**2014**	**2014**
Share in net assets	2,077	2,251	874
Goodwill			411
Other	210	53	
Carrying amount	**2,287**	**2,304**	**1,285**

[1] The entire holding was divested in 2015.
[2] Consolidated value, adjusted for the share subject to non-controlling interest, amounts to SEK 1,539m (1,494), see also Note 37.

Note 16 Specification of parent company's investments in associates

Change in carrying amounts

Parent company

SEKm	**2015**	**2014**
Accumulated cost opening balance	660	
Subsidiary reclassified as associate		660
Disposals	-660	
Value according to balance sheet	**0**	**660**

Associate, reg. no., registered office	**Number of participations**	**Owned share, %**	**Book value 2015**	**Book value 2014**
Inwido AB, 556633-3828, Malmö				660
Total				**660**

Note 17 Receivables from group companies

Parent company

	Non-current receivables Group companies	
SEKm	**2015**	**2014**
Accumulated cost at 1 January	**1**	**1,202**
Investments		31
Transferred receivable	17	
Settlements	-1	-1,331
Capitalised interest		98
Change in exchange rates		1
Closing balance	**17**	**1**

	Current receivables Group companies	
SEKm	**2015**	**2014**
Accumulated cost at 1 January	**0**	**41**
Investments	397	128
Reclassifications	-1	
Settlements	-326	-178
Capitalised interest		4
Change in exchange rates		5
Closing balance	**70**	**0**

Note 18 Financial instruments

Group

31 December	Fair value through profit or loss – Held for trading		Derivatives used for hedging		Loans and receivables		Available-for-sale financial assets		Other financial liabilities		Total according to statement of financial position	
SEKm	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Financial assets												
Shares and participations							41	47			41	47
Financial receivables [1)]	3	7		1	34	67	11				48	75
Trade receivables					3,771	3,762					3,771	3,762
Cash and cash equivalents					6,455	5,320					6,455	5,320
	3	**7**		**1**	**10,260**	**9,149**	**52**	**47**			**10,315**	**9,204**
Surplus in pension plans, asset											8	
											10,323	**9,204**
Financial liabilities												
Interest-bearing liabilities												
– Liabilities to credit institutions									7,879	9,750		
– Finance leases									334	392		
– Other interest-bearing liabilities									19	121	8,232	10,263
Financial liabilities	540	425	30	36							570	461
Trade payables									2,631	2,663	2,631	2,663
	540	**425**	**30**	**36**					**10,863**	**12,926**	**11,433**	**13,387**
Provisions for pensions											454	563
											11,887	**13,950**

1) Financial receivables include SEK 45m (66) which is interest-bearing.

Fair value

Forward contracts are measured at fair value taking interest rates and prices on the closing date into account. Fair value of interest rate swaps is based on a discount of estimated future cash flows according to the maturity dates and terms of the contract and taking into account market interest rate for similar instruments at the end of the reporting period. Fair value of receivables with floating interest corresponds to their carrying amount. Since most of the interest-bearing liabilities carry floating interest, and often a margin based on debt/equity ratio, fair value at the end of the reporting period corresponds to carrying amount.

The tables below provide disclosures of how fair value is determined for the financial instruments measured at fair value in the Statement of financial position. Classification of how fair value is determined is based on the following levels.

Level 1: Financial instruments measured according to listed prices in an active market.

Level 2: Financial instruments measured according to directly or indirectly observable market data not included in level 1.

Level 3: Financial instruments measures on the basis of inputs that are not based on observable market data.

Fair value hierarchy

Assets	Level 2		Level 3	
SEKm	**2015**	**2014**	**2015**	**2014**
Derivatives				
– Forward contracts	3	8		
Contingent considerations			11	
	3	**8**	**11**	

Change, level 3	Contingent considerations	
SEKm	**2015**	**2014**
Opening balance at 1 January		
Subsequent expenditure	11	
Closing balance	**11**	

Liabilities	Level 2		Level 3	
SEKm	**2015**	**2014**	**2015**	**2014**
Synthetic options			108	133
Derivatives				
– Interest rate swaps	51	75		
– Forward contracts	4	6		
Put options to non-controlling interests			207	152
Contingent considerations			200	95
	55	**81**	**515**	**380**

Note 18, cont.

Change, level 3

SEKm	Synthetic options 2015	Synthetic options 2014	Put options 2015	Put options 2014	Contingent considerations 2015	Contingent considerations 2014
Opening balance at 1 January	133	133	152	227	95	1
Recognised in profit or loss	17	62	-8	9	18	
Newly issued/subsequent	15	9	139	6	125	124
Disposals, group companies	-11					
Redeemed/Settled	-41	-71	-65	-90	-35	-30
Translation difference	-5		-11		-3	
Closing balance	**108**	**133**	**207**	**152**	**200**	**95**

Remeasurement of financial instruments in level 3 is included in profit for the year, and refer to liabilities included in the closing balance, amount to SEK -9m (2).

The closing balance for synthetic options represents the total assessed value of a number of outstanding options within the Group which have Ratos's various companies as underlying assets. Ratos values its synthetic options on the basis of accepted market principles. Decisive parameters in conjunction with valuation of options are assumed market values relating to the underlying assets, the volatility of the underlying assets and the length of the remaining option term. As a rule there is no strong correlation between how these parameters are developed for different option programme. Possible covariance has more to do with macroeconomic factors.

Put options to non-controlling interests are measured starting from the terms of the purchase agreement and shareholder agreement, discounted to the balance sheet date. The key parameter in the valuation is the value development of the shares which is based on results until the estimated maturity date.

Measurement of contingent considerations takes into account the present value of expected payments, discounted with a risk-adjusted interest rate. Different possible scenarios for forecast results are taken into account to assess the size of the expected payments and the probability of these.

Parent company

31 December SEKm	Fair value through profit or loss – Held for trading 2015	2014	Loans and receivables 2015	2014	Available-for-sale financial assets 2015	2014	Other financial liabilities 2015	2014	Total according to statement of financial position 2015	2014
Financial assets										
Other securities held as non-current assets					27	43			27	43
Financial receivables	9	19	5		11				25	19
Receivables from group companies			87	1					87	1
Cash and cash equivalents			4,677	3,251					4,677	3,251
	9	**19**	**4,769**	**3,252**	**38**	**43**			**4,816**	**3,314**
Financial liabilities										
Interest-bearing liabilities, group companies							2,593	1,206	2,593	1,206
Financial liabilities	16	20							16	20
Trade payables							10	10	10	10
	16	**20**					**2,603**	**1,216**	**2,619**	**1,236**

Fair value hierarchy Parent company

Assets

SEKm	Level 3 2015	Level 3 2014
Synthetic options	9	19
Contingent consideration	11	
	20	**19**

Change, level 3

SEKm	Synthetic options 2015	Synthetic options 2014	Contingent consideration 2015	Contingent consideration 2014
Opening balance at 1 January	19	24	0	
Recognised in profit or loss	-9	-7		
Newly issued/subsequent			11	
Translation difference	-1	2		
Closing balance	**9**	**19**	**11**	**0**

Liabilities

SEKm	Level 3 2015	Level 3 2014
Synthetic options	16	20
	16	**20**

Change, level 3

SEKm	Synthetic options 2015	Synthetic options 2014
Opening balance at 1 January	20	8
Recognised in profit or loss	25	12
Newly issued/subsequent	2	
Settlements	-31	
Closing balance	**16**	**20**

Remeasurements of synthetic options are included in profit or loss for the year, with SEK -14m (-19), relating to assets and liabilities in the closing balance.

Note 19 Other securities held as non-current assets

Parent company

SEKm	2015	2014
Accumulated cost		
At the beginning of the year	43	46
Disposals	-16	-3
	27	**43**

Note 20 Inventories

Group

SEKm	2015	2014
Raw materials and consumables	722	837
Products in progress	346	320
Finished products and goods for resale	822	950
	1,890	**2,107**

Note 21 Prepaid expenses and accrued income

Parent company

Refers to current prepaid expenses.

Note 22 Equity

Share capital

Number	Ordinary Class A 2015	Ordinary Class A 2014	Ordinary Class B 2015	Ordinary Class B 2014	Preference Class C 2015	Preference Class C 2014
Shares in the company at 1 January	84,637,060	84,637,060	239,503,836	239,503,836	830,000	830,000
Shares in the company at 31 December	**84,637,060**	**84,637,060**	**239,503,836**	**239,503,836**	**830,000**	**830,000**

	Total number of shares	Quota value	SEKm
Shares in the company at 1 January 2015	324,970,896	3,15	1,024
Shares in the company at 31 December 2015	**324,970,896**		**1,024**

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of Class A shares to Class B shares should be added to the Articles of Association. This means that owners of Class A shares have an ongoing right to convert them to Class B shares. In 2015, 0 (0) Class A shares were converted into Class B shares.

Group

Other capital provided

Relates to equity provided by the owners. This includes share premium reserves paid in conjunction with new issues.

Retained earnings including profit for the year

Retained earnings includes earned profits and remeasurement of defined benefit pension plans recognised in other comprehensive income for the parent company and its subsidiaries and associates. Previous provisions to statutory reserve are also included in this item.

Parent company

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the share premium reserve prior to 1 January 2006.

Unrestricted equity

The following funds together with profit for the year comprise unrestricted equity, i.e. the amount that is available for dividends to shareholders.

Share premium reserve

When shares are issued at a premium, i.e. more is paid for the shares than their quota value, an amount corresponding to the amount received in excess of the quota value of the shares is transferred to the share premium reserve. After 1 January 2006, an allocation to a share premium reserve comprises unrestricted equity.

Retained earnings

Retained earnings comprise the previous year's retained earnings and profit after deduction for profit distribution provided during the year. Costs for purchase of treasury shares, call option premiums received and any additional transaction costs are recognised directly in retained earnings.

Fair value reserve

The parent company applies the Swedish Annual Accounts Act's rules relating to measurement of financial instruments at fair value according to Chapter 4, § 14 a-e. Recognition takes place directly in the fair value reserve when the change in value relates to a price change on a monetary item that comprises part of the company's net investment in a foreign operation. Accounting treatment is shown in Note 23.

Note 22, cont.

Equity management

The Group's target is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market and provides a basis for continued development of business operations, and that the long-term return generated to shareholders is satisfactory.

Ratos's company-specific return target (annual average internal rate of return, IRR) amounts to a minimum 15–20%. The target creates opportunities to make attractive investments in the current market situation with low market interest rates, an altered business environment with lower growth and greater competition for attractive acquisition candidates.

Over the past ten years, Ratos has made 19 exits, with an average IRR of 22% per year. In 2015, the divestment of Nordic Cinema Group was completed with an average annual return of 41%. In 2015, all remaining shares in Inwido were divested. In total, Inwido generated an annual average return of 16%. In 2015, also Hafa Bathroom Group was divested, resulting in a negative average annual return. Returns will always vary over time and between investments. A few of the companies in Ratos's portfolio will not meet the return target. At the same time, many companies in the portfolio are expected to exceed the return target.

Dividends on ordinary shares will, over time, reflect the actual earnings trend in Ratos. The aim is to have an even dividend trend. Historically over 50% of profit after tax has been distributed as a dividend. The Board of Directors proposes an ordinary dividend for the 2015 financial year of SEK 3.25 per Class A and B share, which corresponds to 252% of the earnings per share and a total dividend of SEK 1,037m. Dividend yield amounts to 6,7% based on the closing price at year-end. Dividends on preference shares are regulated in the Articles of Association and currently amount to SEK 25 per quarter and share. The maximum dividend per share and year is SEK 100.

Since the 2009 Annual General Meeting there has been a decision that Ratos, in connection with acquisitions, may issue B shares in Ratos - through set-off, non-cash or for cash payment. This mandate was renewed at the 2015 Annual General Meeting and applies for a maximum of 35 million Class B shares. In addition, there is an authorisation to the Board to issue a maximum total of 1,250,000 preference shares of Class C and/or Class D in the company in conjunction with agreements on acquisitions.

Neither the parent company nor any of the subsidiaries are subject to external capital requirements.

Treasury shares included in the equity item retained earnings including profit for the year

Number of shares	**2015**	**2014**
Opening treasury shares	5,131,107	5,134,877
Purchase of Class C shares	89,854	
Transfer of Class B shares to administrative employees	-3,501	-3,770
Closing treasury shares	**5,217,460**	**5,131,107**
Number of shares outstanding		
Total number of shares	324,970,896	324,970,896
Treasury shares	-5,217,460	-5,131,107
	319,753,436	**319,839,789**

Call options 2010–2015

The 2010–2015 Annual General Meetings decided to issue call options on treasury shares.

Terms for call options outstanding at 31 December 2015 are described in Note 9. Call option programmes are secured through purchases of treasury shares. Call options outstanding correspond to 3,442,392 shares. In total the number of repurchased Class B shares amount to 5,127,606.

Dividend

After the reporting period the Board proposed the following dividend:

	SEKm
Dividend to holders of Class A and B shares, SEK 3.25 per share [1]	1,037
Dividend to holders of Class C preference shares issued 19 June 2013 [2]	74
Dividend to holders of Class C and/or Class D preference shares of SEK 25 per quarter, although a maximum of SEK 100 per share, in the event of maximum utilisation of the authorisation [3]	125
To be carried forward	8,165

[1] Based on the number of shares outstanding on 16 February 2016. The number of treasury shares on that date was 5,127,606 and may change during the period until the record date for dividends.

[2] Based on the number of shares outstanding on 16 February 2016. Dividends on preference shares are regulated in the Articles of Association and carried out following a general meeting resolution. The dividend amounts to SEK 25 per quarter, although a maximum of SEK 100 per preference share and year. Payments are made quarterly in February, May, August and November.

[3] In accordance with the Board's proposal to the 2016 Annual General Meeting regarding possible new issue of preference shares.

The proposed dividend for 2014 was approved at the Annual General Meeting on 16 April 2015. The proposed dividend for 2015 will be presented for approval at the Annual General Meeting on 14 April 2016.

Note 23 Disclosure of other comprehensive income and change in reserves and non-controlling interests

	Majority's share of reserves				
SEKm	**Translation reserve**	**Hedging reserve**	**Total**	**Non-controlling interests**	**Total**
Opening carrying amount 1 January 2014	**-521**	**-3**	**-524**	**-174**	**-698**
Translation differences for the year	377		341	84	425
Translation differences attributable to discontinued operations	15		51		51
Cash flow hedges					
– recognised in other comprehensive income		-12	-12	-4	-16
– tax attributable to change for the year		2	2	1	3
– ineffectiveness recognised in profit or loss		6	6		6
– tax attributable to change for the year		-1	-1		-1
Closing carrying amount 31 December 2014	**-129**	**-8**	**-137**	**-93**	**-230**
Opening carrying amount 1 January 2015	**-129**	**-8**	**-137**	**-93**	**-230**
Adjustment	4		4	0	4
Adjusted opening carrying amount	-125	-8	-133	-93	-226
Translation differences for the year	-375		-375	-152	-527
Translation differences attributable to discontinued operations	-16		-16	-4	-19
Cash flow hedges					
– recognised in other comprehensive income		1	1	0	1
– tax attributable to change for the year		0	0	0	0
Closing carrying amount 31 December 2015	**-516**	**-8**	**-523**	**-249**	**-772**

Translation reserve

The translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and Group present their financial reports in Swedish kronor.

Hedging reserve

The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Parent company

Specification of equity item reserves

SEKm	**2015**	**2014**
Fair value reserve		
Opening balance at 1 January	7	43
Translation differences attributable to discontinued operations		-36
Closing balance	**7**	**7**

Note 24 Non-controlling interests

2015 **SEKm**	**NCS Invest**	**Nordic Cinema Group**	**AH Industries**	**Bisnode**	**Ledil**	**Individually insignificant non-controlling interests**	**Total**
Non-controlling interests, share in %	**36%**	**42%**	**31%**	**30%**	**34%**		
Non-current assets	2,077		1,005	4,834	872		
Current assets	0		299	1,062	105		
Non-current liabilities			-207	-1,988	-214		
Current liabilities			-274	-1,689	-70		
Net assets	**2,077**		**823**	**2,218**	**694**		
Carrying amount of non-controlling interests	**748**		**249**	**668**	**233**	**522**	**2,419**
Net sales		1,356	1,013	3,535	297		
Profit/loss for the year	-31	86	-16	147	56		
Other comprehensive income	-144	-26	2	-116	0		
Total comprehensive income	**-175**	**60**	**-14**	**31**	**56**		
Profit/loss for the year attributable to non-controlling interests	-11	36	-5	44	19	97	180
Other comprehensive income attributable to non-controlling interests	-52	-11	1	-35	0	-41	-139
Cash flow from operating activities		75	39	284	46		
Cash flow from investing activities		-146	-15	-269	-9		
Cash flow from financing activities		-89	-28	-12	-42		
Of which dividend to non-controlling interests		0					
Cash flow for the year		**-160**	**-4**	**3**	**-4**		

2014 **SEKm**	**NCS Invest**	**Nordic Cinema Group**	**AH Industries**	**Bisnode**	**Individually insignificant non-controlling interests**	**Total**
Non-controlling interests, share in %	**36%**	**42%**	**31%**	**30%**		
Non-current assets	2,251	3,615	1,076	4,891		
Current assets	0	773	335	1,065		
Non-current liabilities		-2,079	-267	-2,170		
Current liabilities		-1,041	-269	-1,660		
Net assets	**2,251**	**1,268**	**875**	**2,126**		
Carrying amount of non-controlling interests	**810**	**531**	**264**	**638**	**739**	**2,982**
Net sales		2,631	904	3,650		
Profit/loss for the year	-175	185	-56	-145		
Other comprehensive income	-105	8	4	58		
Total comprehensive income	**-280**	**193**	**-52**	**-87**		
Profit/loss for the year attributable to non-controlling interests	-63	77	-17	-43	66	20
Other comprehensive income attributable to non-controlling interests	-38	3	1	17	55	38
Cash flow from operating activities		249	65	197		
Cash flow from investing activities	-55	-65	-46	-121		
Cash flow from financing activities	55	-229	-6	-53		
Of which dividend to non-controlling interests	-	-	-	-		
Cash flow for the year	**0**	**-45**	**13**	**23**		

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

SEKm	2015	2014
Profit for the year attributable to owners of the parent	496	1,109
Less – dividend on preference shares	-83	-83
	413	**1,026**
Weighted average number of shares		
Total number of ordinary shares 1 January	324,140,896	324,140,896
Effect of holding of treasury shares	-5,128,279	-5,131,770
Weighted average number before dilution	**319,012,617**	**319,009,126**
Effect of call options		-
Weighted average number after dilution	**319,012,617**	**319,009,126**
Earnings per share before dilution	1.29	3.22
Earnings per share after dilution	1.29	3.22

Instruments that potentially can lead to dilution effects

In 2015, the company had six outstanding call option programmes for which the exercise price, SEK 124.20, SEK 156.40, SEK 73.60, SEK 66.10, SEK 60.90 and SEK 64.60 respectively, exceeded the average price for ordinary shares. These options are therefore regarded as having no dilution effect and were excluded from the calculation of earnings per share after dilution. If the market price in future rises to a level above the exercise price, these options will lead to dilution.

Note 26 Pensioner

In the Group there are both defined benefit and defined contribution pension plans. The Ratos Group does not have any group-wide policy relating to pensions so it is up to the board of each company to decide on pension solutions for the company. Of Ratos's currently 16 companies which are subsidiaries, eight have defined benefit pension plans. The defined benefit plans are not the main solution for the subsidiaries but only constitute a complement to defined contribution pension plans.

Bisnode has the largest pension obligation in the Group in terms of size and this amounts to SEK 358m and is divided among plans in five different countries.

Defined benefit pensions

Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement.

Pension obligations are either financed through pension foundations or similar or by the company.

Defined contribution pensions

Pension plans mainly comprise retirement pensions. Pension premiums are salary-related and expensed on a current basis.

Note 26, cont.

Group

Pension cost

SEKm	2015	2014
Cost regarding current service period	26	40
Net interest	11	14
Past service costs		1
Effects of curtailments and settlements	0	-3
Pension costs for defined benefit pensions	**37**	**52**
Pension costs for defined contribution pensions, Alecta	90	99
Pension costs for defined contribution pensions, other	144	276
Pension costs for the year	**270**	**427**

In the Consolidated income statement pension costs are included on the line Employee benefit costs with the exception of net interest which is included in net financial items.

Defined benefit pension plans

SEKm	2015	2014
Present value of funded obligations	413	479
Fair value of plan assets	-281	-261
	133	**218**
Present value of unfunded obligations	310	330
Effect of limitation rule for net assets	3	15
Net liability in the Statement of financial position	**445**	**563**
Amount recognised in the balance sheet		
Provisions for pensions	454	563
Surplus in defined benefit plans recognised as non-current financial receivables	-8	
Net liability in the Statement of financial position	**445**	**563**

Actuarial gains and losses

Adjustments based on experience are made as a consequence of the result due to mortality, sick leave, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

Specification of changes in the net liability recognised in the Statement of financial position

SEKm	2015	2014
Net liability at 1 January	563	416
Net cost recognised in profit or loss	37	52
Remeasurement of pension obligation recognised in other comprehensive income [1]	-29	116
Premiums and pensions paid	-22	-30
Exchange differences on foreign plans	-7	12
Net pension obligations transferred through sale of companies	-99	-2
Net pension obligations assumed through business combinations	3	
Effects of settlements		-1
Net liability at 31 December	**445**	**563**

1) In the Group's Other comprehensive income, are also remeasurement of pension obligations for investments that in the Group are recognised according to the equity method recognised.

Note 26, cont.

Plan assets comprise the following:

SEKm	2015	2014
Equity instruments	11	12
Financial fixed-income assets	2	13
Properties	2	4
Other assets	266	232
	281	**261**

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2015, Alecta's surplus in the form of the collective funding ratio amounted to 153% (143). The collective funding ratio comprises the market value of Alecta's assets expressed as a percentage of insurance obligations calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

Key actuarial assumptions used at the end of the reporting period

	2015	2014
Discount rate, %	1.0–4.0	1.4–4.3
Inflation, %	0.5–2.0	0.9–2.0
Anticipated rate of salary increase, %	1.5–3.0	1.9–3.3
Annual increase in pensions and paid-up policies, %	0.9–2.0	0.1–2.0

The discount rate is based on first-class corporate bonds in all countries in the eurozone. For Swedish pension plans, the discount rate is based on mortgage bonds.

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 12m (13) of which SEK 6m (6) pertains to Alecta.

Note 27 Provisions

Group

Provisions, non-current

SEKm	2015	2014
Guarantee commitments		
At the beginning of the year	27	35
Provisions for the year	10	9
Utilised provisions	-10	-11
Unutilised reversed provisions	-1	-2
Provisions in disposed company	-6	-4
Reclassification to Liabilities attributable to assets held for sale	-4	
Reclassifications	8	
At the end of the year	**23**	**27**
Other		
At the beginning of the year	113	119
Provisions for the year	169	67
Utilised provisions	-25	-23
Unutilised reversed provisions	-1	-7
Provisions in disposed company	-1	
Change in discounted value	-1	1
Reclassification to Liabilities attributable to assets held for sale	-151	-12
Reclassifications	-10	-35
Translation difference	-4	3
At the end of the year	**88**	**113**
Total non-current provisions	**112**	**140**

Note 27, cont.

Provisions that are non-current liabilities and maturity structure

Guarantee commitments

Provisions relate to guarantee commitments for work carried out. Provision for guarantees start to be estimated when a service is completed or an item is transferred to a customer. In order to estimate amounts historical data relating to repairs and exchanges in mainly used. Guarantee periods extend over 2–10 years.

Other provisions

Other non-current provisions include provisions relating to sale and leaseback transactions and legal requirements. Of other provisions, SEK 47m has a maturity structure of up to 12 years. The remainder is expected to be settled within 2–5 years.

Provisions that are current liabilities

Prepaid service contracts

Provision för prepaid service contracts refer to compensation for not yet completed services.

Provisions, current

SEKm	2015	2014
Guarantee commitments		
At the beginning of the year	272	262
Provisions for the year	141	100
Unutilised reversed provisions	-4	-23
Utilised provisions	-41	-37
Provisions in disposed company		-27
Reclassifications	14	
Translation difference	-33	-3
At the end of the year	**348**	**272**
Prepaid service contracts		
At the beginning of the year		
Provisions for the year	12	
At the end of the year	**12**	
Other		
At the beginning of the year	116	99
Provisions for the year	223	45
Utilised provisions	-85	-14
Unutilised reversed provisions	-8	-8
Provisions in disposed company	0	-47
Change in discounted value	0	1
Reclassifications	-11	35
Translation difference	0	5
At the end of the year	**235**	**116**
Total current provisions	**595**	**388**

Parent company

Provisions, non-current

SEKm	2015	2014
Other		
At the beginning of the year	0	7
Provisions for the year	13	
Unutilised reversed provisions		-7
Reclassifications	11	
Change in discounted value	-1	
At the end of the year	**23**	**0**

Note 27, cont.

Provisions, current

SEKm	2015	2014
Other		
At the beginning of the year	189	10
Provisions for the year	181	178
Change in discounted value		1
Reclassifications	-11	
Utilised provisions	-50	
At the end of the year	**309**	**189**

Of the parent company's provisions SEK 309m relates to provisions for subsidiaries and associates.

Note 28 Other liabilities

Group

Other current liabilities include liability for alcohol tax of SEK 533m (565) and advances from customers of SEK 134m (424).

Note 29 Accrued expenses and deferred income

Parent company

SEKm	2015	2014
Personnel costs	65	56
Other	8	9
	73	**65**

Note 30 Financial risks and risk policy

Principles for funding and financial risk management

The Group through its activities is exposed to various types of financial risks related to trade receivables, trade payables, loans and derivative instruments. Ratos's financial risks consist of:

- financing risks
- credit risks
- interest rate risks
- currency risks

Ratos's financial strategies are adopted by Ratos's Board for the parent company and for Ratos's subsidiaries by the board of each subsidiary.

Parent company

The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

Group companies

The Group has no central treasury management function, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. The board of each subsidiary adopts its financial policy.

The financial target for the Group is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market and provides a basis for continued development of business operations at the same time as the long-term return generated to shareholders is satisfactory.

Ratos seeks to ensure that the companies have an optimal financial structure based on prevailing conditions.

Financing risk

Definition

Financing risk is the risk that costs will be higher when raising new loans and that financing of maturing loans will be difficult.

Current financing risk

The parent company is normally unleveraged and does not pledge shares or other assets as collateral for own commitments or for commitments of the companies or a third party. Nor shall the parent company issue guarantees with any lender for the commitments of the companies or a third party. Guarantees relating to provision of equity capital may be provided following a Board decision. Access to capital and flexibility are ensured by the parent company having a credit facility for bridge financing of acquisitions. This credit facility can also be used to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling three-year loan facility, which amounts to SEK 2.2 billon, including a bank overdraft facility. In addition, the parent company has an authorisation from the Annual General Meeting to issue shares in conjunction with agreements on acquisitions, see also Note 22 Equity management.

Every subsidiary manages its own financing. At 31 December 2015 the Group's interest-bearing debt to credit institutions amounted to SEK 7,879m (9,750). Total unutilised credit facilities amounted to SEK 3,535m (3,746).

Loan agreements in subsidiaries contain agreements for some financial key ratios which are unique for each subsidiary. The most usual key ratios are interest-bearing net debt in relation to profit before depreciation and net interest, interest coverage and cash flow in relation to total interest expenses and amortisation.

If a subsidiary fails to meet the terms of a long-term loan agreement by or before the end of the reporting period so that the company does not have an unconditional right to defer its settlement for at least 12 months, the liability is classified as current.

Maturity structure for financial liabilities

The following anticipated maturity structure is shown for the Group's financial liabilities at 31 December 2015, comprising undiscounted cash flows relating to amortisation and estimated interest payments based on forward contracts alternatively actual interest as well as estimated margins.

Translation to SEK of amounts in foreign currency has been done at the exchange rate that applied at the end of the reporting period.

The maturity analysis does not include liabilities relating to synthetic options, since maturity date and amount are unknown. At 31 December 2015 the Group's liabilities for synthetic options amounted to SEK 108m (133).

Note 30, cont.

Maturity structure for financial liabilities

31 Dec 2015 SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	2,421	1,678	1,378	828	2,236	8,542
Finance leases	40	34	33	30	198	335
Other interest bearing liabilities	2				6	8
Trade payables	2,631					2,631
Put options	49	18		2	229	298
Contingent consideration	73	133	6			212
Interest rate swaps	24	21	12	5	1	62
Forward contracts						
– outflow	99					99
– inflow	-101					-101
Total	**5,236**	**1,885**	**1,429**	**862**	**2,670**	**12,085**

31 Dec 2014 SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	2,252	1,908	2,019	1,820	3,014	11,013
Finance leases	50	144	134	22	69	419
Other interest bearing liabilities	40	5	196	155	7	403
Trade payables	2,663					2,663
Interest rate swaps	38	25	17	7	1	88
Forward contracts						
– outflow	116					116
– inflow	-116					-116
Total	**5,043**	**2,082**	**2,366**	**2,004**	**3,091**	**14,586**

Credit risks

Definition

Credit risks comprise risks in financial and in commercial transactions. In its financial activities the Group is exposed to counterparty credit risk in conjunction with investment of surplus liquidity in bank accounts, fixed-income securities and in conjunction with the purchase of derivative instruments. Commercial exposure mainly comprises the credit risk in the Group's trade receivables, and mainly relates to customers failing to meet their payment commitments.

Current financial credit risks

In order to reduce the parent company's financial credit risk and provide the parent company with a high level of preparedness for investments, cash and cash equivalents are invested in banks or fixed-income securities with low risk and high liquidity. In addition to placing cash and cash equivalents in bank accounts or deposit accounts with Nordic banks approved by Ratos and the Swedish National Debt Office, investments may only be made in securities (treasury bills, commercial papers, bonds or similar) issued by the Kingdom of Sweden, Swedish municipalities, banks and companies that have received a rating of at least A+ from Standard & Poor's or a corresponding rating from Moody's. The duration of investments of cash and cash equivalents may not exceed six months except for securities issued by the Kingdom of Sweden where treasury bills may have a maximum duration of 12 months and government bonds a maximum of 24 months.

At 31 December 2015 cash and cash equivalents in the Group amounted to SEK 6,455m (5,320). Ratos had no outstanding investments at that date. During 2015 there were no credit losses from investment of cash and cash equivalents or from trading with counterparties in financial transactions.

Current commercial credit risks

The parent company does not have any trade receivables.

The carrying amount of the Group's trade receivables, in the Statement of financial position, reflects maximum exposure to credit risk. The Group's subsidiaries operate within a number of different sectors and in a large number of geographic markets, which provides a good risk spread.

Through its industry spread combined with global operations the Group has no significant concentration on individual customers. Trade receivables are analysed continuously by each subsidiary to determine whether any impairment exists. Assessments take the form of individual assessments as well as on the basis of historical data on suspended payments.

Age analysis, trade receivables

Group

31 Dec 2015 SEKm	Nominal	Impairment	Book value
Not overdue	2,899	-5	2,894
Past due 0–60 days	676	-10	666
Past due 61–180 days	199	-7	192
Past due 181–365 days	31	-12	19
Past due more than one year	41	-41	0
Total	**3,846**	**-75**	**3,771**

31 Dec 2014 SEKm	Nominal	Impairment	Book value
Not overdue	2,956	-7	2,949
Past due 0–60 days	687	-6	681
Past due 61–180 days	84	-6	78
Past due 181–365 days	36	-11	25
Past due more than one year	66	-37	29
Total	**3,829**	**-67**	**3,762**

Information on impairment of trade receivables is provided in Note 11.

Interest rate risks

Definition

Interest rate risk is the risk that changes in interest rates will affect the Group's financial result and cash flow.

Current interest rate risks

The parent company is not exposed to interest rate risk since the parent company is normally unleveraged.

The Group's exposure to interest rate risk mainly occurs in subsidiaries' long-term borrowing. The fixed-interest term depends on the individual subsidiary's structure and adopted financial policy. Interest rate swaps are used to change fixed-interest periods.

Interest rate swaps correspond to 34% (41) of the Group's liabilities to credit institutions at 31 December 2015. The fair value of interest rate swaps amounted to SEK 51m (75) and are recognised as a liability. Of the Group's outstanding interest rate swaps, 91% (90) mature within 36 months.

Sensitivity analysis

If interest rates change by one percentage point in all countries where the Ratos Group has loans or investments, the effect on net financial items in 2015, based on liabilities to credit institutions at year-end which are not hedged, will total approximately SEK 53m (60). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Note 30, cont.

Currency risks

Definition

Currency risk is the risk that changes in exchange rates have a negative impact on the consolidated income statement, Statement of financial position and/or cash flows. Currency risk exists both in translation exposure linked to foreign group companies and in monetary financial assets and liabilities.

Current currency exposure of monetary financial assets and liabilities

The Group manages its currency risks in accordance with the financial policy adopted by the board of each subsidiary. Currency exposure net and related sensitivity analysis refers to the position at the closing date and includes trade receivables, trade payables, liabilities to credit institutions and internal financial receivables and liabilities.

The net fair value of forward contracts amounted to SEK 4m (2) at 31 December 2015. Of this amount, SEK 0m (8) is recognised in the Statement of financial position as assets and SEK 4m (6) as liabilities.

The Group's currency risk exposure at the close of the reporting period, expressed in SEK, is evident in the table below:

Sensitivity analysis

The sensitivity analysis is calculated based on monetary financial receivables and liabilities in foreign currency. Changes in currency rates mainly affect the consolidated profit. Where hedge accounting is applied, other comprehensive income is affected until settlement. The effect is then transferred to the consolidated profit.

A change in the Swedish krona of 10% against Ratos's exposure of net flows in NOK, DKK, GBP, USD and EUR would have a negative effect on earnings of approximately SEK 235m (182) taking currency hedging into account. The impact on other comprehensive income is insignificant. The greatest impact on profit, after net financial items, arises when liabilities to credit institutions are translated.

	EUR		NOK		DKK		GBP		USD		SEK	
SEKm	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Trade receivables	479	420	20	26	41	6	21	40	477	480	53	26
Financial receivables	133	162	169	165	50	69	5	1	200	194		0
Liabilities to credit institutions	-1,055	-1,313	-917	-251	-1	-15	-356	-265	-604	-571	-16	-496
Trade payables	-562	-493	-6	-5	-18	-10	-7	-4	-347	-279	-56	-20
Currency exposure financial assets and liabilities	-1,006	-1,224	-734	-65	72	50	-336	-228	-303	-176	-19	-490
Forward contracts	37	44		-13		0		-17	-79	-308		0
Exposure, net	**-969**	**-1,180**	**-734**	**-78**	**72**	**50**	**-336**	**-245**	**-383**	**-484**	**-19**	**-490**

Note 31 Operating leases

Group

Leases where the company is the lessee

Leasing payments made during the financial year relating to operating leases amount to:

SEKm	2015	2014
Minimum lease payments	691	873
Variable payments	7	55
Total leasing costs	**698**	**928**

Future payments for leases entered into amount to:

SEKm	2015	2014
Payments within 1 year	632	842
Between 1–5 years	1,425	2,262
>5 years	2,003	3,158
	4,061	**6,262**

Note 32 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	2015	2014
Real estate mortgages	410	448
Chattel mortgages	1,503	1,370
Shares in group companies	7,364	11,032
Other pledged assets	7,732	5,204
	17,009	**18,054**
Contingent liabilities	1,333	1,731

The above refer to pledged assets in group companies as well as contingent liabilities attributable to group companies and associates.

Parent company

The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 400m (399). In addition, the parent company guarantees that Medcro Intressenter AB fulfils its obligations in conjunction with the acquisition of TFS.

Note 33 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, see Note 34.

SEKm		Interest expenses	Interest income	Dividend	Provision	Receivable	Liability	Capital contributions	Contingent liability
Subsidiaries	2015	-8	0	983	309	88	2,594	270	400
Subsidiaries	2014	-35	102	40	178	1	1,206	212	399

Transactions with key persons in leading positions

Remuneration to senior executives and Board members is specified in Note 9.

Note 34 Participations in group companies

Parent company

SEKm	2015	2014
Accumulated cost opening balance at 1 January	11,094	12,491
Investments	430	1,544
Shareholder contribution	706	707
Repaid shareholder contribution	-87	-1,202
Subsidiary reclassified as associate		-660
Reclassifications		-404
Disposals	-17	-1,382
At the end of the year	**12,126**	**11,094**
Accumulated impairment opening balance	-2,196	-1,816
Reclassifications		404
Impairment for the year	-1,033	-784
At the end of the year	**-3,229**	**-2,196**
Value according to balance sheet	**8,897**	**8,898**

Based on the impairment tests annually performed by Ratos, see Note 13, the possible need for impairment of the carrying amount of participations in group companies is evaluated. In 2015, the parent company recognised an impairment of the carrying amount for four companies: EMaint AB (SEK 765m), AHI Intressenter AB (SEK 104m), Hafa Bathroom Group AB (SEK 86m) and GS-Hydro Holding OY (SEK 79m).

Associate, reg. no., registered office SEKm	Number of shares	Owned share, %	31 Dec 2015	31 Dec 2014	Companies	Owned share, %
Directly owned holdings						
ArcusGruppen Holding AS, 987 470 569, Oslo, Norway	833,938	83	9	9		
Bisnode Business Information Group AB, 556681-5725, Stockholm	84,263,330	70	1,597	1,554		
GS Hydro Holding OY, 2268968-9, Hämeenlinna, Finland	28,301,900	100	291	309		
Hafa Bathroom Group AB, 556005-1491, Halmstad [1]				98		
Owner companies to companies						
AHI Intressenter AB, 556726-7744, Stockholm	100,000	100	162	265	AH Industries	70
Alube Network AB, 556925-9376, Stockholm	50,000	100	285	285	Nebula	73
EMaint AB, 556731-5378, Stockholm	100,000	100	14	740	Euromaint	100
HL Intressenter AB, 556809-4402, Stockholm	50,000	100	831	779	HL Display	99
Kamin Intressenter AB, 556801-8427, Stockholm	100,000	100	136	82	Jøtul [6]	93
Kelly Intressenter 1 AB, 556826-5705, Stockholm	50,000	100	241	210	KVD	100
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm	100,000	100	677	676	DIAB	96
Medcro Holding AB, 559026-2019, Stockholm	50,000	100	144		TFS [4]	60
Miehdnort AB, 556801-4731, Stockholm	100,000	100	312	362	HENT	73
Myggvärmare AB, 556723-5667, Stockholm	1,000	100	494	530	Mobile Climate Control	100
NCS Intressenter AB, 556801-8435, Stockholm	100,000	100	1,941	1,783	Aibel [2]	32
Noiro Holding AB, 556993-7104, Stockholm	50,000	100	479	470	Ledil	66
Quartzin Intressenter AB, 556835-3824, Stockholm	50,000	100	355	350	Biolin Scientific	100
SpeedGroup Intressenter AB, 556801-8419, Stockholm [5]	100,000	100	285	0	Speed Group	70
Directly owned other subsidiaries						
Aalborg Fastigheter Intressenter ApS, 32318746, Aalborg, Denmark	867,668	87	24	24		
Aneres Properties AB, 559030-0967, Stockholm	50,000	100	0			
Image Matters Intressenter AB, 556733-1854, Stockholm [3]				1		
Nordic and Baltic Cinema Holdco AB, 556849-6177, Stockholm	50,000	100	366	362	Nordic Cinema Group [1]	0
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6		
Ratos Limfac Holding AB, 556730-7565, Stockholm [3]				0		
Spin International AB, 556721-4969, Stockholm	1,000,000	100	248	3		
			8,897	**8,898**		

1) Divested in 2015
2) NCS Intressenter AB owns 64% of the shares in NCS Invest AB where the remaining 36% of the shares are owned by the Sixth AP Fund. NCS Invest in its turn owns 49% of the shares in Aibel. Ratos's direct holding in Aibel therefore amounts to 32%.
3) Wound up during the year
4) Medcro Holding AB owns 100% of the shares in Medcro Interessenter AB which in turn owns 60% of the shares in TFS
5) Name change during the year from ASA Konsument Invest AB to Speed Group Intressenter AB
6) Owner share refers to ordinary shares.

Note 35 Cash flow statement

SEKm	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Dividends received	25	40	461	40
Interest received	22	40	1	7
Interest paid	-334	-417		

Adjustment for non-cash items

SEKm	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Share of profits of investments recognised according to the equity method	14	127		
Dividends received, not paid			-534	
Capital gains/losses	-1,215	-1,425	-933	-2,153
Depreciation and impairment of assets	1,345	1,204	1037	788
Capitalised interest	18	52	8	-67
Unrealised translation differences	17	80	6	-41
Income realised from deferred income	300	-513	63	
Provisions	-273	195		52
Adjustment for non-cash items	**203**	**-280**	**-354**	**-1,421**

Cash and cash equivalents at the end of the year

SEKm	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Cash and bank balances	6,455	5,320	4,677	3,251
Cash and cash equivalents	**6,455**	**5,320**	**4,677**	**3,251**

Unutilised credit facilities

Unutilised credit facilities amount to SEK 3,535m (3,746) for the Group and SEK 2,200m (2,200) for the parent company.

Company disposals – Group

SEKm	2015	2014
Intangible assets	2,616	4,999
Property, plant and equipment	779	803
Financial assets	272	48
Deferred tax assets	52	81
Inventories	78	501
Current assets	308	1,014
Cash and cash equivalents	212	196
Assets held for sale		
Total assets	**4,401**	**7,642**
Non-controlling interests	555	184
Non-current liabilities and provisions	436	2,159
Current liabilities and provisions	2,458	1,730
Liabilities attributable to Assets held for sale		
Total liabilities	**3,448**	**4,073**
Consideration transferred	1,733	3,830
Minus:		
Promissory note		-44
Contingent consideration	11	
Cash and cash equivalents in the disposed operations	-212	-196
Effect on Group's cash and cash equivalents	**1,532**	**3,590**

Acquisition of group companies – Group

SEKm	2015	2014
Intangible assets	995	1,191
Property, plant and equipment	32	21
Financial assets	4	1
Deferred tax assets	0	7
Inventories	58	43
Current assets	411	37
Cash and cash equivalents	71	85
Total assets	**1,571**	**1,385**
Non-controlling interests	12	341
Non-current liabilities	147	1
Deferred tax liabilities	13	20
Current liabilities	560	88
Total liabilities	**732**	**450**
Net identifiable assets and liabilities	839	935
Consideration transferred	839	935
Minus:		
Promissory note	-90	
Contingent consideration	-90	-41
Cash and cash equivalents in the acquired operations	-71	-85
Effect on Group's cash and cash equivalents	**587**	**809**

Note 36 Assets held for sale

Assets held for sale

SEKm	2015	2014
Intangible assets	0	9
Property, plant and equipment	47	8
Financial assets		2
Deferred tax assets	7	
Inventories	113	
Current assets	126	63
Cash and cash equivalents	15	17
Total assets reclassified	**308**	**99**

Liabilities attributable to Assets held for sale

SEKm	2015	2014
Non-interest bearing liabilities	127	87
Provisions	155	12
Deferred tax liabilities	9	
Total liabilities reclassified	**291**	**99**

Assets held for sale refer primarily to the German operations within Euromaint, whose Board decided in the autumn to divest its German operations and focus on core operations in Sweden. The agreement of divestment to Iberia Industry Capital Group was signed in December 2015 and the transaction was completed in January 2016.

Assets and liabilities recognised as assets and liabilities held for sale in 2014 referred to Bisnode's French segment and were divested during the first quarter of 2015.

Note 37 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. This requires management to make assessments, estimations and assumptions that affect the application of accounting principles and the recognised amounts of assets, liabilities, income and expenses. Estimations and assessments are based on historical experience, external information and assumptions which management regards as reasonable under prevailing circumstances. Changed assumptions can result in adjustments to recognised figures and the actual outcome can differ from estimations and assessments made.

Within the framework of IFRS, a choice can be made in certain cases between different principles. The choice of principle requires in some cases management to make assessments as to which principle provides the most true and fair picture of Ratos's operations. Development within accounting and the choice of principles are discussed also with Ratos's Audit Committee.

The most important areas where critical assessments were made in application of the Group's accounting principles and key sources of uncertainty in estimations are shown below.

Assessments at application of accounting principles

Acquisition and disposal of subsidiaries and associates

Ratos's operations as an investment company means that companies are both acquired and divested; add-on acquisitions and partial disposals are also part of operations. Accounting for acquisitions and divestments of subsidiaries and associates is therefore of significance for Ratos as regards, among other things, date, degree of influence and valuation. At each individual business combination in 2015, a decision has been made regarding proportionate or full goodwill.

Key sources of uncertainty in estimations

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. the higher of value in use or fair value with deduction for selling costs for each subsidiary. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Future events and new information can change these assessments and estimations.

Aibel

Consolidated value at 31 December 2015 amounts to SEK 1,539m (1,494). Impairment testing for the equity share in Aibel is based on a value in use.

The basis for calculation of a value in use for Aibel is an earnings forecast that covers five years. Value in use is based on cash flow calculations and is calculated as Ratos's share of the present value of Aibel's future estimated cash flows. Future cash flow is estimated on the basis of an earnings forecast. Assessment of the future cash flows is based on recent adopted forecasts for the company with reasonable and verifiable assumptions that comprise Ratos's best estimation of the economic conditions that are expected to prevail during the forecast period. The basis for estimating the value of these is in accordance with previous experience as well as external factors.

After the cash flow forecast period a terminal value is assessed for Aibel based on a multiple valuation. The method for estimating a multiple is (i) to analyse and take into account comparable listed companies, and (ii) given the established five-year earnings forecast and the company's specific circumstances regarding market position and risk profile to assess the attractiveness of Aibel. The estimated value in use is compared with the consolidated carrying amount for Aibel. Approximately 75% of the current value of future cash flows is attributable to the terminal value.

For a description of the methods for calculating a discount rate, see Note 13.

The forecast cash flows which provide the basis for a value in use calculation for Aibel are based on the company's strategic position and the market-specific conditions for the company's business areas. Aibel is market leader in the MMO and Modifications market on the Norwegian continental shelf, a smaller player in the global new-build market and one of few players in the European market for new construction of offshore wind platforms. 2015 has been characterised for continued challenging market trends were Aibel's customers focus on efficiency, generating cash flow and cutting costs. At the same time, Aibel's earnings have improved during the year compared with 2014 and the company's order intake has, despite the weak market trend, been very robust.

Ratos's forecast cash flows are based on an assumption of a continued weak MMO and Modifications market (the business area accounts for approximately 55% of Aibel's 2015 sales) in a short-term perspective where customers are holding back projects in order to optimise cash flow and push through savings and productivity improvements.

Note 37, cont.

Within Aibel's new-build operations, good growth is forecast for the coming years due to Aibel's strong order intake in 2015. In a more long-term perspective it is assumed that the market will recover driven, among other things, by a growing installed base on the Norwegian continental shelf, work to extend the useful life of fields/platforms as well as neglected maintenance. Margin development in the short term is expected to be under pressure from overcapacity among suppliers and a cost focus from customers but is expected to normalise in level with historical earnings in the slightly longer term driven by the efficiency improvement being carried out as well as a recovery in the market.

For Aibel the price of oil has a limited direct effect for the main operations, MMO and Modification, since maintenance and continued production on already existing fields on the Norwegian continental shelf are rational even at relatively low oil price levels. There are indirect effects such as temporary halts in maintenance due to customers' need to increase focus on capital allocation and optimisation of investment decisions. For Aibel's new-build operations there is a greater direct dependence on the oil price since decisions on field development projects and new construction are influenced to a great extent by current and anticipated oil price. Ratos's forecast is based on known, planned new construction of platforms.

Estimated exit multiple is motivated among other things by historical average valuation multiples over time/a cycle for comparable listed companies, current valuation levels for Aibel at Ratos's acquisition (Ratos acquired Aibel at EV/EBITDA 9.6x) as well as a company-specific assessment of among other things Aibel's market position, risk profile and growth potential.

The discount rate before tax amounts to 8.66% and the discount rate after tax is 6.50%.

The assessments and assumptions that provide the basis for a value in use calculation for Aibel are inherent with significant uncertainties and risks. Small changes in one of the fundamental variables or input parameters mean that value in use can change both up and down and can also result in value in use falling below Ratos's consolidated value.

Note 38 Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the project. See Note 1, Accounting principles.

Income statement

SEKm	**2015**	**2014**
Contract revenue	6,079	5,154
Net profit	584	526

Statement of financial position
Receivables from customers for assignments under a construction contract

SEKm	**2015**	**2014**
Contract revenue	4,068	5,365
Billing	-3,946	-5,220
	122	**145**
Of which current receivables	122	119

Liabilities to customers for assignments under a construction contract

SEKm	**2005**	**2014**
Billing	-13,454	-9,670
Contract revenue	12,449	9,153
	-1,005	**-517**

Note 39 Events after the reporting period

In November, Ratos signed an agreement to acquire 56% of the shares in Serena Properties AB, a newly formed real estate company with a portfolio of 22 commercial retail properties in Finland. The purchase price (enterprise value) for 100% of the company amounts to approximately EUR 191.5m, of which Ratos provided EUR 39m (SEK 359m) in equity. The newly formed property company Serena Properties owns and manages 22 trade properties located across 14 medium-size 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 are were previously 100% owned by Varma, which following the sale, will retain 43% ownership in Serena Properties. Redito is commissioned as portfolio manager and has acquired 1% of the shares. The acquisition was completed in January 2016. Serena Properties will be recognised in the Ratos Group according to the equity method as Ratos has no controlling interest.

In February, Ratos signed an agreement to acquire approximately 70% of the shares in airteam, a leading supplier of ventilation solutions in Denmark. The purchase price (enterprise value) for 100% of the company amounts to approximately DKK 575m, of which Ratos will provide approximately DKK 250m in equity.

Note 40 Parent company details

Ratos AB is a Swedish registered limited company with its registered office in Stockholm. The parent company's shares are registered on Nasdaq Stockholm. The address of the head office is Box 1661, SE- 111 96 Stockholm and the visiting address is Drottninggatan 2.

The consolidated financial statements for 2015 comprise the parent company and its group companies. The Group also includes the owned shares in investments recognised according to the equity method.

The Board of Directors' and CEO's certification

The Board of Directors confirms that the consolidated financial statements and annual accounts have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards and generally accepted auditing standards, and give a true and fair view of the parent company's and Group's financial position and results of operations, and that the statutory Board of Directors' report gives a true and fair view of the development of the Group's and parent company's operations, financial position and results of operations and describes significant risks and uncertainties facing the parent company and Group companies.

Stockholm, 17 February 2016

Arne Karlsson
Chairman

Staffan Bohman
Board Member

Annette Sadolin
Board Member

Karsten Slotte
Board Member

Jan Söderberg
Board Member

Per-Olof Söderberg
Board Member

Charlotte Strömberg
Board Member

Susanna Campbell
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 17 February 2016. The consolidated income statement and statement of financial position and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 14 April 2016.

Our auditor's report was submitted on 17 February 2016
PricewaterhouseCoopers AB

Peter Clemedtson
Authorized Public Accountant
Auditor-in-charge

Jeanette Skoglund
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Ratos AB (publ), corp. Id. 556008-3585

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Ratos AB (publ) for the year 2015, except for the corporate governance statement on pages 75-84. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 71-138.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 75-84. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Ratos AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm February 17 2016
PricewaterhouseCoopers AB

*Signature on original auditors' report in Swedish**	*Signature on original auditors' report in Swedish**
Peter Clemedtson *Authorized Public Accountant* *Auditor-in-charge*	Jeanette Skoglund *Authorized Public Accountant*

** This is a translation of the original auditors' report in Swedish. In the event of any differences between the translation and the original statement in Swedish, the Swedish version shall prevail.*

Additional information

RATOS

Five-year summary, Group	141
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Shareholder information	145

Five-year summary, Group

	2015	2014	2013	2012	2011
Key figures [1]					
Earnings per share before dilution, SEK.	1.29	3.22	2.13	1.90	1.63
Dividend per Class A and B share, SEK	3.25[2]	3.25	3.00	3.00	5.50
Dividend per C share (preference share), SEK	100	100	100	75	
Dividend yield, %	6.7[2]	6.9	5.2	4.8	6.8
Total return, %	9	-15	-2	-17	-32
Market price, year end, SEK	48.83	47.07	58.15	62.50	80.75
Equity per share, 31 December, SEK [3]	36	39	38	39	43
Equity, SEKm [4]	12,882	14,027	13,778	12,353	13,658
Return on equity, %	4	8	6	5	4
Equity ratio, %	47	46	41	39	37
Average number of shares before dilution	319,012,617	319,009,126	319,005,200	319,000,693	319,036,699
Number A, B and C shares outstanding	319,753,436	319,839,789	319,836,019	319,001,359	318,996,769
Income statement, SEKm					
Profit/share of profits from companies	664	392	602	-29	546
Exit gain from the sale of companies	1,101	1,390	895	978	525
Impairment, companies	-565	-250	-308	-375	-312
Profit from companies	**1,200**	**1,532**	**1,189**	**574**	**759**
Income and expenses in the parent company and central companies	-308	-165	-106	193	101
Consolidated profit before tax	**892**	**1,367**	**1,083**	**767**	**860**
Tax	-216	-238	-281	-224	-314
Consolidated profit after tax	**676**	**1,129**	**802**	**543**	**546**
Profit attributable to owners of the parent	496	1,109	742	606	521
Statement of financial position, SEKm					
Intangible assets	14,293	16,917	20,445	16,794	22,024
Property, plant and equipment	1,789	2,744	3,581	3,461	4,286
Financial assets	2,522	4,133	2,970	225	785
Deferred tax assets	490	559	550	557	617
Current assets	13,529	12,353	11,620	12,550	12,210
Assets	**32,623**	**36,706**	**39,166**	**33,587**	**39,922**
Equity	15,302	17,009	16,133	13,141	14,655
Provisions	1,160	1,091	929	687	1,524
Deferred tax liabilities	392	434	478	396	690
Interest-bearing liabilities	8,232	10,263	12,517	10,426	13,812
Non-interest bearing liabilities	7,538	7,909	9,109	8,937	9,241
Equity and liabilities	**32,623**	**36,706**	**39,166**	**33,587**	**39,922**

1) Applicable historical figures are restated taking 2:1 split in 2011 into account. Relates to Class B shares unless specified otherwise.
2) Proposed ordinary dividend.
3) Defined with effect from 2013 as equity attributable to owners of the parent with deduction for outstanding preference capital divided by the number of outstanding ordinary shares at the end of the period. Preference capital per preference share amounts to SEK 1,837.50, which corresponds to the redemption amount after the 2017 Annual General Meeting.
4) Attributable to owners of the parent.

GRI Index

Ratos's sustainability reporting refers to calendar year 2015 is and prepared in accordance with the Global Reporting Initiatives (GRI) guidelines for sustainability reporting, version G4 at the Core level. Ratos has used relevant sections of GRI G4 Sector Disclosures, Financial Services.

This is Ratos's firs sustainability reporting according to GRI and Ratos intends to report annually.

In line with the Global Compact (GC) commitment, Ratos submits a Communication on Progress (COP), that presents the task

GRI INDEX CORE LEVEL WITH FINANCIAL SERVICES SECTOR DISCLOSURE – GENERAL STANDARD DISCLOSURES

Indicative		Comments	Page	UNGC principles
Strategy and analysis				
G4-1	Statement of CE about the relevance of sustainability		2–3	
Organisation profile				
G4-3	Name of the organisation		71	
G4-4	Primary brands, products and/or services		Inside cover, 6–7	
G4-5	Head office (the building)		71, back page	
G4-6	Countries where the organisation operates or that are specifically relevant to the sustainability issues covered in the report		Inside cover, 16, 32	
G4-7	Nature of ownership and legal form		25–27, 134	
G4-8	Markets served by the organisation		Inside cover, 16, 32	
G4-9	Organisation scale		Inside cover, 19–20, 32–33	
G4-10	Employee data by employment contract and gender	Ratos's operations are not divided into regions, but are only in Sweden. Ratos does not have seasonal employees. Consultants, including industrial advisors, are not included in employee data.	19	6
G4-11	Percentage of total employees covered by collective bargaining agreement	All employees, regardless of form of employment, in the parent company are covered by collective bargaining agreements.		3
G4-12	Description of supply chain	Ratos's purchases include services and products to office operations in Stockholm and consultancy in the acquisition and sales processes as well as development procedures. These operate primarily in the Nordic countries.		
G4-13	Significant organisational changes during the reporting period regarding size, structure, ownership or value chain	No significant changes during the year and this is the first report.		
G4-14	Precautionary policies and approach	The precautionary principle is followed and refers to assessment and management of sustainability risks in connection with investments.		7
G4-15	Endorsed external regulatory frameworks, standards or principles		13, 15, 142–143	
G4-16	Membership in organisations	The Confederation of Swedish Enterprise, the Swedish Venture Capital Association, the Private Equity and Venture Capital Associations in Sweden, Norway, Denmark and Finland, and Swedish Leadership for Sustainable Development		
Identification of significant aspects and limitations for these				
G4-17	Entities included in the consolidated financial statement		127, 134	
G4-18	Process for defining report content and implementation of the reporting principles		13–14, 142–143	
G4-19	List of material aspects		142–143 www.ratos.se/en/sustainability	
G4-20	Material aspect boundaries within the organisation		142–143 www.ratos.se/en/sustainability	
G4-21	Material aspect boundaries outside the organisation		142–143 www.ratos.se/en/sustainability	
G4-22	Effects of restatements of information from earlier reports	This is the first sustainability report; no significant changes have been made related to the information provided in earlier reports		
G4-23	Significant changes from the previous reports in scope and aspect boundaries	See above.		
Stakeholder engagement				
G4-24	List of engaged stakeholders with whom the organisation has a dialogue		13	
G4-25	Identification and selection of stakeholders		13	
G4-26	Approach to stakeholder engagement, including the process of sustainability reporting	Stakeholders have not be specifically consulted for the preparation of the sustainability report	13	
G4-27	Key topics raised through stakeholders and how the organisation has responded		13–14	
Accounting parametres				
G4-28	Accounting period		142	
G4-29	Date most recent previous report	This is the first sustainability report; no significant changes have been made related to the information provided in earlier reports		
G4-30	Accounting cycle		142	
G4-31	Contact person for the report	Jenny Askfelt Ruud, Head of Sustainability, +46 8 700 17 00 Elin Ljung, Head of Corporate Communications, +46 8 700 17 00		
G4-32	GRI Index		142–143	
G4-33	Policy and practice on external assurance	The sustainability report is not subject to external review		
Governance				
G4-34	Governance		15, 77–78, 80–81	
Ethics and integrity				
G4-56	Values, principles and ethical guidelines		8, 14, 16, 18	10

of implementing GC's principles. This index describes where the GRI and COP information can be found in Ratos's Annual Report 2015.

The sustainability report is prepared based on GRI's principles in order to determine content and ensure quality. The report covers Ratos as an investment company, i.e. the parent company Ratos. Ratos has a significant ownership in the portfolio of companies. However, a key principle in Ratos's owner model (described in Ratos's Owner Policy) is that each company acts strategically, operationally and financially independent of each other. Furthermore, Ratos is not perpetual owner to its companies, but instead has an active exit strategy, which means that the composition of the portfolios changes every year.

An active sustainability programme for Ratos's parent company is a prerequisite for Ratos's ability to develop companies and their sustainability performance during the period of ownership.

Stakeholder dialogues and materiality analysis are the basis for Ratos's sustainability issues. Ratos's direct impact is considered very slight in relation to the portfolio companies' impact, which is why reporting Ratos' work as responsible investor and owner has top priority. "Within the organisation" refers to the parent company Ratos, "outside the organisation" refers to Ratos's companies and their operations as well as other parts of the value chain. See also index per aspect.

GRI INDEX CORE LEVEL WITH FINANCIAL SERVICES SECTOR DISCLOSURE – SPECIFIC STANDARD DISCLOSURES

Aspects, DMA and indicators		Comments	Page	UNGC principles	Omissions	Explanation for omissions
Environmental indicators						
Emissions – boundaries within and outside the organisation						
G4-DMA	Sustainability governance – generic Aspect specific – Are there specific national legislation or other regulations for emissions? Off-setting to achieve targets?		14–16	7–9		
G4-EN16	Indirect greenhouse gas emissions scope 2	Includes power consumption and distance heating (cooling is not relevant). Base year 2014. For calculation method, including greenhouse gas see Ratos's Climate report 2015.	14, Ratos's Climate Report 2015 www.ratos.se/en/sustainability	7–9	Emission from cooling	Not relevant
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	Includes business trips by plane, train, taxi, travel by leased and private cars as well as hotels, office material/paper consumption and waste and water from the property. Ratos's emission within scope 1 from leased company cars, are included in scope 3, EN17. Base year 2014. For calculation method, including greenhouse gas see Ratos's Climate report 2015.	14	7–9	Other office material, such as consumables	Not relevant
Social indicators – Working conditions						
Training and talent development – boundaries within the organisation						
G4-DMA	Sustainability governance – generic		8, 13–14, 16, 18–20, 80	3–6		
G4-LA11	Percentage of employees receiving regular performance and career development reviews.		20	3–6		
Diversity and equal opportunity – boundaries within the organisation						
G4-DMA	Sustainability governance – generic		8, 13–16, 18–21			
G4-LA12	Employees, Board and management composition broken down in diversity indicators		19, 83–84	3–6	Age distribution in %	Not relevant
Social indicators – Society						
Anti-corruption – boundaries within and outside the organisation						
G4-DMA	Sustainability governance – generic Aspect specific		14, 16, 80–82	10		
G4-SO3	Business units analysed for risks related to corruption.		16	10		
Compliance – boundaries within the organisation						
G4-DMA	Sustainability governance – generic		14, 16, 80–82			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and rules.	During the year Ratos has not been issued material fines or received any other sanctions due to violations of laws or regulations.	14			
Social indicators – Product portfolio FS						
Product portfolio – boundaries within the organisation						
G4-DMA	Sustainability governance – generic Sector specific		8–10, 13–16, 80–82	1–10		
FS6	Percentage of the portfolio based on the investment portfolio – region, scope, sector		32–33	1–10	Sales by business area	Not relevant (Ratos only has ownership through portfolio companies)
Active ownership – boundaries within the organisation						
G4-DMA	Sustainability governance – generic Sector specific	Voting is used as an integrated part of governance of the portfolio of companies, where environmental and social issues are included	8–10, 13–16, 80–82	1–10		
FS10	Share of the companies in the portfolio that the organisation has interacted with on environmental or social issues		15	1–10		

Definitions*

Adjusted EBITA
EBITA minus items affecting comparability.

Adjusted EBITA margin
Adjusted EBITA expressed as a percentage of net sales.

Capital employed
Total assets minus non-interest bearing liabilities.

Cash flow before acquisition and disposal of companies
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisition and disposal of companies.

Consolidated value
The Group's share of the company's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Debt/equity ratio (multiple)
Interest-bearing liabilities in relation to equity.

Dividend yield
Dividend on ordinary shares expressed as a percentage of the Class B share's market price.

Earnings per share
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.

EBIT
(Earnings Before Interest and Tax). Profit before net financial items and tax.

EBITA
(Earnings Before Interest, Tax and Amortisation). Operating profit before impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
(Earnings Before Interest, Tax, Depreciation and Amortisation). Profit before depreciation and impairment.

EBT
(Earnings Before Tax) Profit before tax.

EBT margin
EBT as a percentage of net sales.

Enterprise value
Market value of the shares plus interest-bearing net debt.

Equity per share
Equity attributable to owners of the parent minus preference capital outstanding divided by the number of outstanding ordinary shares at the end of the period.

Equity ratio
Reported equity expressed as a percentage of total assets. Non-controlling interests are included in equity.

Exit gain/loss
Exit gain/loss is the capital gain or loss which arises when a company is sold.

Interest-bearing net debt
Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

IRR
(Internal Rate of Return) Annual average return on the invested amount calculated from the original investment, final selling amount and other capital flows, taking into account when in time all these payments were made to or from Ratos.

Items affecting comparability
An income item which is not recurrent and has a material impact on earnings in the company and if it is not highlighted leads to difficulty in understanding the company's underlying operational development and/or valuation.

P/E-ratio
Market share price for B share in relation to earnings per share.

Preference capital
Preference capital amounts to SEK 1,360m (SEK 1,837.50 per preference share), which corresponds to the redemption amount after the 2017 Annual General Meeting.

Return on capital employed
Profit before interest expenses and tax expressed as a percentage of average capital employed.

Return on equity
Profit for the year attributable to owners of the parent divided by average equity attributable to owners of the parent.

Total return
Price development of B shares including reinvested dividends on ordinary shares.

Turnover rate
Number of B shares trading during a year in relation to the total number of B shares outstanding.

* Relates to B shares unless otherwise specified.

Shareholder information

Annual General Meeting 14 April 2016

The Annual General Meeting of Ratos AB (publ) will be held at 16.30 CET on Thursday, 14 April 2016 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm.

Participation

To be entitled to participate in the business of the Meeting, shareholders must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB on Friday, 8 April 2016,
- notify the company of their intention to attend no later than on Friday, 8 April 2016.

Notification

Out of consideration for the environment and to become more efficient through the use of digital services, Ratos has this year chosen to not issue invitations to the Annual General Meeting by mail. Notification of participation may be made via

- www.ratos.se
- tel: +46 8 700 17 00
- by writing to Ratos AB, Box 1661, SE-111 96 Stockholm.

When notifying participation please state name, personal/company registration number, postal address, e-mail address and daytime telephone number.

Nominee registered shares

In order to be entitled to participate in the Meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden AB no later than Friday, 8 April 2016. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 3.25 per Class A and B share for the financial year 2015. Record date for the right to receive dividends is proposed as 18 April 2016. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden AB on 21 April 2016.

The Board proposes a dividend on outstanding Class C preference shares until the 2017 Annual General Meeting shall be paid quarterly with SEK 25 per Class C preference share, although a maximum of SEK 100.

Proposed record dates for the quarterly dividends on outstanding Class C preference shares are 13 May 2016, 15 August 2016, 15 November 2016 and 15 February 2017. Payments from Euroclear Sweden AB are expected to be made on 18 May 2016, 18 August 2016, 18 November 2016 and 20 February 2017.

Calendar

14 April	Annual General Meeting 2016
10 May	Interim Report, January-March 2016
19 Aug	Interim Report, January-June 2016
10 Nov	Interim Report, January-September 2016

Reports can be accessed on Ratos's website directly after publication and are issued in Swedish and English. The annual report is sent by post to shareholders who have so requested.

Publications can be ordered at www.ratos.se or by

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Production: Ratos in cooperation with Wildeco Ekonomisk Information
Photographs CEO, Board of Directors and organisation: Karl Nordlund
Aibel's photographs: Øyvind Sætre
Translation: The Bugli Company
Printing: åtta45, Solna 2016
Paper: Arctic Silk

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