

# Interim report 2014

**RATOS**

## Q2 January – June

- Profit before tax adjusted for exit gains SEK 13m (-75)
- Profit before tax SEK 13m (820)
- Earnings per share before dilution SEK -0.39 (2.41)
- Steady earnings improvement and increased market activity for several holdings
- Unchanged positive outlook for 2014
- Agreement in July to sell SB Seating – exit gain approximately SEK 240m
- Total return on Ratos shares +12%

### Ratos in summary

SEKm	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
Profit/share of profits	70	41	63	5	602
Exit gains				895	895
Impairment					-308
<b>Profit from holdings</b>	<b>70</b>	<b>41</b>	<b>63</b>	<b>900</b>	<b>1,189</b>
Central income and expenses	-32	-20	-50	-80	-106
<b>Profit before tax</b>	<b>38</b>	<b>21</b>	<b>13</b>	<b>820</b>	<b>1,083</b>

# Important events

- In July, Ratos signed an agreement to sell all the shares in the subsidiary SB Seating to the private equity fund Triton for approximately NOK 1,925m (enterprise value). The sale generates an exit gain for Ratos of approximately SEK 240m and an average annual return (IRR) of approximately 14%. The sale is subject to approval from the relevant regulatory authorities and is expected to be completed during the third quarter of 2014
- Capital contributions were provided during the second quarter totalling SEK 65m (AH Industries SEK 6m, Biolin Scientific SEK 5m, DIAB SEK 11m, Hafa Bathroom Group SEK 15m and Jøtul SEK 28m) as well as to Aibel amounting to NOK 32m in July

## Events in first quarter

- A refinancing of HL Display was carried out in March whereby Ratos received a payment of SEK 346m. The refinancing was made possible by the company's favourable development and cash flow in recent years
- In March, Biolin Scientific sold all the shares in the subsidiary Osstell to venture capital company Fouriertransform. The selling price (enterprise value) amounted to approximately SEK 33m
- Capital contributions were provided to DIAB amounting to SEK 20m and to Jøtul amounting to SEK 52m in the first quarter of 2014

More information about important events in the holdings is provided on pages 7-14.

Performance Ratos's holdings <sup>*)</sup>						
	2014 Q 2			2014 Q 1-2		
	100%	Ratos's share	Ratos's share excl. Aibel <sup>**)</sup>	100%	Ratos's share	Ratos's share excl. Aibel <sup>**)</sup>
Sales	-8%	-1%	+5%	-8%	-2%	+4%
EBITA	-15%	-3%	+8%	-23%	-13%	-2%
EBITA, excluding items affecting comparability	-10%	0%	+6%	-10%	-3%	+4%
EBT	-54%	-27%	+2%	-74%	-43%	0%
EBT, excluding items affecting comparability	-12%	+10%	+27%	-10%	+15%	+36%

<sup>\*)</sup> Comparison with corresponding period last year and for comparable units.

<sup>\*\*)</sup> In 2014, Aibel has a significant effect on comparisons with the previous year due to the already announced temporarily lower level of contract activity and Statoil's cost cutbacks. In order to facilitate analysis, performance for the holdings is reported both including and excluding Aibel.

On page 14 an extensive table is provided with key figures for Ratos's holdings to facilitate analysis. At [www.ratos.se](http://www.ratos.se), income statements, statements of financial position, etc., for all Ratos's holdings are available in downloadable Excel files.

## Continued improvement

The economy continues its slow recovery and the increased market activity we saw in some holdings during the first quarter continued during the second quarter but did not gain further momentum. The overall performance of the Ratos holdings was in line with our expectations and many holdings improved their earnings. The outlook for 2014 is unchanged, which means that we anticipate that the steady, slow recovery will continue during the second half and that conditions exist for higher earnings in the Ratos companies for the full year. Work with improvement initiatives continues in several holdings and we also have a considerable focus on transactions. In July, we signed an agreement to sell SB Seating, a sale and company development that we are very pleased with in the circumstances.

### Increased market activity

Following a rather sluggish start to 2014, market activity steadily increased in several holdings in the latter part of the first quarter. This trend continued in the second quarter and started to show in sales figures for several companies. However, there is no clear economic picture and a number of markets are still moving sideways.

### Improved earnings development

Taken overall, the first half of 2014 was more or less as expected for most holdings and the second quarter was better than the first. Sales were in principle unchanged (-1%) for the portfolio in the second quarter compared with -3% in the first quarter. Adjusted for the associate company Aibel, which as announced earlier will have substantially lower sales and profits in 2014 due to temporary lower contract activity on the Norwegian Shelf, sales in the subsidiaries increased by +5% in the second quarter, compared with +4% in the first quarter – a further small increase.

Total adjusted operating profit (EBITA), adjusted for items affecting comparability, was unchanged (+/-0%) in the second quarter (-6% in the first quarter). If we remove Aibel here as well, operating profit rose by +6% in the second quarter (+1%) and excluding the sold company SB Seating (which is included in the figures since closing has not yet taken place) the increase is +10% (+3%), which gives a picture of the good rate of improvement in many portfolio companies. Reported operating profit decreased by -3% in the second quarter and by -13% so far this year, due to temporarily higher costs for action programmes (primarily in Aibel) and relocation of production in Inwido.

There are many bright spots in the portfolio in the first half. Inwido is an example of where an insistent focus on costs in recent years, now combined with higher volumes, is providing very good earnings development. Adjusted for items affecting comparability, Inwido's operating profit for the first half of the year is SEK 155m (88) corresponding to an operating margin of 7.0% (4.4%). Arcus-Gruppen, HENT, KVD, Nebula and Nordic Cinema Group, among several others, have also shown a strong performance. On the minus side as before we have Aibel, where the situation is unchanged and we have a clear cost focus during 2014. Bisnode was also a disappointment during the second quarter, mainly due to the reorganisation of the sales force in Germany towards a greater focus on the sale of multi-year contracts, which resulted in lower revenues in the short term. HL Display also had a weaker first half mainly due to ongoing changes in the sales organisation.

Significant changes are still ongoing in several holdings and new improvement initiatives are continually being developed and

implemented. AH Industries' cost initiatives within both production and purchasing are expected to take the company to new levels in 2015 and beyond, as are the measures underway in Aibel, Euromaint and HL Display, among others. Change programmes of this type are the core of the Ratos business model and a key component in how we create returns on our investments.

### Good momentum in the transaction market

Thus far in 2014 activity in the transaction market has been relatively good, a situation which we expect to continue during the autumn. Access to financing is good as is purchasers' willingness to pay in many deals. The IPO market has also functioned well during the first half of the year.

Ratos's transaction focus remains high and at the beginning of July we signed an agreement to sell the subsidiary SB Seating. SB Seating was formed in 2007 as a result of our merging three smaller office chair manufacturers. Despite the financial crisis and subsequent weak economic situation resulting in sales today being significantly below the 2006 levels, SB Seating's management has been very successful in working with margin enhancement measures (the operating margin has risen from 13% in 2006 to 21% in 2013) and throughout the entire holding period the company has delivered good cash flows. Now when we sell this well-run company, we have achieved an average annual return (IRR) of approximately 14% despite challenging market conditions at times.

### Future prospects

After the first half of the year, our view of 2014 remains unchanged. Taken overall, market development is heading in the right direction and we expect a continued steady, slow recovery in the second half of 2014. In view of this and the extensive measures implemented in many of our holdings, our assessment is that conditions exist for higher operating profits (adjusted for the size of Ratos's holdings) in the Ratos companies in 2014.

The associate company Aibel, as previously announced, will see a significant reduction in profits in 2014, while taken overall Ratos's 17 subsidiaries are expected to increase their earnings.



  
Susanna Campbell

Additional CEO comments at [www.ratos.se](http://www.ratos.se)

## Ratos's results

Profit before tax for the first half of 2014 amounted to SEK 13m (820). Adjusted for the exit gain in Stofa in 2013,

loss for the first half of 2013 was SEK 75m. The result includes profit/share of profits from the holdings of SEK 63m (5).

SEKm	2014 Q 1-2	2013 Q 1-2	2013
<b>Profit/share of profits before tax <sup>1)</sup></b>			
AH Industries (70%)	0	-4	-78
Aibel (32%) <sup>2)</sup>	-43	76	141
Arcus-Gruppen (83%)	30	-36	75
Biolin Scientific (100%)	-7	-5	-13
Bisnode (70%)	-88	-42	9
DIAB (96%)	-29	-59	-109
Euromaint (100%)	-18	-47	-76
GS-Hydro (100%)	40	34	57
Hafa Bathroom Group (100%)	-7	-3	-13
HENT (73%) <sup>3)</sup>	82		28
HL Display (99%)	13	54	106
Inwido (97%)	-33	44	220
Jøtul (93%)	-76	-91	-89
KVD (100%)	15	7	29
Mobile Climate Control (100%)	27	40	68
Nebula (72%) <sup>4)</sup>	26	-13	40
Nordic Cinema Group (58%) <sup>5)</sup>	58	-1	120
SB Seating (85%)	73	50	86
Stofa (99%) <sup>6)</sup>		1	1
<b>Total profit/share of profits</b>	<b>63</b>	<b>5</b>	<b>602</b>
Exit Stofa		895	895
<b>Total exit result</b>		<b>895</b>	<b>895</b>
Impairment DIAB			-234
Impairment Jøtul			-74
<b>Profit from holdings</b>	<b>63</b>	<b>900</b>	<b>1,189</b>
<b>Central income and expenses</b>			
Management costs	-98	-156	-240
Financial items	48	76	134
<b>Consolidated profit before tax</b>	<b>13</b>	<b>820</b>	<b>1,083</b>

<sup>1)</sup> Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

<sup>2)</sup> Aibel is included in consolidated profit from 11 April 2013.

<sup>3)</sup> HENT is included in consolidated profit from July 2013.

<sup>4)</sup> Nebula is included in consolidated profit from May 2013.

<sup>5)</sup> 2013 relates solely to Finnkinno until 30 April and subsequently relates to Nordic Cinema Group.

<sup>6)</sup> Stofa is included in consolidated profit through January 2013. The entire holding was sold in February 2013.

## Central income and expenses

Ratos's central income and expenses amounted to SEK -50m (-80), of which personnel costs in Ratos AB amounted to SEK 58m (84). The variable portion of personnel costs amounted to SEK 7m (34). Other management costs were SEK -40m (-72). Net financial items amounted to SEK +48m (+76).

## Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in consolidated profit or loss is affected, among other things, by the parent company's investment company status and by capital gains not liable to tax.

## Financial position

Cash flow from operating activities and investing activities was SEK -717m (-2,375) and consolidated cash and cash equivalents amounted to SEK 2,064m (2,092), of which short-term interest-bearing investments accounted for SEK 0m (0). Interest-bearing liabilities including pension provisions amounted to SEK 13,591m (13,565).

## Parent company

The parent company's loss before tax amounted to SEK 26m (-80). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 369m (1,043). Taking into account financial transactions agreed but not yet carried out, at 14 August 2014 Ratos has a net liquidity of approximately SEK 1,350m. In addition, there is a credit facility of SEK 2.2 billion, authorisation from the 2014 Annual General Meeting to issue a maximum of 35 million Ratos B shares in conjunction with agreements on acquisitions and an authorisation to issue a maximum total of 1,250,000 Class C and/or Class D preference shares in conjunction with agreements on acquisitions.

## Risks and uncertainties

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

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

It is also essential that Ratos has the ability to attract and retain employees with the right skills and experience. A more detail description of the material risks and uncertain-

ties to which the Group and the parent company are exposed is provided in the Directors' report and in Notes 30 and 37 in the 2013 Annual Report. An assessment for the coming months is provided in the *CEO comments on performance in the first half of the year* on page 3.

## Related-party transactions

The parent company received dividends and repayments of shareholder contributions from subsidiaries of SEK 386m (49). Capital contributions totalling SEK 137m were provided to subsidiaries in the first half of 2014, of which SEK 65m in the second quarter.

## Ratos B shares

Earnings per share before dilution amounted to SEK -0.39 (2.41). The total return on Ratos B shares in the first half of 2014 amounted to SEK +12%, compared with the performance of the SIX Return Index which was +9%.

## Ratos preference shares

The closing price for Ratos's Class C preference shares on 30 June was SEK 1,911. The dividend is regulated by the Articles of Association and amounts to SEK 100 per year and is paid quarterly in February, May, August and November. A dividend with record date 15 May 2014 was paid on 20 May 2014 totalling SEK 21m.

## Treasury shares and number of shares

No shares were repurchased and no call options were exercised in the first half of 2014. 3,770 shares were transferred to administrative employees in accordance with an Annual General Meeting resolution. At 30 June, Ratos owned 5,131,107 B shares (corresponding to 1.6% of the total number of shares), at an average price of SEK 69.

At 30 June the total number of shares in Ratos (A and B shares as well as preference shares) amounted to 324,970,896 and the number of votes was 108,670,443.6. The number of outstanding A and B shares was 319,009,789 and the number of outstanding preference shares 830,000. The average number of B treasury shares in Ratos in the first half of 2014 was 5,132,447 (5,135,696 in the full year 2013).

## Total return

1 January 2009 – 30 June 2014



Source: SIX and Ratos

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

At 30 June 2014 Ratos's equity (attributable to owners of the parent) amounted to SEK 12,874m (SEK 12,699m at 31 March

2014), corresponding to SEK 36 per outstanding share (SEK 35 at 31 March 2014).

SEKm	30 June 2014	% of equity
AH Industries	339	3
Aibel	1,626	13
Arcus-Gruppen	577	4
Biolin Scientific	336	3
Bisnode	1,249	10
DIAB	635	5
Euromaint	627	5
GS-Hydro	65	1
Hafa Bathroom Group	154	1
HENT	403	3
HL Display	808	6
Inwido	2,449	19
Jøtul	181	1
KVD	287	2
Mobile Climate Control	893	7
Nebula	351	3
Nordic Cinema Group	694	5
SB Seating	699	5
<b>Total</b>	<b>12,373</b>	<b>96</b>
Other net assets in central companies	501	4
<b>Equity</b> (attributable to owners of the parent)	<b>12,874</b>	<b>100</b>
<b>Equity per ordinary share, SEK <sup>2)</sup></b>	<b>36</b>	

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

<sup>2)</sup> Equity attributable to owners of the parent with deduction for total 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.

## Credit facilities

The parent company has a five-year rolling credit facility of SEK 2.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridge financing is required for acquisitions and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period.

## Other information

- Lars Johansson has been recruited to the role of Investment Director and will head one of Ratos's investment teams. Lars has considerable experience of corporate development and change programmes and has held leading positions in companies that include TV4 and Orc Software. Lars was most recently at Swedavia.
- Head of Corporate Communications and IR Emma Rheborg will leave her position at year-end to become Head of Corporate Communications at Nordea Sweden. Recruitment of a successor is underway.

# Holdings

More information about the holdings and a summary of income statements and statements of financial position for Ratos's holdings is available in downloadable Excel files at [www.ratos.se](http://www.ratos.se).

## AH Industries

- Sales SEK 478m (513) and EBITA SEK 11m (10)
- More stable market prospects within both Wind Solutions and Industrial Solutions, although continued high focus on cost-cutting programmes
- Improved EBITA SEK 12m (3) in the second quarter mainly attributable to restructuring of production within Wind Solutions in Denmark
- Capital contribution provided of SEK 6m in April in conjunction with a new, long-term financing agreement

*AH Industries is a leading supplier of metal components, modules, systems and services to the wind energy and cement and minerals industries. The company is specialised in the manufacture and machining of heavy metal components with high precision requirements. The company has production facilities in Denmark, China and Germany.*

Ratos's holding in AH Industries amounted to 70% and the consolidated book value in Ratos was SEK 339m at 30 June 2014.

## Aibel

- Sales SEK 5,101m (7,509) and EBITA SEK 128m (383)
- The previously announced lower activity within Field Development as well as within MMO and Modification led to a significant fall in sales
- Action programmes are underway to reduce costs and strengthen Aibel's competitiveness, which will result in significant restructuring costs in 2014. Costs affecting comparability in the first half of the year amounted to SEK 123m (5)
- EBITA adjusted for costs affecting comparability amounted to SEK 251m (388). The lower sales, temporary low utilisation of the company's resources and restructuring costs had a negative impact on EBITA and these effects are expected to be greater in the second half
- Continued positive long-term market prospects. Activities within Field Development are expected to increase towards the end of 2014 and in 2015
- Capital contribution of NOK 100m provided in July, of which Ratos's share amounted to NOK 32m
- The order book at 30 June amounted to NOK 14 billion plus options for an additional NOK 14 billion

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

Ratos's holding in Aibel amounted to 32% and the consolidated book value in Ratos was SEK 1,626m at 30 June 2014.



## Arcus-Gruppen

- Sales SEK 1,149m (1,137) and EBITA SEK 70m (56)
- Good sales growth, +6% in reporting currency. Strong sales growth for wine and stable for spirits
- EBITA adjusted for items affecting comparability amounted to SEK 39m (39). Earnings were also negatively affected by significant currency effects
- Decision on closure of the spirits factory in Aalborg, production to be relocated to Gjelleråsen in 2015
- Extensive restructuring of the distribution operations Vectura is underway with the aim of achieving profitability by the end of 2015. Vectura's sales amounted to NOK 124m (144) and adjusted EBITA was NOK -42m (-36)

*Arcus-Gruppen is the leading spirits producer in Norway and Denmark, and the largest wine supplier in Norway and second-largest in Sweden through its own brands and leading agencies. The group's best-known brands include Aalborg Akvavit, Lysholm Linie Aquavit, Braastad Cognac, Gammel Dansk and Vikingford Vodka.*

Ratos's holding in Arcus-Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 577m at 30 June 2014.

## Biolin Scientific

- Sales SEK 96m (86) and EBITA SEK 4m (1) (pro forma 2013 and 2014 for the sale of the subsidiary Osstell)
- Sales growth +11%, driven by very strong development for Analytical Instruments while development for Drug Discovery (Sophion) was stable
- Good profitability development in the second quarter, EBITA margin 11.8% (3.9)
- SEK 5m capital contribution provided in June
- The subsidiary Osstell was sold in March to Fouriertransform for approximately SEK 33m (enterprise value) in line with efforts to focus operations on other business areas

*Biolin Scientific develops, manufactures and markets analytical instruments for research and development and quality control. The company's largest market niche is nanotechnology, primarily materials science, cell analysis and biophysics. Customers are found worldwide and mainly comprise researchers in universities, research institutes and the industrial sector.*

Ratos's holding in Biolin Scientific amounted to 100% and the consolidated book value in Ratos was SEK 336m at 30 June 2014.

## Bisnode

- Sales SEK 1,796m (1,855) and EBITA SEK 86m (121)
- Organic sales development adjusted for currency effects was -3%. Sales growth in most markets but weaker development in France due to ongoing restructuring and in Germany where a changed focus on multi-year contracts provided lower revenues in the short term
- Lower EBITA mainly due to lower sales in Germany and France as well as higher data processing costs (mainly attributable to the phasing out of the SPAR contract)
- The subsidiaries Lundalogik and Bisnode Applicate have been divested. Acquisition of Debitorregistret and Grufman Reje as well as the outstanding minority in Vendemore. The operations in the Netherlands were sold in July. It was also decided that Belgium and France will not be part of the core business in future

*Bisnode is a leading European provider of decision support within business, credit and market information. The customer base is companies and organisations throughout Europe which use Bisnode's services to convert data into knowledge for both day-to-day issues and major strategic decisions. Bisnode has approximately 2,600 employees in 18 countries.*

Ratos's holding in Bisnode amounted to 70% and the consolidated book value in Ratos was SEK 1,249m at 30 June 2014.



## DIAB

- Sales SEK 525m (424) and EBITA SEK 0m (-29)
- Adjusted for currency effects sales rose by 22% mainly due to a stronger wind energy market in China and the US. The marine and TIA segments also showed good growth
- Improved EBITA due to increased sales. Adjusted for costs affecting comparability, mainly attributable to organisational changes, EBITA amounted to SEK 7m (-24)
- Capital contribution of SEK 31m provided in the first half of the year, of which SEK 11m in April

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

Ratos's holding in DIAB amounted to 96% and the consolidated book value in Ratos was SEK 635m at 30 June 2014.

## Euromaint

- Sales SEK 1,140m (1,250) and EBITA SEK 7m (-4)
- Lower sales primarily due to reduced volumes within the goods business
- Action programmes are underway in both Sweden and Germany to adjust operations to prevailing demand
- New contract for maintenance of passenger trains signed with the customer Stadler in Germany
- Adjusted for costs affecting comparability, mainly related to restructuring, EBITA amounted to SEK 28m (35)

*Euromaint is one of Europe's leading independent maintenance companies for the rail transport industry. The company's services and products guarantee the reliability and service life of track-mounted vehicles such as freight wagons, passenger trains, locomotives and work machines. Euromaint has operations in Sweden and Germany and a presence in the Netherlands and Latvia.*

Ratos's holding in Euromaint amounted to 100% and the consolidated book value in Ratos was SEK 627m at 30 June 2014.

## GS-Hydro

- Sales SEK 615m (625) and EBITA SEK 50m (50)
- Signs of a recovery and improved order bookings within the marine and land-based customer segments, although continued uncertainty about market development in the offshore segment in 2014
- Stable EBITA margin where slightly lower sales were compensated by good control of costs

*GS-Hydro is a leading global supplier of non-welded piping solutions. Products are used in the marine and offshore industries as well as land-based segments such as the pulp and paper, metals and mining, and automotive and aerospace industries. The head office is located in Finland.*

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK 65m at 30 June 2014.

## Hafa Bathroom Group

- Sales SEK 105m (122) and EBITA SEK -5m (-2)
- Somewhat more stable market conditions but continued weak development and high price competition in the market
- Lower sales have negative effect on earnings but partly compensated by completed efficiency improvements
- EBITA adjusted for costs affecting comparability, mainly attributable to organisational changes, amounted to SEK 0m (-2)
- SEK 15m capital contribution provided in June
- Anders Hofstedt new CEO since 1 April 2014

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

Ratos's holding in Hafa Bathroom Group amounted to 100% and the consolidated book value in Ratos was SEK 154m at 30 June 2014.

## HENT

- Sales SEK 2,501m (2,015) and EBITA SEK 92m (87)
- Very good sales growth driven by a strong order book and favourable development in ongoing projects
- EBITA margin amounted to 3.7% (4.3)
- Good order bookings worth approximately NOK 2.8 billion. In the second quarter HENT signed an agreement on development of an office complex in Bergen worth approximately NOK 950m. The order book at 30 June 2014 amounted to approximately NOK 8.1 billion

*HENT is a leading Norwegian construction company with projects throughout the country, primarily new construction of public and commercial properties. The company focuses on project development, project management and procurement. The projects are to a large extent carried out by a broad network of quality assured subcontractors.*

Ratos's holding in HENT amounted to 73% and the consolidated book value in Ratos was SEK 403m at 30 June 2014.

## HL Display

- Sales SEK 757m (788) and EBITA SEK 38m (65)
- Sales decreased by 6%, adjusted for currency effects. Varied market scenario, a generally weaker development in the brand suppliers segment. Ongoing changes in the sales organisation also had a temporary negative impact in some major markets
- Lower EBITA mainly due to lower volume and sales mix. Cost-cutting programme initiated in the second quarter
- Refinancing in March released SEK 346m to Ratos which was made possible by the company's favourable development and cash flow in recent years. Ratos's net investment in HL Display after the refinancing amounts to approximately SEK 410m

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

Ratos's holding in HL Display amounted to 99% and the consolidated book value in Ratos was SEK 808m at 30 June 2014.

## Inwido

- Sales SEK 2,208m (1,998) and EBITA SEK 51m (86)
- Good sales growth, +6% adjusted for currency and restructuring effects, and order booking, +14%, adjusted for restructuring effects. Favourable market development in Sweden and Denmark. Increased market shares in Finland. Weak development in Norway
- Very strong earnings development mainly due to volume growth and completed action programmes. EBITA adjusted for items affecting comparability of SEK 104m (3) amounted to SEK 155m (88). The costs relate to closure of a factory in Norway, the takeover of equipment from a competitor in Finland and relocation of production from the UK to Poland
- Acquisition completed of the Danish companies JNA and Spar which mainly have internet-based operations. These acquisitions were consolidated from 1 April and contributed SEK 56m to sales and SEK 11m to EBITA
- Relocation of production from Norway to Sweden is now complete. Relocation of production from the UK to Poland has been initiated

*Inwido develops, manufactures and sells a full range of windows and exterior doors to consumers, construction companies and prefabricated home manufacturers. Operations are conducted in all the Nordic countries as well as in the UK, Poland and Ireland, and since 2013 in Austria. The company's brands include Elit-fönster, SnickarPer, Tiivi, KPK, Lyssand and Allan Brothers.*

Ratos's holding in Inwido amounted to 97% and the consolidated book value in Ratos was SEK 2,449m at 30 June 2014.

## Jøtul

- Sales SEK 361m (346) and EBITA SEK -53m (-54)
- Sales adjusted for currency effects increased by 1%. Weak development in the Norwegian and French markets
- Higher proportion of sold third-party manufactured accessories and lower proportion of sold stoves contributed to lower margins. Overheads continue to be reduced
- Eskil Zapffe new CEO since the beginning of 2014
- Capital contribution of SEK 52m provided in the first quarter and SEK 28m in April

*The Norwegian company Jøtul is one of Europe's largest manufacturer of stoves and fireplaces with its main production facilities in Norway and Denmark, with smaller units in France and the US. The company dates back to 1853 and the products are sold worldwide, primarily through speciality stores, but also through the DIY trade.*

Ratos's holding in Jøtul amounted to 93% and the consolidated book value in Ratos was SEK 181m at 30 June 2014.

## KVD

- Sales SEK 159m (152) and EBITA SEK 20m (14)
- Increased sales in Sweden mainly due to higher volumes for Cars
- Good profitability in Sweden. Costs of establishment in Norway charged against earnings with SEK -6m (-8)
- EBITA adjusted for costs affecting comparability, mainly related to closure of the Insolvency Business, amounted to SEK 24m (14)

*KVD is Sweden's largest independent online marketplace offering broker services for second-hand vehicles. The company, which was founded in 1991, runs kvd.se where cars, heavy vehicles and machines are offered for sale at weekly online auctions. The number of unique visitors totals approximately 200,000 per week. The company includes Sweden's largest valuation portal for cars, bilpriser.se.*

Ratos's holding in KVD amounted to 100% and the consolidated book value in Ratos was SEK 287m at 30 June 2014.

## Mobile Climate Control (MCC)

- Sales SEK 493m (521) and EBITA SEK 47m (59)
- Sales decreased by 4% adjusted for currency effects. In the second quarter, sales increased by 2% adjusted for currency effects and excluding the defence vehicle segment sales rose 8%
- Lower EBITA margin, 9.5% (11.3), mainly due to positive non-recurring items in the previous year and a changed segment mix with lower sales to the defence vehicle segment
- Positive market development for the bus segment in North America and Europe

*Mobile Climate Control (MCC) offers complete climate comfort systems for three main customer segments: buses, off road and defence vehicles. Approximately 80% of the company's sales take place in North America and 20% in Europe. Major production plants are located in Canada (Toronto), USA (Goshen) and Poland (Olawa).*

Ratos's holding in Mobile Climate Control amounted to 100% and the consolidated book value in Ratos was SEK 893m at 30 June 2014.

## Nebula

- Sales SEK 123m (110) and EBITA SEK 38m (23)
- Sales growth +6% in reported currency. Very good growth in cloud services and stable development for managed services and connection services
- Continued focus on sales and markets to further improve opportunities for growth

*Nebula is a market leader within cloud-based IT capacity services, IT managed services and connection services to small and medium-sized companies in the Finnish market. The company has four data centres, of which two are located in Finland, one in London and one in Singapore, as well as its own leased fibre network between the largest cities in Finland. Nebula has a total of about 34,000 customers. 90% of sales are subscription based.*

Ratos's holding in Nebula amounted to 72% and the consolidated book value in Ratos was SEK 351m at 30 June 2014.

## Nordic Cinema Group

- Sales SEK 1,232m (1,140) and EBITA SEK 136m (85) (2013 pro forma for the merger between SF Bio and Finnkino)
- Admissions increased by 2% in the first half of the year driven by several big films in the first quarter while attendance in the second quarter was lower than in corresponding period in 2013
- Strong growth for concession sales per visitor, +11%
- The film offering in the third quarter is expected to be weaker while the fourth quarter is expected to be strong

*Nordic Cinema Group is the Nordic region's largest cinema group with 65 wholly owned movie theatres with 436 screens and approximately 64,000 seats in six countries – Sweden, Finland, Norway, Estonia, Latvia and Lithuania. Nordic Cinema Group is also co-owner of an additional 43 movie theatres. Several strong local brands are part of the group: SF Bio, SF Kino, Finnkino and Forum Cinemas. Nordic Cinema Group was established in 2013 through a merger of SF Bio and Finnkino.*

Ratos's holding in Nordic Cinema Group amounted to 58% and the consolidated book value in Ratos was SEK 694m at 30 June 2014.

## SB Seating

- Sales SEK 557m (564) and EBITA SEK 99m (116)
- Increased sales, +4% in reporting currency
- EBITA margin 18% (20), affected by completed investments in the sales organisation
- In July, Ratos signed an agreement to sell SB Seating to the private equity fund Triton. The sale is subject to approval from the relevant regulatory authorities and is expected to be completed during the third quarter of 2014. Ratos's exit gain amounts to approximately SEK 240m and the average annual return (IRR) is approximately 14%. The sale means that in total Ratos has received approximately 2.3 times the initial investment

*SB Seating develops and produces ergonomic office chairs in Scandinavian design for private and public environments. The group markets three strong brands, HÅG, RH and RBM, which are mainly sold through retail outlets. The group is represented today in Norway, Sweden, Denmark, Germany, Switzerland, Singapore, the UK, the Netherlands and France.*

Ratos's holding in SB Seating amounted to 85% and the consolidated book value in Ratos was SEK 699m at 30 June 2014.

## Ratos's holdings at 30 June 2014

SEKmn	Net sales					EBITA				
	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
AH Industries	263	259	478	513	1,018	12	3	11	10	-39
Aibel <sup>1)</sup>	2,498	3,708	5,101	7,509	14,029	85	216	128	383	686
Arcus-Gruppen	649	624	1,149	1,137	2,516	89	78	70	56	274
Biolin Scientific <sup>2)</sup>	53	45	96	86	197	6	2	4	1	21
Bisnode	890	930	1,796	1,855	3,724	41	48	86	121	328
DIAB	287	216	525	424	864	0	-24	0	-29	-50
Euromaint <sup>3)</sup>	558	628	1,140	1,250	2,416	2	9	7	-4	25
GS-Hydro	329	324	615	625	1,237	38	34	50	50	83
Hafa Bathroom Group	47	57	105	122	238	-8	-3	-5	-2	-13
HENT <sup>4)</sup>	1,268	1,064	2,501	2,015	4,213	39	47	92	87	120
HL Display	393	414	757	788	1,596	25	41	38	65	128
Inwido <sup>5)</sup>	1,301	1,141	2,208	1,998	4,300	121	105	51	86	294
Jøtul	165	163	361	346	930	-38	-33	-53	-54	-15
KVD	84	77	159	152	297	12	8	20	14	44
Mobile Climate Control	281	277	493	521	978	31	42	47	59	97
Nebula <sup>6)</sup>	64	57	123	110	228	20	6	38	23	87
Nordic Cinema Group <sup>7)</sup>	511	501	1,232	1,140	2,529	5	-22	136	85	305
SB Seating	269	273	557	564	1,112	41	54	99	116	222
<b>Total 100%</b>	<b>9,911</b>	<b>10,759</b>	<b>19,394</b>	<b>21,154</b>	<b>42,422</b>	<b>521</b>	<b>611</b>	<b>818</b>	<b>1,065</b>	<b>2,599</b>
<b>Change</b>		<b>-8%</b>		<b>-8%</b>		<b>-15%</b>		<b>-23%</b>		
<b>Total adjusted for holding</b>	<b>7,060</b>	<b>7,143</b>	<b>13,589</b>	<b>13,860</b>	<b>28,285</b>	<b>407</b>	<b>421</b>	<b>585</b>	<b>674</b>	<b>1,772</b>
<b>Change</b>		<b>-1%</b>		<b>-2%</b>		<b>-3%</b>		<b>-13%</b>		
Total adjusted for holding excl. Aibel <sup>7)</sup>	6,271	5,971	11,977	11,487	23,852	380	352	544	553	1,555
<b>Change</b>		<b>5%</b>		<b>4%</b>		<b>8%</b>		<b>-2%</b>		

SEKmn	Adjusted EBITA <sup>A)</sup>					Depreciation 2014	Investments 2014	Cash flow 2014	Interest-bearing net debt 30 June 14	Consolidated value 30 June 14	Ratos's holding 30 June 14
	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013						
AH Industries	11	3	9	10	14	22	8	52	285	339	70%
Aibel <sup>1)</sup>	144	221	251	388	691	84	21	-243	4,521	1,626	32%
Arcus-Gruppen	56	46	39	39	246	26	29	-104	1,336	577	83%
Biolin Scientific <sup>2)</sup>	6	2	4	4	25	4	-	-	135	336	100%
Bisnode	53	93	106	172	440	62	85	-33	1,914	1,249	70%
DIAB	7	-19	7	-24	-11	31	15	-63	761	635	96%
Euromaint <sup>3)</sup>	15	14	28	35	67	20	32	-42	582	627	100%
GS-Hydro	38	34	50	50	83	10	14	73	365	65	100%
Hafa Bathroom Group	-2	-3	0	-2	-13	1	0	-2	42	154	100%
HENT <sup>4)</sup>	39	47	82	87	134	2	4	-49	-374	403	73%
HL Display	25	40	42	68	140	20	16	-23	691	808	99%
Inwido <sup>5)</sup>	150	105	155	88	345	76	98	-159	1,372	2,449	97%
Jøtul	-37	-33	-52	-51	-8	28	16	-125	623	181	93%
KVD Kvarndammen	15	8	24	14	44	2	2	16	191	287	100%
Mobile Climate Control	31	42	47	59	103	7	2	20	456	893	100%
Nebula <sup>6)</sup>	20	17	39	34	75	8	13	21	308	351	72%
Nordic Cinema Group <sup>7)</sup>	5	9	136	89	312	82	36	-78	1,759	694	58%
SB Seating	41	58	99	119	230	19	21	23	949	699	85%
<b>Total 100%</b>	<b>618</b>	<b>684</b>	<b>1 065</b>	<b>1,179</b>	<b>2,915</b>						
<b>Change</b>		<b>-10%</b>		<b>-10%</b>							
<b>Total adjusted for holding</b>	<b>463</b>	<b>466</b>	<b>746</b>	<b>765</b>	<b>2,031</b>						
<b>Change</b>		<b>0%</b>		<b>-3%</b>							
Total adjusted for holding excl. Aibel <sup>7)</sup>	418	396	666	643	1,813						
<b>Change</b>		<b>6%</b>		<b>4%</b>							

<sup>1)</sup> In 2014, Aibel has a significant effect on comparisons with the previous year due to the already announced temporarily lower level of contract activity and Statoil's cost cutbacks. In order to facilitate analysis, performance for the holdings is reported both including and excluding Aibel.

All figures in the above table relate to 100% of each holding, except consolidated value. In order to facilitate comparisons between years and provide a comparable financial structure, holdings are reported pro forma, when applicable, as stated in the notes below.

<sup>A)</sup> EBITA excluding items affecting comparability.

<sup>B)</sup> Investments excluding business combinations.

<sup>C)</sup> Cash flow from operating activities and investing activities before acquisition and disposal of companies.

<sup>1)</sup> Aibel's earnings for 2013 are pro forma taking into account Ratos's acquisition, new financing and amortisation of intangible assets according to final purchase price allocation and provisions.

<sup>2)</sup> Biolin Scientific's earnings for 2014 are pro forma taking into account discontinued operations Osstell and for 2013 relating to Osstell and Farfield.

<sup>3)</sup> Euromaint's earnings for 2013 and 2014 are pro forma taking into account discontinued operations in Germany and Belgium.

<sup>4)</sup> HENT's earnings for 2013 are pro forma taking into account Ratos's acquisition and new financing.

<sup>5)</sup> Inwido has adjusted EBITA (operating expenses) for historical, non-cash accounting errors in 2013 and 2012 in Norway by SEK -5.1m and SEK -11.6m respectively (NOK -4.6m and NOK -10.0m respectively).

<sup>6)</sup> Nebula's earnings for 2013 are pro forma taking into account Ratos's acquisition and new financing.

<sup>7)</sup> Nordic Cinema Group's earnings for 2013 are pro forma taking into account Ratos's acquisition and new financing. 2013 was also stated pro forma related to a changed definition of net sales/other income.

# Financial statements

## Consolidated income statement

SEKm	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
Net sales	7,414	5,897	14,304	11,358	26,084
Other operating income	36	81	63	166	362
Change in inventories	18	-36	15	15	-66
Raw materials and consumables	-3,442	-2,194	-6,622	-4,441	-11,151
Employee benefit costs	-2,178	-1,961	-4,305	-3,919	-8,033
Depreciation and impairment of property, plant and equipment and intangible assets	-221	-211	-454	-415	-1,225
Other costs	-1,269	-1,316	-2,487	-2,405	-4,859
Capital gain from the sale of group companies		-42	11	864	864
Share of profits of associates	-2	82	-22	86	183
<b>Operating profit</b>	<b>356</b>	<b>300</b>	<b>503</b>	<b>1,390</b>	<b>2,159</b>
Financial income	-13	25	41	56	90
Financial expenses	-305	-304	-531	-545	-1,166
<b>Net financial items</b>	<b>-318</b>	<b>-279</b>	<b>-490</b>	<b>-489</b>	<b>-1,076</b>
<b>Profit before tax</b>	<b>38</b>	<b>21</b>	<b>13</b>	<b>820</b>	<b>1,083</b>
Tax	-73	-70	-78	-71	-281
<b>Profit/loss for the period</b>	<b>-35</b>	<b>-49</b>	<b>-65</b>	<b>749</b>	<b>802</b>
<i>Profit/loss for the period attributable to:</i>					
Owners of the parent	-25	-18	-83	789	742
Non-controlling interests	-10	-31	18	-40	60
Earnings per share, SEK					
– before dilution	-0.14	-0.12	-0.39	2.41	2.13
– after dilution	-0.14	-0.12	-0.39	2.41	2.13

## Consolidated statement of comprehensive income

SEKm	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
<b>Profit/loss for the period</b>	<b>-35</b>	<b>-49</b>	<b>-65</b>	<b>749</b>	<b>802</b>
<b>Other comprehensive income</b>					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension obligations, net	0	0	0	0	42
Tax attributable to items that will not be reclassified to profit or loss					-11
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>
Items that may be reclassified subsequently to profit or loss:					
Translation differences for the period	245	327	327	47	28
Change in hedging reserve for the period	4	9	5	24	26
Tax attributable to items that may be reclassified subsequently to profit or loss	-1	-2	-1	-6	-7
<b>Other comprehensive income for the period</b>	<b>248</b>	<b>334</b>	<b>331</b>	<b>65</b>	<b>47</b>
<b>Total comprehensive income for the period</b>	<b>213</b>	<b>285</b>	<b>266</b>	<b>814</b>	<b>880</b>
<i>Total comprehensive income for the period attributable to:</i>					
Owners of the parent	159	258	155	832	828
Non-controlling interests	54	27	111	-18	52



## Summary consolidated statement of financial position

SEKm	30 June 2014	30 June 2013	31 Dec 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	19,229	18,112	18,800
Other intangible assets	1,744	1,736	1,645
Property, plant and equipment	3,586	3,828	3,581
Financial assets	3,098	2,978	2,970
Deferred tax assets	601	574	550
<b>Total non-current assets</b>	<b>28,258</b>	<b>27,228</b>	<b>27,546</b>
<b>Current assets</b>			
Inventories	2,655	2,504	2,374
Current receivables	5,833	5,631	5,909
Cash and cash equivalents	2,064	2,092	3,337
<b>Total current assets</b>	<b>10,552</b>	<b>10,227</b>	<b>11,620</b>
<b>Total assets</b>	<b>38,810</b>	<b>37,455</b>	<b>39,166</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity including non-controlling interests</b>	<b>15,318</b>	<b>15,882</b>	<b>16,133</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	10,580	10,365	10,160
Non-interest bearing liabilities	750	712	707
Pension provisions	451	436	416
Other provisions	206	152	154
Deferred tax liabilities	530	549	478
<b>Total non-current liabilities</b>	<b>12,517</b>	<b>12,214</b>	<b>11,915</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	2,560	2,764	2,306
Non-interest bearing liabilities	8,013	6,383	8,451
Provisions	402	212	361
<b>Total current liabilities</b>	<b>10,975</b>	<b>9,359</b>	<b>11,118</b>
<b>Total equity and liabilities</b>	<b>38,810</b>	<b>37,455</b>	<b>39,166</b>

## Summary statement of changes in consolidated equity

SEKm	30 June 2014			30 June 2013			31 Dec 2013		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
<b>Opening equity</b>	<b>13,756</b>	<b>2,377</b>	<b>16,133</b>	<b>12,353</b>	<b>788</b>	<b>13,141</b>	<b>12,353</b>	<b>788</b>	<b>13,141</b>
Adjustment <sup>1)</sup>				-22	-8	-30	-22	-8	-30
<b>Adjusted equity</b>	<b>13,756</b>	<b>2,377</b>	<b>16,133</b>	<b>12,331</b>	<b>780</b>	<b>13,111</b>	<b>12,331</b>	<b>780</b>	<b>13,111</b>
Total comprehensive income for the period	155	111	266	832	-18	814	828	52	880
Dividend	-1,040	-35	-1,075	-1,019	-35	-1,054	-1,019	-42	-1,061
New issue		20	20	1,451	4	1,455	1,431	16	1,447
Option premiums							7		7
Acquisition of shares in subsidiaries from non-controlling interests	3	-29	-26	-18	-5	-23	50	46	96
Sale of shares in subsidiaries to non-controlling interests				135		135	128	419	547
Non-controlling interests at acquisition					1,463	1,463		1,125	1,125
Non-controlling interests in disposals					-19	-19		-19	-19
<b>Closing equity</b>	<b>12,874</b>	<b>2,444</b>	<b>15,318</b>	<b>13,712</b>	<b>2,170</b>	<b>15,882</b>	<b>13,756</b>	<b>2,377</b>	<b>16,133</b>

<sup>1)</sup> Adjustment of opening equity attributable to Bisnode (-24) and Inwido (-6).

## Consolidated statement of cash flows

SEKm	2014 Q 1-2	2013 Q 1-2	2013
<b>Operating activities</b>			
Profit before tax	13	820	1,083
Adjustment for non-cash items	352	-514	401
	365	306	1,484
Income tax paid	-250	-172	-255
<b>Cash flow from operating activities before change in working capital</b>	<b>115</b>	<b>134</b>	<b>1,229</b>
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in inventories	-253	-31	100
Increase (-)/Decrease (+) in operating receivables	120	-616	86
Increase (+)/Decrease (-) in operating liabilities	-210	-414	-283
<b>Cash flow from operating activities</b>	<b>-228</b>	<b>-927</b>	<b>1,132</b>
<b>Investing activities</b>			
Acquisition, group companies	-245	-920	-626
Disposal, group companies	112	1,345	1,392
Acquisition, shares in associates	-3	-1,676	-1,676
Acquisition, other intangible/tangible assets	-373	-297	-710
Disposal, other intangible/tangible assets	15	120	376
Investment, financial assets	-10	-79	-32
Disposal, financial assets	15	59	63
<b>Cash flow from investing activities</b>	<b>-489</b>	<b>-1,448</b>	<b>-1,213</b>
<b>Financing activities</b>			
New issue		1,451	1,431
Non-controlling interests' share of issue/capital contribution	20	4	15
Redemption of options	-6	-88	-91
Option premiums	6	2	18
Acquisition of shares in subsidiaries from non-controlling interests	-40	-19	-48
Dividend paid	-999	-957	-999
Dividend paid/redemption, non-controlling interests	-35	-35	-42
Borrowings	3,415	1,991	3,155
Amortisation of loans	-2,955	-1,144	-3,229
<b>Cash flow from financing activities</b>	<b>-594</b>	<b>1,205</b>	<b>210</b>
<b>Cash flow for the period</b>	<b>-1,311</b>	<b>-1,170</b>	<b>129</b>
Cash and cash equivalents at the beginning of the year	3,337	3,203	3,203
Exchange differences in cash and cash equivalents	38	-13	-67
Cash and cash equivalents attributable to assets held for sale		72	72
Cash and cash equivalents at the end of the period	2,064	2,092	3,337

## Consolidated key figures

SEKm	2014 Q 1-2	2013 Q 1-2	2013
Return on equity, %			6
Equity ratio, %	39	43	41
<b>Key figures per share <sup>1)</sup></b>			
Total return, %	12	-13	-2
Dividend yield, %			5.2
Market price, SEK	61.80	52.05	58.15
Dividend, SEK			3
Equity attributable to owners of the parent, SEK <sup>2)</sup>	36	38	38
Earnings per share before dilution, SEK <sup>3)</sup>	-0.39	2.41	2.13
Average number of shares outstanding:			
– before dilution	319,008,449	319,004,362	319,005,200
– after dilution	319,008,449	319,004,362	319,005,200
Total number of registered shares	324,970,896	324,970,896	324,970,896
Number of shares outstanding	319,839,789	319,836,019	319,836,019
– of which A shares	84,637,060	84,637,060	84,637,060
– of which B shares	234,372,729	234,368,959	234,368,959
– of which C shares	830,000	830,000	830,000

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

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

<sup>3)</sup> Per ordinary share.

## Parent company income statement

SEKm	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
Other operating income	1	11	1	11	12
Other external costs	-20	-25	-36	-45	-76
Personnel costs	-30	-35	-58	-83	-130
Depreciation of property, plant and equipment	-1	-1	-2	-2	-5
<b>Operating profit/loss</b>	<b>-50</b>	<b>-50</b>	<b>-95</b>	<b>-119</b>	<b>-199</b>
Dividends from group companies			40	49	49
Impairment of shares in group companies					-477
Result from other securities and receivables accounted for as non-current assets	26	31	52	66	133
Other interest income and similar profit/loss items	6	4	12	11	18
Interests expenses and similar profit/loss items	-21	-10	-35	-87	-157
<b>Profit/loss after financial items</b>	<b>-39</b>	<b>-25</b>	<b>-26</b>	<b>-80</b>	<b>-633</b>
Tax					
<b>Profit/loss for the period</b>	<b>-39</b>	<b>-25</b>	<b>-26</b>	<b>-80</b>	<b>-633</b>

## Parent company statement of comprehensive income

SEKm	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
<b>Profit/loss for the period</b>	<b>-39</b>	<b>-25</b>	<b>-26</b>	<b>-80</b>	<b>-633</b>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
Change in fair value reserve for the period		84		14	14
<b>Other comprehensive income for the period</b>		<b>84</b>		<b>14</b>	<b>14</b>
<b>Comprehensive income for the period</b>	<b>-39</b>	<b>59</b>	<b>-26</b>	<b>-66</b>	<b>-619</b>

## Summary parent company balance sheet

SEKm	30 June 2014	30 June 2013	31 Dec 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	72	76	73
Financial assets	11,314	12,525	11,948
<b>Total non-current assets</b>	<b>11,386</b>	<b>12,601</b>	<b>12,021</b>
<b>Current assets</b>			
Current receivables	140	205	54
Cash and cash equivalents	369	1,043	1,273
<b>Total current assets</b>	<b>509</b>	<b>1,248</b>	<b>1,327</b>
<b>Total assets</b>	<b>11,895</b>	<b>13,849</b>	<b>13,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>10,119</b>	<b>11,751</b>	<b>11,185</b>
<b>Non-current provisions</b>			
Pension provisions	1	1	1
Other provisions	7	7	7
<b>Non-current liabilities</b>			
Interest-bearing liabilities, group companies	548	510	552
Non-interest bearing liabilities	39	41	30
<b>Current provisions</b>	<b>10</b>	<b>9</b>	<b>10</b>
<b>Current liabilities</b>			
Interest-bearing liabilities, group companies	1,037	1,347	1,477
Non-interest bearing liabilities	134	183	86
<b>Total equity and liabilities</b>	<b>11,895</b>	<b>13,849</b>	<b>13,348</b>
Pledged assets and contingent liabilities	none	none	none

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

SEKm	30 June 2014	30 June 2013	31 Dec 2013
<b>Opening equity</b>	<b>11,185</b>	<b>11,385</b>	<b>11,385</b>
Comprehensive income for the period	-26	-66	-619
Dividend	-1,040	-1,019	-1,019
New issue		1,451	1,431
Option premiums			7
<b>Closing equity</b>	<b>10,119</b>	<b>11,751</b>	<b>11,185</b>

## Parent company cash flow statement

SEKm	2014 Q 1-2	2013 Q 1-2	2013
<b>Operating activities</b>			
Profit/loss before tax	-26	-80	-633
Adjustment for non-cash items	-22	24	415
	-48	-56	-218
Income tax paid	-	-	-
<b>Cash flow from operating activities before change in working capital</b>	<b>-48</b>	<b>-56</b>	<b>-218</b>
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in operating receivables	-3	-106	-18
Increase (+)/Decrease (-) in operating liabilities	-40	-6	26
<b>Cash flow from operating activities</b>	<b>-91</b>	<b>-168</b>	<b>-210</b>
<b>Investing activities</b>			
Investment, shares in subsidiaries	-124	-2,500	-2,649
Disposal and redemption, shares in subsidiaries	421	124	529
Investment, financial assets	-111	-174	-141
Disposal, financial assets		20	26
<b>Cash flow from investing activities</b>	<b>186</b>	<b>-2,530</b>	<b>-2,235</b>
<b>Financing activities</b>			
New issue		1,451	1,431
Option premiums		1	11
Redemption incentive programme		-20	-21
Dividend paid	-999	-957	-999
Loans raised in group companies		1,443	1,473
<b>Cash flow from financing activities</b>	<b>-999</b>	<b>1,918</b>	<b>1,895</b>
<b>Cash flow for the period</b>	<b>-904</b>	<b>-780</b>	<b>-550</b>
Cash and cash equivalents at the beginning of the year	1,273	1,823	1,823
Cash and cash equivalents at the end of the period	369	1,043	1,273



## Note 1 Accounting principles in accordance with IFRS

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report is prepared in accordance with IAS 34, Interim Financial Reporting. Pertinent regulations in the Swedish Annual Accounts Act are also applied.

The parent company's interim report is prepared in accordance with the Annual Accounts Act, which is in accordance with the regulations in RFR 2 Accounting for Legal Entities.

IFRS requires uniform accounting principles within a group. The IFRS standards and issued interpretations applied in this interim report are those endorsed by the EU until and including 30 June 2014. The new and revised IFRS standards which came into force in 2014 have not had any material effect on the Ratos Group's financial statements. This means that the same accounting principles and basis of calculation are applied for the Group and the parent company as those used in preparation of the 2013 Annual Report.

## Note 2 Business combinations

### Acquisitions

#### Acquisitions in 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 are included in consolidated sales for the holding period with SEK 56m and in profit before tax with SEK 10m. For the period January to June sales totalled SEK 88m and loss before tax was SEK 4m. 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 are included in consolidated sales for the holding period with SEK 9m and in profit before tax with SEK 3m. For the period January to June sales totalled SEK 12m and profit before tax was SEK 0m. Acquisition-related costs amounted to SEK 2m.

SEKm	Bisnode	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 liability	-5	-15
Current liabilities	-14	-38
Net identifiable assets and liabilities	18	79
Consolidated goodwill	83	125
Consideration transferred <sup>1)</sup>	101	204
<sup>1)</sup> Cash	60	204
Contingent consideration	41	

The purchase price allocation is preliminary, which means that fair value is not finally identified for all items.

#### 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 SF/Nordic Cinema Group has been adopted. In addition to the remeasurement announced on 31 December 2013, a reclassification has taken place between current assets and financial assets with SEK 46m.

The PPA for HENT has been adopted in accordance with the preliminary PPA presented in Ratos's Annual Report for 2013.

### Disposals

#### Disposal in subsidiary

Ratos's subsidiary Biolin Scientific has sold all its shares in its subsidiary Osstell. The sale was completed in March 2014.

## Note 3 Operating segments

SEKm	Sales					EBT <sup>1)</sup>				
	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013	2014 Q 2	2013 Q 2	2014 Q 1-2	2013 Q 1-2	2013
<b>Holdings</b>										
AH Industries	263	259	477	513	1,018	6	-5	0	-4	-78
Aibel <sup>2)</sup>						-9	76	-43	76	141
Arcus-Gruppen	649	625	1,149	1,137	2,516	71	43	30	-36	75
Biolin Scientific	53	54	104	104	233	4	-4	-7	-5	-13
Bisnode	890	930	1,796	1,855	3,724	-65	-65	-88	-42	9
DIAB	287	216	525	424	864	-13	-36	-29	-59	-109
Euromaint	558	630	1,140	1,253	2,419	-14	-5	-18	-47	-76
GS-Hydro	330	324	615	625	1,237	33	26	40	34	57
Hafa Bathroom Group	47	58	105	122	238	-9	-3	-7	-3	-13
HENT <sup>3)</sup>	1,268		2,501		2,243	35		82		28
HL Display	393	414	757	788	1,596	9	38	13	54	106
Inwido	1,301	1,141	2,208	1,998	4,300	51	80	-33	44	220
Jøtul	165	163	361	346	930	-55	-55	-76	-91	-89
KVD	84	78	159	152	296	9	4	15	7	29
Mobile Climate Control	281	277	493	521	978	18	34	27	40	68
Nebula <sup>4)</sup>	64	37	123	37	155	14	-13	26	-13	40
Nordic Cinema Group <sup>5)</sup>	512	366	1,232	591	1,895	-34	-85	58	-1	120
SB Seating	269	273	557	564	1,112	19	14	73	50	86
Stofa <sup>6)</sup>				131	131				1	1
<b>Total</b>	<b>7,414</b>	<b>5,843</b>	<b>14,302</b>	<b>11,161</b>	<b>25,885</b>	<b>70</b>	<b>44</b>	<b>63</b>	<b>5</b>	<b>602</b>
Exit Stofa							-3		895	895
<b>Exit result</b>							<b>-3</b>		<b>895</b>	<b>895</b>
Impairment DIAB										-234
Impairment Jøtul										-74
<b>Holdings total</b>	<b>7,414</b>	<b>5,843</b>	<b>14,302</b>	<b>11,161</b>	<b>25,885</b>	<b>70</b>	<b>41</b>	<b>63</b>	<b>900</b>	<b>1,189</b>
Central income and expenses	0	54	2	197	199	-32	-20	-50	-80	-106
<b>Group total</b>	<b>7,414</b>	<b>5,897</b>	<b>14,304</b>	<b>11,358</b>	<b>26,084</b>	<b>38</b>	<b>21</b>	<b>13</b>	<b>820</b>	<b>1,083</b>

<sup>1)</sup> Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

<sup>2)</sup> Aibel is included in consolidated profit from 11 April 2013.

<sup>3)</sup> HENT is included in consolidated profit from July 2013.

<sup>4)</sup> Nebula is included in consolidated profit from May 2013.

<sup>5)</sup> 2013 earnings relate solely to Finnkinno until 30 April and subsequently relate to Nordic Cinema Group.

<sup>6)</sup> Stofa is included in consolidated profit through January 2013. The entire holding was sold in February 2013.

## Note 4 Financial instruments

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

Valuation techniques are unchanged during the period.

In the statement of financial position at 30 June 2014 the net value of derivatives amounts to SEK 73m (56), of which SEK 3m (8) is recognised as an asset and SEK 76m (64) as a liability. In addition, a SEK 198m (131) liability is recognised for synthetic options. Earnings for the period have been charged with SEK 9m (24) for derivatives and SEK 62m (13) for synthetic options.

Ratos's assessment is that the carrying amounts of trade receivables, trade payables and consolidated cash and cash equivalents comprise the fair values on the balance sheet date.

Ratos measures its interest-bearing liabilities at amortised cost according to the effective interest method. Ratos's assessment is that this value corresponds to fair value on the balance sheet date.

## Note 5 Goodwill

Goodwill changed during the period as shown below.

SEKm	Accumulated cost	Accumulated impairment	Total
<b>Opening balance, 1 January 2014</b>	20,006	-1,206	18,800
Business combinations	209		209
Company disposals	-111		-111
Exchange differences for the period	362	-31	331
<b>Closing balance, 30 June 2014</b>	<b>20,466</b>	<b>-1,237</b>	<b>19,229</b>

This six-month report provides a true and fair overview of the parent company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 14 August 2014  
Ratos AB (publ)



Arne Karlsson  
Chairman



Lars Berg  
Board Member



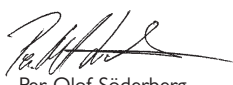
Staffan Bohman  
Board Member



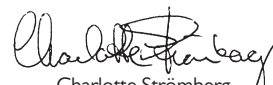
Annette Sadolin  
Board Member



Jan Söderberg  
Board Member



Per-Olof Söderberg  
Board Member



Charlotte Strömberg  
Board Member



Susanna Campbell  
CEO

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

### Telephone conference

14 August 10.00 CET  
+46 8 505 201 10  
Code: Ratos

### CEO's comments

Listen to CEO Susanna Campbell's comments on the interim report at [www.ratos.se](http://www.ratos.se)

### Financial calendar

#### 2014

7 Nov Interim report January – September

#### 2015

19 Feb Year-end report 2014

7 May Interim report January – March

14 Aug Interim report January – June

6 Nov Interim report January – September

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



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*Ratos is a private equity conglomerate. The company's mission is to maximise shareholder value over time through the professional, active and responsible exercise of its ownership role in primarily medium to large unlisted Nordic companies. Ratos's holdings include AH Industries, Aibel, Arcus-Gruppen, Biolin Scientific, Bismode, DIAB, Euromaint, GS-Hydro, Hafa Bathroom Group, HENT, HL Display, Inwido, Jøtul, KVD, Mobile Climate Control, Nebula, Nordic Cinema Group and SB Seating. Ratos is listed on Nasdaq OMX Stockholm and market capitalisation amounts to approximately SEK 20 billion.*