

Interim report, January - June 2017



RATOS

Development in company portfolio

- Sales growth +2%
- EBITA amounted to SEK 757m (625), +21%
- Adjusted EBITA totalled SEK 777m (806), -4%

Performance of Ratos's company portfolio¹⁾

	Ratos's holding					
	2017 Q2	2016 Q2	Change	2017 Q1-2	2016 Q1-2	Change
Net sales in the portfolio	6,383	6,445	-1%	11,421	11,164	+2%
EBITA in the portfolio	694	649	+7%	757	625	+21%
Adjusted EBITA in the portfolio ²⁾	706	750	-6%	777	806	-4%

¹⁾ Comparison with corresponding period in preceding year pro forma.
²⁾ Excluding items affecting comparability
For reconciliation of alternative performance measures, see Note 3

Acquisitions and divestments

- Agreement signed for the divestment of Nebula, exit gain SEK 515m. The divestment was completed after the end of the period
- Agreement signed for the divestment of Serena Properties, exit gain approximately SEK 90m. The divestment is expected to be completed during the third quarter
- Divestment of the remaining shareholding in Arcus during the first quarter, exit gain SEK 33m
- Divestment of AH Industries completed during the first quarter, exit loss amounted to SEK 32m

Financial information

- Consolidated net sales SEK 12,303m (12,274)
- Profit before tax SEK 514m (7)
- Earnings per share before and after dilution SEK 0.59 (-0.40)
- Redemption of all Class C preference shares, total redemption proceeds amount to SEK 1,300m
- Cash and cash equivalents in the parent company SEK 1,281m (2,430)

Financial development based on IFRS

SEKm	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Net sales	6,741	6,369	12,303	12,274	25,228
Operating profit	683	155	761	236	-235
Profit before tax	546	32	514	7	-890
of which, Profit/share of profits in portfolio companies	626	169	635	184	295
Earnings per share after dilution	0.98	-0.21	0.59	-0.40	-1.79
Equity (attributable to owners of the parent)			9,550	11,821	11,283
Return on equity, %					-4
Equity ratio, %			42	46	45
Cash flow for the period from operating activities			682	364	1,451
Cash and cash equivalents in the parent company			1,281	2,430	2,677

Improved profit



Profit before tax improved during the first half of 2017, driven by a changed company portfolio including earnings from Plantasjen and Oase Outdoors, which were acquired in 2016. Improved earnings in Bisnode, a reduction in non-recurring costs in certain companies and lower management costs in Ratos's central organisation also contributed positively.

During the second quarter, we signed agreements to divest Nebula and Serena Properties. Both of these transactions generated returns that exceeded our financial target.

During Ratos's capital markets day in June, we presented a new updated strategic agenda. Through increased value creation and higher earnings levels in the portfolio companies, Ratos's long-ambition is to lay the foundation for a larger share of cash-flow generated financing of future dividends on the Ratos share. The investment interval for new investments has been updated and central management costs have been reduced through continued internal efficiency measures.

Development in company portfolio

For the first half of 2017, the portfolio showed sales growth of 2% and EBITA rose from SEK 625m to SEK 757m, pro forma and adjusted for Ratos's holdings. Bisnode accounted for the largest increase in EBITA. For Aibel the market and order intake remain weak.

For the second quarter of 2017, the portfolio showed a decrease in sales of 1% and EBITA rose from SEK 649m to SEK 694m, pro forma and adjusted for Ratos's holdings.

The Ratos Group's profit before tax amounted to SEK 514m (7) for the first half of 2017 and SEK 546m (32) for the second quarter. The improvement is driven by a changed company portfolio including earnings from Plantasjen and Oase Outdoors, which were acquired in 2016. Improved earnings in Bisnode, a reduction in non-recurring costs in certain companies and lower management costs in Ratos's central organisation also contributed positively.

Our companies are continuing to undertake operational initiatives. Plantasjen opened two additional small-format stores in Norway, HENT increased its order book and the company signed new agreements during the quarter pertaining to residential development projects in Oslo. Speed Group entered into a multi-year collaboration agreement with its customer Luna AB and, in conjunction therewith, intends to invest in a fully automated warehouse solution.

We made a capital contribution of SEK 55m to HL Display in order to create the scope to continue expanding the company's operations. GS-Hydro's performance remains weak and the market situation is strained. Ratos has made a capital contribution of EUR 2m after the end of the period.

Company divestments

In the second quarter, we signed an agreement to divest Nebula to Telia Company, generating an exit gain of approximately SEK 515m in the third quarter, an internal

rate of return (IRR) of 37% and a money multiple of 3.3x. During our time as owner, the company implemented a number of value-generating strategic initiatives, including two add-on acquisitions and investments in product development and its sales and marketing capabilities.

In June, Ratos signed an agreement to divest all of its shares in its subsidiary Serena Properties to Fastighets AB Balder, the divestment is expected to be completed in the third quarter. The divestment generates an exit gain of approximately SEK 90m, an IRR of about 30% and a money multiple of about 1.5x. During nearly two years under Ratos's ownership, Serena Properties has developed into a focused retail property company, having reduced its vacancies and commenced development projects in several retail areas.

In June, we also completed the divestment of Sophion Bioscience, the final remaining business area in Biolin Scientific. The divestment generated no significant exit gain.

Focus on earnings and development

Although the overall earnings trend in the portfolio improved during the second quarter, the performance of certain individual companies was inadequate, and we must continue to increase the pace of improvement to achieve higher earnings.

Several efficiency measures have been implemented within Ratos's central organisation. It is gratifying to see that our operational management costs are now at a lower level.

Looking ahead, the transaction market remains strong with good opportunities for Ratos to capitalise on our unique profile, flexible ownership horizon and distinct investment strategy. Our current cash and bank balances allow us to maintain a high level of preparedness and opportunities to act.


Magnus Agervald, CEO

Significant events, January-June 2017

Second quarter

- In May, Ratos's Board of Directors resolved to carry out a compulsory redemption of all Class C preference shares for total redemption proceeds of SEK 1,300m. Following the completion of the redemption of all 830,000 Class C preference shares, the total number of shares in Ratos amounts to 324,140,896, of which 84,637,060 Class A shares and 239,503,836 Class B shares.
- In June, Ratos completed the divestment of Sophion Bioscience, the final remaining business area in its subsidiary Biolin Scientific. The divestment was covered by Chapter 16 of the Swedish Companies Act (so-called Leo provisions) and was approved by an extraordinary general meeting of Ratos's shareholders on 14 June. The divestment generated no significant exit gain for Ratos.
- In May, Ratos entered into an agreement to divest its subsidiary Nebula to Telia Company. The transaction was completed in July. The selling price for 100% of the shares (equity value) amounted to EUR 110m (approximately SEK 1.1 billion) and the enterprise value to EUR 165m. Ratos's share of the equity value was about EUR 78m (approximately SEK 760m) and the exit gain totalled SEK 515m. The divestment generates an IRR of 37% and a money multiple of 3.3x.
- At its capital markets day in June, Ratos presented an updated strategic agenda. Through increased value creation and higher earnings levels in the portfolio companies, Ratos's long-term ambition is to lay the foundation for a larger share of cash-flow generated financing of future dividends on the Ratos share. The investment interval for new investments has also been updated. The goal for new acquisitions is that the company in question must have the potential for growth of at least SEK 0.5 billion in equity value over the next five years. The upper investment interval has been lowered from SEK 5 billion in equity value to SEK 2 billion in equity value to create a better balance and risk spread in the portfolio. Ratos has chosen six sectors on which it will focus its acquisition and business development efforts going forward. Central management costs will be reduced through internal efficiency measures.
- In June, Ratos signed an agreement to divest all of its shares in its subsidiary Serena Properties to Fastighets

AB Balder for an enterprise value of EUR 206m (approximately SEK 2 billion). Ratos received about EUR 50m (approximately SEK 490m) for its shareholding. The divestment generates an exit gain of approximately SEK 90m, an IRR of about 30% and a money multiple of about 1.5x. The divestment is expected to be completed during the third quarter.

- In June, Ratos contributed SEK 55m to HL Display in order to create the scope for continued expansion.

First quarter

- In February, Ledil was refinanced. Ratos received a dividend of EUR 18m for its holding of 66%.
- In March, Bisnode signed an agreement to acquire Global Group Dialog Solutions AG. The acquisition was completed in April. Ratos contributed with SEK 54m, corresponding to its holding.
- In March, Ratos divested its remaining holding of 23.6% in Arcus to Canica AS and Sundt AS. Arcus was listed on the Oslo Stock Exchange in December 2016 and generated a total exit gain of SEK 1,437m, an IRR of 30% and a money multiple of 5.7x in SEK (6.2x in NOK).
- In March, Plantasjen signed an agreement to acquire SABA Blommor AB. The acquisition was completed in the second quarter of 2017 and was financed by Plantasjen.
- Ratos's Annual General Meeting held on 6 April approved a dividend of SEK 2.00 per ordinary share, totalling SEK 638m, which was paid in April.

Events after the end of the period

- Ratos made a capital contribution of EUR 2m to GS-Hydro.
- An earn-out of EUR 8.3m was paid in connection with TFS.

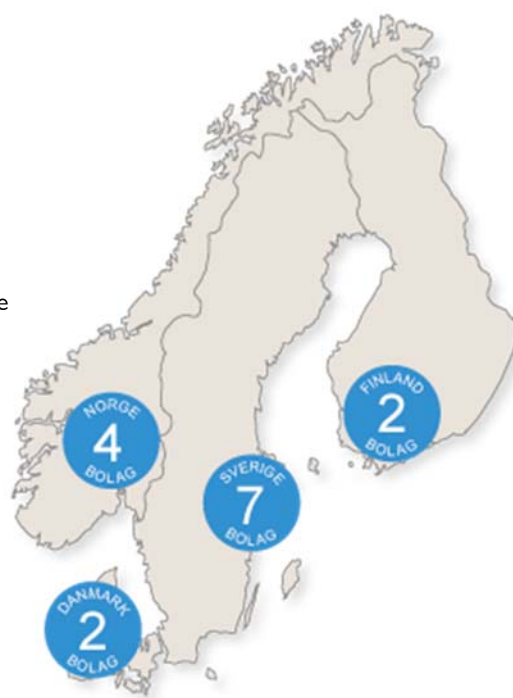
Refer to pages 6-12 for more information about significant events in the companies.

Companies overview

The Ratos Group's net sales for the first six months of 2017 in accordance with IFRS amounted to SEK 12,303m (12,274). Operating profit for the same period totalled SEK 761m (236). To facilitate a comparison of the ongoing performance of Ratos's company portfolio, the section below includes certain financial information that is not defined in accordance with IFRS. For a reconciliation of the alternative performance measures used in this report with the most directly reconcilable IFRS measures, refer to Note 3.

Ratos's company portfolio

Ratos invests mainly in unlisted medium-sized Nordic companies and has 15 companies in its portfolio. The largest segments in terms of sales are Industrials, Consumer goods/Commerce and Construction.



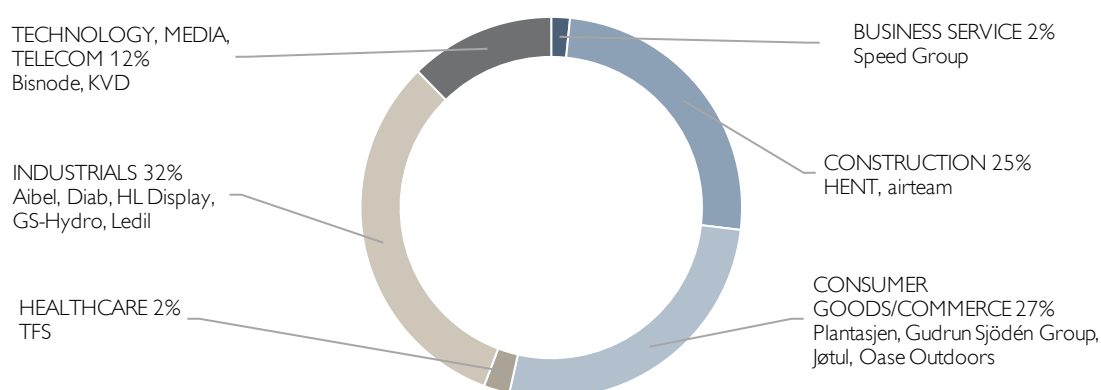
15* companies with approximately

14,000** employees

* Excluding Nebula and Serena Properties, for which Ratos signed divestment agreements in May and June 2017 respectively.

** The number of employees is based on the average number of employees for full-year 2016 for the 15 companies.

Sales breakdown by segment***

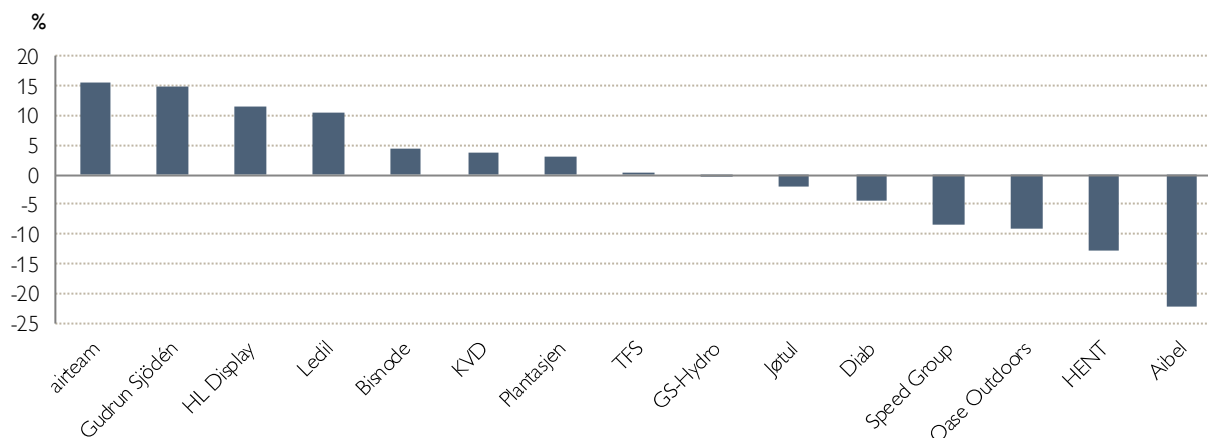


*** Adjusted for the size of Ratos's holding.

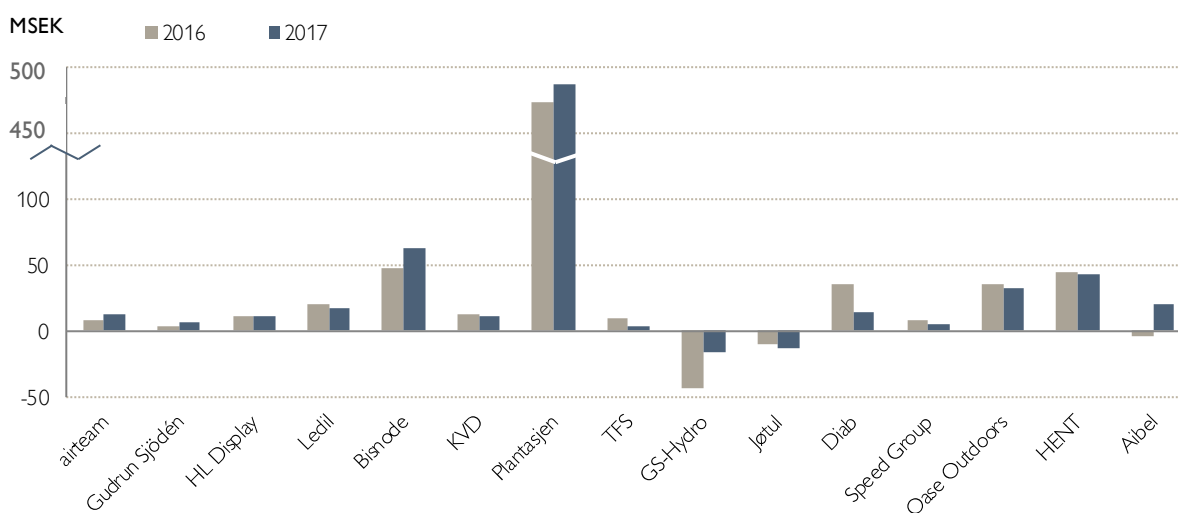
Ratos's companies

Q2 2017

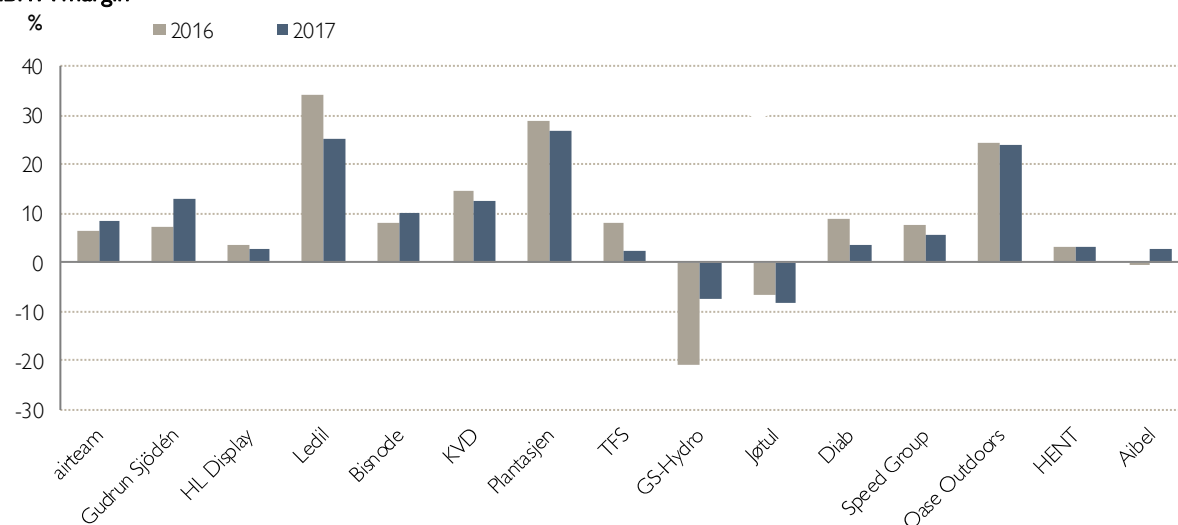
Sales trend



EBITA*



EBITA margin



* Adjusted for the size of Ratos's holding.

The information presented for each company starting on page 6 refers to the company in its entirety and has not been adjusted for the size of Ratos's holding.

Consumer goods/Commerce

Plantasjen

PLANTASJEN®

- Sales growth of 3% during the second quarter, the most important quarter in terms of sales. A weak May due to cold weather was partially offset by a stronger June. The gross margin declined due to mix effects, which impacted the EBITA margin
- Continued focus on developing supply chain and product range in plants and accessories
- Two new small-format stores opened in Norway in the second quarter. The acquisition of SABA Blommor was completed during the quarter, which contributed to growth
- Magdalena Rodell Andersson (Deputy CEO and CFO) was appointed Acting CEO as of 1 July

MNOK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	1,754	1,701	2,255	2,191
EBITA	472	489	328	325
EBITA margin	26.9%	28.7%	14.5%	14.8%
Cash flow from operations	734		468	

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

Holding

99%

Gudrun Sjödén Group



- Sales growth of 14% during the quarter, favourable growth in all markets, particularly via e-commerce
- Stronger EBITA margin due to increased sales
- Continued focus on global expansion and development of e-commerce

MSEK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	180	157	371	329
EBITA	23	12	28	20
EBITA margin	12.8%	7.4%	7.4%	6.0%
Cash flow from operations	30		20	

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

Holding

30%

- Stable sales trend in the second quarter, the weakest quarter in terms of sales and earnings. Continued improvement in demand in the two core markets of North America and France, while the Nordic region and other markets displayed a weaker trend
- Continued focus on improving production and operational efficiency. EBITA impacted by lower inventory build-up than in the year-earlier period

MNOK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	170	174	382	377
EBITA	-14	-11	-28	-22
EBITA margin	-8.3%	-6.5%	-7.3%	-5.8%
Cash flow from operations	-47		-55	

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

Holding
93%

Oase Outdoors

- Sales performance negatively impacted by currency effects and adverse weather for outdoor activities at the beginning of the second quarter, which contributed to weak sales of camping equipment in the UK. EBITA was also impacted by ongoing investments in growth initiatives
- Recruitments in key functions, such as business development and sales

MDKK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	132	145	238	257
EBITA	32	35	54	64
EBITA margin	24.0%	24.4%	22.7%	25.0%
Cash flow from operations	51		-5	

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

Holding
78%

Construction

HENT

- As expected, sales decreased 13% during the quarter after a strong 2016. Favourable profitability continued
- Strong order intake of approximately NOK 3.3 billion during the second quarter. New orders including the construction of a new campus for a veterinary college in Ås, south of Oslo (approximately NOK 570m). The order book at 30 June 2017 amounted to about NOK 10.9 billion (approximately NOK 8.9 billion at 31 December 2016)
- HENT's newly established property development operations signed agreements for two new projects in the Oslo region. The operations now have a total of five projects comprising some 1,500 apartments, in which HENT's average holding is nearly 50%

MNOK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	1,770	2,029	3,422	3,900
EBITA	56	60	118	131
EBITA margin	3.2%	3.0%	3.5%	3.4%
Cash flow from operations	-64		-17	

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

Holding
73%

- High sales growth and activity level in the market. airteam is a project-based operation, in which the sales and profitability of the projects vary over time and between periods. Somewhat stronger profitability compared with the year-earlier period due to good project execution. Transaction-related costs and other non-recurring costs of DKK 5m were charged to EBITA for the second quarter of 2016
- Ongoing investments within the organisation and intense focus on growth initiatives to enable expansion

MDKK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	161	139	310	271
EBITA	14	9	22	11
EBITA margin	8.5%	6.6%	7.0%	4.2%
Cash flow from operations	24		23	

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

Holding

70%

Industrials

Aibel

- Sales in Modifications and Yards declined during the second quarter, while Field Development displayed a stronger performance, driven by the Johan Sverdrup contract. The positive effects generated by the conclusion of contracts had a favourable impact on profitability in the second quarter. In the second quarter of 2016, EBITA was impacted by non-recurring costs of NOK 157m
- Weak market trend expected to continue. The order book at 30 June 2017 amounted to approximately NOK 12 billion, down about 25% compared with 30 June 2016. Order intake in the second quarter remained low

MNOK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	2,368	3,042	4,834	4,925
EBITA	61	-15	196	49
EBITA margin	2.6%	-0.5%	4.0%	1.0%
Cash flow from operations	41		578	

Aibel is a leading Norwegian supplier of maintenance and modification services (Modification and Yards) for production platforms and onshore installations for oil and gas as well as new construction projects (Field Development) in oil and gas and renewable energy (Renewables). The company has operations along the Norwegian coast as well as in Asia. Customers are primarily major oil companies which operate on the Norwegian continental shelf.

Holding

32%

Diab



- Sales declined due to a weaker trend in the wind solutions segment, while the trend in the marine segment improved
- EBITA in the quarter was adversely impacted by declining sales, unfavourable currency movements and project costs
- The new production plant in China is expected to reach full capacity in 2017

MSEK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	397	415	798	775
EBITA	14	36	40	57
EBITA margin	3.5%	8.8%	5.0%	7.4%
Cash flow from operations	6		19	

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

Holding

96%

HL Display



- Sales growth of 11% during the second quarter, driven by earlier initiatives in the sales organisation and marketing activities
- Continued focus on product innovation, broadening of the offering and efficiency enhancements
- Ratos contributed SEK 55m to HL Display during the second quarter in order to create the scope for continued expansion

MSEK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	365	327	735	676
EBITA	11	11	25	29
EBITA margin	3.0%	3.4%	3.4%	4.3%
Cash flow from operations	-39		-55	

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

Holding

99%

GS-Hydro



- Weak trend in offshore, while marine and land-based had more stable development. EBITA was weak due to low volumes, price pressure and an adverse sales mix, but was positively impacted by the restructuring measures implemented
- The implementation of a central warehouse for Europe continued
- GS-Hydro's performance remains weak and the market situation is strained. Ratos has made a capital contribution of EUR 2m after the end of the period

MEUR	Q2		Q1-2	
	2017	2016	2017	2016
Sales	22.6	22.6	43.3	48.0
EBITA	-1.6	-4.7	-3.8	-7.2
EBITA margin	-7.2%	-20.7%	-8.8%	-15.1%
Cash flow from operations	-2.3		-4.2	

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

Holding

100%

Ledil



- Sales growth primarily driven by the European market, which is Ledil's largest market
- Robust investments in sales and product development resulted in higher overheads and thus a lower EBITA margin during the second quarter
- The company moved into its new head office in Salo, Finland, during the second quarter

MEUR	Q2		Q1-2	
	2017	2016	2017	2016
Sales	10.5	9.5	20.3	18.8
EBITA	2.7	3.2	4.5	6.2
EBITA margin	25.3%	33.9%	22.2%	32.9%
Cash flow from operations	1.9		3.0	

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

Holding
66%

Technology, Media, Telecom

Bisnode



- Sales rose 4% during the second quarter compared with the year-earlier period and organic currency-adjusted growth was -1%, partly due to the negative impact of the Easter holiday. Organic and currency-adjusted growth for the first half of the year amounted to 0.5%
- EBITA increased SEK 20m, of which SEK 15m was attributable to non-recurring costs in the second quarter of 2016 related to the restructuring process, primarily layoffs
- The extensive change initiatives to strengthen core operations and modernise the customer offering are being carried out at a high pace
- During the first quarter, Bisnode signed an agreement to acquire Global Group Dialog Solutions AG. The acquisition was concluded in April and Ratos contributed SEK 54m, corresponding to its holding, in conjunction with the transaction

MSEK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	882	845	1,770	1,700
EBITA	89	69	169	53
EBITA margin	10.1%	8.1%	9.5%	3.1%
Cash flow from operations	109		244	

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

Holding
70%



- Growth in the second quarter was driven by favourable growth in Private Cars and a stable performance in Company Cars and Machines & Heavy Vehicles. Marketing and IT costs resulted in a lower EBITA margin
- Continued investments in IT and the development of services in order to raise the level of customer value on auction sites

MSEK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	90	87	171	165
EBITA	11	13	17	18
EBITA margin	12.5%	14.6%	10.1%	11.0%
Cash flow from operations	10		7	

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

Holding
100%

Healthcare

TFS



It's all about trust

- Service sales* amounted to EUR 15.2m (14.6), corresponding to growth of 4%. Negative organic growth due to delays in, and cancellations of, a number of major customer projects. Weak order intake to date this year
- EBITA was adversely impacted by investments in the future growth of the company's therapeutic expertise, service range, organisation, technology and operational efficiency as well as by unfavourable currency effects
- Daniel Spasic stepped down as CEO of TFS after the end of the period. James Utterback took over as Acting CEO on 14 August and the process to recruit a permanent replacement has begun
- After the end of the period, Ratos paid the final additional purchase consideration of EUR 8.3m for the acquisition of TFS

MEUR	Q2		Q1-2	
	2017	2016	2017	2016
Sales	20.7	20.7	43.3	38.9
EBITA	0.5	1.6	1.3	2.7
EBITA margin	2.3%	7.9%	2.9%	6.8%
Cash flow from operations	0.9		0.9	

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

Holding
60%

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

Business services

Speed Group



- Weaker sales and lower margin, mainly attributable to a modified contract portfolio
- Investments completed in process and system improvements created an attractive customer offering and facilitate future growth
- During the second quarter, the company signed a collaboration agreement with its customer Luna AB, part of B&B Tools, concerning logistics management. Speed thereby becomes the first 3PL* company in the Nordic region to invest in a fully automated warehouse solution from Autostore
- Acquisition of assets and liabilities in the logistics company LogistikPalatset Borås AB completed during the second quarter

MSEK	Q2		Q1-2	
	2017	2016	2017	2016
Sales	132	144	256	285
EBITA	8	11	14	22
EBITA margin	5.8%	7.6%	5.5%	7.6%
Cash flow from operations	22		60	

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

Holding
70%

* Third-party logistics

Ratos's companies, adjusted for the size of Ratos's holding

SEKm	Net sales in portfolio					EBITA in portfolio				
	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Aibel	787	962	1,613	1,551	3,474	20	-5	65	16	15
airteam ¹⁾	145	121	278	236	535	12	8	19	10	32
Bisnode	617	590	1,237	1,188	2,416	62	48	118	37	159
Diab	382	399	767	745	1,456	13	35	39	55	105
GS-Hydro	218	210	416	446	887	-16	-43	-36	-67	-149
Gudrun Sjødén Group ²⁾	54	47	111	99	214	7	3	8	6	21
HENT	1,347	1,472	2,611	2,808	5,829	43	44	90	94	174
HL Display	359	323	724	666	1,397	11	11	25	29	66
Jøtul	164	160	370	345	832	-14	-10	-27	-20	0
KVD	90	87	171	165	321	11	13	17	18	37
Ledil	67	58	129	116	242	17	20	29	38	70
Oase Outdoors ³⁾	134	142	241	251	331	32	35	55	63	36
Plantasjen ⁴⁾	1,806	1,659	2,325	2,132	3,643	487	474	338	316	229
Speed Group	92	101	179	199	393	5	8	10	15	24
TFS	120	115	249	217	475	3	9	7	15	38
Total adjusted for Ratos's holding	6,383	6,445	11,421	11,164	22,445	694	649	757	625	859
Change	-1%		+2%			+7%		+21%		

SEKm	Adjusted EBITA in portfolio ^{A)}					Cash flow from operations in portfolio ^{B)}	Interestbearing net debt in portfolio	Ratos's holding (%)
	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016			
Aibel	20	45	65	81	100	193	655	32
airteam ¹⁾	12	12	19	26	52	21	122	70
Bisnode	66	63	123	82	250	171	1,165	70
Diab	13	35	39	60	110	18	846	96
GS-Hydro	-16	-35	-36	-57	-102	-40	418	100
Gudrun Sjødén Group ²⁾	7	3	8	6	21	6	-14	30
HENT	43	44	90	95	175	-13	-440	73
HL Display	11	16	25	34	84	-54	558	99
Jøtul	-14	-8	-23	-17	7	-54	524	93
KVD	12	14	18	23	48	7	148	100
Ledil	17	20	29	38	70	19	247	66
Oase Outdoors ³⁾	32	38	55	67	57	-5	236	78
Plantasjen ⁴⁾	495	487	347	338	295	482	1,909	99
Speed Group	5	8	10	15	29	42	-65	70
TFS	3	9	7	15	40	5	27	60
Total adjusted for Ratos's holding	706	750	777	806	1,233	798	6,336	
Change	-6%		-4%					

A) EBITA, adjusted for items affecting comparability.

B) Cash flow from operations, excluding paid tax and interest, but including investments and divestments of intangible assets and property, plant and equipment, respectively.

All figures in the above table are based on Ratos's holdings. In order to facilitate comparisons between years and provide a comparable structure, where appropriate some holdings are reported pro forma. Pro formas for 2016 are presented below. Complete income statements, statements of financial position and statements of cash flows for all of the companies are available at www.ratos.se.

1. airteam's earnings for 2016 are pro forma in terms of Ratos's acquisitions and for new financing and Group structure.
2. Gudrun Sjødén Group's earnings for 2016 are pro forma in terms of Ratos's acquisition.
3. Oase Outdoors' earnings for 2016 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.
4. Plantasjen's earnings for 2016 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.

Financial information

Ratos's results

Profit before tax for the first half of 2017 amounted to SEK 514m (7). This result includes profit/share of profits from the companies in the amount of SEK 635m (184). This improvement was attributable to a changed company portfolio including earnings from Plantasjen and Oase Outdoors, which were acquired in 2016, improved earnings in Bisnode and a reduction in non-recurring costs, mainly in Aibel.

Ratos's operational management costs amounted to SEK -84m (-145). Costs for the first half of 2016 included costs for organisational changes, including the change of CEO. Operational management costs include such current expenses as personnel costs, listing and auditing costs, Board fees and costs relating to Ratos's Nordic operations. In Note 5 additional details about Ratos's result is displayed.

Cash flow and financial position

Cash flow for the period amounted to SEK -1,137m (-1,981), of which cash flow from operating activities accounted for SEK 682m (364), cash flow from investing activities for SEK 338m (-1,301) and cash flow from financing activities for SEK -2,157m (-1,044). In addition to the conditions in the portfolio companies' operating activities, Ratos's cash flow was impacted by changes in the company portfolio.

The Group's cash and cash equivalents at the end of the period amounted to SEK 3,196 (4,585) and interest-bearing net debt totalled SEK 5,059 (3,938).

Ratos's equity

At 30 June 2017, Ratos's equity (attributable to owners of the parent) amounted to SEK 9,550m (SEK 11,281m at 31 March 2017), corresponding to SEK 30 per share outstanding (SEK 31 at 31 March 2017).

Parent company

The parent company posted an operating loss of SEK -93m (-148). The results for 2016 were impacted by higher personnel costs due to organisational changes. The parent company's profit before tax amounted to SEK 1,123m (-148), including sales of associated companies. The parent company's cash and cash equivalents totalled SEK 1,281 (2,430).

Ratos B shares

Earnings per share before dilution amounted to SEK 0.59 (-0.40). The closing price for Ratos's Class B shares on 30 June was SEK 40.20. The total return on Class B shares in the first half of 2017 amounted to -2%, compared with the performance for the SIX Return Index, which was 11%.

Redemption of Ratos preference shares

On 16 May 2017, the Board of Directors of Ratos AB resolved on a compulsory redemption of all Class C preference shares. In accordance with the redemption provision in Article 6, item 5 of the Articles of Association, the Board also decided to reduce the company's share capital by SEK 2,614,500 in conjunction with the redemption of its 830,000 preference shares. The total redemption proceeds for the 707,408 outstanding class C preference shares amounted to SEK 1,300m, corresponding to SEK 1,837.50 per preference share. Payment of the redemption proceeds took place on 16 June 2017.

Prior to redemption, dividends on Class C preference shares were paid as follows: With a record date of 15 February 2017, SEK 18m was paid on 20 February 2017. With a record date of 15 May 2017, SEK 21m was paid on 18 May 2017.

Treasury shares and number of shares

No Class B shares were repurchased and no call options were exercised during the period. At the end of June, Ratos owned 5,126,262 Class B shares (corresponding to 1.6% of the total number of shares), repurchased at an average price of SEK 68.

As of 30 June, the total number of shares in Ratos (Class A and B shares) amounted to 324,140,896 and the number of votes to 108,587,444. The number of outstanding Class A and B shares was 319,014,634. The average number of Class B treasury shares in Ratos in the second quarter of 2017 was 5,126,262 (5,126,468 in full-year 2016).

Credit facilities and new issue mandate

The parent company has a credit facility of SEK 2.2 billion including a bank overdraft facility. The purpose of the credit facility is to be able to use it when bridge financing is required for acquisitions and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period. In addition, there is also a mandate from the 2017 Annual General Meeting to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions and an authorisation to issue a maximum total of 1,250,000 Class C and/or Class D preference shares in conjunction with acquisitions.

Key figures for Ratos's share

SEKm	2017 Q1-2	2016 Q1-2	2016
Key figures per share ¹⁾			
Total return, %	-2	-10	-6
Dividend yield, %			4.6
Market price, SEK	40.20	41.01	43.14
Dividend, SEK			2.00
Equity attributable to owners of the parent, SEK ²⁾	30	33	31
Earnings per share before dilution, SEK ³⁾	0.59	-0.40	-1.79
Average number of ordinary shares outstanding:			
– before dilution	319,014,634	319,014,218	319,014,428
– after dilution	319,014,634	319,014,218	319,014,428
Total number of registered shares	324,140,896	324,970,896	324,970,896
Number of shares outstanding	319,014,634	319,727,882	319,722,042
– of which, Class A shares	84,637,060	84,637,060	84,637,060
– of which, Class B shares	234,377,574	234,377,574	234,377,574
– of which, Class C shares		713,248	707,408

¹⁾ Relates to Class B shares unless specified otherwise.

²⁾ Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period. Comparison periods have been adjusted for outstanding preference share capital. At 30 June 2017 all preference shares are redeemed.

³⁾ 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.

Financial statements

Consolidated income statement

SEKm	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Net sales	6,741	6,369	12,303	12,274	25,228
Other operating income	23	8	39	21	88
Change in inventories of products in progress, finished goods and work in progress	157	28	29	51	7
Work performed by the company for its own use and capitalised	17	19	32	40	90
Raw materials and consumables	-3,640	-3,474	-6,389	-6,592	-13,695
Employee benefit costs	-1,568	-1,747	-3,176	-3,464	-6,807
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-155	-136	-313	-265	-1,441
Other costs	-902	-892	-1,813	-1,757	-3,539
Capital gain/loss from sale of group companies	8	4	-24	-9	1,678
Impairment and capital gain from investments recognised according to the equity method			33		-1,692
Share of pre-tax profit/loss from investments recognised according to the equity method ¹⁾	2	-26	40	-62	-152
Operating profit/loss	683	155	761	236	-235
Financial income	25	16	42	39	96
Financial expenses	-163	-140	-290	-268	-751
Net financial items	-137	-124	-248	-229	-655
Profit/loss before tax	546	32	514	7	-890
Tax	-151	-60	-173	-86	-198
Share of tax from investments recognised according to the equity method ¹⁾	2	3	-12	13	18
Profit/loss for the period	396	-26	329	-66	-1,071
<i>Profit/loss for the period attributable to:</i>					
Owners of the parent	333	-50	228	-91	-500
Non-controlling interests	63	24	101	25	-570
Earnings per share, SEK					
– before dilution	0.98	-0.21	0.59	-0.40	-1.79
– after dilution	0.98	-0.21	0.59	-0.40	-1.79

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

Consolidated statement of comprehensive income

SEKm	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Profit/loss for the period	396	-26	329	-66	-1,071
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension obligations, net					-70
Tax attributable to items that will not be reclassified to profit or loss					18
					-51
Items that may be reclassified subsequently to profit or loss:					
Translation differences for the period	-140	210	-123	325	312
Change in hedging reserve for the period	-11	-3	-12	2	-54
Tax attributable to items that may be reclassified subsequently to profit or loss	3	0	3	-1	9
	-149	206	-132	327	268
Other comprehensive income for the period	-149	206	-132	327	216
Total comprehensive income for the period	247	180	197	260	-854
<i>Total comprehensive income for the period attributable to:</i>					
Owners of the parent	225	96	135	139	-388
Non-controlling interest	22	85	63	122	-466

Summary consolidated statement of financial position

SEKm	2017-06-30	2016-06-30	2016-12-31
ASSETS			
Non-current assets			
Goodwill	12,101	13,547	12,990
Other intangible non-current assets	1,870	1,738	1,844
Property, plant and equipment	1,832	1,806	1,970
Financial assets	1,280	2,930	2,373
Deferred tax assets	518	555	594
Total non-current assets	17,602	20,576	19,771
Current assets			
Inventories	1,483	2,071	1,389
Current receivables	3,867	4,676	3,771
Cash and cash equivalents	3,196	4,585	4,389
Assets held for sale	1,409	8	485
Total current assets	9,955	11,341	10,034
Total assets	27,557	31,917	29,805
EQUITY AND LIABILITIES			
Equity including non-controlling interests	11,461	14,546	13,286
Non-current liabilities			
Interest-bearing liabilities	6,596	6,921	6,953
Non-interest bearing liabilities	403	476	582
Pension provisions	498	469	487
Other provisions	88	110	99
Deferred tax liabilities	527	487	501
Total non-current liabilities	8,112	8,463	8,623
Current liabilities			
Interest-bearing liabilities	1,271	1,457	1,228
Non-interest bearing liabilities	5,465	6,711	5,630
Provisions	676	741	553
Liabilities attributable to Assets held for sale	572		485
Total current liabilities	7,983	8,908	7,896
Total equity and liabilities	27,557	31,917	29,805

Summary statement of changes in consolidated equity

SEKm	2017-06-30			2016-06-30			2016-12-31		
	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity	Owners of the parent	Non-controlling interest	Total equity
Opening equity	11,283	2,003	13,286	12,882	2,419	15,302	12,882	2,419	15,302
Adjusted				-26	-5	-31	-35	-10	-46
Adjusted equity	11,283	2,003	13,286	12,857	2,414	15,271	12,847	2,409	15,256
Total comprehensive income for the period	135	63	197	139	122	260	-388	-466	-854
Dividends	-659	-90	-750	-1,108	-17	-1,125	-1,108	-22	-1,131
Non-controlling interests' share of capital contribution and new issue		24	24		223	223		494	494
Purchase/redemption of treasury shares, net effect	-1,300		-1,300	-50		-50	-61		-61
Option premiums							2		2
Säljoption, framtida förvärv från innehav utan bestämmande inflytande		-2	-2	-4	-10	-14	-4	-38	-42
Acquisition of shares in subsidiaries from non-controlling interests				-13	-8	-21	-6	-55	-60
Disposal of shares in subsidiaries to non-controlling interests	0	4	4	1	0	1		0	0
Non-controlling interests at acquisition								8	8
Non-controlling interests in disposals		0	0					-63	-63
Adjusted non-controlling interests	91	-91						-264	-264
Closing equity	9,550	1,912	11,461	11,821	2,724	14,546	11,283	2,003	13,286

Consolidated statement of cash flows

Mkr	2017 Q1-2	2016 Q1-2	2016
Operating activities			
Profit/loss before tax	761	236	-235
Adjustment for non-cash items	343	408	1,784
	1,105	644	1,549
Income tax paid	-118	-143	-232
Cash flow from operating activities before change in working capital	987	500	1,317
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-177	-132	-47
Increase (-)/Decrease (+) in operating receivables	-70	514	-118
Increase (+)/Decrease (-) in operating liabilities	-58	-518	299
Cash flow from operating activities	682	364	1,451
Investing activities			
Acquisition, group companies	-230	-702	-2,242
Disposal, group companies	16	-10	1,757
Acquisitions, investments recognised according to the equity method	-16	-103	-585
Disposals, investments recognised according to the equity method	781		
Purchase and disposal, intangible assets/property, plant and equipment	-231	-230	-529
Investments and disposal, financial assets	15	-259	-257
Received interest	3	3	13
Cash flow from investing activities	338	-1,301	-1,844
Financing activities			
Non-controlling interests' share of issue/capital contribution	35	206	298
Purchase of treasury shares	-1,300	-51	-62
Option premiums paid	11	51	66
Redemption of options	-5	-7	-11
Acquisition and disposal of shares in subsidiaries from non-controlling interests	4	-59	-96
Dividends paid	-677	-1,073	-1,109
Dividends paid, non-controlling interests	-90	-23	-28
Borrowings	622	1,257	3,376
Amortisation of loans	-579	-1,238	-3,903
Paid interest	-164	-84	-284
Amortisation of financial lease liabilities	-15	-23	-41
Cash flow from financing activities	-2,157	-1,044	-1,794
Cash flow for the period	-1,137	-1,981	-2,187
Cash and cash equivalents at the beginning of the year	4,389	6,455	6,455
Exchange differences in cash and cash equivalents	-46	96	138
Increase (-)/Decrease (+) of cash and cash equivalents classified as Assets held for sale	-11	15	-17
Cash and cash equivalents at the end of the period	3,196	4,585	4,389

Parent company income statement

SEKm	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Other operating income	1	0	2	1	2
Other external costs	-22	-23	-38	-41	-81
Personnel costs	-27	-80	-55	-107	-184
Depreciation of property, plant and equipment	-1	-1	-2	-2	-4
Operating loss	-49	-103	-93	-148	-266
Gain from sale of participating interests in group companies				-0	2,459
Dividends from group companies	403		572		
Impairment of shares in group companies	-28		-123		-2,467
Gain from sale of interests in associates	0		778		
Result from other securities and receivables accounted for as non-current assets	2	0	2	0	0
Other interest income and similar profit/loss items	4	8	6	21	14
Interest expenses and similar profit/loss items	-14	-17	-18	-21	-52
Profit/loss after financial items	318	-111	1,123	-148	-312
Tax					
Profit/loss for the period	318	-111	1,123	-148	-312

Parent company statement of comprehensive income

SEKm	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Profit/loss for the period	318	-111	1,123	-148	-312
Total comprehensive income for the period	318	-111	1,123	-148	-312

Summary parent company balance sheet

SEKm	2017-06-30	2016-06-30	2016-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	62	65	64
Financial assets	9,174	10,028	9,075
Total non-current assets	9,237	10,093	9,139
Current assets			
Current receivables	63	35	51
Cash and cash equivalents	1,281	2,430	2,677
Total current assets	1,344	2,466	2,728
Total assets	10,580	12,559	11,867
EQUITY AND LIABILITIES			
Equity	8,396	9,405	9,232
Non-current provisions			
Other provisions		10	11
Non-current liabilities			
Interest-bearing liabilities, group companies	311	899	2,254
Non-interest bearing liabilities	17	26	34
Other financial liabilities	40	22	39
Current provisions	160	381	117
Current liabilities			
Interest-bearing liabilities, group companies		1,671	
Non-interest bearing liabilities, group companies	1,581		16
Non-interest bearing liabilities	75	145	165
Total equity and liabilities	10,580	12,559	11,867

Summary statement of changes in parent company's equity

SEKm	2017-06-30	2016-06-30	2016-12-31
Opening equity	9,232	10,711	10,711
Comprehensive income for the period	1,123	-148	-312
Dividends	-659	-1,108	-1,108
Purchase of treasury shares, net effect	-1,300	-50	-61
Option premiums			2
Closing equity	8,396	9,405	9,232

Parent company cash flow statement

SEKm	2017 Q1-2	2016 Q1-2	2016
Operating activities			
Profit/loss before tax	1,123	-148	-312
Adjustment for non-cash items	-1,013	48	143
	110	-100	-169
Income tax paid			
Cash flow from operating activities before change in working capital	110	-100	-169
Cash flow from change in working capital:			
Increase (-)/Decrease (+) in operating receivables	-14	-16	-4
Increase (+)/Decrease (-) in operating liabilities	-82	-39	-28
Cash flow from operating activities	14	-155	-201
Investing activities			
Investment, shares in subsidiaries	-194	-1,008	-3,198
Disposal, shares in subsidiaries		20	1,196
Liabilities to group companies ¹⁾			1,364
Disposal, shares in associates	781		
Disposal, property, plant and equipment	-0		-1
Investment, financial assets	-20		-4
Cash flow from investing activities	567	-988	-643
Financing activities			
Purchase of treasury shares	-1,300	-51	-62
Option premiums paid	2	2	6
Dividends paid	-677	-1,073	-1,109
Cash flow from financing activities	-1,975	-1,122	-1,165
Cash flow for the period	-1,394	-2,265	-2,009
Cash and cash equivalents at the beginning of the year	2,677	4,677	4,677
Exchange differences in cash and cash equivalents	-2	18	9
Cash and cash equivalents at the end of the period	1,281	2,430	2,677

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

Note 1 Accounting principles

Ratos's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and associated interpretations (IFRIC) as endorsed by the EU. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. The parent company also applies RFR 2 Accounting for Legal Entities.

Reporting and measurement principles are unchanged compared with those applied in Ratos's 2016 Annual Report. The following change has been made to the presentation form.

Amended presentation form for the consolidated statement of cash flows

To more clearly separate cash flows arising in operations conducted and the cash flows that relate to the financing of such operations, interest paid and interest received, which were previously included in operating activities, have been moved to financing activities (interest paid) and investing activities (interest received). Consequently, cash flow is based on operating profit instead of profit before tax, which was used in the past.

Note 3 Alternative performance measures

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

To facilitate a comparison between periods and enable follow-up of the ongoing earnings and performance of the company portfolio, Ratos presents certain financial information that is not defined in accordance with IFRS. This information is intended to give the reader a better

Note 2 Risks and uncertainties

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

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

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

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

A more detailed description of the material risks and uncertainties to which the Group and the parent company are exposed is provided in the Directors' report and in Notes 30 and 37 in the 2016 Annual Report.

opportunity to evaluate Ratos's investments and should be regarded as a complement to the financial information recognised in accordance with IFRS.

The following reconciliation and accounts pertain to components included in the alternative performance measures used in this report. Definitions are available at www.ratos.se.

As of Interim report January-March 2017, Net sales, Adjusted EBITA, EBITA and Interest-bearing net debt for the portfolio are no longer reported with the companies included in their entirety. The portfolio is reported adjusted for Ratos's holdings only. The aim is to clarify for the reader by only using one method of reporting the portfolio.

Net sales

SEKm	2017 Q1-2	2016 Q1-2	Change	2016
Net sales in the portfolio, Ratos's holding	11,421	11,164	2%	22,445
Net sales in subsidiaries, holding not owned by Ratos	2,104	1,911		3,959
Investments recognised according to the equity method	-1,724	-1,551		-3,474
Subsidiaries acquired during current year		-2,543		-3,828
Subsidiaries divested during current year	503	3,293		6,126
Net sales in accordance with IFRS	12,303	12,274	0%	25,228

Adjusted EBITA, EBITA and operating profit

SEKm	2017 Q1-2		2016 Q1-2	2,016
Adjusted EBITA, Ratos's holding	777	-4%	806	1,233
Items affecting comparability, Ratos's holding	-20		-181	-375
EBITA, Ratos's holding	757	21%	625	859
EBITA in subsidiaries, holding not owned by Ratos	136		88	210
Investments recognised according to the equity method	-51		-100	82
Income and expenses in the parent company and central companies	213		-185	-623
Amortisation and impairment of intangible assets in connection with company acquisitions	-56		-25	-2,616
Subsidiaries acquired during current year			-383	-334
Subsidiaries divested during current year	-238		217	2,188
Consolidated operating profit	761	222%	236	-235

Cash flow from operations

SEKm	2017 Q1-2
Cash flow in portfolio from operations	798
Cash flow from operations, holding not owned by Ratos	110
Investments recognised according to the equity method	-199
Purchase, intangible assets/property, plant and equipment	207
Cash flow from operations, holding reclassified as Asset held for sale	72
Income tax paid	-118
Attributable to the parent company and central companies	-187
Cash flow from operating activities	682

Interest-bearing net debt

SEKm	2017-06-30		
Total interest-bearing net debt in the portfolio, Ratos's holding	6,328		
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	685		
Investments recognised according to the equity method	-633		
Attributable to the parent company and central companies	-1,322		
Consolidated interest-bearing net debt	5,059		
	2017-06-30	2016-06-30	2016-12-31
Non-current interest-bearing liabilities	6,596	6,921	6,953
Current interest-bearing liabilities	1,271	1,457	1,228
Provisions for pensions	498	469	487
Interest-bearing assets	-110	-323	-340
Cash and cash equivalents	-3,196	-4,585	-4,389
Consolidated interest-bearing net debt	5,059	3,938	3,939

Note 4 Acquired and divested businesses

Adjusted acquisition analysis for Plantasjen

Ratos acquired 99% of the shares in Plantasjen in November 2016. In the second quarter of 2017, the preliminary acquisition analysis was adjusted in accordance with the following, which impact the consolidated statement of financial position for the same period. The adjusted acquisition analysis has not resulted in any material changes to the consolidated income statement.

	Preliminary acquisition analysis	Adjusted acquisition analysis
Plantasjen		
Trademarks	624	715
Customer relations	40	44
Other assets	1,821	1,821
Non controlling interest	-11	-11
Deferred tax liability	-148	-172
Other liabilities	-3,486	-3,486
Net identifiable assets and liabilities	-1,159	-1,087
Goodwill	2,391	2,319
Consideration transferred	1,232	1,232

Divestment of Nebula

In May 2017, Ratos signed an agreement to sell all of its shares in Nebula for a selling price (equity value) corresponding to EUR 110m (approximately SEK 1,100m) for 100% of the shares. The sale was completed in July 2017. Ratos's share of the selling price amounted to EUR 78m (approximately SEK 760m) and the exit gain, which will be recognised in the third quarter, amounted to SEK 515m.

Divestment of Serena Properties

In June 2017, Ratos signed an agreement to sell all of its shares in Serena Properties for a selling price (equity value) of EUR 90m (SEK 0.9 billion), of which Ratos's share accounted for EUR 50m (SEK 490m). The divestment is subject to approval by the relevant authorities and is expected to be completed in the third quarter of 2017. The exit gain is expected to amount to approximately SEK 90m.

Divestment of Sophion Bioscience

In June 2017, Ratos divested Sophion Bioscience, the final remaining business area of the former portfolio company Biolin Scientific. Ratos

divested most of its holding in Biolin Scientific in December 2016 through the sale of the Analytical Instruments business area. The divestment of Sophion Bioscience, which was recognised under other net assets in Ratos, generated only a minor exit gain for Ratos since the holding had previously been impaired to its expected exit value.

Divestment of AH Industries

In March 2017, Ratos divested its entire holding of 70% in AH Industries, in accordance with the agreement signed in December 2016. The divestment yielded an exit loss of SEK -32m in the first quarter.

Divestment of the remaining holding in Arcus

In December 2016, Ratos's former subsidiary Arcus was listed on the Oslo Stock Exchange, upon which the company transitioned to being an associate company of Ratos. In March 2017, Ratos also sold its remaining holding of 24% at a price of NOK 762m, corresponding to NOK 47.40 per share. The sale yielded an exit gain of SEK 33m in the first quarter. The total exit gain from the sale of Arcus is SEK 1,437m.

Acquisitions within subsidiaries

During the second quarter, Nebula completed the acquisition of the webhosting supplier Sigmatic Oy. Bisnode completed the acquisition of Global Group Dialog Solutions AG, a German leading supplier of solutions based on market information. Plantasjen expanded its offering from 40 garden centres to more than 700 points of sale through acquisition of SABA Blommor AB.

Note 5 Operating segments

SEKm	Sales					EBT ¹⁾				
	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016	2017 Q2	2016 Q2	2017 Q1-2	2016 Q1-2	2016
Aibel						-11	-46	15	-85	-198
Bisnode	882	845	1,770	1,700	3,458	60	-0	112	-71	47
Diab	397	415	798	775	1,516	-0	33	16	43	84
GS-Hydro	218	210	416	446	886	-26	-33	-50	-60	-149
HENT	1,846	2,017	3,579	3,850	7,991	53	57	117	121	191
HL Display	365	327	735	676	1,417	5	5	13	19	43
Jøtul	177	173	400	372	898	-25	-17	-45	-23	-10
KVD	90	87	171	165	321	10	13	17	17	31
Ledil	101	88	195	175	365	23	25	37	54	91
Nebula	92	80	177	163	332	20	14	40	34	71
Speed Group	132	144	256	285	562	4	10	6	21	11
TFS	200	192	416	362	793	1	12	-0	18	6
Total companies in portfolio all reported periods	4,500	4,578	8,912	8,970	18,538	113	72	277	88	217
airteam ²⁾	209	174	399	174	601	7	1	7	1	14
Gudrun Sjødén Group ³⁾						6		7		8
Oase Outdoors ⁴⁾	171		307		14	37		63		-44
Plantasjen ⁵⁾	1,833		2,359		280	450		254		-37
Serena Properties ⁶⁾						13	29	28	31	56
Total companies acquired during reported periods	2,213	174	3,066	174	895	514	30	360	33	-3
AH Industries		272	265	495	1,059		8	-2	-3	19
Arcus		631		1,152	2,294		38	-0	22	4
Biolin Scientific		45		89	186		-10		-21	-28
Euromaint		347		751	1,061		6		7	9
Mobile Climate Control		323		644	1,194		26		58	77
Total companies divested during reported periods		1,617	265	3,130	5,795		67	-2	63	81
Total	6,713	6,369	12,243	12,274	25,228	626	169	635	184	295
Exit AH Industries								-32		
Exit Arcus								33		1,403
Exit Euromaint										0
Exit Mobile Climate Control										268
Total exit gains								2		1,672
Impairment AH Industries										-135
Impairment Aibel										-1,692
Impairment Biolin Scientific										-314
Impairment Euromaint										-122
Impairment GS-Hydro										-160
Impairment Jøtul										-81
Companies total	6,713	6,369	12,243	12,274	25,228	626	169	637	184	-538
Income and expenses in the parent company and central companies										
Operating management costs						-39	-100	-84	-145	-261
Other income and expenses, incl. transaction costs	28		60			-16	-19	-14	-20	-56
Costs which will be charged to portfolio companies						-3	-14	1	-18	-9
Financial items						-22	-5	-26	7	-27
Group total	6,741	6,369	12,303	12,274	25,228	546	32	514	7	-890

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

²⁾ airteam is included as a subsidiary as of April 2016.

³⁾ Gudrun Sjødén is included as an associate with a holding of 30% as of September 2016.

⁴⁾ Oase Outdoors is included as a subsidiary as of September 2016.

⁵⁾ Plantasjen is included as a subsidiary as of December 2016.

⁶⁾ Serena Properties is included as a joint venture with a holding of 56% as of January 2016.

SEKm	Consolidated value ¹⁾		
	2017-06-30	2016-06-30	2016-12-31
AH Industries		124	0
Aibel	645	1,583	587
airteam	364	344	356
Arcus		697	729
Biolin Scientific		347	
Bisnode	1,816	1,466	1,606
Diab	735	676	770
Euromaint		191	
GS-Hydro	-64	160	0
Gudrun Sjödén Group	171		166
HENT	348	258	298
HL Display	921	802	840
Jøtul	-33	77	4
KVD	368	328	356
Ledil	381	504	530
Mobile Climate Control		1,079	
Nebula	308	259	283
Oase Outdoors	169		137
Plantasjen	1,424		1,303
Serena Properties	410	378	398
Speed Group	295	301	296
TFS	170	183	168
Total	8,425	9,756	8,825
Other net assets in the parent company and central companies ²⁾	1,125	2,066	2,458
Equity (attributable to owners of the parent)	9,550	11,821	11,283

¹⁾ 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 are also included.

²⁾ Of which cash and cash equivalents in the parent company totalling SEK 1,281 (2,430).

Note 6 Financial instruments

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

Valuation techniques were unchanged during the period.

In the statement of financial position at 30 June 2017, the total value of financial instruments measured at fair value in accordance with level three amounts to SEK 465m (510 at 31 December 2016). This change was primarily attributable to the payment of additional purchase considerations.

In the statement of financial position at 30 June 2017, the net value of derivatives amounts to SEK -17m (-18), of which SEK 10m (24) is recognised as an asset and SEK 28m (42) as a liability.

Note 7 Goodwill

Goodwill changed during the period as shown below.

SEKm	Accumulated cost	Accumulated impairment	Total
Opening balance			
1 January 2017	14,522	-1,532	12,990
Business combinations	114		114
Divested companies	-300	300	0
Reclassified to Assets held for sale	-846		-846
Reclassifications	-68		-68
Translation differences for the year	-106	17	-89
Closing balance			
30 June 2017	13,316	-1,215	12,101

Note 8 Related party disclosures

Transactions with related parties are made on market terms.

Parent company

The parent company has a related party relationship with its Group companies. For more information see Note 33 in the 2016 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 320m (392). In addition, the parent company guarantees that Medcro Intressenter AB and Aneres Properties AB fulfil their obligations in conjunction with the acquisition of TFS and the acquisition of Serena Properties, respectively.

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

SEKm	Capital contribution	Dividend
2017 Q1-2	166	572
2016 Q1-2	341	
2016	814	

SEKm	Receivable	Provision	Liability	Contingent liability
2017-06-30	49	132	1,892	320
2016-06-30	0	351	2,570	392
2016-12-31	1	90	2,269	533

During the quarter, Ratos contributed SEK 54 Mm to Bisnode in conjunction with Bisnode's acquisition of Global Group. The company also contributed SEK 55m to HL Display during the quarter. Earlier in the year, Ratos contributed SEK 32m to AH Industries and SEK 26m to Sophion.

The 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, 16 August 2017
Ratos AB (publ)



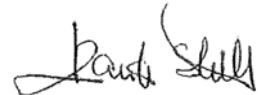
Jonas Wiström
Chairman



Ulla Litzén
Board member



Annette Sadolin
Board member



Karsten Slotte
Board member



Charlotte Strömberg
Board member



Jan Söderberg
Board member



Per-Olof Söderberg
Board member



Magnus Agervald
CEO

Auditor's report

Ratos AB (publ), Reg. no. 556008-3585

Introduction

We have reviewed the condensed interim financial information (interim report) of Ratos AB (publ) as of 30 June 2017 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other

review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 16th of August 2017
PricewaterhouseCoopers AB

Peter Clemedtson
Authorised Public Accountant
Auditor in Charge

Helena Kaiser de Carolis
Authorised 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.*

Telephone conference

17 August at 10:00 a.m. SE: +46 8 566 426 92
UK: +44 20 3008 9801
US: +1 855 753 2235

Financial calendar

2017	
Interim report Jan-Sept 2017	14 November 2017
2018	
Year-end report 2017	16 February 2018
Interim report January-March	3 May 2018
Interim report January-June	17 August 2018
Interim report Jan-Sept	25 October 2018

For further information, please contact:
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This information is information that Ratos AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8:00 a.m. CET on 17 August 2017.

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Tel +46 8 700 17 00 www.ratos.se Reg. no. 556008-3585

Ratos owns and develops unlisted medium-sized companies in the Nordic countries. Our goal as an active owner is to contribute to long-term and sustainable business development in the companies we invest in and to make value-generating transactions. Ratos's portfolio consists of 15 medium-sized Nordic companies and the largest segments in terms of sales are Industrials, Consumer goods/Commerce and Construction. Ratos is listed on Nasdaq Stockholm and has approximately 14,000 employees.

RATOS