



Welcome to Ratos's Annual General Meeting for 2019

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8 May 2019

Annual General Meeting 2019

Ratos 2018

Ratos Q1 2019

“The new Ratos” and the road ahead

Objectives for 2019



Objectives for 2018

(from 2018 Annual General Meeting)

- Reverse the negative profitability trend
 - ☒ The result for 2018 was weak, but with underlying improvements
- Determine which holdings are more long-term
 - ☑ New criteria for new investments and long-term companies in Ratos's portfolio
- Deliver on the updated strategy
 - ☑ Transition from a transaction-oriented listed private equity company to an investment company with a long ownership horizon in three business areas

EBITA trend 2018

SEKm, Ratos's holding

Bolag	2018	2017
Diab	-149	1
Plantasjen	76	217
HENT	113	190
Speed Group	-9	17
Kvdbil	8	30
Oase Outdoors	28	42
TFS	-4	-4
LEDil	72	70
airteam	62	54
Bisnode	329	277
Aibel	183	102
HL Display	94	42
Total	804	1 038

Measures taken in Ratos's parent company in 2018

Smaller and more efficient organisation

- New management
- Shift in expertise
- Lower underlying costs (SEK 153m => SEK 117m)

Changed incentive systems

- Short-term incentive system, EBITA in company portfolio (1 year)
- Long-term incentive system, Ratos's share price performance (4–5 years)

Impairment of book value of SEK 600m in Plantasjen

- Figures in the retail sector have fallen
- Improvement measures taking longer than anticipated to implement
 - Expand the range, customer focus in 140 stores, e-commerce

Focus on existing holdings

- Focus on right management and right Chairman
- Aim to establish a decentralised structure with profit responsibility extending down as far as possible in the organisation
- Implement structural measures for future profitability
- High tempo

Measures implemented in the Ratos Group over the past year

Change of CEO	   
Change of chairman (Ratos chairman in 5 companies)	      
Divested shareholdings in Jøtul and Gudrun Sjödén Group, increased shareholding in TFS	  
New criteria for long-term companies	<p>Strong market position in the company's sector and geographic area (#1 or #2) Cash flow and leverage that facilitate dividends to Ratos >SEK 50m in EBITA Attractive sector</p>

The change of CEO within Plantasjen and change of chairman within LEDiL, TFS, HENT and Speed Group took place in 2019

Lower dividend proposed for 2018

- Proposed dividend of SEK 0.50 per share (2.00)
- Earnings (EBT) in portfolio companies, SEK 604m (679)
- Net cash in Ratos AB, SEK 1.7 billion (2.2)

My task on behalf of the Board of Directors:

**To increase shareholder value
in a growing Ratos**

Past dividends 2013–2017

- SEK 4.6 billion paid in dividends during the period
- Distributable earnings generated by the operations amounted to SEK 2.1 billion, including sales gains and impairment
- Excluding impairment and sales gains, distributable earnings for 2013–2017 amounted to about SEK 0.6 billion

New dividend policy

The Ratos share is to deliver steadily increasing dividends over time based on growing earnings and a stable financial position.

According to the Board's assessment, a dividend payout ratio of 30–50% of profit after tax attributable to owners of the parent will fulfil these conditions.

Ratos's Class B share

- Total return 2018: -30% (SIX Return Index: -4%)
- The Group had 57,909 shareholders at 31 December 2018, compared with 59,526 at year-end 2017
- The turnover rate (number of shares traded during the year divided by the number of shares outstanding at year-end) for the Class B share was 92%.
(Investor 56%, Sandvik 86%, Skanska 87%)

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Q1 2019

- Measures started to yield results
- 8 of 12 companies improved their earnings during the quarter (2 of 13 in the first quarter of 2018)
- EBITA increased from SEK -19m to SEK 44m (excluding IFRS 16)
 - Typically quiet quarter for Ratos due to seasonal effects
- Growth of 15% (-3%)
 - Organic growth 14% (2%)
 - Currency effect +3%
- Improved cash flow

Company portfolio by sector

As of 1 March 2019

	Construction & Services	Consumer & Technology:	Industry
			
<i>Net sales, R12 31 March (SEKm)</i>	10,423	7,554	4,221
<i>EBITA, R12 31 March (SEKm)</i>	351	479	60

EBITA trend, Construction & Services, Q1 2019

SEKm, Ratos's holding

Company growth	Organic	Jan–Mar 2019	Jan–Mar 2018
Aibel	+20%	50	39
airteam	-2%	3	7
HENT	+15%	18	48
Speed Group	+9%	-2	-3
Construction & Services, total		69	91

EBITA trend, Consumer & Technology, Q1 2019

SEKm, Ratos's holding

Company growth	Organic	Jan–Mar 2019	Jan–Mar 2018
Bisnode	+3%	44	50
Kvdbil	+29%	5	-8
Oase Outdoors	+17%	22	20
Plantasjen	+3%	-183	-211
Consumer & Technology, total		-112	-149

EBITA trend, Industry, Q1 2019

SEKm, Ratos's holding

Company growth	Organic	Jan–Mar 2019	Jan–Mar 2018
Diab	+23%	37	3
HL Display	+7%	31	21
LEDiL	-11%	18	22
TFS	+7%	2	-7
Industry, total		88	39

- Restructuring 2014–2018
 - Number of staff reduced by 1,300 (25%)
 - Indirect costs decreased by 37%
 - Secured critical resources in international engineering and construction
- Increased profitability through restructuring and successful project deliveries
- EBITA
 - 2017: NOK 309m
 - 2018: NOK 537m
 - Rolling 12 months, Q1 2019: NOK 635m





- 2018: after final delivery of Johan Sverdrup Drilling Platform, new project Johan Sverdrup Process Platform P2
 - Contract in May 2018, final delivery first half of 2022, total value approximately NOK 8 billion
- Major new orders in offshore wind power in May 2019
 - **DolWin 5, Germany, major 5-year joint venture contract**
 - Earlier projects: DolWin Beta, Germany and Hywind pilot wind farm, Scotland



- In 2015, Bisnode initiated a transformation from traditional analogue services to market-leading digital solutions
- The foundation for the transformation was **One Bisnode**, which included:
 - **New growth products:** shared marketing, credit information and decision support products
 - **Improved efficiency:** partly through consolidation of product and data platforms and development of the organisation
- Adjusted EBITA
 - 2015: SEK 328m
 - 2016: SEK 358m
 - 2017: SEK 424m
 - 2018: SEK 520m



“Featherweight” project: June 2018–Dec 2019

Aim: to increase rolling 12-month earnings by SEK 140m through constant sales

- New organisation
 - New acting CEO in June
 - New permanent CEO in September
 - New decentralised structure
- Production rationalisation and investments
 - Closure of factory in China
 - Combine production resources in China and Lithuania
- Reduction of operating costs
- Pricing review



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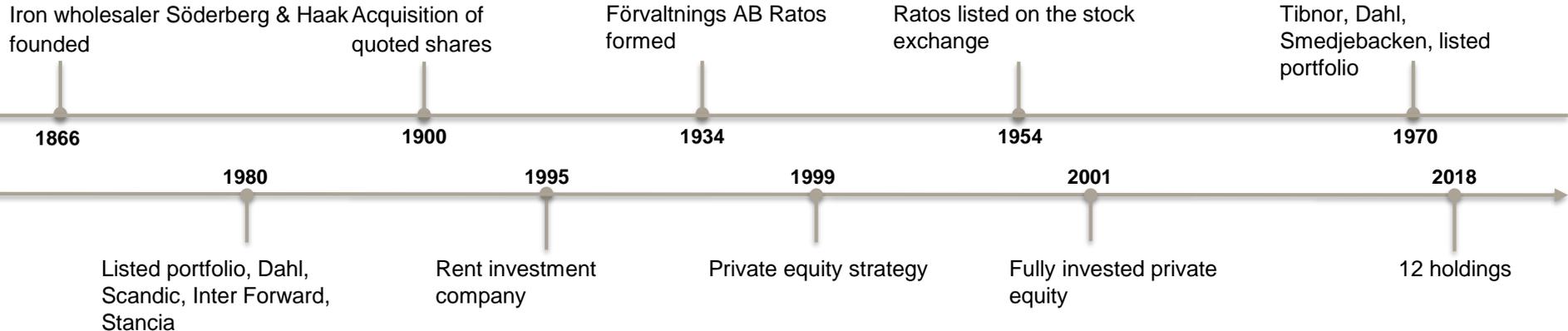
Ratos's history

- Founded in 1866
- Listed on the stock exchange in 1954
- Private equity strategy established in 1999
- 12 holdings as of 2018

*Förvaltningsaktiebolaget
Ratos*



RATOS



“THE NEW RATOS”

THE BEST OF BOTH WORLDS

- We acquire, develop and retain companies as long as we are the best owner
 - Improve profitability
 - Grow organically and through acquisitions financed through our own cash flow
 - We aim to achieve improvements quickly, but are a long-term owner
- Responsibility for each Ratos company rests with the respective company management
 - CEO responsible for income statement and balance sheet within the framework established for the capital structure
- Responsibility for the business area rests with the respective business area team
 - Nothing is more important than having the right CEO and management team in place

“THE NEW RATOS”

THE BEST OF BOTH WORLDS

- Right CEO and management team with share-based incentives
- Strategic direction set by Ratos
- Focused agenda for value creation through **prioritised** initiatives for profitability and growth. Organic and acquired
- We believe in a decentralised structure with clear profit responsibility in our companies – from the CEO and throughout the entire company

“THE NEW RATOS”

THE BEST OF BOTH WORLDS

- Leverage synergies in purchasing, recruiting, IT, travel, auditing, etc.
- Focus on leadership and networks within in the Group
- Benchmarking and best practice in function groups
- Attract talented industrial advisors to the Group
- Streamline important processes, such as business reviews

Ratos and sustainable development

Sustainable development and environmental awareness



Transparent and sound corporate governance, business ethics and proactive anti-corruption initiatives

Focus on climate impact, equal opportunities and diversity

Attract, develop and engage employees

100%
(80)

Code of Conduct

5 companies
(4)
Report CO₂

39%
(28)

Proportion of women in senior positions

100%
(58)

Whistleblowing system

Portfolio company follow-up

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Objectives for 2019

- Create a positive profitability trend
- Strengthen the financial positions of our subsidiaries
- Maintain favourable growth

Why Ratos will succeed

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



THANK
YOU!