Interim report, January–September 2019

Increased earnings and favourable growth in the companies during the third quarter

- Net sales for Ratos business areas increased by 17%, 16% organic growth, and amounted to SEK 5,943m (5,071)
- EBITA for Ratos business areas, excluding IFRS 16, amounted to SEK 302m (120)
- Operating profit for the Group according to IFRS amounted to SEK 832m (184)
- The sale of Ratos's Lejonet 4 property has been completed. The capital gain amounted to SEK 487m and is included in operating profit for the Group
- Cash and cash equivalents in the parent company amounted to SEK 1,565m

Financial performance

MSEK	Q3 2019	Q3 2018	Change %	Q1-3 2019	Q1-3 2018	Change %	LTM 18/19	Full Year 2018	Change %
Group, IFRS									
Net sales	5,996	5,425	10%	18,855	17,206	10%	24,774	23,125	7%
Operating profit	832	184	n/a	1,534	982	56%	844	293	n/a
Profit before tax	676	78	n/a	1,097	658	67%	332	-107	n/a
Diluted earnings per share, SEK	1.70	0,00	n/a	2.64	1.06	n/a	0.17	-1.40	n/a
Cash and cash equivalents in the parent company				1,565	1,724	-9%		1,734	
Ratos business areas, Ratos's holding [1]									
Net sales	5,943	5,071	17%	18,245	16,096	13%	23,671	21,522	10%
EBITDA, excluding IFRS 16 [2]	402	231	74%	1,312	1,211	8%	1,400	1,299	8%
EBITA, including IFRS 16	331			1,108			1,039		
EBITA, excluding IFRS 16 [2]	302	120	n/a	1,016	903	13%	947	834	14%
Earnings in the company portfolio [3]	302	127	n/a	1,016	918	11%	943	846	11%
Earnings before tax, including IFRS 16 [2]	148			568			-642		
Earnings before tax, excluding IFRS 16 [2]	173	1	n/a	640	538	19%	-570	-671	15%
Cash flow from operations	-65	-446	n/a	1,203	41	n/a	1,503	341	n/a

[1] Tables in a tinged background are alternative performance measures, refer not 3 Alternative performance measures page 24 for reconciliation. Page 29 contains definitions.
[2] Excluding IFRS 16 means that leases are reported according to IFRS standards applicable up to and including 2018. Refer to note 10, page 28 for the effects of the year
[3] Reported EBITA excluding IFRS 16, for relevant company portfolio and period.

CEO comments on performance in the third quarter of 2019

Improved earnings and increased growth, the companies continue to stabilise

EBITA in the company portfolio improved while organic growth for the quarter amounted to 16%. The action program implemented in combination with changes in management in several companies continues to generate results. The rate of growth is increasing while the overall order backlog is improving. Plantasjen is improving its profitability and focusing on core operations by selling its subsidiary Spira.

The earnings trend in companies, adjusted for Ratos's holding (excluding IFRS 16 for comparability)

The company portfolio's sales increased 17% in the third quarter. Organic growth amounted to 16%. Currency effects did not affect sales figures for the quarter. EBITA increased from SEK 120m to SEK 302m. The higher earnings pertain mainly to growth in Diab, Aibel and HL Display. Cash flow has also improved.

Sales in **Construction & Services** increased by 28%, the organic growth amounted to 27%, and EBITA increased to SEK 140m (111).

Aibel's sales and earnings increased significantly in the quarter as a result of a large and growing order backlog, portions of which are now in production, as well as healthy project control. It is gratifying to announce that the exposure to renewable energy is gradually increasing. After the end of the reporting period, Aibel won another major offshore wind contract for a SSE Renewables / Equinor consortium. Additionally, Aibel has an option for a third platform that can be called during 2021. This is yet another important strategic step in Aibel's growth within offshore wind.

airteam's operations are growing in Denmark, while operations in Sweden are undergoing changes to increase profitability.

HENT continues to demonstrate favourable growth in a quarter where focus has been on increased project control. Several projects that have had major challenges will be concluded in the coming 6 months.

Speed Group improved its earnings according to plan through well implemented action programmes.

Sales in **Consumer & Technology** increased by 4%, with favourable growth primarily in Plantasjen. This growth was fully organic. EBITA in the quarter increased to SEK 48m (31). Bisnode's investments during the first half of the year contributed to increased earnings this quarter.

Kvdbil is growing within private cars as well as company cars and its earnings improved during the quarter.

Oase Outdoors has had a tough year due to production problems with its new generation of products. Final costs for these led to poor earnings for the quarter.

Plantasjen reported increased growth and improved earnings in a typically quiet quarter for the company. The sale of the subsidiary Spira will improve Plantasjen's earnings on a pro forma basis. The divestment will lead to a capital loss of SEK -30m in the fourth quarter. Olav Thorstad started as CEO on 1 October, with the task of increasing profitability in a Plantasjen that grows.

Sales in **Industry** increased by 12%, with a high growth rate in Diab. This growth was fully organic. EBITA increased to SEK 114m (-22), driven by significantly improved earnings in Diab and HL Display.

Diab's earnings were driven by the action program from the year-earlier period, new organisation and a strong market, especially in Wind. Diab is carrying out an investment program until 2021, which is designed to address a larger share of the market than previously.

HL Display continues to improve its earnings while evaluating new growth areas.

LEDiL's sales and earnings declined somewhat during the quarter. The new CEO will assume the position in December.

TFS continues to improve its earnings from low levels through streamlining measures in all aspects of its operations.

To conclude, I am pleased that the ongoing changes continue to generate results. Overall, the companies strengthened their position in their respective markets. The Ratos company group is spread over industries and markets, and so far we have yet to see any effects connected to macroeconomic uncertainty. The work in our companies continues, with the goal for each company to have leading profitability in their respective industries. On Ratos's Capital Markets Day on 13 November, we will explain more about our strategy going forward and conduct in-depth company presentations.

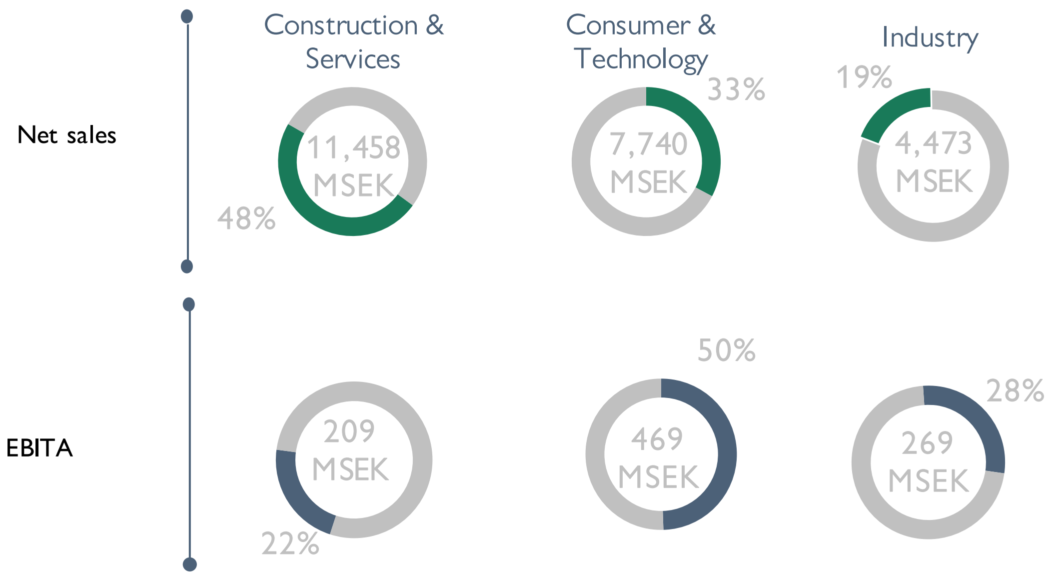
Jonas Wiström, CEO

Overview, Ratos's business areas

Ratos's companies are divided into three business areas: Construction & Services, Consumer & Technology and Industry. All figures displayed per business area and per company exclude the effects of IFRS 16. The figures for each business area and the portfolio as a whole are comparable with the year-earlier period. Net sales for the last 12-month period at 30 September 2019 for Ratos's business areas, adjusted for Ratos's holdings, amounted to SEK 23,671m (21,015). EBITA increased to SEK 947m (935) for the last 12-month period at 30 September 2019, adjusted for Ratos's holdings. During the period, add-on acquisitions were carried out in airteam. No other acquisitions or divestments were completed.

Net sales and EBITA in Ratos's business areas, adjusted for Ratos's holdings

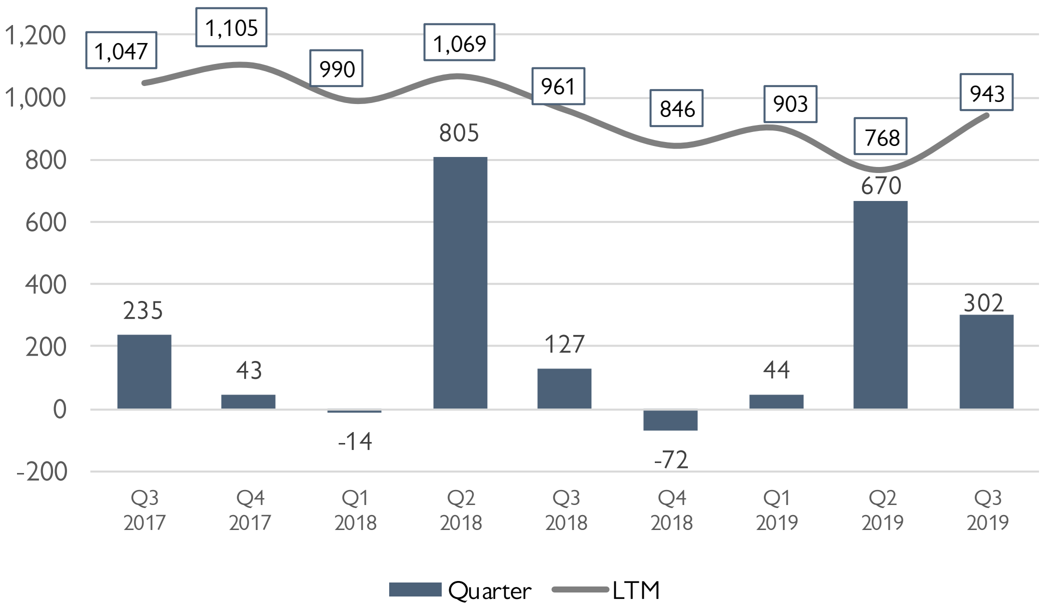
In absolute numbers and as a percentage of the Ratos Group's net sales and EBITA, last 12-month period as of 30 September 2019.



Earnings in the company portfolio, adjusted for Ratos's holdings

One of Ratos's financial targets is for the earnings of the company portfolio to increase each year. The diagram below displays the development for this target, defined as reported EBITA excluding IFRS 16, for the relevant company portfolio and period. For the last 12-month period, earnings in the company portfolio amounted to SEK 943m (961), down 2%.

MSEK



Construction & Services

Business area development

During the third quarter of 2019, net sales for Construction & Services increased by 28%. EBITA increased to SEK 140m (111) due to higher EBITA in Aibel and Speed Group.

	Net sales						EBITA					
MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018
Companies in its entirety												
Aibel	3,350	2,081	8,656	6,357	10,749	8,450	228	163	541	422	767	648
airteam	276	216	777	637	1,058	918	27	25	50	54	84	89
HENT	2,363	2,007	6,887	5,966	9,315	8,394	52	51	-7	265	-110	162
Speed Group	171	197	515	542	711	738	14	6	-6	7	-21	-8
Companies total	**6,160**	**4,501**	**16,835**	**13,501**	**21,834**	**18,500**	**322**	**245**	**578**	**748**	**721**	**891**
Adjustment for Ratos's holding	-3,056	-2,085	-8,149	-6,299	-10,376	-8,526	-182	-134	-380	-377	-512	-510
Total, adjusted for Ratos's holding	**3,104**	**2,416**	**8,686**	**7,201**	**11,458**	**9,974**	**140**	**111**	**198**	**370**	**209**	**381**
Reported growth [1]	*28%*	*15%*	*21%*	*6%*	*19%*	*8%*						
EBITA margin % [1]							*4.5%*	*4.6%*	*2.3%*	*5.1%*	*1.8%*	*3.8%*

[1] Adjusted for Ratos's holding

aibel

- Continued strong growth in the quarter thanks to a favourable performance in both the Modifications & Yard Services and Field Development business areas.
- Improved EBITA due to percentage of completion of a growing order backlog.
- Order intake in the quarter amounted to NOK 1.7 billion, and the order book at the close of the quarter amounted to approximately NOK 17 billion. Additionally, Aibel has a significant order value in the shared portion of the DolWin 5 offshore wind project.

Aibel reclassified one operation from Assets held for sale. This reclassification has had a positive effect on EBITA during 2019. A corresponding adjustment was also made to the comparative figures for 2018. For full-year 2018, the positive effect on EBITA was NOK 70m.

MNOK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19
Net sales	3,096	1,912	8,008	5,957	9,957
EBITDA	231	173	554	456	781
EBITA	211	150	501	395	712
Cash flow from operations	534	9	750	-351	1,009
Interest-bearing net debt			2,224	2,778	
Reported growth	62%		34%		
- whereof currency effects	1%		1%		
- whereof acquisitions					
EBITDA margin	7.5%	9.1%	6.9%	7.7%	7.8%
EBITA margin	6.8%	7.8%	6.3%	6.6%	7.1%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

Leading engineering and service company within the energy sector. The company provides optimal and innovative solutions in engineering, construction, modifications and maintenance throughout the entire life cycle. The company has operations along the Norwegian coast and in South East Asia. Customers are primarily the major energy companies operating on the Norwegian continental shelf with a growing international portfolio of contract projects.

Holding

32%

airteam

- Growth is being driven by the acquisition of Creovent & Thorszelius, which was completed at the beginning of the year. Net sales increased somewhat, adjusted for the acquisition.
- EBITA in the Danish operations grew in pace with sales but profitability remains weak in the Swedish operations.
- After the acquisition of Creovent & Thorszelius, the order book amounted to approximately DKK 860m, corresponding to more than one year's net sales.

	Q3		Q1-3		LTM
MDKK	2019	2018	2019	2018	18/19
Net sales	193	155	549	463	752
EBITDA	19	19	36	40	62
EBITA	19	18	35	39	60
Cash flow from operations	18	16	27	15	63
Interest-bearing net debt			171	96	
Reported growth	25%		18%		
- whereof currency effects	0%		0%		
- whereof acquisitions	23%		23%		
EBITDA margin	10.0%	12.0%	6.6%	8.7%	8.2%
EBITA margin	9.8%	11.7%	6.4%	8.4%	8.0%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

Danish company that offers high-quality and effective ventilation solutions in Denmark and Sweden.

Holding
70%

HENT

- Growth in net sales of 18% driven by the order book equivalent to two years net sales.
- The measures that have been carried out have yielded results. Changes have impacted both internal processes and the organisation. A significant part of the projects that have been drawn with major challenges will be completed in the next six months.
- Order intake of about NOK 1.2 billion in the third quarter, which is lower than net sales. Activity within tenders has been better adapted to the organisation's capacity and to the greater selection available due to the ongoing favourable market situation. The order book was approximately NOK 16.5 billion at the end of the period.

	Q3		Q1-3		LTM
MNOK	2019	2018	2019	2018	18/19
Net sales	2,183	1,846	6,371	5,591	8,635
EBITDA	51	49	0	256	-94
EBITA	49	46	-7	248	-103
Cash flow from operations	-139	-135	-206	-10	-97
Interest-bearing net debt			-470	-594	
Reported growth	18%		14%		
- whereof currency effects	0%		0%		
- whereof acquisitions					
EBITDA margin	2.3%	2.6%	0.0%	4.6%	-1.1%
EBITA margin	2.2%	2.5%	-0.1%	4.4%	-1.2%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

Leading Norwegian construction contractor with projects in Norway, Sweden and Denmark. The company focuses on new builds of public and commercial real estate, and focuses its resources on project development, project management and procurement. The projects are largely carried out by a broad network of quality-assured subcontractors.

Holding
73%

- Net sales fell during the third quarter due to lower levels of activity in staffing operations and the sale of SPEED Production that was completed in the third quarter 2018.
- EBITA improved, driven by the restructuring carried out in the second quarter of 2019 and in general increased efficiency in ongoing logistics contracts.

	Q3		Q1-3		LTM
MSEK	2019	2018	2019	2018	18/19
Net sales	171	197	515	542	711
EBITDA	18	10	8	17	-3
EBITA	14	6	-6	7	-21
Cash flow from operations	-1	0	44	-57	49
Interest-bearing net debt			77	98	
Reported growth	-13%		-5%		
- whereof currency effects					
- whereof acquisitions			5%		
EBITDA margin	10.5%	4.8%	1.6%	3.1%	-0.4%
EBITA margin	8.0%	3.0%	-1.1%	1.4%	-2.9%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

Swedish provider of services that extend from staffing, recruitment and training to full-scale warehouse management.

Holding

70%

Consumer & Technology

Business area development

During the third quarter of 2019, net sales for Consumer & Technology increased by 4%. EBITA amounted to SEK 48m (31), an improvement driven primarily by Bisnode.

	Net sales						EBITA					
	Q3	Q3	Q1-3	Q1-3	LTM	Full Year	Q3	Q3	Q1-3	Q1-3	LTM	Full Year
MSEK	2019	2018	2019	2018	18/19	2018	2019	2018	2019	2018	18/19	2018
Companies in its entirety												
Bisnode	905	883	2,769	2,711	3,755	3,696	114	103	282	283	470	471
Kvdbil	90	88	275	243	365	332	10	8	19	3	24	8
Oase Outdoors	89	83	414	409	425	421	-9	-5	36	58	14	36
Plantasjen	932	893	3,655	3,440	4,448	4,233	-35	-45	272	242	106	77
Companies total	**2,016**	**1,947**	**7,113**	**6,803**	**8,992**	**8,682**	**80**	**61**	**609**	**586**	**614**	**591**
Adjustment for Ratos's holding	-298	-290	-947	-927	-1,252	-1,232	-32	-30	-94	-99	-145	-150
Total, adjusted for Ratos's holding	**1,718**	**1,657**	**6,166**	**5,875**	**7,740**	**7,450**	**48**	**31**	**514**	**487**	**469**	**441**
Reported growth [1)]	*4%*	*3%*	*5%*	*5%*	*5%*	*4%*						
EBITA margin % [1)]							*2.8%*	*1.9%*	*8.3%*	*8.3%*	*6.1%*	*5.9%*

[1)] Adjusted for Ratos's holding

- Net sales increased by 2%. The development in Credit Solutions remained positive in the third quarter.
- Bisnode's transformation of its offering is continuing according to plan and the rate of growth for the new products is healthy.
- EBITA improved due to initiatives taken to increase efficiency and scalability, which accelerated during the first half of the year.

	Q3		Q1-3		LTM
MSEK	2019	2018	2019	2018	18/19
Net sales	905	883	2,769	2,711	3,755
EBITDA	151	137	395	387	616
EBITA	114	103	282	283	470
Cash flow from operations	79	50	350	269	461
Interest-bearing net debt			1,271	1,475	
Reported growth	2%		2%		
- whereof currency effects	1%		2%		
- whereof acquisitions			0%		
EBITDA margin	16.7%	15.5%	14.3%	14.3%	16.4%
EBITA margin	12.6%	11.7%	10.2%	10.4%	12.5%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

- Reported growth of 3% compared with the year-earlier period, driven by higher sales in Private Cars and Company Cars, particularly toward the end of the quarter.
- Increased EBITA despite that the comparative period was characterised by strong EBITA. Last year's EBITA was positively affected by the introduction of the Swedish government's "Bonus Malus" initiative, which increased new car sales.
- The company's focus on private car sales continues. The launch of car purchases directly on the website and a private car rental service were received positively.

	Q3		Q1-3		LTM
MSEK	2019	2018	2019	2018	18/19
Net sales	90	88	275	243	365
EBITDA	13	11	30	12	38
EBITA	10	8	19	3	24
Cash flow from operations	4	9	25	9	33
Interest-bearing net debt			31	48	
Reported growth	3%		13%		
- whereof currency effects					
- whereof acquisitions			0%		
EBITDA margin	14.9%	12.4%	10.8%	4.9%	10.4%
EBITA margin	10.8%	8.7%	6.9%	1.3%	6.6%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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 kvdcars.com, where cars, heavy vehicles and machines are offered for sale at weekly online auctions.

Holding

100%

OASE OUTDOORS

- Higher net sales in a seasonally small quarter.
- EBITA was negatively impacted by the final costs associated with the quality problems that had previously been identified and addressed. The costs totalled DKK 3m in the third quarter.

	Q3		Q1-3		LTM
MDKK	2019	2018	2019	2018	18/19
Net sales	62	58	292	298	300
EBITDA	-6	-3	27	43	12
EBITA	-6	-4	25	42	9
Cash flow from operations	75	55	57	62	-2
Interest-bearing net debt			157	139	
Reported growth	6%		-2%		
- whereof currency effects	-1%		0%		
- whereof acquisitions					
EBITDA margin	-9.4%	-5.4%	9.3%	14.6%	3.9%
EBITA margin	-10.3%	-6.4%	8.6%	14.1%	3.1%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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

Holding

78%

PLANTASJEN®

- Reported growth of 6% driven by strong sales.
- Plantasjen has signed an agreement to sell its subsidiary Spira, whose operations had a negative impact on EBITA of SEK -10m in the third quarter. The capital loss on the sale is estimated to amount to approximately SEK -30m, which will affect EBITA in the fourth quarter of 2019.
- Olav Thorstad started as CEO of Plantasjen on 1 October. Olav comes most recently from his role as CEO of SATS GROUP and has extensive experience in the retail sector.

	Q3		Q1-3		LTM
MNOK	2019	2018	2019	2018	18/19
Net sales	860	815	3,381	3,224	4,118
EBITDA	-7	-19	329	308	200
EBITA	-33	-45	252	227	96
Cash flow from operations	-398	-489	440	-65	433
Interest-bearing net debt			2,166	2,252	
Reported growth	6%		5%		
- whereof currency effects	1%		0%		
- whereof acquisitions					
EBITDA margin	-0.8%	-2.3%	9.7%	9.6%	4.9%
EBITA margin	-3.8%	-5.5%	7.4%	7.0%	2.3%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

The Nordic region's leading chain for sales of plants and gardening accessories with more than 140 stores in Norway, Sweden and Finland and a primary focus on consumers.

Holding

99%

Industry

Business area development

During the third quarter of 2019, net sales for Industry increased by 12%. EBITA amounted to SEK 114m (-22), an improvement driven primarily by Diab and HL Display.

	Net sales						EBITA					
MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018
Companies in its entirety												
Diab	458	361	1,385	1,086	1,796	1,496	56	-60	150	-74	69	-155
HL Display	391	374	1,189	1,157	1,587	1,554	39	21	107	74	129	96
LEDiL	120	120	330	342	427	439	28	33	69	92	86	109
TFS	216	204	674	612	903	841	3	-6	8	-17	19	-6
Companies total	**1,185**	**1,058**	**3,578**	**3,196**	**4,712**	**4,330**	**127**	**-13**	**334**	**75**	**303**	**43**
Adjustment for Ratos's holding	-65	-61	-184	-176	-240	-231	-12	-9	-31	-29	-34	-32
Total, adjusted for Ratos's holding	**1,120**	**997**	**3,394**	**3,020**	**4,473**	**4,099**	**114**	**-22**	**303**	**46**	**269**	**11**
Reported growth [1]	*12%*	*4%*	*12%*	*1%*	*13%*	*4%*						
EBITA margin % [1]							*10.2%*	*-2.2%*	*8.9%*	*1.5%*	*6.0%*	*0.3%*

[1] Adjusted for Ratos's holding

Diab

- A continued strong market, in particular Wind, combined with continued good demand in Marin and Aerospace, contributed to a net sales growth of 27%.
- The higher EBITA was driven by increased sales, a positive customer and product mix, and last year's action programme.
- Diab continues to invest in new technology in order to address a larger part of the market and be more competitive.
- During the third quarter, Diab signed a five-year supplier contract for core materials with Vestas. The contract is expected to generate net sales of totally SEK 2–2.5 billion until 2023.

	Q3		Q1-3		LTM
MSEK	2019	2018	2019	2018	18/19
Net sales	458	361	1,385	1,086	1,796
EBITDA	72	-32	194	-10	193
EBITA	56	-60	150	-74	69
Cash flow from operations	33	-9	71	-64	66
Interest-bearing net debt			697	888	
Reported growth	27%		28%		
- whereof currency effects	2%		5%		
- whereof acquisitions					
EBITDA margin	15.7%	-8.8%	14.0%	-0.9%	10.7%
EBITA margin	12.1%	-16.7%	10.8%	-6.8%	3.8%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

- Net sales increased by 4% driven by generally good growth in the company's main markets and good sales in new products.
- Improved EBITA due to enhanced efficiency in production and logistics as well as a favourable product mix.

	Q3		Q1-3		LTM
MSEK	2019	2018	2019	2018	18/19
Net sales	391	374	1,189	1,157	1,587
EBITDA	48	30	134	103	164
EBITA	39	21	107	74	129
Cash flow from operations	48	30	117	20	193
Interest-bearing net debt			402	520	
Reported growth	4%		3%		
- whereof currency effects	2%		3%		
- whereof acquisitions					
EBITDA margin	12.4%	8.1%	11.3%	8.9%	10.3%
EBITA margin	10.1%	5.6%	9.0%	6.4%	8.1%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

International supplier of store solutions for improved customer experience, profitability and sustainability. Installations in nearly 295,000 stores in 50 markets. Manufacturing takes place in Poland, Sweden, China and the UK.

Holding

99%

- Net sales were impacted by a weaker market in Europe. Measures are being carried out to counteract the lower level of growth.
- EBITA was negatively impacted by lower net sales and slightly higher operating costs.
- Petteri Saarinen has been appointed CEO of LEDiL and will start in December.

	Q3		Q1-3		LTM
MEUR	2019	2018	2019	2018	18/19
Net sales	11.3	11.5	31.2	33.4	40.6
EBITDA	3.2	3.5	8.1	10.1	10.2
EBITA	2.7	3.1	6.5	9.0	8.2
Cash flow from operations	2.7	2.7	6.9	7.6	8.6
Interest-bearing net debt			24.8	30.6	
Reported growth	-2%		-7%		
- whereof currency effects	2%		2%		
- whereof acquisitions	0%		0%		
EBITDA margin	28.7%	30.7%	25.9%	30.2%	25.1%
EBITA margin	23.7%	27.1%	20.9%	26.8%	20.1%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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%

TFS
It's all about trust

- Service sales* in the third quarter amounted to EUR 14.2m (12.4).
- Higher service sales thanks to improved sales in CDS (Clinical Development Services), the largest business area for TFS.
- Improved EBITA driven by increased efficiency and lower costs.
- TFS has opened new headquarters at Medicon Village, Lund.

* 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.

	Q3		Q1-3		LTM
MEUR	2019	2018	2019	2018	18/19
Net sales	20.3	19.5	63.8	59.8	86.0
EBITDA	0.6	-0.3	1.4	-1.0	2.8
EBITA	0.3	-0.6	0.8	-1.7	1.8
Cash flow from operations	2.9	1.2	1.1	-1.2	0.3
Interest-bearing net debt			8.1	6.4	
Reported growth	4%		7%		
- whereof currency effects	0%		0%		
- whereof acquisitions					
EBITDA margin	2.8%	-1.5%	2.3%	-1.7%	3.3%
EBITA margin	1.6%	-3.0%	1.2%	-2.9%	2.1%

Amounts refering to 100% of the company, excluding IFRS 16, with the exception of cash flow from operations which includes IFRS 16 for 2019.

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

Holding

100%

Ratos's companies

Adjusted for Ratos's holdings, excluding IFRS 16 1)

	Net sales						EBITDA					
MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018
Aibel	1,069	664	2,761	2,028	3,429	2,695	80	60	191	155	269	233
airteam	192	150	540	443	736	638	19	18	36	38	60	63
Bisnode	632	617	1,935	1,895	2,624	2,583	105	96	276	271	430	425
Diab	440	346	1,331	1,043	1,725	1,437	69	-30	186	-9	185	-11
HENT	1,724	1,464	5,024	4,352	6,795	6,124	40	39	0	199	-73	126
HL Display	385	368	1,172	1,140	1,564	1,531	48	30	132	102	162	131
Kvdbil	90	88	275	243	365	332	13	11	30	12	38	20
LEDiL	79	79	218	226	282	290	23	24	56	68	71	83
Oase Outdoors	70	65	325	321	334	330	-6	-3	30	47	13	30
Plantasjen	925	887	3,631	3,417	4,418	4,205	-7	-17	353	326	217	191
Speed Group	120	138	361	379	498	517	13	7	6	12	-2	4
TFS	216	203	673	611	902	840	6	-3	15	-10	30	4
Total	**5,943**	**5,071**	**18,245**	**16,096**	**23,671**	**21,522**	**402**	**231**	**1,312**	**1,211**	**1,400**	**1,299**
Change	**17%**		**13%**				**74%**		**8%**			

	EBITA						Profit/loss before tax					
MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	LTM 18/19	Full Year 2018
Aibel	73	52	173	135	245	207	50	27	94	62	141	110
airteam	19	17	34	37	59	62	18	17	31	35	54	58
Bisnode	80	72	197	198	328	329	66	60	120	106	243	229
Diab	53	-58	144	-71	66	-149	31	-76	106	-90	-383	-579
HENT	38	37	-5	193	-80	118	37	39	-1	194	-74	120
HL Display	39	21	106	73	127	94	25	17	78	50	96	68
Kvdbil	10	8	19	3	24	8	9	7	18	0	24	6
LEDiL	19	22	46	61	57	72	18	20	42	56	51	66
Oase Outdoors	-7	-4	28	45	11	28	-10	-5	20	39	0	20
Plantasjen	-35	-45	270	241	106	76	-80	-96	142	114	-710	-738
Speed Group	10	4	-4	5	-14	-5	5	-0	-17	-7	-32	-23
TFS	3	-6	8	-17	19	-6	4	-9	7	-21	19	-8
Total	**302**	**120**	**1,016**	**903**	**947**	**834**	**173**	**1**	**640**	**538**	**-570**	**-671**
Change	**n/a**		**13%**				**n/a**		**19%**			

	Cash flow from operations 2)					Interest-bearing net debt			Ratos's holding (%)
MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018	2019-09-30	2018-09-30	2018-12-31	2019-09-30
Aibel	184	2	259	-119	-31	766	962	861	32
airteam	18	15	27	14	49	171	92	58	70
Bisnode	55	35	245	188	265	888	1,031	963	70
Diab	32	-9	68	-61	-65	670	854	855	96
HENT	-110	-104	-163	-8	78	-370	-470	-519	73
HL Display	48	30	115	20	95	396	512	441	99
Kvdbil	4	9	25	9	16	31	48	37	100
LEDiL	19	18	48	51	63	176	208	199	66
Oase Outdoors	83	60	63	67	4	178	151	214	78
Plantasjen	-427	-514	473	-68	-76	2,324	2,429	2,418	99
Speed Group	-0	-0	31	-40	-36	54	69	49	70
TFS	30	12	12	-12	-20	87	66	72	100
Total	**-65**	**-446**	**1,203**	**41**	**341**	**5,370**	**5,952**	**5,647**	
Change	**n/a**		**n/a**			**-10%**			

1) Aibel has been restated for 2018, since a reclassification was made from Assets held for sale to Investments recognised according to the equity method, which means that the result has changed (SEK 24m full-year 2018). For 2018, TFS includes a holding of 100%, which reflects the current holding. In addition, the change in the contingent consideration was moved from net financial items and instead impacts EBITA (SEK 8m full-year 2018). These changes mean that EBITA now amounts to SEK 834m for the full year, instead of SEK 804m as published in the 2018 Year-end Report.
2) 2019 includes IFRS 16, which means that cash flow from operations is not fully comparable with 2018.

Financial information

Ratos's results July–September

Operating profit for the quarter amounted to SEK 832m (184). Most of the companies reported better earnings compared with the year-earlier period, and Diab is the company that improved the most. Operating profit includes a capital gain at the central level of SEK 487m from the sale of Ratos's Lejonet 4 property. The year-earlier period included a capital gain of SEK 36m from the sale of Gudrun Sjödén Group.

Profits from the companies of SEK 372m (162) is included in the operating profit.

Ratos's operating management costs amounted to SEK -30m (-16). The increase in costs is mainly explained by the fact that the comparative period included a breakdown of variable remuneration provisions.

Profit before tax for the quarter amounted to SEK 676m (78). This includes profit/a share of profits from the companies of SEK 216m (72).

Refer to Note 5 on page 26 for more details.

The transition to IFRS 16 *Leases* affected Ratos's operating profit and profit before tax. It had a positive impact of SEK 22m on operating profit. Operating profit amounted to SEK 832m including IFRS 16 and SEK 810m, respectively excluding IFRS 16. Profit before tax declined by SEK 28m. Earnings amounted to SEK 676m including IFRS 16 and SEK 705m excluding IFRS 16.

Ratos's results January–September

Operating profit for the first nine months of the year amounted to SEK 1,534m (982). Operating profit for the year includes positive effects of IFRS 16 of SEK 76m, a capital gain from Ratos's sale of the Lejonet 4 property of SEK 487m and the repayment of promissory notes following the sale of the subsidiary Euromaint of SEK 31m. The results for the year-earlier period include capital gains attributable to HENT's sale of its residential development operations as well as Ratos's sale of Jøtul and Gudrun Sjödén Group.

The operating profit includes profit/a share of profits from the companies of SEK 1,133m (1,020).

Ratos's operating management costs amounted to SEK -121m (-99). The underlying management costs continued to decrease, although both periods were burdened by comparative items.

Profit before tax for the first nine months of the year amounted to SEK 1,097m (658). This includes profit/a share of profits from the companies of SEK 673m (725).

Refer to Note 5 on page 26 for more details.

The implementation of IFRS 16 *Leases* resulted in an improvement to operating profit of nearly SEK 76m. Excluding IFRS 16, operating profit amounted to SEK 1,458m. Profit before tax declined by SEK 78m. Excluding IFRS 16, profit before tax for the period amounted to SEK 1,174m.

Cash flow, January-September

Cash flow for the first nine months was SEK -338m (-920), of which cash flow from operating activities accounted for SEK 1,232m (300).

Cash flow from investing activities amounted to SEK 120m (-98) and cash flow from financing activities to SEK -1,689m (-1,122).

The improvement to cash flow for the period is primarily attributable to operating activities, which have improved in terms of both profitability and operating capital compared with the year-earlier period. The sale of Ratos's property has been excluded from cash flow from operating activities and is included in cash flow from investing activities in an amount of SEK 550m.

The introduction of IFRS 16 *Leases* resulted in an improvement in cash flow from operating activities, since the cash flow from leases, corresponding to approximately SEK 200m in the quarter and approximately SEK 600m for the first nine months, has been moved from operating activities to financing activities. IFRS 16 had no effect on total cash flow for the period.

Financial position and leverage

On 11 July 2019, Ratos AB sold its property, Stockholm Lejonet 4, to the National Property Board of Sweden after the Swedish government authorised the National Property Board to carry out the acquisition. The National Property Board acquired the property in July 2019 and the transaction is thus settled between the parties. Sales proceeds amounted to SEK 550m and the capital gain was SEK 487m.

The Group's cash and cash equivalents at the end of the period amounted to SEK 3,159m (3,404 per 31 December 2018) and interest-bearing net debt totalled SEK 7,819m (3,549 per 31 December 2018). The total translation effect of currency for interest-bearing liabilities amounted to approximately SEK 260m, of which approximately SEK 200m related to liabilities to credit institutions. Taking IFRS 16 *Leases* into account, interest-bearing net debt in the Group increased. Interest-bearing net debt, excluding IFRS 16, amounted to SEK 3,645m.

Ratos's equity

At 30 September 2019, Ratos's equity (attributable to owners of the parent) amounted to SEK 9,645m (9,654), corresponding to SEK 30 per share outstanding (30).

Parent company

Operating profit for the period amounted to SEK 375m (-92). Profit for the year included the capital gain of SEK 495m from the sale of the Lejonet 4 property. The capital gain is differentiated from the profit reported in the Group due to the application of different accounting principles. The parent company's profit before tax amounted to SEK 557m (548), of which SEK 175m (114) pertains to dividends from Group companies. Cash and cash equivalents in the parent company amounted to SEK 1,565m (1,734 per 31 December 2018).

Important events after the end of the period

Plantasjen divested the subsidiary Spira (previously SABA Blommar AB). The capital loss on the sale is estimated to amount to approximately SEK -30m, which will affect Ratos's earnings in the fourth quarter of 2019.

Ratos's Class B share

Earnings per share before and after dilution amounted to SEK 2.64 (1.06), for the period. At 30 September 2019, the closing price for Ratos's Class B shares was SEK 25.04. The total return on Class B shares in the first nine months amounted to 9.5%, compared with the performance for the SIX Return Index, which was 23%.

Incentive programmes

During the period, the parent company issued warrants and a convertible debt instrument in accordance with the decision of the Annual General Meeting (AGM) on 8 May 2019. In total, 518,700 warrants and 751,300 convertibles were issued.

Treasury shares and number of shares

No Class B shares were repurchased. At 30 September, 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. At 30 September 2019, 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.

Credit facilities and new issue mandate

The parent company has a credit facility of SEK 1 billion including a bank overdraft facility. The purpose of the facility is to be able use it as needed for bridge financing. 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 2019 AGM to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions.

Impact of IFRS 16 Leases

The implementation of the new lease standard, IFRS 16 *Leases*, had a material impact on several financial key figures for the Ratos group. No comparative figures for 2018 have been recalculated. The report contains certain key figures where the figures for 2019 are presented excluding the effect of IFRS 16 in order to facilitate a better year-on-year comparison. For further details, refer to Note 1 Accounting principles and Note 10 Effect of IFRS 16.

Other

In accordance with a policy for the appointment of a Nomination Committee adopted by Ratos's AGM in 2016, the company's major shareholders/owners appointed, from among their number, a Nomination Committee with the Chairman of the Board Per-Olof Söderberg as convener. Jenny Parnesten (Ragnar Söderberg Foundation and related parties' holdings) was appointed Chairman. Other members are: Jan Söderberg (own and related parties' holdings), Maria Söderberg (Torsten Söderberg Foundation and own holdings), Erik Brändström (Spiltan Fonder AB), Håkan Roos (Roosgruppen AB and own holdings) and Per-Olof Söderberg (Chairman of Ratos's Board). Ratos's AGM will be held on 1 April 2020 at Skandiascenen, Cirkus, in Stockholm, Sweden.

Key figures for Ratos's share

MSEK	Q1-3 2019	Q1-3 2018	Full Year 2018
Key figures per share [1]			
Total return, %	10	-3	-30
Dividend yield, %			2.1
Market price, SEK	25.04	32.40	23.28
Dividend, SEK			0.50
Equity attributable to owners of the parent, SEK [2]	30.23	30.00	27.27
Basic earnings per share, SEK [3]	2.64	1.06	-1.40
Diluted earnings per share, SEK [3]	2.64	1.06	-1.40
Average number of ordinary shares outstanding:			
– before dilution	319,014,634	319,014,634	319,014,634
– after dilution	319,332,279	319,318,296	319,424,669
Total number of registered shares	324,140,896	324,140,896	324,140,896
Number of shares outstanding	319,014,634	319,014,634	319,014,634
– 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

[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.

[3] For definition see page 29.

Financial statements

Consolidated income statement

MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018
Net sales	5,996	5,425	18,855	17,206	23,125
Other operating income [3)]	516	17	564	75	126
Cost of goods and services sold	-3,446	-3,064	-10,743	-9,471	-13,085
Work performed by the company for its own use and capitalised	29	31	94	93	128
Employee benefit costs	-1,493	-1,478	-4,719	-4,566	-6,107
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets and right of use assets	-305	-133	-894	-383	-1,167
Other external costs	-527	-697	-1,765	-2,218	-3,010
Capital gain/loss from group companies		1	31	116	104
Impairment and capital gain from investments recognised according to the equity method		36		44	44
Share of profit/loss from investments recognised according to the equity method [1)]	63	46	111	85	133
Operating profit [2)]	**832**	**184**	**1,534**	**982**	**293**
Financial income	8	6	37	26	50
Financial expenses	-164	-112	-473	-350	-450
Net financial items [2)]	**-156**	**-106**	**-437**	**-324**	**-400**
Profit/loss before tax	**676**	**78**	**1,097**	**658**	**-107**
Tax [1)]	-66	-23	-154	-151	-155
Profit/loss for the period	**610**	**55**	**943**	**507**	**-262**
Profit/loss for the period attributable to:					
Owners of the parent	543	0	841	339	-448
Non-controlling interests	67	54	102	168	186
Basic earnings per share, SEK	1.70	0,00	2.64	1.06	-1.40
Diluted earnings per share, SEK	1.70	0,00	2.64	1.06	-1.40

[1)] Tax regarding profit/loss from investments recognized according to the equity method for the year 2018 has been moved from the row Tax to the row Share of profit/loss from investments recognised according to the equity method (SEK -38m for full year 2018 and SEK -20m for Q1-3 2018). The profit for the period is unchanged.

[2)] Change in contingent consideration was reclassified from net financial item to Operating profit, net impact on profit/loss before tax is unchanged. Effect on Q4 2018 is SEK 11m.

[3)] In Other operating income for this year, profit from sales of property Lejonet 4 is included with 487 MSEK.

Consolidated statement of comprehensive income

MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018
Profit/loss for the period	**610**	**55**	**943**	**507**	**-262**
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension obligations, net					-15
Tax attributable to items that will not be reclassified to profit or loss					1
	0	0	0	0	-14
Items that may be reclassified subsequently to profit or loss:					
Translation differences for the period	1	-88	323	425	209
Change in hedging reserve for the period	18	5	11	2	-10
Tax attributable to items that may be reclassified subsequently to profit or loss	1	-1	2	-1	2
	20	**-83**	**336**	**426**	**201**
Other comprehensive income for the period	**20**	**-83**	**336**	**426**	**187**
Total comprehensive income for the period	**631**	**-28**	**1,278**	**933**	**-75**
Total comprehensive income for the period attributable to:					
Owners of the parent	557	-69	1,121	674	-307
Non-controlling interest	73	40	157	259	232

Summary consolidated statement of financial position

MSEK	2019-09-30	2018-09-30	2018-12-31
ASSETS			
Non-current assets			
Goodwill	11,794	12,074	11,274
Other intangible non-current assets	1,878	1,787	1,761
Property, plant, equipment and right-of-use assets [1)]	5,524	1,681	1,586
Financial assets	1,217	1,286	1,213
Deferred tax assets	518	494	486
Total non-current assets	**20,932**	**17,321**	**16,320**
Current assets			
Inventories	1,032	1,121	1,060
Current receivables	4,832	3,812	4,020
Cash and cash equivalents	3,159	3,072	3,404
Total current assets	**9,023**	**8,005**	**8,483**
Total assets	**29,955**	**25,326**	**24,803**
EQUITY AND LIABILITIES			
Equity including non-controlling interests	**11,578**	**11,569**	**10,630**
Non-current liabilities			
Interest-bearing liabilities [1)]	7,144	5,461	4,938
Non-interest bearing liabilities	283	572	456
Pension provisions	555	516	524
Other provisions	21	22	21
Deferred tax liabilities	497	598	429
Total non-current liabilities	**8,500**	**7,169**	**6,368**
Current liabilities			
Interest-bearing liabilities [1)]	3,328	962	1,591
Non-interest bearing liabilities	6,064	4,903	5,509
Provisions	484	722	705
Total current liabilities	**9,877**	**6,588**	**7,805**
Total equity and liabilities	**29,955**	**25,326**	**24,803**

[1)] Refer to Note 1 for the description of IFRS 16 Leasing and the effect on the consolidated statement of financial position.

Summary statement of changes in consolidated equity

	2019-09-30			2018-09-30			2018-12-31		
MSEK	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	**8,701**	**1,929**	**10,630**	**9,660**	**1,886**	**11,546**	**9,660**	**1,886**	**11,546**
Adjustment [1]	-16	-2	-18				-29	-17	-46
Adjusted equity	**8,685**	**1,927**	**10,612**	**9,660**	**1,886**	**11,546**	**9,631**	**1,869**	**11,500**
Total comprehensive income for the period	1,121	157	1,278	674	259	933	-307	232	-75
Dividends	-160	-75	-235	-638	-42	-680	-638	-42	-680
Non-controlling interests' share of capital contribution and new issue		15	15		9	9		9	9
The value of the conversion option of the convertible debentures	2		2	2		2	2		2
Option premiums	2		2	2		2	1		1
Put options, future acquisitions from non-controlling interests	-35	66	31	-49	-181	-230	8	-114	-106
Acquisition of shares in subsidiaries from non-controlling interests	30	-158	-127	2	-15	-12	3	-15	-12
Disposal of shares in subsidiaries to non-controlling interests	-0	1	1	1	4	5	1	5	6
Non-controlling interests at acquisition					0	0		0	0
Non-controlling interests in disposals					-6	-6		-15	-15
Closing equity	**9,645**	**1,933**	**11,578**	**9,654**	**1,914**	**11,569**	**8,701**	**1,929**	**10,630**

[1] Adjustment of opening balance 2018 is related to the change in valuation of associate companies in Aibel that has been reclassified from Assets held for sale to Investments recognised according to the equity method. 2019 relates to the change of accounting principles regarding IFRS 16 Leases.

Consolidated statement of cash flows

MSEK	Q1-3 2019	Q1-3 2018	Full Year 2018
Operating activities			
Operating profit	1,534	982	293
Adjustment for non-cash items [1)]	242	206	1,069
	1,776	1,188	1,362
Income tax paid	-145	-142	-147
Cash flow from operating activities before change in working capital	**1,631**	**1,046**	**1,215**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	45	-101	-73
Increase (-)/Decrease (+) in operating receivables	-605	-397	-730
Increase (+)/Decrease (-) in operating liabilities	161	-249	321
Cash flow from operating activities	**1,232**	**300**	**732**
Investing activities			
Acquisition, group companies	-93	-74	-82
Disposal, group companies	78	95	92
Acquisitions, investments recognised according to the equity method		-0	-0
Disposals, investments recognised according to the equity method		233	233
Purchase and disposal, intangible assets/property, plant and equipment [1)]	124	-362	-510
Investments and disposal, financial assets	-1	1	1
Received interest	11	10	10
Cash flow from investing activities	**120**	**-98**	**-256**
Financing activities			
Non-controlling interests' share of issue/capital contribution	15	9	9
Option premiums paid	6	3	7
Repurchase/final settlements options	-25	-8	-10
Acquisition and disposal of shares in subsidiaries from non-controlling interests	-125	-11	-11
Dividends paid	-160	-638	-638
Dividends paid, non-controlling interests	-0	-42	-55
Borrowings	1,002	2,059	2,542
Amortisation of loans	-1,549	-2,246	-2,475
Paid interest	-358	-228	-301
Amortisation of financial lease liabilitities	-495	-21	-31
Cash flow from financing activities	**-1,689**	**-1,122**	**-962**
Cash flow for the period	**-338**	**-920**	**-485**
Cash and cash equivalents at the beginning of the year	3,404	3,881	3,881
Exchange differences in cash and cash equivalents	93	110	7
Cash and cash equivalents at the end of the period	3,159	3,072	3,404

1) 2019 includes a capital gain of SEK 487m from the sale of Ratos's property, which was transferred to investing activities.

Parent company income statement

MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018
Other operating income [1)]	496	1	502	15	22
Administrative expenses	-30	-16	-125	-104	-132
Depreciation of property, plant and equipment	-0	-1	-2	-3	-4
Operating profit/loss	**466**	**-15**	**375**	**-92**	**-114**
Gain from sale of participating interests in group companies				576	614
Dividends from group companies			175	114	114
Impairment of shares in group companies				-26	-836
Result from other securities and receivables accounted for as non-current assets			1	2	2
Other interest income and similar profit/loss items	1	3	10	11	12
Interest expenses and similar profit/loss items	-1	-19	-4	-37	-29
Profit/loss after financial items	**466**	**-32**	**557**	**548**	**-239**
Tax	0	0	0	0	0
Profit/loss for the period	**466**	**-32**	**557**	**548**	**-239**

1) In Other operating income for this year, profit from sales of property Lejonet 4 is included with SEK 495m.

Parent company statement of comprehensive income

MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018
Profit/loss for the period	**466**	**-32**	**557**	**548**	**-239**
Other comprehensive income					
Change in fair value reserve for the period				-7	-7
Other comprehensive income for the period	**0**	**0**	**0**	-7	-7
Total comprehensive income for the period	**466**	**-32**	**557**	**541**	**-245**

Summary parent company balance sheet

MSEK	2019-09-30	2018-09-30	2018-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	2	59	59
Financial assets	7,613	7,772	6,931
Receivables from group companies	5	2	5
Total non-current assets	7,620	7,834	6,995
Current assets			
Current receivables	31	25	21
Receivables from group companies	178	3	5
Cash and cash equivalents	1,565	1,724	1,734
Total current assets	1,774	1,751	1,760
Total assets	9,394	9,585	8,755
EQUITY AND LIABILITIES			
Equity	8,286	8,671	7,885
Non-current liablities			
Interest-bearing liabilities, group companies	450	575	572
Non-interest bearing liabilities	13	8	6
Interest-bearing liabilities	40	57	48
Convertible debentures	35	16	16
Total non-current liabilities	537	656	643
Current provisions	270	168	140
Current liabilities			
Interest-bearing liabilities	0	2	0
Non-interest bearing liabilities, group companies	240	33	33
Non-interest bearing liabilities	60	53	53
Total current liabilities	300	88	87
Total equity and liabilities	9,394	9,585	8,755

Summary statement of changes in parent company's equity

MSEK	2019-09-30	2018-09-30	2018-12-31
Opening equity	7,885	8,765	8,765
Comprehensive income for the period	557	541	-245
Dividends	-160	-638	-638
The value of the conversion option of the convertible debentures	2	2	2
Option premiums	2	2	2
Closing equity	8,286	8,671	7,885

Note 1 Accounting principles

Ratos's consolidated financial statements are prepared in accordance with 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. As of 2019, Ratos applies IFRS 16 *Leases.* In all other respects, the reporting and measurement principles are unchanged compared with those applied in Ratos's 2018 Annual Report.

Changed accounting principles due to new IFRS 16 *Leases*

IFRS 16 *Leases* has replaced IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease* and related rules as of 2019. Under the new standard, the lessee is required to recognise all contracts that meet the definition of a lease as a right-of-use asset and financial liability in the statement of financial position. The standard entails no difference for the lessee between operating and finance leases. Leases that previously comprised operating leases will now be recognised in the balance sheet, which entails that expenses previously reported as operating expenses corresponding to the lease payments for the period have now been replaced by depreciation and interest expense in profit or loss. Payments for short-term leases and low-value leases will be expensed on a straight-line basis in profit or loss. Short-term leases are leases with a term of 12 months or less. For the Ratos Group's financial statements, this has entailed improved operating profit before depreciation, higher depreciation and amortisation, weaker net financial items and increased total assets. Cash flow from leases has been moved from operating activities to financing activities (amortisation and interest paid). With the application of IFRS 16, the total lease cost is normally higher in the first few years of a lease, and then later diminishes over time. This is because the interest expense decreases over time as the lease liability is amortised.

Ratos has chosen to apply the modified retrospective approach during the transition to IFRS 16 using the practical expedients contained in the standard. This means the accumulated effect of the application of IFRS 16 will be recognised in retained earnings in the opening balance as of 1 January 2019 without restating comparative figures. The comparative figures for 2018 in this interim report are thus based on earlier policies and are only restated for figures where specified. Leases that are of a low value as well as leases with a term of 12 months or less, referred to as short-term leases, or that end within 12 months from the transition date, will not be included in the lease liability but rather will continue to be expensed on a straight-line basis during the lease term. The Group has chosen to measure the opening lease liability and opening right-of-use asset for most of its leases at the same amount as of 1 January 2019, with the right-of-use asset adjusted for prepaid lease payments recognised in the balance sheet as of 31 December 2018. For leases classified as finance leases in accordance with IAS 17, the carrying amount for the right-of-use asset and lease liability according to IFRS 16 will, as of 1 January 2019, correspond to the carrying amount of the lease asset and lease liability in accordance with IAS 17 immediately prior to the transition to IFRS 16. For loss-making agreements, the Group has chosen to reduce the value of the right-of-use asset by the amount recognised as provisions as of 31 December 2018. The effect on equity is therefore limited. When determining the value of the right-of-use assets and financial lease liability, the most critical assessments are the following:

- Lease payments have been discounted by the incremental borrowing rate. The change in Plantasjen's interest-bearing liability accounts for 70% of the Group's change. Plantasjen has used an incremental borrowing rate of 4.1%–6.7%.
- Options to extend and terminate contracts have been taken into account for the leases when it is considered reasonably certain that these will be exercised.
- Historical information has been used when assessing the term of a lease in cases when an option exists to extend or terminate a contract.

The transition effect for the Ratos Group concerning IFRS 16

MSEK	2018-12-31	Effect of change in accounting principle	2019-01-01
ASSETS			
Right-of-use assets	496	4,021	4,517
Deferred tax asset	0	4	4
Current receivables	0	-13	-13
Total Assets	496	4,012	4,508
EQUITY AND LIABILITIES			
Equity	-187	-17	-205
Financial leasing liabilitiy (interest-bearing)	683	4,181	4,864
Provisions	0	-151	-151
Total Equity and Liabilities	496	4,012	4,508

See also Note 10 for further details about how the result for the period and interest-bearing net debt have been affected by IFRS 16. Approximately SEK 600m of the opening lease liability is short-term.

Note 2 Risks and uncertainties

Ratos is an investment company whose business comprises the acquisition and development of preferably unlisted Nordic enterprises.

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 company executives 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 liquidity risk, interest rate risk, credit risk and currency risk.

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 25 and 31 in the 2018 Annual Report.

Note 3 Alternative performance measures

Reconciliations between alternative performance measures (APM) and IFRS

Due to the nature of Ratos's operations – acquisition and development of companies – differences may arise in the structure of the Group between periods. Accordingly, consolidated sales, earnings, cash flow and financial position may vary significantly from period to period as a result of differences in the composition of the companies. 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 companies, Ratos presents certain financial information that is not defined in accordance with IFRS – APM, i.e. alternative performance measures. The tables displayed with a tinted background are APM.

This information is intended to give the reader a better opportunity to evaluate Ratos's investments and should be regarded as a complement to financial information for the Group.

The following reconciliations and accounts pertain to components included in the alternative performance measures used in this report. Definitions are available at www.ratos.se and on page 29. See Note 10 for a summary of IFRS 16's effect on EBITDA, EBITA, profit/loss before tax and interest-bearing net debt for the period adjusted for holdings and pertaining to the current company portfolio.

Net sales

MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018
Net sales in the portfolio, Ratos's holding	**5,943**	**5,071**	**18,245**	**16,096**	**21,522**
Net sales in subsidiaries, holding not owned by Ratos	1,137	1,018	3,386	3,067	4,229
Subsidiaries divested during current year				70	70
Investments recognised according to the equity method	-1,069	-664	-2,761	-2,028	-2,695
Eliminations	-15		-15		
Consolidated net sales, IFRS	**5,996**	**5,425**	**18,855**	**17,206**	**23,125**

EBITDA and EBITA

MSEK	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Full Year 2018
EBITDA in the portfolio, excluding IFRS 16, Ratos's holding [1)]	**402**	**231**	**1,312**	**1,211**	**1,299**
Depreciation and impairment, excluding IFRS 16	-100	-111	-296	-308	-466
EBITA in the portfolio, excluding IFRS 16, Ratos's holding [1)]	**302**	**120**	**1,016**	**903**	**834**
Change in holding		2	0	5	2
EBITA from subsidaries divested during the year		4		10	10
Earnings in the company portfolio	**302**	**127**	**1,016**	**918**	**846**
IFRS 16 effect on EBITA, Ratos's holding	29		92		
EBITA in subsidiaries, holding not owned by Ratos	70	60	137	207	242
Exit gain from portfolio companies		36	31	62	62
Investments recognised according to the equity method	-17	-10	-75	-60	-86
Income and expenses in the parent company and central companies	460	-17	370	-101	-114
Consolidated EBITA, IFRS	**844**	**195**	**1,571**	**1,026**	**951**

1) Excluding IFRS 16 means that leases are reported according to the IFRS standards applicable up to and including 2018.

Cash flow from operations

MSEK	Q1-3 2019	Q1-3 2018	Full Year 2018
Cash flow from operations in portfolio, Ratos's holding	**1,203**	**41**	**341**
Cash flow from operations, holding not owned by Ratos	120	109	181
Cash flow from operations, holdings divested during current year		-26	-22
Investments recognised according to the equity method	-259	119	31
Acquisitions and disposals, intangible assets/property, plant and equipment [1]	426	362	510
Income tax paid	-145	-142	-147
Attributable to the parent company and central companies	-116	-17	-45
Eliminations	3	-147	-116
Cash flow from operating activities, IFRS	**1,232**	**300**	**732**

[1] Cash flow from sale of the Lejonet 4 property, a total of SEK 550m, not included in this item.

Interest-bearing net debt

MSEK	2019-09-30	2018-09-30	2018-12-31
Total interest-bearing net debt in the portfolio, Ratos's holding excluding IFRS 16 [1]	**5,370**	**5,952**	**5,647**
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	531	547	487
Investments recognised according to the equity method	-766	-962	-861
Attributable to the parent company and central companies	-1,490	-1,767	-1,725
Consolidated interest-bearing net debt, IFRS, excluding IFRS 16 [1]	**3,645**	**3,770**	**3,549**
Increase in liability due to implementation of IFRS 16	4,174		
Consolidated interest-bearing net debt, IFRS	**7,819**	**3,770**	**3,549**

Consolidated Interest-bearing net debt, MSEK	2019-09-30	2018-09-30	2018-12-31
Non-current interest-bearing liabilities	7,144	5,461	4,938
Current interest-bearing liabilities	3,328	962	1,591
Provisions for pensions	555	516	524
Interest-bearing assets	-50	-97	-100
Cash and cash equivalents	-3,159	-3,072	-3,404
Consolidated interest-bearing net debt, IFRS	**7,819**	**3,770**	**3,549**

[1] Excluding IFRS 16 means that leases are reported according to the IFRS standards applicable up to and including 2018.

Note 4 Acquired businesses

Acquisition of shares from non-controlling interests

Ratos acquired, January 11, the remaining shares (40%) in the subsidiary Trial Form Support International AB (TFS) from partner and founder Daniel Spasic for an equity value of EUR 11m. After the acquisition, Ratos's ownership share totals 100%.

Acquisitions within subsidiaries

airteam has acquired, February 14, Creovent AB and Thorszelius Ventilation & Service AB, leading installers of climate and ventilation solutions in the Stockholm and Uppsala regions. Net sales for 2018 amounted to SEK 277m. In addition to the transactions reported above, a minor acquisition of operations took place at one of the subsidiaries during the period.

Note 5 Operating segments

	Net sales					EBITA and operating profit [1] [2]				
	Q3	Q3	Q1-3	Q1-3	Full Year	Q3	Q3	Q1-3	Q1-3	Full Year
MSEK	2019	2018	2019	2018	2018	2019	2018	2019	2018	2018
Aibel						61	41	113	74	121
airteam	276	216	777	637	918	27	25	50	54	89
HENT	2,363	2,007	6,887	5,966	8,394	52	51	-7	265	162
Speed Group	171	197	515	542	738	14	6	-6	7	-8
Total Construction & Services	2,810	2,420	8,179	7,144	10,050	154	124	150	400	364
Bisnode	905	883	2,769	2,705	3,690	114	103	282	277	464
Kvdbil	90	88	275	243	332	10	8	19	3	8
Oase Outdoors	89	83	414	409	421	-9	-5	36	58	36
Plantasjen	932	893	3,655	3,440	4,233	-35	-45	272	242	77
Total Consumer & Technology	2,016	1,947	7,113	6,796	8,676	80	61	609	580	585
Diab	458	361	1,385	1,086	1,496	56	-60	150	-74	-155
HL Display	391	374	1,189	1,157	1,554	39	21	107	74	96
LEDiL	120	120	330	342	439	28	33	69	92	109
TFS	216	204	674	612	841	4	-6	9	-17	-6
Total Industry	1,185	1,058	3,578	3,196	4,330	127	-13	335	75	43
Total companies in portfolio all reported periods	6,011	5,425	18,870	17,136	23,056	362	172	1,093	1,055	993
Gudrun Sjödén Group							4		10	10
Jøtul				70	70				0	0
Total companies divested during reported periods				70	70		4		10	10
Elimination of sales internal	-15		-15							
Total Net Sales and EBITA, companies in portfolio	5,996	5,425	18,855	17,206	23,125	362	176	1,093	1,065	1,003
Emaint/Euromaint								31		
Gudrun Sjödén Group							36		36	36
Jøtul									26	26
Total exit gains							36	31	62	62
IFRS 16 effect						22		76		
Total EBITA, Group companies						384	213	1,201	1,127	1,065
Income and expenses in the parent company and central companies						460	-17	370	-101	-114
Consolidated EBITA						844	195	1,571	1,026	951
Amortisation and impairment of intangible assets in connection with company acquisitions						-12	-12	-37	-45	-659
Consolidated operating profit						832	184	1,534	982	293

[1] Subsidiaries are included with 100% in consolidated profit/loss. Investments recognised according to the equity method are included with holding percentage of profit/loss including tax for the period. For 2018, tax regarding to subsidiaries reported according to the equity method, has been moved from taxes to operating profit/loss. Change in contingent consideration was moved from financial items and instead impacts EBITA and operating profit/loss, net is profit/loss before taxing unchanged. Q4 2018 is affected.

[2] EBITA for portfolio companies are reported excluding IFRS 16 effect for 2019.

	Q3	Q3	Q1-3	Q1-3	Full Year
MSEK	2019	2018	2019	2018	2018
Break down of net sales					
Sales of goods	2,055	1,914	7,166	6,735	8,434
Service contracts	1,252	1,214	3,838	3,670	5,113
Construction contracts	2,624	2,223	7,649	6,602	9,312
Reimbursable expenditures	64	74	202	199	267
	5,996	5,425	18,855	17,206	23,125

MSEK	Consolidated value [1] 2019-09-30	2018-09-30	2018-12-31
Aibel	708	773	725
airteam	495	427	443
Bisnode	2,146	2,086	2,156
Diab	763	527	454
HENT	433	498	413
HL Display	698	618	621
Kvdbil	495	477	481
LEDiL	551	488	495
Oase Outdoors	207	204	188
Plantasjen	879	1,448	575
Speed Group	259	292	278
TFS	422	218	246
Total	**8,056**	**8,056**	**7,074**
Other net assets in the parent company and central companies [2]	1,589	1,598	1,627
Equity (attributable to owners of the parent)	**9,645**	**9,654**	**8,701**

Of the increase in consolidated value compared with 31 December 2018, approximately SEK 175m consists of currency effects.

1) The companies are shown at their consolidated value, 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 account for SEK 1,565m (1,734 per 31 December 2018)

Note 6 Financial instruments

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

In the statement of financial position at 30 September 2019, the total value of financial instruments measured at fair value in accordance with level three was SEK 493m (475 per 31 December 2018). This change was attributable to the remeasurement of synthetic options, the revaluation of put options and additional contingent considerations.

In the statement of financial position at 30 September 2019, the net value of derivatives amounted to SEK 6m (12), of which SEK 6m (17) was recognised as an asset and SEK 0m (5) as a liability.

A discussion is ongoing with lenders to Plantasjen and for contractual reasons, the bank debt is thus is reported as current as of 30 September 2019.

Note 7 Goodwill

Goodwill changed during the period as shown below.

MSEK	Accumulated cost	Accumulated impairment	Total
Opening balance 1 January 2019	12,987	-1,713	11,274
Business combinations	176		176
Translation differences for the year	377	-33	344
Closing balance 30 September 2019	**13,541**	**-1,746**	**11,794**

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, refer to Note 29 in the 2018 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 307m (285). In addition, the parent company guarantees that Medcro Intressenter AB and Outdoor Intressenter AB will fulfil their obligations in connection with the acquisition of TFS and Oase Outdoors, respectively. The parent company also guarantees that Sophion Holding AB and EMaint AB will fulfil their obligations in connection with the divestment of Sophion Bioscience and Euromaint, 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.

MSEK	Financial income	Other income	Capital contribution	Dividend
2019 Q1-3	0		427	175
2018 Q1-3	2		100	114
2018 Full Year	4	5	120	114

MSEK	Receivable	Provision	Liability	Contingent liability
2019-09-30	183	270	689	307
2018-09-30	5	162	609	285
2018-12-31	10	135	606	603

Earlier in the year, Ratos provided a contribution of SEK 207m to Plantasjen and SEK 220m to Diab.

Note 9 Exchange rates

Exchange rates, average

SEK	Q1-3 2019	Q1-3 2018	Full Year 2018
Danish crowns, DKK	1.415	1.374	1.376
Euro, EUR	10.566	10.235	10.257
Norwegian crowns, NOK	1.081	1.067	1.069

Exchange rates, closing

SEK	2019-09-30	2018-09-30	2018-12-31
Danish crowns, DKK	1.437	1.380	1.376
Euro, EUR	10.729	10.295	10.275
Norwegian crowns, NOK	1.080	1.086	1.024

Note 10 Effect of IFRS 16

Summary of the effect of IFRS 16 *Leases* on the current company portfolio adjusted for holdings, referring to 2019.

	EBITDA	
	Including IFRS 16	Excluding IFRS 16
Q1	340	138
Q2	975	771
Q3	606	402

	EBITA	
	Including IFRS 16	Excluding IFRS 16
Q1	75	44
Q2	702	670
Q3	331	302

	EBT	
	Including IFRS 16	Excluding IFRS 16
Q1	-98	-73
Q2	518	540
Q3	148	173

	Interest-bearing net debt	
	Including IFRS 16	Excluding IFRS 16
2019-03-31	10,185	5,884
2019-06-30	9,181	4,951
2019-09-30	9,591	5,370

Definitions

EBITA
Operating profit before impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions and similar transactions. (Earnings Before Interest, Tax and Amortisation).

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
EBITA with depreciation, amortisation and impairment reversed. (Earnings Before Interest, Tax, Depreciation and Amortisation).

EBITDA margin
EBITDA expressed as a percentage of net sales.

Equity per share
Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period.

Consolidated value
The Group's share of the company's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Organic growth
Net sales growth in comparable units, including currency fluctuations. The effects of acquisitions and divestments are excluded.

Last 12-month period
The most recent 12 months.

Portfolio performance measures
The following performance measures are presented for Ratos's company portfolio – both for the companies in their entirety (100% of the holdings in the companies) regardless of Ratos's holding and adjusted for the size of Ratos's holding in each company.

- *Net sales in the portfolio* – Net sales for the entire current period and comparative periods in the companies included in the portfolio at the end of the reporting period.
- *EBITDA in the portfolio* – Operating profit before depreciation and amortisation, in the companies included in the portfolio at the end of the reporting period.
- *EBITA in the portfolio* – Operating profit for the entire current period and comparative periods in the companies included in the portfolio at the end of the reporting period before impairment of goodwill as well as amortisation and impairment of other intangible assets arising in conjunction with company acquisitions and equivalent transactions.
- *Earnings in the company portfolio* – Reported EBITA excluding IFRS 16, for relevant company portfolio and period.
- *Profit/loss before tax in the portfolio* – Profit or loss before tax in the companies included in the portfolio at the end of the reporting period.
- *Cash flow from operations* – Cash flow from operating activities, excluding paid tax, but including investments and divestments of intangible assets and property, plant and equipment, respectively.

Basic earnings per share
Profit for the period attributable to owners of the parent company divided by the average number of outstanding ordinary shares.

Diluted earnings per share
The calculation of diluted earnings per share is based on consolidated profit for the year attributable to the owners of the parent company and on the weighted average number of shares outstanding during the year.

When calculating diluted earnings per share, earnings and the average number of shares are adjusted to take into account the effects of potential ordinary shares, which, for the reported periods, pertain to convertible debt instruments and warrants issued to employees. Dilution resulting from convertible debt instruments is calculated by increasing the number of shares by the total number of shares to which the convertibles correspond and increasing earnings by the recognised interest expense after tax. Potential ordinary shares are considered to have a dilutive effect only during periods when they result in lower earnings or a higher loss per share.

Interest-bearing net debt
Interest-bearing liabilities and pension provisions minus fixed-income assets and cash and cash equivalents.

Telephone conference	
5 November, 10:00 a.m.	SWE: +46 8 566 426 95 UK: +44 33 3300 9260 US: +1 833 526 8396

Financial calendar	
2019	
Capital Markets Day	13 November
Year-end report 2019	6 February 2020

Stockholm, 5 November 2019
Ratos AB (publ)

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

This information is information that Ratos AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:00 a.m. CET on 5 November 2019.

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Ratos owns and develops unlisted medium-sized companies based in the Nordic countries. Our goal as an active owner is to contribute to long-term and sustainable development in the companies we invest in. Ratos is a listed company that invests capital from its balance sheet and therefore has a flexible ownership horizon. Ratos's 12 companies are divided into three business areas: Construction & Services, Consumer & Technology and Industry. In total, the companies have approximately 12,300 employees.