

Interim report January–June 2020



RATOS

Earnings trend remains strong and favourable growth in the second quarter

- Net sales for Ratos's business areas increased by 2%, of which 9% comprised organic growth, and amounted to SEK 7,227m (7,103)
- EBITA for Ratos's business areas amounted to SEK 1,047m (703)
- Cash flow from operations for Ratos's business areas amounted to 1,236m (1,075)
- Operating profit for the Ratos Group amounted to SEK 1,077m (674)
- Net cash in the parent company totalled SEK 1,245m
- Earnings per share after dilution amounted to SEK 2.18 (1.28)

Financial performance

MSEK	Q2 2020	Q2 2019	Change %	Q1-2 2020	Q1-2 2019	Change %	LTM Rolling	Full Year 2019	Change %
Ratos Group									
Net sales	7,430	7,354	1%	13,072	12,859	2%	25,273	25,061	1%
Operating profit	1,077	674	60%	1,138	701	62%	2,092	1,655	26%
Profit/loss before tax	953	514	85%	868	421	106%	1,508	1,061	42%
Diluted earnings per share, SEK	2.18	1.28	71%	1.80	0.93	94%	2.98	2.11	41%
Cash and cash equivalents in the parent company, at period end				1,245	1,022	22%		1,607	
Ratos business areas, Ratos's holding ¹⁾									
Net sales	7,227	7,103	2%	12,814	12,314	4%	24,986	24,486	2%
EBITDA	1,326	976	36%	1,710	1,317	30%	2,685	2,292	17%
EBITA	1,047	703	49%	1,154	778	48%	1,573	1,197	31%
Profit/loss before tax	909	518	75%	817	420	94%	867	470	84%
Cash flow from operations	1,236	1,075	15%	1,127	801	41%	1,275	948	34%

¹⁾ Tables in a tinged background are alternative performance measures, refer to Note 3 Alternative performance measures, page 23 for reconciliation and page 28 for definitions.

Continued positive development in the Ratos business group

EBITA in the business group increased by 49% and organic growth for the quarter amounted to 9%. Cash flow was strong. The measures implemented to restrict the effects of the Covid-19 pandemic (health, liquidity and earnings) have had a positive effect. The impact of Covid-19 varies substantially between companies, though 10 of 12 companies reported an earnings improvement compared with the year-earlier period.

Earnings trend in the companies

Organic growth amounted to 9% in the second quarter. EBITA increased from SEK 703m to SEK 1,047m. The higher earnings pertain to the positive earnings trend for 10 of 12 companies despite the impact of Covid-19. It is gratifying to see that the long-term approach focusing on stability and profitability has continued to generate favourable results. Cash flow from operations continued to improve and the leverage declined as a result of earnings improvements, lower indebtedness and increased focus on working capital. The impact of Covid-19 varies between companies, but overall the effects decreased slightly in the latter part of the quarter.

Sales in **Construction & Services** decreased by 5%, of which organic growth accounted for +3%, and EBITA rose to SEK 79m (-8).

Aibel's sales increased during the quarter (in local currency) though earnings were lower than the year-earlier period due to provisions for future uncertainty linked to Covid-19. Overall, the situation is slightly more positive than at the beginning of the quarter. Several new contracts were won during and after the quarter. The Norwegian government has also launched a crisis package that is expected to benefit Aibel indirectly.

airteam's operations have continued to develop positively in both Denmark and Sweden. Earnings, sales and the cash flow improved, with a strong order book that after the end of the period reached a record-high level. The effects of the pandemic decreased slightly during the quarter.

HENT reported slightly lower sales for the quarter due to a reduction in the progress of projects caused by Covid-19 that has also led to increased project costs. Earnings improved compared with the preceding year, which was charged with project write-downs. The project portfolio continued to stabilise.

Speed Group has continued to improve its earnings and profitability following last year's action programme. The new management further stabilised operations while the backlog of orders is growing. The effects of the pandemic primarily impacted book distribution and the implemented measures were effective.

Sales in **Consumer & Technology** increased by 9%, with organic growth of 17%, and EBITA increased to SEK 827m (607) due to a substantial increase in earnings in all companies.

Bisnode continued to improve profitability through efficiency measures and cost reductions. Accordingly, earnings rose despite falling sales due to the negative effects of Covid-19 on the Marketing Solutions business area. The negative impact on sales is expected to continue in coming quarters.

Kvdbil continued to gain market shares in a market that has gradually improved during the quarter. A focus on private cars helped to improve profitability and increase sales.

Oase Outdoors, which was initially strongly impacted by the pandemic, can now see a better market as stores and campsites gradually reopen. The interest in the outdoors in one's native country is a positive side effect of Covid-19. This, in combination with an effective action programme to offset the negative impact of Covid-19, resulted in improved earnings.

Plantasjen's sales were strong, with organic growth of 25%. This is a consequence of an improved customer offering and rising interest in plants and flowers in the wake of the pandemic. Earnings improved substantially, despite increased costs for Covid-19. Rising sales and a favourable product mix contributed to improved earnings. Nina Jönsson took over as new CEO during the quarter. A new management group is in place focused on operational efficiency and further improvement of the customer offering during all of the year's seasons. Plantasjen received a capital contribution of NOK 300m to reduce its leverage.

Industry increased sales by 1% (1% organic) and EBITA increased to SEK 141m (104).

Diab continues to post strong growth (21% organic) and earnings improvements (53%) despite Covid-19. Investments in increased production capacity are progressing as planned. The order status remains strong despite reduced demand in mainly marine and aerospace. The company has, to date, managed the effects of Covid-19 in its factories impressively.

HL Display's sales fell during the quarter due to Covid-19. France was particularly hard hit but all markets were adversely impacted by the pandemic. The decline was somewhat limited as the company could quickly develop and convert some production in its own factories to manufacture protective equipment for stores. Despite lower sales, earnings improved compared with the preceding year due to an effective action programme to reduce costs and a product mix that remains favourable. Björn Borgman assumed the position of CEO in May. Björn most recently served as Group Commercial Director at HL Display with responsibility for sales in all markets.

Sales in LEDiL declined as a direct result of the pandemic, which impacted the company more in the second quarter. Despite this, earnings improved due to an action programme aimed at reducing operating expenses.

TFS's sales declined 14% during the quarter. There were limited opportunities to conduct clinical trials during the quarter due to Covid-19. The company successfully avoided negative earnings thanks to the implementation of an action programme. At the end of the period, there were signs of greater access to clinical trials that we hope will be apparent in the third quarter.

Overall, I am pleased with the continued positive development of the Ratos business group and that our new corporate governance is working well. The companies are working hard to reduce the impact of the pandemic and the negative effects have been limited more than I had dared to hope. Cash flow was strengthened at the same time, which further improves liquidity and reduces indebtedness. While uncertainty still remains, we are well prepared to face the challenges during the rest of the year.

Jonas Wiström, President and CEO

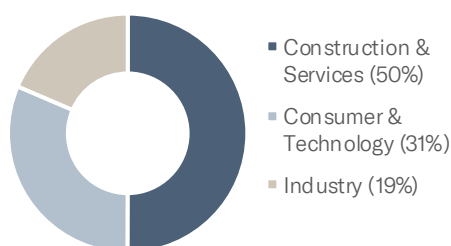
Overview, Ratos's business areas

Ratos's companies are divided into three business areas: Construction & Services, Consumer & Technology and Industry. 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 for Ratos's business areas, adjusted for Ratos's holdings, amounted to SEK 24,986m (22,820), up 9%. EBITA for the last 12-month period increased to SEK 1,573m (829), adjusted for Ratos's holdings. No acquisitions or divestments were completed during the second quarter.

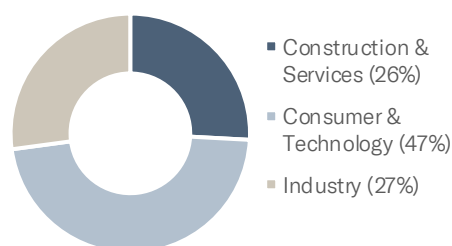
Net sales and EBITA in Ratos's business areas and companies, adjusted for Ratos's holdings

LTM refers to the last 12-month period at 30 June, in this report corresponding to the period 1 July 2019 – 30 June 2020.

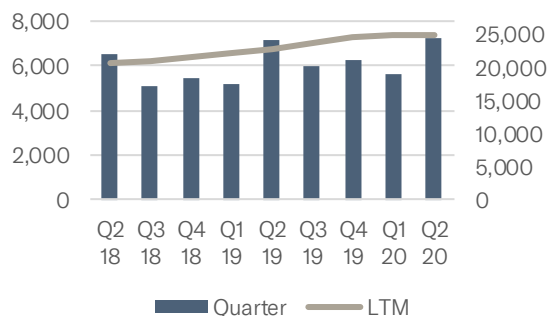
Share of net sales by business area (LTM)



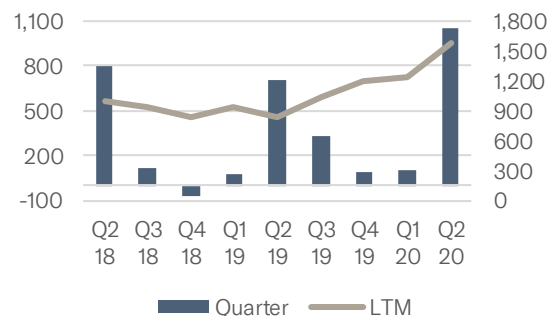
Share of EBITA by business area (LTM)



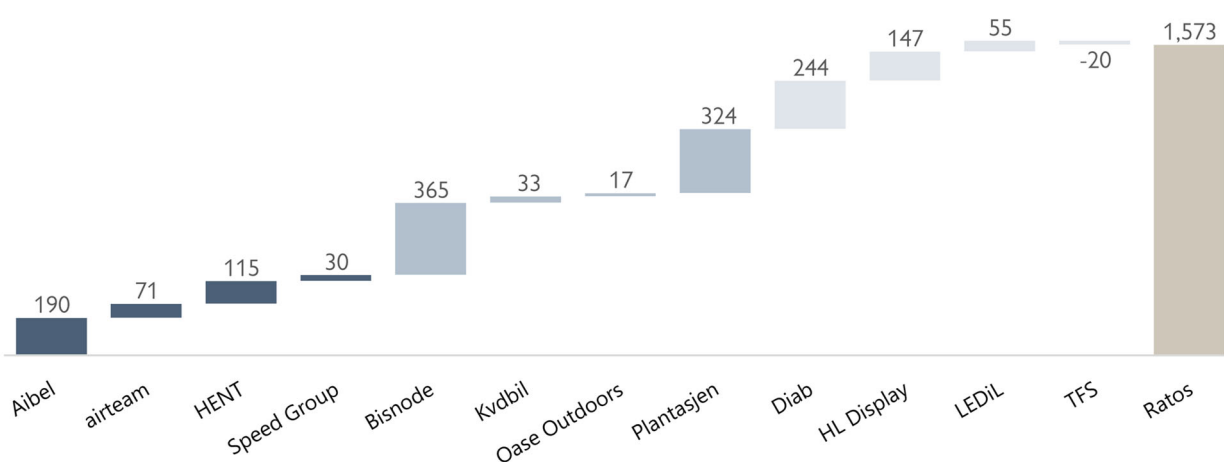
Net sales, trend (MSEK)



EBITA, trend (MSEK)



EBITA LTM (MSEK)



Construction & Services

Business area development

During the second quarter of 2020, net sales for Construction & Services decreased by -5%, or +3% organically. EBITA increased to SEK 79m (-8) due to higher EBITA primarily in HENT and Speed Group. For details, see each company box.

MSEK	Net sales						EBITA					
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019
Companies in its entirety												
Aibel	2,831	2,862	6,148	5,306	13,404	12,562	94	167	185	332	595	742
airteam	346	266	621	501	1,256	1,135	26	18	35	23	102	90
HENT	2,122	2,401	4,388	4,524	9,368	9,504	27	-83	75	-59	158	24
Speed Group	181	175	354	344	717	707	16	-19	24	-24	43	-4
Companies total	5,480	5,704	11,512	10,675	24,745	23,908	163	83	319	273	898	852
Adjustment for Ratos's holding	-2,657	-2,728	-5,661	-5,086	-12,242	-11,666	-84	-91	-164	-210	-491	-537
Total, adjusted for Ratos's holding	2,822	2,976	5,851	5,589	12,503	12,242	79	-8	155	63	407	315
Growth, net sales ¹⁾	-5%	13%	5%	17%	2%	23%						
EBITA margin % ¹⁾							2.8%	-0.3%	2.6%	1.1%	3.3%	2.6%

¹⁾ Adjusted for Ratos's holding



- Activity remained high during the quarter despite some impact from Covid-19 on the progress of projects.
- EBITA margin was impacted by provisions linked to the uncertainty surrounding Covid-19. Cash flow was negatively impacted by the acquisition of the Haugesund yard (NOK 292m).
- The crisis package approved by the Norwegian parliament to support the oil sector in mid-June is expected to have a positive effect for new projects on the Norwegian continental shelf. Aibel is well positioned in the market, particularly in the "electrification of offshore installations" segment, which is important to lower the carbon footprint from oil and gas production.
- Order intake in the second quarter amounted to NOK 1.7 billion and includes EPCI contracts secured from Equinor for the electrification of the Sleipner and Gina Krog oil platforms. At the close of the second quarter, the order book amounted to NOK 15 billion. After the end of the quarter, Aibel secured an exclusive framework agreement from Equinor for modification work in the Oseberg field.
- Aibel's Covid-19 measures have been successful to date and productivity has been maintained in close cooperation with customers. However, there is still uncertainty in the international supply chain about the consequences a new wave of infections could have operationally and financially.

MNOK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	2,932	2,626	6,181	4,912	12,958
EBITDA	163	215	314	429	825
EBITA	97	153	186	307	569
Cash flow from operations	-243	122	-307	112	827
Interest-bearing net debt			2,841	3,686	
-whereof leasing liability			738	1,028	
Growth, Net sales	12%	23%	26%	21%	
- whereof currency effects	1%	1%	0%	1%	
Growth, Organic	11%	22%	26%	21%	
EBITDA margin	5.6%	8.2%	5.1%	8.7%	6.4%
EBITA margin	3.3%	5.8%	3.0%	6.3%	4.4%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 3,684 in 2019.

Holding
32%

- Organic net sales growth of 30% for the quarter, driven by the robust order book and strengthened market position. Both the Danish and Swedish operations develops well.
- EBITA and the EBITA margin improved in both the Swedish and Danish operations. Focus has been on gaining better control and progress in projects.
- The order book amounted to DKK 886m, corresponding to more than one year's net sales. After the end of the period, airteam secured a major ventilation contract for the Ferring A/S head office Soundport near Copenhagen.
- Covid-19 resulted initially in lower activity in the service sector, but activity has picked up with a hope that volumes will be regained during the year.

MDKK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	242	187	435	356	880
EBITDA	20	15	29	20	80
EBITA	19	13	24	16	71
Cash flow from operations	54	22	85	5	129
Interest-bearing net debt			70	202	
-whereof leasing liability			14	17	
Growth, Net sales	29%	9%	22%	15%	
- whereof currency effects	-1%	0%	0%	0%	
- whereof acquisitions		15%	3%	20%	
Growth, Organic	30%	-7%	20%	-4%	
EBITDA margin	8.5%	8.1%	6.6%	5.7%	9.1%
EBITA margin	7.7%	6.9%	5.6%	4.6%	8.1%

Amounts referring to 100% of the company.

Danish company that offers high-quality and effective ventilation solutions in Denmark and Sweden. The average number of employees in the company amounted to 321 in 2019.

Holding
70%

HENT

- Maintained net sales. Reduced activity in a number of projects due to Covid-19.
- EBITA margin amounted to 1.3%. The year-earlier quarter included substantial project write-downs of NOK -169 million. The Covid-19 pandemic entailed slowing progress and increased costs in projects.
- The order book grew to NOK 16.9 billion during the period. Order intake during the quarter amounted to NOK 2.7 billion, of which 90% relates to the public sector. The public sector accounted for 71% of the backlog of orders at the end of the second quarter.

MNOK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	2,192	2,202	4,412	4,188	9,067
EBITDA	48	-64	113	-30	222
EBITA	28	-77	75	-54	152
Cash flow from operations	-157	-97	15	-88	39
Interest-bearing net debt			-389	-421	
-whereof leasing liability			189	205	
Growth, Net sales	0%	9%	5%	12%	
- whereof currency effects	4%	0%	3%	0%	
Growth, Organic	-4%	10%	3%	12%	
EBITDA margin	2.2%	-2.9%	2.6%	-0.7%	2.4%
EBITA margin	1.3%	-3.5%	1.7%	-1.3%	1.7%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 986 in 2019.

Holding
73%

- Net sales increased during the second quarter, driven by logistics operations with a positive performance by the segment for industrial customers while book distribution was negatively impacted by Covid-19. Staffing operations were on par with the year-earlier period. During the quarter, a three-year agreement was concluded in the logistics business with Strands and in the book distribution with the book publisher Fria Tider.
- EBITA improved during the quarter, primarily driven by improved productivity and customer mix and lower overheads as a result of last year's restructuring measures. The year-earlier EBITA was negatively affected in an amount of SEK 15m related to the restructuring programme.
- The action plan implemented earlier in the year in response to Covid-19 to maintain operations and the safety of staff has had a positive effect.

MSEK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	181	175	354	344	717
EBITDA	38	3	68	20	130
EBITA	16	-19	24	-24	43
Cash flow from operations	8	13	23	15	19
Interest-bearing net debt			475	375	
-whereof leasing liability			428	311	
Growth, Net sales	4%	-13%	3%	0%	
- whereof acquisitions				7%	
- whereof divestments		-4%		-7%	
Growth, Organic	4%	-8%	3%	-1%	
EBITDA margin	21.1%	1.6%	19.2%	5.7%	18.1%
EBITA margin	8.6%	-10.9%	6.7%	-6.9%	6.0%

Amounts referring to 100% of the company.

Swedish provider of services that extend from staffing, recruitment and training to full-scale warehouse management. The average number of employees in the company amounted to 736 in 2019.

Holding
70%

Consumer & Technology

Business area development

During the second quarter of 2020, net sales for Consumer & Technology increased by 9% (17% organic growth). EBITA increased to SEK 827m (607) primarily owing to developments in Oase Outdoors and Plantasjen. For details, see each company box.

MSEK	Net sales						EBITA					
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019
Companies in its entirety												
Bisnode	906	937	1,843	1,864	3,754	3,776	130	109	213	175	522	484
Kvdbil	101	94	194	185	394	384	7	4	11	10	33	31
Oase Outdoors	167	153	295	325	397	427	43	16	56	45	22	10
Plantasjen	2,380	2,107	2,928	2,723	4,531	4,327	700	517	530	357	326	154
Companies total	3,554	3,291	5,259	5,097	9,076	8,914	880	646	810	586	903	680
Adjustment for Ratos's holding	-322	-327	-635	-646	-1,241	-1,253	-52	-39	-79	-64	-164	-149
Total, adjusted for Ratos's holding	3,232	2,964	4,625	4,451	7,835	7,661	827	607	731	522	740	531
Growth, net sales ¹⁾	9%	4%	4%	5%	2%	3%						
EBITA margin % ¹⁾							25.6%	20.5%	15.8%	11.7%	9.4%	6.9%

¹⁾ Adjusted for Ratos's holding



- Net sales decreased by 3%, as the Marketing Solutions business area was negatively affected by Covid-19. The negative impact on sales is expected to continue in coming quarters.
- The positive earnings trend is due to a combination of the ongoing long-term transformation work to increase efficiency and scalability in operations and the action programme launched to offset the negative impact on sales from Covid-19.
- The transformation of the customer offering is progressing as planned and the new products noted a strong rate of growth in the quarter.

MSEK	Q2		Q1-2		LTM
	2020	2019	2020	2019	2019
Net sales	906	937	1,843	1,864	3,754
EBITDA	189	168	332	290	762
EBITA	130	109	213	175	522
Cash flow from operations	117	59	286	219	463
Interest-bearing net debt			1,597	1,583	
-whereof leasing liability			252	329	
Growth, Net sales	-3%	1%	-1%	2%	
- whereof currency effects	-1%	3%	0%	3%	
- whereof acquisitions	1%	0%	1%	0%	
Growth, Organic	-3%	-2%	-2%	-1%	
EBITDA margin	20.8%	18.0%	18.0%	15.6%	20.3%
EBITA margin	14.3%	11.6%	11.5%	9.4%	13.9%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 1,994 in 2019.

Holding
70%

- Net sales increased by 7%. With its focus on the private car segment, the company has gained market shares in an automotive industry negatively affected by Covid-19 early in the quarter.
- EBITA improved during the quarter as a result of higher volumes and concerted efforts by Kvdbil over an extended period to streamline its processes.
- The company was successful in handling Covid-19 and advanced its position in the market, which gradually improved at the end of the quarter.

MSEK	Q2		Q1-2		LTM
	2020	2019	2020	2019	2019
Net sales	101	94	194	185	394
EBITDA	14	10	27	22	61
EBITA	7	4	11	10	33
Cash flow from operations	8	4	20	14	32
Interest-bearing net debt			60	80	
-whereof leasing liability			59	53	
Growth, Net sales	7%	11%	5%	19%	
- whereof acquisitions				0%	
Growth, Organic	7%	11%	5%	19%	
EBITDA margin	14.3%	10.9%	13.7%	11.7%	15.6%
EBITA margin	6.5%	4.4%	5.8%	5.2%	8.3%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 195 in 2019.

Holding
100%

- Net sales increased by 9% driven by strong sales at the end of the quarter as the European market began to reopen.
- EBITA rose due to strong demand and sales at the end of the quarter and the implementation of a cost-savings programme. Last year's EBITA was adversely impacted by costs caused by quality problems in the production of a new generation of products.
- The sales and EBITA performance for the remainder of the year is dependent on how the current positive trends for camping and outdoor life progress in Europe and particularly in the UK.

MDKK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	117	107	206	230	277
EBITDA	31	13	42	35	20
EBITA	30	12	40	32	15
Cash flow from operations	71	52	14	-20	51
Interest-bearing net debt			178	248	
-whereof leasing liability			14	16	
Growth, Net sales	9%	-20%	-10%	-4%	
- whereof currency effects	-1%	0%	0%	1%	
Growth, Organic	10%	-20%	-10%	-4%	
EBITDA margin	26.8%	12.0%	20.4%	15.0%	7.4%
EBITA margin	25.7%	10.7%	19.2%	13.8%	5.4%

Amounts referring to 100% of the company.

Danish company that develops, designs and sells high-quality camping and outdoor equipment. The average number of employees in the company amounted to 89 in 2019.

Holding

78%

PLANTASJEN®

- Net sales increased organically by 25% driven by strong customer growth and higher sales per customer. Stronger customer offering and improved store operation contributed to increased sales. The assessment is that the Covid-19 pandemic had a positive impact on Plantasjen's sales during the second quarter.
- The positive earnings trend is mainly attributable to volume growth in all categories. Slight increase in costs took place due to the adaptation of stores to Covid-19.
- Strong cash flow in the second quarter primarily attributable to improved profitability. Cash flow for the year-earlier period was affected by investments in the company's ERP system.
- Ratos made a capital contribution of NOK 300m to lower Plantasjen's leverage.
- Nina Jönsson took over as the new CEO in May. Nina comes most recently from her role as CEO of the Ratos company HL Display.

MNOK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	2,406	1,945	2,943	2,521	4,448
EBITDA	823	592	776	559	818
EBITA	699	480	532	331	345
Cash flow from operations	1,137	875	755	565	198
Interest-bearing net debt			4,335	4,322	
-whereof leasing liability			3,630	3,287	
Growth, Net sales	24%	5%	17%	5%	
- whereof currency effects	5%	-1%	4%	-1%	
- whereof divestments	-6%		-9%		
Growth, Organic	25%	6%	22%	5%	
EBITDA margin	34.2%	30.5%	26.4%	22.2%	18.4%
EBITA margin	29.1%	24.7%	18.1%	13.1%	7.8%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 1,146 in 2019.

Holding

99%

Industry

Business area development

During the second quarter of 2020, net sales for Industry increased by 1% (1% organic). EBITA amounted to SEK 141m (104), an improvement driven primarily by Diab and LEDiL. For details, see each company box.

MSEK	Net sales						EBITA					
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019
Companies in its entirety												
Diab	585	488	1,065	927	2,012	1,874	88	57	157	96	254	193
HL Display	352	399	757	799	1,552	1,594	42	38	79	69	149	140
LEDiL	94	99	204	209	428	433	21	13	42	41	83	81
TFS	202	234	434	458	901	924	1	3	12	5	-20	-27
Companies total	1,233	1,221	2,460	2,393	4,893	4,826	152	111	290	211	467	388
Adjustment for Ratos's holding	-60	-59	-122	-119	-246	-243	-11	-7	-21	-18	-40	-37
Total, adjusted for Ratos's holding	1,173	1,162	2,338	2,274	4,647	4,583	141	104	268	193	427	351
Growth, net sales ¹⁾	1%	12%	3%	12%	1%	12%						
EBITA margin % ¹⁾							12.0%	8.9%	11.5%	8.5%	9.2%	7.7%

¹⁾ Adjusted for Ratos's holding



- Net sales rose by 20%, driven by increased market shares in the wind segment combined with the new PET manufacturing facility in the US. The backlog of volumes from China for the first quarter contributed to the high growth.
- EBITA improved by 53%, primarily driven by volume.
- Cash flow from operations was negative due to investments in production plants as planned and the build-up of working capital.
- Covid-19 had a negative impact on the aerospace and marine segment, which is expected to continue while the wind segment remains strong. The Chinese market has stabilised while the US is cause for continued concern for further outbreaks of the pandemic.

MSEK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	585	488	1,065	927	2,012
EBITDA	112	81	205	143	347
EBITA	88	57	157	96	254
Cash flow from operations	-17	-10	-18	13	-74
Interest-bearing net debt			971	799	
-whereof leasing liability			117	131	
Growth, Net sales	20%	33%	15%	28%	
- whereof currency effects	-1%	6%	1%	6%	
Growth, Organic	21%	27%	14%	22%	
EBITDA margin	19.2%	16.7%	19.2%	15.5%	17.2%
EBITA margin	15.0%	11.7%	14.8%	10.4%	12.6%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 1,268 in 2019.

Holding
96%



- Net sales decreased by 12%, against the background of falling demand due to Covid-19. The decline was mitigated by the sale of HL Display's new category Protection & Safety equipment for stores.
- EBITA was strengthened through good cost control, enhanced efficiency in production and a favourable product mix.
- Even if business activity is recovering in most markets, Covid-19 is expected to impact operations for the remainder of the year.
- Björn Borgman assumed the position of CEO in May. Björn most recently served as Group Commercial Director at HL Display and replaces Nina Jönsson, who has taken over as CEO of Plantasjen.

MSEK	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	352	399	757	799	1,552
EBITDA	63	56	119	107	230
EBITA	42	38	79	69	149
Cash flow from operations	56	69	96	47	198
Interest-bearing net debt			354	523	
-whereof leasing liability			88	101	
Growth, Net sales	-12%	-2%	-5%	2%	
- whereof currency effects	-1%	2%	1%	3%	
Growth, Organic	-11%	-4%	-6%	0%	
EBITDA margin	18.0%	14.1%	15.7%	13.4%	14.8%
EBITA margin	12.0%	9.4%	10.4%	8.7%	9.6%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 985 in 2019.

Holding

99%



- Net sales decreased by 6% during the second quarter. Covid-19 had a negative impact on the market, primarily on the Indoor Lightning business.
- EBITA increased by EUR 0.8m compared with the preceding year driven by good cost control as a means of managing the current market situation. The second quarter of 2019 included non-recurring costs of EUR 0.5m.
- Covid-19 is expected to impact the business in the future, and the low level of commercial activity will negatively impact the third quarter and uncertainty will remain for the rest of the year.

MEUR	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	8.8	9.4	19.1	19.9	40.1
EBITDA	2.7	1.9	5.5	5.1	10.8
EBITA	2.0	1.2	4.0	3.9	7.8
Cash flow from operations	2.0	1.5	4.2	3.9	8.2
Interest-bearing net debt			17.2	28.7	
-whereof leasing liability			1.4	2.0	
Growth, Net sales	-6%	-7%	-4%	-9%	
- whereof currency effects	1%	2%	1%	2%	
- whereof acquisitions		0%		0%	
Growth, Organic	-7%	-9%	-5%	-11%	
EBITDA margin	30.3%	20.3%	28.7%	25.8%	26.8%
EBITA margin	22.5%	13.3%	20.7%	19.4%	19.4%

Amounts referring to 100% of the company.

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. The average number of employees in the company amounted to 123 in 2019.

Holding

66%

- Lower service sales, EUR 14.5m (15.6), due to the negative effects of Covid-19 which restricts the progression of projects in hospital environments.
- The decrease in EBITA was limited to EUR 0.1m, from EUR 0.3m in the year-earlier period, despite lower sales. This was driven by lower cost structure as a result of last year's restructuring programme in combination with additional savings.
- The Covid-19 pandemic will continue to have a negative impact on coming quarters, though there were some signs of a recovery at the end of the second quarter.

According to IFRS, TFS and other contract research organisations (CROs) 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.

MEUR	Q2		Q1-2		LTM
	2020	2019	2020	2019	20/19
Net sales	18.9	22.1	40.7	43.5	84.5
EBITDA	0.7	0.9	2.5	1.6	0.8
EBITA	0.1	0.3	1.1	0.5	-1.9
Cash flow from operations	1.1	-2.7	2.1	-2.3	6.4
Interest-bearing net debt			2.3	14.4	
-whereof leasing liability			4.1	4.1	
Growth, Net sales	-14%	9%	-6%	8%	
- whereof currency effects	0%	0%	0%	0%	
Growth, Organic	-15%	10%	-7%	9%	
EBITDA margin	4.0%	3.9%	6.1%	3.8%	1.0%
EBITA margin	0.3%	1.3%	2.7%	1.1%	-2.2%

Amounts referring to 100% of the company.

Performs clinical trials in the human phase on behalf of the pharmaceutical, biotechnology and medical device industries. The average number of employees in the company amounted to 662 in 2019.

Holding

100%

Ratos's companies

Adjusted for Ratos's holdings

	Net sales						EBITDA					
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019
MSEK												
Aibel	906	916	1,967	1,698	4,288	4,019	51	75	100	148	275	323
airteam	242	186	435	351	879	795	20	15	29	20	80	72
Bisnode	633	655	1,288	1,303	2,623	2,638	132	118	232	203	533	504
Diab	562	469	1,023	891	1,933	1,801	108	78	197	138	333	274
HENT	1,548	1,752	3,201	3,300	6,834	6,933	33	-50	82	-24	167	62
HL Display	347	393	747	787	1,530	1,571	62	55	117	105	226	215
Kvdbil	101	94	194	185	394	384	14	10	27	22	61	56
LEDiL	62	66	135	139	284	288	19	14	39	36	76	73
Oase Outdoors	131	120	231	255	312	335	35	14	47	38	23	14
Plantasjen	2,366	2,096	2,911	2,708	4,506	4,303	816	636	768	600	809	642
Speed Group	127	122	247	241	502	495	27	2	48	14	91	57
TFS	201	234	434	457	900	923	8	9	26	17	9	0
Total	7,227	7,103	12,814	12,314	24,986	24,486	1,326	976	1,710	1,317	2,685	2,292
Change	2%		4%		2%		36%		30%		17%	

	EBITA						Profit/loss before tax					
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019
MSEK												
Aibel	30	53	59	106	190	237	19	21	-4	40	63	107
airteam	19	13	24	16	71	63	18	11	23	14	67	57
Bisnode	91	76	149	122	365	338	115	37	144	57	327	240
Diab	84	55	151	92	244	186	28	46	96	75	148	127
HENT	20	-61	55	-43	115	18	23	-59	46	-38	106	22
HL Display	42	37	78	68	147	138	35	31	62	51	113	102
Kvdbil	7	4	11	10	33	31	6	3	10	9	30	29
LEDiL	14	9	28	27	55	54	13	7	26	24	51	48
Oase Outdoors	34	13	44	35	17	8	31	10	38	29	5	-3
Plantasjen	696	514	527	355	324	153	615	428	357	185	-33	-205
Speed Group	11	-13	17	-17	30	-3	7	-18	10	-27	13	-24
TFS	1	3	12	5	-20	-27	1	2	10	3	-22	-29
Total	1,047	703	1,154	778	1,573	1,197	909	518	817	420	867	470
Change	49%		48%		31%		75%		94%		84%	

	Cash flow from operations						Interest-bearing net debt				Ratos's holding (%)
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	LTM Rolling	Full Year 2019	2020-06-30	2019-06-30	2019-12-31	2020-06-30	
MSEK											
Aibel	-77	42	-98	39	292	428	872	1,285	910	32	
airteam	54	21	85	5	129	49	69	200	141	70	
Bisnode	82	41	200	153	324	277	1,116	1,106	1,228	70	
Diab	-16	-9	-17	13	-71	-41	933	768	880	96	
HENT	-117	-76	11	-69	30	-50	-272	-334	-294	73	
HL Display	56	68	94	46	195	146	349	516	438	99	
Kvdbil	8	4	20	14	32	26	60	80	76	100	
LEDiL	14	11	30	27	58	55	120	202	149	66	
Oase Outdoors	80	57	16	-22	57	20	197	275	210	78	
Plantasjen	1,135	936	747	607	149	9	4,136	4,682	5,260	99	
Speed Group	6	9	16	10	13	8	333	263	347	70	
TFS	11	-28	22	-24	67	21	24	151	55	100	
Total	1,236	1,075	1,127	801	1,275	948	7,935	9,192	9,401		
Change	15%		41%		34%		-14%				

Financial information

Ratos Group results April–June

Operating profit for the quarter amounted to SEK 1,077m (674). All companies, with the exception of Aibel and TFS, reported better earnings compared with the preceding year. Plantasjen is the company with the largest earnings improvement.

Year-earlier operating profit included a capital gain of SEK 31m, that arose at central level in connection with the sale of Euromaint. During the period, the companies received government support that was offered in various countries amounting to approximately SEK 30m.

Operating profit includes profit/a share of profits from the companies of SEK 1,113m (686).

Ratos's income and expenses attributable to the parent company and central companies amounted to SEK -37m (-43).

Net financial items amounted to SEK -124m (-160). The improvement in net financial items was mainly attributable to positive currency effects, while the preceding year was charged with negative currency effects.

Profit before tax for the quarter amounted to SEK 953m (514). This includes profit/a share of profits from the companies of SEK 1,001m (524). Tax expense for the period amounted to SEK -173m (-98). The higher tax expense is related to the improvement in earnings.

Refer to Note 5 on page 25 for more details on earnings for the period.

Ratos Group results January–June

Operating profit for the period amounted to SEK 1,138m (701). All companies reported better earnings compared with the preceding year, with the exception of Aibel. Aibel's projects were negatively impacted by slower progress due to the outbreak of Covid-19. This resulted in higher risk provisions driven by the present uncertainty.

Year-earlier operating profit included a capital gain of SEK 31m, that arose at central level. During the period, the companies received government support that was offered in various countries amounting to approximately SEK 40m.

Operating profit includes profit/a share of profits from the companies of SEK 1,208 (761).

Ratos's income and expenses attributable to the parent company and central companies amounted to SEK -72m (-90). The preceding year was burdened by provisions.

Net financial items amounted to SEK -270m (-281). The improvement in net financial items was mainly attributable to currency effects.

Profit before tax for the period amounted to SEK 868m (421). This includes profit/a share of profits from the companies of SEK 939m (457). Tax expense for the period amounted to SEK -201m (-88). The higher tax expense is related to the improvement in earnings.

Refer to Note 5 on page 25 for more details on earnings for the period.

Cash flow April–June

Cash flow for the period amounted to SEK 579m (329), of which cash flow from operating activities accounted for SEK 1,681m (1,389).

Cash flow from investing activities amounted to SEK -146m (-102) and cash flow from financing activities to SEK -956m (-958).

The improvement in cash flow is primarily attributable to operating activities, with improved profitability having an effect during the period.

Cash flow January–June

Cash flow for the period amounted to SEK 562m (-306), of which cash flow from operating activities accounted for SEK 1,940m (1,349).

Cash flow from investing activities amounted to SEK -327m (-297) and cash flow from financing activities to SEK -1,050m (-1,359).

The improvement in cash flow is primarily attributable to operating activities and financing activities. In cash flow from operating activities, improved profitability generated an effect during the period. Cash flow from financing activities improved as no dividend was paid during the period and as the comparison period contained the acquisition of shares from minority owner in TFS.

Financial position and leverage

The Group's cash and cash equivalents at the end of the period amounted to SEK 3,712 (3,219 per 31 December 2019) and interest-bearing net debt totalled SEK 6,664 (7,826 per 31 December 2019). The total translation effect of currency for interest-bearing liabilities amounted to approximately SEK -260m, of which approximately SEK -100m related to liabilities to credit institutions and approximately SEK -160m to financial lease liabilities.

Ratos's equity

At 30 June 2020, Ratos's equity (attributable to owners of the parent) amounted to SEK 9,611m (9,298 per 31 December 2019), corresponding to SEK 30 per share outstanding (28 per 30 June 2019).

Parent company

The parent company posted an operating loss of SEK -71m (-90) for the first six months. The parent company's profit before tax amounted to SEK 167m (91), of which SEK 175m (175) pertains to dividends from Group companies and capital gains of SEK 65m (0). Cash and cash equivalents in the parent company amounted to SEK 1,245m (1,607 per 31 December 2019).

Ratos's share

Earnings per share before dilution amounted to SEK 1.81 (0.93) and after dilution to SEK 1.80 (0.93) for the period. The closing price for Ratos's Class B shares on 30 June 2020 was SEK 24.92. The total return on Class B shares in the period amounted to -25%, compared with the performance for the SIX Return Index, which was -4%.

Incentive programmes

During the period, the parent company issued warrants and a convertible debenture in accordance with the decision of the Annual General Meeting (AGM) on 1 April 2020. In total, 55,000 warrants and 927,500 convertibles were issued.

Treasury shares and number of shares

No Class B shares were repurchased during the period. At 30 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. At 30 June 2020, 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 2020 AGM to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions.

Important events after the end of the period

No significant events have occurred since the end of the period that are expected to have a material impact.

Key figures for Ratos's share

MSEK	Q1-2 2020	Q1-2 2019	Full Year 2019
Key figures per share ¹⁾			
Total return, % ³⁾	-25	13	46
Dividend yield, % ³⁾			0
Market price, SEK	24.92	25.78	33.42
Dividend, SEK			0
Equity attributable to owners of the parent, SEK ²⁾	30.13	28.49	29.15
Basic earnings per share, SEK ³⁾	1.81	0.93	2.11
Diluted earnings per share, SEK ³⁾	1.80	0.93	2.11
Average number of ordinary shares outstanding:			
– before dilution	319,014,634	319,014,634	319,014,634
– after dilution	320,639,067	319,835,161	320,166,412
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 28.

Financial statements

Consolidated income statement

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Net sales	7,430	7,354	13,072	12,859	25,061
Other operating income ¹⁾	28	29	45	49	588
Cost of goods and services sold	-4,024	-4,215	-7,192	-7,298	-14,357
Work performed by the company for its own use and capitalised	30	32	60	65	126
Employee benefit costs	-1,581	-1,645	-3,154	-3,225	-6,359
Depreciation/amortisation and impairment of property, plant and equipment, intangible assets and right of use assets	-304	-299	-608	-589	-1,194
Other external costs	-529	-639	-1,083	-1,238	-2,349
Capital gain from group companies	3	31	3	31	3
Share of profit from investments recognised according to the equity method	24	25	-5	48	137
Operating profit	1,077	674	1,138	701	1,655
Financial income	6	9	24	29	37
Financial expenses	-130	-168	-294	-309	-632
Net financial items	-124	-160	-270	-281	-595
Profit before tax	953	514	868	421	1,061
Income tax	-173	-98	-201	-88	-234
Profit for the period	780	416	667	332	827
<i>Profit for the period attributable to:</i>					
Owners of the parent	700	409	576	297	673
Non-controlling interests	80	7	91	35	153
Earnings per share, SEK					
- basic earnings per share	2.19	1.28	1.81	0.93	2.11
- diluted earnings per share	2.18	1.28	1.80	0.93	2.11

¹⁾ Other operating income for full year 2019 includes profit from sale of property Lejonet 4, with SEK 487m.

Consolidated statement of comprehensive income

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Profit for the period	780	416	667	332	827
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of defined benefit pension obligations, net	-22		-30		-97
Tax attributable to items that will not be reclassified to profit or loss	5		5		19
	-17	0	-25	0	-77
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Translation differences for the period	-247	107	-275	321	151
Change in hedging reserve for the period	-7	6	-28	-7	-2
Tax attributable to items that may be reclassified subsequently to profit or loss	-3	-2	5	1	2
	-257	111	-299	315	151
Other comprehensive income for the period	-257	111	-324	315	74
Total comprehensive income for the period	505	527	343	648	901
<i>Total comprehensive income for the period attributable to:</i>					
Owners of the parent	476	500	326	563	750
Non-controlling interest	29	27	17	84	151

Summary consolidated statement of financial position

MSEK	2020-06-30	2019-06-30	2019-12-31
ASSETS			
Non-current assets			
Goodwill	11,351	11,758	11,610
Other intangible non-current assets	1,846	1,872	1,853
Property, plant and equipment	1,206	1,056	1,173
Right-of-use assets	4,248	4,437	4,423
Financial assets	1,097	1,169	1,213
Deferred tax assets	438	512	508
Total non-current assets	20,185	20,804	20,780
Current assets			
Inventories	1,174	1,176	1,072
Current receivables	4,188	4,737	4,334
Cash and cash equivalents	3,712	3,189	3,219
Total current assets	9,074	9,101	8,625
Assets held for sale		55	
Total assets	29,259	29,960	29,405
EQUITY AND LIABILITIES			
Equity including non-controlling interests	11,466	10,958	11,218
Non-current liabilities			
Interest-bearing liabilities	7,525	7,365	8,399
Non-interest bearing liabilities	285	273	269
Pension provisions	676	543	642
Other provisions	23	24	21
Deferred tax liabilities	360	455	464
Total non-current liabilities	8,869	8,660	9,795
Current liabilities			
Interest-bearing liabilities	2,234	3,070	2,051
Non-interest bearing liabilities	6,247	6,760	5,893
Provisions	443	513	448
Total current liabilities	8,925	10,343	8,392
Total equity and liabilities	29,259	29,960	29,405

Summary statement of changes in consolidated equity

MSEK	2020-06-30			2019-06-30			2019-12-31		
	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	9,298	1,920	11,218	8,701	1,929	10,630	8,701	1,929	10,630
Adjustment ¹⁾		-0	-0	-16	-2	-18	-20	-2	-22
Adjusted equity	9,298	1,920	11,218	8,685	1,927	10,612	8,681	1,927	10,608
Total comprehensive income for the period	326	17	343	563	84	648	750	151	901
Dividends		-75	-75	-160	-75	-235	-160	-75	-235
Non-controlling interests' share of capital contribution and new issue		2	2		15	15		15	15
The value of the conversion option of the convertible debentures	2		2	2		2	2		2
Option premiums	0		0	2		2	2		2
Put options, future acquisitions from non-controlling interests	-16	-2	-18	-34	71	37	-8	54	46
Acquisition of shares in subsidiaries from non-controlling interests	1	-7	-6	29	-151	-122	30	-154	-123
Disposal of shares in subsidiaries to non-controlling interests	-0	-0	-0				-0	2	1
Closing equity	9,611	1,855	11,466	9,088	1,870	10,958	9,298	1,920	11,218

¹⁾ Adjustment of opening balance 2019 relates to the change of accounting principles regarding IFRS 16 Leases.

Consolidated statement of cash flows

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Operating activities					
Operating profit	1,077	674	1,138	701	1,655
Adjustment for non-cash items ¹⁾	277	251	678	503	547
	1,354	925	1,816	1,205	2,202
Income tax paid	-39	-38	-133	-133	-230
Cash flow from operating activities before change in working capital	1,315	887	1,683	1,072	1,972
Cash flow from change in working capital					
Increase (-)/Decrease (+) in inventories	187	145	-153	-101	-40
Increase (-)/Decrease (+) in operating receivables	156	-185	79	-433	-311
Increase (+)/Decrease (-) in operating liabilities	22	542	330	812	288
Cash flow from operating activities	1,681	1,389	1,940	1,349	1,909
Investing activities					
Acquisition, group companies		-10	-28	-93	-93
Disposal, group companies	1	0	1	0	94
Acquisitions, investments recognised according to the equity method					-2
Acquisition and disposal, intangible assets/property, plant and equipment ¹⁾	-146	-96	-304	-213	-120
Investments and disposal, financial assets	-0	1	0	-0	0
Received interest		3	4	9	13
Cash flow from investing activities	-146	-102	-327	-297	-107
Financing activities					
Non-controlling interests' share of issue/capital contribution	2	0	2	15	15
Option premiums paid		0	3	2	6
Repurchase/final settlements options	-5	-3	-6	-5	-27
Acquisition and disposal of shares in subsidiaries from non-controlling interests	-6	-1	-6	-121	-130
Dividends paid		-160		-160	-160
Dividends paid, non-controlling interests					-75
Borrowings	89	59	587	693	1,314
Amortisation of loans	-749	-567	-1,056	-1,195	-1,879
Paid interest	-111	-110	-225	-243	-465
Amortisation of financial lease liabilities	-177	-178	-350	-344	-665
Cash flow from financing activities	-956	-958	-1,050	-1,359	-2,065
Cash flow for the period	579	329	562	-306	-264
Cash and cash equivalents at the beginning of the period	3,184	2,840	3,219	3,404	3,404
Exchange differences in cash and cash equivalents	-51	21	-69	92	79
Cash and cash equivalents at the end of the period	3,712	3,189	3,712	3,189	3,219

1) Full-year 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	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Other operating income ¹⁾	0	4	0	6	512
Administrative expenses	-37	-46	-71	-95	-145
Depreciation of property, plant and equipment	-0	-1	-0	-2	-2
Operating profit/loss	-37	-42	-71	-90	365
Gain from sale of participating interests in group companies			65		11
Dividends from group companies		0	175	175	175
Result from other securities and receivables accounted for as non-current assets		1		1	1
Other interest income and similar profit/loss items	1	0	9	8	6
Interest expenses and similar profit/loss items	-9	-1	-10	-2	-5
Profit/loss after financial items	-46	-42	167	91	552
Income tax	0	0	0	0	0
Profit/loss for the period	-46	-42	168	91	552

¹⁾ Other operating income for full-year 2019 included the capital gain of SEK 495m from the sale of the Lejonet property.

Parent company statement of comprehensive income

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Profit/loss for the period	-46	-42	168	91	552
Other comprehensive income for the period	0	0	0	0	0
Total comprehensive income for the period	-46	-42	168	91	552

Summary parent company balance sheet

MSEK	2020-06-30	2019-06-30	2019-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	1	57	2
Financial assets	7,588	7,616	7,770
Receivables from group companies	1	5	2
Total non-current assets	7,590	7,678	7,773
Current assets			
Current receivables	24	35	38
Receivables from group companies	180	177	8
Cash and cash equivalents	1,245	1,022	1,607
Total current assets	1,449	1,234	1,653
Total assets	9,039	8,912	9,426
EQUITY AND LIABILITIES			
Equity	8,452	7,821	8,281
Non-current liabilities			
Interest-bearing liabilities, group companies	355	594	357
Interest-bearing liabilities	35	41	44
Non-interest bearing liabilities	8	10	11
Convertible debentures	53	34	35
Deferred tax liabilities	1	1	1
Total non-current liabilities	453	681	448
Current provisions	2	274	328
Current liabilities			
Interest-bearing liabilities, group companies	92		92
Interest-bearing liabilities	0	0	1
Non-interest bearing liabilities, group companies		15	225
Non-interest bearing liabilities	40	122	52
Total current liabilities	132	137	369
Total equity and liabilities	9,039	8,912	9,426

Summary statement of changes in parent company's equity

MSEK	2020-06-30	2019-06-30	2019-12-31
Opening equity	8,281	7,885	7,885
Comprehensive income for the period	168	91	552
Dividends		-160	-160
The value of the conversion option of the convertible debentures	3	2	2
Deferred tax, conversion option	-1	-1	-1
Option premiums	0	2	2
Closing equity	8,452	7,821	8,281

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. Reporting and measurement principles are unchanged compared with those applied in Ratos's 2019 Annual Report. The new and revised IFRS standards which came into force in 2020 have not had any material effect on the Ratos Group's financial statements.

Amounts are presented in SEK million (SEKm) unless otherwise stated. Rounding may apply in tables and calculations, which means that the stipulated total amounts are not always an exact amount of the rounded amounts.

Note 2 Risks and uncertainties

Ratos is a business group that makes it possible for independent mid-sized companies to develop more rapidly by being a part of something larger. Focus on people, leadership, culture and values are key components of Ratos. 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.

The financial risks consist of liquidity risk, interest rate risk, credit risk and currency risk. There are several financial risks to which most of the companies are exposed, primarily related to loans, trade receivables, trade payables and derivative instruments. The risks to which the companies are exposed are managed by each individual company.

Ratos is exposed to financial risks, mainly in terms of value changes in the companies and liquidity risk. Ratos's future earnings development is dependent to a large extent on the success of the underlying companies, which in turn is dependent on, among other things, how successful each company's management group and board of directors are at developing the company and implementing value-creating initiatives.

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 2019 Annual Report.

The ongoing spread of Covid-19 had an impact on earnings for the period and creates uncertainty for Ratos's financial development for the remainder of 2020. The impact of Covid-19 on Ratos's companies varies, since they are active in different segments, industries and geographies. Ratos's business model, with clearly decentralised earnings responsibility, entails that the companies make decisions independently and make adaptations to the prevailing circumstances. The effect on the measurement of balance-sheet items has been limited to date. However, there is uncertainty about the extent of the effects during the remainder of the year.

Note 3 Alternative performance measures

Reconciliations between alternative performance measures (APM) and IFRS

Ratos applies financial measures that are not defined in IFRS but are so-called alternative performance measures (APMs). The alternative performance measures presented are considered to be valuable supplementary information for analysts and other stakeholders for the evaluation and assessment of the Group's financial performance and position. The tables displayed with a tinted background are APM. The performance measures are not to be regarded as a substitute for Ratos's financial statements, which are prepared in accordance with IFRS, but as a complement. Ratos's definitions of these performance measures may differ from those of other companies, which may calculate alternative performance measures in a different way and, accordingly, these are not always comparable with similar performance measures used in other companies.

The following reconciliations and accounts pertain to sub-components included in the material alternative performance measures used in this report. Reconciliation is made against the most reconcilable item, subtotal or total provided in the financial statements for the corresponding period. Definitions are available at www.ratos.com and on page 28 of this report.

Net sales

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Ratos's companies, Net sales, Ratos's holding	7,227	7,103	12,814	12,314	24,486
Net sales in subsidiaries, holding not owned by Ratos	1,114	1,167	2,236	2,242	4,620
Investments recognised according to the equity method	-906	-916	-1,967	-1,698	-4,019
Eliminations	-5		-11		-26
Ratos Group, Net sales	7,430	7,354	13,072	12,859	25,061

Organic growth

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Ratos's companies, Growth Net Sales, Ratos's holding, %	1.8	9.3	4.1	11.6	13.7
Ratos's companies, Net sales, Ratos's holding	7,227	7,103	12,814	12,314	24,486
Acquired net sales	4	44	19	92	150
Effects from change in currency	-378	124	-457	294	358
Ratos's companies, adjusted Net Sales, Ratos's holding	7,601	6,935	13,251	11,928	23,978
Divested net sales in the comparison period	102	6	198	13	113
Ratos's companies, adjusted Net Sales in the comparison period, Ratos's holding	7,000	6,495	12,116	11,022	21,428
Ratos's companies, Organic growth, Ratos's holding	601	440	1,135	906	2,549
Ratos's companies, Organic growth, Ratos's holding, %	8.6	6.8	9.4	8.2	11.9

EBITDA and EBITA

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Ratos's companies, EBITDA, Ratos's holding	1,326	976	1,710	1,317	2,292
Depreciation and impairment	-278	-273	-556	-539	-1,095
Ratos's companies, EBITA, Ratos's holding	1,047	703	1,154	778	1,197
EBITA in subsidiaries, holding not owned by Ratos	83	24	138	67	218
Capital gain from portfolio companies		31		31	31
Investments recognised according to the equity method	-7	-29	-64	-59	-102
Income and expenses attributable to the parent company and central companies	-37	-43	-72	-90	366
Other	1		2		-7
Ratos Group, EBITA	1,088	686	1,159	726	1,703

Cash flow from operations

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Ratos's companies, Cash flow from operations, Ratos's holding	1,236	1,075	1,127	801	948
Cash flow from operations, holding not owned by Ratos	53	29	158	59	159
Investments recognised according to the equity method	77	-42	98	-39	-428
Acquisition and disposal, intangible assets/property, plant and equipment ¹⁾	146	151	304	268	670
Lease payment	236	239	469	469	914
Income tax paid	-39	-38	-133	-133	-230
Attributable to the parent company and central companies	-27	-33	-83	-81	43
Eliminations	-1	8	-0	5	-167
Ratos Group, Cash flow from operating activities	1,681	1,389	1,940	1,349	1,909

¹⁾ Cash flow from sale of the Lejonet 4 property, a total of SEK 550m for full year 2019, is not included in this item.

Interest-bearing net debt

MSEK	2020-06-30	2019-06-30	2019-12-31
Ratos's companies, Interest-bearing net debt, Ratos's holding	7,935	9,192	9,401
Interest-bearing net debt in subsidiaries, holding not owned by Ratos	733	793	834
Investments recognised according to the equity method	-872	-1,285	-910
Attributable to the parent company and central companies	-1,154	-956	-1,521
Other	22		22
Ratos Group, Interest-bearing net debt	6,664	7,744	7,826

	2020-06-30	2019-06-30	2019-12-31
Non-current interest-bearing liabilities, other	3,431	3,186	4,210
Non-current interest-bearing liabilities, leasing	4,094	4,179	4,189
Current interest-bearing liabilities, other	1,617	2,410	1,369
Current interest-bearing liabilities, leasing	618	660	682
Provisions for pensions	676	543	642
Interest-bearing assets	-59	-46	-47
Cash and cash equivalents	-3,712	-3,189	-3,219
Ratos Group, Interest-bearing net debt	6,664	7,744	7,826

Note 4 Acquired and divested businesses

Acquisitions within subsidiaries

In February, Bisnode acquired assets from the Swiss company AXON INSIGHT and thereby extended its leading position in market and decisioning solutions, mainly for the banking and insurance industry. The operations taken over comprise a number of customer contracts in the banking and insurance industry and have annual revenues of approximately SEK 22m.

Note 5 Operating segments

MSEK	Net sales					EBITA and operating profit ¹⁾				
	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
Aibel						23	25	-5	47	135
airteam	346	266	621	501	1,135	26	18	35	23	90
HENT	2,122	2,401	4,388	4,524	9,504	27	-83	75	-59	24
Speed Group	181	175	354	344	707	16	-19	24	-24	-4
Total Construction & Services	2,649	2,842	5,363	5,369	11,347	92	-60	129	-12	245
Bisnode	906	937	1,843	1,864	3,776	130	109	213	175	484
Kvdbil	101	94	194	185	384	7	4	11	10	31
Oase Outdoors	167	153	295	325	427	43	16	56	45	10
Plantasjen	2,380	2,107	2,928	2,723	4,327	700	517	530	357	154
Total Consumer & Technology	3,554	3,291	5,259	5,097	8,914	880	646	810	586	680
Diab	585	488	1,065	927	1,874	88	57	157	96	193
HL Display	352	399	757	799	1,594	42	38	79	69	140
LEDiL	94	99	204	209	433	21	13	42	41	81
TFS	202	234	434	458	924	1	3	12	5	-27
Total Industry	1,233	1,221	2,460	2,393	4,826	152	111	290	211	388
Total companies in portfolio all reported periods	7,436	7,354	13,082	12,859	25,087	1,124	698	1,229	785	1,313
Elimination of sales internal	-5		-11		-26					
Total Net Sales and EBITA, companies in portfolio	7,430	7,354	13,072	12,859	25,061	1,124	698	1,229	785	1,313
Emaint/Euromaint							31		31	31
Total exit gains							31		31	31
Total EBITA, Group companies						1,124	729	1,229	816	1,343
Income and expenses in the parent company and central companies						-37	-43	-72	-90	366
Other						1		2		-7
Consolidated EBITA						1,088	686	1,159	726	1,703
Amortisation and impairment of intangible assets in connection with company acquisitions						-10	-12	-21	-25	-48
Consolidated operating profit						1,077	674	1,138	701	1,655

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.

MSEK	Q2 2020	Q2 2019	Q1-2 2020	Q1-2 2019	Full Year 2019
<i>Break down of net sales</i>					
Sales of goods	3,651	3,288	5,389	5,110	8,932
Service contracts	1,269	1,330	2,576	2,586	5,246
Construction contracts	2,462	2,667	4,999	5,025	10,614
Reimbursable expenditures	47	69	108	138	269
	7,430	7,354	13,072	12,859	25,061

MSEK	Consolidated value ¹⁾		
	2020-06-30	2019-06-30	2019-12-31
Aibel	632	676	704
airteam	521	470	497
Bisnode	2,038	2,082	2,150
Diab	839	740	783
HENT	428	408	436
HL Display	742	680	709
Kvdbil	509	488	503
LEDiL	597	527	570
Oase Outdoors	248	209	213
Plantasjen	1,065	1,006	544
Speed Group	267	255	259
TFS	457	416	402
Total	8,344	7,956	7,771
Other net assets in the parent company and central companies ²⁾	1,267	1,132	1,527
Equity (attributable to owners of the parent)	9,611	9,088	9,298

Of the change in consolidated value compared with 31 December 2019, approximately SEK 150m consists of negative currency effects.

¹⁾ The companies are shown at their consolidated value, which corresponds 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 1,245m (1,607 at 31 December 2019)

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 June 2020, the total value of financial instruments measured at fair value in accordance with level three was SEK 561m (508 per 31 December 2019). This change was attributable to the remeasurement of synthetic options, the currency translation of put options and additional contingent considerations.

In the statement of financial position at 30 June 2020, the net value of derivatives amounted to SEK -6m (-3 at 31 December 2019), of which SEK 4m (2 at 31 December 2019) was recognised as an asset and SEK 10m (5 at 31 December 2019) as a liability.

Note 7 Goodwill

Goodwill changed during the period as shown below.

MSEK	Accumulated cost	Accumulated impairment	Total
Opening balance 1 January 2020	13,346	-1,735	11,610
Translation differences for the period	-324	65	-260
Closing balance 30 June 2020	13,022	-1,671	11,351

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 2019 Annual Report. The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 557m (609 at 31 December 2019).

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.

No unusual business transactions of material value occurred between Ratos and board members or other senior executives of the Group.

MSEK	Financial income	Other income	Capital contribution	Dividend
2020 Q1-2			288	175
2019 Q1-2	0		427	175
2019 Full Year	0	6	535	175

MSEK	Receivable	Provision	Liability	Contingent liability
2020-06-30	181		448	557
2019-06-30	182	272	609	407
2019-12-31	10	317	674	609

During the quarter, Ratos provided a contribution of SEK 288m to Plantasjen. This amount was used to amortize existing loans.

Note 9 Exchange rates

Exchange rates, average

SEK	Q1-2 2020	Q1-2 2019	Full Year 2019
Danish crowns, DKK	1.428	1.408	1.418
Euro, EUR	10.660	10.515	10.589
Norwegian crowns, NOK	0.995	1.080	1.075

Exchange rates, closing

SEK	2020-06-30	2019-06-30	2019-12-31
Danish crowns, DKK	1.406	1.415	1.397
Euro, EUR	10.480	10.558	10.434
Norwegian crowns, NOK	0.960	1.089	1.058

Definitions

Dividend yield

Proposed dividend on ordinary shares expressed as a percentage of the Class B share's closing price at the period's last trading day.

Total return

Price development of Class B shares including reinvested dividends (this year's paid dividend) on ordinary shares.

EBITDA

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

EBITDA margin

EBITDA expressed as a percentage of net sales.

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.

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. The effects of acquisitions, divestments and exchange rate changes are excluded.

Last 12-month period

The most recent 12 months.

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.

Company performance measures

The following performance measures are presented for Ratos's business areas – 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. When performance measures are presented adjusted for Ratos's holdings the performance measure is multiplied by the percentage of the holding. For example: Ratos's holding amounts to 70% and the company's net sales are SEK 100m for the period, net sales adjusted for Ratos's holdings then amount to SEK 70m (70% x SEK 100m).

- *Net sales in the companies* – Net sales for the entire current period and comparative periods in the companies owned at the end of the reporting period.
- *EBITDA in the companies* – Operating profit before depreciation and amortisation in the companies owned at the end of the reporting period.
- *EBITA in the companies* – Operating profit for the entire current period and comparative periods in the companies owned 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.
- *Profit/loss before tax in the companies* – Profit or loss before tax in the companies owned at the end of the reporting period.
- *Interest-bearing net debt in the companies* – Interest-bearing liabilities and pension provisions minus fixed-income assets and cash and cash equivalents in companies owned at the end of the reporting period.
- *Cash flow from operations* – Cash flow from operating activities, excluding paid tax, but including cash flow from investments and divestments of intangible assets and property, plant and equipment, respectively, as well as amortisation of lease liabilities and interest paid on leasing.

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, 17 July 2020
Ratos AB (publ)

Per-Olof Söderberg
Chairman

Ulla Litzén
Board member

Eva Karlsson
Board member

Karsten Slotte
Board member

Jan Söderberg
Board member

Jonas Wiström
Board member, CEO

THIS REPORT IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Ratos AB (publ), Corp. Reg. No. 556008-3585

Introduction

We have reviewed the condensed interim report for Ratos AB (publ) as at June 30, 2020 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report 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.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements 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 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.

Conclusion

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 in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 17 July 2020

Ernst & Young AB

Erik Sandström
Authorised Public Accountant

Telephone conference

17 July 9:00 a.m. SE: +46 8 505 583 50
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US: +1 833 526 8382

Financial calendar

2020
Interim report January–September 22 October

Stockholm, 17 July 2020
Ratos AB (publ)



Jonas Wiström
CEO

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This is information that Ratos AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.00 CET on 17 July 2020.

RATOS

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Tel +46 8 700 17 00 www.ratos.com Corp. Reg. No. 556008-3585

Ratos is a business group consisting of 12 companies divided into three business areas: Consumer & Technology, Construction & Services and Industry. In total, the companies have SEK 38 billion in sales and EBITA of SEK 1.8 billion. Our business concept is to develop mid-sized companies headquartered in the Nordics that are or can become market leaders. We enable independent mid-sized companies to excel by being part of something larger. A focus on people, leadership, culture and values is a key component of Ratos. Everything we do is based on Ratos's core values: Simplicity, Speed in Execution and It's All About People.
