

# Ratos

## Interim Report January – September 1999

- High level of activity
- Dahl acquired and PriFast sold
- Capona and Telelogic listed on the stockmarket
- Meto in process of being taken over – possible capital gain SEK 217M
- Esselte streamlined and management strengthened
- TV8 holding sold
- Result before taxes for the first nine months of the year SEK 1,166 M (816)
- Net asset value amounted to SEK 100 per share on 29 October 1999

### HIGH LEVEL OF ACTIVITY

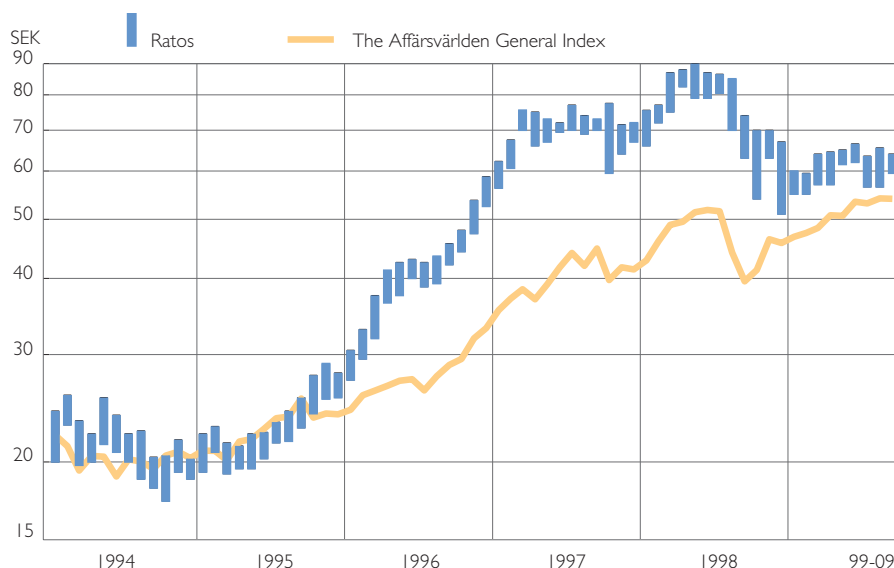
In accordance with the decision of the Board of Directors in December 1998, Ratos' investment profile will change over the next few years. From a portfolio containing mainly listed shares, in the future Ratos will offer the stockmarket a unique investment alternative via investments in mainly unlisted companies. By exercising a value-creating ownership in these companies, added values will be created which are realised in connection with a sale or stockmarket introduction of the holding in question.

When the strategy was changed, Ratos already had a portfolio with Active holdings. Together with a successful Asset management, these holdings have contributed to the fact that the yield on Ratos' net asset value, taking into account dividend paid, amounted to 21 per cent.

In the existing portfolio of Active holdings, Ratos implemented a number of measures during the year in accordance with the new strategy. Examples of this are the buy-back of Dahl from the stockmarket together with EQT, the sale of PriFast to the real estate company, Balder, and the stockmarket list-

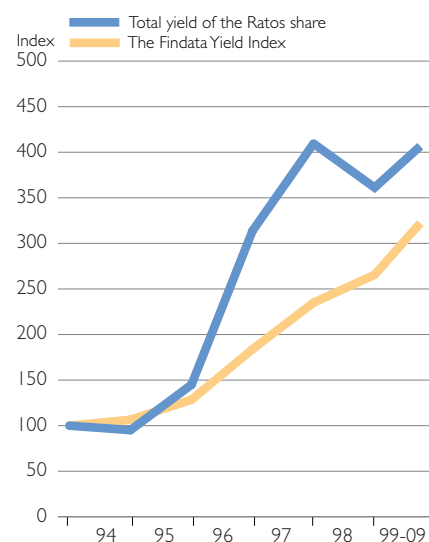
ing of the hotel real estate company, Capona, and the IT company, Telelogic. In addition, the extensive streamlining work continued in Esselte which previously, among other things, resulted in the sale of Nielsen & Bainbridge. Meto has been listed separately and the ongoing restructuring work has been accelerated still further. In September, the recruitment of a new President of Esselte was also announced. A new President has also been appointed for the wholly-owned airfreight company, ACE, and in August, Ratos found a new owner for its former holding in TV8.

### Ratos' market price



### Total Yield

Value development of SEK 100 invested 31 Dec 1993



In addition to these activities, work aimed at identifying and evaluating potential investments have been going on at the same time as several contacts have been made with potential co-investors. Taken together, this has resulted in an increasing flow of investment opportunities.

## RESULT SEK 1,166M

Ratos' consolidated result before taxes during the period, January-September, amounted to SEK 1,166M (816). Of the consolidated result, Active holdings accounted for SEK 565M, Asset management for SEK 664M and Group overheads for SEK -63M. Of the result of Active holdings, current results account for SEK 81M and exit results for SEK 484M. Goodwill depreciation attributable to Active holdings amounted to SEK 14M. Result excluding goodwill depreciation in the Group and associated companies amounted to SEK 1,226M.

The result for the third quarter includes a Groupwise capital loss of SEK 35M which arose in connection with the sale of TV8.

## FINANCIAL POSITION

At the period-end, Ratos' liquid assets (net) amounted to SEK 173M compared with SEK -811M at the turn of the year. Consolidated cash flow from current operations and investment operations were SEK 1,123M (70). Net sales of shares during the period amounted to SEK 1,191M (-4).

## NET ASSET VALUE +21%

On 30 September 1999, Ratos' net asset value amounted to SEK 8,222M, of which 38 per cent consisted of Active holdings. At the period-end, the largest assets from a value viewpoint were Scandic Hotels and Skandia which together accounted for approximately 27 per cent of the net asset value. Listed assets represented a total of 85 per cent of the consolidated net asset value at the period-end. Among the listed holdings, both Meto and Scania are in the process of buy-out.

Among the listed Active holdings, especially Telelogic and Capona reported a very positive price trend during the period, whereas Scandic Hotels and Esselte developed less positively. In the Asset management port-

folio, among others Skandia, Stora Enso, Scania and Svedala enjoyed a positive trend whereas Gambro and Swedish Match among others developed less positively.

On 30 September 1999, the net asset value amounted to SEK 101 per share. Taking into account dividend paid, the net asset value has increased by 21 per cent since the turn of the year, whereas the Findata Yield Index rose by just under 21 per cent. For the last twelve months, Ratos' management costs, excluding transaction-related costs, amounted to 0.7 per cent of the net asset value on 30 September.

On 29 October, the net asset value was SEK 100 per share, an increase of 20 per cent since the turn of the year, and the net asset value discount was 41 per cent.

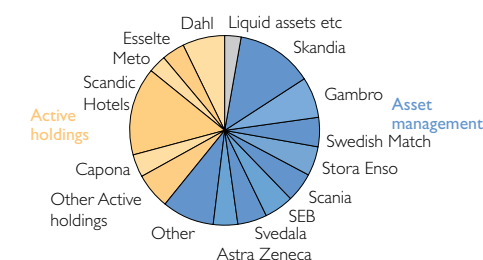
## Key figures

	1994	95	96	97	98	99 Q1-3
Net asset value per share, SEK	36	50	74	85	87	101
Market price, SEK	19	28	58	71	57	60.50
Net asset value discount, %	47	45	23	17	34	40
Net asset value development, %	6	42	51	17	7	21
Total yield of the Ratos share, %	-5	52	116	30	-12	13
The Findata Yield Index, %	7	21	43	28	13	21

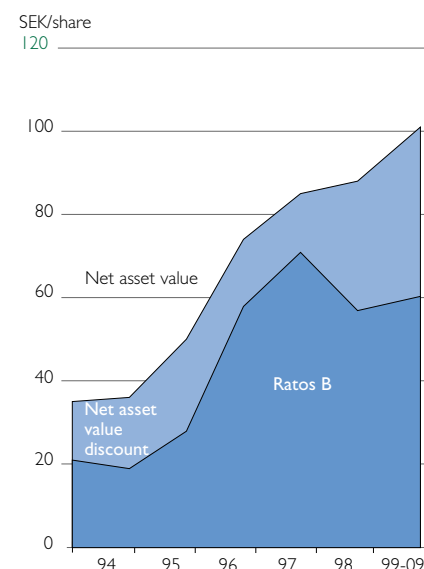
## THE RATOS SHARE

Up to 29 October this year, the market price of the Ratos B share has risen by 4 per cent, excluding dividend paid of SEK 3.50, to SEK 59.50. The total yield of the Ratos share (including dividend paid) to 29 October inclusive was 11 per cent. The total trading in Ratos shares up to 30 September amounted to 30 million shares, equivalent to a value of SEK 1,813M. The trading rate for the Ratos B share was 68 per cent during the period compared with 92 per cent for the A list of the Stockholm stock exchange.

## Ratos' assets distributed by holding 30 Sept 1999

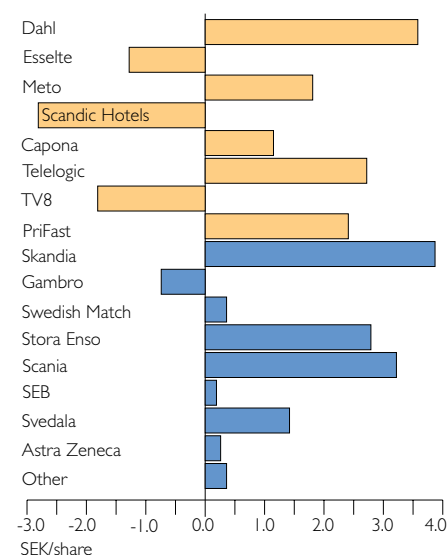


## Net asset value



## Contribution to change in net asset value, Q1-3 1999

Net asset value including dividend paid increased by SEK 17.50 per share



## ACTIVE HOLDINGS

At end September, Ratos' Active holdings consisted of Scandic Hotels, Dahl, Capona, Esselte, Meto, Telelogic, Telia Overseas and ACE. All companies except Meto and Telia Overseas are associated companies or subsidiaries. During the period, investments for SEK 588M were made in Active holdings and sales for SEK 1,439M.

### SCANDIC HOTELS – STRONG RESULT TREND

Ratos owns 23 per cent of votes and capital in the hotel chain, Scandic Hotels, and is therefore the company's largest owner. The Nordic hotel market is expected to show a continued positive trend which will favour Scandic Hotels. In recent years, the company has established a strong Nordic platform with a well-established brandname and a well-functioning concept. Ratos is of the opinion that in addition, Scandic Hotels also has very good opportunities to grow outside the Nordic markets. Scandic Hotels accounts for SEK 57M of Ratos' result for the period.

During the period, Scandic Hotels' sales rose by 9 per cent and amounted to SEK 3,910M (3,578), of which 15 per cent was generated outside the Nordic countries. Earnings after financial income and expenses rose by 23 per cent to SEK 247M (201) and operating margin amounted to 6.0 per cent (6.2).

During the period, Scandic Hotels' capacity increased by 1,243 rooms, equivalent to an increase of 6 per cent. The majority of the increase took place outside Sweden. Capacity utilisation in the Nordic countries shows a continued positive trend with an occupancy ratio of 63.4 per cent (62.9) and average room rate of SEK 709 (682). Revenue per available room therefore amounts to SEK 450 (429).

### DAHL – INVESTMENTS BURDEN RESULT

During spring, Ratos and EQT acquired in full the heating and plumbing supply wholesaler, Dahl. The acquisition was made via a loan-financed holding company, which meant that Dahl's cash flow will benefit Ratos' shareholders more efficiently. As part of an incentive program, some members of the Dahl Board of Directors and Manage-

ment subscribed for shares in Dahl during the third quarter. As a result, Ratos' ownership reduced from 49 per cent to 44 per cent. Dahl accounts for SEK 36M of Ratos' result for the period, excluding exit result.

During the period, sales in Dahl increased by 2 per cent and amounted to SEK 7,698M (7,544). Earnings after financial income and expenses for the period were SEK 63M. The buy-out from the stockmarket and its financing affected earnings negatively by SEK 56M in the form of increased interest expenses, goodwill depreciation and lump-sum costs. Cleared of these effects, the result for the first nine months of the year was SEK 49M lower than during the corresponding period in the previous year. Operating margin was 2.1 per cent (3.0). Third quarter underlying earnings were slightly higher than in the previous year, despite the fact that the year's result includes substantial investment and start-up costs for new IT systems. The new IT systems are now installed and, despite some continued running-in problems, the systems are beginning to produce a positive effect.

The Danish market is stable but competition has increased. Despite this, Dahl's market share is unchanged. A weak trend in acquired companies and to some extent the increased competition influenced the result in Denmark. The Norwegian market remains weak and at the same time problems in connection with investments in new IT systems have had a negative effect on operations. Both sales and earnings are below the previous year's level. In Sweden, earnings are higher than in the previous year. Investments in new central warehouses have been completed and a new IT system has been installed. The trend on the market is positive. However, running-in problems during the implementation of new IT systems have also caused operation interruptions in Sweden which had some negative effect on Dahl's market share. Operations in Finland continue to develop positively. Both market share and underlying earnings are rising compared with the previous year. In Poland, which now accounts for more than 7 per cent of Dahl's sales, earnings develop favourably. Additional acquisitions were completed after the period-end.

With an established market-leading position, new IT systems and a positive trend – especially on the Swedish, Finnish and Polish markets – the criteria are good for an earnings improvement in the Dahl Group.

### CAPONA – PRICE RISE

With an ownership of 47 per cent, Ratos is the principal owner in the hotel real estate company, Capona. The company was quoted at the end of 1998. Since then the share has risen by 35 per cent and Ratos' holding has increased in value by SEK 84M. Ratos' assessment is that the positive hotel trend in the Nordic countries will continue with, among other things, rising room rates as a result. Capona is thus well positioned for organic growth. In addition, Ratos sees possible structural changes within the Nordic hotel real estate market in which Capona and Ratos have a sound starting-point for participating actively. In September, Capona made a first investment in the Finnish market through the acquisition of Good Morning Hotels' Helsingfors-Vanda. Capona accounts for SEK 34M of Ratos' result for the period.

During the first nine months of 1999, Capona's rental income from like-for-like capacity increased by 11 per cent. In addition, Capona expanded its capacity by 3 per cent through acquisition of hotel real estate. In the first nine months, Capona's total rental income rose by 14 per cent to SEK 187M (164) and earnings after financial income and expenses increased by 39 per cent to SEK 75M (54). The yield in the holding amounted to 9.8 per cent for the last twelve months.

### ESSELTE – STRENGTHENED MANAGEMENT

Ratos owns 22 per cent of votes and 13 per cent of capital in Esselte and is thus the company's largest owner. During the past year, Esselte has streamlined its operations through a number of structural measures. With the acquisition of Leitz, the company consolidated its leading position on the office products market. Ratos is therefore of the opinion that Esselte, despite a weak earnings trend during 1999, should be able to take an active part in anticipated structural changes on the global office products market. On 1 November, Anders Igel takes up

his duties as the new President. Esselte accounts for SEK -4M of Ratos' result for the period.

From an earnings viewpoint, 1999 was burdened with substantial restructuring costs and slightly falling sales. In the first nine months of the year, the company reported a pre-tax result of SEK -8M (211 for comparable units). The loss is an effect of weak sales combined with costs for implementing strategic measures. The full-year result, including additional restructuring costs of approximately SEK 90M, is expected to be zero. Cash flow from operations remains positive and gross profit margin has improved for four quarters in succession.

#### METO – BID ACCEPTED

On 11 August, the American company, Checkpoint Systems Inc., made a cash offer for all the shares in Meto, equivalent to SEK 65 per share. Ratos, which is Meto's largest owner, intends to accept the offer. However, completion of the offer is subject to approval by the competition authorities involved. Ratos' capital gain is expected to amount to SEK 217M should the deal be completed.

#### TELELOGIC – CONTINUED POSITIVE GROWTH OPPORTUNITIES

With 20 per cent of capital and votes, Ratos is the largest owner in the IT company, Telelogic. The Telelogic share was listed on the Stockholm stock exchange in March and to 29 October, the price had risen by 170 per cent. Ratos' holding has therefore increased in value by SEK 137M. Telelogic develops and licenses integrated graphic tools and related services. Through its products and services, Telelogic intends to contribute to reducing the lead times of its own customers and to improving the reliability of their end products. Telelogic's products, which have been under development for more than 15 years, are currently marketed in nearly 30 countries. Customers include the largest communications suppliers in the world, such as Ericsson, Nokia, Alcatel and Motorola. During the third quarter, NEC was added to the company's customers. In order to utilise its market-leading position for additional growth – both organically and via acquisition – Telelogic carried out a new share issue for SEK 90M during spring. Against this back-

ground, Ratos considers Telelogic's future growth potential to be good. Telelogic accounts for SEK -8M of Ratos' result for the period, excluding exit result.

Telelogic's sales for the period amounted to SEK 184M (115). The growth of 60 per cent is mainly explained by carried-out acquisitions and by significantly increased sales of services. Licence sales also show a positive trend. As a consequence of continued expansion with a high recruitment rate and increased personnel costs as a result, Telelogic reported a result of SEK -24M (-3) in the first nine months of the year. The expansion rate is expected to remain high throughout 1999 and the full-year result is therefore expected to be negative.

#### AIR CARGO EXPRESS – WEAK MARKET

Ratos owns 100 per cent of the air forwarding company, Air Cargo Express (ACE). The company has been affected by continued low freight volumes, especially in Asia. As a consequence of this, among other things the company's establishments in Asia were sold and cost-reducing measures implemented. In addition to these measures, the company intends to try to take further advantage of its very good market position.

During the period, ACE's sales amounted to SEK 367M (463) and the result to SEK -5M (3). The divested operations in Asia accounted for SEK 18M of the fall in sales. On 1 October, Peter Larsen became the new President of the company.

#### TELIA OVERSEAS

Ratos owns 9 per cent of the internationally-oriented telecommunications company, Telia Overseas. Telia owns 65 per cent of the company. Telia Overseas is therefore neither an associated company nor a subsidiary of Ratos. Telia Overseas is included as a subsidiary of the new Swedish-Norwegian telecom operator, Telia/Telenor, which is expected to be listed on the stockmarket during spring 2000.

#### ASSET MANAGEMENT BEATS INDEX

The market value of the Asset management holdings was SEK 4,834M at the period-end (4,243 year end 1998). Asset management's

yield for the period was 25 per cent and for the latest twelve months 47 per cent. The corresponding values for the Findata Yield Index are 21 per cent and 40 per cent, respectively.

During the first nine months of the year, shares within Asset management were sold for SEK 1,370M and shares bought for SEK 1,030M. The holdings in Skandia, Stora Enso and Astra Zeneca have reduced during the year, whereas JM Bygg, Industrivärden and Electrolux have been added to the portfolio.

During the period, capital gains in the Asset management amounted to SEK 564M net and dividends received to SEK 100M.

#### PARENT COMPANY

Parent Company result before taxes for the period amounted to SEK 1,362M (779). The result includes capital gains, etc, of SEK 1,233M (679), dividends received of SEK 186M (168), financial income and expenses of SEK -5M (-21) and other expenses of SEK -52M (-47). The Parent Company's net sale of shares during the first nine months of the year amounted to SEK 1,222M. Liquid assets have increased since the turn of the year and amounted to SEK 192M at the period-end.

#### VALUE-CREATING MEASURES

Already in the 1998 Annual Report, Ratos outlined its intention to continue its work with a shareholder-oriented view under the new strategy. The Ratos Board of Directors therefore support an aggressive dividend policy and view positively other value-creating measures such as right of preference for its own shareholders on stockmarket introductions and, when it becomes possible, buy-back of its own shares.

*Stockholm, 1 November 1999*



Arne Karlsson  
President

*This Report has not been the subject of special examination by the Auditors of Förvaltnings AB Ratos (publ).*

# GROUP

	1997	1998	1997	1998	1999
<b>STATEMENT OF INCOME <sup>1)</sup>, SEK M</b>	Full-year	Full-year	Q 1-3	Q 1-3	Q 1-3
<b>Active holdings</b>					
Results of subsidiaries	-61	-69	-18	-52	-46
Exit result, subsidiaries	—	201	—	227	-37
Shares in results of associated companies	179	452	143	171	127
Exit result, associated companies	—	—	—	142 <sup>2)</sup>	521
Result of Active holdings	118	584	125	488	565
<b>Asset management</b>					
Dividends	77	96	77	96	100
Capital gains	109	301	45	291	564
Result of Asset management	186	397	122	387	664
<b>Central income and expenses</b>					
Financial income and expenses	53	-9	58	-4	-8
Exchange rate differences	0	-10	1	-8	2
Management costs	-72	-65	-47	-47	-57
Group overheads	-19	-84	12	-59	-63
Consolidated result before taxes	285	897	259	816	1,166
Tax from associated companies	-67	-103	-48	-54	-36
Taxes	-1	1	-2	-1	-4
Consolidated result after tax	217	795	209	761	1,126
<b>BALANCE SHEET <sup>1)</sup>, SEK M</b>	31 Dec 1997	31 Dec 1998	30 Sept 1997	30 Sept 1998	30 Sept 1999
<b>Assets</b>					
Active holdings	2,372	2,170	2,346	2,029	1,778
Asset management	2,664	2,767	2,118	2,948	2,972
Liquid assets	522	36	1,005	202	206
Other	67	83	60	90	245
Total assets	5,625	5,056	5,529	5,269	5,201
<b>Shareholders' equity and liabilities</b>					
Shareholders' equity	4,404	4,174	4,390	4,896	4,888
Minority interest	1	—	1	—	—
Provisions	211	88	216	113	83
Long-term liabilities					
— interest-bearing	141	96	55	51	—
— non-interest-bearing	1	—	15	2	2
Current liabilities					
— interest-bearing	38	519	102	56	64
— non-interest-bearing	829	179	750	151	164
Total shareholders' equity and liabilities	5,625	5,056	5,529	5,269	5,201
<b>CASH FLOW ANALYSIS, SEK M</b>	1997	1998	1997 Q 1-3	1998 Q 1-3	1999 Q 1-3
Cash flow before change in working capital	115	43	169	173	88
Change in working capital	-98	9	-75	194	-156
Cash flow of current operations	17	52	94	367	-68
Cash flow of investment operations	-790	104	-355	-297	1,191
Cash flow of financing operations	-965	-642	-994	-390	-953
The year's cash flow	-1,738	-486	-1,255	-320	170
Liquid assets at start of period	2,260	522	2,260	522	36
Liquid assets at period-end	522	36	1,005	202	206

<sup>1)</sup> From Q1 1999, Ratos reports its Consolidated Income Statement and Balance Sheet exclusively in accordance with the equity method with no quarterly delay. Balance brought forward for shareholders' equity in 1999 has thus been amended and comparative figures recalculated.

<sup>2)</sup> Change of equity in Scandic Hotels in connection with the Scandic Hotels acquisition of the Finnish hotel chain, Arctia.

## RATOS' NET ASSET VALUE

	Book value in Parent Company SEK M, 30 Sept 1999	SEK/Ratos share 30 Sept 1999	Market value <sup>1)</sup>		Number of shares 30 Sept 1999
			SEK M 30 Sept 1999	SEK M 31 Dec 1998	
<b>Active holdings</b>					
Dahl	562	7	562	466	3,373,314
Esselte	303	4	307	574	4,450,780
Meto <sup>2)</sup>	135	3	282	—	4,430,780
Scandic Hotels	90	15	1,207	1,458	14,829,000
ACE	100	1	100	100	150,000
Capona	224	4	322	247	9,334,452
Telelogic	30	3	250	30	1,612,000
Telia Overseas <sup>2)</sup>	125	2	125	99	1,251,639
(TV8)	—	—	—	103	—
(PriFast)	—	—	—	504	—
		39	3,155	3,581	
<b>Asset management</b>					
Skandia		13	1,015	843	5,963,800
Gambro		7	593	660	7,500,000
Swedish Match		5	438	389	14,500,000
Stora Enso		5	436	456	4,000,000
Scania		5	432	213	1,390,980
SEB		5	431	442	5,160,000
Svedala		5	370	283	2,300,000
Astra Zeneca		4	342	379	1,000,000
Other		10	777	578	—
		59	4,834	4,243	
<b>Liquid assets and other <sup>1)</sup></b>					
		3	233	-751	
Net asset value		101	8,222	7,073	

KEY FIGURES <sup>3)</sup>	1997	1998	1997	1998	1999
	Full-year	Full-year	Q 1-3	Q 1-3	Q 1-3
Return on shareholders' equity, %	5	19	—	—	—
Return on capital employed, %	6	21	—	—	—
Cash flow of current operations and investment operations, SEK M	-773	156	-261	70	1,123
Equity ratio					
— visible, %	78	83	79	93	94
— including hidden reserve, %	87	90	88	95	96
Interest-bearing net receivables, SEK M	277	-594	800	76	128
Market value of stock portfolio, SEK M	7,592	7,824	7,289	6,923	7,989
Net asset value, SEK/share	85	87	91	77	101
Shareholders' equity SEK/share	49	46	49	60	60
Result after tax, SEK/share	2.40	8.81	2.32	9.36	13.85
Dividend paid, SEK/share	3.00	3.50			
Market price SEK/share	71	57	72	69.50	60.50
Number of shares	90,277,604	81,320,508 <sup>4)</sup>	90,277,604	81,320,508	81,320,508

<sup>1)</sup> In the net asset value calculation, non-listed assets are entered at book value in the Parent Company.

<sup>2)</sup> Not associated company or subsidiary. Meto is regarded as an associated company until 30 June 1999.

<sup>3)</sup> From Q1 1999, Ratos reports its Consolidated Income Statement and Balance Sheet exclusively in accordance with the equity method with no quarterly delay. Balance brought forward for shareholders' equity in 1999 has thus been amended and comparative figures recalculated.

<sup>4)</sup> Excluding C shares.

## RATOS' RESULT

SEK M	Ratos' ownership, %	Result/ share in result 1999 Q 1-3	Of which Ratos' goodwill depr. <sup>1)</sup> 1999 Q 1-3
<b>Active holdings</b>			
Dahl	44	36	–
Esselte	13	-4	-3
Meto <sup>2)</sup>	13	15	–
Scandic Hotels	23	57	0
ACE	100	-9	-4
Capona	47	34	-1
Telelogic	20	-8	-3
Telia Overseas <sup>2)</sup>	9	–	–
(TV8)	–	-37	-2
(PriFast)	–	-3	-1
		81	-14
Exit result from Dahl		184	
Exit result from PriFast		324	
Exit result from Telelogic		13	
Exit result from TV8		-35	
Exit result from other		-2	
Exit result total		484	
Result of Active holdings		565	
Result of Asset management		664	
Central overheads		-63	
Consolidated result before taxes		1,166	

From 1999, Ratos reports its consolidated result exclusively in accordance with the equity method. Ratos' result includes shares in results of associated companies. This method reflects more accurately Ratos' strategy with an increased proportion of unlisted holdings.

According to the Annual Accounts Act, the equity method is to be applied for associated companies. An associated company is a company in which the ownership is so extensive that it involves considerable influence over the company. A number of votes of 20 per cent or more means that the holding is as a rule to be regarded as a holding in an associated company.

Briefly, the equity method means the following: The result during a period is arrived at by multiplying the ownership participation for the holding by its result. This figure is reported in the Statement of Income as result from associated company before tax. Share in the tax expense of the associated companies is included in the consolidated tax expense. In the Balance Sheet, the value of Participations in associated companies is changed with the value of accumulated shares in the results of the associated companies after tax. A dividend from an associated company is thus not reported in the Statement of Income but only in the Balance Sheet as a change from restricted to non-restricted equity.

Where the acquisition value of an associated company exceeds the company's shareholders' equity, the differences are assigned to goodwill and depreciated according to plan.

## RATOS' ACTIVE HOLDINGS

### Company information

SEK M	Net sales			Result after depreciation			Result before taxes			Of which, goodwill depreciation	Of which, other depreciation	Investments	Cash flow <sup>3)</sup>	Shareholders' equity	Interest-bearing net liability <sup>4)</sup>
	99 Q 1-3	98 Q 1-3	1998	99 Q 1-3	98 Q 1-3	1998	99 Q 1-3	98 Q 1-3	1998	99 Q 1-3	99 Q 1-3	99 Q 1-3	99 Q 1-3	99 Q 1-3	99 Q 1-3
<b>Active holdings</b>															
Dahl	7,698	7,544	10,431	161 <sup>5)</sup>	228	344	63 <sup>5)</sup>	168	262	56	79	107	-80	1,260	2,508
Esselte	8,291	6,602	9,110	53	502	1,235	-8	466 <sup>6)</sup>	1,167	78	326	248	1,283	2,942	2,709
Meto	2,372	2,233	3,074	148	146	218	136	137	205	18	68	70	165	535	475
Scandic Hotels	3,910	3,578	5,004	236	223	308	247	201	274	32	235	436	-8	1,647	27
ACE	367	463	610	-5	2	3	-5	3	4	0	2	1	-19	35	-18
Capona	187	164	220	116	97	130	75	54	74	–	16	94	12	798	1,058
Telelogic	184	115	178	-24	-2	2	-24	-3	1	2	5	55	-19	79	-42
Telia Overseas <sup>7)</sup>															

<sup>1)</sup> For associated companies, the figures refer to the portion of goodwill depreciation which has reduced the share in the result.

<sup>2)</sup> Not associated company or subsidiary. Meto is regarded as an associated company to 30 Sept. 1999 inclusive.

<sup>3)</sup> Cash flow of current operations and investment operations.

<sup>4)</sup> Interest-bearing liabilities less liquid assets.

<sup>5)</sup> Total of the result in "old" Dahl in the first quarter and the result in "new" Dahl in the second and third quarters.

<sup>6)</sup> For comparable structure, the result to third quarter 1998 inclusive is SEK 211M.

<sup>7)</sup> Information not published.

## RATOS' OPERATIONS

### Business concept

Ratos is an owner company whose business concept, over a period of time, is to create the highest possible yield for its shareholders through professional, active and responsible exercising of the ownership role in a number of selected companies and investment situations in which Ratos creates a unique investment opportunity for the operators on the stockmarket. Added values will be created in connection with acquisition, development and sale of companies.

### Objective

The objective is that the total yield of the Ratos share should be higher than the average for the companies on the Stockholm stock exchange.

The dividend policy will be aggressive.

Ratos should be perceived as one of Sweden's best owner companies.

### Strategy

Ratos' holdings will consist of 10-20 companies of varying size with an increased proportion of unlisted holdings. Ratos should normally be the largest owner with a 20-50 per cent ownership.

Operations will be focused on Active holdings with sound market and development potential in which Ratos as an owner will be able to contribute to added value. Ratos' Asset management is responsible for assets which are not invested in Active holdings.

Information regarding Annual and Interim Reports and other press releases is available at Ratos' website on the Internet, [www.ratos.se](http://www.ratos.se)

#### FINANCIAL CALENDAR

Preliminary Accounts Report 1999, 25 February 2000

Annual General Meeting, 13 April 2000

Interim Report January - March, 9 May 2000

Interim Report January - June, 29 August 2000

Interim Report January - September, 9 November 2000

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