RATOS

Annual Report 2000

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RATOS

Contents

Information

www.ratos.se

Ratos's website was re-designed in the autumn.

As well as providing information about Ratos and its active holdings, the site offers continuously updated and downloadable financial data (excel), press releases about Ratos and its active holdings, as well as monthly interviews with the CEOs of active holdings.

Ratos gives regular company presentations at different locations. Details of future meetings are available at www.ratos.se under Investor Relations.

Annual General Meeting

The Annual General Meeting of Ratos AB (publ) will be held at 5.30 p.m. on Thursday, 5 April 2001 in Berwaldhallen, Dag Hammarskjölds väg 3, Stockholm.

Participation

To be entitled to participate in the business of the Meeting, shareholders must

be recorded in the register of shareholders maintained by VPC AB (the Swedish Securities Register Centre) no later than 26 March 2001,

notify the company of their intention to attend no later than 4 p.m. on 2 April 2001.

Financial calendar

5 April	Annual General Meeting
9 May	Interim Report, January-March
24 August	Interim Report, January-June
13 November	Interim Report, January-September
February 2002	Year-end report 2001

Publications are issued in Swedish and English. Information is sent directly to shareholders who have told Ratos that they wish to receive financial information from the company. Others who wish to receive such information should give their name and address to Ratos via

post: Ratos AB, Box 1661
SE-111 96 Stockholm
fax: +46 8 24 22 26 or
e-mail info@ratos.se

www.ratos.se

Notification of attendance may be made by writing to Ratos AB (publ), Box 1661, SE-111 96 Stockholm, or calling +46 8 700 17 00.
In order to be entitled to participate in the meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at VPC by 26 March 2001. Shareholders are requested to inform their nominees in good time prior to this date.

Information policy

Ratos's policy is to provide open, accurate, continuous and fast information. The aim is to make it easier for shareholders and other capital market players to understand and evaluate the company.

Ratos AB (publ) Corporate Identity Number 556008-3585

2000 Highlights

- The Group's pre-tax profit amounted to SEK 1,977m (1,761).
- Earnings per share amounted to SEK 23.91 (20.95).
- Net asset value was SEK 9,896m at 31 December 2000, corresponding to SEK 125 per share.
- The total return on Ratos shares was 16% (34).
- New and follow-on investments in active holdings totalled SEK 1,319m. Camfil, DataVis and Q-Labs were added to the active holdings portfolio.
- A partial exit in Telelogic contributed to the total exit gain from active holdings of SEK 726m (696).
- In February 2001, Ratos and 3i, Europe's leading private equity company, made a joint cash offer of SEK 8.3 billion for Atle.

Investments

Acquisitions during the year included 44% in IT consultant DataVis, 30% in air filter manufacturer Camfil, and in December 40% in the consulting company Q-Labs. A capital contribution from Ratos allowed Exceed (formerly ACE) to acquire the Conmel Group's logistics division.

In addition, follow-on investments were made in Esselte and Telia Overseas.

Strong improvement in earnings

The Ratos Group's profit before tax amounted to SEK 1,977m (1,761). Earnings per share amounted to SEK 23.91 (20.95). The increase was mainly due to improved earnings and profit shares from subsidiaries and associated companies.

Key figures per share [1]

SEK	2000 [2]	1999	1998
Earnings	23.91	20.95	9.78
Dividend	5.50 [3]	4.50	3.50
Market price, 31 Dec	79	72	57
Total return, %	16	34	-12
Net asset value	125	113	87
Growth in net asset value, %	15	34	7

1) Definitions, see page 81.
2) Number of shares outstanding amounts to 79,155,626.
3) Board of Directors' proposal to the 2001 AGM.

SEKm	2000	1999	1998
Active holdings			
Profit/ share of profits	320	128	241
Exit gain	726	696	343
Asset management	1,008	1,023	397
Central income and expenses, net	-77	-86	-84
Consolidated pre-tax profit	1,977	1,761	897
Net asset value	9,896	9,192	7,073
of which unlisted	28%	18%	10%

Active holdings

Current profits and shares of profits from Ratos's active holdings amounted to SEK 320m (128) in 2000. The largest contributions came from Dahl and Scandic Hotels. The best earnings trend was noted at Esselte, Dahl, Scandic Hotels and Exceed, while DataVis reported negative earnings.

The exit gain from the active holdings amounted to SEK 726m (696) and mainly comprised the partial sale of Telelogic. Industri Kapital also made a positive contribution to earnings.

Active holdings, 31 December 2000, SEKm

	Camfil	Capona	Dahl	DataVis	Esselte	Exceed	Q-Labs [2]	Scandic Hotels	Superfos Industries (DKKm)	Telelogic	Telia Overseas
Ratos's holding [1]	30%	47% (48)	44%	44%	17%	100%	40%	24% (25)	33%	7%	9%
Sector	Air filters	Hotel properties	HP/WS whole-saler	IT consul-tant	Office products	Air and sea freight	Software quality assur-ance	Hotel operator	Packaging Aerosol filling	Software develop-ment	Mobile telephone licences
Sales	2,277	267	10,674	215	11,095	1,198	198	5,971	2,616	881	445
Profit/loss before tax	57	130	253	-25	274	20	-19	460	34	-42	-788

1) Figures in parentheses show holding taking share buy-backs into account.
2) Q-Labs is not included in Ratos's 2000 results.

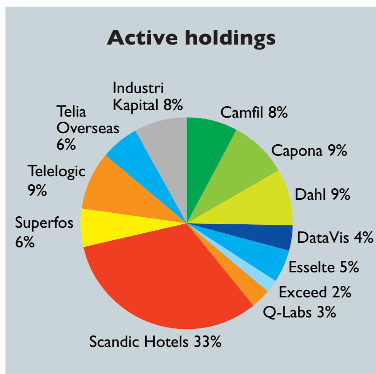
Business concept, objectives and strategy

Ratos is a listed private equity company.

BUSINESS CONCEPT

Added value through professional, active and responsible ownership

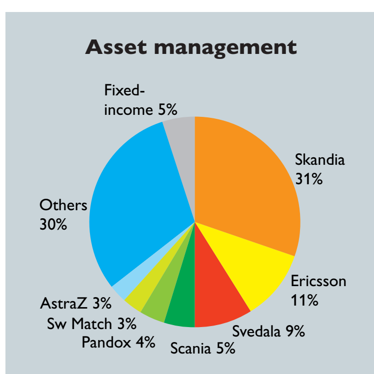
Ratos's business concept is to generate, over time, the highest possible return through the professional, active and responsible exercise of its ownership role in a number of selected companies and investment situations. In this way Ratos will provide stock market players with a unique investment opportunity. Added value will be created in connection with acquisition, development and divestment of companies.



OBJECTIVES

Highest possible return

Ratos's aim is to create a high growth in value through active ownership. Ratos will generate a high and sustainable profit in the form of operating profit (profit shares in holdings) and exit gains (divestment of holdings). Ratos will make acquisitions, preferably in unlisted companies, using its own deal flow and through the organisation's network. Ratos will adopt an assertive dividend policy through aggressive dividends, pre-emption rights and a buy-back program for its own shares.



STRATEGY

To create value at every stage

In order to achieve its objectives, Ratos must see an opportunity to create value in every potential investment situation. These include capital-intensive growth phases, requirements for changed financial structure, need for streamlining and re-focusing, bridging financing, generation succession, buy-outs and buy-ins.

10-20 active holdings

Ratos will build up a portfolio of 10-20 active holdings of varying size. Normally, Ratos will be the principal owner with a holding of 20-50%.

Mainly unlisted companies

The size of Ratos's new investments ranges from SEK 250m to SEK 1,200m. The entry point for these investments is the Nordic region with the main emphasis on Sweden, although exits can be effected globally. Ratos's investments can be in any sector. There must always be a clear exit strategy for each investment.

In addition to its own investments in active holdings, Ratos has been investing in Industri Kapital's private equity funds for a number of years.

Asset management

Asset management at Ratos is primarily intended to prepare for acquisition of new active holdings. The objective is that the portfolio should meet the liquidity requirements that this entails at the same time as achieving a good return.

CEO'S COMMENTS

Good results and making good progress

Summing up the past twelve months, we can conclude that we have put another successful year behind us. A lot of things developed in the right direction in 2000.

- Once again we achieved favourable earnings in absolute numbers, close to SEK 2 billion.
- Our net asset value rose 15%, despite a weak stock market year in which the General Index fell 12%.
- The overall development for our active holdings' operations was positive.
- Ratos's shareholders received a good total return on their shares, +16% compared with the benchmark which fell 11%.

Two years have now passed since Ratos revised its strategy to focus, within the fiscal framework for investment companies, on becoming one of Sweden's leading players in the private equity market – the market for investments in unlisted companies.

"well on the way to becoming a pure-play, leading Swedish private equity company"

High activity

So far activity and the pace of change have been high. Ratos has performed well in terms of profits, return on managed assets and total return on its shares. Within our core business we have carried out deals (acquisitions and divestments) for approximately SEK 5 billion. We are well on the way towards our goal of having a portfolio which consists of 15-20, preferably unlisted, active holdings. At the time of writing, active holdings account for approximately 60% of Ratos's net asset value.

Three new active holdings

During the year new and follow-on investments were made in the active holdings for SEK 1.3 billion. Three new active holdings were added – Camfil, DataVis and Q-Labs. At the same we have not denied ourselves some profitable exits. In March we realised part of the strong value growth in Telelogic through a partial sale. Our goal is also to maintain high profitability during the transformation phase.

One of the year's most demanding projects was the application for a UMTS licence, where our consortium Tenora was unfortunately not among those chosen. A number of other projects were also close to a deal but not completed for various reasons. This is an entirely normal development in our type of business where perhaps 5-10% of all projects we examine in depth result in a deal.

The ongoing development work in our active holdings also yielded results during the year, which are reflected in the strong improvements in profitability for Esselte and Dahl.

Continuous flow of business opportunities

We work continuously on a large number of investment opportunities. In the last two years we have analysed some 300 projects and we now have a continuous, large and attractive, mostly self-generated, deal flow.

Strong organisation

Ratos's organisation has been gradually changed and is today a first-class, competitive private equity team. Seven out of ten employees in our core business joined since 1 January 1999. Ratos's internal systems and routines have also been upgraded in order to better meet the demands of our business. In the current year we will probably recruit another one or two qualified people. However, we will continue to conduct a highly cost effective business in relation to the major assets we manage.

We have implemented a new information strategy and renewed and improved our website. These measures are designed to make Ratos transparent even with a higher proportion of unlisted holdings.

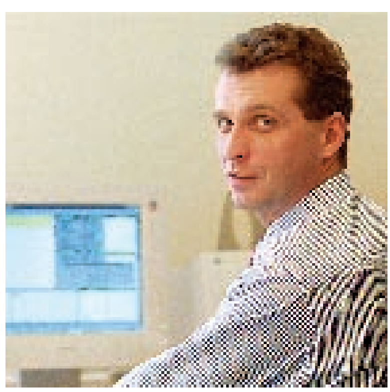
Private equity – investments in established companies

In our business environment in the past year we have noted how the venture capital portion of the private equity market first surged in a way which created a classic valuation bubble, and then fell back dramatically in the autumn when the bubble burst.

In the market segment in which Ratos operates, however, the trend has not been equally dramatic.

Nor has the competitive scenario changed to any significant extent. Setting up a new organisation in our segment of the private equity market requires considerable resources in the form of capital, people and networks as well as a good track record. Against this background, we do not see any serious new threats to our development.

“positioned ourselves in the sector of the market where we have special strengths”



Strong market position

In addition, following a market and competition analysis, we have positioned ourselves in the sector of the market where we have special strengths compared to existing competitors. Ratos has established itself in a unique niche and we therefore believe that in the future we will continue to be able to co-invest as much as compete with other market players.

It is also worth noting that the market for external acquisition financing – bank loans, bond issues, and so on – has started to tighten up which may affect many deals planned for 2001. However, for a player with a large investable liquidity, such as Ratos, this can create attractive business opportunities.

From discount to premium on net asset value

So a lot has developed favourably since our change of strategy two years ago. Ratos shares, however, are still valued with a high discount to net asset value which indicates that the market is suspicious of Ratos. This despite the fact that for two consecutive years our return has exceeded the return requirement market players state they have on us.

So what is the reason for this? In conversations with a large number of players in the market, we have formed the following picture.

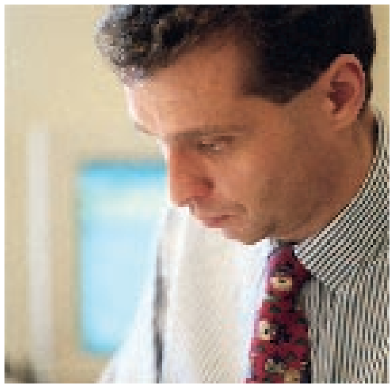
Ratos's strategic focus as well as its implementation and results have so far been given high marks. The main objection, however, is that the market wants to see even more implementation before it fully accepts that we should be valued as a successful private equity company. Our colleagues in the UK, 3i, Candover and Schroeder Ventures are all three valued at a premium to net asset value, which means the share price exceeds the net asset value.

Naturally, we can understand that the market wants to see more of the strategic change and the simple solution to this problem is continued efforts to deliver good results.

In February, in partnership with Europe's leading private equity company 3i, we made an offer for Atle. For Ratos this offer represents an investment of approximately SEK 3.2 billion. If the offer is accepted by Atle's shareholders, 95% of Ratos's portfolio will comprise active holdings, 65% of them unlisted companies.

Strong brand

I have found that Ratos as a brand is extremely strong in the Swedish business community. Active, professional and responsible exercise of ownership has been a constant feature of Ratos's nearly 135 years of existence. When the Ratos of today makes deals in the new era this is done on a stable foundation of good Swedish ownership tradition. This is part of Ratos's positioning in the market and one of our key competitive advantages in the hunt for attractive investments.



"when the Ratos of today makes deals in the new era this is done on a stable foundation of good Swedish ownership tradition"

Good prospects for 2001

The annual evaluation we make of our active holdings indicates that 2001 should also be a year of overall positive development.

If the offer for Atle goes through, our portfolio will contain several interesting new companies in which we assess the prospects for creating added values as good.

We look forward with great confidence to 2001 which should be another year of good profitability for Ratos's shareholders.

Arne Karlsson

Ratos shares – outperformed the index

Ratos shares are listed on the OM Stockholm Exchange O list.

Share capital and number of shares

On 31 December 2000, the share capital amounted to SEK 1,016.5m represented by 81,320,426 shares. The share capital is divided into class A and class B shares. Each Ratos A share carries one vote and each Ratos B share 0.1 vote. A round lot amounts to 100 shares. The par value is SEK 12.50 per share. In the event of full exercise of existing stock options, the number of shares will rise by 530,000, which corresponds to an increase in the share capital of SEK 7m.

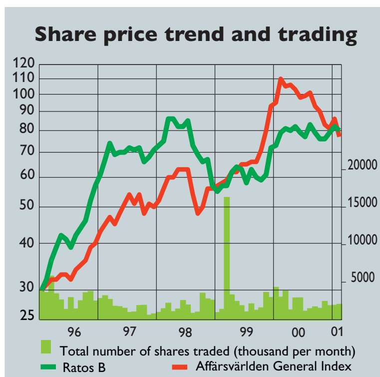
Total return 16%

The total return for Ratos B shares amounted to 16% compared with the SIX Return Index (formerly Findata's Total Return Index) which stayed at -11%.

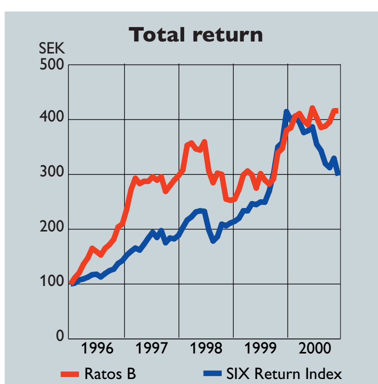
Ratos B shares rose 10% during the year which can be compared with the Affärsvärlden General Index which fell 12% in the same period. The highest quotation, SEK 87.50, occurred in March. The lowest quotation, SEK 63, was noted in January. Ratos's total market capitalisation rose to SEK 6,403m, an increase of SEK 548m.

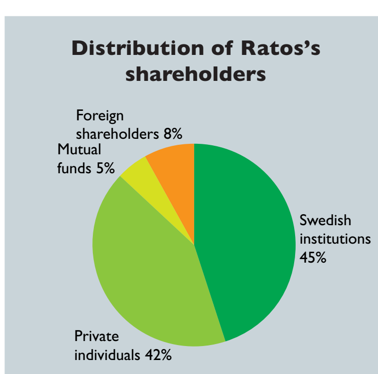
Trading

A total of 27.2 million Ratos shares were traded at a value of SEK 2.1 billion. Corresponding values for 1999 were 37.6 million shares and SEK 2.3 billion respectively. An average of 108,257 shares were traded per day, a decrease of 27% compared with 1999. This decline is mainly due to very high turnover in March 1999 when a major shareholding was divested.



Source: SIX





Dividend SEK 5.50

Ratos has an assertive dividend policy through aggressive dividends, pre-emption rights and a buy-back program for its own shares.

The Board of Directors proposes a dividend for 2000 of SEK 5.50 (4.50) per share, which corresponds to a dividend yield of 7.0% based on the last price paid at year-end.

Share buy-back program

The Board was authorised by the Annual General Meeting to acquire up to 10% of the company's shares on the stock market in order to improve Ratos's capital structure and thus raise shareholder value. This authorisation applies until the next Annual General Meeting. Up until 22 February 2001, Ratos had acquired 2,257,800 of its B shares, corresponding to 2.8% of shareholders' equity. The buy-backs were effected at an average price of SEK 80.78 per share.

Ownership structure

At year-end 2000, the number of Ratos shareholders totalled 16,065.

The ten largest shareholders accounted for 82% of the voting rights and 61% of the share capital. Swedish institutions owned 45% of the capital while 42% was owned by Swedish private individuals. Foreign ownership totalled 8%.

61% of Ratos shareholders owned less than 501 shares and together accounted for 2% of the share capital.

Analysts who monitor Ratos

Alfred Berg
John Hernander
john.hernander@alfredberg.se

Gustaf Lindskog
gustaf.lindskog@alfredberg.se

ArosMaizels
Rikard Österman
rikard.osterman@arosmaizels.com

CAI Cheuvreux Nordic
Thomas Ramsälv
thomasr@cdv.se

Cazenove & Co
Chris Brown
cbrown@cazenove.com

D. Carnegie
Fredrik Grevelius
fregre@carnegie.se

Christian Brunlind
christian.brunlind@carnegie.se

Handelsbanken
Martin de Verdier
maveoz@handelsbanken.se

Swedbank Market
Patrik Nygård
patrik.nygard@foreningssparbanken.se

Key figures per share [1]

SEK	2000	1999	1998
Earnings [1]	23.91	20.95	9.78
Dividend	5.50 [2]	4.50	3.50
Dividend as % of earnings	23.0	21.5	35.8
Net asset value [1]	125	113	87
Average no. of shares outstanding	79,155,626	81,320,426	81,320,426

[1] Dilution effect of outstanding options is negligible.
[2] Proposed.

Share-price related data

SEK	2000	1999	1998
Market value at year end, B	79	72	57
Market price/NAV, %	63	64	65
Dividend yield, %	7.0	6.3	6.1
Total return, %	16	34	-12
P/E ratio	3.3	3.4	5.8
Highest/lowest price paid, B	87.50/63	72/55	88.50[1]/55
Average number of Ratos shares traded per day, thousands	108	149	85

[1] All-time high occurred in May 1998.

Share issues/split

Since 1980

1983 bonus issue 1:4, split 2:1
1985 bonus issue 2:5
1988 bonus issue 1:1
1997 split 4:1

Definitions, see page 81.

Ratos shareholders

	Number		Share of	
31 December 2000	A shares	B shares	votes, %	capital, %
Söderberg family	10,616,263	3,550,544	38.5	16.9
Söderberg foundations	6,428,720	5,700,460	25.3	14.9
Foreign shareholders	1,692,230	4,790,294	7.9	8.0
Montgomery family	830,853	28,603	3.0	1.1
Björn Håkansson	664,984		2.4	0.8
AMF Pension		4,480,800	1.6	5.5
SEB Fonder		4,127,500	1.5	5.1
Skandia		3,963,915	1.4	4.9
SEB Trygg Försäkring		2,471,910	0.9	3.0
Swedish Employers' Confederation, SAF		1,200,000	0.4	1.5
SB Foundation		1,000,000	0.4	1.2
Others	1,408,077	26,107,473	15.9	34.3
Buy-back [1]		2,257,800	0.8	2.8
Total	21,641,127	59,679,299	100.0	100.0

[1] At 22 February 2001. Source: SIS Ägarservice

Range analysis

Number of shares		Number of shareholders	% of total number of shares
1 –	500	9,837	2.4
501 –	1,000	2,736	2.8
1,001 –	2,000	1,554	3.0
2,001 –	5,000	1,146	4.8
5,001 –	10,000	372	3.4
10,001 –	20,000	179	3.2
20,001 –	50,000	131	5.3
50,001 –	100,000	46	4.1
100,001 –		64	71.0
		16,065	100.0

Breakdown by class of share

Class	Number of shares	% of voting rights	% of capital
A	21,641,127	78	27
B	59,679,299	22	73
	81,320,426	100	100

Ratos and the private equity market

Ratos operates in the private equity market – the market for investments in unlisted companies. In addition to being made in unlisted companies, investments in this market are characterised by the fact that ownership involvement is active and for a limited period. The investing company contributes capital, expertise and business development support. The return consists of profit shares in the owned companies and the capital gain made at exit, when the holding is sold. Divestment usually takes the form of a stock market listing or a sale to an industrial player.

Global phenomenon

The sector has grown rapidly over the past decade and growth is global. A rising number of players have gradually built up increasingly extensive capital resources. The sector is therefore playing a more and more significant role in the national economy, partly through its importance in creating and developing growth companies.

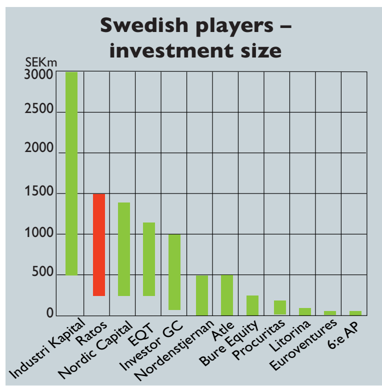
Development in the US, which is several years ahead of Europe, has left its mark on the sector. This type of investment has been a well defined asset class in the US since the 1950s and the breakthrough came in the 1970s.

In Europe, private equity has been an established sector since the 1980s. Sweden is the world number three, after the US and the UK.

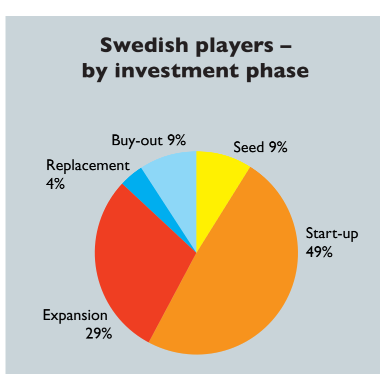
In Sweden, investments totalled more than SEK 11 billion in 1999, corresponding to 0.57% of GDP. In Europe, with an average of 0.31%, only the UK, with 0.86%, invested more than Sweden. In the US, such investments amounted to 1.14% of GDP.

Fast growth in Sweden

The Swedish venture capital market is currently in a phase of fast growth. The last five years have seen an average annual growth of 200%. Available capital is estimated at nearly SEK 200 billion. Profitability has been good so far and in the 1990s many of the major players reported annual returns well above 50% of invested capital.



Source: Swedish Venture Capital Association



Source: Swedish Venture Capital Association

Difference in strategy

The Swedish Venture Capital Association currently has some 130 active members. The market is dominated by 10-15 major players. The largest companies include Ratos, Industri Kapital, Investor Growth Capital, EQT, Atle, Bure Equity and Nordic Capital. Of these, Ratos, Atle and Bure Equity are listed. The largest state companies are the 6th National Pension Insurance Fund and the Swedish Industrial Development Fund.

The investment strategy varies among the players as regards number of investments, investment size, ownership, sector and country focus, and proportion of unlisted assets. Specialisation in different phases of the holdings' life cycles is also common, such as seed/start-up, expansion, turnaround and buy-out.

Competition and co-investments between market players both exist. Competition in the market has intensified in recent years, although this is balanced by the varied investment focus of the players. Furthermore, the number of potential investments remains very high, there are some 200,000 unlisted companies in Sweden.

Ratos's niche approach

Ratos considers it very important to build up a self-generated deal flow with potential investments and at the same time establish a network with co-operation partners. Co-investments made by Ratos include investments in Dahl with EQT and in Superfos with Industri Kapital.

Ratos has restricted its maximum number of companies to around 20 to allow active participation in each company's development. Ratos's initial investment in an individual company is SEK 250-1,200m. Companies operating within this range include Industri Kapital, Nordic Capital, EQT and Investor Growth Capital.

Value creation regardless of sector

The companies can be more or less focused on specific sectors, such as Bure Equity (TIME sector) and Investor Growth Capital (IT, Healthcare).

Ratos takes the view that Ratos can create value in most sectors and the company has therefore decided to adopt a sector-independent approach. Ratos's core competence is not sector-specific. Its contributions include strategy and goal formulation, analysis expertise, financial competence and resources, and a network of contacts. A geographic demarcation has been made to the extent that Ratos usually chooses to buy locally, by focusing on the Nordic region, although exits can be global.

The deciding factor before Ratos makes an investment decision is the extent to which value can be created through the injection of Ratos's expertise and resources.

Later in the life cycle

Ratos has chosen to avoid the early phases in companies' life cycles. Typical investment situations are therefore generation succession, capital-intensive growth phases, and restructuring. For example, investment opportunities can be found in new financial structures, re-focusing and/or complementary acquisitions, as well as internationalisation phases.

Definitions

(Source: the Swedish Venture Capital Association)

Exit: When an investment is sold, which normally takes the form of a stock market listing or a sale to an industrial buyer.

Private equity: Like venture capital but mainly in later phases of companies' life cycles, such as expansion, turnarounds and MBOs.

Replacement: Replacement investment – when a venture capital company buys/replaces another venture capital company's (or another external part owner's) participations in a portfolio company. Can also involve providing new owner capital to reduce the company's debt.

Risk capital: The company's own equity and some intermediate forms between equity and debt, such as convertible loans, debentures with options to subscribe for shares.

Venture capital: Risk capital investments in unlisted companies, characterised by active ownership and limited time periods.

Investments in different phases:

Bridging: Financing of growth companies expected to become listed in the near future.

Buy-out: Financing for company buy-outs or buy-ins of a company. MBO (management buy-out) – support to company management for a buy-out, or MBI (management buy-in) – external management buying in. A buy-out from the stock market can take the form of an LBO (leveraged buy-out) where financing takes the form of a high proportion of loans.

Expansion: Financing for a company in an early expansion phase or in a strong growth phase.

Mature phases: Financing for established companies requiring consolidation or reconstruction.

Seed: Capital for inventors or entrepreneurs for evaluation of a concept or idea before a company is established.

Start-up: Capital for a newly started company, often for product development or marketing.

Turnaround: Financing for mature companies facing operational or financial crisis in order to reverse the company's negative performance.

Internet links

Swedish Venture Capital Association
www.vencap.se

European Private Equity & Venture Capital Association
www.evca.com

British Venture Capital Association
www.bvca.uk

U.S. National Venture Capital Association
www.nvca.org

Ownership role in unlisted companies

A visible owner who demands a sustainable return pushes forward the development of efficient companies, new products and new markets. Ratos is an owner company which creates added value for its shareholders through the three processing stages: acquisition, development, and divestment of companies. Ratos's activities are intended to create value in all three stages.

Professional, active and responsible

Ratos's business concept describes how the ownership role is exercised based on three basic principles.

Professionalism permeates Ratos's activities since it is essential for the accurate analysis which leads to the right investment decision. It is only by being *active* and involved that Ratos can expect to contribute to value growth in its investments. *Responsible* behaviour guarantees sound long-term relationships with the business world and this in itself is vital if Ratos is to be welcomed as an active owner in new investments.

"Ratos's mission is to generate values which can be passed on to its shareholders..."

Acquisitions based on business plan

Every investment must at least meet Ratos's high profitability requirements. In order to analyse an investment's potential, Ratos, the company and any co-investors therefore draw up a business plan which forms the basis of development work after the investment and for the design of future control and incentive systems.

In addition, Ratos produces profitability and risk analyses of the investment which form the basis for both investment and financing decisions. Any decision includes an assessment of possible risks linked to Ratos's future divestment.

Checks and measures provide development

Ratos exercises its owner influence through work on the boards of the wholly and partly owned companies. However, Ratos also seeks to function as an active owner through other executives in the company. The entire management of the company must therefore be thoroughly in agreement with the owners' intentions and plans. Ratos's role is to function as an advisor and sounding board – to assist with analysis, goal and strategy formulation, as well as financial expertise and resources.

Situations in which Ratos can contribute to the development of a company include producing strategies and business plans, as well as contributing to financing during growth phases, structural changes, internationalisation and profitability problems.

Ratos's owner responsibility includes ongoing assessment of the company's performance against the original business plan. As an owner, it is therefore Ratos's responsibility, through the company's board, to identify the need for and implement necessary changes in order to achieve the original investment target. This requires effective governance and control systems in the owned companies. It also requires Ratos to make sure it is constantly updated about matters that concern both the individual company and the sector as a whole. At any sign of deviation, Ratos performs an analysis of the situation and as owner decides on appropriate and necessary measures.

Divestment when targets are achieved

Ratos's business concept includes divestment of companies as a natural part of the value creation process. The main principle for Ratos's decision is that a divestment will be made once the investment targets are reached and/or when Ratos's ownership is no longer generating value. Divestment is carried out in a responsible manner, taking the company's long-term development into account.

Ratos makes an annual assessment of its different holdings based on this perspective. This includes an evaluation of what is needed to continue to achieve the required rate of return on the investment.

"... by being professional, active and responsible in all three stages: acquisition, development, and divestment"

Camfil – acquisitions strengthen position

Ratos has owned 30% of the air filter manufacturer Camfil since the end of June. The investment totalled SEK 450m.

Leader in clean air technology and air filters

Camfil is the world leader in clean air technology and air filter production. The Group has 2,800 employees and is represented by subsidiaries and local agents in some 50 countries worldwide. Production is carried out at 22 plants in nine countries. A significant number of Camfil's competitors are small, local manufacturers, while the company only has a few major competitors with worldwide operations.

Strategic acquisition

In line with Camfil's expansion strategy – to increase global coverage and broaden the customer base – the US Nasdaq-listed air filter manufacturer Farr was acquired during the year. This acquisition was made possible by Ratos's investment.

Increased sales

Sales increased by 49% during the year through acquisitions and strong organic growth. Net profit decreased, however, due to higher financing costs and goodwill amortisation resulting from the acquisition of Farr.

The Group's operations in Europe noted strong development. The fast build-up in Asia continued. Development in the North American market was favourable, although growth in demand for filters for the vehicle manufacturing industry (trucks and trains), which is outside Camfil's core business, was weaker than expected.

Market position to be further strengthened

The integration between Camfil and Farr is proceeding as planned.

In 2001, the US operations will be further co-ordinated and streamlined. The expansion in Asia will continue. In Europe, the strong market positions in a still growing total market provide good prospects for profitable growth.

Ratos and the other owners of Camfil have joint plans to further strengthen Camfil's market position, among other things through additional acquisitions.

Manufacture takes place at 22 plants in nine countries.

Mats Lönnqvist, Ratos Investment Manager: "The merger with Farr makes Camfil well placed for continued expansion."

	31 Dec 2000
Sales	SEK 2,277m
Pre-tax profit	SEK 57m
CEO	Jan Eric Larson
Ratos's holding	30%
Contribution to Ratos's profits	SEK -3m
Book value in Ratos	SEK 461m

www.camfil.com

Read more about Camfil on page 56.

Capona – share price up 56%

Ratos is the principal owner of the hotel property company Capona, with an ownership stake of 47%.

Capona was formed in 1997 when PriFast, previously a Ratos active holding, and Diligentia merged their hotel properties into a joint company. Capona was listed on the OM Stockholm Exchange in 1999 following distribution to PriFast's shareholders.

Among the Nordic leaders

Capona is one of the largest hotel property companies in the Nordic region. The company's business concept is to own and actively manage hotel properties in the Nordic hotel market. Its objective is to be the leading company in the Nordic region. Capona's largest competitor in the Swedish market is Pandox. However, it is the local competition from nearby hotels in each location which has the greatest impact on Capona's earnings.

Capona has a total of 41 hotel properties, located in urban areas as well as in residential and university towns. The book value of the property portfolio was SEK 2.1 billion at year-end 2000. Capona's largest customer is Scandic Hotels followed by First Hotels, Radisson SAS Hotels and Best Western.

Strong hotel market continues

The Nordic hotel business remained good during the year and Capona's rental income and earnings rose. Increased volumes and rising room rates favour Capona, since 95% of its rental agreements are sales-based.

A large property was acquired in Helsingborg, and a small one was sold. Capona acquired its second hotel property in Finland in October.

During the year Capona repurchased its own shares corresponding to approximately 3.2% of the total number of shares.

Capona's recently acquired hotel property in Finland, Airport Hotel Bonus Inn in Helsinki-Vantaa.

"the positive climate for the hotel business in the Nordic region will continue"

Bo Jungner, Ratos Investment Manager

	31 Dec 2000
Rental income	SEK 267m
Pre-tax profit	SEK 130m
CEO	Olle Persson
Share price trend 2000	+56%
Ratos's holding	47 (48)%
	( ) = after buy-back
Contribution to Ratos's profits	SEK 59m
Book value in Ratos	SEK 332m
www.capona.se	

Good market and potential for structural deals

Ratos expects the hotel market in the Nordic region will remain favourable, especially in the metropolitan regions where most of Capona's properties are located.

The company has good potential for organic growth. Ownership in the Nordic hotel market is highly diversified, providing opportunities for Capona and Ratos to play an active role in restructuring in this sector.

Read more about Capona on page 58.

Dahl – strong earnings boost

Ratos owns 44% of the heating and sanitation wholesaler Dahl. Dahl was previously a Ratos subsidiary but was listed in spring 1996. In 1999, Ratos bought back the company from the stock market with co-investor EQT. The buy-back was effected via a leveraged holding company, allowing Dahl's cash flow to benefit Ratos's shareholders more efficiently.

Leading Nordic heating and sanitation wholesaler

Dahl is the leading wholesaler for heating, plumbing, water and sanitation products in the Nordic region. The Group is represented in some 250 locations and has a leading position in Denmark, Norway, Sweden and Poland as well as a strong position in the Finnish market. Dahl's competitors include Ahlsell in Sweden, Onninen in Finland, AO Johansen and Sanistål in Denmark, and the Bergen/Stavanger Group in Norway.

Dahl's objective is to be the leading company in the Nordic region within its segment. Nationwide organisations combined with local marketing provide the basis for necessary customisation.

As market leader Dahl can exploit economies of scale in purchasing, logistics and administration.

Strong earnings improvement

The Group presented substantially improved earnings for 2000. The earnings trend was strong in Sweden, Norway and Finland. Earnings in Denmark remained at the previous year's level, while earnings in Poland were lower due to weak market development.

Established market position

Ratos's assessment is that there is potential for additional earnings improvements in the Dahl Group. Dahl's strong market position is well established, the Group's structure is concentrated, and the new IT systems are in operation. The long-term market trend is also expected to be positive.

Heating, ventilation and sanitation is Dahl's largest business area.

"In recent years, Dahl has invested half a billion SEK in new, ultra-modern IT and logistics systems."

Thomas Mossberg, Ratos Investment Manager

	31 Dec 2000
Sales	SEK 10,674m
Pre-tax profit	SEK 253m
CEO	Per-Olof Söderberg
Ratos's holding	44%
Contribution to Ratos's profits	SEK 110m
Book value in Ratos	SEK 516m

www.dahlinternational.com

Read more about Dahl on page 60.

DataVis – focus on core business

Ratos owns 44% of the IT consulting company DataVis. This holding was acquired in 2000 for a total investment of SEK 254m, of which SEK 63m comprises a convertible loan which after conversion will raise Ratos's holding to a total of 49%.

Focused supplier of IT services

DataVis is a nationwide supplier of IT services with a focus on systems development and systems integration. The company's business concept is to develop and integrate effective and profitable information systems together with its customers, based on high competence, modern technology and long-term relationships. DataVis has some 300 employees and offices at twelve locations in Sweden, as well as in Oslo and Copenhagen.

Acquisition increased coverage

The IT consultant Systemintegration was acquired in the summer. This acquisition broadened DataVis's customer base in the telecom sector while increasing market coverage in central and southern Sweden.

Increased sales but weaker earnings

Sales rose during the year, mainly due to the acquisition of Systemintegration, while earnings declined. This negative trend was partly due to lower capacity utilisation as well as to costs for restructuring and adapting the organisation. The integration of Systemintegration is proceeding well and making a positive contribution to the Group's results. Demand for services within telecom was favourable.

Strategic re-focus

A new structure is being put in place to increase the focus on the core business and enable continued favourable development for all parts of the Group. Johan Örtenblad, previously President of Systemintegration, was appointed as the company's new CEO in November 2000. DataVis's core business is IT services within systems development and systems integration. The market will be covered through the two business areas telecom and business solutions.

The intention is to improve the Group's ability to exploit the business opportunities and growth potential in the market. At present, profitability is being given priority in all areas in order to build foundations for long-term maintainable growth.

Ratos intends to list DataVis within three to five years.

DataVis's strategy is to become a nationwide supplier of IT services.

Bo Jungner, Ratos Investment Manager: "A more focused operating structure has been initiated in direct response to falling profitability."

	31 Dec 2000
Sales	SEK 215m
Pre-tax loss	SEK -25m
CEO	Johan Örtenblad
Ratos's holding	44%
Contribution to Ratos's profits	SEK -12m
Book value in Ratos	SEK 242m

www.datavis.se

Read more about DataVis on page 62.

Esselte – improved earnings

Ratos is the largest owner of the office products company Esselte, with 30% of the voting rights and 17% of the share capital. Follow-on investments totalled over SEK 53m during the year.

Esselte has been included in Ratos's portfolio ever since Ratos became listed in 1954. Esselte shares are listed on the OM Stockholm Exchange and in London.

World leader in office products

Esselte is the world's leading supplier of office products. Strong brands include Dymo, Pendaflex, Leitz and Curtis. There are also numerous strong local brands. The Group has more than 7,000 employees, subsidiaries in 31 countries and sales in more than 100 countries. Manufacture is carried out at 30 plants in 15 countries.

The total world market for office products is estimated at USD 33 billion, of which Esselte's segment is estimated to account for approximately USD 13 billion.

One key market trend is globalisation on both the customer and product side. Esselte is investing substantial resources on further development, in consultation with customers, of marketing and sales via the Internet in order to further strengthen the company's position.

Concentration and streamlining

Esselte has concentrated its operations to the office products market since 1998, when the acquisition of Leitz consolidated Esselte's leading position. Major efforts have been made to streamline the Group and sell non-core businesses.

Strong earnings improvement

During the year, Esselte's management made active efforts to restore the Group's profitability. Esselte has been organised into clearer profit units. Non-priority and unprofitable operations have been sold or wound up. These actions have led to slightly lower sales but a significant improvement in earnings.

Focus on profitability and market position

Future efforts will focus on improving the Group's profitability still further and strengthening market position.

The prospects of realising a significant value potential in Esselte, with restored stable profitability, appear good.

Ratos also sees opportunities to participate in the anticipated global consolidation of the office products market.

A totally new range of labelers was launched under the Dymo brand during the year.

"measures taken have led to a significant earnings improvement"

Bo Jungner, Ratos Investment Manager

	31 Dec 2000
Sales	SEK 11,095m
Pre-tax profit	SEK 274m
Share price trend 2000	-25%
CEO	Anders Igel
Ratos's holding	30% of votes 17% of capital
Contribution to Ratos's profits	SEK 42m
Book value in Ratos	SEK 388m
www.esselte.com	

Read more about Esselte on page 64.

Exceed – acquisition broadens base

Ratos owns 100% of the air and sea freight company Exceed (formerly ACE). This company has been one of Ratos's holdings since 1990, for most of the time as a unit in the previously wholly owned company Inter Forward.

Follow-on investments amounted to SEK 35m during the year and were made in connection with Exceed's acquisition of the logistics division of the Conmel Group.

The logistics division of competitor the Conmel Group was acquired at the beginning of the year. This acquisition helped complement the company's strong position within air freight, while adding a significant sea freight business.

Development was positive throughout the entire Group in 2000. The relatively strong improvement in earnings was due to internal measures which included an improved cost position, a favourable market situation and well-conducted integration of acquired units.

An incentive program in the form of synthetic options was set up during the year for a number of the Group's senior executives.

Strong market position

Exceed is one of the leading companies in Nordic air and sea freight. The Group, which employees some 300 people, has operations in Sweden, Denmark and Finland. The company co-operates with regional partners worldwide. Exceed's major competitors include Danzas/AEI, MSAS/Aerocar and Wilson.

Exceed's business concept is to offer intercontinental air and sea freight solutions which strengthen its customers' competitiveness. There is growing customer demand for total solutions. Exceed's goal is to handle customers' entire goods flow, by enabling them to outsource their entire freight handling activities. In addition to the freight itself other services include warehousing, IT support and logistics.

Acquisition broadens operations

Exceed's goal is to be a leading player within air and sea freight in the Nordic region.

Exceed offers total solutions in air and sea freight.

Thomas Mossberg, Ratos Investment Manager
"With Ratos's help, Exceed has managed to create a leading position within Nordic sea and air freight."

	31 Dec 2000
Sales	SEK 1,198m
Pre-tax profit	SEK 20m
CEO	Peter Larsen
Ratos's holding	100%
Contribution to Ratos's profits	SEK 14m
Book value in Ratos	SEK 107m

www.exceed.se

Priority for market position and profitability

Ratos intends to further develop the company's business concept and favourable position in the Nordic air and sea freight market. Possible complementary acquisitions are evaluated continuously. Objectives include strengthening positions in Finland and Denmark and setting up Exceed in Norway.

Continued improvements in profitability will continue to have high priority.

Read more about Exceed on page 66.

Q-Labs – continued growth

Ratos owns 40% of the consulting company Q-Labs. This holding was acquired in autumn 2000 and Ratos's investment amounted to SEK 190m. Other owners are Det Norske Veritas with 40% and Ericsson with 20%.

World-leader in quality assurance of software development

Q-Labs is a world-leading consultant for services relating to improvement and quality assurance of software development. The company's core business is quality assurance of software development for companies which depend heavily or decisively on software. Customers include international companies such as Ericsson, ABB and Robert Bosch. Today Q-Labs, with nearly 200 employees in eight countries, has a strong position in Europe and has started to penetrate the US market. Q-Labs's major competitors include Cap Gemini, Ernst & Young, McKinsey, Accenture and Rational Software.

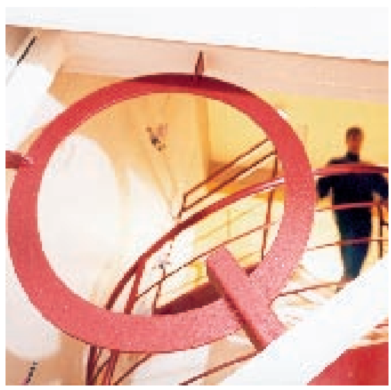
Fast-growing market

Dependence on software is increasing in industry's manufacturing processes as well as in product development in a growing number of sectors. Software accounts for a growing proportion of companies' development costs while systems are becoming increasingly complicated. All this means a rising need for systematic quality assurance of software and systems.

The global market for software quality services is currently estimated at over USD 800m and is expected to grow by about 30% annually in future years.

Acquisitions during the year

Q-Labs experienced strong growth over the past year. Sales rose 106%. This growth is mainly due to the acquisition of its French competitor Objectif Technologies and the takeover of a formerly Ericsson-owned business in the UK. Earnings were negative due to business development costs from the breakthrough into the British and German markets. Operating profit before business development costs was positive and improved during the year.



Development and quality assurance of software is becoming increasingly important in a growing number of sectors.

"The global market for software quality services is expected to grow by approximately 30% per year."

Bo Jungner, Ratos Investment Manager

	31 Dec 2000
Sales	SEK 198m
Pre-tax loss	SEK -19m
CEO	Geir Fagerhus
Ratos's holding	40%
Book value in Ratos	SEK 190m

www.q-labs.se

Continued expansion and improved profitability

Q-Labs operates as one of the strongest players in a very attractive market. Historically, the company has achieved good results and the aim is to have established a good level of profitability within two to three years.

Ratos's aim is to make further contributions to the company's future expansion which, in addition to organic growth, will probably include future acquisitions.

Read more about Q-Labs on page 68.

Scandic Hotels – shares +58%

Ratos owns 24% of the hotel company Scandic Hotels, making it the company's largest owner. This holding has been in Ratos's portfolio since 1983. Scandic shares have been listed on the OM Stockholm Exchange since 1996.

Largest hotel operator in the Nordic countries

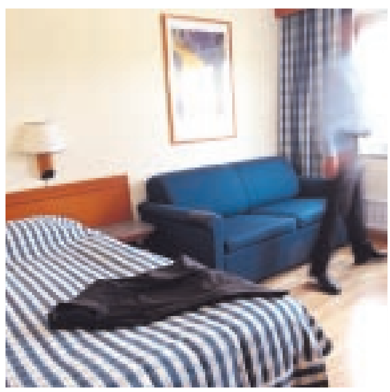
Scandic Hotels is the largest hotel operator in the Nordic region with some 160 hotels in ten countries. The company's business concept is to provide many people with the best value-for-money hotel accommodation, for business and leisure. Scandic Hotels aims to be a pure-play hotel operator. The target is 10% annual growth, both organic and through acquisitions. The company's strong Nordic position will be further strengthened and establishment of the brand outside the Nordic area will be extended, mainly in European cities with a high proportion of Nordic travellers.

Scandic's major Swedish competitors include First Hotels, Choice Hotels, and Radisson SAS Hotels.

Streamlining provided profitability

Streamlining into a property-owning business and an operating business started within the Scandic Group at the end of the 1980s.

The focus towards the role of operator has given Scandic greater competence, lower costs and higher profitability.



Scandic Hotels has some 160 hotels in ten countries.

Arne Karlsson, Ratos Investment Manager
"We expect the favourable growth in the hotel market to continue."

	31 Dec 2000
Sales	SEK 5,971m
Pre-tax profit	SEK 460m
Share price trend 2000	+58%
CEO	Roland Nilsson
Ratos's holding	24 (25)%
	( ) = after buy-back
Contribution to Ratos's profits	SEK 134m
Book value in Ratos	SEK 512m

www.scandic-hotels.com

Continued earnings improvement

Development in all Scandic's markets remained favourable during the year, with the exception of Norway. The Group's room capacity increased by 15%, mostly from the acquisition of the Provobis hotel chain in the summer. Scandic reports increased sales and a continued earnings improvement in 2000.

Expansion outside the Nordic area

The favourable development of the hotel market is expected to continue with an increase in both business and leisure travel. In addition, the industry will probably undergo continued restructuring.

Scandic Hotels has established a strong Nordic platform in recent years. Ratos's and Scandic's joint goal is further growth, mainly by establishing Scandic's brand and business concept in the rest of Europe. Acquisition of chains outside the Nordic area is possible. Prioritised markets, apart from the Nordic countries, are the Baltic States, Poland, Germany, the UK and the Benelux countries.

Read more about
Scandic Hotels on page 70.

Superfos – streamlining

Ratos owns 33% of Superfos. The company was acquired in 1999 by Ratos and Industri Kapital.

International Danish industrial group

Superfos is a Danish industrial group with international operations and some 2,600 employees in 16 countries. The company is organised in two operating areas, Packaging and Aerosols.

The Group's main business is Superfos Packaging which develops, produces and sells plastic packaging to industry. The main users are in the food, chemical-technical and pharmaceutical industries. Superfos Packaging has a market leading position in Europe in thermoformed plastic packaging.

Superfos Aerosols is a significant European player in contract filling of aerosols. Production takes place at three plants in Sweden, the Netherlands and Germany. The company mainly fills cosmetic and pharmaceutical products.

Concentration of operations

At acquisition, Superfos consisted of three business areas. The main aim then was to concentrate the Group's operations and improve profitability.

The Chemicals business area and the property that housed the head office were sold at the beginning of 2000. Subsequently, operations have been concentrated still further to packaging manufacture, while Aerosols will be developed from its own platform.

Increased sales

Superfos increased its sales during the year. Earnings are lower than in 1999, mainly due to non-recurring costs in connection, among other things, with factory closures. In the packaging operations, mainly high raw material prices as well as problems at some of the European plants led to pressure on margins.

Superfos is the market leader in Europe within thermoformed plastic packaging.

"Together with Industri Kapital we are working to concentrate operations which will improve profitability at Superfos."

Arne Karlsson, Ratos Investment Manager

	31 Dec 2000
Sales	DKK 2,616m
Profit before goodwill amortisation	DKK 157m
CEO	Per Møller
Ratos's holding	33%
Contribution to Ratos's profits	SEK 12m
Book value in Ratos	SEK 337m

www.superfos.com

Continued growth and future change of owner

Ratos's assessment is that continued internal efficiency enhancement measures complemented with strategic acquisitions will provide good opportunities for continued growth and a further improvement in profitability. The aim is to establish a leading position in the European packaging industry through active participation in consolidation within the industry. Against this background, the assessment is that after a few years it should be possible to list Superfos or find a new industrial partner.

Read more about Superfos on page 72.

Telelogic – exit gain SEK 602m

Ratos's holding in the IT company Telelogic was reduced from 20% to 7% during the year, mainly due to a partial sale in March which provided an exit gain of SEK 602m.

The investment in Telelogic was made at the beginning of 1998 and amounted to SEK 30m. Telelogic's shares were listed on the OM Stockholm Exchange in 1999.

Tools for software development

Telelogic is a fast-growing software company which develops and markets tools, services and components for requirements management and development of advanced software. The company's products allow faster, less employee-intensive and more reliable software development.

Users are mainly in the telecom and computer industry, as well as the aircraft and automotive industries and in the financial sector.

Telelogic is the world leader in its field and is established through subsidiaries in 13 countries and via agents in a further 20. The company's competitors include the US software company Rational Software Inc. Telelogic's customers include global companies such as Cisco, Ericsson, Motorola and Nokia.

Continued strong growth

Telelogic's powerful growth continued in 2000. The company has expanded its market position, both through acquisitions and organic growth. Sales rose by as much as 177%. The gross profit also rose while operating profit after goodwill amortisation decreased due to the accelerated expansion. Operating result before goodwill amortisation is expected to improve and be positive in 2001.

Strategic acquisitions

The acquisition of Verilog in 1999 and the purchase in the spring of Sterling's UML operations broadened Telelogic's customer and product base.

Two major US companies, QSS and Continuus, were acquired in the autumn, providing Telelogic with a strong platform in its largest market, the US.

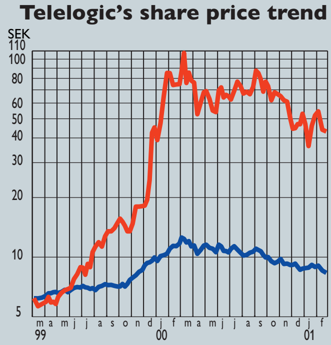
Good potential

Telelogic's strong position in a fast-growing market, combined with a sound capital base, creates excellent opportunities for continued acquisitions, further development of the marketing organisation, and breakthroughs into new geographical markets. Ratos assesses the company's future growth potential as good.

"Telelogic is a leading global software company with good prospects for continued value creation in 2001."

Mats Lönnqvist, Ratos Investment Manager

Telelogic's share price trend



Source: SIX

	31 Dec 2000
Sales	SEK 881m
Pre-tax loss	SEK -42m
Share price trend 2000	+17%
CEO	Anders Lidbeck
Ratos's holding	7%
Contribution to Ratos's profits	SEK 602m
Book value in Ratos	SEK 19m

www.telelogic.com

Read more about Telelogic on page 74.

Telia Overseas – growing subscriber base

Ratos's holding in the telecom company Telia Overseas amounts to 9% of the share capital and 12% of the voting rights. Follow-on investments were made for SEK 184m during the year.

Telia Overseas is 65% owned by Telia. Other shareholders are Skandia and Orkla. The holding has been in Ratos's portfolio since 1996.

Telecom licences in developing countries

Telia Overseas' business concept is to acquire, develop and sell telecom licences, mainly for mobile telephony, and communications networks in developing countries. The company goes in as a stakeholder together with local partners.

Associated companies exist all over the world. The holding in the Brazilian company Tess dominated and accounted for approximately 70% of Telia Overseas' commitments in 2000. An agreement to sell the holding in Tess was concluded in February 2001.

Other major commitments are in Sri Lanka, India, Uganda, Hong Kong, Namibia and Slovenia.

At year-end 2000, licensing rights owned and managed by Telia Overseas covered a population base of 185 million people and the company's total number of subscribers was 1.9 million. The total potential, i.e. the total population of the countries in which Telia Overseas operates, amounts to 1.2 billion.

Continued good growth in subscriber base

During the year subscriber base growth and market penetration were favourable in all seven markets in which Telia Overseas has licences. The total number of customers increased by 1 million to reach 1.9 million at the end of the year, of which more than 50% were in Brazil.

The operations in Namibia and Uganda are showing very good profitability and subscriber base growth.

Development is proceeding as planned in all Telia Overseas' holdings. Sales rose during the year while earnings declined slightly.

The associated company in Brazil dominated operations in 2000.

"The holding in Telia Overseas gives Ratos access to the very fast-growing global mobile telephony market."

Mats Lönnqvist, Ratos Investment Manager

	31 Dec 2000
Sales	SEK 445m
Pre-tax loss	SEK -788m
CEO	Per O. Pedersen
Ratos's holding	12% of votes 9% of capital
Book value in Ratos	SEK 328m

www.telia.se

Growth and risk

Ratos assesses Telia Overseas' opportunities for expansion as good. The company possesses high technical expertise and operates in the fast-growing telecom market. However, the nature of these operations do entail a significant element of risk.

Read more about Telia Overseas on page 76.

Asset management – re-investment

The key objective for asset management at Ratos is to create preparedness ahead of investments in new active holdings. The strategy is to ensure that the portfolio meets the liquidity requirements that this entails while generating a high return.

New focus

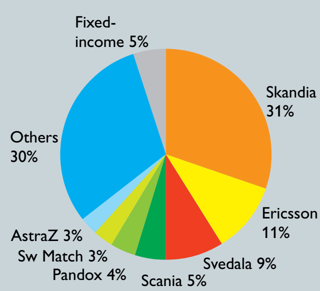
In 2000, action was taken to improve liquidity and increase the risk diversification in the portfolio. The number of holdings rose from 14 to approximately 90 at the end of the year. The ten largest holdings' proportion of the portfolio has been reduced from over 90% to just over 70%.

Changes in the portfolio

The biggest single change in the portfolio is new holdings in Ericsson and fixed-income securities. Major divestments were made in SEB, Swedish Match, Gambro, Stora Enso, Skandia and Pharmacia Corporation. During the year, shares within asset management were sold for SEK 4,151m and purchased for SEK 3,444m.

Berit Lind, Head of Ratos Asset Management

Asset management



Asset management

	SEKm
Capital gains	905
Dividends received	103
Profit for the year	1,008
Value of equities portfolio	3,934
Return	-6 %

The market value of assets under management at year-end 2000 was SEK 3,934m (5,002). The largest holdings in the portfolio at year-end were Skandia, Ericsson, Svedala and Scania. Fixed-income assets comprised 5% of the portfolio.

Outperformed index

Asset management's profit for 2000 amounted to SEK 1,008m (1,023). Net capital gains amounted to SEK 905m. Dividends received totalled SEK 103m (102).

Asset management's return, measured as the change in value of the portfolio, including dividends, in relation to average invested capital, amounted to -6% (46). The holding in Skandia accounts for just over 30% of the portfolio and therefore had a major impact on the result. Ratos's exposure to Ericsson was lower than Ericsson's weight on the stock exchange. The SIX Return Index (formerly Findata's Total Return Index) amounted to -11% (70) in 2000.

Specification of holdings, see page 40.

Senior executives

Investment Managers

Arne Karlsson

CEO, Senior Investment Manager.
Responsible for the holdings in Scandic Hotels and Superfos Industries.
Born 1958. MBA.
Employed by Ratos since 1999.
President of Atle Mergers & Acquisitions 1996-1998. Chief Analyst and member of Atle's Management Group 1993-1998. President of Hartwig Invest 1988-1993. Financial Analyst, Aktiv Placering 1982-1988.
No. of shares in Ratos: 26,400.
No. of stock options in Ratos: 150,000.

Arne Karlsson

Thomas Mossberg

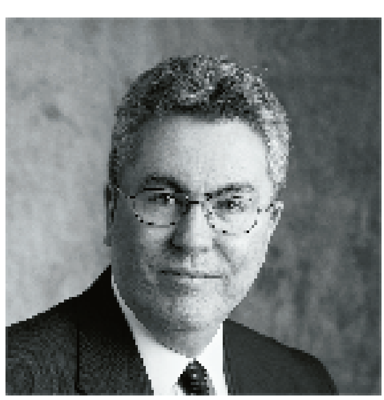
Thomas Mossberg

Executive Vice President, Senior Investment Manager.
Responsible for the holdings in Exceed and Dahl, as well as for Industri Kapital.
Born 1946. Doctor of Economics.
Employed by Ratos since 1977, Executive Vice President since 1988. Chief Financial Officer, Ratos 1981-1988, Controller, Ratos 1977-1981. Teacher and research graduate at the Stockholm School of Economics and IFL 1970-1977.
No. of shares in Ratos: 29,050.
No. of stock options in Ratos: 60,000.

Bo Jungner

Senior Investment Manager
Responsible for the holdings in Esselte, DataVis, Capona and Q-Labs.
Born 1960. MBA.
Employed by Ratos since 1998.
Brummer & Partners 1996-1998.
SEB/Enskilda 1983-1996.
No. of shares in Ratos: 3,170.
No. of stock options in Ratos: 40,000.

Bo Jungner



Mats Lönnqvist

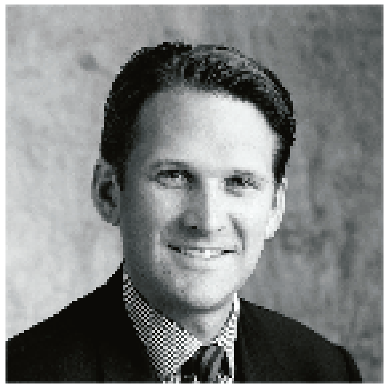
Mats Lönnqvist

Senior Investment Manager.
Responsible for the holdings in Camfil, Telelogic and Telia Overseas.
Born 1954. MBA.
Joined Ratos in 2000.
Executive Vice President and CFO, Esselte 1997-2000. Executive Vice President and CFO, Biacore International 1996-1997. CFO, Securum 1995-1996. Own consulting company since 1983.
No. of shares in Ratos: 9,500.
No. of stock options in Ratos: 40,000.

Investment Managers, cont.

Magnus Dahlbeck

Investment Manager.
Born 1968. MBA, CEFA.
Employed by Ratos since 1995.
No. of shares in Ratos: 1,000.
No. of stock options in Ratos: 40,000.



Magnus Dahlbeck

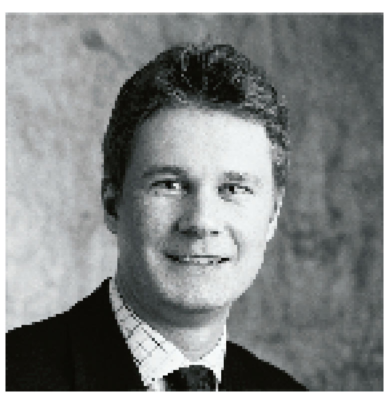
Per Frankling

Per Frankling

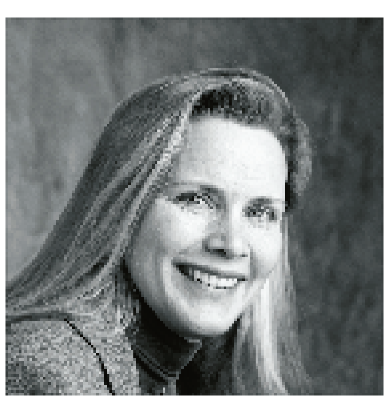
Investment Manager.
Born 1971. MBA and M.Sc.Eng.
Employed by Ratos since 2000.
McKinsey & Company 1999-2000.
Arkwright 1996-1999.
No. of shares in Ratos: 0.
No. of stock options in Ratos: 2,000.

Carl-Magnus Ruthberg

Investment Manager
Born 1973. MBA.
Employed by Ratos since 2000.
Project manager, responsible for M&A at Bure Education 1998-2000.
Investment analyst, Bure Central Corporate Finance 1996-1998.
No. of shares in Ratos: 0.
No. of stock options in Ratos: 20,000.



Carl-Magnus Ruthberg



Berit Lind

Asset Management

Berit Lind

Head of Asset Management.
Born 1961. MBA.
Employed by Ratos since 2000.
Own business 1996-2000.
Öhman 1987-1996.
No. of shares in Ratos: 0.
No. of stock options in Ratos: 0.

Directors' Report

Directors' Report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585, hereby submit their report for 2000.

New company name

In accordance with a resolution approved by the Annual General Meeting, the name of the company has been changed to "Ratos AB".

Changed strategic focus implemented

A number of measures were taken during the year to implement the new strategic focus for Ratos decided by the Board of Directors in December 1998.

Earnings

The Ratos Group's pre-tax profit amounted to SEK 1,977m (1,761). This includes profits from active holdings of SEK 1,046m and profits from investment management of SEK 1,008m, as well as management costs of SEK -88m and net financial items of SEK 11m.

Net asset value

Ratos's net asset value rose in 2000 to SEK 125 per share, corresponding to 15%, adjusted for dividends paid. Net asset value at year-end amounted to SEK 9,896m. The proportion of unlisted assets, which are stated at book values, rose during the year from 18% to 28%.

Active holdings

During the year, Ratos made new and follow-on investments for SEK 1,319m (1,021) in active holdings. Exits from active holdings were effected for SEK 722m (1,722). In the spring, Ratos invested in IT consultant DataVis, which is based in Sundsvall, Sweden. DataVis has acquired the IT consultant Systemintegration. The investment in Telia Overseas was increased. Exceed (formerly ACE) acquired the logistics division of the Conmel Group. Ratos invested in the air filter manufacturer Camfil. Ratos's investment enabled the merger between Camfil and its US competitor Farr to take place. Follow-on investments were made in Esselte. Ratos invested in Q-Labs, a world-leading consultant for services relating to quality assurance of software development.

Asset management

Within asset management reinvestments were carried out in the spring in order to increase risk diversification and liquidity. Shares were purchased for SEK 3,444m during the year and sold for SEK 4,151m. At the end of the year, asset management's shareholdings had a market value of SEK 3,934m (5,002). The hidden reserve amounted to SEK 888m (2,134). Capital gains in asset management's holdings amounted to SEK 905m.

Acquisitions were made primarily in Ericsson and H&M and divestments were mainly in Gambro, SEB and Swedish Match.

Asset management's return in 2000 amounted to -6%. The SIX Return Index (formerly Findata's Total Return Index) fell 11% in the same period.

Financial position

Ratos's liquid assets (net) amounted to SEK -47m (245) at year-end. Liquid assets were affected by the share purchases and divestments.

The 2000 Annual General Meeting decided to authorise the Board of Directors to buy-back up to 10% of the company's shares. Buy-backs during the year totalled 2,164,800 B shares for SEK 175m (nominal amount SEK 27m). Repurchased shares correspond to 2.7% of the total number of shares.

Acquisitions were made to improve the company's capital structure and thus raise shareholder value.

Future development

Ratos's strategy means that the return to shareholders will in the future mainly depend on the company's ability to acquire, develop and divest active holdings, and take other action to create shareholder value. The general economic trend and stock market development are also significant factors.

The work of the Board of Directors

During the year, Ratos's Board of Directors consisted of eight members elected by the Annual General Meeting. In addition to the CEO, other senior executives attended Board meetings when required.

Day-to-day business is handled in accordance with a set plan. Other matters which are dealt with at the meetings are governed by the current business situation. Business activities during the year entailed a number of additional board meetings.

The Board has appointed a Compensation Committee which comprises Peggy Bruzelius, Harry Faulkner, Arne Karlsson and Olof Stenhammar (Chairman). The committee deals with remuneration to the CEO and senior executives who report to the CEO as well as remuneration issues of a fundamental nature.

Other

The Group's unrestricted funds amounted to SEK 4,801m, of which no transfer to restricted equity is proposed.

Proposed distribution of profit

The following amounts are at the disposal of the AGM:

	SEKm
Profit brought forward	3,297
Net profit for the year	1,662
	4,959

The Board of Directors and the CEO propose the following distribution of profit:

Dividend to holders of A and B shares SEK 5.50/share	435 [1]
To be carried forward	4,524

1) Based on the number of shares outstanding on 22 February 2001, 79,062,626. The number of repurchased shares on the same date was 2,257,800 which may rise until the record date for dividends.

Stockholm, 22 February 2001

Olof Stenhammar
Chairman

Lars Berg   Peggy Bruzelius   Harry Faulkner

Göran Grosskopf   Jan Söderberg   Per-Olof Söderberg

Arne Karlsson
CEO

Consolidated Profit and Loss Account

SEKm	Note 1	2000	1999
Active holdings			
Profit/loss from subsidiaries	Note 2, 3	14	-49
Exit results, subsidiaries		–	-37
Share of profits of associated companies	Note 2	306	177
Exit results, associated companies	Note 4	638	733
Exit results, other active holdings		88	–
Profit from active holdings		1,046	824
Asset management			
Dividends	Note 5	103	102
Capital gains	Note 6	905	921
Profit from asset management		1,008	1,023
Central income and expenses			
Management costs	Note 3, 7	-88	-81
Financial items	Note 8	11	-5
Net expenses		-77	-86
Profit before tax		1,977	1,761
Tax	Note 9	-56	-57
Net profit for the year		1,921	1,704

Consolidated Cash Flow Statement

SEKm	Note 25	2000	1999
Operating activities			
Consolidated profit before tax		1,977	1,761
Adjustment for items not included in cash flow		-1,863	-1,694
		114	67
Paid tax		-3	-4
Cash flow from operating activities before change in working capital		111	63
Cash flow from change in working capital			
Decrease (+) in inventories		–	4
Decrease (+) in operating receivables		165	-195
Decrease (-) in operating liabilities		-25	–
Cash flow from operating activities		251	-128
Investing activities			
Sale of shares, active holdings		722	1,722
Purchase of shares, active holdings		-1,319	-1,021
Sale of shares, asset management		4,151	2,022
Purchase of shares, asset management		-3,444	-1,446
Purchase of other tangible fixed assets		-12	–
Cash flow from investing activities		98	1,277
Financing activities			
Share buy-back		-175	–
Redemption of shares		–	-115
Increase (+) in interest-bearing liabilities		24	-558
Dividends paid		-366	-285
Cash flow from financing activities		-517	-958
Cash flow for the year		-168	191
Liquid assets, opening balance		227	36
Liquid assets, closing balance		59	227

Consolidated Balance Sheet

SEKm			31 Dec 2000		31 Dec 1999
ASSETS					
Fixed assets					
Intangible					
Goodwill	Note 10	75	75	31	31
Tangible					
Land and buildings	Note 11	12		12	
Equipment	Note 12	17	29	7	19
Financial					
Active holdings					
Long-term receivables	Note 13	7		–	
Shares	Note 14, 16	3,661		2,019	
Other shares and participations	Note 15	14		12	
Asset management					
Shares and participations	Note 16	2,965		3,016	
Central operations					
Long-term receivables	Note 13	39	6,686	210	5,257
Total fixed assets			6,790		5,307
Current assets					
Current receivables					
Trade debtors		163		65	
Other current receivables		18		45	
Prepaid expenses and accrued income	Note 17	45	226	10	120
Short-term investments					
Shares and participations	Note 18	81		77	
Bonds and other securities	Note 19	–	81	118	195
Cash and bank balances	Note 19	59	59	109	109
Total current assets			366		424
Total assets			7,156		5,731

SEKm			31 Dec 2000		31 Dec 1999
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	Note 20				
Share capital		1,016		1,016	
Restricted reserves		963		802	
Unrestricted reserves		2,880		1,915	
Net profit for the year		1,921	6,780	1,704	5,437
Provisions	Note 21				
Provisions for pensions		3		13	
Provisions for taxes		38		48	
Other provisions		–	41	20	81
Long-term liabilities					
Non-interest-bearing liabilities					
Stock option premiums received	Note 34	3		3	
Other liabilities	Note 22	2	5	–	3
Interest-bearing liabilities					
Bank overdraft facilities		40	40	–	–
Current liabilities					
Non-interest-bearing liabilities					
Trade creditors		142		48	
Other current liabilities		17		17	
Accrued expenses and deferred income	Note 23	80	239	86	151
Interest-bearing liabilities					
Bank loans and promissory note loans		51	51	59	59
Total shareholders' equity and liabilities			7,156		5,731
Pledged assets			None		None
Contingent liabilities	Note 24				
Guarantees and contingent liabilities			3		41

Parent Company Profit and Loss Account

SEKm	Note 27	2000	1999
Active holdings			
Exit results, subsidiaries		–	-148
Dividends from associated companies		71	86
Exit results, associated companies		599	976
Exit results, other active holdings		88	–
Profit from active holdings		758	914
Asset management			
Dividends		96	102
Capital gains		900	909
Profit from asset management		996	1,011
Central income and expenses			
Management costs		-96	-76
Financial items		7	-7
Central income and expenses, net		-89	-83
Profit before tax		1,665	1,842
Tax		-3	-2
Net profit for the year		1,662	1,840

Parent Company Cash Flow Statement

SEKm	Note 25	2000	1999
Operating activities			
Profit before tax		1,665	1,842
Adjustment for items not included in cash flow, etc.		-1,585	-1,780
		80	62
Paid tax		-3	-2
Cash flow from operating activities before change in working capital		77	60
Cash flow from change in working capital			
Decrease (+) in operating receivables		162	-230
Decrease (-) in operating liabilities		-38	6
Cash flow from operating activities		201	-164
Investing activities			
Sale of shares, active holdings		722	1,726
Purchase of shares, active holdings		-1,320	-1,020
Sale of shares, asset management		3,936	1,919
Purchase of shares, asset management		-3,213	-1,321
Cash flow from investing activities		125	1,304
Financing activities			
Share buy-back		-175	–
Redemption of shares		–	-115
Increase (+) in interest-bearing liabilities		46	-546
Dividends paid		-366	-285
Cash flow from financing activities		-495	-946
Cash flow for the year		-169	194
Liquid assets, opening balance		194	–
Liquid assets, closing balance		25	194

Parent Company Balance Sheet

SEKm			31 Dec 2000		31 Dec 1999
ASSETS					
Fixed assets					
Tangible					
Land and buildings	Note 28	12		12	
Equipment	Note 29	4	16	2	14
Financial					
Active holdings					
Shares in subsidiaries	Note 30	154		106	
Shares	Note 31	3,223		1,766	
Asset management					
Shares and participations	Note 16	2,965		3,012	
Receivables from subsidiaries					
– interest-bearing				–	
Other long-term receivables	Note 32	38	6,380	210	5,094
Total fixed assets			6,396		5,108
Current assets					
Current receivables					
Receivables from subsidiaries					
– interest-bearing		35		36	
– non-interest-bearing		11			
Other current receivables		6		15	
Prepaid expenses and accrued income	Note 33	10	62	2	53
Bonds and other securities			–		113
Cash and bank balances			25		81
Total current assets			87		247
Total assets			6,483		5,355

SEKm			31 Dec 2000		31 Dec 1999
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	Note 34				
Restricted equity					
Share capital		1,016		1,016	
Statutory reserve		251	1,267	251	1,267
Unrestricted equity					
Profit brought forward		3,297		1,998	
Net profit for the year		1,662	4,959	1,840	3,838
Provisions					
Provisions for pensions		3		13	
Provisions for taxes		–	3	9	22
Long-term liabilities					
Non-interest-bearing liabilities					
Stock option premiums received	Note 34	3	3	3	3
Interest-bearing liabilities					
Bank overdraft facilities		40		–	
Liabilities to subsidiaries		94	134	66	66
Current liabilities					
Non-interest-bearing liabilities					
Trade creditors		7		2	
Liabilities to subsidiaries		1		0	
Other current liabilities		4		11	
Accrued expenses and deferred income	Note 35	14	26	42	55
Interest-bearing liabilities					
Liabilities to subsidiaries		41		45	
Other current liabilities		50	91	59	104
Total shareholders' equity and liabilities			6,483		5,355
Pledged assets			None		None
Contingent liabilities			None		
Guarantees on behalf of subsidiary					37
Other contingent liabilities					1

Shareholdings

31 Dec 2000	Number	Change 2000, number	Market price, per share [1]	Book value, SEKm	Market value, SEKm	Share of capital, %	Share of votes, %
ACTIVE HOLDINGS							
Camfil A	422,414	422,414		56.2	56.2	29.7	29.7
Camfil B	2,956,896	2,956,896		404.8	404.8		
Capona	9,334,452		57.5	332.1	536.7	46.6 [2]	46.6 [2]
Dahl A	1,108,109			27.7	27.7	43.7	46.1
Dahl B	2,216,205			488.5	488.5		
DataVis	1,601,850	1,601,850		178.6	178.6	43.7	43.7
DataVis conv. debenture loan	362,068	362,068		63.0	63.0		
DataVis stock options	2,800	2,800		0.0	0.0		
Esselte A	5,163,207	605,000	48.0	353.4	247.8	16.9	30.0
Esselte B	611,600	378,100	47.2	34.9	28.9		
Exceed (subsidiary)	150,000			107.3	107.3	100.0	100.0
Q-Labs	66,667	66,667		190.0	190.0	40.0	40.0
Scandic Hotels	15,685,964	-35,136	125.0	511.5 [3]	1,953.7 [3]	23.8 [4]	23.8 [4]
Superfos Industries A/S	2,805,000			337.4	337.4	33.0	33.0
Telelogic	10,000,000	8,388,000 [5]	53.0	18.6	530.0	7.4	7.4
Telia Overseas A	3,276,577	1,837,629		327.7	327.7	8.8	12.0
Industri Kapital				336.6	470.5		
Total active holdings				3,768.3	5,948.8		
Total active holdings, excluding subsidiaries				3,661.0	5,841.5		
ASSET MANAGEMENT							
Skandia	7,872,035	3,222,035	153.5	139.6	1,208.4	0.8	0.8
Ericsson B	3,906,500	3,906,500	107.5	714.5	419.9	0.0	0.0
Svedala	2,300,000	–	161.0	241.0	370.3	4.8	4.8
Scania B	973,500	-373,880	210.0	214.1	204.4	0.5	0.1
Pandox	1,499,500	–	96.0	79.1	144.0	6.0	6.0
AstraZeneca	254,400	-295,600	470.0	95.9	119.6	0.0	0.0
Swedish Match [6]	3,179,587	-11,773,413	36.8	81.2	111.1	0.8	0.8
Sandvik	387,556	387,556	227.0	79.7	88.0	0.1	0.1
Nordea	1,163,100	1,163,100	71.5	62.3	83.2	0.0	0.0
Telia	1,464,785	1,464,785	48.5	124.8	71.0	0.0	0.0
H&M B	405,200	405,200	146.0	97.1	59.2	0.0	0.0
Nokia	140,800	140,800	415.0	62.9	58.4	0.0	0.0
SHB A	360,500	360,500	161.5	42.4	58.2	0.1	0.1
Haldex	820,000	–	69.5	95.9	57.0	3.7	3.7
Investor B	310,804	310,804	141.0	39.6	43.8	0.0	0.0
ABB	43,200	43,200	969.0	42.7	41.9	0.0	0.0
Fixed-income, nominal	182,000,000	182,000,000		186.8	183.4		
Other [7]				565.4	488.5		
				2,965.0	3,810.3		
Share portfolio, current assets (see Note 18)				80,8	124.0		
Total asset management				3,045.8	3,934.3		
Total shareholdings, Group				6,814.1	9,883.1		

1) Latest price paid on 31 December 2000.
2) Taking buy-backs into account, 48.1%.
3) Scandic Hotels: issued options are included in book value and market value with -2.8 and -7.0 respectively.
4) Taking buy-backs into account, 25.3%.
5) Telelogic, of which 9,000,000 via 10:1 split.
6) Swedish Match: issued options are included in book value and market value with -2.7 and -5.9 respectively.
7) Specification of holdings under Other can be ordered from Ratos. The number of holdings amounts to approximately 70, most of which are listed on the OM Stockholm Exchange.

Notes to the Financial Statements

The financial statements are prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council.

PRINCIPLES OF CONSOLIDATION

Consolidated accounts

The consolidated accounts comprise Ratos AB (publ) and companies in which Ratos directly or indirectly owns more than 50% of the voting rights or other controlling interest at year-end.

The consolidated accounts are prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations regarding consolidated accounts and using acquisition accounting.

Accounts of associated companies

The Group applies the equity method of accounting for associated companies in which the Group has not less than 20% and not more than 50% of the voting rights. The equity method means that the book value in the Group of the shares in associated companies corresponds to the Group's share of shareholders' equity in associated companies as well as any residual values on Group surplus and deficit values. In the consolidated profit and loss account, the Group's share of associated companies' profits after financial income and expenses adjusted for depreciation of acquired surplus values is reported as share of profits of associated companies. The Group's share of associated companies' net taxes is included in consolidated tax expenses. Profit shares which have been worked up after acquisition of associated companies and not yet realised through dividends, are reported in the equity reserve. The equity reserve constitutes part of the Group's restricted equity.

Goodwill on consolidation is amortised over its economic life. The depreciation period varies between 5 and 20 years.

Untaxed reserves

The equity portion of untaxed reserves is reported as restricted equity and included in restricted reserves. The tax portion of untaxed reserves is reported as deferred tax and classified as a provision. Losses carried forward are given a value to the extent they can be used and, in addition, can be settled against existing deferred tax liability.

Acquisition and sale of companies

Companies sold during the year are included in the consolidated profit and loss account with income and expenses during the ownership period. Acquired companies' earnings are included in the Group's results from the acquisition date.

OTHER ACCOUNTING PRINCIPLES

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the closing day rate. The difference between the previous book value and the closing day value is taken up as income.

Shares

Shares, which comprise current and fixed assets, respectively, are regarded by class of asset as portfolios and valued collectively on an individual basis. If book values of certain classes of shares exceed the market value, no write-down is made provided the total book value is less than the market value per portfolio.

Pension obligations

Pension obligations that are not settled with insurance premiums or payments to foundations are reported as a provision in the balance sheet.

Depreciation according to plan

Depreciation according to plan is determined on the basis of the acquisition values of the assets and their estimated economic life. A permanent decline in value will result in a write-down. Machinery and equipment is depreciated by 10-20%, computer programs by 33%. Buildings are depreciated by 1-4%.

Goodwill is amortised by 5-20%, based on individual assessment. Depreciation periods of more than 5 years are applied to holdings expected to provide a sustained financial result and cash flow. Goodwill values are assessed annually.

Other information

An exit result is the capital gain or loss which arises when an active holding is divested.

Notes

NOTE 1 Consolidated Profit and Loss Account

SEKm	2000	1999
Net sales	1,452	616
Other operating income	16	14
Other external costs	-1,395	-638
Personnel costs	-121	-104
Depreciation and write-downs of tangible and intangible assets	-20	-14
Shares of profits of associated companies	944	177
Results from other securities and receivables accounted for as fixed assets	1,090	1,717
Operating profit after depreciation	1,966	1,768
Other interest income and similar income	19	8
Interest expenses and similar charges	-8	-15
Profit before tax	1,977	1,761
Tax on profit for the year	-3	-2
Tax from associated companies on net profit for the year	-53	-55
Net profit for the year	1,921	1,704

Profit before tax excluding goodwill amortisation in the Group and associated companies amounted to SEK 2,103m (1,793).

Funds allocated by Alecta (formerly SPP) reduced personnel costs by SEK 24m.

NOTE 2 Profit/loss from subsidiaries and share of profit/loss of associated companies, active holdings

SEKm	Profit/loss share of profit/loss	Of which Ratos goodwill amortisation
Profit/loss from subsidiaries		
Exceed	14	-6
	14	-6
Share of profit/loss of associated companies		
Camfil	-3	-4
Capona	59	-2
Dahl	110	–
DataVis	-16	-5
Esselte	42	–
Scandic Hotels	102	-9
Superfos	12	-1
Q-Labs	–	–
	306	-21
Profit from active holdings, excluding exit results	320	-27

Profit/loss from subsidiaries

SEKm	2000	1999
Net sales	1,198	514
Other operating income	9	1
Other external costs	-1,084	-475
Personnel costs	-102	-77
Depreciation	-12	-13
Items affecting comparability	3	
Share of profits of associated companies	1	1
Operating profit/loss after depreciation	13	-49
Other interest income and similar income	2	1
Interest expenses and similar charges	-1	-1
Profit/loss before provisions and taxes	14	-49

Profit for 2000 pertains to the forwarding company Exceed. During the year Exceed acquired Conmel AB. In the forwarding operations assignments are recognised in income upon completion. Items affecting comparability include funds allocated from Alecta (formerly SPP) of SEK 13m, goodwill amortisation SEK -6m, and staff reductions SEK -4m.

NOTE 3 Depreciation and write-downs of tangible and intangible fixed assets

	2000			1999		
SEKm	Active	Central	Total	Active	Central	Total
Equipment	4	2	6	5	1	6
Goodwill	8	–	8	8	0	8
Goodwill amortisation	6	–	6	–	–	–
	18	2	20	13	1	14

NOTE 4 Exit results, associated companies

SEKm	2000
Associated companies	
Exit gain from DataVis	4
Exit gain from Scandic	32
Exit gain from Telelogic	602
	638

Exit gains from DataVis and Scandic pertain to dilution effects from new issues in which Ratos did not participate.

NOTE 5 Dividends, asset management

SEKm	2000	1999
Financial fixed assets	96	102
Financial current assets	7	0
	103	102

NOTE 6 Capital gains, asset management

SEKm	2000	1999
Associated companies	–	15
Financial fixed assets	897	900
Financial current assets	8	6
	905	921

NOTE 7 Management costs

SEKm	2000	1999
External costs	-59	-53
Personnel	-27	-27
Depreciation	-2	-1
	-88	-81

Funds allocated from Alecta (formerly SPP) reduced personnel costs by SEK 11m.

NOTE 8 Financial items, central operations

SEKm	2000	1999
Financial fixed assets	5	5
Financial current assets	12	8
Financial current liabilities	-6	-18
	11	-5

NOTE 9 Group taxes

SEKm	2000	1999
Paid tax	-3	-2
Share in taxes of associated companies		
(Parent Company)	-53	-55
	-56	-57

NOTE 10 Goodwill

SEKm	2000	1999
Accumulated acquisition values at 1 January	87	101
Investments	58	–
Divestments	–	-14
	145	87
Accumulated amortisation according to plan		
At 1 January	-56	-53
Amortisation for the year	-8	-8
Divestments	–	5
	-64	-56
Accumulated write-downs		
At 1 January	–	–
Write-downs for the year	-6	–
	-6	–
Value according to consolidated balance sheet	75	31

NOTE 11 Land and buildings

SEKm	2000	1999
Accumulated acquisition values at 1 January	17	17
	17	17
Accumulated depreciation according to plan		
At 1 January	-5	-5
Depreciation for the year	0	0
	-5	-5
Value according to consolidated		
balance sheet	12	12
Tax assessment value, Sweden	61	50

Leasing charges paid during the year relating to properties and future charges for contracts entered into amount to:

	2000	2001	2002	2003	2004	2005
Rent for premises	10	8	8	4	–	–

NOTE 12 Equipment

SEKm	2000	1999
Accumulated acquisition values		
At 1 January	26	44
Investments	16	2
Divestments	-3	-20
	39	26
Accumulated depreciation according to plan		
At 1 January	-19	-27
Divestments	3	13
Depreciation for the year	-6	-5
	-22	-19
Value according to consolidated		
balance sheet	17	7

Leasing charges paid during the year relating to equipment and future charges for contracts entered into amount to:

	2000	2001	2002	2003	2004	2005
	2	1	1	1	0	–

NOTE 13 Long-term receivables

SEKm	2000	1999
Accumulated acquisition values		
At 1 January	210	16
Additional receivables	31	195
Settled receivables	-195	-1
	46	210
Active holdings	7	–
Central	39	210

Of allocated client company funds from Alecta (formerly SPP) a total of SEK 6m was received during the year in the form of a cash payment and through use to pay premiums. The remaining receivable has been present value calculated at SEK 18m and is expected to be used over the next 5 years.
The receivable is reported as long-term and current in the amount of SEK 13m and SEK 5m respectively.

NOTE 14 Active holdings, shares

SEKm	2000	1999
Group value of associated companies in the Parent Company		
Accumulated acquisition values		
At 1 January	1,580	1,321
Investments	948	975
Divestments	-30	-716
	2,498	1,580
Accumulated share in profits		
At January 1	295	625
Share in profits after tax for the year	254	122
Less dividends from associated companies	-71	-86
Translation difference for the year	-37	-42
Divestments	38	-324
	479	295
Group value, associated companies	2,977	1,875
Active holdings, not associated companies	684	144
Group value, active holdings	3,661	2,019

Specification of Parent Company's participations in associated companies

Associated company, corporate identity number, registered office	In associated companies Adjusted equity	Net profit/loss for the year	Number of participations	Share, 1) %	Book value in Parent Company	Group value
Camfil AB, 556230-1266, Trosa	1,016	50	3,379,310	30	450	461
Capona AB, 556547-6073, Stockholm	838	103	9,334,452	47 (48)	224	332
Dahl Intressenter AB, 556564-9216, Stockholm	1,569	203	3,324,314	44	561	516
DataVis Gruppen AB (publ), 556404-4120, Sundsvall	207	-26	1,601,850	44	254	242
Esselte AB, 556011-4554, Stockholm	2,588	164	5,774,807	17	376	388
Quality Laboratories Sweden AB, 556241-7781, Lund	173	-21 2)	66,667	40	190	190
Scandic Hotels AB, 556299-1009, Stockholm	1,889	423	15,685,964	24 (25)	160	511
Superfos Industries A/S, Vedbaek, Denmark	803 3)	49 3)	2,805,000	33	325	337
					2,540	2,977

1) Figures in parentheses show participation taking buy-backs into account

2) Acquired in December

3) DKKm

NOTE 15 Active holdings, other shares and participations

Participations in associated companies outside the Parent Company

SEKm	2000	1999
Accumulated acquisition values		
At 1 January	6	6
Investments	2	–
	8	6
Accumulated share in profits		
At 1 January	6	7
Share in profits for the year	1	1
Less dividends from associated companies	-1	-2
	6	6
Value according to consolidated balance sheet	14	12

NOTE 16 Shares and participations, asset management

A specification of shareholdings is provided on page 40.

NOTE 17 Prepaid expenses and accrued income

SEKm	2000	1999
Accrued freight income	29	5
Accrued interest income	8	–
Other items	8	5
	45	10

NOTE 18 Short-term investments, asset management

Shares and participations, current assets

SEKm	Number	Book value	Market value
CashCap	2,193	0	0
European Tactical Marketing Services Ltd	112	27	27
ETMS Ltd, convertible debenture loan	60,000	1	1
HealthCap KB	10,000,000	10	47
HealthCap CoInvest KB	10,000,000	10	25
Ericsson	72,000	12	8
H&M	35,500	7	5
Micronic	10,000	2	3
SCA B	21,400	4	4
Teletrade	300,000	7	1
Avalon Oil	190,000	0	0
Rurik Ord	300,000	1	3
		81	124

NOTE 19 Bonds and other securities

SEKm	2000	1999
Commercial paper	–	113
Treasury bill	–	5
	–	118

Cash and bank balances

In accordance with the Swedish Customs Act, separate funds of SEK 3m (3) are included in liquid assets.

NOTE 20 Shareholders' equity, Group

SEKm	Share capital	Restricted reserves	Unrestricted reserves	Net profit/loss for the year	Total equity
Opening balance	1,016	802	1,915	1,704	5,437
Dividends paid			-366		-366
Other appropriation of profits			1,704	-1,704	0
Share buy-backs			-175		-175
Effect of associated companies' share buy-backs		-69			-69
Translation difference, associated companies		32			32
Transfer between restricted and unrestricted equity		198	-198		0
Net profit for the year				1,921	1,921
Closing	1,016	963	2,880	1,921	6,780

The translation difference at the beginning of the year was SEK -41m. The translation difference for the year amounted to SEK 32m. Restricted reserves include equity method reserve with SEK 659m (495).

NOTE 21 Provisions

Deferred tax is included in provisions for taxes with SEK 0m (0).

NOTE 22 Other liabilities

In the subsidiary Exceed a stock option program comprising synthetic options for senior executives has been set up. The change in value of these options in 2000 has been charged to income with SEK 1.5m. The amount entered as a liability includes premiums paid of SEK 0.6m.

NOTE 23 Accrued expenses and deferred income

SEKm	2000	1999
Accrued freight costs	50	31
Accrued personnel costs	24	8
Other	6	47
	80	86

NOTE 24 Contingent liabilities

Refers to contingent liabilities in subsidiaries.

NOTE 25 Cash Flow Statement

Group

SEKm	2000	1999
Interest received	10	12
Interest paid	-7	-20

Acquisition of sub-subsidiary, active holdings

During the year the subsidiary Exceed AB acquired Conmel AB with its logistics division. The value of acquired assets and liabilities according to the acquisition analysis was as follows:

Intangible assets	7
Tangible assets	9
Current receivables	89
Liquid assets	12
Total assets	117
Long-term liabilities	9
Current liabilities	95
Total liabilities	104
Purchase price paid	59
Less: Liquid assets in the acquired operations	-12
Effect on consolidated liquid assets	47
Acquisition of associated company, active holdings	958
Acquisition of other active holdings	314
Acquisition of shares, active holdings	1,319

Parent Company

SEKm	2000	1999
Interest received	10	10
Interest paid	-11	-21

Comment. "Adjustment for items not included in cash flow" mainly refers to adjustment for capital gains or losses/exit results and share in profits of associated companies (Group only).

NOTE 26 Personnel and remuneration to Board of Directors and Auditors

Average number of employees

	2000 Total	2000 Of whom men, %	1999 Total	1999 Of whom men, %
Parent Company	19	47	17	47
Subsidiaries	276	55	138	51
Total Group	295	54	155	50
Of whom, in				
Sweden	245	50	133	47
Finland	11	64	8	75
Denmark	14	71	14	64
Other countries	25	84	–	–

Note 26, cont.

Parent Company

Salaries and other remuneration

SEKm	2000	1999
Board of Directors and CEO (Sweden)	8.4	7.8
(of which bonus)	(1.9)	(1.6)
Other employees (Sweden)	10.6	9.7
	19.0	17.5
Payroll overhead	18.5	8.3
(of which pension costs)	(9.9)	(0.9)

Of the Parent Company's pension costs, SEK 10.4m (1.6) refers to the former and present Board of Directors and CEO. The company's outstanding pension commitments to these amount to SEK 3.6m (12.3).

Group

Salaries and other remuneration

	Board, CEO and Executive Vice President 2000	Board, CEO and Executive Vice President 1999	Others 2000	Others 1999
Group	16.1	13.3	88.6	46.2
(of which bonus)	(2.1)	(1.9)		
of whom, in				
Sweden	14.0	12.2	77.4	40.0
(of which bonus)	(2.0)	(1.9)		
Other countries	2.1	1.1	11.2	6.2
(of which bonus)	(0.1)	(–)		

	2000	1999
Payroll overhead	52.1	24.6
(of which pension costs)	(18.7)	(4.1)

Of the Group's pension costs, SEK 11.4m (2.3) refers to the former and present Board of Directors and CEO. The company's outstanding pension commitments to these amounts to SEK 3.6m (12.3).

Average number of employees, salaries and other remuneration as well as payroll overhead refer only to Group companies which are part of the Group at year-end.

Remuneration to senior executives and Board members

As decided by the Annual General Meeting, SEK 1,750 thousand was paid to the Board of Directors in 2000, of which SEK 400 thousand to the Chairman.

In 2000, salary and other benefits to the CEO amounted to SEK 4,122 thousand, of which SEK 1,288 thousand was bonus. The bases for bonus are assessed annually taking the Group's targets into account. A pension premium is paid amounting to 20% of salary. The mutual period of notice is 6 months. Severance pay corresponds to two annual salaries and may not be triggered by the CEO. Remuneration from a third party is deducted. In the event of a change of principal owner, severance pay of two annual salaries may be triggered by the CEO.

No other Senior Executives in the Ratos Group have agreements on severance pay which amounts to more than two annual salaries. Pension is paid from the age of 65, with a few exceptions. Individual executives may not trigger severance pay, except, for a few individuals, in the event of a change of principal owner.

Note 26, cont.

Fees to auditors

Fees and reimbursement

SEKm	2000 Group	2000 Parent Company	1999 Group	1999 Parent Company
KPMG Bohlins				
Audit assignment	1.5	0.2	1.0	0.3
Other assignment	2.1	2.0	0.6	0,6
Ernst & Young				
Audit assignment	0.1	0.1	0.2	0.2
Other auditors	0.1	–	0.1	–
	3.8	2.3	1.9	1.1

Audit assignment refers to examination of the annual accounts and accounting records as well as the administration by the Board of Directors and the CEO, other tasks which are the business of the company's auditors, and advice or other assistance which is caused by observations on such examination or implementation of other such work tasks. Everything else is other assignment.

NOTE 27 Parent Company Profit and Loss Account

SEKm	2000	1999
Net sales	–	–
Other operating income	4	3
Other external costs	-60	-51
Personnel costs	-38	-27
Depreciation	-2	-1
Result from participations in associated companies	670	86
Result from other securities and receivables accounted for as fixed assets	1,084	1,839
Operating profit after depreciation	1,658	1,849
Other interest income and similar income	19	8
Interest expenses and similar charges	-12	-15
Operating profit before appropriations and tax	1,665	1,842
Tax on profit for the year	-3	-2
Net profit for the year	1,662	1,840

Taxes

The Parent Company is taxed in accordance with the rules for investment companies. This means that capital gains are not taxable. In return, investment companies must enter a standard income of 2% of the market value of shares held on 1 January in their tax return. This standard income amounted to SEK 181m in 2000. Dividends received are taxable. Dividends paid are deductible provided they do not give rise to a total assessed deficit. Net interest and overheads are deductible.

NOTE 28 Land and buildings

SEKm	2000	1999
Accumulated acquisition values		
At 1 January	17	17
	17	17
Accumulated depreciation according to plan		
At 1 January	-5	-5
Depreciation for the year	0	0
	-5	-5
Value according to balance sheet	12	12
Tax assessment value		
Buildings	61	50
Land	–	–

NOTE 29 Equipment

SEKm	2000	1999
Accumulated acquisition values		
At 1 January	6	6
Investments	3	0
Divestments	-1	0
	8	6
Accumulated depreciation according to plan		
At 1 January	-4	-3
Divestments	1	0
Depreciation for the year	-1	-1
	-4	-4
Value according to balance sheet	4	2

NOTE 30 Active holdings, shares in subsidiaries

SEKm	2000	1999
Book values		
At 1 January	106	209
Shareholders' contribution	48	–
Divestments	–	-103
	154	106

Specification of Parent Company's holdings of shares in subsidiaries

Subsidiaries, corp. id. no., reg. office	Number	Share, %	Book value, SEKm
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6
Fastighets AB Strömparterren, 556309-8481, Stockholm	10,000	100	0
Exceed AB, 556238-6044, Sigtuna	150,000	100	148
			154

NOTE 31 Active holdings, shares

SEKm	2000	1999
Associated companies	2,540	1,622
Other financial fixed assets	683	144
	3,223	1,766

Specification of associated companies, see Note 14.

NOTE 32 Long-term receivables

SEKm	2000	1999
Accumulated acquisition values		
At January 1	210	17
Additional receivables	23	195
Settled receivables	-195	-2
	38	210

Of allocated client company funds from Alecta (formerly SPP) a total of SEK 4m was received during the year in the form of a cash payment and through use to pay premiums. The remaining receivable has been present value calculated at SEK 9m and is expected to be used over the next 3 years.
The receivable is reported as long-term and current in the amount of SEK 6m and SEK 3m respectively.

NOTE 33 Prepaid expenses and accrued income

SEKm	2000	1999
Accrued interest income	8	–
Other items	2	2
	10	2

NOTE 34 Shareholders' equity, Parent Company

SEKm	Share capital	Statutory reserve	Profit brought forward	Net profit/loss for the year	Total share-holders' equity
At 1 January	1,016	251	1,998	1,840	5,105
Dividends paid			-366		-366
Other appropriation of profit			1,840	-1,840	0
Redemption of shares			-175		-175
Net profit for the year				1,662	1,662
At 31 December	1,016	251	3,297	1,662	6,226

Share capital

		SEKm
Ordinary A	21,641,127@ 12.50	270.5
Ordinary B	59,679,299@ 12.50	746.0
	81,320,426	1,016.5
Share buy-back	-2,164,800	
Number of shares outstanding	79,155,626	

Class A shares entitle their holder to one vote each and class B shares to 1/10 of a vote each. Share buy-back during the year totalled 2,164,800 B shares.

Stock options

The number of stock options amounts to 530,000, of which 18,000 are owned by companies in the Ratos Group. Subscription for shares may take place between 1 June 2002 and 15 February 2004. The subscription price is SEK 75 per share. One option entitles the holder to subscribe for one new share.

NOTE 35 Accrued expenses and deferred income

SEKm	2000	1999
Accrued personnel costs	10	3
Other	4	39
	14	42

Auditors' Report

To the Annual General Meeting of Ratos AB (publ)
Corporate Identity Number 556008-3585

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Ratos AB for 2000. These accounts and the administration of the company are the responsibility of the Board of Directors and the CEO. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO, as well as evaluating the overall presentation of the information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the CEO. We also examined whether any board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set our below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting that the profit and loss accounts and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the Directors' Report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, 22 February 2001

Hans Karlsson
Authorised Public Accountant

Gunnar Widhagen
Authorised Public Accountant

Board of Directors and Auditors

Olof Stenhammar

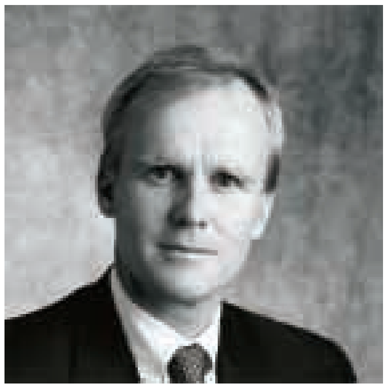
Lars Berg

Peggy Bruzelius

Harry Faulkner

Göran Grosskopf

Jan Söderberg



Per-Olof Söderberg

Arne Karlsson

Olof Stenhammar

Honorary Doctor of Economics. Born 1941.
Chairman. Board Member since 1994. Chairman of Hela Programmet, Olympialaget Våga Vinna, OM Gruppen, Phone Pages, Plenia Sweden, Stiftelsen Mentor Sverige. Board Member of Digital Mobility, Ekonomi 24, Stockholm School of Economics Advisory Board, Ljungberg-Gruppen, Svenska Sjöräddningssällskapet, Ten Four. Senior Partner of Ledstiernan Partners.
Shareholding in Ratos: 114,000

Lars Berg

Born 1947.
Board Member since 2000. Chairman of Netinsight. Vice Chairman of Askus. Board Member of Carnegie, Eniro, Genesis-IT, Ledstiernan, C Technologies, Telefonica Moviles, Viamare, Wideyes.
Shareholding in Ratos: 7,500

Peggy Bruzelius

Born 1949.
Board Member since 1998. Chairman of Grand Hôtel Holdings, Lancelot Asset Management. Board Member of Axel Johnson, Axfood, Drott, Electrolux, Industry and Commerce Stock Exchange Committee, Scania, Syngenta, and other companies.
Shareholding in Ratos: 2,000

Harry Faulkner

Born 1931.
Board Member since 1986.
Former President and CEO of Alfa-Laval. Chairman of Arcona, B&N Nordsjöfrakt AB, SEB Fondförvaltning, Tripep AB. Board Member of EQT Danmark, Scandinavian Equity Partners 1, Stockholms Auktionsverk, Tetra Laval, and other companies.
Shareholding in Ratos: 10,000

Göran Grosskopf

Professor, Doctor of Law. Born 1945.
Board Member since 1996. Chairman of Herenco, Tetra Laval Group. Board Member of Axel och Margaret Ax:son Johnsons Stiftelse, and other companies.
Shareholding in Ratos: 40,000

Jan Söderberg

Born 1956.
Board Member since 2000. Chairman of AB Svenska Industriplast, Elisolation HTM AB. Board Member of Foieby Företagsgrupp.
Shareholding in Ratos: 3,190,476

Per-Olof Söderberg

Born 1955.
Board Member since 2000. CEO of Dahl International AB. Board Member of Bergman & Beving, Oxigene, the Stockholm School of Economics, Martin Olsson, Skandia Investment.
Shareholding in Ratos: 1,994,009

Arne Karlsson

Born 1958.
CEO of Ratos since 1999. Chairman of Scandic Hotels. Board Member of DataVis, Esselte, HL Display, Superfos, Th Jacobsen & Co.
Shareholding in Ratos: 26,400
Stock options in Ratos: 150,000

Auditors

Hans Karlsson

Authorised Public Accountant,
KPMG Bohlins

Gunnar Widhagen

Authorised Public Accountant,
Ernst & Young

Deputy Auditors

Roland Nilsson

Authorised Public Accountant,
KPMG Bohlins

Torbjörn Hanson

Authorised Public Accountant,
Ernst & Young

Analysis

Results for the Ratos Group

As a consequence of the new strategy adopted two years ago, Ratos has gradually changed the focus of its portfolio. From the earlier portfolio of listed companies, assets have to an increasing extent been concentrated to holdings in unlisted companies. Profits which were previously generated by dividends on listed shares and capital gains from the equities portfolio will in future comprise profit shares in Ratos's active holdings and exit gains from the sale of active holdings. During an interim period – until its total assets have been invested in unlisted companies – asset management will continue to have a significant impact on results.

Active holdings

An analysis of the underlying holdings is essential for anyone who wishes to understand and predict Ratos's future results. The best approach is to first form an opinion about the future cash flows and profit trend of the holdings, and in the next stage to estimate what value can be placed on the holding. Basically, such an analysis is the same as if Ratos had a portfolio where the "market" estimates the value of the holdings since the companies are listed. The market's valuation is based, both for unlisted and listed companies, on forecasts regarding future profits.

Ratos's goal is to increase the value of the assets it acquires and thus achieve the highest possible exit gain when they are sold. Ratos calculates the internal rate of return (IRR) ahead of each individual investment decision and in its assessment of each holding. Instead of publishing its internally calculated IRR values, Ratos has chosen to publish detailed information about each one of its active holdings.

In order to facilitate a valuation of Ratos, the active holdings are presented with multi-year summaries of profit and loss accounts, balance sheets, cash flow statements and key figures. These summaries are complemented with descriptions of the companies' structure, earnings trend and performance in the markets where they operate. Information about the active holdings is updated for every report and is available in downloadable Excel files on Ratos's website www.ratos.se under Holdings.

Definitions, see page 81.

Equity method

The active holdings in Ratos's portfolio are mostly associated companies or subsidiaries. Ratos therefore applies the equity method where the results of associated companies are reflected in the consolidated profit and loss account by the company's result for the relevant period being multiplied by Ratos's share of equity. This figure is reported as share of profits of associated companies. Ratos's share of the company's tax expense is included in the consolidated tax expense. In the Ratos Group's balance sheet, the book value of the participation in the company in question is changed by the value of accumulated share of the company's profit after tax. Dividends from associated companies are therefore not reported in the profit and loss account but only in the balance sheet as a switch from restricted to unrestricted equity. A more detailed description of Ratos's accounting methods is provided in the Notes to the financial statements on page 41.

Income

SEKm	2000	1999
Active holdings		
Profit/share of profits		
Camfil	-3	–
Capona	59	47
Dahl	110	66
DataVis	-16	–
Esselte	42	-33
Exceed	14	-10
Q-Labs	–	–
Scandic Hotels	102	86
Superfos Industries	12	2
Telelogic	–	-3
Telia Overseas	–	–
(Meto)	–	15
(TV8)	–	-37
(PriFast)	–	-3
(Other)	–	-2
Total	**320**	**128**
Exit results		
Dahl	–	182
DataVis	4	–
Scandic Hotels	32	–
Telelogic	602	14
(Meto)	–	214
(PriFast)	–	323
(TV8)	–	-35
(Other)	88	-2
Total exit results	**726**	**696**
Total active holdings	**1,046**	**824**
Asset management		
Dividends	103	102
Capital gains	905	921
Total asset management	**1,008**	**1,023**

Consolidated profit and loss account

The format of Ratos's profit and loss account is designed to provide the best illustration of the build-up of the Group's results. Subsidiaries' results and shares of profits of associated companies are reported under the heading Active holdings. Under this heading is the item Exit results, where the capital gains or losses from active holdings during the year are reported. Asset management's income is reported separately followed by central costs and financial items.

Active holdings

In 2000, profit from active holdings amounted to SEK 1,046m (824). Profits, excluding exit results, from active holdings rose to SEK 320m (128). Esselte, Dahl, Scandic Hotels and Exceed (formerly ACE) contributed most to this improvement in profits. DataVis has felt the effects of a slightly weaker market and reports a small loss. Camfil's contribution to Ratos's profits was just below zero, despite Camfil reporting a profit before tax of SEK 57m for the full year. The accounting explanation for this is that the acquisition of Ratos's holding in Camfil was carried out at the end of the first half of the year, and that earnings in the second half were considerably lower than in the first half. Camfil's contribution to Ratos's profits was also charged with amortisation of associated company goodwill of SEK 4m.

The exit gain amounted to SEK 726m. Approximately one-third of the holding in Telelogic was sold at the beginning of the year with an exit gain of SEK 602m. Industri Kapital's sales provided an exit gain of SEK 88m. Other exit gains – SEK 32m for Scandic Hotels and SEK 4m for DataVis – represent dilution effects from new issues in which Ratos did not participate.

Asset management

According to Ratos's strategy, assets under management constitute a liquidity reserve for the acquisition of mainly unlisted active holdings. Action has therefore been taken to improve the liquidity and increase the diversification of risk in the portfolio. The number of holdings had increased from just over 10 to approximately 90 at year-end. Shares were sold for SEK 4,151m and purchased for SEK 3,444m. Dividends received amounted to SEK 103m (102) and capital gains to SEK 905m (921). At the end of the year the portfolio had a value of SEK 3,934m (5,002).

Central income and expenses

Ratos's central costs in 2000 amounted to SEK 88m (81), of which transaction-related costs in Industri Kapital's mutual funds accounted for SEK 17m (23) and a bonus from Alecta (formerly SPP) for SEK 11m (–). Personnel costs amounted to SEK 39m (27) and other expenses, including costs of acquisition and exit processes, amounted to SEK 43m (31). Central costs, excluding the bonus from Alecta and transaction costs, accounted for 0.8% of net asset value at year-end. Net financial items amounted to SEK 11m (-5).

Cash flow

Cash flow from operating and investing activities amounted to SEK 349m (1,149). The Group had liquid assets of SEK 59m (227) at year-end.

NAV increase

Ratos's net asset value at the end of the year, SEK 9,896m (9,192) corresponded to SEK 125 (113) per share. Overall, this corresponds to an added value of 14% including dividends paid and share buy-backs. Appreciation per share, including dividends and taking buy-backs into account, is 15%. The increase per share is higher than for total net asset value because share buy-backs were effected at prices lower than the net asset value and therefore raised the value of remaining shares.

Net asset value consisted to 60% of active holdings and to 40% of asset management.

Share buy-backs

In order to improve the company's capital structure and thereby raise shareholder value, the Board was authorised by the Annual General Meeting to acquire up to 10% of the company's shares over the stock market. This authorisation applies until the next Annual General Meeting in April 2001. The Meeting's authorisation does not include the right to sell acquired shares.

At the end of 2000, Ratos had acquired 2,164,800 of its B shares, corresponding to 2.7% of the share capital. The acquisitions were made at an average price of SEK 80.94 per share. At 22 February 2001, 2,257,800 shares had been repurchased.

Net profit for the year

The Group's pre-tax profit amounted to SEK 1,977m (1,761). This result includes profit from active holdings of SEK 1,046m (824) and profit from asset management of SEK 1,008m (1,023). Consolidated profit, including share of profits of associated companies, includes a bonus from Alecta totalling SEK 87m. Central income and expenses amounted to SEK -77m (-86).

The combined goodwill amortisation in the Ratos Group and associated companies amounted to SEK 126m during the year.

Tax situation

Ratos's parent company is taxed according to the rules for investment companies. This means that capital gains which arise are not taxable. The company declares a standard income corresponding to 2% of the market value of its shareholdings at the end of the year. Dividends received are also declared as income. Net interest and expenses are tax deductible as are dividends paid provided the size of the dividend does not result in a total taxed deficit. The Ratos Group's tax expense therefore consists of Ratos's share of subsidiaries' and associated companies' tax expenses. In principle, Ratos's parent company pays no tax except for property tax on the property at Drottninggatan 2 in Stockholm. The Ratos Group's tax expense for 2000 amounted to SEK 56m (57) and was almost entirely attributable to tax in associated companies.

Financial strategy

Ratos's parent company should normally be unleveraged. When investments are made, a leveraged holding company can be used in order to achieved a tailor-made financial structure. This method, which is particularly suitable in operations with a good cash flow, was used in 1999 for the Dahl buy-out and in the acquisition of Superfos.

Ratos's available liquidity is good and comprises asset management's listed shares, fixed-income investments and/or committed credit facilities. Liquid assets may only be invested in fixed-income securities with a very low risk and high liquidity.

All Ratos's active holdings are independently responsible for their currency exposure and hedging. Ratos acts to ensure that the holdings are currency-neutral.

Active holdings

Reports on Ratos's active holdings are provided on the following pages. Since Ratos acquired its holding in Q-Labs in December, the company's results did not affect Ratos's earnings in 2000.

Active holdings

SEKm	Ratos's share of capital, % *)	Net sales 2000	Net sales 1999	Profit/loss after depreciation 2000	Profit/loss after depreciation 1999	Profit/loss before tax 2000	Profit/loss before tax 1999	Of which goodwill amortisation, 2000	Of which other depreciation, 2000	Investments 2000	Cash flow 2000	Equity 2000	Interest-bearing net debt 2000	Goodwill 2000
Camfil	30	2,277	1,526	96	103	57	90	35	78	66	115	1,016	973	967
Capona	47 (48)	267	234	192	160	130	104	0	22	167	5	838	1,162	0
Dahl	44	10,674	10,531	392	270	253	135	83	113	191	319	1,569	1,999	1,531
DataVis	44	215	186	-29	-4	-25	-4	5	4	113	-146	207	-54	144
Esselte	17	11,095	11,192	451	-131	274	-228	94	379	265	744	2,588	2,904	1,277
Exceed	100	1,198	492	19	-5	20	-4	2	4	50	-53	83	-6	50
Q-Labs	40	198	96	-18	-24	-19	-24	6	3	9	-15	173	-146	15
Scandic Hotels	24 (25)	5,971	5,253	452	354	460	372	71	318	902	-157	1,889	583	973
Superfos (DKKm)	33	2,616	3,648	126	199	34	2 502	31	174	n.a.	500	803	1,445	584
Telelogic	7	881	318	-50	2	-42	3	50	26	1,803	-1,901	2,340	-229	1,972
Telia Overseas	9	445	340	-743	-617	-788	-606	11	91	2,149	n.a.	2,288	139	38

*) Figures in parentheses take buy-backs into account.
Cash flow pertains to cash flow from operating activities and investing activities.
Q-Labs is not included in Ratos's results for 2000.
Superfos's profit after depreciation excludes extraordinary items, net DKK 24m (2,303).

Camfil – strong growth

In spring 2000, Ratos acquired the US air filter manufacturer Farr which was subsequently merged with the Swedish air filter manufacturer Camfil. Ratos exercised an option to sell Farr to Camfil in exchange for a 30% holding in the company. Ratos's investment amounted to SEK 450m.

Camfil's CEO is Jan Eric Larson and the Chairman is Carl Sundvik. Ratos is represented on the Board by Mats Lönnqvist and Bo Jungner.

World-leader in clean air technology

Camfil is the world leader in clean air technology and air filter production. The Camfil Group, with its head office in Trosa, Sweden, manufactures and sells filters in three business areas.

Clean Processes provides protection for manufacturing processes including filters for clean rooms. These are mainly used in the microelectronics and pharmaceutical industries but are also found in several other industrial applications, including the automotive industry and gas turbines.

Comfort Air provides protection for people, in the form of filters used to clean indoor environments. These products are mainly used in ventilation systems for occupied areas in buildings such as offices, hotels, airports, hospitals and private houses. This business area includes customised filters (OEM products) which are manufactured to customer specifications often in large volumes such as filters for vacuum cleaners, respirators and vehicle interiors.

In the third business area – Safety and Protection – Camfil mainly manufactures filters to protect the environment from emissions, including filters for the nuclear power industry.

Acquisition of Farr

At the end of June, Camfil acquired the US company Farr, one of the leading manufacturers of air filters in the US.

This strategic acquisition has strengthened Camfil's presence in the US air filtration market. Camfil now has 22 production plants in nine countries and is represented in more than 50 countries worldwide. Camfil has more than 2,800 employees.

The acquisition of Farr gave Camfil an additional two business segments.

Air Pollution Control which includes particulate filtration systems and smoke, oil and liquid separators.

Transportation which produces filters for transport and engines.

The new Camfil Group is the world leader in air filter manufacture and one of the few global players. Operations are organised in three main geographic areas: Europe, North America and Asia.

Jan Eric Larson, CEO of Camfil
"We have now created a solid platform for our future expansion. Camfil intends to further advance its positions in Europe, North America and Asia."

Market under consolidation

Camfil's total market continues to grow but is also characterised by consolidation. The international air filter manufacturers continue to capture market shares from smaller local companies. Mergers and acquisitions are resulting in fewer but larger players.

Strong growth

Camfil's sales rose 49% in 2000. Two-thirds of this growth was attributable to acquisitions while the remaining third was due to organic growth. Camfil's organic growth is thus approximately double that of the total market.

Operating profit before goodwill amortisation increased to SEK 131m (110), corresponding to a margin of 5.8% (7.2). This lower margin was mainly due to a weaker market in the Transportation business segment (filters for trucks and trains) in the US and substantial market investments within Air Pollution Control. Camfil's assessment is that the margin before goodwill amortisation will return to its historical level in 2001. Sales and earnings within Camfil's largest business areas, Clean Processes and Comfort Air, developed favourably during the year.

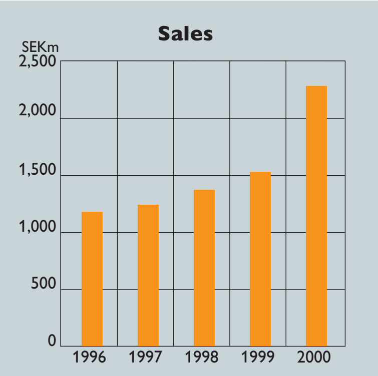
Camfil's profit after tax fell to SEK 50m (62) which was entirely attributable to increased financing costs and goodwill amortisation in conjunction with the acquisition of Farr.

Future prospects

The integration of Farr will be completed in 2001 which will entail further consolidation and structuring of the US operations. Camfil's international expansion and growth will continue during the year. Camfil's market position in Europe is strong and the company has a stable platform in North America. A natural next step is further expansion in the Asian markets.

Board of Directors

Carl Sundvik	Chairman
Eric Giertz	
Mats Lönnqvist	
Johan Markman	
Carl Wilhelm Ros	
Christer Zetterberg	
Jan Eric Larson	CEO
Bo Jungner	Deputy
Björn Larson	Deputy
Johanna Markman	Deputy



SEKm	2000	1999	1998	1997	1996
Profit and Loss Account					
Net sales	2,277	1,526	1,369	1,237	1,174
Gross profit	672	516	475	439	430
Selling and administrative expenses	-612	-422	-381	-351	-330
Other operating income and expenses	36	10	6	9	5
Operating profit	96	103	100	97	105
Financial income and expenses	-39	-13	-7	-8	-5
Profit before tax	57	90	93	88	100
Tax	-7	-29	-30	-28	-39
Net profit for the year	50	62	63	61	61
Balance Sheet					
Financial assets	237	109	98	90	149
Goodwill	967	82	63	23	1
Other operating assets	1,766	1,005	955	840	736
Total assets	2,969	1,196	1,116	953	886
Shareholders' equity	1,016	490	455	394	343
Provisions and long-term liabilities	1,410	390	362	308	334
Operating liabilities	544	316	299	251	209
Shareholders' equity and liabilities	2,970	1,196	1,116	953	886
Cash Flow Statement					
Cash flow from operating activities	115	93	117	64	
Cash flow from investing activities	0	-62	-128	-92	
Cash flow from financing activities	9	-14	30	-46	
Total cash flow	124	18	19	-74	52
Key figures					
Margin before tax, %	2.5	5.9	6.8	7.1	8.5
Return on capital employed, %	8	13.6	14.6	15.7	18.4
Return on equity, %	6.6	13	14.8	16.5	18.9
Equity ratio, %	34	41	41	41	39
Goodwill amortisation	35	7	5	2	1
Average number of employees	2,199	1,487	1,281	1,227	1,113

Capona – earnings improved 20%

Capona was formed at the end of 1997 through the acquisition of a number of hotel properties from PriFast and from Diligentia, which was also initially a joint owner of Capona. In 1998, PriFast acquired Capona and in 1999 the company's shares were distributed to PriFast's shareholders when the shares were listed on the O List of the OM Stockholm Exchange. Ratos's holding amounts to 47%, or 48% taking Capona's share buy-back into account.

Capona's CEO is Olle Persson and the Chairman of the Board is Carl Johan Åberg. Ratos is represented on the Board by Bo Jungner.

Nordic leader

Capona, which owns and actively manages hotel properties, is one of the leading companies in the Nordic hotel property market. At 31 December 2000 the portfolio comprised a total of 41 hotel properties – 31 in Sweden and the remainder in the other Nordic countries. Total lettable space was approximately 300,000 square metres and the total number of hotel rooms was approximately 6,400. The market value of these holdings is estimated at just over SEK 2.6 billion.

Sales-based rent

Capona aims to achieve further growth in the Nordic markets. A key part of the company's strategy is work with sales-based rental agreements where rental income amounts to a percentage of the hotel operator's sales. This gives Capona and the hotel operators the same financial incentive to make investments which boost the hotel's sales, which in turn increases Capona's rental income. 95% of Capona's rental income is sales-based.

Continued good hotel market

The Nordic hotel market enjoyed good growth in 2000. Average rates per sold room rose and average occupancy was largely unchanged. As in previous years both occupancy and average rates per sold room increased in Capona's hotel markets – urban areas and large towns in the Nordic countries – more than the average.

The trend was similar in Sweden, Denmark and Finland. In the Norwegian market, on the other hand, demand fell slightly although average rates per sold room rose.

The year in summary

Capona's rental income rose 14% during the year to SEK 267m (234). Income rose 8% for comparable properties. The increase was due to the continued favourable economic climate and Capona's sales-based rents. Hotel property acquisitions and investments designed to boost sales also contributed to the increased income. The Swedish operations accounted for 78% of rental income, the Norwegian for 13%, the Danish for 7% and the Finnish for 2%. The direct yield rose to 10.1% (9.5).

Olle Persson, CEO of Capona
"Capona will play an active part in the restructuring of the hotel property market."

Earnings from the three hotels operated by the company, Capona's hotel operator business, amounted to SEK 23m (17), an increase of 39%.

Profit after net financial items, excluding non-recurring income, rose 20% to SEK 125m (104). Non-recurring income amounted to SEK 5m and comprised the capital gain on a sold property and funds from Alecta (formerly SPP). Profit after tax rose to SEK 103m (89), corresponding to SEK 5.21 (4.43) per share.

Capona's only property with less than 75 rooms, Hotell Anglais in Helsingborg, was sold in January. Hotel Nouveau in Helsingborg with 92 rooms was acquired in April and in October Capona acquired its second hotel property in Finland, Airport Hotel Bonus Inn in Helsinki-Vantaa with 211 rooms.

Share price up 56%

Capona's shares rose 56% in 2000 while the Carnegie Real Estate Index rose 36% and the Affärsvärlden General Index fell 12%.

During the year, Capona repurchased approximately 3.2% of the total number of shares for SEK 32m, at an average price of SEK 50.18.

Prospects for 2001

Capona expects a continued positive GDP development in the Nordic countries, although not as strong as in previous years, with continued rising room rates and therefore increased revenues for Capona. Earnings for 2001 are also expected to exceed the 2000 result.

The Board will propose to the Annual General Meeting a dividend of SEK 3.50 (3.00) per share.

Board of Directors

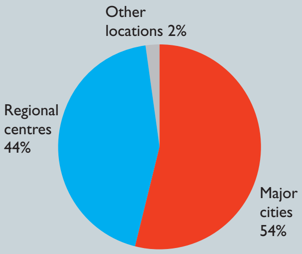
Carl Johan Åberg	Chairman
Kjell-Åke Dahlström	
Olle Isberg	
Kerstin Lindberg Göransson	
Bo Jungner	
Olle Persson	CEO

Financial calendar

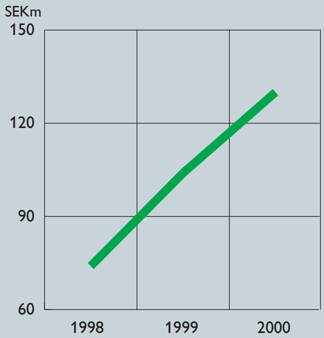
Interim Report Jan-March:	24 April 2001
Interim Report Jan-June:	17 July 2001
Interim Report Jan-Sept:	16 Oct 2001

www.capona.se

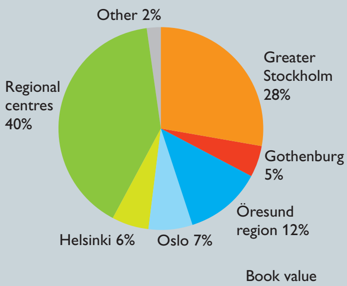
Rental income by geographic region



Profit after net financial items



Property portfolio by geographic region



SEKm	2000	1999	1998		
Profit and Loss Account			pro forma		
Rental income	267	234	205		
Operating and management expenses	-11	-9	-8		
Maintenance costs	-36	-30	-34		
Property tax and site leasehold rent	-14	-12	-10		
Operating surplus	206	183	153		
Depreciation	-22	-21	-20		
Profit from property management activities	184	162	133		
Hotel operator income	164	147	133		
Hotel operator expenses	-141	-130	-118		
Profit from hotel operator activities	23	17	15		
Administration costs	-20	-19	-18		
Non-recurring income	5	–	–		
Operating profit	192	160	130		
Net financial items	-62	-56	-56		
Profit after net financial items	130	104	74		
Tax	-27	-15	-10		
Net profit for the year	103	89	64		
Balance Sheet					
Properties	2,106	1,964	1,876		
Other assets	31	24	19		
Liquid assets	86	69	37		
Total assets	2,223	2,057	1,932		
Shareholders' equity	838	822	781		
Interest-bearing liabilities	1,248	1,137	1,075		
Non-interest-bearing liabilities	137	98	76		
Total shareholders' equity and liabilities	2,223	2,057	1,932		
Cash Flow Statement					
Cash flow from operating activities	166	129	129		
Cash flow from investing activities	-161	-128	-128		
Cash flow from financing activities	12	31	-70		
Liquid assets at year-end	86	69	37		
Key figures					
Property related					
Direct yield properties, %	10.1	9.5	8.2		
Profit margin, %	77	78	75		
Loan ratio, %	59	58	57		
Financial					
Interest coverage ratio, times	3.0	2.8	2.3		
Return on total capital, %	8.6	7.9	6.9		
Return on equity, %	12.3	10.8	8.2		
Net debt/equity ratio, times	1.4	1.3	1.3		
Average interest rate, %	5.6	5.2	5.2		
Equity ratio, %	38	40	40		

Dahl – market leader

Dahl was acquired in 1999 in a buy-out from the stock exchange by EQT and Ratos. The buy-out was effected via a leveraged buy-out company which today is the parent company of the new Dahl Group. Ratos's holding in Dahl amounts to 44%. The Chairman of the Board is Carl Wilhelm Ros and the CEO is Per-Olof Söderberg. Ratos is represented on the Board by Thomas Mossberg, Executive Vice President of Ratos.

Per-Olof Söderberg, CEO of Dahl
"We see continued opportunities to improve earnings."

Heating, ventilation and sanitation

Dahl is the Nordic region's leading wholesale and trading company for heating, ventilation and sanitation products, as well as supplying pipe products to industry, The need for wholesale services is best illustrated by the fact that Dahl has more than 2,000 suppliers and over 50,000 customers. The company has built up leading market positions in Sweden, Norway, Denmark, Finland and Poland. Growth in recent years is attributable both to acquisitions and organic growth. The company has made more than 40 acquisitions since 1990.

Positive performance

Dahl reported a strong earnings improvement for the 2000 financial year. Sales totalled SEK 10,674m (10,531). The operating profit improved by 45% to SEK 392m (270) and profit after net financial items was SEK 260m (138). The operations in Sweden, Norway and Finland made the greatest contributions to this improved result. Earnings in Denmark were unchanged and Poland's result decreased. Net debts at year-end had fallen by SEK 251m compared with the previous year. The Group continues to show a strong cash flow.

Denmark

Operating profit is on a par with the previous year and amounted to DKK 133m (139). The subsidiaries BD Industri and Scanigros are having problems with earnings and report a loss of DKK 34m (loss 25), but extensive action has been taken to reduce these losses. The core business continues to perform well although rising price pressure is squeezing margins. Work has started on the introduction of a new IT system.

Key figures	2000	1999	1998	1997	1996
Sales, DKKm	2,905	2,823	2,674	2,430	2,263
Operating profit, DKKm	133	139	170	179	166
Operating margin, %	4.5	4.9	6.4	7.4	7.3
Return on net operating assets, %	25	28	34	37	34
Number of employees	1,091	1,072	1,006	906	876
Number of branches	61	61	61	57	54

Norway

The operations in Norway report a strong improvement in earnings of NOK 78m (34). Stable operations in the central warehouse outside Oslo and effective IT systems are the reasons for this improvement. The cost efficiency programme continues and costs as a percentage of sales have decreased. Restructuring costs of NOK 31m are charged to earnings as items affecting comparability. The sale of a subsidiary provided a capital gain of NOK 29m.

Key figures	2000	1999	1998	1997	1996
Sales, NOKm	2,285	2,184	2,365	2,205	1,986
Operating profit, NOKm	78	34	113	118	121
Operating margin, %	3.4	1.6	4.8	5.4	6.1
Return on net operating assets, %	14	6	22	23	25
Number of employees	632	710	732	732	714
Number of branches	55	55	57	58	52

Sweden

Operating profit in Sweden rose substantially during the year to SEK 108m (42). This improvement was due to the effects of the completed efficiency enhancement programme combined with steadily improving new IT systems and central warehouses.

Key figures	2000	1999	1998	1997	1996
Sales, SEKm	2,876	2,798	2,780	2,699	2,149
Operating profit, SEKm	108	42	15	-80	79
Operating margin, %	3.8	1.5	0.5	neg	3.7
Return on net operating assets, %	18	6	2	neg	11
Number of employees	906	901	934	1,011	720
Number of branches	67	65	70	68	57

Finland

The operations in Finland continue to develop well and operating profit amounted to FIM 50m (31).

Key figures	2000	1999	1998	1997	1996
Sales, FIMm	974	880	842	708	511
Operating profit, FIMm	50	31	12	7	2
Operating margin, %	5.1	3.5	1.4	1.0	0.4
Return on net operating assets, %	45	30	10	7	5
Number of employees	288	276	245	216	189
Number of branches	20	20	17	17	16

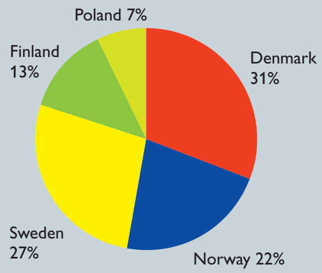
Poland

The operating profit in Poland deteriorated sharply to PLN 8m (17). The main reason was a substantial fall in the market due to current high interest rates.

Key figures	2000	1999	1998	1997	1996
Sales, PLNm	357	372	318	180	39
Operating profit, PLNm	8	17	8	6	1
Operating margin, %	2.2	4.6	2.5	3.3	2.6
Return on net operating assets, %	10	23	15	25	–
Number of employees	534	535	453	276	103
Number of branches	34	34	30	21	7

Sales and earnings

Sales by market



SEKm	2000	1999	2000	1999	1998	1997	1996
Profit and loss account	new Dahl		old Dahl				
Net sales	10,674	10,531	10,674	10,531	10,431	9,375	7,701
Other operating expenses	-10,344	-10,278	-10,300	-10,258	-10,098	-9,064	-7,367
Items affecting comparability	35	–	35	–	–	-70	–
Other operating income	27	17	27	17	11	18	33
Operating profit	392	270	436	290	344	259	367
Financial income and expenses	-132	-132	-65	-82	-82	-67	-61
Profit after net financial items	260	138	371	208	262	192	306
Minority interests	-7	-3	-7	-3	–	-1	-1
Profit before tax	253	135	364	205	262	191	305
Tax	-50	-46	-50	-46	-90	-112	-88
Net profit for the year	203	89	314	159	172	79	217
Balance Sheet							
Goodwill	1,531	1,568	206	236	294	272	291
Other fixed assets	404	404	404	404	513	397	353
Total fixed assets	1,935	1,972	610	640	807	669	644
Goods for resale	1,480	1,446	1,480	1,446	1,396	1,237	1,200
Accounts receivable	1,567	1,412	1,567	1,412	1,401	1,339	1,260
Other current assets	93	184	115	210	90	99	64
Short-term investments, cash and bank	224	82	760	273	134	52	89
Total current assets	3,364	3,124	3,922	3,341	3,021	2,727	2,613
Total assets	5,299	5,096	4,532	3,981	3,828	3,396	3,257
Shareholders' equity	1,569	1,304	1,783	1,441	1,382	1,259	1,251
Interest-bearing liabilities	2,223	2,332	1,240	1,091	1,180	1,044	984
Non-interest-bearing liabilities	1,507	1,460	1,509	1,449	1,266	1,093	1,022
Total shareholders' equity and liabilities	5,299	5,096	4,532	3,981	3,828	3,396	3,257
Cash Flow Statement							
Profit after financial items	253	135	364	205	262	191	305
Goodwill amortisation according to plan	83	76	42	57	59	57	42
Other depreciation according to plan	113	109	113	109	101	73	55
Tax paid	-50	-46	-50	-46	-90	-112	-88
Cash flow before change in working capital	399	274	469	325	332	209	314
Change in other working capital	2	-15	19	-15	153	-32	24
Cash flow from operating activities	401	259	488	310	485	177	338
Acquisition of subsidiaries	-5	-59	-5	-59	-182	-106	-450
Fixed-asset investments	-189	-140	-189	-140	-261	-158	-117
Sale of fixed assets	44	127	44	127	66	43	33
Cash flow from investments	-150	-72	-150	-72	-377	-221	-534
Cash flow after investments	251	187	338	238	108	-44	-196
Key figures							
Operating margin, %	3.7	2.6	4.1	2.8	3.3	2.8	4.8
Debt/equity ratio	1.27	1.73	0.27	0.57	0.76	0.79	0.72
Net debt	1,999	2,250	480	818	1,046	992	895
Interest coverage ratio, times	3.0	2.0	6.7	3.5	4.2	3.9	6.0
Equity ratio, %	29.6	25.6	39.3	36.2	36.1	37.1	38.4
Average number of employees	3,451	3,503	3,451	3,503	3,387	3,155	2,622

Board of Directors

Carl Wilhelm Ros — Chairman
Göran Brodin
Kjell-Åke Dahlström
Bengt Lindahl
Thomas Mossberg
Jan Ståhlberg

Caspar Callerström — Deputy
Carl-Magnus Ruthberg — Deputy

DataVis – acquisitions strengthen core business

In 2000, Ratos invested SEK 254m in the IT consulting company DataVis. The investment took the form of a new issue directed to Ratos of SEK 173m and a convertible debenture loan of SEK 63m. Ratos also acquired a limited number of existing shares. Ratos has a 44% stake in the company.

DataVis was founded in 1990 and has a strong position in northern parts of Sweden with customers in the IT/telecom sector, the forest products industry, public administration and commerce.

Johan Örtenblad was appointed as the new President and CEO in November. The Chairman of the Board is Kent Hertzell and Ratos is represented on the Board by CEO Arne Karlsson, Bo Jungner and Magnus Dahlbeck. Focus and expansion are now taking place within the chosen customer segments telecom and business solutions.

Comprehensive provider of IT services

DataVis's strategy is to establish itself as a nationwide supplier of IT services. This will be achieved through organic growth and specific acquisitions which will give DataVis a better geographic spread.

DataVis's core business is systems development and systems integration. The core business is conducted in the Telecom and Business Solutions business areas. In addition to the core business, the company has three speciality areas: Internet solutions, Education and Technology.

Business Solutions conducts development and integration assignments which are designed to provide effective support for customers' business activities. A new, qualified billing concept – BizCon – was developed during the year and received a very good market reception.

In the Telecom business area, DataVis provides competence in major development projects in fields such as GSM, GPRS and UMTS. The combination of expertise in telecom systems and business solutions combined with qualified Internet solutions means that DataVis can offer a broad-based competence in support systems for telecoms which is unusual in the industry.

Strategic acquisitions

In line with market adjustment and focusing, acquisitions were made within systems integration and education. All the shares in Systemintegration SIMECO Norden AB were acquired in June. This company complements DataVis's core business at the same time as providing the group with spearhead expertise in telecom and other areas. The company Computer Research Svenska AB was acquired in September and complements DataVis's education operations. These two acquisitions have led to higher market shares at several locations in Sweden.

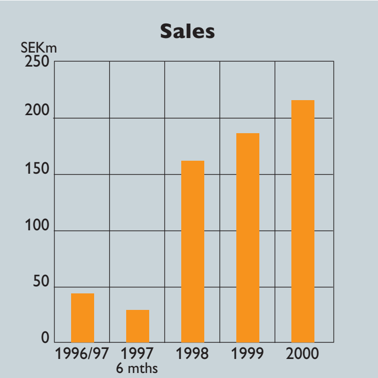
Johan Örtenblad, CEO of DataVis
"With Ratos, DataVis has every opportunity to establish itself as a supplier of IT services."

Acquisitions charged against results

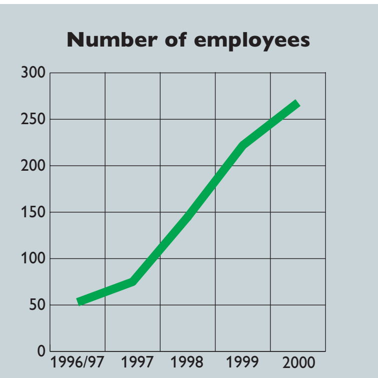
The Group's total sales rose 16% to SEK 215m (186). The loss before tax amounted to SEK 25m (loss 4). Results for the year were charged with costs for setting up new operations, integration costs related to acquisitions and some decline in capacity utilisation in parts of the business. Results also include items affecting comparability of SEK 6.2m relating to doubtful debts, costs relating to cuts in the workforce and the write-off of previously capitalised development costs. Goodwill amortisation amounted to SEK -5.5m (-1.2).

Board of Directors

Kent Hertzell	Chairman
Gert Söderberg	
Anders Remius	
Anders Flodström	
Arne Karlsson	
Bo Jungner	
Johan Örtenblad	CEO
Magnus Dahlbeck	Deputy



SEK 000s	2000	1999	1998	1997 (6 m)	1996/97
Profit and Loss Account					
Net sales	214,947	185,748	161,055	28,602	43,364
External costs	-41,073	-95,400	-93,452	-7,289	-19,359
Personnel costs	-119,059	-85,708	-60,861	-16,156	-16,277
Depreciation	-9,600	-4,252	-3,279	-1,014	-1,584
of which goodwill	-5,496	-1,203	-358		
Operating expenses	-68,021	-185,360	-157,592	-24,459	-37,220
Items affecting comparability	-6,168	-4,214	0		
Operating profit/loss	-28,974	-3,826	3,463	4,143	6,144
Financial income	7,461	186	529	153	233
Financial expenses	-3,754	-758	-767	-35	-70
Profit/loss after financial items	-25,267	-4,398	3,225	4,261	6,307
Tax on profit for the year/others	-1,128	403	-1,109	-1,230	-1,660
Net profit/loss for the year	-26,395	-3,995	2,116	3,031	4,646
Balance sheet					
Goodwill	144,115	14,444	3,220	–	
Development costs brought forward	–	1,543	0		
Equipment and IT equipment	10,460	7,794	6,037	4,978	4,047
Long-term receivables	3,135	57	136	56	81
Total fixed assets	157,710	23,838	9,393	5,034	4,128
Inventories, etc.	6,277	4,147	3,291	304	1,360
Current receivables	52,449	46,953	33,679	11,849	10,657
Cash and bank balances	121,020	2,741	7,585	10,874	8,427
Total current assets	179,746	53,841	44,555	23,027	20,445
Total assets	337,456	77,679	53,948	28,061	24,572
Shareholders' equity	207,393	26,160	19,334	13,995	10,964
Convertible debenture loans, etc.	66,570	9,523	3,344	–	–
Other long-term liabilities	1,478	12	12	12	12
Deferred tax	–	1,387	2,008	1,281	1,158
Total long-term liabilities	68,048	10,922	5,364	1,293	1,170
Current liabilities	62,015	40,597	29,250	12,773	12,438
Total liabilities and shareholders' equity	337,456	77,679	53,948	28,061	24,572
Cash Flow Statement					
Cash flow from operating activities	-2,488	n.a.	-8,340	198	
Financial income and expenses	3,707	-576	-238	118	
Tax	–	403	-1,109	-1,230	
Net change in liquid assets	118,279	n.a.	-2,945	4,243	
Investments, net	-113,472	n.a.	-7,532	-1,943	
Key figures					
Return on equity, %	neg	neg	17	30	58
Profit margin, %	neg	neg	2	15	14
Equity ratio, %	61	34	35	50	45
Number of employees	268	222	145	75	53
Invoicing per employee, SEK 000s	802	837	1,500	580	810



Esselte – considerable improvement in earnings

Esselte is the world-leading supplier of office products. The company has been included in Ratos's portfolio since Ratos was listed in 1954. The Group's operations have been re-focused in recent years. In 1999, the frame manufacturer Nielsen & Bainbridge was sold and the label supplier Meto was hived off. German competitor Leitz was acquired in 1998.

The CEO of Esselte is Anders Igel and the Chairman is Sven Ohlsson. Arne Karlsson and Bo Jungner represent Ratos on Esselte's Board.

In 2000, Ratos made follow-on investments totalling just over SEK 53m in Esselte. At year-end Ratos's holding amounted to 30% of the voting rights and 17% of the share capital in Esselte. Esselte shares are listed on the OM Stockholm Exchange and in London.

Office products worldwide

Following the completed re-focusing of the Group, Esselte is today the leading supplier of office products throughout the world. Examples of well-known brands are Dymo, Pendaflex, Leitz and Curtis. The Group has subsidiaries in 31 countries, sales in more than 100 countries and approximately 6,000 employees.

The global market for the product categories in which Esselte operates is estimated to amount to SEK 115 billion. Esselte's main markets, the US and Europe, account for approximately 80% of this total. Underlying growth is relatively weak and is normally on a par with GDP growth. There are some exceptions, however. The Dymo division is showing strong growth, mainly because of successful product launches from Esselte. Workspace – a newly formed division in which Esselte's accessories for use on and around the desktop, including computer-related products, are placed – is also considered to have good growth potential.

In recent years customers have consolidated, especially in the US market. One consequence of this is increased demand for consolidation at the producer stage as well. The ability to handle global accounts is in increasing demand, in other words being able to supply worldwide. A similar trend can be seen in the European market although it is still relatively fragmented.

Most restructuring costs now absorbed

At the beginning of the year, Esselte announced restructuring costs and costs of divesting low-performing operations in a combined amount of SEK 300-500m. These programmes, which mainly related to restructuring of manufacturing and logistics in Europe, have accelerated and will be completed within two years. The costs will be in the lower part of the interval and most have already been charged against earnings. Moreover, Esselte's organisation was changed during the year to management through profit units with well-defined targets and bonus programmes linked to these targets. These changes have had a positive impact such as cost reductions and greater acceptance of responsibility in manufacture and logistics.

Anders Igel, CEO of Esselte
"We have achieved a marked increase in the profit level at Esselte and are now accelerating measures designed to improve this still further."

Strong sales growth in the US and Eastern Europe

Sales totalled SEK 11,095m (11,192). Sold units in the UK, the US, Sweden and Belgium reduced sales by 2.4% while currency fluctuations had a positive effect of 1.8%. Sales in North America and Eastern Europe showed strong growth compared with 1999. The operations in the Nordic countries, France and Australia had a weak sales performance. Sales rose for all prioritised product areas.

The gross margin continued to improve and amounted to 27.5% (26.8) for the full year. This increase was due, among other things, to a changed product mix.

Powerful earnings boost

Operating profit increased to SEK 451m in 2000. The operating loss for 1999, SEK 131m, was charged with restructuring costs of SEK 383m. The operating profit was also charged with amortisation of goodwill allocated to fixed assets in connection with the acquisition of Leitz in a total amount of SEK 171m (382).

Profit after financial items was SEK 274m (-228). Cash flow from operating activities amounted to SEK 744m (1,394).

Board of Directors

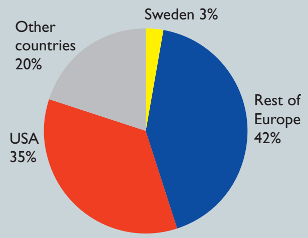
Sven Ohlsson	Chairman
Fritz Fröhlich	
Kurt Jofs	
Bo Jungner	
Arne Karlsson	
Brian E. Stern	
Anders Igel	CEO

Financial calendar

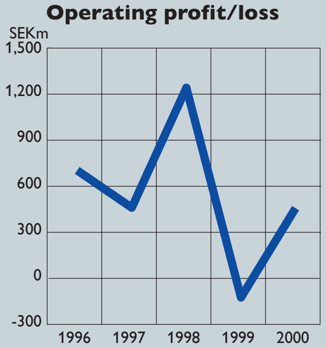
Interim Report Jan-March:	26 April 2001
Interim Report Jan-June:	20 July 2001
Interim Report Jan-Sept:	22 Oct 2001

www.esselte.com

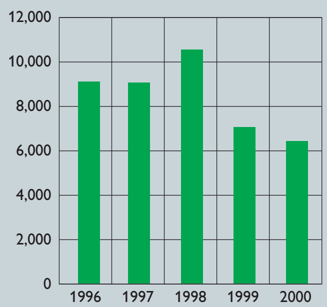
Sales by market



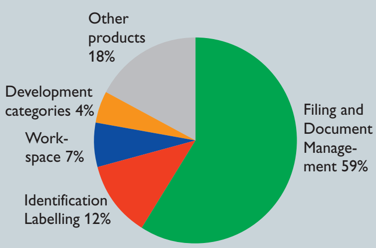
Operating profit/loss



Number of employees



Sales by product category



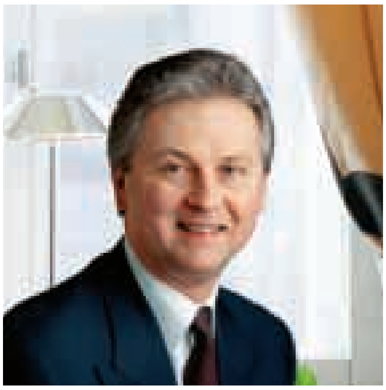
SEKm	2000	1999	1998	1997	1996
Profit and Loss Account					
Net sales	11,095	11,192	13,721	13,001	11,625
Gross profit	3,051	2,997	4,246	4,015	3,790
Selling and administrative expenses	-2,426	-2,579	-3,322	–	–
Items affecting comparability	-4	-183	511	–	–
Goodwill amortisation according to plan and other operating income/expenses	-170	-366	-200	–	–
Operating profit/loss	451	-131	1,235	454	697
Financial income and expenses	-177	-97	-68	-41	-30
Profit/loss before tax	274	-228	1,167	413	667
Tax	-110	-3	-503	-191	-238
Net profit/loss for the year	164	-231	664	222	429
Balance Sheet					
Financial assets	841	829	1,739	376	223
Intangible fixed assets	1,366	1,429	1,396	744	659
Other operating assets	6,887	6,952	9,381	6,167	6,021
Total assets	9,094	9,210	12,516	7,287	6,903
Shareholders' equity	2,588	2,597	3,405	2,950	2,927
Financial liabilities	3,745	3,743	5,571	1,608	1,647
Operating liabilities	2,761	2,870	3,540	2,729	2,329
Shareholders' equity and liabilities	9,094	9,210	12,516	7,287	6,903
Cash Flow Statement					
Cash flow from operating activities	744	1,394			
Cash flow from financial items	-327	-244			
Dividend	-68	-587			
Translation difference	-339	355			
Change in financial liabilities, net	10	918			
Key figures					
Operating margin, %	4.1	-1.2	9.0	3.5	6.0
Return on capital employed, %	8.2	-2.3	23.5	10.1	16.5
Return on equity, %	6.3	-7.7	21.1	7.4	15.4
Equity ratio, %	28.5	28.2	27.2	40.5	42.4
Net investments	-196	-331	384	82	141
Number of employees at 31 December	6,398	7,038	10,517	9,042	9,076
Net sales per product category					
Filing & Document Management	6,523	6,368			
Identification Labelling	1,372	1,287			
Workspace	800	783			
Development categories	479	481			
Other products	1,921	2,273			

Exceed – earnings boost and broader base

The air and sea freight company Exceed (formerly ACE) is 100% owned by Ratos making it the only subsidiary among the active holdings. The company, which was previously part of the Ratos-owned Inter Forward Group, was formed in the mid-1980s and acquired in 1990.

The SEK 43m increase in book value since year-end 1999 is explained by capital contributions in connection with a company acquisition and a good earnings trend during the year.

Exceed's CEO is Peter Larsen. Ratos is represented through the Chairman of the Board Thomas Mossberg, Executive Vice President of Ratos, and Hans Ekelund.



Peter Larsen, CEO of Exceed
"It is gratifying that our results reflect our strategic and efficiency enhancement efforts in 2000."

New strategic platform

The company reported very good profitability for many years. However, the economic crisis in Asia at the end of the 1990s led to a substantial reduction in business volume in one of the company's key markets. As a result, earnings in 1998-1999 were unsatisfactory.

A new strategic platform was adopted at the end of 1999. Important components of this strategy are to establish a position as a strong regional player in the Nordic countries. In addition, operations will focus on a limited number of markets and products while a clear brand strategy will be implemented. Cost saving measures were also started in parallel with these efforts.

Positive market development

A strong economic trend for Swedish industry during the year was reflected in good demand for air and sea freight.

According to IATA's statistics, the Swedish air freight market amounted to approximately SEK 2.6 billion in 2000. Exceed accounted for 16% of this market.

Strategic acquisition

In line with the strategy to be a leading player in air and sea freight in the Nordic region, the Conmel Group's logistics division was acquired in the second quarter. The acquisition helped to broaden Exceed's customer base and sea freight operations. Integration of these operations is making good progress.

Improved earnings

Sales amounted to SEK 1,198m (492) in 2000. For comparable units this represents an increase of 25%. Profit after net financial items amounted to SEK 20m, of which items affecting comparability accounted for SEK 3m.

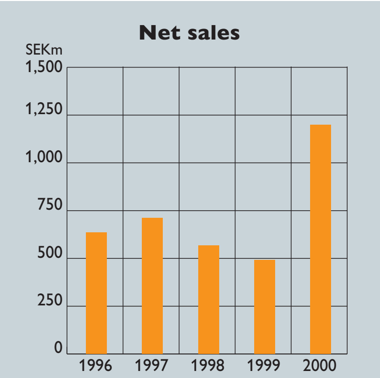
These improved earnings are due to internal efficiency enhancement measures, a favourable market situation, and well-implemented integration of acquired units.

Prospects for 2001

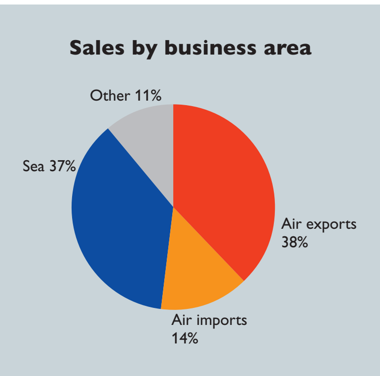
The market prospects for 2001 are regarded as good. Exceed's broadened customer and product base provides good conditions for a continued strong market position. Opportunities for complementary acquisitions are evaluated continuously.

Board of Directors

Thomas Mossberg	Chairman
Yngve Berggren	
Hans Ekelund	
Knut Hansen	
Peter Larsen	CEO



SEKm	2000	1999	1998	1997	1996
Profit and Loss Account					
Net sales	1,198	492	567	711	634
Other operating income	11	4	8	8	7
External costs	-1,081	-434	-503	-635	-565
Personnel costs	-102	-62	-62	-59	-55
Depreciation	-7	-3	-3	-3	-3
of which goodwill amortisation	-2	0	-1	-1	-1
Items affecting comparability	3	–	–	–	–
Other operating expenses	-4	-2	-4	-2	
Operating profit/loss	18	-5	3	20	18
Result from participations in associated companies	1	0	3	1	1
Financial income	2	1	1	3	5
Financial expenses	-1	0	0	0	0
Profit/loss after financial items	20	-4	7	24	24
Appropriations	–	0	0	-22	-20
Tax	-5	0	-1	-1	-1
Net profit/loss for the year	15	-4	6	1	3
Balance Sheet					
Intangible fixed assets	50	1	1	2	2
of which goodwill	50	0	1	1	2
Tangible fixed assets	13	5	6	6	5
Financial fixed assets	22	12	13	11	9
Total fixed assets	85	18	20	19	16
Current receivables	206	76	63	56	78
Liquid assets	34	32	43	54	55
Total current assets	240	108	106	110	133
Total assets	325	126	126	129	149
Restricted equity	26	26	25	23	22
Unrestricted equity	57	8	13	13	12
Total shareholders' equity	83	34	38	36	34
Minority interests	0	0	0	0	0
Provisions	1	0	0	0	0
Long-term liabilities	2	0	0	0	1
Current liabilities	239	92	88	93	114
Total shareholders' equity and liabilities	325	126	126	129	149
Cash Flow Statement					
Cash flow from operating activities	-1	-5	16	24	32
Cash flow from investing activities	-52	-1	-5	-4	-3
Cash flow from financing activities	55	-5	-22	-21	-20
Cash flow for the year	2	-11	-11	-1	9
Liquid assets, opening balance	32	43	54	55	46
Liquid assets, closing balance	34	32	43	54	55
Sales by business area					
Air exports	453	337	407	528	467
Air imports	171	106	112	137	117
Sea	444	43	38	36	40
Other	130	6	10	10	10
Key figures					
Operating margin, %	1.6	-1.0	0.5	2.8	2.7
Return on equity, %	25.1	-10.9	13.5	49.3	53.6
Equity ratio, %	26	27	30	28	23
Investments, SEKm	50	2	3	4	3
Average number of employees	276	138	148	158	153



Q-Labs – strong sales increase

In December Ratos invested SEK 190m in Q-Labs. Ratos's holding amounts to 40%. Q-Labs is a world-leading consultant for services within quality assurance of software development. At year-end 2000, the company had 196 employees in Sweden, Norway, Germany, the UK, France and the US.

The CEO is Geir Fagerhus and the Chairman is Lars Olof Norell. Ratos is represented on the Board by Bo Jungner.

Quality assurance of software

Q-Labs' strategy is to continue its rapid growth, both organically and through acquisitions. The French company Objectif with some 30 employees was acquired in 1999, and a business was taken over from Ericsson in the UK with approximately 45 employees. In 2000, Q-Labs achieved strong growth in Germany where the number of employees is now 35.

The market for quality services for software comprises services which ensure that the software meets set specifications and eliminate any errors (testing) as well as services designed to improve software development processes so that software is inherently error-free (process improvement). Q-Labs is the global market leader in process improvement of software engineering.

Q-Labs has customers in several sectors. Since the 1980s the most software-intensive industries such as aircraft and telecom equipment manufacturers have been working to quality assure their software engineering processes. Many companies in these industries have had their own departments to handle these matters.

In recent years there has been a dramatic increase in software intensity in sectors such as the automotive industry and industrial automation. For administrative systems and financial services, which are in themselves software intensive, demands for systems to function in real time have increased as these systems more closely approach the end user (for example through web applications in electronic commerce and banking services). These factors have led to a greater awareness among companies in all these sectors of problems caused by inadequate software quality. For example, in the automotive industry a programming error can lead to high costs for product recall.

Through a greater focus on the automotive industry Q-Labs has succeeded in winning key customers and major assignments in this sector. Based on its own experience gained from the most software intensive industries, Q-Labs can help vehicle manufacturers and their suppliers to quickly improve their software development processes.

Geir Fagerhus, CEO of Q-Labs
"The software component is rising in a growing number of sectors and this brings demands for quality."

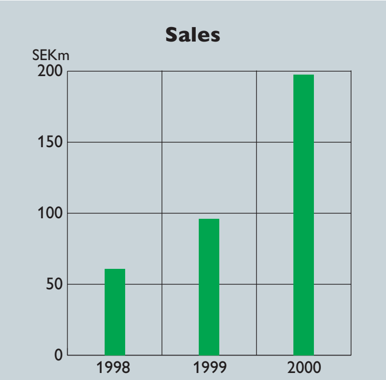
Increased sales

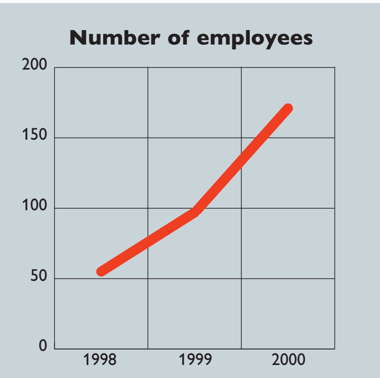
Q-Labs' sales rose by 106% during the year to SEK 197.8m. This sales increase was partly due to the operations acquired in France and the UK, but also to strong organic growth, especially through major assignments from the automotive industry.

Operating profit before depreciation and planned business development costs amounted to SEK 15m (4). The operating loss was SEK 18m (loss 24) and the loss before tax amounted to SEK 19m (loss 24).

Board of Directors

Lars Olof Norell	Chairman
Markus Bayegan	
Miklos Konkoly-Thege	
Bo Jungner	
Lars Larsson	
Peter Rodholm	
Wolfgang Wagner	
Geir Fagerhus	CEO





SEK 000s	2000	1999	1998		
Profit and Loss Account					
Net sales	197,763	95,946	60,741		
Other operating income	0	0	82		
Operating income	197,763	95,946	60,823		
External costs	-79,276	-50,728	-25,573		
Personnel costs	-127,149	-63,597	-35,081		
Goodwill amortisation	-5,729	-2,641	-1,048		
Other depreciation	-3,341	-2,796	-1,612		
Other operating expenses	0	-171	-135		
Operating loss	-17,732	-23,987	-2,626		
Net financial items	-1,489	-371	167		
Loss before tax	-19,221	-24,358	-2,459		
Tax	-1,458	-117	-129		
Net loss for the year	-20,679	-24,475	-2,588		
Balance Sheet					
Intangible fixed assets	19,324	24,528	7,300		
Tangible fixed assets	8,632	4,260	3,711		
Financial fixed assets	1,500	1,500	1,500		
Total fixed assets	29,456	30,288	12,511		
Accounts receivable	52,346	44,783	4,345		
Other current receivables	19,562	18,630	10,987		
Liquid assets	177,575	12,647	36,690		
Total current assets	249,483	76,060	52,022		
Total assets	278,939	106,348	64,533		
Shareholders' equity	173,231	14,634	38,992		
Provisions	178	190	171		
Long-term liabilities	40,558	41,533	12,168		
Current liabilities	64,972	49,991	13,202		
Total shareholders' equity and liabilities	278,939	106,348	64,533		
Cash Flow Statement					
Cash flow from operating activities	-5,383	-21,828	-529		
Cash flow from investing activities	-9,121	-22,215	-11,313		
Cash flow from financing activities	179,432	20,000	46,060		
Cash flow for the year	164,928	-24,043	34,218		
Key figures					
Net sales growth, %	106.1	58.0	50.1		
Operating margin, %	neg	neg	neg		
Equity ratio, %	62.1	13.8	60.4		
Average number of employees	171	97	55		
Net sales per employee, SEK 000	1,157	989	1,104		

Scandic Hotels – continued earnings improvement

Scandic Hotels was developed from the Esso Motor Hotel chain which was formed in 1963. The first hotels outside Sweden were established at the beginning of the 1970s. In 1983, the hotel chain was sold to a number of Swedish investors, including Ratos, and the company changed its name to Scandic Hotels.

Scandic became a wholly owned subsidiary of Ratos in 1986. Following strong expansion both in the Nordic countries and in Europe, at the end of the 1980s Ratos decided to transfer ownership of Scandic-owned hotel properties to the property company Stancia – a first step towards a pure-play hotel operator role. At the beginning of the 1990s, the majority of Scandic's markets went into recession and the operations suffered heavy losses. A new management team was appointed in 1992 with the task of remedying the problems in the company. Subsequently, the company's operations have enjoyed positive development and in 1996 Ratos could list Scandic's shares. Ratos has remained the largest owner in Scandic Hotels with a holding of 24%, or 25% taking Scandic's share buy-back into account.

The CEO of Scandic Hotels is Roland Nilsson. The Chairman is Ratos's CEO, Arne Karlsson. Ratos is also represented on the Board by Mats Lönnqvist.

Nordic market leader

In the 1990s, Scandic Hotels established itself as the market leader in the Nordic hotel operator market. A consistent brand strategy supported by, among other things, effective control systems, has ensured that profitability development has been well in step with strong growth. In order to enhance the company's opportunities for organic growth, Scandic's strategy also includes making complementary acquisitions in the Nordic countries and the rest of Northern Europe. In the past five years Scandic has increased its room capacity by an average of 10% per year. The goal is to continue to grow at the same rate. Prioritised markets, apart from the Nordic region, are the Baltic States, Poland, Germany, the UK and the Benelux countries.

Continued strong growth

During the year the net increase in Scandic Hotels' room capacity was 3,585 rooms, corresponding to growth of 15%. In addition, agreements were concluded on future takeover or construction of a further eight hotels.

Roland Nilsson, CEO of Scandic Hotels
"Scandic's growth will take place in the Nordic region and in places in Northern Europe with a high proportion of visitors from the Nordic countries."

The Provobis hotel chain, comprising 16 hotels in Sweden and one in Finland, was acquired in June. Agreements have been concluded for the sale of five of the hotels. This acquisition already made a positive contribution to the Group's results in 2000.

In Sweden, two hotels were vacated and one new one went into operation. Three new hotels went into operation in Norway, one in Denmark and three in Finland.

Positive market trend

The trend in all Scandic's markets, with the exception of Norway, was positive. Demand rose while additional capacity in the form of new hotels was low. In Norway, demand decreased slightly and hotel capacity increased, which led to falling occupancy and room rates.

Scandic maintained its occupancy rate in the Nordic countries as a whole and increased both room rates and revenue per available room. Scandic's market share has increased or been maintained in all markets.

Occupancy in the Nordic operations amounted to 63.0% (62.8) and 65.2% (63.7) in operations outside the Nordic region. The average room rate in the Nordic countries was SEK 730 (718) and SEK 625 (629) outside the Nordic area.

Improved earnings

Scandic Hotels' sales amounted to SEK 5,971m (5,253), an increase of 14%. For comparable units and adjusted for currency effects, sales rose 3%.

The operating profit rose 28% and amounted to SEK 452m (354), corresponding to an operating margin of 7.6% (6.7). Operating profit includes a non-recurring item of SEK 63m relating to bonus funds from Alecta. Profit after net financial items amounted to SEK 460m (372). The cash flow remained strong.

During the year the company acquired 3,930,968 of its own shares, corresponding to nearly 6% of the shares.

All employees have been invited to acquire stock options. Approximately 40% of employees subscribed for a total of 1,753,900 options, which corresponds to just over 60% of the total offer. A stock option program has also been implemented for leading executives in the company. This offer comprises 637,500 synthetic options and was fully subscribed.

A dividend of SEK 2.30 (2.00) per share is proposed for 2000.

Board of Directors

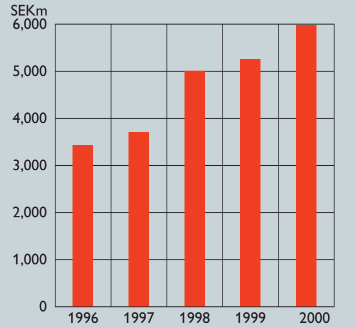
Arne Karlsson	Chairman
Ulf Bergenudd	
Monica Caneman	
Svend Holst-Nielsen	
Mats Lönnqvist	
Ilkka Suominen	
Roland Nilsson	CEO

Financial calendar

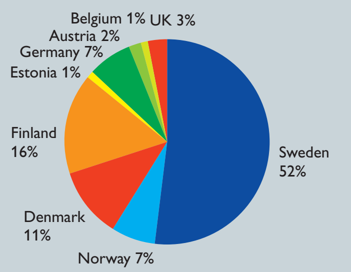
Interim Report Jan-March:	2 May 2001
Interim Report Jan-June:	10 August 2001
Interim Report Jan-Sept:	25 Oct 2001

www.scandic-hotels.com

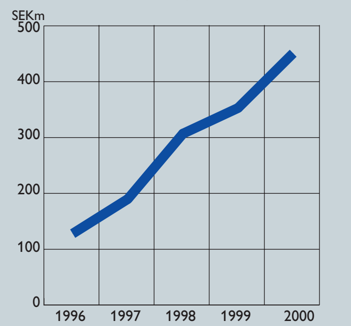
Sales



Sales by country



Operating profit



SEKm	2000	1999	1998	1997	1996
Profit and Loss Account					
Net sales	5,971	5,253	5,004	3,697	3,416
Cost of goods sold	-4,821	-4,268			
Gross profit	1,150	985			
Selling expenses	-426	-344			
Administrative expenses	-353	-306			
Other operating income	18	19			
Items affecting comparability	63	–	-19	–	-18
Operating profit	452	354	308	191	129
Participations in associated companies	40	29			
Financial items	-32	-11	-34	-20	-34
Profit after financial items	460	372	274	171	95
Tax	-37	-75	-61	-33	1
Net profit for the year	423	296	198	138	96
Balance Sheet					
Intangible fixed assets	999	467	490	159	145
Tangible fixed assets	1,530	1,249	1,295	1,065	1,070
Participations in associated companies	413	421	391		
Financial fixed asset	107	95	40	26	30
Total fixed assets	3,049	2,232	2,216	1,250	1,245
Current receivables, other assets	627	364	522	222	210
Cash and bank balances, short-term investments	201	424	191	86	58
Total current assets	828	788	713	308	268
Total assets	3,877	3,020	2,929	1,558	1,513
Shareholders' equity	1,889	1,765	1,578	642	505
Non-interest-bearing liabilities/provisions, minority	1,204	986	1,012	658	602
Interest-bearing liabilities/provisions	784	269	339	258	406
Total shareholders' equity and liabilities	3,877	3,020	2,929	1,558	1,513
Cash Flow Statement					
Cash flow from operating activities	643	661	622		
Cash flow from investing activities	-800	-420	-489		
Cash flow from financing activities	-71	-2	-32		
Change in liquid assets	-228	239	101		
Key figures					
Operating margin, %	7.6	6.7	6.2	5.2	3.8
Return on capital employed, %	24.2	23.9	24.7	23.3	14.4
Return on equity, %	23.2	17.7	17.8	24.0	21.2
Equity ratio, %	49	58	54	41	33
Goodwill amortisation	71	43	35	17	11
Number of employees	7,352	6,661	6,765	4,914	4,882
Number of hotels at year-end	154	133	120	102	98
Available rooms at year-end	26,459	22,470	20,415	17,369	16,782
In the Nordic countries					
Occupancy rate, %	63.0	62.8	61.8	59.2	56.9
REVPAR, SEK	460	451	420	397	363
Outside the Nordic countries					
Occupancy rate, %	65.2	63.7	63.7	63.4	61.2
REVPAR, SEK	407	401	408	395	353

Superfos Industries – stronger market position

At the end of 1999, Ratos joined forces with Industri Kapital and acquired the Danish Superfos Group. The acquisition was made in consultation with the US construction company Ashland Inc., which bought-out Superfos's US construction operations at the same time. Superfos is two-thirds owned by Industri Kapital and one-third by Ratos.

The Chairman of Superfos Industries is Waldemar Schmidt and the CEO is Per Møller. Ratos is represented on the Board by its CEO Arne Karlsson.

At acquisition there were three separate business areas: Packaging, Aerosols and Chemicals. In conjunction with Ratos's acquisition of Superfos it was decided to focus on the packaging operations, resulting in the sale of the Chemicals business area at the beginning of the year.

The Superfos Industries Group's sales amounted to DKK 2,616m (3,648) and profit before goodwill amortisation was DKK 157m (203).

Packaging – the core business

Superfos Packaging develops, produces and sells injection-moulded packaging to the food, chemical-technical and pharmaceutical industries. The most important products are thermoformed containers and pots, plastic bottles, pharmaceutical packaging and, to a lesser extent, tablepacks made of cartonboard and plastic. Packaging's main markets are the Nordic countries, Southern and Central Europe, and the UK. Superfos Packaging's products are also sold in selected parts of the US market. The operations today have 16 plants in eleven countries and approximately 2,200 employees.

In 2000, sales increased to DKK 2,199m (1,957) while profit before goodwill amortisation fell to DKK 130m (163). The operating margin fell from 8.3% in 1999 to 5.9%. This decline was due to substantial price increases for polypropylene which is the largest raw material component in the manufacture of Superfos's products. Packaging's average annual consumption of polypropylene is 75,000 tonnes for which the price rose by 70% during the year. The price stabilised somewhat in the latter part of the year. Since there is some delay in adjustment of prices to customers, the substantial cost increase for the raw polypropylene could not be fully compensated by price increases in 2000.

The 12% increase in sales corresponds to a volume growth of approximately 5%. Superfos Packaging has consolidated its already strong position in Europe for injection-moulded packaging for both the food industry and other customers. The positive sales trend in Southern Europe has resulted in a new plant in Pamplona, Spain, which is scheduled to go into operation in mid-2001. Sales in the US market were also favourable due to development of a new type of packaging and co-operation with a major international customer.

Per Møller, CEO of Superfos Industries
"We are market leader in Europe in our core business thermoformed plastic packaging."

Significant rationalisation has been carried out in the UK where one of the three plants for large packaging units was closed and production transferred to the remaining two installations. Rationalisation measures resulted in the pre-tax profit being charged with non-recurring costs of approximately DKK 19m.

A new organisational structure was introduced towards the end of the year where sales and production of large packaging units in Europe are divided into Consumer Retail and Industrial. This means a higher degree of specialisation for both sales and marketing as well as production, which in turn will strengthen the Group's competitive position.

Aerosols

The Aerosols business area has approximately 140 employees. Following the sale in November of the Dutch operations Eurofill and the Swedish operations Apco, all that is left in Aerosols is the German operations IG Spruhtechnik (IGS) which were acquired in 1999. IGS fills aerosols under contract and works with a high technological content.

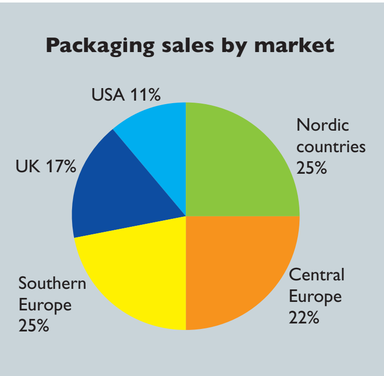
Sales amounted to DKK 417m (468) while operating profit before goodwill amortisation rose to DKK 45m. Eurofill and Apco are included in the accounts until the end of November. Apco showed positive development while Eurofill's earnings declined. IGS's sales totalled DKK 234m and profitability was very high. The operating margin for Aerosols improved to 10.9% (8.7).

Positive future prospects

An adjustment of selling prices as a result of the higher raw material prices combined with the effects of rationalisation carried out in 2000 are expected to lead to a considerable increase in earnings for 2001.

Board of Directors

Waldemar Schmidt	Chairman
Jens Erik Karlskov Jensen	
Arne Karlsson	
Jørgen Lindegaard	
Kjeld Ranum	
Mads Ryum Larsen	
Kim Wahl	



DKKm	2000	1999			
Profit and Loss Account					
Sales	2,616	3,648			
Cost of goods sold	1,267	1,931			
Personnel costs	696	847			
Other expenses	322	474			
Operating profit	331	396			
Depreciation	174	193			
Operating profit before goodwill amortisation	157	203			
Goodwill amortisation	31	4			
Profit before net financial items	126	199			
Net financial items	-116	0			
Profit after net financial items	10	199			
Extraordinary income	79	2,376			
Extraordinary expenses	70	73			
Profit before tax	19	2,502			
Tax	-30	66			
Net profit for the year	49	2,436			
Balance Sheet					
Goodwill	584	872			
Financial fixed assets	77	78			
Other fixed assets	1,214	1,420			
Total fixed assets	1,875	2,370			
Inventories	302	445			
Accounts receivable	409	545			
Other current assets	125	116			
Transaction-related receivable	–	2,109			
Cash and bank balances	78	290			
Total current assets	914	3,505			
Total assets	2,789	5,875			
Shareholders' equity before goodwill amortisation	977	750			
Goodwill amortisation	-174	-4			
Total shareholders' equity	803	746			
Provisions	51	53			
Deferred tax	40	76			
Total provisions	91	129			
Long-term liabilities	1,363	1,245			
Current liabilities	532	3,775			
Total shareholders' equity and liabilities	2,789	5,875			
Interest-bearing liabilities	1,523	4,344			
Liquid assets	-78	-2,399			
Net interest-bearing liabilities	1,445	1,945			
Packaging					
Sales	2,199	1,957			
Operating profit before goodwill amortisation	130	163			
Operating margin, %	5.9	8.3			
Aerosols					
Sales	417	468			
Operating profit before goodwill amortisation	45	41			
Operating margin, %	10.9	8.7			

Telelogic – sales +177%

In 1998, Ratos invested SEK 30m in the software development company Telelogic. Telelogic shares were listed on the O List of the OM Stockholm Exchange in 1999. The share price trend has been very positive since then and at the beginning of 2000 Ratos made a partial divestment, which provided a capital gain of SEK 602m. As a result of the partial exit and completed new issues, Ratos's share of the capital and votes in the company fell from 20% to 7% at the end of the year.

Telelogic's CEO is Anders Lidbeck and the Chairman is Lars Ahlman. Ratos is represented on Telelogic's Board by Mats Lönnqvist.

Solutions in software development

Telelogic is a market-leading and fast-growing software company that offers development tools, services and components for requirements management and development of advanced software. The products help to rationalise and improve the quality of customers' software development. Customers are mainly in the datacoms and telecoms industry, as well as the aircraft and automotive industries and the financial sector. The trend in the software market is moving towards visual programming methods where Telelogic is leading production of the next generation of development tools.

Telelogic is represented in 13 countries with its own subsidiaries and in a further 20 through agents. The company's customers include leading names such as Alcatel, Cisco, Ericsson, Fujitsu, Lucent Technologies, Motorola, NEC, Nokia, Nortel Networks, Lockheed Martin, Raytheon and Siemens.

Accelerating growth

Telelogic's growth rate continues to rise. In the full year 2000 sales increased by 177% compared with 78% in 1999. Growth in the fourth quarter of 2000 was 226%. This expansion is explained by strong organic growth as well as by acquisitions.

Licence sales rose by 171% and services sales by 189% during the year. Sales of services are closely linked to software deliveries and Telelogic's range of services is important to ensure the company's position as a supplier of total solutions. In 2000, Telelogic's sales of services accounted for 35% of total sales, which is in line with the company's objectives.

Increased market shares

Telelogic has its strongest position in the datacom and telecom industry. The biggest assignments during the year came from world-leading communications companies.

Anders Lidbeck, CEO of Telelogic
"Telelogic is well equipped for fast delivery of total solutions to the complicated challenges facing the communications industry."

The goal to raise the market share in the real time industry by 20% has been exceeded. Major orders were placed by a European space company and a British company in the aircraft industry. In the automotive segment, Telelogic was chosen as a partner to Volkswagen of Germany.

Strategic acquisitions

Acquisitions are part of Telelogic's growth strategy and four acquisitions of product companies or divisions and two acquisitions of service companies were made during the year.

The 1999 acquisition of the French company Verilog broadened Telelogic's customer base to the aircraft and automotive industry and the acquisition of Sterling's UML operations in the spring established Telelogic as the world's second-largest supplier of UML programming tools

The US company QSS Inc., the world-leading supplier of solutions for requirements management in software development, was acquired in the autumn. This doubled Telelogic's sales force in North America. In December, a buy-out was effected of the Nasdaq-listed software company Continuus Software Corp. Through these acquisitions Telelogic has established a strong platform in its largest market, the US. Integration is proceeding well and the companies have already made a positive contribution to Telelogic's operations. QSS was consolidated in September 2000 and Continuus from December 2000.

Acquisitions burden results

Telelogic's gross profit rose from SEK 232.4m to SEK 627.2m. Profit after net financial items, excluding goodwill amortisation, amounted to SEK 8.7m (7.3). Including goodwill amortisation, the loss was SEK 41.6m (profit 2.7). No dividend is proposed for 2000.

New capital

A cash issue was made at the beginning of the year which provided the company with SEK 417m. Since the company's listing a number of international investors have joined the ranks of Telelogic's shareholders through new issues.

The number of outstanding options at the end of the year corresponded to 13.3 million shares, of which 11.1 million are directed to employees.

Strong workforce build-up

During the year the workforce was increased by 810 people. The number of employees in the Group at 31 December was 1,260.

Prospects for 2001

Telelogic regards the prospects for continued strong growth as good. Growth is expected to be over 100% for 2001, including minor acquisitions. The target is to provide an operating margin, excluding goodwill amortisation, of 5%.

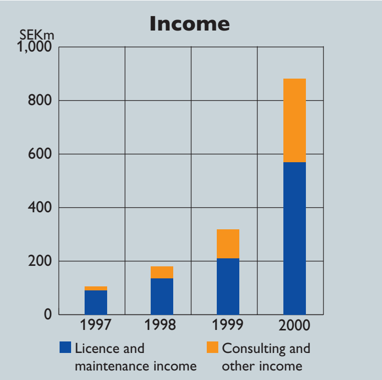
Board of Directors

Lars Ahlman	Chairman
Kjell Duveblad	
Erik Fröberg	
Mats Lönnqvist	
Lars Spongberg	
Kjell Spångberg	
Bo Wahlström	
Stefan Wigren	
Anders Lidbeck	CEO

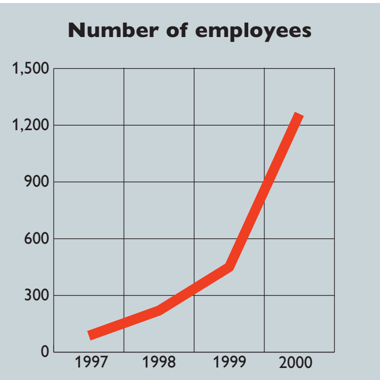
Financial calendar

Interim Report Jan-March:	19 April 2001
Interim Report Jan-June:	18 July 2001
Interim Report Jan-Sept:	17 Oct 2001

www.telelogic.com



SEKm	2000	1999	1998	1997
Profit and Loss Account				
Licence and maintenance income	569.6	210.4	134.8	90.2
Consulting and other income	311.6	108.0	43.6	15.3
Net sales	881.2	318.4	178.4	105.5
Licence and maintenance costs	-57.5	-24.5	-11.9	-7.5
Consulting and other costs	-196.5	-61.5	-25.1	-7.1
Gross profit	627.2	232.4	141.4	90.9
Selling expenses	-362.9	-136.3	-76.9	-45.2
Administrative expenses	-92.2	-34.8	-18.6	-12.8
Product development costs	-171.5	-54.5	-42.3	-26.7
Goodwill amortisation	-50.3	-4.6	-1.3	
Operating profit/loss	-49.7	2.2	2.3	6.2
Net financial items	8.1	0.5	-1.3	0.0
Profit/loss after financial items	-41.6	2.7	1.0	6.2
Tax	-3.1	-2.6	-0.9	-1.8
Profit/loss after tax	-44.7	0.1	0.1	4.4
Balance Sheet				
Intangible fixed assets	1,982.9	185.1	16.2	–
Tangible fixed assets	132.5	29.1	14.7	7.8
Accounts receivable	536.5	144.7	56.3	39.8
Other current receivables	185.2	80.9	14.3	4.2
Cash and bank balances	237.4	30.9	9.7	2.9
Total assets	3,074.5	470.7	111.2	54.7
Shareholders' equity	2,340.0	109.3	12.2	3.7
Long-term liabilities	10.9	179.1	29.3	0.0
Accounts payable	79.7	26.5	13.1	6.7
Prepaid expenses and deferred income	479.2	95.0	37.5	28.5
Other liabilities	164.5	61.1	19.1	15.8
Total shareholders' equity and liabilities	3,074.5	470.7	111.2	54.7
Cash Flow Statement				
Cash flow from operating activities	40.5	-1.8	0.3	11.2
Investing activities	-1,941.5	-56.3	-29.9	-4.5
Financing activities	2,107.5	79.3	36.5	-6.8
Change in liquid assets	206.5	21.2	6.9	-0.1
Liquid assets, closing balance	237.4	30.9	9.7	2.9
Key figures				
Sales increase, %	177	78	69	59
Profit margin, excl. goodwill, %	1.0	2.3	1.3	5.9
Equity ratio, %	76	23	11	7
Number of employees at year-end	1,260	450	220	87



Telia Overseas – fast-growing market

Ratos owns 9% of Telia Overseas. Other owners are Telia AB (65%), Skandia (13%) and Orkla (13%). The company is an independent subsidiary within the Telia Group.

The company's CEO since 1996 has been Per O. Pedersen, whose background includes heading Ericsson's operations in the Philippines. The company's Chairman is Per-Eric Fylking, formerly of Telia. Ratos is represented on the Board by Mats Lönnqvist and Magnus Dahlbeck.

As early as 1996, Ratos decided to allocate an investment limit to Telia Overseas of SEK 200m. Ratos's commitment in the company has subsequently steadily increased to a total of SEK 368m, of which SEK 328m has been utilised so far.

Mobile telephony in developing countries

Telia Overseas was formed in 1996 to acquire telecommunications licences, primarily mobile telephony licences, and build up telecom networks in developing countries. Investments are made in co-operation with local partners. In 1996 a limited number of external investors were invited to invest in the company, one of which was Ratos.

Continued strong subscriber base growth

Telia Overseas' current operations are very much characterised by continued development of existing holdings and gradual realisation of worked-up values.

The total number of subscribers in Telia Overseas' holdings rose during the year to 1,909,000, which is an increase of more than one million customers. Although a large portion of this growth in subscribers is attributable to Brazil, the number of customers in other holdings increased to a total of 970,000, corresponding to an increase of 418,000 customers.

The total population base of the holdings' licence areas is 185 million. Telia Overseas' ownership in the portfolio companies corresponds to 484,000 subscribers where the holdings excluding Brazil accounted for 212,000 subscribers. In 2001, growth is expected to continue to be favourable in all Telia Overseas' holdings.

Telia Overseas' portfolio is in different stages of development with varying prerequisites in their respective markets. The companies in Namibia and Uganda are showing a combination of high growth and good profitability. In Slovenia, where the company was also awarded a GSM 1800 licence, there is intense competition and the same applies in Hong Kong, where a number of UMTS licences will be awarded in 2001. The market in Sri Lanka is characterised by a consolidation trend, while India is in an early development phase but with considerable growth potential. Brazil is characterised by a tremendous interest in mobile telephony and therefore by strong growth.

Per O. Pedersen, CEO of Telia Overseas
"Our high level of technical expertise makes us well placed in the fast-growing telecom market."

The Telia Overseas Group

The Telia Overseas Group includes the parent company Telia Overseas AB and the subsidiary Suntel Ltd (51%) in Sri Lanka. The Group also has associated companies SI Mobile in Slovenia (29%), MTC in Namibia (26%), MTN in Uganda (32%), Tess[1)] in Brazil (29%), Bharti Mobile in India (26%) and Peoples Phone in Hong Kong (8%).

The parent company Telia Overseas with a total of 12 employees is similar to a holding company with interests in a number of foreign mobile telephone networks. The company's profit and loss account and balance sheet therefore provide insufficient information relating to the development of operations. Instead it is important to understand the markets in which Telia Overseas has invested, which licence agreements have been concluded and the size of the population in the areas covered by these licences. The penetration rate (i.e. the proportion of the population that has signed a mobile telephone agreement) is important to take into account in an evaluation but, above all, the growth in the number of customers is the key to the portfolio companies' future earnings capacity and value.

In 2000, the Telia Overseas Group reported an operating loss of SEK 743m (loss 616), where the deficit in Brazil accounted for SEK 763m. Net sales rose to SEK 445m (340), which was mainly attributable to the subsidiary Suntel in Sri Lanka. Telia Overseas' cash flow from operating activities and investments amounted to SEK -1,953m, mostly attributable to the investment in Brazil.

In 2000, a number of new issues provided Telia Overseas with a total of SEK 2,099m. Ratos participated in all these new issues, whereby the book value of Ratos's holding at the end of 2000 increased to SEK 328m compared with SEK 144m at the beginning of the year.

Events after year-end

In February 2001, an agreement in principle was concluded regarding the sale of Telia Overseas' holding in Tess to Telecom Americas.

Portfolio companies, 31 December 2000

			Population (000s)		Subscribers (000s)				
Country	Company	Holding	Country area	Licence area	1998	1999	Growth	2000	Growth
Brazil	Tess [1)]	29%	171,000	18,000	18	345	1,817%	939	172%
Hong Kong	Peoples Phone	8%	6,800	6,800	158	302	91%	396	31%
India	Bharti Mobile	26%	1,000,000	115,000	55	66	20%	156	136%
Namibia	MTC	26%	1,650	1,650	23	43	87%	90	110%
Slovenia	SI Mobile	29%	1,970	1,970	0	22	–	130	491%
Sri Lanka	Suntel	51%	18,700	18,700	36	52	44%	63	20%
Uganda	MTN	32%	22,800	22,800	14	67	379%	135	102%
			1,222,920	184,920	304	897	195%	1,909	113%

1) An agreement in principle for the sale of Telia Overseas' holding in Tess to Telecom Americas was signed in February 2001.

SEKm	2000	1999	1998	1997	
Profit and Loss Account					
Net sales	445.4	340.2	257.0	85.6	
Cost of goods sold	-99.5	-137.6	-111.3	-45.5	
Gross profit	345.9	202.6	145.7	40.1	
Operating expenses	-193.7	-181.7	-189.6	-123.9	
Capital gains	26.0		279.5	0.2	
Share of results of associated companies [1]	-818.4	-557.5	-474.2	-35.9	
Operating loss before depreciation	-640.2	-536.6	-238.6	-119.5	
Depreciation according to plan	-102.4	-80.2	-70.5	-21.2	
Operating loss	-742.6	-616.8	-309.1	-140.7	
Financial income	88.9	25.6	22.9	26.0	
Financial expenses	-133.9	-15.1	-17.9	-4.4	
Loss after financial items	-787.6	-606.3	-304.1	-119.1	
Tax	217.4	-0.7	-30.2	-0.8	
Minority shares in the year's result	20.4	-0.8	19.5	13.5	
Loss after tax	-549.8	-607.8	-314.8	-106.3	
Balance Sheet					
Intangible fixed assets	38.2	55.5	67.6	109.9	
Tangible fixed assets	574.1	557.9	412.4	237.9	
Financial fixed assets	1,901.6	328.4	624.7	268.0	
Total fixed assets	2,513.9	941.8	1,104.7	615.8	
Inventories and work in progress	2.2	0.2	1.4	0.2	
Accounts receivable, net	180.7	161.0	131.0	13.9	
Other current receivables	162.1	51.5	8.6	64.2	
Short-term investments	–	46	10.1	128.5	
Cash and bank balances	108.2	100.7	54.8		
Total current assets	453.2	359.4	205.9	206.8	
Total assets	2,967.1	1,301.2	1,310.6	822.6	
Shareholders' equity	2,288.2	498.9	674.0	558.9	
Minority shares	123.1	72.3	56.6	76.1	
Provisions	16.4	23.5	20.9	10.3	
Long-term liabilities	356.6	0.0	6.4	3.0	
Current liabilities	182.8	706.5	552.7	174.3	
Total liabilities	678.9	802.3	636.6	177.3	
Total shareholders' equity and liabilities	2,967.1	1,301.2	1,310.6	822.6	
[1] **Result from participations in associated companies**					
MTC	-2.9	13.7			
MTN	28.1	-14.4			
SI Mobile	-78.1	-29.3			
Tel Investimentos/Tess *	-765.5	-527.5			
Divested holdings	–	-30			
Total	-818.4	-557.5			
* Ownership varies					

Board of Directors

Per-Eric Fylking	Chairman
Per Johan Björnstedt	
Magnus Dahlbeck	
Hans E Golteus	
Kenneth Karlberg	
Ola Uhre	
Per O. Pedersen	CEO
Ted Amnell	Deputy
Tord Andersson	Deputy
Bengt Broman	Deputy
Mats Lönnqvist	Deputy
Ole Söhoel	Deputy

Subscriber growth

Industri Kapital

In addition to its own investments in active holdings, Ratos has been investing in Industri Kapital's private equity funds for a number of years.

Ratos's investments are distributed between four funds and amount to a total of SEK 337m with an estimated market value of SEK 470m.

Invested capital is tied for the term of the respective fund.

Sector-independent investments in Europe

Industri Kapital is a venture capital company with total assets under management of more than EUR 3 billion. Since 1989, Industri Kapital has made 39 investments in different sectors in Europe. The majority of investments have been made in the engineering, trading and service industries. Investors in the company's funds comprise major Nordic, European and American institutional investors, such as pension funds, and investment and insurance companies.

Specification of Ratos's holdings in Industri Kapital's funds

31 Dec 2000	Number	Change during year	Book value. SEKm	Market value. SEKm	Share of capital. %	Share of votes. %
Industri Kapital 1989						
Crisplant Holding Sv, A	33		0.0	0.1	6.6	11.6
Guldfynd AB, A	3,454		3.6	6.3	6.3	7.6
Industri Kapital 1994						
Viking Sewing Machines AB	138,359	28,151	17.6	28.8	4.4	4.6
Nobia AB	134,427	-6,923	13.4	58.1	3.3	3.4
Addtek, International Oy A	124,690		1.8	15.7		
Addtek, International Oy B	91,330		1.3	11.5	1.7	1.9
Addtek, International Oy IL	538,200		7.8	9.6		
Amas BV, pref	2,220		1.0	2.4	2.3	2.4
Amas BV, ord	185	5	0.1	0.2		
Enerment Group Oy AB	19,684		2.9	2.6	2.4	2.7
Enerment Group Oy Inv loan	46,316		6.8	7.2		
Noviant Oy						
(formerly Metsa Specialty Chemicals OY)	573,078	477,565	14.0	59.7	3.2	3.3
VestWood A/ S	45,672	45,672	11.4	16.0		
			81.6	218.2		
Industri Kapital 1997			141.0	142.8		
Industri Kapital 2000			114.0	109.5		
Total shareholders, Industri Kapital			**336.6**	**470.5**		

“most of the active holdings made a positive contribution to Ratos’s earnings in 2000”

Group summary

	2000	1999	1998	1997
Key figures				
Earnings per share, SEK	23.91	20.95	9.78	2.40
Dividend per share, SEK	5.50 [1]	4.50	3.50	3.00
Yield, %	7.0	6.3	6.1	4.2
Market price, 31 Dec, SEK	79	72	57	71
Net asset value per share, 31 Dec, SEK	125	113	87	85
Net asset value, SEKm	9,896	9,192	7,073	7,685
Return on equity, %	31	35	19	5
Return on capital employed, %	32	35	21	6
Equity ratio, %	95	95	83	78
Average number of shares [2]	80,350,723	81,320,426	81,320,426	90,277,604
Number of shares outstanding [2]	79,155,626	81,320,426	81,320,426	90,277,604
Profit and Loss Account, SEKm				
Active holdings				
Profit/loss from subsidiaries	14	-49	-69	-61
Exit results, subsidiaries	–	-37	201	–
Share of profits of associated companies	306	177	310	179
Exit results, associated companies	638	733	142	–
Exit results, other active holdings	38	–	–	–
Profit from active holdings	1,046	824	584	118
Asset management				
Dividends	103	102	96	77
Capital gains	905	921	301	109
Profit from asset management	1,008	1,023	397	186
Central income and expenses	-77	-86	-84	-19
Consolidated profit before tax	1,977	1,761	897	285
Tax	-56	-57	-102	-68
Consolidated profit after tax	1,921	1,704	795	217
Balance Sheet, SEKm				
Intangible fixed assets	75	31	48	87
Tangible fixed assets	29	19	32	196
Financial fixed assets	6,686	5,257	4,733	4,050
Current assets	366	474	243	1,292
Total assets	7,156	5,731	5,056	5,625
Shareholders' equity	6,780	5,437	4,174	4,405
Provisions	41	81	88	211
Interest-bearing liabilities	91	59	615	179
Non-interest-bearing liabilities	244	154	179	830
Shareholders' equity and liabilities	7,156	5,731	5,056	5,625

[1] Proposed by the Board of Directors.

[2] Taking buy-backs into account. At 31 December 2000, Ratos had repurchased 2,164,800 shares.

Definitions

Active holding
An active holding is a company in which Ratos, usually as the largest owner, exercises significant owner influence and is represented on the board.

Asset management
Asset management consists of a portfolio with mainly listed Swedish shares. Ratos does not exercise any owner influence in the respective holdings.

Capital employed
Total assets less non-interest-bearing liabilities and cash and, for subsidiaries, financial Group receivables.

Equity ratio
Reported shareholders' equity as a percentage of total assets. Minority interests are included in shareholders' equity.

Equity ratio including hidden reserve
Reported shareholders' equity plus 100% of hidden reserve in listed shares and investment properties as a percentage of total assets including hidden reserves. Minority interests are included in shareholders' equity.

Exit result
Exit result is the capital gain or loss which arises when an active holding is sold.

Net asset value
Net asset value is the difference between the company's market-valued assets and liabilities.

Net asset value is calculated from the Parent Company's perspective. Liquid assets (net) in central companies are added. Other central companies are treated as if they were part of the Parent Company. Items whose market value differs from the book value in the Parent Company are the shareholdings and the Parent Company's property.

For listed holdings, market values are official market prices, while consolidated book values are applied for unlisted holdings. Holdings in Industri Kapital are stated at their value according to valuations performed by Industri Kapital.

Deferred tax on hidden reserve is not taken into account since, as an investment company, the Parent Company is exempt from capital gains tax.

When calculating growth in net asset value, dividend paid is restored.

Partial exit
A partial exit refers to divestment of part of an active holding.

Return on capital employed
Profit before interest expenses, tax and, for subsidiaries, interest income on financial Group receivables, as a percentage of average capital employed.

Return on equity
Net profit for the year as a percentage of average shareholders' equity. For subsidiaries, 30% standard tax is applied and appropriations are excluded.

Total return on Ratos shares
Price development of Ratos B shares including reinvested dividends and redemption rights.

Ratos

Drottninggatan 2
Box 1661
SE-111 96 Stockholm
SWEDEN
Tel +46 8-700 17 00
Fax +46 8-10 25 59
www.ratos.se

Active holdings

CAMFIL AB
Industrigatan 3
SE-619 33 Trosa
SWEDEN
Tel: +46 156-536 00
Fax: +46 156-167 24
www.camfil.com

CAPONA AB
Berga Backe 4
Box 715
SE-182 17 Danderyd
SWEDEN
Tel: +46 8-446 59 70
Fax: +46 8-753 13 80
www.capona.se

DAHL INTERNATIONAL AB
Karlsbodavägen 2
Box 11076
SE-168 11 Bromma
SWEDEN
Tel: +46 8-764 22 00
Fax: +46 8-21 28 15
www.dahlinternational.com

DATAVIS GRUPPEN AB
Åkersviksgatan 10
Box 323
SE-851 05 Sundsvall
SWEDEN
Tel: +46 60-701 00 00
Fax: +46 60-701 00 02
www.datavis.se

ESSELTE AB
Waterside House
Cowley Business Park High Street
Cowley Uxbridge UB8 2HR
UNITED KINGDOM
Tel: +44-1895 878 700
Fax: +44-1895 878 815
www.esselte.com

EXCEED AB
Söderbyvägen 13
Box 18
SE-190 45 Stockholm-Arlanda
SWEDEN
Tel: +46 8-797 89 00
Fax: +46 8-797 89 99
www.exceed.se

Q-LABS
Copenhagen Airport
Business Center
Terminal 3, 4th floor
DK-2770 Kastrup
DENMARK
Tel: +45-32 50 89 80
Fax: +45-32 50 89 87
www.q-labs.se

SCANDIC HOTELS AB
Hälsingegatan 40
Box 6197
SE-102 33 Stockholm
SWEDEN
Tel: +46 8-517 350 00
Fax: +46 8-517 350 11
www.scandic-hotels.com

SUPERFOS A/S
Frydenlundsvej 30
DK-2950 Vedbaek
DENMARK
Tel: +45-45 67 00 00
Fax: +45-45 67 28 27
www.superfos.com

TELELOGIC AB
Kungsgatan 6
Box 4128
SE-203 12 Malmö
SWEDEN
Tel: +46 40-17 47 00
Fax: +46 40-17 47 47
www.telelogic.com

TELIA OVERSEAS
Slottsbacken 8
SE-111 30 Stockholm
SWEDEN
Tel: +46 8-456 16 00
Fax: +46 8-456 16 95
www.telia.se

INDUSTRI KAPITAL
Birger Jarlsgatan 2
SE-114 34 Stockholm
SWEDEN
Tel: +46 8-678 95 00
Fax: +46 8-678 03 36
www.industrikapital.com

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RATOS

Drottninggatan 2 Box 1661 SE-111 96 Stockholm Sweden
Telephone +46 8-700 17 00 Telefax +46 8-10 25 59 www.ratos.se