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## **INTERIM REPORT January-March 2004**

CEO ARNE KARLSSON COMMENTS ON THE REPORT AT [www.ratos.se](http://www.ratos.se)  
 TELEPHONE CONFERENCE 2 p.m., tel. no. +46 8 505 20 114

- Pre-tax profit SEK 214m (21)
- Earnings per share SEK 1.71 (-0.13)
- Strong earnings trend in underlying portfolio
- Dahl sold after end of period – exit gain SEK 1,355m
- BTJI new holding
- Follow-on investments in Arcorus, Gadelius and Haendig

### **Important events**

On March 8, an agreement was concluded for the sale of all the shares in Dahl to the French Saint-Gobain Group. For Ratos, with a holding of 41%, this deal provides an exit gain of SEK 1,355m which will be reported in Ratos's earnings for the second quarter. The deal was finalised on 12 May 2004 following approval from all the relevant competition authorities. The investment in Dahl has provided an annual average return of (Internal rate of return, IRR) of 35%.

In March, Ratos invested in Bibliotekstjänst Intressenter (BTJI) in conjunction with the BTJI Group's acquisition of InfoData. Ratos invested SEK 250m in the form of a loan, which after the end of the period was converted into shares corresponding to 49% of the share capital in BTJI, and a convertible which at possible future conversion would provide an additional holding of approximately 7%. BTJI is reported as a holding in Ratos's portfolio starting in the second quarter of 2004.

Follow-on investments were made Arcorus, Gadelius and Haendig for a total amount of SEK 310m. These deals were completed after the end of the period, making the three companies wholly owned Ratos subsidiaries. After these follow-investments, Ratos has five wholly owned subsidiaries in its portfolio.

Ratos's exit gain of SEK 78m during the period comprises capital gains from Industri Kapital which arose from major sales of shares in Nobia and Oriflame Cosmetics.

After the end of the period, Overseas Telecom listed the portfolio company PTC in Hong Kong and sold its entire holding at the same time.

### Business environment and market

Ahead of 2004, Ratos's general assessment of the economic outlook was that the "middle-through plus" scenario we had been working with for some time was now firmly established and that a classic, self-strengthening, cyclical economic upswing was on its way. This was reinforced by the fact that the world, for the first time in several years, appeared to be about to experience a relatively synchronised boom.

Development during the first quarter clearly strengthened the probability of this scenario. Large parts of the global economy developed well and numerous sectors and niches posted results for the first three months of the year that were surprisingly positive.

This positive general development is also reflected among Ratos's portfolio companies. Most companies report a strong performance, both real – sales, earnings, order bookings – and for indicative factors (such as customer activity, requests for quotations, etc.).

Combined sales for the underlying portfolio at the end of the period increased during the first quarter by 2% compared with the same period last year. Taking Ratos's different ownership stakes into account, sales rose by just over 1%. The corresponding changes in operating profit (EBITA = profit before net financial items, tax and goodwill amortisation) were +39% and 37% respectively, while profit before tax (EBT) increased by 474% and an insignificant figure respectively (since EBT taking Ratos's holdings into account was close to zero in the first quarter of 2003). The above change figures exclude LRT/Tornet.

Development in the first quarter was favoured by the fact that March contained two extra billing days compared with 2003, but even adjusted for this many of the companies provided a positive surprise.

To facilitate analysis, an extensive table is provided on page 17 with key figures for all the Ratos holdings. A summary of income statements and balance sheets for Ratos's associated companies and subsidiaries is available at [www.ratos.se](http://www.ratos.se) in downloadable Excel files.

### Ratos's result

The Group's profit before tax amounted to SEK 214m (21). This result includes profits from the holdings of SEK 215m, of which exits accounted for SEK 78m (21, of which exits SEK 8m). Exit gains are attributable to sales made within Industri Kapital.

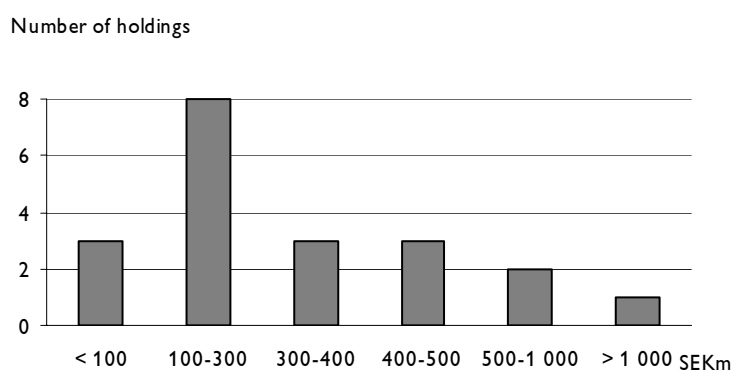
#### Central income and expenses

Ratos's net income amounted to SEK -1m (0) of which personnel costs amounted to SEK 11m (11). Other management costs, including costs for acquisition and exit processes not carried out, amounted to SEK 9m (10). Net financial items amounted to SEK 19m (21).

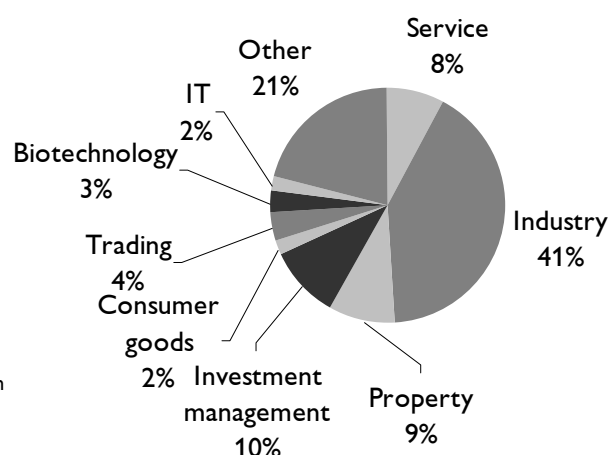
#### Tax

Ratos's consolidated tax expense currently comprises subsidiaries' and Ratos's share of tax in associated companies. The tax rate in the consolidated income statement is affected, among other things, by the company's investment company status and non-deductible goodwill amortisation.

#### Holdings, size breakdown, shareholders' equity



#### Holdings, sector breakdown, % of equity



**Ratos's results January-March 2004**

	Ratos's holding,%	Profit incl. goodwill amortisation		Profit excl. goodwill amortisation	
		Q1 2004	Q1 2003	Q1 2004	Q1 2003
Arcorus	77	11	3	15	8
Atle Industri	50	-5	5	2	11
Bluegarden	100	7	-	11	-
Camfil	30	9	2	14	7
Dahl	41	27	13	37	22
DIAB	48	2	-3	9	4
Dynal Biotech	25	3	6	8	12
Gadelius	50	2	1	4	3
Giga Consulting	50		-1		0
Haendig	76	8	1	11	3
Haglöfs	100	1	0	3	1
HL Display	29	3	0	5	2
Intervect	50	4	-16	6	-14
Lindab	48	-18	-22	-4	-8
LRT/Tornet	40	71	-	71	-
Martinsson	50	1	-2	4	1
Overseas Telecom	9	-	-		
Q-Labs	48	1	-1	1	-1
Superfos	33	10	-5	15	0
Capona			10		10
DataVis			0		0
Hilding Anders			22		29
<b>Total profit/share of profits</b>		<b>137</b>	<b>13</b>	<b>212</b>	<b>90</b>
Exit gains					
Industri Kapital		78	8	78	8
<b>Total exit gains</b>		<b>78</b>	<b>8</b>	<b>78</b>	<b>8</b>
<b>Profit from holdings</b>		<b>215</b>	<b>21</b>	<b>290</b>	<b>98</b>
Net expenses		-1	0	-1	0
<b>Consolidated profit before tax</b>		<b>214</b>	<b>21</b>	<b>289</b>	<b>98</b>

Ratos's reporting of subsidiaries' profits and share of profits from associated companies is affected, among other things, by changed accounting principles, ownership duration, ownership stake and financial structure, which makes comparability between the years difficult. To facilitate analysis, a table is provided on page 17.

**Goodwill**

Total goodwill amortisation – including Ratos's share of holdings' goodwill – amounted to SEK 75m (77). If Ratos had not carried out any goodwill amortisation, current earnings would increase by a corresponding amount as shown in the above table of results.

The aggregated result for Ratos's holdings, without taking Ratos's ownership stake into account, would increase by SEK 135m if no goodwill amortisation was carried out in the holdings as shown in table 1.

**Table 1 Holdings' aggregated result and goodwill amortisation**

SEKm	2004 Q1	2003 Q1
Profit before tax and goodwill amortisation (EBTA)	526	448
Total goodwill amortisation	-135	-138
Profit before tax (EBT)	391	310

### Financial position

Cash flow from operating activities and investing activities was SEK -243m (952) and the Group's liquid assets at the end of the period amounted to SEK 1,571m (1,632 at 31 December 2003), of which short-term interest-bearing investments comprised SEK 805m.

### Ratos shares

Earnings per share amounted to SEK 1.71 (-0.13). A dividend totalling SEK 573m comprising SEK 7.25 per share was paid in April. The total return on Ratos shares during the period was 13%. In the same period the SIX Return Index rose 9%.

### Share buy-backs

The Annual General Meeting held on 1 April gave the Board a mandate to acquire up to 7% of the company's shares until the next Annual General Meeting on 6 April 2005. Share repurchases are to be effected on the Stockholm Stock Exchange. No repurchases were made during the period. In total since 2000, 2,845,786 B shares have been repurchased of which 657,800 have been cancelled. Ratos thus owns 2,187,986 B shares, corresponding to 2.7% of existing shares. The Annual General Meeting on 1 April decided on cancellation of a further 500,000 B shares repurchased by the company.

### Ratos's shareholders' equity (Group)

SEKm	31 March 2004	% of equity
<b>Holding</b>		
Arcorus	481	6
Atle Industri	465	6
Bluegarden	392	5
BTJl	250	3
Camfil	431	5
Dahl <sup>1)</sup>	-38	0
DIAB	638	8
Dynal Biotech	271	3
Gadelius	114	1
Haendig (incl. convertible)	239	3
Haglöfs	118	2
HL Display	222	3
Industri Kapital	329	4
Intervect	183	2
Lindab	1,062	13
LRT/Tornet	689	9
Martinsson	108	1
Q-Labs	39	1
Superfos	345	4
Overseas Telecom	27	0
Total holdings	6,365	79
Other shareholdings	80	1
Parent company's property	11	0
Liquid assets/liabilities (net) in central companies	1,607	20
<b>Shareholders' equity</b>	<b>8,063</b>	<b>100</b>
<b>Equity/share, SEK</b>	<b>102</b>	

1) Entire holding sold. Exit gain to be reported in second quarter.

### **Shareholders' equity**

With effect from 2004 Ratos is reporting shareholders' equity instead of net asset value. Since approximately 90% of Ratos's assets comprise unlisted assets and are reported at consolidated book value, the measure net asset value has become less relevant to an external observer of Ratos. The measure net asset value can also mislead the observer to perceive the book values as market values. At 31 March 2004, equity per share amounted to SEK 102 (98).

### **Parent company**

The parent company's pre-tax profit was SEK 98m (35). The parent company's liquid assets including short-term investments amounted to SEK 1,331m (1,500 at 31 December 2003). Interest-bearing liabilities were SEK 157m (135 at 31 December 2003).

### **Credit facilities**

The parent company has a loan facility until year-end 2007 which amounts to SEK 1.3 billion including an overdraft facility. Normally the parent company should be unleveraged. The purpose of the facility is to be able to use it when bridging financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. At the end of the period the credit facility was unutilised.

### **Accounting principles**

This interim report is prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20. The Group applies the same accounting principles and calculation methods as those used in the 2003 annual report, with the addition of the Swedish Financial Accounting Standards Council's recommendation on employee benefits, RR29.

#### **New rules for pensions according to RR29**

The transfer to RR29 represents a change of accounting principle which is reported directly in opening shareholders' equity. The effect is marginal and relates to defined benefit pension plans about which the company has information. Recalculation of comparative years will not be carried out.

Ratos also has defined benefit pension plans with the insurance company Alecta. These plans are reported as defined contribution pension plans since Alecta has so far been unable to provide sufficient information for these to be reported as defined benefit plans. When sufficient information is obtained, so that a recalculation can be made, this will be reported as a changed accounting principle.

#### **Dilution effect of options**

The dilution effect of option programmes on earnings per share is calculated on the basis of net profit after tax divided by the average number of shares outstanding, and with an estimated number of shares taking outstanding options into account. Calculation of the number of shares is based on the difference between the discounted exercise price for all outstanding options and the present market value of a corresponding number of shares. This difference corresponds, at the present market price for Ratos shares, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect. (According to RR18, Earnings per share.)

### **Conversion of shares**

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. Between the 2003 Annual General Meeting and 31 March 2003, 404,991 A shares have been submitted for conversion into B shares.

### **Decisions at Annual General Meeting**

Ratos's Annual General Meeting held in Stockholm on 1 April approved a dividend of SEK 7.25 per share (6.75). The following Board members were re-elected Olof Stenhammar (chairman), Lars Berg, Peggy Bruzelius, Göran Grosskopf, Arne Karlsson (CEO), Jan Söderberg and Per-Olof Söderberg. Newly elected auditors were KPMG Bohlins AB with Thomas Thiel as principal auditor for the period until the 2008 Annual General Meeting.

The Meeting resolved to reduce the company's capital by SEK 6,250,000 through cancellation without repayment of 500,000 B shares repurchased by the company. The Meeting also resolved to issue a maximum of 250,000 call options on repurchased shares.

### Holdings

#### Arcorus

- Sales SEK 348m (323) and EBITA SEK 18m (15)
- Continued excellent development for Hägglunds Drives
- Weak marine market in Norway still having negative impact on GS Hydro
- In January, Ratos concluded an agreement to acquire the remaining 23% of the shares in Arcorus. The deal was completed after the end of the period, making Arcorus a wholly owned Ratos subsidiary

*Arcorus is a group comprising the subsidiaries Hägglunds Drives, GS Hydro and Lidan Marine. The subsidiaries are leading international suppliers of complete hydraulic drive systems, hydraulic motors and piping systems. The customer base is in the industrial, marine and offshore segments.*

Ratos's holding in Arcorus at the end of the period was 77% and the consolidated book value in Ratos was SEK 481m on 31 March 2004. After the end of the period the holding increased to 100%.

#### Atle Industri

- Sales SEK 473m (621) and EBITA SEK 8m (29)
- Lower earnings mainly attributable to project companies Envac and Moving, due to postponement of projects to the second quarter. Order bookings to these companies were good, however
- Five of the companies report improved earnings compared with the previous year
- Bierregaard and Luma were sold. The number of operating companies then amounted to 12

*Atle Industri comprises a portfolio of 12 companies, of which 11 are wholly owned. The portfolio was created when Ratos acquired Atle. The companies in the portfolio operate in the engineering industry, trading, waste management and IT/technology sectors. The largest companies are Elpress (electrical connectors), Envac (waste management systems), Moving (materials handling systems), Nordhydraulic (hydraulic valves), Näsström (hydraulic products wholesaler), Pressmaster Tool (crimping tools) and Tempcold (distributes cooling products).*

Ratos's holding in Atle Industri amounts to 50% and the consolidated book value in Ratos was SEK 465m at 31 March 2004.

#### Bluegarden

- Sales SEK 90m (115) and EBITA SEK 11m (12)
- Reduced sales due to the weakening of the Norwegian krone and the fact that in the comparative period in 2003 large revenues were received from implementation of a system for the company's major customer

*Bluegarden is one of the five largest players in human resources management in the Nordic region. Operations focus on standardised payroll processing systems, IT-supported outsourcing of HRM departments and consulting services. The company has offices in seven locations in Norway and Denmark.*

Ratos's holding in Bluegarden amounts to 100% and the consolidated book value of the holding was SEK 392m at 31 March 2004.

#### Camfil

- Sales SEK 666m (658) and EBITA SEK 52m (35)
- Improved earnings as a result of efficiency enhancements
- Favourable development, particularly in Europe and Asia
- EBITA margin 7.8% (5.3%)
-

*Camfil is a world leader in clean air technology and air filters. The Group's products and services contribute to a good indoor climate and protect sensitive manufacturing processes and the surrounding environment. Manufacture takes place on three continents and the Group is represented by subsidiaries and agents in some 55 countries.*

Ratos's holding in Camfil amounts to 30% and the consolidated book value was SEK 431m at 31 March 2004.

#### Dahl

- Sales SEK 3,032m (2,863) and EBITA SEK 140m (109)
- Strong growth and continued improvement in margins
- Operations in Denmark showing positive development again after disruptions in 2003
- Entire holding sold to the French Saint-Gobain Group. The exit gain of SEK 1,355m will be reported in the second quarter of 2004. Deal was completed on 12 May and approved by all relevant competition authorities

*Dahl is the Nordic region's leading wholesaler and trading company for products within heating, ventilation & sanitation. The Group has operations in Denmark, Sweden, Norway, Finland, Poland and Estonia. Dahl is the market leader in Sweden, Denmark, Norway and Poland, and number two in Finland and Estonia.*

Ratos's holding in Dahl amounted to 41% at 31 March 2004 and the consolidated book value of the holding was SEK -38m. The entire holding was sold after the end of the period.

#### DIAB

- Sales SEK 187m (167) and EBITA SEK 21m (10)
- Increased sales and completed action programmes led to substantial earnings improvement
- Strong order bookings in wind power in Europe and among marine customers in North America
- Continued strong growth in Asia and Australia
- EBITA margin 11.2% (6.0%)

*DIAB is a world-leading company that manufactures and develops core materials for composite structures. Key applications include blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and space rockets. The material has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.*

Ratos's holding in DIAB amounts to 48% and the consolidated book value was SEK 638m at 31 March 2004.

#### Dynal Biotech

- Sales SEK 155m (163) and EBITA SEK 41m (47)
- The sales increase in Norwegian kronor was approximately 7% and EBITA was unchanged. According to IAS/RR rules, the company capitalised R&D costs of NOK 12m during the period which affected comparisons with the same period in 2003. In Q1 2003 non-recurring items were included and had a positive impact
- Stable development for all business areas except Non-Magnetic which is expected to have a weak 2004

*The Norwegian company Dynal Biotech is a world leader in research, development and manufacture of magnetic and non-magnetic micro particles, Dynabeads® and Dynaspheres®. Applications for the products include separation of biological material such as cells, DNA and proteins.*

Ratos's holding in Dynal Biotech amounts to 25% and the consolidated book value was SEK 271m at 31 March 2004.

#### Gadelius

- Sales SEK 157m (166) and EBITA SEK 8m (8)
- Increased order booking due to improved market conditions in Japan

- Lower sales due to lower investment activity and a weakened yen were compensated by cost reductions
- Order worth SEK 40m for slaughter line equipment received after end of period
- In January, Ratos concluded an agreement to acquire the remaining shares in Gadelius. The deal was completed after the end of the period, making Gadelius a wholly owned Ratos subsidiary

*Gadelius is a technology oriented, modern distributor of selected high-tech products for professional niche markets in Japan and Europe. Customers include the IT, medical technology, construction, packaging, food and engineering/electronics industries.*

Ratos's holding in Gadelius is 50% via a Dutch holding company. The consolidated book value in Ratos was SEK 114m at 31 March 2004. This figure excludes the holding company. After the end of the period, the holding increased to 100%.

#### Haendig

- Sales SEK 287m (275) and EBITA SEK 14m (10)
- Strong growth within Hafa and Sven Svenssons following high demand from DIY trade
- Good earnings trend for Markt and Hafa
- In January, Ratos concluded an agreement to acquire the remaining shares in Haendig. The deal was completed after the end of the period, making Haendig a wholly owned Ratos subsidiary.

*Haendig is an active owner of small and medium-sized wholesalers with a focus on the DIY market and the professional sector in the Nordic region. The Group includes the subsidiaries HDF-Bolagen, Markt, Hafa, Duri, Sven Svenssons and Penope.*

Ratos's holding in Haendig amounts to 76% and the consolidated book value in Ratos was SEK 239m at 31 March 2004. After the end of the period, Ratos's holding increased to 100%.

#### Haglöfs

- Sales SEK 90m (88) and EBITA SEK 3m (1)
- Continued growth within exports and textiles
- Major success in the Finnish market

*Haglöfs develops, produces and markets equipment and clothing for an active outdoor life. The product range includes rucksacks, sleeping bags, tents, footwear and clothes. The Group is market leader in Sweden and also holds strong positions in the other Nordic countries.*

Ratos's holding in Haglöfs amounts to 100% and the consolidated book value in Ratos was SEK 118m at 31 March 2004.

#### HL Display

- Sales SEK 308m (286) and EBITA SEK 17m (8)
- Positive order bookings in the largest markets, France and the UK
- Continued low level of activity in Germany, the Netherlands and Scandinavia
- Joint venture started in 2004 with China's largest shop fitter

*HL Display is a global, market-leading supplier of products and systems for merchandising and in-store communication. The company has subsidiaries in 24 countries. Manufacture takes place in Sweden, the UK and the US. HL Display is listed on the Stockholm Stock Exchange.*

Ratos's holding in HL Display amounts to 29%. Consolidated book value of Ratos's holding in HL Display was SEK 222m at 31 March 2004. The market value of Ratos's holding was SEK 218m.

#### Industri Kapital

- All remaining shares in Nobia were sold in February, providing Ratos with an exit gain of SEK 37m
- Successful IPO of Oriflame Cosmetics completed on the Stockholm Stock Exchange (Stockholmsbörsen) in March contributed SEK 41m to Ratos's earnings

- Minor follow-on investments in CB Foods and Dynea

*Industri Kapital is an unlisted private equity company with assets under management of more than EUR 3 billion. Since its formation in 1989, Industri Kapital has completed more than 40 investments in four funds within different sectors in Europe, mainly in the engineering, wholesale & retail and service industries. Ratos has invested in four funds: 1989, 1994, 1997 and 2000.*

The consolidated book value of Ratos's holding in Industri Kapital amounted to SEK 329m at 31 March 2004.

#### Intervect

- Sales SEK 219m (232) and EBITA SEK 12m (-4)
- Efficiency enhancement programme completed in 2003 led to considerably lower costs
- Some recovery has occurred in leasing market while the market for new machines showed weak development

*Intervect is a world leader in development, manufacture and sales of rack and pinion driven equipment for vertical access – hoists and platforms for customers in the construction, offshore and other industries. The company was formed in 2001 when the Swedish company Alimak merged with the Dutch company HEK International.*

Ratos's holding in Intervect amounts to 50% and the consolidated book value in Ratos was SEK 183m at 31 March 2004.

#### Lindab

- Sales SEK 1,179m (1,158) and EBITA SEK 12m (9)
- Improved earnings despite costs relating to new factory in the Czech Republic
- Continued strong development in Eastern Europe and strong improvement in demand in the US. Stable trend in the Nordic countries and Western Europe
- New president in US– Dick R. McCullough – and new head of the Profile business area – Peter Andsberg

*Lindab is a world leader in circular ventilation ducts and accessories and is also a leading manufacturer of thin sheet-metal building materials. Production takes place in 21 countries and is concentrated to thin sheet-metal products. Approximately 70% of sales go to countries outside Sweden. In 2001, together with companies including Skandia Liv and the Sixth Swedish National Pension Fund, Ratos implemented a buy-out of Lindab from the stock exchange via a buy-out company, Lindab Intressenter.*

Ratos's holding in Lindab amounts to 48% and the consolidated book value in Ratos was SEK 1,062m at 31 March 2004.

#### LRT/Tornet

- Sales SEK 582m (614) and EBITA SEK 464m (553)
- Sale of five properties provided a capital gain of SEK 186m. Three properties acquired for SEK 155m
- New CEO – Christel Armstrong Darvik – took over on 1 April 2004
- Extensive strategic review completed

*LRT Acquisition AB owns 82.4% of Fastighets AB Tornet which is one of the largest listed property companies in Sweden. The properties are concentrated to Sweden's six largest cities, as well as Norrköping and Karlstad. At year-end 2003 Tornet owned 412 properties with a market value of approximately SEK 19 billion.*

Ratos's holding in LRT Acquisition AB amounts to 40% and the consolidated book value in Ratos was SEK 689m at 31 March 2004.

#### Martinsson

- Sales SEK 328m (280) and EBITA SEK 8m (1m)
- Strong earnings improvement mainly due to continued favourable development within consulting services

- Acquisitions and strengthening of consulting business consolidate positions in west Sweden

*Martinsson is a nationwide player within server and server-related services. The company offers its own consulting services and products from world-leading suppliers.*

Ratos's holding in Martinsson amounts to 50% and the consolidated book value in Ratos was SEK 108m at 31 March 2004.

#### Overseas Telecom

- Favourable development in portfolio companies
- After the end of the period, the portfolio company PTC in Hong Kong was listed and Overseas Telecom sold its entire holding at the same time. The purchase price was SEK 291m, exit gain SEK 136m and average annual return (IRR) 16%

*Overseas Telecom acquires, develops and sells telecom licences, primarily for mobile telephony, and communications networks in developing countries. Portfolio companies are located in Sri Lanka, Hong Kong, Uganda and Namibia.*

Ratos's holding in Overseas Telecom amounts to 9% of the capital and 19% of the voting rights. The consolidated book value in Ratos was SEK 27m at 31 March 2004.

#### Q-Labs

- Sales SEK 41m (30) and EBITA SEK 2m (-2)
- Strong development in Germany, France and Sweden

*Q-Labs is a consulting company that provides services for quality assurance of software development processes. The company has operations in Europe and the US.*

Ratos's holding in Q-Labs amounts to 48% and the consolidated book value in Ratos was SEK 39m at 31 March 2004.

#### Superfos

- Sales SEK 817m (806) and EBITA SEK 78m (32)
- As planned, action taken in 2003 contributed to a substantial improvement in results
- Delivery capability continued at normal levels
- Continued favourable earnings trend in the Pharma and USA divisions

*Superfos is a Danish international group with operations in 15 countries. Operations comprise two areas. Superfos Packaging develops, produces and sells thermoformed plastic packaging to the food, chemical-technical and pharmaceutical industries. Aerosols offers contract filling of aerosols.*

Ratos's holding in Superfos amounts to 33% and the consolidated book value in Ratos was SEK 345m at 31 March 2004.

Stockholm, 12 May 2004  
Ratos AB (publ)

Arne Karlsson  
CEO

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

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Financial calendar:

Interim Report January-June 2004

Interim Report January-September 2004

Year-end report 2004

25 August 2004

12 November 2004

23 February 2005

**Consolidated income statement**

SEKm	2004 Q1	2003 Q1	2003 full year
<b>Holdings</b>			
Profit from subsidiaries	27	3	91
Share of profits of associated companies	110	10	297
Exit gains, associated companies	-	-	412
Write-downs, associated companies	-	-	-7
Dividends, other companies	-	0	21
Exit gains, other holdings	78	8	32
Profit from holdings	215	21	846
<b>Central income and expenses</b>			
Management costs	-20	-21	-100
Financial items	19	21	66
Net expenses	-1	0	-34
Profit before tax	214	21	812
Tax	-76	-31	-193
Minority share of net profit	-3	0	-13
Profit after tax	135	-10	606
Earnings per share, SEK			
- before dilution	1.71	-0.13	7.71
- after dilution	1.71	-0.13	7.69
Number of shares outstanding			
- average before dilution	78,768,266	78,644,384	78,610,824
- average after dilution	78,979,743	78,810,256	78,834,535
- at the end of the period	78,986,640	78,720,440	78,554,640

**Consolidated balance sheet**

SEKm	31 Mar 2004	31 Mar 2003	31 Dec 2003
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible	865	330	693
Tangible	369	214	217
Financial	5,265	5,188	5,119
Total fixed assets	6,499	5,732	6,029
<b>Current assets</b>			
Inventories	680	392	365
Current receivables	976	660	705
Short-term investments, equities	24	29	27
Short-term investments, other	805	1,805	1,462
Cash and bank balances	766	184	170
Total current assets	3,251	3,070	2,729
Total assets	9,750	8,802	8,758
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	8,063	7,946	7,827
Minority interests	164	115	107
Provisions	132	83	83
Long-term liabilities			
- non-interest bearing	1	3	1
- interest-bearing	460	85	87
Current liabilities			
- non-interest bearing	604	349	392
- interest-bearing	326	221	261
Total shareholders' equity and liabilities	9,750	8,802	8,758
<b>Changes in shareholders' equity</b>			
	2004	2003	2003
	Q1	Q1	full year
Opening shareholders' equity according to previously adopted balance sheet	7,827	8,037	8,037
Effect of changed accounting principles	-3	-	-
Adjusted opening balance	7,824	8,037	8,037
Dividends paid	-	-	-531
New issue (432,000 in 2004)	35	6	6
Buy-back of own shares	-	0	-15
Option premiums	1	-	3
Effect of associated companies' buy-back of own shares	-	-	1
Translation difference in associated companies and subsidiaries	75	-92	-308
Effect of hedging	-7	5	11
Accumulated translation difference in sold associated company	0	-	17
Net profit for the period	135	-10	606
Closing shareholders' equity	8,063	7,946	7,827

**Consolidated cash flow statement**

SEKm	2004 Q1	2003 Q1	2003 full year
<b>Operating activities</b>			
Consolidated profit before tax	214	21	812
Adjustment for items not included in cash flow	-118	23	-569
	96	44	243
Paid tax	-26	-20	-39
Cash flow from operating activities before change in working capital	70	24	204
Cash flow from changes in working capital			
Increase (-) in inventories	-64	-27	-7
Increase (-) in operating receivables	-125	-33	-66
Increase (+) in operating liabilities	53	29	0
Cash flow from operating activities	-66	-7	131
<b>Investing activities</b>			
Acquisition of subsidiaries	-47	-	-352
Sale of subsidiaries	90	76	1,398
Purchases, holdings	-	-185	-681
Purchase of other intangible/tangible fixed assets	-15	-5	-53
Change, financial assets	-205	1,073	701
Cash flow from investing activities	-177	959	1,013
<b>Financing activities</b>			
Buy-back of own shares	-	0	-15
Option premium	-	-	3
New issue	35	-	6
Dividends paid	-	-	-531
Increase (+) in interest-bearing liabilities	144	-47	-53
Cash flow from financing activities	179	-47	-590
Cash flow for the period	-64	905	554
Cash and cash equivalents, opening balance	1,632	1,084	1,084
Exchange difference in cash and cash equivalents	3	0	-6
Cash and cash equivalents, closing balance	1,571	1,989	1,632
<b>Consolidated key figures</b>			
Return on equity, %	-	-	8
Equity ratio, %	84	92	91
Interest-bearing receivable (excl. receivable from Woodrose related to transfer of Atle company)	1,284	1,902	1,858
<b>Key figures per share</b>			
Total return, %	13	-2	27
Yield, %	-	-	6,4
Market price, SEK	127.50	93.50	113.00
Dividend	-	-	7.25
Equity	102	101	100

**Parent company income statement**

SEKm	2004 Q1	2003 Q1	2003 full year
<b>Holdings</b>			
Exit gains, subsidiaries	-	-	56
Exit gains, associated companies	6	0	634
Dividends, associated companies	12	11	44
Write-downs, associated companies	-	-	-30
Dividends, other companies	-	0	21
Exit gains, other holdings	78	8	33
Profit from holdings	96	19	758
<b>Central income and expenses</b>			
Management costs	-19	-19	-95
Financial items	21	35	115
Net expenses	2	16	20
Profit before tax	98	35	778
Tax	-	-	-
Profit after tax	98	35	778

**Parent company balance sheet**

SEKm

31 Mar 2004

31 Mar 2003

31 Dec 2003

**ASSETS****Fixed assets**

Tangible	15	17	15
Financial	6,811	5,859	6,499
Total fixed assets	6,826	5,876	6,514

**Current assets**

Current receivables	265	290	266
Short-term investments	804	1,805	1,462
Cash and bank balances	527	85	38
Total current assets	1,596	2,180	1,766
Total assets	8,422	8,056	8,280

**SHAREHOLDERS' EQUITY AND LIABILITIES**

Shareholders' equity	8,220	7,887	8,087
Provisions	3	6	3
Long-term liabilities			
- non-interest bearing	-	2	-
- interest-bearing	128	125	128
Current liabilities			
- non-interest bearing	45	32	58
- interest-bearing	26	4	4
Total shareholders' equity and liabilities	8,422	8,056	8,280

**Changes in shareholders' equity**

	2004 Q1	2003 Q1	2003 full year
Opening shareholders' equity according to previously adopted balance sheet	8,087	7,846	7,846
Dividends paid	-	-	-531
New issue (432,000 in 2004)	35	6	6
Buy-back of own shares	-	0	-15
Option premiums	-	-	3
Profit for the period	98	35	778
Closing shareholders' equity	8,220	7,887	8,087

**Parent company cash flow statement**

SEKm	2004 Q1	2003 Q1	2003 full year
<b>Operating activities</b>			
Profit before tax	98	35	778
Adjustment for items not included in cash flow	-75	-8	-643
	23	27	135
Paid tax	-	-	-
Cash flow from operating activities before change in working capital	23	27	135
Cash flow from change in working capital			
Increase (-) in operating receivables	-51	-14	-50
Decrease (-) in operating liabilities	-23	-5	19
Cash flow from operating activities	-51	8	104
<b>Investing activities</b>			
Acquisition of subsidiaries	-53	-	-422
Sale of subsidiaries	-	-	0
Sales, holdings	99	76	1,398
Purchases, holdings	-	-185	-659
Purchase of other tangible fixed assets		0	-1
Change, financial assets	-221	1,100	730
Cash flow from investing activities	-175	991	1,046
<b>Financing activities</b>			
Buy-back of own shares	-	0	-15
Options premium	-	-	3
Dividends paid	-	-	-531
New issue	35	6	6
Increase (+) in interest-bearing liabilities	22	-99	-97
Cash flow from financing activities	57	-93	-634
Cash flow for the period	-169	906	516
Cash and cash equivalents, opening balance	1,500	984	984
Cash and cash equivalents, closing balance	1,331	1,890	1,500

## Ratos's holdings 31 March 2004

	NET SALES			EBITA			EBT			Items affecting comparability		Goodwill	Other	Invest-	Cash flow *	Shareholders'	Interest-bearing	Goodwill	Average no.	Ratos's consoli-	Total	Investment	Ratos's	
	Q1-04	Q1-03	2003	Q1-04	Q1-03	2003	Q1-04	Q1-03	2003	Q1-04	Q1-03	2004-03-31	2004-03-31	2004-03-31	2004-03-31	2004-03-31	2004-03-31	2004-03-31	2003-12-31	2004-03-31	Invested	year	share of capital, %	
SEKm																								
Arcorus <sup>1)</sup>	348	323	1 416	18	15	111	12	5	86	0	0	3	9	8	22	476	239	132	822	481	462	2001	77	Arcorus
Atle Industri <sup>2)</sup>	473	621	2 375	8	29	84	-3	16	36	0	0	9	8	9	30	655	61	113	1 313	465	616	2001	50	Atle industri
Bluegarden	90	115	392	11	12	39	10	11	34	0	0	1	5	2	12	114	-43	30	325	392	385	2003	100	Bluegarden
Camfil	666	658	2 691	52	35	208	37	13	139	-4	-10	11	18	19	-35	1 038	574	616	2 602	431	450	2000	30	Camfil
Dahl	3 032	2 863	12 488	140	109	676	48	14	300	0	-3	41	28	32	-34	1 545	2 949	2 679	3 332	-38	neg	1999	41	Dahl
DIAB <sup>3)</sup>	187	167	658	21	10	58	19	8	52	0	0	0	9	4	4	318	126	0	654	638	688	2001	48	DIAB
Dynal Biotech	155	163	595	41	47	161	10	19	38	0	0	22	8	17	48	1 091	444	1 181	405	271	292	2001	25	Dynal Biotech
Gadelius <sup>1),4)</sup>	157	166	620	8	8	25	7	7	23	0	0	0	1	0	11	112	150	4	188	114	140	2001	50	Gadelius
Haendig <sup>5)</sup>	287	275	1 194	14	10	65	9	3	39	0	0	3	3	4	-70	232	368	115	399	239	221	2001	76	Haendig
Haglöfs	90	88	341	3	1	19	2	0	15	0	0	0	1	1	-14	65	68	3	120	118	104	2001	100	Haglöfs
HL Display	308	286	1 129	17	8	-2	16	6	-9	0	0	0	12	12	-5	291	66	1	975	222	229	2001	29	HL Display
Intersect	219	232	990	12	-4	-8	8	-10	-33	0	0	1	9	2	-4	264	299	43	766	183	227	2001	50	Intersect
Lindab	1 179	1 158	5 302	12	9	305	-37	-46	92	0	0	29	43	44	-203	2 202	1 992	1 962	3 920	1 062	1 061	2001	48	Lindab
LRT/Tornet <sup>6)</sup>	582	614	2 403	464	553	1 488	213	279	450	187	246	0	51	123	675	1 758	14 664	0	259	689	671	2003	33	LRT/Tornet
Martinson <sup>7)</sup>	328	280	1 247	8	1	15	6	0	9	0	0	1	1	1	8	65	6	50	487	108	110	2001	50	Martinson
Overseas Telecom	71	81	307	54	49	215	51	34	194	0	0	0	19	us	us	724	-55	2	406	27	27	1996	9	Overseas Telecom
Q-Labs	41	30	142	2	-2	4	2	-1	5	0	0	0	0	0	14	91	-75	0	94	39	188	2000	48	Q-Labs
Superfos	817	806	3 217	78	32	121	32	-14	-52	0	-1	14	65	82	15	993	2 207	909	2 150	345	405	1999	33	Superfos
<b>Total <sup>8)</sup></b>	<b>8 959</b>	<b>8 845</b>	<b>37 200</b>	<b>909</b>	<b>873</b>	<b>3 369</b>	<b>391</b>	<b>310</b>	<b>1 224</b>															

Change 1% 4% 26%

Change excl. LRT/TORNET 2% 39% 474%

<sup>1)</sup> 100% owned subsidiary at 2 April 2004.

<sup>2)</sup> Atle Industri is not a legal group.

<sup>3)</sup> The planned transfer from Atle to Ratos had not been carried out by the end of the period, since the conditions for the transfer had not yet been met.

<sup>4)</sup> Gadelius is owned via a Dutch holding company. These figures exclude the holding company.

<sup>5)</sup> Changed accounting principle.

<sup>6)</sup> EBITA and EBT for Q1 and the full-year 2003 are pro forma taking account of the new group LRT/Tornet formed as of 31 December 2003. Cash flow and investments pertain to Fastighets AB Tornet. Holding pertains to indirect ownership in Fastighets AB Tornet.

<sup>7)</sup> Newly formed group structure at 31 December 2003.

<sup>8)</sup> Excluding Overseas Telecom which is not an associated company.

\* Cash flow refers to cash flow from operating activities and investing activities.