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## Interim Report January - September 2005

CEO Arne Karlsson will present the report at 10 a.m., Drottninggatan 2, Stockholm and via a telephone conference tel. no. +46 8 505 20 114 further information is provided at [www.ratos.se](http://www.ratos.se)

- Pre-tax profit SEK 1,546m (2,117)
- Earnings per share SEK 16.44 (23.97)
- Strong performance in portfolio companies
- Acquisitions of Arcus and BBI Infodata completed
- Co-operation agreement signed in Norway

### Important events

In July, Ratos acquired 83% of Norway's leading wine and spirits supplier Arcus Gruppen. Co-investors are HOFF Norske Potetindustrier with nearly 10% and management and board with 7%. The company was formed in 1996 on the initiative of the Norwegian government and privatised in 1998. The company's best-known brands include Braastad Cognac, Vikingfjord Vodka, Linieaquavit and Løiten. The deal was finalised in September and Ratos's final investment amounted to SEK 474m.

A new market leader within business information was formed during the period when Ratos-owned Infodata merged with Bonnier Business Information (BBI). Ratos's ownership stake is 80% while the remaining 20% is owned by Bonnier. Bonnier also owns a convertible debenture corresponding to 10% of the share capital. Prior to the merger, the BTJ Infodata group was divided into its two main components BTJ Nordic and Infodata. Ratos acquired the remaining shares in Infodata and increased its holding in BTJ Nordic to 59.4%. Ratos's total add-on investment as a result of the division of BTJ Infodata and the merger between Infodata and BBI will amount to approximately SEK 530m.

Inwido carried out a further two acquisitions during the period with the acquisition of 100% of Lenhovdafönster and 60% of the Danish window manufacturer Storke Vinduer. During the first half of the year 70% of the Finnish window manufacturer Pihlavan Ikkuna was also acquired and in June an agreement was concluded for acquisition of 58% of the door company Diplomat Skandinavia. The total value of these four companies (Enterprise Value) amounted to approximately SEK 1,050m. In conjunction with these acquisitions, Ratos provided a total of approximately SEK 140m.

As part of continuing development work in Norway, a co-operation agreement has been signed with the lawyer Henning Øglænd. Henning Øglænd will act as Ratos's representative in Norway and will continue the work of identifying opportunities for investments, add-on acquisitions and exits in Norway on Ratos's behalf. Ratos's representative office in Oslo will be located in DLA Nordic's premises at Olav Vs gate 4.

### **Business environment and market**

Ahead of 2005, Ratos's general assessment of the economic outlook was that the strong global economy in 2004 would flatten out at a high level during the current year. The general economic trend and development for Ratos's holdings during the first nine months of 2005 have well matched this scenario. Activity and order bookings have been good or very good for most holdings.

Combined sales for the underlying portfolio at the end of the period increased by 7% compared with the previous year. Taking Ratos's ownership stakes into account, sales rose by 10%. The corresponding changes in operating profit were +28% and +33% respectively, and for pre-tax profit +38% and +42% respectively. These change figures exclude LRT/Tornet.

Earnings development during the year benefited from positive factors affecting comparability. Adjusted for these, development was in line with the internal, positive expectations Ratos had at the start of the year.

So far during 2005, three companies have performed considerably less well than planned: BTJ Nordic, HL Display and Superfos. Both strategic and short-term measures are being implemented in all these companies which had a positive impact during the third quarter.

Taking Ratos's ownership stakes into account, development during the first nine months of the year was in line with internal, positive expectations at the start of the year. Overall, as before the assessment is that conditions exist for a continued improved result in the underlying portfolio during 2005.

To facilitate analysis, an extensive table is provided on page 19 with key figures for all the Ratos holdings. A summary of income statements and balance sheets for Ratos's associate companies and subsidiaries is available at [www.ratos.se](http://www.ratos.se) in downloadable Excel files.

### **Ratos's results**

The Group's profit before tax amounted to SEK 1,546m (2,117). This result includes profits from the holdings of SEK 1,603m of which exits accounted for SEK 522m (2,152, of which exits SEK 1,448m). Exits gains are mainly attributable to the sale of Dynal and Envac (within Atle Industri), the restructuring of BTJ Infodata and sales made within Industri Kapital.

#### **Central income and expenses**

Ratos's net income and expenses amounted to SEK -57m (-35) of which personnel costs amounted to SEK 43m (36). Other management costs, including costs for acquisition and exit processes not carried out, amounted to SEK 49m (34). Net financial items amounted to SEK 35m (35).

#### **Tax**

Ratos's consolidated tax expense currently comprises subsidiaries' tax and Ratos's share of tax in associates. The tax rate in the consolidated income statement is affected, among other things, by the parent company's investment company status.

### **Financial position**

Cash flow from operating activities and investing activities was SEK 612m (979) and the Group's cash and cash equivalents at the end of the period amounted to SEK 3,564m (2,160 at 31 December 2004) of which short-term interest-bearing investments comprised SEK 2,184m (1,866 at 31 December 2004). The interest-bearing net debt amounted to SEK 6,073m (1,795 at 31 December 2004). Payment for the acquisition of Arcus Gruppen was made at the beginning of October 2005.

**Ratos's results January-September**

SEKm	Ratos's holding,%	2005 Q 1-3	Comparative year 2004 Q1-3
Alimak Hek	50	22	18
Arcorus <sup>1)</sup>			62
Atle Industri	50	9	43
BBI Infodata	80	34	
Bluegarden	100	39	28
BTJ Infodata		38	32
BTJ Nordic	59	0	
Camfil	30	61	52
DIAB	50	31	27
Dynal Biotech <sup>2)</sup>		6	27
Gadelius	100	25	6
GS-Hydro <sup>1)</sup>	100	18	
Haendig	100	22	46
Haglöfs	100	22	13
HL Display	29	10	17
Hägglands Drives <sup>1)</sup>	100	95	
Inwido (formerly Elitfönster group)	95	127	
Lindab	48	158	105
LRT/Tornet	40	308	114
Martinsson <sup>2)</sup>		1	7
Overseas Telecom	9		
Superfos	33	19	41
Dahl <sup>2)</sup>			37
Q-Labs <sup>2)</sup>			1
<b>Total profit/share of profits</b>		<b>1,045</b>	<b>676</b>
<b>Exit gains</b>			
Atle Industri/Envac		124	
BTJ Infodata		84	
Dahl			1,355
Dynal Biotech		288	
Industri Kapital		43	93
Martinsson		-17	
Q-Labs			0
<b>Total exit gains</b>		<b>522</b>	<b>1,448</b>
Dividends from other companies		36	28
<b>Profit from holdings</b>		<b>1,603</b>	<b>2,152</b>
Net expenses		-57	-35
<b>Consolidated profit before tax</b>		<b>1,546</b>	<b>2,117</b>

<sup>1)</sup> From 1 January 2005 Arcorus ceased to be a group and the subsidiaries Hägglands Drives and GS-Hydro have since been reported as separate holdings.

<sup>2)</sup> Entire holding sold.

**Parent company**

The parent company's pre-tax profit amounted to SEK 1,393m (1,506). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 2,719m (1,890 at 31 December 2004).

**Ratos shares**

Earnings per share amounted to SEK 16.44 (23.97). The total return on Ratos shares during the period was +33% while the SIX Return Index rose 26%. The global private equity index LPX 50 TR rose 14%. Ratos's A and B shares have been listed on the Stockholm Stock Exchange A list since 5 July 2005.

### Buy-backs

The 2005 Annual General Meeting gave the Board a mandate to acquire up to 7% of the company's shares until the next Annual General Meeting on 4 April 2006. During 2005, 17,400 Ratos shares have been acquired at an average price of SEK 166.85. Of shares repurchased previously, 244,000 shares have been acquired by option holders at a price of SEK 102. Ratos thus owns a total of 1,509,586 B shares. The number of shares outstanding at the end of the period was 79,165,040.

### Nomination Committee

In accordance with a decision at Ratos's Annual General Meeting on 6 April 2005, the composition of Ratos's Nomination Committee has been decided. Pernilla Klein (AP3) has been appointed as chairman. Other members of the Nomination Committee are Jan-Erik Erenius (AMF Pension), Olof Stenhammar (Chairman of Ratos), Jan Söderberg (own and related parties' shares), Per-Olof Söderberg (own and related parties' shares) and Maria Söderberg (Torsten Söderberg Foundation). Shareholders who wish to contact the Nomination Committee can send an e-mail to [lena.elfstrom@ratos.se](mailto:lena.elfstrom@ratos.se) or a letter to Ratos Nomination Committee, Box 1661, SE-111 96 Stockholm, Sweden.

### Ratos's equity

SEKm	30/09/2005	% of equity
Alimak Hek	210	2
Arcus	471	5
Atle Industri	266	3
BBI Infodata	546 <sup>1)</sup>	5
Bluegarden	309	3
BTJ Nordic	36	0
Camfil	486	5
DIAB	631	6
Gadelius	188	2
GS-Hydro	154	2
Haendig	318	3
Haglöfs	153	2
HL Display	236	2
Häggglunds Drives	370	4
Industri Kapital	292	3
Inwido (formerly Elitfönster group)	687	7
Lindab	1,313	13
LRT/Tornet	652	6
Overseas Telecom	27	0
Superfos	380	4
<b>Total</b>	<b>7,725</b>	<b>77</b>
Net assets in central companies	2,368	23
<b>Equity</b> (attributable to parent company shareholders)	<b>10,093</b>	<b>100</b>

1) Final part payment of SEK 380m will be made at the beginning of 2006.

### Equity/share

At 30 September 2005 Ratos's equity (attributable to parent company shareholders) amounted to SEK 10,093m corresponding to SEK 127 per outstanding share.

### Credit facilities

Since the beginning of 2005, the parent company has a rolling five-year credit facility amounting 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. The credit facility was unutilised at the end of the period.

### **New accounting principles in accordance with IAS/IFRS**

This interim report is prepared in accordance with RR31, interim reporting for groups, and therefore also in accordance with IAS 34, Interim Financial Reporting.

With effect from 2005 all listed companies within the EU must report and publish their consolidated accounts in accordance with International Financial Reporting Standards (IFRS), previously designated International Accounting Standards (IAS).

With effect from 2005 Ratos will therefore publish financial reports according to IFRS. Changed accounting principles mean that the comparative year, i.e. the 2004 opening balance, results and closing balance, are restated according to IFRS. As a result the 2004 figures differ from those presented during 2004. New rules are being introduced regarding financial instruments. In accordance with the interim rules in IFRS 1 applying to IAS 39, Financial Instruments: Recognition and Measurement, financial instruments have not been restated in the balance sheet at the period ending 31 December 2004. On the other hand, restatement has been effected as of 1 January 2005.

The new accounting principles and the effects on the 2004 income statement and balance sheet are described in the 2004 annual report. The effect on opening equity per 2004 is SEK -17m.

Implementation of IAS 17 Leasing, had the biggest effect on the opening balance and amounts to SEK -28m.

Profit for 2004 is positively affected by SEK 336m before tax, of which SEK 290m is due to the effect of the cessation of goodwill amortisation, and SEK 48m by the fact that market valuation replaces previous depreciation of investment properties. The new rules mean that goodwill is tested annually for impairment. Any impairment losses are recognised in profit or loss. Investment properties can be measured either at fair value or at cost. Ratos recognises investment properties at fair values. This means that the properties are not depreciated. Instead, changes in the fair value of properties are continuously recognised in profit or loss.

Ratos will continue to report associated companies according to the equity method.

The new rules for financial instruments, IAS 32 and IAS 39, affect opening equity for 2005 by SEK -124m after tax.

IAS 32 and IAS 39 deal with disclosure, classification, recognition and measurement of financial instruments. According to the rules financial instruments include accounts receivable, accounts payable, loans, investments and derivatives. Financial assets and liabilities must be classified in different categories for measurement purposes. Measurement is either at fair value or amortised cost. The division into categories is not shown in the balance sheet. The categories are

#### *Financial assets*

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

#### *Financial liabilities*

- Financial liabilities at fair value through profit or loss
- Other financial liabilities

Derivatives are recognised at fair value. Changes in value are recognised in profit or loss provided the derivative is not a hedging instrument in a cash flow hedge. In these cases the change in value is recognised in equity until the date when the hedged transaction affects profit or loss. On that date the accumulated change in value is recognised in equity over profit or loss.

As far as Ratos is concerned it is mainly hedging of foreign currency flows and interest-rate derivatives that are affected. The value is recognised in equity after deduction for deferred tax. The effects mainly stem from associates which in Ratos's balance sheet are recognised as shares in associates and equity.

## **Accounting principles for the parent company**

With effect from 1 January 2005 the parent company applies RR 32 Accounting for legal entities. RR 32 primarily means that IFRS is applied but with certain exceptions and additions. Application of RR 32 will have no effect on the parent company's results and position.

### **Holdings**

#### Alimak Hek

- Sales SEK 794m (680) and EBITA SEK 57m (52)
- Strong growth due to continued high demand, particularly in the US and Middle East
- All business area showed improved earnings apart from Rental which was under pressure from a weak rentals market

*Alimak Hek is a world leader in development, manufacture, rentals and sales of rack and pinion driven equipment for vertical access – hoists and platforms for customers in the construction, offshore and other industries.*

Ratos's holding in Alimak Hek amounts to 50% and the consolidated book value in Ratos was SEK 210m at 30 September 2005.

#### Arcus Gruppen

- Sales SEK 1,662m (1,502) and EBITA SEK -15m (26)
- Earnings were charged with personnel and structural winding-up costs as well as investments in export markets totalling SEK 37m
- Favourable sales trend within the Spirits business area in Norway and to tax-free shops
- New board appointed – Kaare Frydenberg, (former CEO Norway Post) chairman

*Arcus Gruppen is Norway's leading wine and spirits supplier. The company was formed in 1996 on the initiative of the Norwegian government and privatized in 1998. The group's best-known brands include Braastad Cognac, Vikingfjord Vodka, Løiten and Linieaquavit. The largest production facilities are centrally located in Oslo and the company has 560 employees.*

Ratos's holding in Arcus Gruppen amounts to 83% and the consolidated book value in Ratos was SEK 471m at 30 September 2005.

#### Atle Industri

- Sales SEK 1,143m (1,532) and EBITA SEK 395m (95)
- Adjusted for sold units, sales and earnings are slightly lower than in the previous year
- Improved earnings for Nordhydraulic, Tempcold and Elpress while Ekman and Moving show a negative earnings trend. Envac was sold in the second quarter
- The shares in Jens S. were sold after the end of the period. The sale provided a capital gain for Atle Industri of SEK 24m which will be reported in the fourth quarter

*Atle Industri comprises a portfolio of 7 companies, of which 6 are wholly owned. The portfolio was created when Ratos acquired Atle. The companies in the portfolio operate in the engineering industry and trading. The largest companies are Ekman (trading house), Elpress (electrical connectors), Evert Johansson (systems solutions), Moving (materials handling systems), Nordhydraulic (hydraulic valves), 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 266m at 30 September 2005.

#### BBI Infodata

- Sales SEK 2,401m (2,324) and EBITA SEK 248m (229)
- New holding since June when Bonnier Business Information and Infodata within BTJ Infodata merged. The new company is a European market leader within digital business information
- Good earnings trend
- New board appointed – Kristen Bager chairman

*BBI Infodata is a leading European publishing house within digital business information with services within market, credit and product information. Operations are conducted in 18 countries. The group was formed through a merger between Bonnier Business Information (BBI) and Infodata (formerly within BTJ Infodata). The newly formed group has approximately 2,300 employees.*

Ratos's holding in BBI Infodata amounts to 80% and the consolidated book value of the holding was SEK 546m at 30 September 2005. (Final part payment of SEK 380m will be made at the beginning of 2006.)

#### Bluegarden

- Sales SEK 363m (264) and EBITA SEK 53m (29)
- PA-Konsult in Sweden taken over with effect from 1 January
- Several important new contracts in Norway and Sweden, including Attendo Care and Sveriges Radio

*Bluegarden is one of the three largest players in payroll and human resources management in Scandinavia. Operations focus on standardised payroll processing systems, IT-based HRM functions, IT-supported outsourcing of HRM departments and consulting services. Operations are conducted in Sweden, Norway and Denmark.*

Ratos's holding in Bluegarden at 30 September 2005 amounted to 100% and the consolidated book value of the holding was SEK 309m.

#### BTJ Nordic

- Sales SEK 1,029m (912) and EBITA SEK -22m (2)
- Weak earnings mainly due to lower margins for book sales to libraries and the book trade in Sweden. Operations in Denmark developed less favourably than in the previous year
- Action programme under way designed to improve profitability

*BTJ Nordic is a leading supplier of media products and information services to libraries, booksellers, companies and organisations in the Nordic market. Products and services are sold via the brands Bibliotekstjänst, BTJ Danmark and BTJ Kirjastopalvel, Seelig, BTJ Prenumerationsservice, Boktjänst and BTJ Förlag.*

Ratos's holding in BTJ Nordic amounts to 59% and the consolidated book value was SEK 36m at 30 September 2005.

#### Camfil

- Sales SEK 2,217m (2,156) and EBITA SEK 206m (198)
- Good sales trend in the third quarter
- Strong cash flow and good order bookings including several large orders
- Continued strong development in North America

*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 486m at 30 September 2005.

#### DIAB

- Sales SEK 651m (574) and EBITA SEK 69m (59)
- Continued good order bookings and demand for most of DIAB's products, markets and customer segments
- Improved earnings in the third quarter due to increased sales and improved productivity

*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 50% and the consolidated book value was SEK 631m at 30 September 2005.

#### Gadelius

- Sales SEK 516m (447) and EBITA SEK 27m (11)
- Good sales increase contributed to improved earnings
- Strong order bookings during third quarter

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

Ratos's holding in Gadelius at 30 September 2005 amounted to 100% via a Dutch holding company. The consolidated book value in Ratos was SEK 188m at 30 September 2005. This figure excludes the holding company.

#### GS-Hydro

- Sales SEK 449m (360) and EBITA SEK 27m (2)
- Strong sales and earnings trend due to recovery in the Norwegian market and major international projects
- New market-oriented organisation in place

*GS-Hydro is a leading supplier of non-welded piping systems. Products are mainly used in the marine and offshore industries as well as in the pulp & paper, metals & mining, automotive & aerospace and defence industries. The head office is located in Finland.*

Ratos's holding in GS-Hydro amounts to 100% and the consolidated book value in Ratos was SEK 154m at 30 September 2005.

#### Haendig

- Sales SEK 903m (936) and EBITA SEK 26m (54)
- Sales decrease attributable to sale of the Markt companies. Sales for comparable units rose 5%
- Earnings in the third quarter were negatively affected by redemption of incentive programmes. Underlying operational earnings trend was positive for comparable units
- Acquisition of Lundbergs Produkter (consolidated from 1 January 2005) and Westerbergs Badrum (consolidated from 1 June 2005)

*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, Hafa, Duri, Sven Svenssons and Penope.*

Ratos's holding in Haendig amounts to 100% and the consolidated book value in Ratos was SEK 318m at 30 September 2005.

#### Haglöfs

- Sales SEK 292m (262) and EBITA SEK 23m (15)
- Continued success for Haglöfs brand primarily within textiles and export markets
- Strong earnings trend due to improved margins and good sales
- Very good order bookings ahead of the spring

*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 153m at 30 September 2005

#### HL Display

- Sales SEK 957m (987) and EBITA SEK 35m (69)
- Improved sales trend during third quarter in most geographic markets
- New action programme initiated designed to improve the production flow, reduce production costs, raise quality and improve delivery reliability

*HL Display is a global, market leading supplier of products and systems for merchandising and in-store communication. The company has subsidiaries in 25 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% and the consolidated book value was SEK 236m at 30 September 2005.

#### Häggglunds Drives

- Sales SEK 800m (710) and EBITA SEK 99m (81)
- Continued strong demand in most markets. Very good order bookings, +32%
- Positive earnings trend as a result of the increased sales

*Häggglunds Drives is an international supplier of complete hydraulic motors and drive systems. The company has subsidiaries in approximately 15 countries.*

Ratos's holding in Häggglunds Drives is 100% and the consolidated book value in Ratos was SEK 370m at 30 September 2005.

#### Industri Kapital

- Sales of Intrum Justitia, Alfa Laval, Arca Systems, MacGREGOR, Laho Equipment and Fortex, among others, contributed SEK 43m to Ratos's exit result
- Agreement concluded for sale of Dyno Nobel and Consolis
- Agreement signed after the end of the period for sale of Sydsvenska Kemi

*Industri Kapital is an unlisted private equity company with assets under management of almost EUR 4 billion. Since its formation in 1989, Industri Kapital has completed more than 50 investments in five 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 was SEK 292m at 30 September 2005.

#### Inwido (formerly Elitfönster group)

- Sales SEK 1,517m (895) and EBITA SEK 196m (100)
- Continued strong growth due to good demand
- Acquisitions carried out in 2005 of Pihlavan Ikkuna, Diplomat Skandinavia, Storke Vinduer and Lenhovdafönster made positive contribution to earnings
- Ratos provided approximately SEK 140m in conjunction with these acquisitions

*Inwido develops, manufactures and sells a full range of windows and doors to the building trade, construction companies and modular home manufacturers. Operations are conducted in all the Nordic countries and Inwido also exports outside the Nordic region. The Group's main brands are Elitfönster and Allmogefönster in Sweden, Storke in Denmark, Pihla in Finland, and Diplomatdörren in Norway and Sweden.*

Ratos's holding in Inwido amounts to 95% and the consolidated book value was SEK 687m at 30 September 2005.

#### Lindab

- Sales SEK 4,360m (4,090) and EBITA SEK 386m (287)
- Acquisition of Astron completed with effect from 1 September
- Good sales trend in Nordic region, central and eastern Europe
- Property sale completed, which reduced net debt by SEK 188m

*Lindab is a world leader in circular ventilation ducts and accessories and is also a leading manufacturer of sheet metal building materials. Production takes place in 21 countries and is concentrated to 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 buyout of Lindab from the stock exchange via a buyout company, Lindab Intressenter.*

Ratos's holding in Lindab amounts to 48% and the consolidated book value in Ratos was SEK 1,313m at 30 September 2005.

#### LRT/Tornet

- Rental income SEK 1,062m (1,709) and EBITA SEK 823m (1,041) in Fastighets AB Tornet
- Sales completed for 101 properties corresponding to SEK 7.1 billion
- After these sales Tornet has 156 properties mainly located in Stockholm, Gothenburg, Malmö and Uppsala
- In the third quarter, Tornet distributed SEK 1,500m to shareholders. A further SEK 491m was paid to shareholders in the fourth quarter through a reduction in share capital
- Acquisition company LRT Acquisition reports EBITA of SEK 1,686m (1,203)

*LRT Acquisition AB owns approximately 82.4% of Fastighets AB Tornet which is one of Sweden's largest listed property companies. The properties are concentrated to Sweden's four largest cities.*

Ratos's holding in LRT Acquisition AB amounts to 40% and the consolidated book value in Ratos was SEK 652m at 30 September 2005.

#### Overseas Telecom

- Good performance for the two remaining portfolio companies in Sri Lanka and Uganda
- Successful launch of new services during the third quarter in Sri Lanka resulting in high customer growth

*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 and Uganda.*

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 30 September 2005.

#### Superfos

- Sales SEK 2,502m (2,425) and EBITA SEK 149m (222)
- High raw material prices and a weak market had a negative earnings impact on the European operations
- Favourable earnings trend in the US continued

*Superfos is a Danish international group with plants in 15 countries. Operations comprise two areas. 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 380m at 30 September 2005.

Stockholm, 11 November 2005  
Ratos AB (publ)

Arne Karlsson  
CEO

Review Report for  
Ratos AB (publ)  
Corp. id. no. 556008-3585

We have reviewed this interim report in accordance with the recommendation issued by FAR. A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Exchange and Clearing Operations Act and the Annual Accounts Act.

Stockholm, 11 November 2005  
KPMG Bohlins AB

Thomas Thiel  
Authorised Public Accountant

For additional information, please contact  
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#### Financial calendar:

Year-end report 2005	23 February 2006
Annual General Meeting	4 April 2006, 5.30 p.m. in Berwaldhallen, Stockholm
Interim report January-March 2006	11 May 2006
Interim report January-June 2006	24 August 2006
Interim report January-September 2006	10 November 2006

**Consolidated income statement**

SEKm	2005 Q 3	2004 Q 3 <sup>*)</sup>	2005 Q 1-3	2004 Q 1-3 <sup>*)</sup>	2004 full year
<b>Holdings</b>					
Profit from subsidiaries	200	72	382	150	168
Exit gains, subsidiaries	84		84		
Share of profits of associates	181	181	663	526	806
Exit gains, associates			395	1,355	1,356
Write-downs, associates					-17
Dividends, other companies			36	28	28
Exit gains, other holdings	10	10	43	93	82
Profit from holdings	475	263	1,603	2,152	2,423
<b>Central income and expenses</b>					
Management costs	-22	-17	-92	-70	-161
Financial items	12	9	35	35	63
Net expenses	-10	-8	-57	-35	-98
Profit before tax	465	255	1,546	2,117	2,325
Tax	-127	-62	-222	-222	-210
Profit after tax	338	193	1,324	1,895	2,115
Attributable to					
Parent company shareholders	320	193	1,301	1,891	2,111
Minority owners	18	0	23	4	4
Earnings per share, SEK					
- before dilution	4.04	2.44	16.44	23.97	26.75
- after dilution	4.02	2.44	16.37	23.90	26.68
Number of shares outstanding					
- average before dilution	79,176,526	78,938,440	79,112,878	78,890,093	78,902,245
- average after dilution	79,506,853	79,139,898	79,454,063	79,111,911	79,122,799
- at the end of the period	79,165,040	78,938,440	79,165,040	78,938,440	78,938,440

<sup>\*)</sup> Effects of transition to IFRS regarding comparative year shown on page 15.

**Consolidated balance sheet**

SEKm	IFRS				
	30/09/2005	30/09/2004	year Transition Comparative IFRS	30/09/2004	01/01/2005
<b>ASSETS</b>					
<b>Fixed assets</b>					
Intangible fixed assets	6,433	949	49	900	1,824
Tangible fixed assets	1,645	373	1	372	602
Financial fixed assets	4,704	5,529	158	5,371	5,328
Deferred tax asset	136	54	8	46	47
<b>Total fixed assets</b>	<b>12,918</b>	<b>6,905</b>	<b>216</b>	<b>6,689</b>	<b>7,801</b>
<b>Current assets</b>					
Inventories	1,564	784		784	950
Current receivables	2,916	1,085	-12	1,097	1,220
Short-term investments, shares	12	18		18	13
Cash and cash equivalents	3,564	2,186		2,186	2,165
<b>Total current assets</b>	<b>8,056</b>	<b>4,073</b>	<b>-12</b>	<b>4,085</b>	<b>4,348</b>
<b>Total assets</b>	<b>20,974</b>	<b>10,978</b>	<b>204</b>	<b>10,774</b>	<b>12,149</b>
<b>EQUITY AND LIABILITIES</b>					
Equity including minority interests	10,542	9,136	211	8,925	9,236
Long-term liabilities					
- pension provisions	317	93	-6	99	108
- other provisions	281	14		14	15
- deferred tax liability	179	26	3	23	43
- non-interest bearing	57	1		1	56
- interest-bearing	2,911	585		585	1,012
Current liabilities					
- non-interest bearing	3,842	729	-4	733	1,004
- interest-bearing	2,845	394		394	675
<b>Total equity and liabilities</b>	<b>20,974</b>	<b>10,978</b>	<b>204</b>	<b>10,774</b>	<b>12,149</b>

**Statement of changes in equity**

	2005-09-30			2004-09-30			2004-12-31		
	Parent company shareholders	Minority	Total	Parent company shareholders	Minority	Total	Parent company shareholders	Minority	Total
Opening balance	9 326	34	9 360	7 827	107	7 934	7 827	107	7 934
Changed accounting principles				-24		-24	-24		-24
Transition to IFRS				-17		-17	-17		-17
Changed accounting principles, IAS 39	-124		-124						
Restated opening balance	9 202	34	9 236	7 786	107	7 893	7 786	107	7 893
Dividend paid	-673		-673	-573		-573	-573		-573
New issue				35		35	35		35
Divestment +/-Buy-back-, own shares	22		22	-5		-5	-5		-5
Option premiums	2		2	1		1	2		2
Translation difference associates and subsidiaries	211		211	1	2	3	-30	2	-28
Fair value reserve	20		20						
Redemption of convertible programme, associates	-8		-8						
Equity portion of convertible debenture	16	4	20						
Minority share acquired during the period		-7	-7						
Issue of minority in group company		84	84						
Minority at acquisition		311	311		52	52		86	86
Net profit for the period	1 301	23	1 324	1 891	4	1 895	2 111	4	2 115
Closing equity	10 093	449	10 542	9 136	0	9 136	9 326	34	9 360

**Consolidated cash flow statement**

SEKm	2005 Q 1-3	2004 Q 1-3	2004 full year
<b>Operating activities</b>			
Consolidated profit before tax	1,546	2,117	2,325
Adjustment for non-cash items	-954	-1,860	-2,032
	592	257	293
Paid tax	-80	-59	-54
Cash flow from operating activities before changes in working capital	512	198	239
Cash flow from changes in working capital			
Increase (-) in inventories	-95	-93	-67
Increase (-) in operating receivables	-250	36	-109
Decrease (-) in operating liabilities	-45	105	179
Cash flow from operating activities	122	246	242
<b>Investing activities</b>			
Acquisitions, group companies	-2,212	-234	-643
Sales, group companies	1,106		
Acquisitions, holdings	-12	-188	-189
Sales, holdings	1,050	1,470	1,625
Acquisitions, other intangible/tangible fixed assets	-93	-41	-81
Change, financial assets	651	-274	48
Cash flow from investing activities	490	733	760
<b>Financing activities</b>			
Divestment/Buy-back of own shares	22	-5	-5
Option premiums	2	1	1
New issue		35	35
Issue of minority in group company	84		
Convertible in group company	16		
Dividend paid	-673	-573	-573
Increase (+) in interest-bearing liabilities	1,331	119	71
Cash flow from financing activities	782	-423	-471
Cash flow for the period	1,394	556	531
Cash and cash equivalents, opening balance <sup>1)</sup>	2,165	1,632	1,632
Exchange difference in cash and cash equivalents	5	-2	-3
Cash and cash equivalents, closing balance	3,564	2,186	2,160

<sup>1)</sup> Cash and cash equivalents, opening balance 2005 has been restated with the effect of revaluation according to IAS 39.

**Consolidated key figures**

Return on equity %			21
Equity ratio, %	50	83	76
Interest-bearing receivable, SEKm	-2,306	2,001	1,127

**Key figures per share**

Total return, %	33	27	35
Yield, %			5,9
Market price, SEK	182.00	135.00	143.50
Dividend, SEK			8.50
Equity attributable to parent company shareholders, SEK	127	113	118

**Comparative year restatement**

Consolidated income statement SEKm	IFRS			IFRS		
	Comparative year 2004 Q 3	Transition IFRS <sup>1)</sup>	2004 Q 3	Comparative year 2004 Q 1-3	Transition IFRS <sup>1)</sup>	2004 Q 1-3
<b>Holdings</b>						
Profit from subsidiaries	72	14	58	150	44	106
Share of profits of associates	181	71	110	526	221	305
Exit gains, associates				1,355		1,355
Write-downs, associates						
Dividends, other companies				28		28
Exit gains other holdings	10		10	93		93
Profit from holdings	263	85	178	2,152	265	1,887
<b>Central income and expenses</b>						
Management costs	-17		-17	-70		-70
Financial items	9		9	35		35
Net expenses	-8		-8	-35		-35
Profit before tax	255	85	170	2,117	265	1,852
Tax	-62	-3	-59	-222	-14	-208
Profit after tax	193	82	111	1,895	251	1,644
Attributable to						
Parent company shareholders	193	82	111	1,891	250	1,641
Minority owners	0	0	0	4	1	3
Earnings per share, SEK						
- before dilution	2.44		1.41	23.97		20.80
- after dilution	2.44		1.40	23.90		20.74
Number of shares outstanding						
- average before dilution			78,938,440			78,890,093
- average after dilution			79,139,898			79,111,911
- at the end of the period			78,938,440			78,938,440

**<sup>1)</sup> Specification of changes on transition to IFRS**

Effect on profit before tax		
Goodwill, IAS 38	71	221
Restructuring reserves IAS 37	-1	-1
Leases IAS 17	2	-1
Investment properties IAS 40	<u>13</u>	<u>46</u>
Total effect on profit before tax	85	265

**Parent company income statement**

SEKm	2005 Q 3	2004 Q 3	2005 Q 1-3	2004 Q 1-3	2004 full year
<b>Holdings</b>					
Exit gains, subsidiaries	485		812		
Dividends, subsidiaries			20	73	51
Exit gains, associates	1		468	1,290	1,261
Dividends, associates			41	12	12
Write-downs, associates					-162
Dividends, other companies			36	28	28
Exit gains, other holdings	10	10	43	93	83
Profit from holdings	496	10	1,420	1,496	1,273
<b>Central income and expenses</b>					
Management costs	-21	-24	-88	-66	-150
Financial items	17	23	61	76	101
Net expenses	-4	-1	-27	10	-49
Profit before tax	492	9	1,393	1,506	1,224
Tax					
Profit after tax	492	9	1,393	1,506	1,224

**Parent company balance sheet**

SEKm	30/09/2005	30/09/2004	31/12/2004
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible	13	14	13
Financial	7,363	7,017	6,998
Total fixed assets	7,376	7,031	7,011
<b>Current assets</b>			
Current receivables	141	151	144
Short-term investments	2,177	2,020	1,866
Cash and bank balances	542	43	24
Total current assets	2,860	2,214	2,034
Total assets	10,236	9,245	9,045
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	9,511	9,050	8,768
Provisions	3	3	3
Long-term liabilities			
- non-interest bearing	16		34
- interest-bearing	139	130	130
Current liabilities			
- non-interest bearing	521	32	74
- interest-bearing	46	30	36
Total equity and liabilities	10,236	9,245	9,045
<b>Statement of changes in equity</b>			
	2005	2004	2004
	Q 1-3	Q 1-3	full year
Opening equity according to previously adopted balance sheet	8,768	8,087	8,087
Dividend paid	-673	-573	-573
New issue		35	35
Divestment/Buy-back of own shares	22	-5	-5
Option premiums	1	0	0
Net profit for the period	1,393	1,506	1,224
Closing equity	9,511	9,050	8,768

**Parent company cash flow statement**

SEKm	2005 Q 1-3	2004 Q 1-3	2004 full year
<b>Operating activities</b>			
Profit before tax	1,393	1,506	1,224
Adjustment for non-cash items	-1,309	-1,384	-1,117
	84	122	107
Paid tax	,	,	,
Cash flow from operating activities before changes in working capital	84	122	107
Cash flow from changes in working capital			
Increase (-) in operating receivables	-25	165	2
Decrease (-) in operating liabilities	431	-27	49
Cash flow from operating activities	490	260	158
<b>Investing activities</b>			
Acquisitions, subsidiaries	-2,214	-265	-738
Sales, subsidiaries	1,948	162	162
Acquisitions, holdings	-12	-188	-189
Sales, holdings	1,050	1,470	1,625
Acquisitions, other tangible fixed assets	-1		-1
Change, financial assets	199	-363	-120
Cash flow from investing activities	970	816	739
<b>Financing activities</b>			
Divestment (+)/Buy-back (-) of own shares	22	-5	-5
Option premiums	1	0	0
Dividend paid	-673	-573	-573
New issue		35	35
Increase (+) in interest-bearing liabilities	19	30	36
Cash flow from financing activities	-631	-513	-507
Cash flow for the period	829	563	390
Cash and cash equivalents, opening balance	1,890	1,500	1,500
Cash and cash equivalents, closing balance	2,719	2,063	1,890

## Ratos's holdings at 30 September 2005

	NET SALES			EBIT <sup>1)</sup>			EBT			Interest-bearing net consolidated debt	Ratos value	Ratos holding %				
	2005 Q1-3	2004 Q1-3	2004 Q1-3	2005 Q1-3	2004 Q1-3	2004 Q1-3	2005 Q1-3	2004 Q1-3	2004 Q1-3							
SEKm																
Ailmak Hek	794	680	956	57	52	85	43	36	60	50	41	42	316	461	210	50
Arvus <sup>1) 2)</sup>	1 662	1 502	2 224	-15	26	84	-27	15	71	36	49	-134	567	578	471	83
Atle Industri <sup>3)</sup>	1 143	1 532	2 084	395	95	96	391	91	90	21	35	491	410	171	266	50
BBI Infodata <sup>1) 4) 5)</sup>	2 401	2 324	3 126	248	229	398	129	116	240	42	128	115	1 775	2 031	546 <sup>6)</sup>	80
Bluegarden <sup>1) 6)</sup>	363	264	360	53	29	40	39	26	38	18	209	-147	309	257	309	100
BTJ Nordic <sup>1)</sup>	1 029	912	1 206	-22	2	-4	-25	0	-6	10	7	-89	82	124	36	59
Camfil	2 217	2 156	2 855	206	198	243	205	174	210	63	164	37	1 217	591	486	30
D/AB	651	574	759	69	59	87	62	55	81	29	48	-41	254	263	631	50
Gadellus	516	447	595	27	11	13	25	10	10	3	2	18	115	114	188	100
GS-Hydro	449	360	480	27	2	-1	18	-2	-10	9	13	-34	154	260	154	100
Haendig <sup>7)</sup>	903	936	1 291	26	54	70	22	46	55	10	86	-40	262	308	318	100
Haglöfs	292	262	340	23	15	17	22	13	14	3	2	-42	93	85	153	100
HL Display	957	987	1 311	35	69	85	34	61	71	34	37	-53	332	118	236	29
Häggelunds Drives	800	710	970	99	81	87	95	77	81	15	22	61	220	120	370	100
Imvido <sup>1) 8)</sup>	1 517	895	1 235	196	100	136	127	61	97	30	924	-799	759	1478	687	95
Lindab	4 360	4 090	5 477	386	287	384	330	219	297	144	521	-323	2 732	2 229	1 313	48
LRT/Tornet <sup>9)</sup>	1 062	1 709	2 223	1 686	1 203	1 956	951	389	917	0	177	6 545	2 134	6 177	652	40
Overseas Telecom	274	215	287	152	276	353	139	433	501	62	88	73	675	-51	27	9
Supertors	2 502	2 425	3 140	149	222	267	59	125	148	204	123	-13	1 106	2 014	380	33
<b>TOTAL excl. LRT/Tornet <sup>10)</sup></b>	<b>22 556</b>	<b>21 056</b>	<b>28 409</b>	<b>1 959</b>	<b>1 531</b>	<b>2 087</b>	<b>1 549</b>	<b>1 123</b>	<b>1 547</b>							
Change	7%			28%			38%									
<b>TOTAL incl. LRT/Tornet <sup>10)</sup></b>	<b>23 618</b>	<b>22 765</b>	<b>30 632</b>	<b>3 645</b>	<b>2 734</b>	<b>4 043</b>	<b>2 500</b>	<b>1 512</b>	<b>2 464</b>							
Change	4%			33%			65%									

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

\*\* Equity incl. minority according to IFRS

<sup>1)</sup> A new parent company was formed in conjunction with the acquisition, which partly loan-financed the acquisition. Earnings and cash flow are calculated pro forma taking this leverage into account.<sup>2)</sup> The acquisition results in intangible assets amounting to almost NOK 500m and are preliminarily assessed as predominantly comprising goodwill and to some extent brands.<sup>3)</sup> Atle Industri is not a legal group. Earnings for 2005 include a pro forma capital gain from the sale of Envac.<sup>4)</sup> Figures for the new group include the German operations acquired after the start of the year. Equity includes a SEK 992m convertible shareholder loan.<sup>5)</sup> Intangible assets amount to SEK 3,800m and are preliminarily assessed as predominantly comprising goodwill.<sup>6)</sup> Final part payment of SEK 380m will be made at the beginning of 2006.<sup>7)</sup> Acquisition carried out during 2005 led to an increase in intangible assets of approximately SEK 170m. These are preliminarily assessed as predominantly comprising goodwill.<sup>8)</sup> Acquisitions carried out during 2005 led to an increase in intangible assets of almost SEK 50m. These are preliminarily assessed as predominantly comprising goodwill.<sup>9)</sup> Cash flow and investments relate to Fastfjærs AB Tornet.<sup>10)</sup> Excluding Overseas Telecom which is not an associated company.