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## YEAR-END REPORT 2002

LISTEN TO CEO ARNE KARLSSON'S COMMENTS ON THIS REPORT [www.ratos.se](http://www.ratos.se)  
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- Pre-tax profit SEK 634m (1,926 incl. exit gain Scandic)
- Strong earnings development in underlying portfolio
- Proposed dividend SEK 6.75 per share (6.25)
- Total return on Ratos shares +8%, positive for fourth consecutive year

### Important events

Ratos effected five exits during the year with a good overall result. The holdings in Hilton Group, Esselte, Exceed and Kronans Droghandel were sold for a combined sales amount of approximately SEK1,750m. In addition, Industri Kapital completed three IPOs which made a positive contribution to Ratos's earnings. Follow-on investments were made in Superfos, in conjunction with the acquisition of its competitor Jotipac, and in Arcorus where Ratos bought out some ten owners thereby increasing its holding from 49% to 77%. No new acquisitions were made during the year.

In July, a total of SEK 3,105m was paid to the owners in Overseas Telecom (formerly Telia Overseas) following an earlier decision to reduce the company's share capital. For Ratos, which owns approximately 9% of the capital, this payment amounted to SEK 264m.

At year-end 2002, a new capital structure was created in Dahl. Refinancing of owners' holdings in Dahl released a total of SEK 2.1 billion. In February 2003, Ratos received a cash payment of SEK 928m while retaining the same ownership stake in Dahl. This refinancing was made possible by the highly positive development of Dahl's operations and cash flow over the past four years.

The focus during the year was on development of the holdings. A number of action programmes were initiated and both organic and structural acquisitions were made in the holdings. In the underlying portfolio at year-end, the aggregated pre-tax profit in the holdings increased by 56% compared with the previous year. Taking Ratos's holdings in the companies into account, the increase corresponded to 69%. New CEOs have been appointed in eight of the holdings.

Ratos shares provided a positive total return for the fourth consecutive year. The total return on Ratos B shares was +8% compared with the SIX Return Index which developed by -36% in the same period.

### Business environment and market

The global economy continued to show weak development in 2002. The trend for Ratos's segment, however, was considerably more stable than the stock market average. On the whole it can be said that the way many people see the economy is determined by what happens in certain sectors. Ignoring some crisis industries – primarily IT/telecom, media/entertainment and parts of the finance industry – large and significant sectors of the economy have developed well. Ratos's segment was not

swept along in the substantial price rises for assets in earlier years, nor have we experienced any subsequent dramatic fall.

This mixed economic scenario was also reflected in Ratos's portfolio. Development for some holdings was a disappointment, while other companies provided a positive surprise. Overall our earnings trend was strong. At year end Ratos had increased the total operating profit (EBITA = profit before net financial items, tax and goodwill amortisation) in the underlying portfolio by 16% compared with 2001. Taking Ratos's ownership stakes in each company into account, the increase was 13%. The corresponding improvements in pre-tax profit (EBT) were 56% and 69% respectively.

Ratos's basic scenario for the global economy in 2003 is a continued, subdued positive trend. At the same time, the action programmes completed or under way in the holdings will continue to have an impact. All in all, opportunities therefore exist for a continued earnings improvement in the underlying portfolio.

### Ratos's results

The Group's profit before tax amounted to SEK 634m (1,926). This result includes profits from the holdings of SEK 730m (1,817). The exit gain of SEK 364m (1,852 of which Scandic Hotels provided 1,751) mainly relates to divestment of the holdings in Hilton Group, Esselte, Exceed and Kronans Droghandel. Industri Kapital carried out three IPOs which made a positive contribution to the result.

In the 2002 year-end accounts reviews have been conducted of the consolidated book value of all the Ratos holdings. These reviews have shown a need to adjust the consolidated book values in two holdings – DataVis and Giga. The combined cost of these write-downs is SEK 45m.

### Goodwill

Total goodwill amortisation – including goodwill amortisation in the holdings – was SEK 322m (265).

SEKm	2002	2001
Profit before tax and goodwill amortisation (EBTA)	956	2,191
Total goodwill amortisation	-322	-265
Profit before tax (EBT)	634	1,926

### Central income and expenses

Ratos's central income and expenses amounted to SEK -96m (-125), of which personnel costs amounted to SEK 62m (45). Other expenses, including costs for acquisition and exit processes, amounted to SEK 47m (61). Net financial items amounted to SEK 13m (-19), of which SEK -20 is the result from short equity trading.

### Tax

Ratos's consolidated tax expense currently comprises subsidiaries' and Ratos's share of tax in associated companies. The high tax rate in the consolidated profit and loss account is due to goodwill amortisation, which is not deductible for tax purposes, and valuation of loss carry-forwards.

**Ratos's results**

SEKm	Ratos's holding, % <sup>1)</sup>	Profit/share of profits 2002	Of which Ratos's goodwill amortisation 2002	Profit/share of profits 2001
Arcorus <sup>2)</sup>	77	75	-7	44
Atle Industri	50	-5	-11	-23
Camfil	30	37	-8	21
Capona	49	58	-2	58
Dahl	41	180		147
DataVis	44	-12	-1	-62
DIAB	48	-9	-28	5
Dynal Biotech	25	27		-7
Esselte <sup>3)</sup>		24		14
Exceed <sup>3)</sup>		-7	-2	-32
Gadelius	50	-10	-1	6
Giga Consulting	39	-12	-1	-15
Haendig	49	8	-4	3
Haglöfs	100	6	-3	5
Hilding Anders	27	90	-5	56
HL Display	29	11	-8	15
Intervect	50	-8	-3	-15
Kronans Droghandel <sup>3)</sup>		-57	-4	-15
Lindab	48	40		44
Martinsson	50	-1	-2	-1
Overseas Telecom	9	-		
Q-Labs	48	-14	4	-26
Scandic Hotels		-		18
Superfos	33	-24	-1	-37
<b>Total profit/share of profits</b>		<b>397</b>	<b>-87</b>	<b>203</b>
Write-downs				
DataVis		-25		-69
Giga Consulting		-20		-74
Q-Labs		-		-105
<b>Total write-downs</b>		<b>-45</b>		<b>-248</b>
Exit gains				
Esselte		98		
Exceed		90		
Hilton		50		
Industri Kapital		18		46
Kronans Droghandel		108		
Scandic Hotels				1,751
Sweden On Line				-29
Telelogic				84
<b>Total exit gains</b>		<b>364</b>		<b>1,852</b>
Dividends from other companies		14		10
<b>Profit from holdings</b>		<b>730</b>		<b>1,817</b>
Profit from asset management		-		234
Net expenses		-96		-125
<b>Consolidated profit before tax</b>		<b>634</b>		<b>1,926</b>

<sup>1)</sup> Excluding share buy-backs

<sup>2)</sup> Holding increased to 77% in second quarter of 2002.

<sup>3)</sup> Entire holding divested. Share of profits from Kronans Droghandel includes a capital loss of SEK 56m from the sale of the Norwegian operations.

**Financial position**

Cash flow from operating activities and investing activities was SEK 1,630m (401) and the Group's liquid assets at year-end totalled SEK 1,084m (57) of which current interest-bearing investments comprised SEK 911m. The receivable which arose from refinancing of the holding in Dahl, SEK 928m,

was classified at year-end as a current receivable and is not included in these figures. This sum was paid to Ratos in February 2003.

### Ratos shares

Earnings per share for 2002 amounted to SEK 4.60 (22.07). A dividend of SEK 6.25 was paid in April 2002. The total return on Ratos shares was positive for the fourth consecutive year and amounted to +8%. In the same period the SIX Return Index fell 36%.

### Share buy-backs

The 2002 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 9 April 2003. Between the 2002 AGM and the date of this report, Ratos has repurchased 312,786 B shares. These acquisitions were made at an average price of SEK 88.11. At total of 2,674,986 B shares have been repurchased, of which 657,800 have been withdrawn. Ratos thus owns 2,017,186 B shares, which corresponds to 2.5% of the total number of shares outstanding.

### Dividend

Ratos will continue with its assertive dividend policy. The Board proposes a dividend for 2002 of SEK 6.75 (6.25) per class A and B share. The record date for the dividend is 14 April and payment from VPC is expected to take place on 17 April.

### Reported net asset value (NAV)

SEKm	31 Dec 2002	% of NAV
Arcorus	514	6
Atle Industri	464	6
Camfil	455	5
Capona	513	6
Dahl	-79 <sup>1)</sup>	-1
DataVis (incl. convertible)	74	1
DIAB	656	8
Dynal Biotech	310	4
Gadelius	118	1
Giga Consulting	1	0
Haendig	173	2
Haglöfs	114	1
Hilding Anders	464	6
HL Display	202	2
Industri Kapital	500	6
Intervect	204	2
Lindab	1,084	13
Martinsson	153	2
Overseas Telecom	64	1
Q-Labs	45	1
Superfos	362	4
Total holdings	6,391	76
Share trading	33	0
Parent company's property	60	1
Liquid assets/liabilities (net) in central companies <sup>2)</sup>	1,884	23
<b>Net asset value (NAV)</b>	<b>8,368</b>	<b>100</b>
<b>NAV per share, SEK <sup>3)</sup></b>	<b>106</b>	

<sup>1)</sup> After refinancing of holding..

<sup>2)</sup> Including SEK 928m receivable related to refinancing of holding in Dahl.

<sup>3)</sup> Number of shares outstanding on 31 December 2002 was 78,645,440.

### Net asset value

At 31 December 2002, Ratos reported a net asset value (NAV) of SEK 8,368m corresponding to SEK 106 (108) per share. The calculation of reported net asset value uses the consolidated book value of the unlisted holdings and the market value of the listed holdings. The unlisted holdings in Industri Kapital's funds are reported at the market value estimated by Industri Kapital.

### Parent company

The parent company's pre-tax profit amounted to SEK 348m (2,240). The parent company's liquid assets including short-term investments amounted to SEK 984m (23). Interest-bearing liabilities amounted to SEK 228m (283).

### Credit facilities

The parent company has a five-year loan facility 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 operating costs in period of few or no exits.

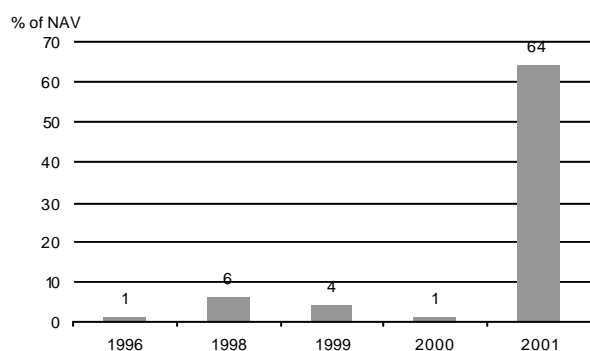
### Accounting principles

This year-end report is prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20. The Group applies the Council's recommendations with effect from 2002. These have not had any effect on the Group's year-end accounts. Otherwise, the Group applies the same accounting principles and calculation methods as those used in the 2001 Annual Report.

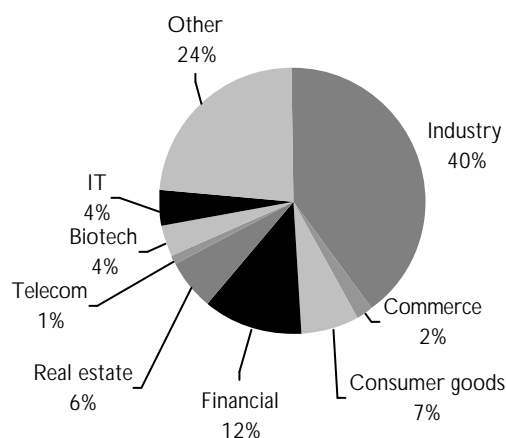
### Reporting the Atle acquisition

At the beginning of May 2001, Ratos and the British company 3i acquired Atle via a 50/50 owned company. The Atle holdings have been transferred to the parties as conditions for such transfers are met. The financial implications of the agreement are that Ratos acquired shares in 12 companies. Some of these are owned by both Ratos and 3i. In addition, 3i alone acquired 85 holdings from Atle. The remaining Atle holdings were placed in Atle Industri which is controlled equally by Ratos and 3i. At the end of the year two Atle companies had not yet been transferred to Ratos and 3i since the conditions for these transfers had not yet been met. Haendig was transferred at the beginning of 2003. This makes DIAB the only company yet to be transferred.

Holdings, acquisition year



Holdings, sector breakdown



## Holdings

### Arcorus

- Sales SEK 1,456m (1,469) and EBITA SEK 109m (126)
- Favourable development within GS Hydro and improved margins for Hägglunds Drives
- Weaker demand in North American compensated by good sales in growth markets, including China and Brazil
- Group registered office moved from Finland to Sweden

*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 pipe laying 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 514m at 31 December 2002.

### Atle Industri

- Sales SEK 2,454m (2,384) and EBITA SEK 67m (26)
- New CEO – Hans Åke Norås – took over in September
- Several completed action programmes led to positive earnings trend
- New programme initiated to improve profitability

*Atle Industri comprises a portfolio of 15 companies, of which 13 are wholly owned. The portfolio was acquired when Ratos acquired Atle. The companies in the portfolio have operations in the engineering industry, trading, waste management and IT/technology. Seven of the companies account for three-quarters of Atle Industri's consolidated book value in Ratos. These are AKA Tempcold (distributes cooling products), Elpress (electrical connectors), Envac (waste management systems), Moving (materials handling systems), Nordhydraulic (hydraulic valves), Näsström (hydraulic products wholesaler) and Pressmaster Tool (crimping tools).*

Ratos's holding in Atle Industri amounts to 50% and the consolidated book value in Ratos was SEK 464m at 31 December 2002.

### Camfil

- Sales SEK 2,960m (3,237) and EBITA SEK 250m (232)
- Improved gross margins in both the US and Europe
- Streamlining of US operations continues – Engine division sold
- Continued weak demand in clean room segment

*Camfil is the 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 in Ratos was SEK 455m at 31 December 2002.

## Capona

- Rental income SEK 297m (291) and EBITA SEK 213m (203)
- Direct yield on property portfolio 9.9% (9.8)
- Continued stable hotel market in the Nordic region
- EBT forecast for 2003 on a par with the 2002 result

*Capona, which owns and actively manages hotel properties, is one of the leading hotel property companies in the Nordic region. The portfolio comprises some 40 hotel properties, mostly in Sweden. Capona is listed on the Stockholm Stock Exchange.*

Ratos's holding in Capona amounts to 49%. The market value of the Capona holding was SEK 513m at 31 December 2002.

## Dahl

- Sales SEK 12,063m (11,660) and EBITA SEK 632m (569)
- Ratos releases SEK 928m through a new capital structure at year-end 2002
- Operations in Sweden and Poland continued to show positive development, while Denmark, Norway and Finland were affected by less favourable market conditions
- Higher or retained market shares across the board. Efficiency enhancement programmes within logistics, administration and sales are having the planned positive earnings impact
- Improved net financial items due to stronger cash flow

*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.*

Ratos's holding in Dahl amounts to 41% and the consolidated book value of the holding, after refinancing, was SEK -79m at 31 December 2002.

## DataVis

- Sales SEK 192m (215) and EBITA SEK -22m (-31)
- New CEO – Åke Engquist from Teleca AU-system – took over on 1 October
- Continued weak market in all regions
- New action programmes initiated

*DataVis is a Swedish IT company that offers qualified solutions within systems development, systems integration and technical development. The largest offices are in Sundsvall, Stockholm and Göteborg/Malmö.*

Ratos's holding in DataVis amounts to 44% and the consolidated book value was SEK 74m (incl. a SEK 63m convertible debenture) at 31 December 2002.

## DIAB

- Sales SEK 694m (693) and EBITA SEK 48m (81)
- Improved sales in US while expansion in the wind power industry weakened
- New CEO – Anders Paulsson – took over on 1 January 2003
- Decision on investment in US to meet future demand

*DIAB is a world-leading niche company within the manufacture of sandwich products based on composite materials. The key applications are hulls and decks for large pleasure boats, blades for wind power stations and components for trains, buses, aircraft and space rockets.*

Ratos's holding in DIAB amounts to 48% and the consolidated book value was SEK 656m at 31 December 2002.

#### Dynal Biotech

- Sales SEK 593m (483) and EBITA SEK 168m (123)
- New CEO – Jon Hindar – took over on 1 August 2002
- Good growth within all areas
- Continued focus on research and development

*The Norwegian company Dynal Biotech is the world leader in research, development and production of magnetic and non-magnetic micro particles known as Dynabeads®. 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 310m at 31 December 2002.

#### Gadelius

- Sales SEK 812m (1,025) and EBITA SEK 1m (50)
- Continued weak Japanese economy and lower industrial activity had negative impact on order bookings
- New cost saving programmes initiated
- Stronger cash flow during the year, SEK +79m

*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 amounts to 50% via a Dutch holding company. The consolidated book value in Ratos was SEK 118m at 31 December 2002. This value excludes the holding company.

#### Giga Consulting

- Sales SEK 93m (88) and EBITA SEK -28m (-30)
- Consolidated earnings charged with a capital loss from the sale of Programmera

*Giga Consulting is a Stockholm-based IT consulting company with a focus on IT infrastructure. The company works within three competence areas: Windows Infrastructure, Internet Infrastructure and Project Management.*

Ratos's holding in Giga Consulting amounts to 39% and the consolidated book value in Ratos was SEK 1m at 31 December 2002.

#### Haendig

- Sales SEK 1,266m (1,200) and EBITA SEK 58m (44)
- Positive earnings development due to completed streamlining and a stronger Swedish krona
- Group strategy under review to exploit subsidiaries' development and growth opportunities
- Acquisition of call option on 27% stake from co-owner

*The Group was formed in 2000 through a merger between HDF-Bolagen and Markt & Co. Haendig is a Nordic distributor to the DIY market and industry. Sales are conducted via retailers such as building materials stores, hypermarkets, heating, ventilation & sanitation suppliers, and agricultural suppliers in Sweden, Finland, Norway, Denmark and Poland.*

Ratos's holding in Haendig amounts to 49% and the consolidated book value in Ratos was SEK 173m at 31 December 2002.



## Haglöfs

- Sales SEK 306m (275) and EBITA SEK 14m (14)
- Export success continues, +82%
- Earnings charged with costs for development, marketing and strengthening the organisation

*Haglöfs develops, produces and markets equipment and clothing for active outdoor life. Products include rucksacks, sleeping bags, tents, shoes and clothes. The Group is the 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 114m at 31 December 2002.

## Hilding Anders

- Sales SEK 3,656m (3,100) and EBITA SEK 515m (395)
- New CEO – Anders Pålsson – took over on 1 January 2003
- Improved EBITA margin despite less favourable market development
- Agreement concluded for 20% of Slumberland Asia Pacific and acquisition of British company Dunlopillo
- Focus on rationalising production structure within the Group

*Hilding Anders is one of Europe's largest bed manufacturers. The Group has expanded considerably through organic growth and acquisitions in recent years and has its own operations in 14 countries in Europe. Products are marketed under different national brands and private labels.*

Ratos's holding in Hilding Anders amounts to 27% and the consolidated book value in Ratos was SEK 465m at 31 December 2002.

## HL Display

- Sales SEK 1,154m (1,072) and EBITA SEK 76m (86)
- Weak operating profit development mainly due to less favourable development in Germany and the Benelux countries
- Good order bookings from the largest markets, France and the UK
- Ongoing restructuring programme expected to have positive impact on margins

*HL Display is one of Europe's leading suppliers of products and systems for merchandising and in-store communications. The company has subsidiaries in 17 countries in Europe. Manufacture takes place in Sweden, the US, the UK and the Netherlands. HL Display is listed on the Stockholm Stock Exchange.*

Ratos's holding in HL Display amounts to 29%. The market value of Ratos's holding in HL Display was SEK 202m at 31 December 2002.

### Industri Kapital

- Acquisition of 67% of French company Lebeyrie (goose liver and smoked salmon), a majority holding in German company Gardena (garden products) and 100% in the Dutch company Welzorg (mobility aids)
- Sale of Paroc
- IPOs – Intrum Justitia, Alfa Laval and Nobia

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

The market value of Ratos's holding in Industri Kapital amounts to SEK 500m, where the valuation of unlisted holdings is based on Industri Kapital's calculations.

### Intervect

- Sales SEK 1,121m (1,166) and EBITA SEK 14m (-4)
- Continued focus on profitability enhancement measures
- Net debt reduced by SEK 200m through a capital reduction programme
- Chairman of the Board Björn Kumlin acting CEO since 1 January 2003

*Intervect is the 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 was merged with the Dutch company HEK International.*

Ratos's holding in Intervect amounts to 50% and the consolidated book value in Ratos was SEK 204m at 31 December 2002.

### Lindab

- Sales SEK 5,235m (5,160) and EBITA SEK 326m (319)
- New CEO – Kjell Åkesson – took over on 1 January 2003
- Continued favourable development in Eastern Europe
- Weak demand in Ventilation business area
- Acquisitions in Hungary and the Netherlands

*Lindab is the world leader in circular ventilation ducts and accessories and is a leading manufacturer of building materials made of thin sheet-metal. Manufacture takes place in 21 countries and concentrates on thin sheet-metal products. Approximately 70% of sales go to countries outside Sweden. In 2001, together with Skandia Liv, the Sixth Swedish National Pension Fund and others, 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 1,084m at 31 December 2002.

#### Martinsson

- Sales SEK 856m (480) and EBITA SEK 14m (-4)
- Continued positive cash flow and good liquidity – positive earnings in second half
- Successful strategic acquisition and successful integration of IMS Data

*Martinsson is a nationwide player in servers 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 153m at 31 December 2002.

#### Overseas Telecom (formerly Telia Overseas)

- Ratos received SEK 264m following earlier decision to reduce the share capital
- Remaining portfolio companies are developing well and all report a pre-tax profit

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

Ratos's holding in Overseas Telecom amounts to 9% and the consolidated book value in Ratos was SEK 64m at 31 December 2002.

#### Q-Labs

- Sales SEK 187m (221) and EBITA SEK -20m (-53)
- Higher revenues in Germany and France

*Q-Labs is a consulting company 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 45m at 31 December 2002.

#### Superfos

- Sales SEK 3,413m (2,924) and EBITA SEK 139m (73)
- Recently acquired Jotipac and the industrial division contributed to a strong improvement in operating result
- Extensive rationalisation and restructuring programme led to non-recurring costs of SEK 137m being charged to earnings for the year
- Rationalisation measures are expected to strengthen competitiveness and have a significant positive earnings impact

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

Ratos's holding in Superfos amounts to 33% and the consolidated book value in Ratos was SEK 362m at 31 December 2002.

### **Annual General Meeting**

Ratos's Annual General Meeting will be held on 9 April at 5.30 p.m. in Vinterträdgården, Grand Hôtel, Stockholm. Shareholders who wish to participate in the Meeting must be entered in the share register kept by VPC no later than 28 March 2003, and notify their intention to attend no later than 4 April. Notification of attendance may be made by writing to Ratos, Box 1661, SE-111 96 Stockholm, or telephoning +46 8 700 17 00 or via the website [www.ratos.se/Investor Relations/Annual General Meeting](http://www.ratos.se/Investor%20Relations/Annual%20General%20Meeting). Complete company documentation and basis for decision will be available at the company's offices at Drottninggatan 2 in Stockholm and on the company's website [www.rataos.se](http://www.rataos.se) from 26 March 2003.

### **Proposal for voluntary reclassification of shares**

The Board will propose to the Annual General Meeting that a conversion proviso allowing reclassification of A shares to B shares be added to the Articles of Association. If this proposal is approved by the Annual General Meeting, holders of A shares will have a continuous opportunity to carry out a conversion to B shares.

### **Buy-back of own shares**

Ratos has a share buy-back programme. A total of 2,674,986 B shares have been repurchased, of which 657,800 have been withdrawn. Ratos thus owns 2,017,186 B shares, corresponding to 2.5 % of the total number of shares outstanding. No Ratos shares have been repurchased in 2003.

The Board has decided to propose that the Annual General Meeting gives the Board a renewed mandate to repurchase shares in the company during the period until the next Annual General Meeting. Repurchases will be effected on the Stockholm Stock Exchange (Stockholmsbörsen) and be subject to the restriction that the company's holding of own shares may not at any time exceed 7% of all the shares in the company. The purpose of the repurchase is to give the Board greater freedom of action in its efforts to create value for Ratos's shareholders.

### **Incentive programme for senior executives**

The Board has today decided to propose that the Annual General Meeting decides on the issue of a maximum of 510,000 call options on repurchased Ratos class B shares. It is proposed that the call options be offered to a maximum of 20 key people who work at the company. The options are offered with a maximum of between 10,000 and 100,000 options per person. The exercise price will be set at 125% of the average share price in the period from 10 April until 16 April 2003 inclusive, although a minimum of SEK 20 and a maximum of SEK 200. The options will remain valid until and including 28 March 2008. The price of the options will be determined as their assessed market value taking the share price during the measurement period into account. Purchasers of options will receive a subsidy, distributed over five years, corresponding to 60% of the option premium, provided the person concerned is still working at Ratos. Exercise of the options will increase the number of shares outstanding. In the event of full exercise of the options, these new shares will comprise 0.6% of shares outstanding and 0.2% of voting rights calculated on shares outstanding together with options. In the event of full exercise of the options now proposed together with existing options, the number of new shares will comprise approximately 2.3% of shares outstanding and 0.7% of voting rights.

Stockholm, 21 February 2003

Ratos AB (publ)

Board of Directors

For additional information:

Arne Karlsson, CEO, +46 8 700 17 00

Clara Bolinder-Lundberg, Investor Relations Manager, +46 8 700 17 63

Financial calendar:

Interim Report Jan-March	12 May 2003
Interim Report Jan-June	27 August 2003
Interim Report Jan-Sept	12 November 2003

**Consolidated profit and loss account**

SEKm	2002 Q 4	2001 Q 4	2002 Full year	2001 Full year
<b>Holdings</b>				
Profit/loss from subsidiaries	38	-13	71	-27
Exit gains, subsidiaries	-	-	90	-
Share of profits of associated companies	68	28	326	230
Exit losses/gains, associated companies	-2	-1	206	1,722
Write-downs, associated companies	-45	-248	-45	-248
Dividends, other companies	-1	10	14	10
Exit gains, other holdings	15	83	68	130
Profit/loss from holdings	73	-141	730	1,817
<b>Asset management</b>				
Dividends	-	-	-	16
Capital losses/gains	-	-31	-	218
Loss/profit from asset management	-	-31	-	234
<b>Central income and expenses</b>				
Management costs	-38	-30	-109	-106
Financial items	35	-1	13	-19
Net expenses	-3	-31	-96	-125
Profit/loss before tax	70	-203	634	1,926
Tax	-64	-68	-262	-182
Minority share of net profit	-3	-	-9	-
Profit/loss after tax	3	-271	363	1,744
Earnings per share, SEK				
- before and after dilution	0.04	-3.43	4.60	22.07
Number of shares outstanding before and after dilution (millions)				
- at the end of the period	78.9	79.0	78.6	79.0
- average	78.7	79.0	78.9	79.0

**Consolidated balance sheet**

SEKm	31/12/200	31/12/2001
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible	335	127
Tangible	224	43
Financial	5,375	7,882
Total fixed assets	5,934	8,052
<b>Current assets</b>		
Inventories	363	76
Current receivables	1522	383
Short-term investments, shares	22	73
Short-term investments, other	911	-
Cash and bank balances	173	57
Total current assets	2,991	589
Total assets	8,925	8,641
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	8,037	8,177
Minority interests	118	
Provisions	85	14
Long-term liabilities		
- non-interest bearing	3	6
- interest-bearing	69	123
Current liabilities		
- non-interest bearing	319	244
- interest-bearing	294	77
Total shareholders' equity and liabilities	8,925	8,641
<b>Changes in shareholders' equity</b>		
	2002	2001
	Full year	Full year
Opening shareholders' equity according to previously adopted balance sheet	8,177	6,780
Effect of change of accounting principle in associated companies		-2
Opening shareholders' equity adjusted according to new principle	8,177	6,778
Dividends paid	-493	-435
Buy-back of own shares	-27	-16 <sup>1)</sup>
Option premiums	6	
Effect of associated companies buy-back of own shares	1	-3
Translation difference in associated companies and subsidiaries	-46	112
Effect of hedging	10	
Accumulated translation difference in sold associated companies	46	-3
Net profit for the year	363	1,744
Closing shareholders' equity	8,037	8,177

<sup>1)</sup> Of which, reduction of shareholders' equity SEK 8m.

**Consolidated cash flow statement**

SEKm	2002 Full year	2001 Full year
<b>Operating activities</b>		
Consolidated profit before tax	634	1,926
Adjustment for items not included in cash flow	-480	-1,812
	154	114
Paid tax	-29	-27
Cash flow from operating activities before change in working capital	125	87
Cash flow from change in working capital		
Decrease (+) in inventories	36	2
Increase (-) in operating receivables	-9	19
Decrease (-) in operating liabilities	-32	-72
Cash flow from operating activities	120	36
<b>Investing activities</b>		
Acquisition of subsidiaries	-381	-102
Sale of subsidiaries	142	
Sales, holdings	1,932	2,450
Purchases, holdings	-369	-3,793
Sales, asset management	-	3,326
Purchases, asset management	-	-143
Purchase of other tangible fixed assets	-25	-10
Change, financial assets <sup>1)</sup>	211	-1,363
Cash flow from investing activities	1,510	365
<b>Financing activities</b>		
Buy-back of own shares	-27	-16
Option premiums	4	2
Decrease (-) in interest-bearing liabilities	-87	46
Dividends paid	-493	-435
Cash flow from financing activities	-603	-403
Cash flow for the year	1,027	-2
Cash and cash equivalents at the beginning of the year	57	59
Cash and cash equivalents at the end of the year	1,084	57

<sup>1)</sup> The refinancing of Dahl SEK 928m, had no effect on cash flow in 2002, since the amount was not paid until 2003.

**Consolidated key figures**

	2002 Full year	2001 Full year
Return on equity, %	4.5	23
Equity ratio, %		
- visible	90	95
- including hidden reserve	90	95
Interest-bearing receivable (+) <sup>1)</sup>	1,882	-73

**Key figures per share**

Total return, %	8	27
Earnings, SEK	4.60	22.07
Dividend paid, SEK	-	6.25
Market price, SEK	95.50	93.50
Yield, %	-	6.7
Net asset value, SEK <sup>2)</sup>	106	108
Number of shares outstanding	78,645,440	78,958,226
Average number of shares <sup>3)</sup>	78,867,216	79,029,299

<sup>1)</sup> Excluding receivable from Woodrose relating to transfer of Atle companies.

<sup>2)</sup> Unlisted associated companies are included in NAV at consolidated book values.

<sup>3)</sup> Taking share buy-backs into account.

<b>Parent company profit and loss account</b>	2002	2001	2002	2001
SEKm	Q 4	Q 4	Full year	Full year
<b>Holdings</b>				
Exit losses/gains, subsidiaries	-1		8	
Dividends, associated companies			49	87
Exit gains, associated companies	394		569	2,088
Write-downs associated companies	-320	-332	-356	-332
Dividends, other companies	-1	10	14	10
Exit gains, other holdings	16	83	68	130
Profit/loss from holdings	88	-239	352	1,983
<b>Asset management</b>				
Dividends	-	-	-	14
Capital losses/gains	-	-22	-	246
Loss/profit from asset management	-	-22	-	260
<b>Central income and expenses</b>				
Management costs	-37	-27	-103	-86
Financial items	32	22	99	83
Net expenses	-5	-5	-4	-3
Profit/loss before tax	83	-266	348	2,240
Tax	1	-1		-1
Profit/loss after tax	84	-267	348	2,239



**Parent company balance sheet**

SEKm

31/12/2002

31/12/2001

**ASSETS****Fixed assets**

Tangible	17	17
Financial	5,930	8,026
<b>Total fixed assets</b>	<b>5,947</b>	<b>8,043</b>

**Current assets**

Current receivables	1,189	259
Short-term investments	911	0
Cash and bank balances	73	23
<b>Total current assets</b>	<b>2,173</b>	<b>282</b>
<b>Total assets</b>	<b>8,120</b>	<b>8,325</b>

**SHAREHOLDERS' EQUITY & LIABILITIES**

Shareholders' equity	7,846	8,014
Provisions	6	3
Long-term liabilities		
- non-interest bearing	3	3
- interest-bearing	144	211
Current liabilities		
- non-interest bearing	37	22
- interest-bearing	84	72
<b>Total shareholders' equity and liabilities</b>	<b>8,120</b>	<b>8,325</b>

**Parent company cash flow statement**

SEKm	2002 Full year	2001 Full year
<b>Operating activities</b>		
Profit before tax	348	2,240
Adjustment for items not included in cash flow	-285	-2,130
	63	110
Paid tax	0	-1
Cash flow from operating activities before change in working capital	63	109
Cash flow from change in working capital		
Increase (-) in operating receivables	-69	-68
Increase (+) in operating liabilities	13	-3
Cash flow from operating activities	7	38
<b>Investing activities</b>		
Acquisition of subsidiaries	-462	-104
Sale of subsidiaries	156	
Sales, holdings	2,870	2,450
Purchases, holdings	-369	-3,793
Sales, asset management	-	3,273
Purchases, asset management	-	-62
Purchase of other tangible fixed assets	-3	-3
Investments, financial assets	-668	-1,407
Cash flow from investing activities	1,524	354
<b>Financing activities</b>		
Buy-back of own shares	-27	-16
Option premiums	4	2
Decrease (-) in interest-bearing liabilities	-54	55
Dividends paid	-493	-435
Cash flow from financing activities	-570	-394
Cash flow for the period	961	-2
Cash and cash equivalents at the beginning of the year	23	25
Cash and cash equivalents at the end of the year	984	23

## Ratos's holdings at 31 December 2002

	NET SALES		EBITA		EBT		Items affecting comparability		2002											
	2002	2001	2002	2001	2002	2001	2002	2001	Goodwill amortisation	Other depreciation	Investments	Cash flow *	Shareholders' equity	Interest-bearing net debt	Goodwill	Average no. employees	Consolidated value	Investment year	Ratos's holding %	
Arcorus	1 456	1 469	109	126	87	97	0	0	10	39	31	111	307	193	134	788	514	2001	77	
Ade Industri <sup>1)</sup>	2 454	2 394	67	26	17	-28	0	0	35	20	n/a	48	650	199	162	1 430	464	2001	50	
GenM	2 960	3 237	250	232	149	96	22	-7	58	90	86	293	1 087	642	769	2 635	455	2000	50	
Capena	297	291	213	203	128	128	0	0	0	27	24	120	841	1 412	0	140	345	1998	49	
Dahl <sup>2)</sup>	12 062	11 660	632	569	438	351	0	-60	94	122	244	324	1 560	3 249	2 905	3 300	-79	1999	41	
DataVis <sup>3)</sup>	192	215	-22	-31	-25	-131	-15	-23	2	5	1	-8	53	-9	36	211	74	2000	44	
DIAB <sup>4)</sup>	694	693	48	81	41	76	0	0	1	35	-69	-8	289	126	1	665	656	2001	48	
Dynal <sup>5)</sup>	593	483	168	123	106	43	0	0	101	25	34	60	1 252	547	1 365	283	310	2001	25	
Gadotus <sup>6)</sup>	812	1 025	-1	50	-11	34	-20	-17	10	7	3	79	140	230	47	183	118	2001	50	
Giga Consulting <sup>7)</sup>	93	88	-28	-30	-34	-29	-15	0	5	1	n/a	n/a	-3	15	5	49	1	2001	39	
Haandig <sup>8)</sup>	1 266	1 200	38	44	24	14	-10	0	11	78	16	41	208	338	122	410	173	2001	49	
Hag06	306	273	14	14	9	10	0	0	1	3	8	3	57	51	5	110	114	2001	100	
Hilding Anders	3 656	3 100	515	395	349	289	30	0	63	90	331	111	1 335	1 498	1 168	2 414	465	2001	27	
HL Display	1 154	1 072	76	86	65	82	0	0	2	47	49	32	316	35	3	925	239	2001	29	
Intersect	1 121	1 166	14	-4	-10	-35	0	-31	2	49	28	291	300	321	40	840	204	2001	50	
Lindab <sup>9)</sup>	5 235	5 160	326	319	83	37	0	-26	115	185	186	380	2 248	1 870	1 961	3 766	1 084	2001	48	
Mertinsen	856	480	14	-4	2	-6	1	0	14	5	59	53	229	-68	134	353	153	2001	50	
Overseas Telecom	392	418	200	2 315	104	2 460	0	0	3	92	444	-397	1 198	-18	3	389	64	1996	9	
Q-Labs	187	221	-20	-53	-23	-67	-8	-31	-2	7	1	-33	86	-63	0	151	45	2000	48	
Superfos	3 413	2 924	139	73	-66	-108	-137	-54	55	284	1 150	-671	1 039	2 124	874	2 359	362	1999	33	
<b>Total<sup>10)</sup></b>	<b>38 888</b>	<b>37 143</b>	<b>2 574</b>	<b>2 219</b>	<b>1 329</b>	<b>853</b>														
<b>Change</b>	<b>4%</b>		<b>16%</b>		<b>56%</b>															

<sup>1)</sup> Ade Industri is not a legal group. Since the extent of the group has been modified since year-end, shareholders' equity has changed.

<sup>2)</sup> Dahl's shareholders' equity, interest-bearing net debt and goodwill is pro forma from 1 January 2003.

<sup>3)</sup> The consolidated value includes a convertible debt instrument of SEK 63m.

<sup>4)</sup> The planned transfer of the holding from Ade to Ratos had not been carried out by the end of the year, since the conditions for the transfer had not yet been met.

<sup>5)</sup> Dynal Biotech's and Lindab's figures for the previous full year were pro forma for the group, including holding companies (i.e. including goodwill amortisation and net financial items in the holding companies). These were formed at the time of Ratos's acquisition.

<sup>6)</sup> Gadotus is owned via a Dutch holding company. These figures exclude the holding company.

<sup>7)</sup> Giga Consulting's figures for the previous year pertain to Programera.

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

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