



Drottninggatan 2 Box 1661 SE-111 96 Stockholm Sweden
Org nr/Corp. Id no. 556008-3585 Phone +46 8-700 17 00 Fax +46 8-10 25 59 www.ratos.se

YEAR-END REPORT 2003

LISTEN TO CEO ARNE KARLSSON'S COMMENTS ON THIS REPORT AT www.ratos.se
TELEPHONE CONFERENCE 10 a.m., tel. no. +44 (0)207 162 01 87

- Pre-tax profit SEK 812m (634)
- Earnings per share SEK 7.71 (4.60)
- Total return on Ratos shares +27%
- Two new holdings: Tornet and Bluegarden
- Proposed dividend SEK 7.25 (6.75)
- Follow-on investments in Arcorus, Gadelius and Haendig

Important events

Ratos completed four exits with overall good results in 2003. The holding in Capona was sold for a total of SEK 512m. Most of the shares were purchased by Choice Hotels Sweden. The definite exit gain amounted to SEK 195m and the average annual return (IRR) was 28%. In connection with this deal, Ratos acquired 2 million shares in Choice Hotels Scandinavia for SEK 56m. Further, in November the entire holding in Hilding Anders was sold to Investcorp. The purchase price amounted to SEK 724m, the exit gain was SEK 212m and IRR is estimated at 28%.

The holding in DataVis was sold in October to the Finnish private equity company CapMan. This sale gave Ratos a small capital gain. Giga Consulting sold its operations within Windows infrastructure and project management to Martinsson. Giga is therefore no longer reported as a holding in Ratos's portfolio. Industri Kapital also carried out exits which made a positive contribution to Ratos's earnings.

Two new companies were added to the portfolio. On 20 October, Ratos together with Lehman Brothers Real Estate Partners made a recommended public offer for Fastighets AB Tornet through LRT Acquisition AB, a Swedish company owned indirectly by Lehman Brothers Real Estate Partners (60%) and Ratos (40%). The total value of the offer was SEK 4,914m corresponding to a cash payment of SEK 190 per share. Shareholders representing a total of 82.4% of the total number of shares and votes in Tornet had accepted the offer as of 6 February 2004. Under this deal Ratos has invested SEK 670m for its 40% stake in LRT Acquisition.

In December, the Norwegian company Bluegarden was acquired from Norway Post. The company is one of the five largest players in the Nordic region within support functions for human resources management. Following refinancing now in progress, Ratos's investment will amount to SEK 250m with a holding of 100%.

After the end of the period, follow-on investments were made in Arcorus, Gadelius and Haendig for a total amount of SEK 310m. As a result of these acquisitions, the companies are now wholly owned subsidiaries of Ratos. This means there are now four wholly owned subsidiaries in the portfolio.

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 and still has a 41% stake in the company. The refinancing was made possible by the highly positive development of Dahl's cash flow and operations in recent years.

During the year Ratos received an extra dividend from Arcorus of SEK 56m as well as a dividend and reduction of restricted equity from Overseas Telecom totalling SEK 56m.

Business environment and market

Ahead of 2003, Ratos's general economic assessment was that the "muddle-through" scenario we had worked with since year-end 2001 would gradually develop during the year into a "muddle-through plus" situation. The new driving force behind this somewhat more positive trend – in addition to the already constructive contribution from both monetary and financial policy, primarily in the US – was expected to be an upturn in corporate investment activity.

Developments during the year gradually confirmed this forecast. In the US, the economy has achieved a good pace, large parts of Asia and some parts of Europe continue to develop well or very well, and even in the problem-ridden Japanese and Central European economies there are clear signs of a recovery.

This generally relatively positive economic development was also reflected in the performance of Ratos's portfolio companies during 2003, particularly in the third and fourth quarters.

Combined sales for the underlying portfolio at the end of the period were in principle unchanged compared with the previous year. Even taking Ratos's different ownership stakes into account, sales were unchanged. The corresponding changes in operating profit (EBITA = profit before net financial items, tax and goodwill amortisation) were -2% and +1% respectively, while profit before tax (EBT) changed by +24% and +52% respectively compared with the previous year.

The positive trend with increased activity in both the exit and acquisition markets reported earlier, further intensified during the fourth quarter.

To facilitate analysis, an extensive table is provided on page 19 with financial data for all the Ratos holdings. A summary of income statements and balance sheets for Ratos's unlisted associated companies and subsidiaries is available at www.ratos.se in downloadable Excel files.

Ratos's results

The Group's profit before tax amounted to SEK 812m (634). This result includes profits from the holdings of SEK 846m, of which exits account for SEK 444m (730, of which exits SEK 364m). Exit gains are mainly attributable to the sales of Capona and Hilding Anders respectively. In addition, exits carried out in Industri Kapital made a positive contribution to Ratos's earnings.

Goodwill

Total goodwill amortisation – including Ratos's share of holdings' goodwill . amounted to SEK 302m (322). If Ratos had not carried out any goodwill amortisation, current earnings would increase by a corresponding amount as shown in Table 1.

Table 1 Ratos's results and total goodwill amortisation

| SEKm | 2003 | 2002 |
|--|-------|------|
| Profit before tax and goodwill amortisation (EBTA) | 1,114 | 956 |
| Total goodwill amortisation | -302 | -322 |
| Profit before tax (EBT) | 812 | 634 |

In a corresponding manner, the aggregated results for Ratos's holdings (excl. Bluegarden and LRT/Tornet) – without taking Ratos's ownership stakes into account – would increase by SEK 562m if no goodwill amortisation was carried out in the holdings as shown in Table 2.

Table 2 Holdings' aggregated results and goodwill amortisation

| SEKm | 2003 | 2002 |
|--|-------|-------|
| Profit before tax and goodwill amortisation (EBTA) | 1,289 | 1,180 |
| Total goodwill amortisation | -562 | -592 |
| Profit before tax (EBT) | 727 | 588 |

Ratos's results January – December 2003

| | Ratos's holding, % | Share of profits 2003 | Of which Ratos's goodwill amortisation. 2003 | Share of profits 2002 |
|---------------------------------------|-----------------------|-----------------------------|--|-----------------------------|
| Arcorus | 77 | 79 | -7 | 75 |
| Atle Industri | 50 | 8 | -8 | -5 |
| Camfil | 30 | 34 | -8 | 37 |
| Capona ¹⁾ | - | 23 | -1 | 58 |
| Dahl | 41 | 153 | 30 | 180 |
| DataVis ¹⁾ | - | -2 | - | -12 |
| DIAB | 48 | -3 | -28 | -9 |
| Dynal Biotech | 25 | 10 | - | 27 |
| Gadelius | 50 | 5 | 13 | -10 |
| Giga Consulting | 39 | -1 | -1 | -12 |
| Haendig | 49 | 15 | -4 | 8 |
| Haglöfs | 100 | 12 | -3 | 6 |
| Hilding Anders ¹⁾ | - | 77 | -5 | 90 |
| HL Display | 29 | -11 | -8 | 11 |
| Intervect | 50 | -30 | -3 | -8 |
| Lindab | 48 | 44 | - | 40 |
| LRT/Tornet | 40 ²⁾ | -5 | - | - |
| Martinsson | 50 | -4 | -2 | -1 |
| Overseas Telecom | 9 | - | - | - |
| Q-Labs | 48 | 2 | 0 | -14 |
| Superfos | 33 | -18 | -2 | -24 |
| Esselte ¹⁾ | - | - | - | 24 |
| Exceed ¹⁾ | - | - | - | -7 |
| Kronans Droghandel ¹⁾ | - | - | - | -57 |
| Total share of profits | | 388 | -37 | 397 |
| Write-downs | | | | |
| DataVis | | - | | -25 |
| Giga Consulting | | - | | -20 |
| Q-Labs | | -7 | | - |
| Total write-downs | | -7 | | -45 |
| Exit gains | | | | |
| Capona | | 195 | | - |
| DataVis | | 5 | | - |
| Esselte | | - | | 98 |
| Exceed | | - | | 90 |
| Hilding Anders | | 212 | | - |
| Hilton | | - | | 50 |
| Industri Kapital | | 32 | | 18 |
| Kronans Droghandel | | - | | 108 |
| Total exit gains | | 444 | | 364 |
| Dividends from other companies | | 21 | | 14 |
| Profit from holdings | | 846 | | 730 |
| Net expenses | | -34 | | -96 |
| Consolidated profit before tax | | 812 | | 634 |

¹⁾ Entire holding has been sold.

²⁾ Ratos's indirect ownership in Fastighets AB Tornet is 33%.

Ratos's reporting of subsidiaries' profits and share of profits from associated companies is affected, among other things, by changed accounting principles, ownership duration, holding size and financial structure, which make comparability between the years difficult. To facilitate analysis, a table is provided on page 19.

Central income and expenses

Ratos's net income and expenses amounted to SEK -34m (-96) of which personnel costs amounted to SEK 60m (62). The variable portion of personnel costs amounted to SEK 18m (13). Other management costs, including costs for acquisition and exit processes not carried out, amounted to SEK 40m (47). Net financial items amounted to SEK 66m (13).

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 parent company's investment company status and non-deductible goodwill amortisation.

Financial position

Cash flow from operating activities and investing activities was SEK 1,144m (1,630) and the Group's liquid assets at the end of the year amounted to SEK 1,632m (1,084), of which short-term interest-bearing investments accounted for SEK 1,462m (911).

Parent company

The parent company's pre-tax profit amounted to SEK 778m (348). The parent company's liquid assets, including short-term investments, amounted to SEK 1,500m (984). Interest-bearing liabilities totalled SEK 132m (228).

Ratos shares

Earnings per share amounted to SEK 7.71 (4.60). The total return on Ratos shares was 27% (+8) during the period. In the same period, the SIX Return Index rose 34% (-36).

Dividend

Ratos's dividend policy will continue to be aggressive. The Board of Directors proposes a dividend for 2003 of SEK 7.25 (6.75) per class A and B share. The record date for the dividend is expected to be 6 April and payments from VPC are expected to be made on 13 April.

Share buy-backs

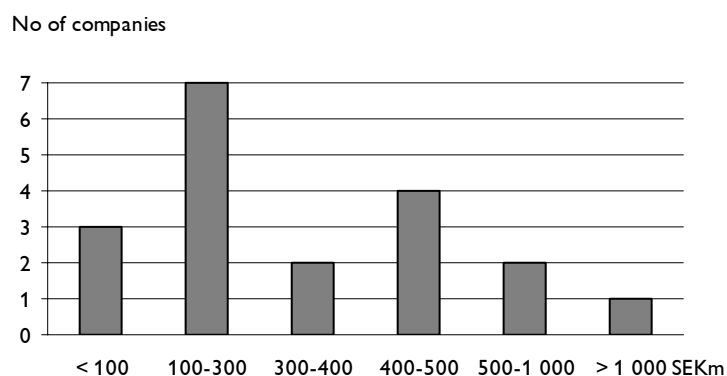
The 2003 Annual General Meeting gave the Board a mandate to acquire up to 7% of the company's shares until the next Annual General Meeting on 1 April 2004. Share repurchases are to be effected on the Stockholm Stock Exchange (Stockholmsbörsen). During 2003 and until and including 24 February 2004, 170,800 Ratos shares have been repurchased. Since 2000, a total of 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 Board of Directors 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. Share repurchases are to be effected on Stockholmsbörsen and be limited so that the company's holding of own shares at no time exceeds 7% of all the shares in the company. The purpose of share buy-backs is to give the Board greater freedom of action in its work of creating value for Ratos's shareholders.

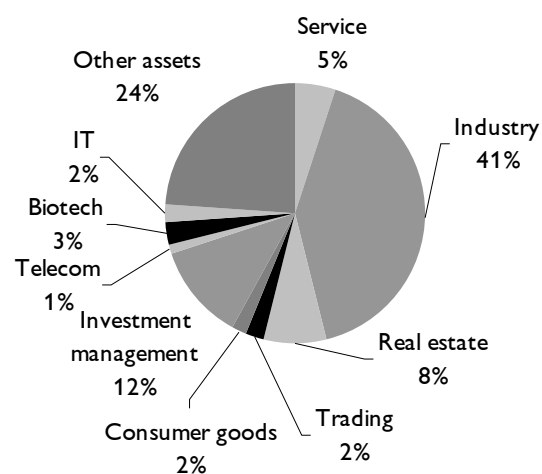
Reported net asset value (NAV)

| SEKm | 31 Dec 2003 | % of NAV |
|---|--------------|------------|
| Holding | | |
| Arcorus | 472 | 6 |
| Atle Industri | 478 | 6 |
| Bluegarden | 387 | 5 |
| Camfil | 435 | 5 |
| Dahl | -65 | -1 |
| DIAB | 637 | 8 |
| Dynal Biotech | 261 | 3 |
| Gadelius | 106 | 1 |
| Haendig (incl. convertible) | 177 | 2 |
| Haglöfs | 116 | 2 |
| HL Display | 247 | 3 |
| Industri Kapital | 452 | 6 |
| Intervect | 177 | 2 |
| Lindab | 1,066 | 13 |
| LRT/Tornet | 663 | 8 |
| Martinsson | 107 | 1 |
| Q-Labs | 38 | 1 |
| Superfos | 335 | 4 |
| Overseas Telecom | 27 | 1 |
| Total holdings | 6,116 | 76 |
| Share trading | 76 | 1 |
| Parent company's property | 60 | 1 |
| Liquid assets/liabilities (net) in central companies | 1,763 | 22 |
| Net asset value (NAV) | 8,015 | 100 |
| NAV per share, SEK | 102 | |

Holdings, size breakdown, NAV



Holdings, sector breakdown, % of NAV



Equity/share

At year-end 2003, Ratos reported a net asset value (NAV) of SEK 8,015m, corresponding to SEK 102 (106) per share. The calculation of net asset value is based on the consolidated book value of the unlisted holdings and the market value of the listed holdings. For the unlisted holdings in Industri Kapital's funds, the market values estimated by Industri Kapital are used.

Since a dominant proportion of assets are reported at book value, the measure net asset value has become increasingly less relevant for an external observer of Ratos. The measure can mislead the observer into perceiving the book values as the market values, which is not the case. In order to avoid possible misunderstanding, Ratos intends with effect from 2004 to report equity per share instead of net asset value per share. At the end of 2003, equity per share amounted to SEK 100 while net asset value per share was SEK 102.

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

The Group applies the Swedish Financial Accounting Standards Council's recommendations with effect from 2003. These have not had any effect on the Group's year-end report. Otherwise, the Group applies the same accounting principles and calculation methods as those used in the 2002 Annual Report.

Segment reporting according to RR25

The business conducted by Ratos involves Ratos owning 15-20 holdings. Ownership stakes are normally 20-50% and the ownership period is 3-7 years. Ratos is sector-neutral with the Nordic region as its base.

Operations are controlled and reported based on the holdings contained in Ratos's portfolio. Both internal and external accounts present each holding's earnings and consolidated value according to the equity method. In addition, information about the company is presented for each holding.

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. As of 31 December 2003, 396,469 A shares had been submitted for conversion into B shares.

Reduction of share capital through cancellation

The Board intends to propose that the Annual General Meeting decides that the company's share capital will be reduced by SEK 6,250,000 through cancellation without repayment of 500,000 B shares repurchased by the company. The purpose of the reduction is that the amount by which the share capital is reduced should be transferred to unrestricted equity.

Nomination Committee

At the Annual General Meeting held on 9 April 2003, the chairman announced that he had been assigned by shareholders representing over 70% of the voting rights in the company to appoint, in consultation with them, a nomination committee ahead of the 2004 Annual General Meeting. Olof Stenhammar (convener), Jan-Erik Erenius, Jan Söderberg and Per-Olof Söderberg have been appointed as members of this committee. Information about the members of the Nomination Committee was provided in the interim report for the third quarter of 2003. Shareholders can contact the Nomination Committee by e-mail (info@ratos.se), letter (Ratos, Box 1661, SE-111 96 Stockholm) or telephone (+46 8 700 17 00, Lena Elfström)

Incentive programme for key people

The Board has today decided to propose that the Annual General Meeting decides on the issue of a maximum of 250,000 call options on repurchased Ratos class B shares. It is proposed that the call options be offered to a maximum of 12 key people, working in the company, who were not invited to participate in all the option programmes carried out in 2001-2003.

The options are offered with between 10,000 and 50,000 options per person. The exercise price will be set at 125% of the average closing price for Ratos B shares during the period 2-8 April 2004, although a minimum of SEK 20 and a maximum of SEK 200. The options will remain valid until and including 31 March 2009. 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 an extra bonus, allocated over five years, corresponding to 50% of the option premium, provided the person concerned is still working at Ratos. Additional information on the options offer will be provided in the notice of the Annual General Meeting.

Annual General Meeting

Ratos's Annual General Meeting will be held on 1 April 2004 at 5.30 p.m. in Berwaldhallen, Dag Hammarskjölds Väg 3, Stockholm. Shareholders who wish to participate in the Meeting must be entered in the share register kept by VPC no later than 22 March 2004, and notify their intention to attend no later than 29 March. 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.ratos.se from 18 March 2004.

Holdings

Arcorus

- Sales SEK 1,416m (1,456) and EBITA SEK 111m (109)
- Favourable development for Hägglunds Drives in most markets, while GS-Hydro was negatively affected by a weak Norwegian market
- Ratos received a dividend of SEK 56m
- A follow-on investment after the end of the period of SEK 135m, makes Arcorus a wholly owned subsidiary of Ratos

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 472m at 31 December 2003. After the end of the period, agreement was reached to increase Ratos's holding to 100%.

Atle Industri

- Sales SEK 2,375m (2,454) and EBITA SEK 84m (67)
- Strong earnings improvement in Atle Industri's largest holding Envac and good earnings development for Nordhydraulic and Moving due to the completed action programmes
- Three small companies were sold or liquidated
- Bierregaard was sold after the end of the period

Atle Industri comprises a portfolio of 13 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. Seven of the companies account for more than three-quarters of Atle Industri's consolidated book value in Ratos. These 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 478m at 31 December 2003.

Bluegarden

- Sales SEK 392m (413) and EBITA SEK 39m (50)
- The decrease in sales and profit is due to costs in connection with staff cuts of approximately SEK 11m and currency effects
- The holding was acquired from Norway Post in December 2003. After ongoing refinancing, Ratos's investment will amount to SEK 250m.

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.

The holding at 31 December 2003 amounted to 100% and the consolidated book value of the holding was SEK 387m.

Camfil

- Sales SEK 2,691m (2,960) and EBITA SEK 208m (250)
- Sales decrease due to currency effects, disposals and a weak market for gas turbine filters
- Gross margins improved from 32% to 34%
- Continued growth within comfort filters and some recovery for clean room filters

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 435m at 31 December 2003.

Dahl

- Sales SEK 12,488m (12,063) and EBITA SEK 676m (632)
- Strong market shares in Sweden, Finland and Poland
- Improved margins due to efficiency enhancements
- Continued strong cash flow
- Refinancing of owners' holdings. Ratos released SEK 928m.

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 amounts to 41% and the consolidated book value of the holding, following refinancing, was SEK -65m at 31 December 2003.

DIAB

- Sales SEK 658m (694) and EBITA SEK 58m (48)
- Completed action programmes led to a considerable improvement in earnings
- Lower sales entirely attributable to currency effects
- Very positive performance in Asia and Australia

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 637m at 31 December 2003.

Dynal Biotech

- Sales SEK 595m (596) and EBITA SEK 170m (174)
- Continued growth – adjusted for currency effects, sales increased 11%
- EBITA margin 29%
- Acquisition of US company Pel Freez Diagnostics strengthens presence in the US and complements operations within Tissue Typing

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 261m at 31 December 2003.

Gadelius

- Sales SEK 620m (812) and EBITA SEK 25m (1)
- Decreased sales due to lower investment activity and a weaker yen compensated by improved margins and cost reductions
- Continued strong cash flow
- Follow-on investment after the end of the period of SEK 65m makes Gadelius a wholly owned subsidiary of Ratos

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 at 31 December 2003 amounted to 50% via a Dutch holding company. After the end of the period, agreement was reached to increase Ratos's holding to 100%. The consolidated book value in Ratos was SEK 106m at 31 December 2003. This figure excludes the holding company.

Haendig

- Sales SEK 1,194m (1,241) and EBITA SEK 65m (58)
- Improved earnings due to stronger margins and reduced overheads
- Transfer of packaging activities from Norway to Poland completed
- Three complementary acquisitions: Bevini, Stockholms Blomstertjänst and Småländska Vapen

- Follow-on investment after the end of the period of SEK 108m makes Haendig a wholly owned subsidiary of Ratos

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 49% and the consolidated book value in Ratos was SEK 177m at 31 December 2003. After the end of the period, agreement was reached to increase Ratos's holding to 100%.

Haglöfs

- Sales SEK 341m (306) and EBITA SEK 19m (14)
- Continued success in export markets and within textiles
- Strong improvement in earnings due to stronger margins

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 116m at 31 December 2003.

HL Display

- Sales SEK 1,129m (1,154) and EBITA SEK -2m (78)
- Restructuring costs of SEK 33m had a negative earnings impact
- Rationalisation measures adopted to increase growth and improve profitability
- New sales company established in Spain

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%. The market value of Ratos's holding in HL Display was SEK 247m at 31 December 2003.

Industri Kapital

- Acquisition of French company Ceva Santé Animale S.A. (animal health products)
- Follow-on investments in Citylink, CB Foods and Telefos
- Divestment of large shareholdings in Nobia and Alfa Laval

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 market value of Ratos's holding in Industri Kapital amounts to SEK 452m where valuation of unlisted holdings is based on Industri Kapital's calculations.

Intervect

- Sales SEK 990m (1,120) and EBITA SEK -8m (-6)
- Lower sales due to weak climate for construction industry in Europe and currency effects
- Powerful action programme initiated by new management
- Earnings charged with items affecting comparability totalling SEK -29m

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 177m at 31 December 2003.

Lindab

- Sales SEK 5,302m (5,235) and EBITA SEK 305m (326)
- Lower earnings due to weak business climate and higher raw material prices
- Continued stable development in weak market in the Nordic region and Western Europe. Stronger growth in Eastern Europe and improved demand in the US
- Sale completed of hot dip galvanising units JiWe Galv AB and Eskilstuna Galvan AB

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 1,066m at 31 December 2003.

LRT/Tornet

- Revenues SEK 2,403m (2 367) and EBITA SEK 1,482m (1,283) for Fastighets AB Tornet
- LRT Acquisition AB, in which Ratos owns 40% and Lehman Brothers Real Estate Partners 60%, carries out the largest property deal of the year by acquiring 82.4% in Fastighets AB Tornet

LRT Acquisition AB owns approximately 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 663m at 31 December 2003.

Martinsson

- Sales SEK 1,247m (856) and EBITA SEK 15m (14m)
- Sales increase mainly due to the acquisition of IMS in 2002
- Favourable development for consulting services
- Legal and financial restructuring reduces the consolidated book value

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 after restructuring was SEK 107m at 31 December 2003.

Overseas Telecom

- Favourable development in portfolio companies
- Total number of subscribers up 36% compared with previous year
- Dividend and reduction of capital gave Ratos SEK 56m

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, following a change in June, 19% of the voting rights. The consolidated book value in Ratos was SEK 27m at 31 December 2003.

Q-Labs

- Sales SEK 142m (187) and EBITA SEK 4m (-19)
- Improved profitability in all countries

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 38m at 31 December 2003.

Superfos

- Sales SEK 3,217m (3,413) and EBITA SEK 121m (139)
- Earnings in the Packaging business area were negatively affected by higher and fluctuating raw material prices as well as disruptions due to relocation of manufacturing and closure of production units. Problems with deliveries and the cost situation normalised in the fourth quarter.
- Delayed approval from the authorities for a new product to replace a phased out product, had a negative impact on earnings for Aerosols compared with 2002
- Good earnings development in Pharma division and the US

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 335m at 31 December 2003.

Stockholm, 24 February 2004

Ratos AB (publ)

Arne Karlsson
CEO

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

For additional information, please contact:

Arne Karlsson, CEO, +46 8 700 17 00

Anna-Karin Celsing, Head of Corporate Communications, +46 8 700 17 49

Financial calendar:

Annual General Meeting
Interim report January-March 2004
Interim report January-June 2004
Interim report January-September 2004

1 April 2004
12 May 2004
25 August 2004
12 November 2004

Consolidated income statement

| SEKm | 2003 Q 4 | 2002 Q 4 | 2003 full year | 2002 full year |
|---|-------------|-------------|-------------------|-------------------|
| Holdings | | | | |
| Profits from subsidiaries | 40 | 38 | 91 | 71 |
| Exit gains, subsidiaries | - | - | - | 90 |
| Profits from associated companies | 66 | 68 | 297 | 326 |
| Exit gains, associated companies | 220 | -2 | 412 | 206 |
| Write-downs, associated companies | -7 | -45 | -7 | -45 |
| Dividends, other companies | - | -1 | 21 | 14 |
| Exit gains, other companies | 23 | 15 | 32 | 68 |
| Profit from holdings | 342 | 73 | 846 | 730 |
| Central income and expenses | | | | |
| Management costs | -31 | -38 | -100 | -109 |
| Financial items | 15 | 35 | 66 | 13 |
| Net expenses | -16 | -3 | -34 | -96 |
| Profit before tax | 326 | 70 | 812 | 634 |
| Tax | -34 | -64 | -193 | -262 |
| Minority share of profit for the year | -7 | -3 | -13 | -9 |
| Profit after tax | 285 | 3 | 606 | 363 |
| Earnings per share, SEK | | | | |
| - before dilution | 3.63 | 0.04 | 7.71 | 4.60 |
| - after dilution | 3.63 | 0.04 | 7.69 | 4.60 |
| Number of shares outstanding (millions) | | | | |
| - average before dilution | 78.6 | 78.7 | 78.6 | 78.9 |
| - average after dilution | 78.4 | 78.7 | 78.8 | 78.9 |
| - at the end of the period | 78.6 | 78.9 | 78.6 | 78.6 |

Consolidated balance sheet

| SEKm | 31 December 2003 | 31 December 2002 |
|---|------------------|------------------|
| ASSETS | | |
| Fixed assets | | |
| Intangible | 693 | 335 |
| Tangible | 217 | 224 |
| Financial | 5,119 | 5,419 |
| Total fixed assets | 6,029 | 5,978 |
| Current assets | | |
| Inventories | 365 | 363 |
| Current receivables | 705 | 1,478 |
| Short-term investments, equities | 27 | 22 |
| Short-term investments, other | 1,462 | 911 |
| Cash and bank balances | 170 | 173 |
| Total current assets | 2,729 | 2,947 |
| Total assets | 8,758 | 8,925 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Shareholders' equity | 7,827 | 8,037 |
| Minority interest | 107 | 118 |
| Provisions | 83 | 85 |
| Long-term liabilities | | |
| - non-interest bearing | 1 | 3 |
| - interest-bearing | 87 | 66 |
| Current liabilities | | |
| - non-interest bearing | 392 | 319 |
| - interest-bearing | 261 | 297 |
| Total shareholders' equity and liabilities | 8,758 | 8,925 |

Changes in shareholders' equity

| | Full year 2003 | Full year 2002 |
|--|----------------|----------------|
| Opening shareholders' equity according to previously adopted balance sheet | 8,037 | 8,177 |
| Dividends paid | -531 | -493 |
| New issue | 6 | - |
| Buy-back of own shares | -15 | -27 |
| Option premiums | 3 | 6 |
| Effect of associated companies' buy-back of own shares | 1 | 1 |
| Translation difference in associated companies and subsidiaries | -308 | -46 |
| Effect of hedging | 11 | 10 |
| Accumulated translation difference in sold associated company | 17 | 46 |
| Net profit for the period | 606 | 363 |
| Closing shareholders' equity | 7,827 | 8,037 |

Consolidated cash flow statement

| SEKm | 2003 full year | 2002 full year |
|---|-------------------|-------------------|
| Operating activities | | |
| Consolidated profit before tax | 812 | 634 |
| Adjustment for items not included in cash flow | -569 | -480 |
| | 243 | 154 |
| Paid tax | -39 | -29 |
| Cash flow from operating activities before change in working capital | 204 | 125 |
| Cash flow from changes in working capital | | |
| Increase (-) in inventories | -7 | 36 |
| Increase (-) in operating receivables | -66 | -9 |
| Increase (+) in operating liabilities | 0 | -32 |
| Cash flow from operating activities | 131 | 120 |
| Investing activities | | |
| Acquisition of subsidiaries | -352 | -381 |
| Sale of subsidiaries | - | 142 |
| Sales, holdings | 1,398 | 1,932 |
| Purchases, holdings | -681 | -369 |
| Purchase of other intangible/tangible fixed assets | -53 | -25 |
| Decrease (+) in financial assets | 701 | 211 |
| Cash flow from investing activities | 1,013 | 1,510 |
| Financing activities | | |
| Buy-back of own shares | -15 | -27 |
| Option premium | 3 | 4 |
| Decrease (-) in interest-bearing liabilities | -53 | -87 |
| New issue | 6 | |
| Dividends paid | -531 | -493 |
| Cash flow from financing activities | -590 | -603 |
| Cash flow for the period | 554 | 1,027 |
| Cash and cash equivalents, opening balance | 1,084 | 57 |
| Exchange difference in cash and cash equivalents | -6 | 0 |
| Cash and cash equivalents, closing balance | 1,632 | 1,084 |

Consolidated key figures

| | 2003 full year | 2002 full year |
|--|--------------------|-------------------|
| Return on equity, % | 8 | 4.5 |
| Equity ratio, % | | |
| - visible | 91 | 90 |
| - including hidden reserve | 91 | 90 |
| Interest-bearing receivable (+) ¹⁾ | 1,858 | 1,882 |
| Key figures per share | | |
| Total return, % | 27 | 8 |
| Earnings before dilution, SEK | 7.71 | 4.60 |
| Earnings after dilution, SEK | 7.69 | 4.60 |
| Dividend paid, SEK | 7.25 ²⁾ | 6.75 |
| Market price, SEK | 113.00 | 95.50 |
| Yield, % | 6.4 | 7.1 |
| NAV, SEK ³⁾ | 102 | 106 |
| Number of shares outstanding | 78,554,640 | 78,645,440 |
| Average number of shares before dilution ⁴⁾ | 78,610,824 | 78,867,216 |
| Average number of shares after dilution ⁴⁾ | 78,834,535 | 78,867,216 |

¹⁾ Excluding receivable from Woodrose related to transfer of Atle company.

²⁾ Board's proposal to 2004 AGM.

³⁾ Unlisted associated companies are included in NAV at consolidated book values.

⁴⁾ Taking share buy-backs and new issues into account.

Parent company income statement

| SEKm | 2003 Q 4 | 2002 Q 4 | 2003 full year | 2002 full year |
|------------------------------------|-------------|-------------|-------------------|-------------------|
| Holdings | | | | |
| Exit gains, subsidiaries | - | -1 | - | 8 |
| Dividends, subsidiaries | - | - | 56 | - |
| Exit gains, associated companies | 346 | 394 | 634 | 569 |
| Dividends, associated companies | - | - | 44 | 49 |
| Write-downs, associated companies | -29 | -320 | -30 | -356 |
| Dividends, other companies | - | -1 | 21 | 14 |
| Exit gains, other holdings | 24 | 16 | 33 | 68 |
| Profit from holdings | 341 | 88 | 758 | 352 |
| Central income and expenses | | | | |
| Management costs | -31 | -37 | -95 | -103 |
| Financial items | 34 | 32 | 115 | 99 |
| Net expenses | 3 | -5 | 20 | -4 |
| Profit before tax | 344 | 83 | 778 | 348 |
| Tax | - | 1 | - | - |
| Profit after tax | 344 | 84 | 778 | 348 |

Parent company balance sheet

SEKm

31 December 2003

31 December 2002

ASSETS**Fixed assets**

| | | |
|---------------------------|--------------|--------------|
| Tangible | 15 | 17 |
| Financial | 6,499 | 5,974 |
| Total fixed assets | 6,514 | 5,991 |

Current assets

| | | |
|-----------------------------|--------------|--------------|
| Current receivables | 266 | 1,145 |
| Short-term investments | 1,462 | 911 |
| Cash and bank balances | 38 | 73 |
| Total current assets | 1,766 | 2,129 |
| Total assets | 8,280 | 8,120 |

SHAREHOLDERS' EQUITY AND LIABILITIES

| | | |
|---|--------------|--------------|
| Shareholders' equity | 8,087 | 7,846 |
| Provisions | 3 | 6 |
| Long-term liabilities | | |
| - non-interest bearing | | 3 |
| - interest-bearing | 128 | 144 |
| Current liabilities | | |
| - non-interest bearing | 58 | 37 |
| - interest-bearing | 4 | 84 |
| Total shareholders' equity and liabilities | 8,280 | 8,120 |

Parent company cash flow statement

| SEKm | 2003 full year | 2002 full year |
|---|-------------------|-------------------|
| Operating activities | | |
| Profit before tax | 778 | 348 |
| Adjustment for items not included in cash flow | -643 | -285 |
| | 135 | 63 |
| Paid tax | - | - |
| Cash flow from operating activities before change in working capital | 135 | 63 |
| Cash flow from change in working capital | | |
| Increase (-) in operating receivables | -50 | -69 |
| Increase (+) in operating liabilities | 19 | 13 |
| Cash flow from operating activities | 104 | 7 |
| Investing activities | | |
| Acquisition of subsidiaries | -422 | -462 |
| Sale of subsidiaries | - | 156 |
| Sales, holdings | 1,398 | 2,870 |
| Purchases, holdings | -659 | -369 |
| Purchase of other tangible fixed assets | -1 | -3 |
| Decrease (+) in financial assets | 730 | -668 |
| Cash flow from investing activities | 1,046 | 1,524 |
| Financing activities | | |
| Buy-back of own shares | -15 | -27 |
| Options premium | 3 | 4 |
| Decrease (-) in interest-bearing liabilities | -97 | -54 |
| New issue | 6 | - |
| Dividends paid | -531 | -493 |
| Cash flow from financing activities | -634 | -570 |
| Cash flow for the period | 516 | 961 |
| Cash and cash equivalents, opening balance | 984 | 23 |
| Cash and cash equivalents, closing balance | 1,500 | 984 |

Ratos's holdings 31 December 2003

| SEKm | 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 | SEKm |
|-----------------------------|---------------|---------------|--------------|--------------|------------|------------|-------------------------------|------|------------|--------------|---------|-------------|---------------|------------------|------------|-------------|------------------|----------|------------|----------|------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003-12-31 | depreciation | ments | 2003-12-31 | 2003-12-31 | 2003-12-31 | 2003-12-31 | employees | dated value | Invested | tidpunkt | share of | |
| Arcorus | 1 416 | 1 456 | 111 | 109 | 86 | 87 | 0 | 0 | 11 | 36 | 53 | 34 | 462 | 259 | 133 | 822 | 472 | 462 | 2001 | 77 | Arcorus |
| Atle Industri ¹⁾ | 2 375 | 2 454 | 84 | 67 | 36 | 17 | 0 | 0 | 36 | 36 | u.s | 69 | 652 | 128 | 131 | 1 313 | 478 | 616 | 2001 | 50 | Atle Industri |
| Bluegarden | 392 | 413 | 39 | 50 | 34 | 43 | 0 | 0 | 6 | 22 | 18 | 25 | 133 | -36 | 31 | 325 | 387 | 391 | 2003 | 100 | Bluegarden |
| Camfil | 2 691 | 2 960 | 208 | 250 | 139 | 149 | -1 | 22 | 47 | 81 | 109 | 122 | 1 045 | 476 | 605 | 2 602 | 435 | 450 | 2000 | 30 | Camfil |
| Dahl ²⁾ | 12 488 | 12 063 | 676 | 632 | 300 | 220 | -35 | 0 | 163 | 112 | 182 | 415 | 1 491 | 2 915 | 2 685 | 3 332 | -65 | neg | 1999 | 41 | Dahl |
| DIAB ³⁾ | 658 | 694 | 58 | 48 | 52 | 41 | 0 | 0 | 1 | 35 | 31 | 13 | 301 | 118 | 0 | 654 | 637 | 688 | 2001 | 48 | DIAB |
| Dynal Biotech ⁴⁾ | 595 | 596 | 170 | 174 | 38 | 30 | 0 | 0 | 91 | 25 | 149 | -16 | 1 072 | 486 | 1 181 | 405 | 261 | 292 | 2001 | 25 | Dynal Biotech |
| Gadelius ^{5) 6)} | 620 | 812 | 25 | 1 | 23 | -20 | 2 | -20 | 1 | 5 | 2 | 56 | 101 | 153 | 4 | 188 | 106 | 140 | 2001 | 50 | Gadelius |
| Haendig ⁶⁾ | 1 194 | 1 241 | 65 | 58 | 39 | 24 | 0 | -10 | 10 | 17 | 14 | 65 | 222 | 302 | 117 | 399 | 177 | 167 | 2001 | 49 | Haendig |
| Haglöfs | 341 | 306 | 19 | 14 | 15 | 9 | 0 | 0 | 1 | 4 | 3 | -3 | 62 | 53 | 3 | 120 | 116 | 104 | 2001 | 100 | Haglöfs |
| HIL Display | 1 129 | 1 154 | -2 | 78 | -9 | 65 | -33 | 0 | 2 | 45 | 41 | 3 | 293 | 48 | 1 | 975 | 225 | 229 | 2001 | 29 | HIL Display |
| Intevect ⁷⁾ | 990 | 1 120 | -8 | -6 | -33 | -31 | -29 | -25 | 6 | 39 | 51 | 61 | 255 | 310 | 44 | 766 | 177 | 227 | 2001 | 50 | Intevect |
| Lindab | 5 302 | 5 235 | 305 | 326 | 92 | 83 | 0 | 0 | 118 | 167 | 195 | 139 | 2 210 | 1 791 | 1 991 | 3 920 | 1 066 | 1 061 | 2001 | 48 | Lindab |
| LRT/Tornet ⁸⁾ | 2 403 | 2 367 | 1 482 | 1 283 | 740 | 536 | 309 | 65 | 0 | 210 | 1 606 | 585 | 1 661 | 15 235 | 0 | 259 | 663 | 670 | 2003 | 33 | LRT/Tornet |
| Martinsson ⁹⁾ | 1 247 | 856 | 15 | 14 | -4 | 2 | 0 | 0 | 19 | 4 | 6 | 11 | 58 | 14 | 52 | 487 | 107 | 110 | 2001 | 50 | Martinsson |
| Overseas Telecom | 307 | 389 | 215 | 199 | 194 | 104 | 0 | 0 | 1 | 79 | 42 | 678 | 654 | -11 | 2 | 406 | 27 | 27 | 1996 | 9 | Overseas Telecom |
| Q-Labs | 142 | 187 | 4 | -19 | 5 | -23 | 0 | -14 | 0 | 2 | 2 | -3 | 88 | -60 | 0 | 94 | 38 | 188 | 2000 | 48 | Q-Labs |
| Superfos | 3 217 | 3 413 | 121 | 139 | -52 | -65 | 0 | -137 | 55 | 280 | 307 | -64 | 963 | 2 184 | 906 | 2 150 | 335 | 405 | 1999 | 33 | Superfos |
| Total ¹⁰⁾ | 34 405 | 34 547 | 1 851 | 1 885 | 727 | 588 | | | | | | | | | | | | | | | |
| Change | 0% | | -2% | | 24% | | | | | | | | | | | | | | | | |

¹⁾ Atle Industri is not a legal group.

²⁾ Dahl's EBT figures for 2002 are pro forma. Earnings were charged with goodwill amortisation and financial expenses for the new group which was formed at year-end 2002.

³⁾ The planned transfer of the holding from Atle to Ratos had not been carried out by the end of the year, since the conditions for the transfer had not yet been met.

⁴⁾ Changed accounting principles. Comparative figures have been adjusted on a pro forma basis.

⁵⁾ Gadelius is owned via a Dutch holding company. These figures exclude the holding company.

⁶⁾ Changed accounting principle 2002.

⁷⁾ Adjusted year-end accounts 2002.

⁸⁾ All figures except for shareholders' equity and interest-bearing net debt pertain to Fastighets AB Tornet. Shareholders' equity and interest-bearing net debt pertain to LRT/Tornet. The holding relates to direct ownership in Fastighets AB Tornet.

⁹⁾ Earnings, cash flow and investments pertain to the old group structure while the other figures pertain to the new structure.

¹⁰⁾ Excluding Bluegarden and LRT/Tornet which were acquired in December and Overseas Telecom which is not an associated company.

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