

# RATOS

Listed Private Equity

CEO Arne Karlsson

# Q3 2005 – full speed ahead!

- Strong macroeconomic trend
- Continued strong development in holdings
- Increased competition
- Good deal flow
- Favourable exit market

# Strong macroeconomic trend

- Flattening out at a high level
- Some early signs of weakening
- Not yet visible in portfolio companies
- Main hypothesis: mild decline (“mid cycle downturn”)
- However: structural problems = risks!

# Strong development in holdings (1)

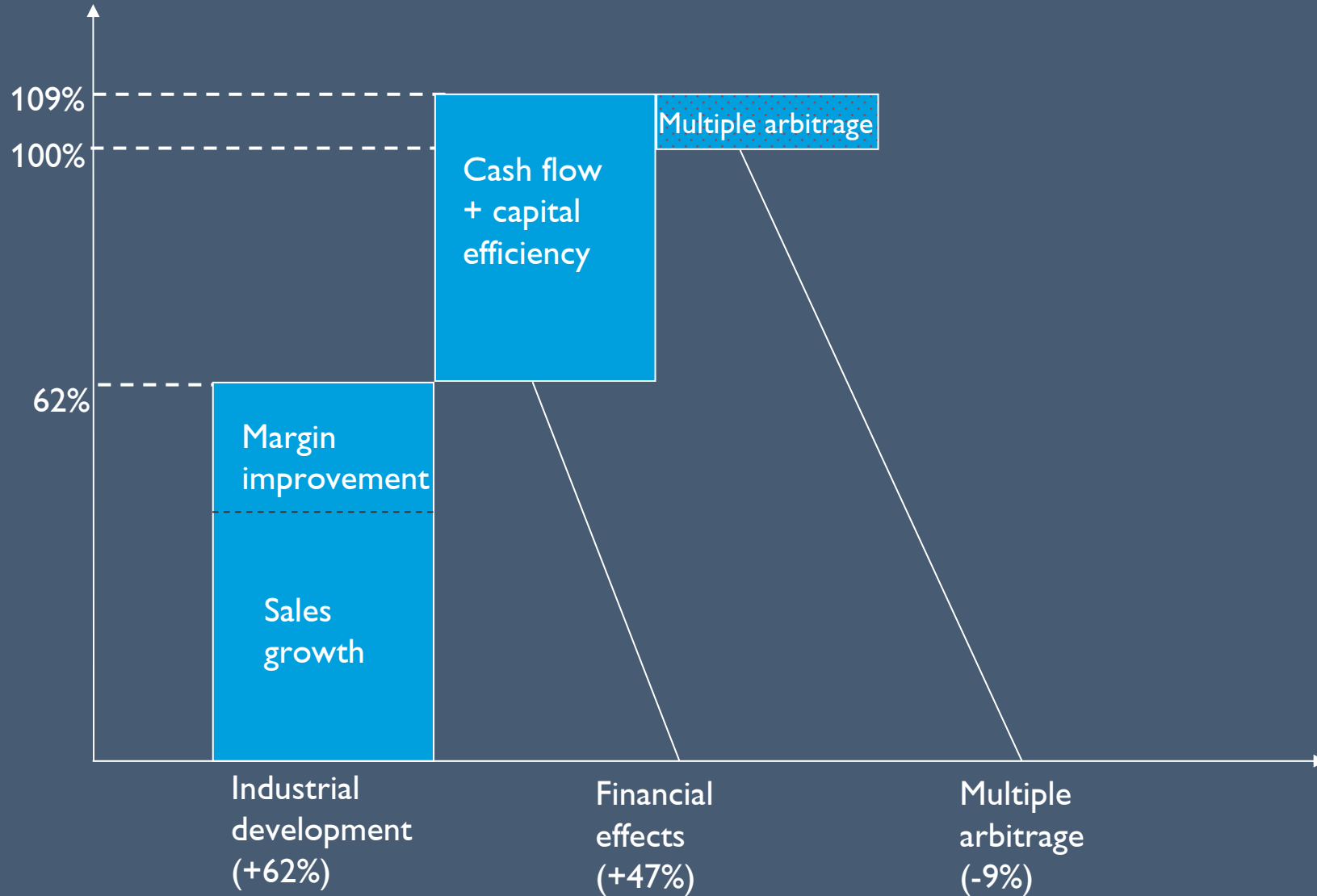
## Earnings trend, holdings (%)

	Total	Ratos share
Sales	+7	+10
EBITA	+28	+33
EBT	+38	+42

# Strong development in holdings (2)

- Growth gaining significance as value driver
- Continued contribution from action programmes ...
- ... but more to be done!

# IRR = 27% - how?



# Strong development in holdings (2)

- Growth gaining significance as value creator
- Continued contribution from action programmes ...
- ... but more to be done!
- Income statement hard to interpret due to “items affecting comparability”
- Underlying trend well in line with positive expectations
- Full-year estimate unchanged

# Strong development in holdings (3)

+

Alimak Hek

BAF Infodata

Bluegarden

Camfil

DIAB

Gadelius

GS-Hydro

Haendig

Haglöfs

Hägglund Drives

Inwido

Industri Kapital

Lindab

LRT/Tornet

0

Arcus

Atle Industri

Overseas Telecom

=

BTJ Nordic

HL Display

Superfos



# Competition (1)

- Factor to be reckoned with for first time in 7 years
- Enormous amounts of money to invest
- Leads to tougher competition
- Leads to stretched prices
- Leads to higher leverage
- Ratios niche still attractive
- Continued good deal flow

# Competition (2)

	Deal flow	Competition	Prices	Leverage
Sweden	5	3-4	3-5	3/5
Norway	5	2-3	3-5	3/5
Denmark	2	3	3-4	3/5
Finland	1	3-4	3-4	3/5

# Return target (1)

- Higher leverage means higher risk
- Higher risk means higher return target
- Many deals today demand 13-15%
- If at the same time the return target is reduced ...
- ... it's time to wave the red flag
- However: many high-risk deals can become successes

# Return target (2)

- Ratos IRR target remains at least 20%!!!
- Limited increase financial risk in portfolio
- Continued conservative financial strategy
- Achievable target

# Deal flow

## Continued good deal flow

- large
- broad
- high-quality

## New acquisitions

- BAF Infodata (BTJ Nordic)
- Arcus

## Add-on acquisitions

- Inwido
- Lindab
- Haendig
- etc.

# Exits

## Very good exit market

- Dynal
- Martinsson
- Envac
- Atle Industri

## Why not more?

- opportunities exist
- holding strategy considerations