
P R E S S R E L E A S E 12 June 2017

Ratos presents updated strategic agenda

Ratos, in conjunction with its Capital Markets Day being held today, is presenting an updated strategic agenda. Through increased value creation and earnings levels in the portfolio companies, the long-term intention is to lay the foundation for a larger part of cash-flow-generated financing of the future dividends of the Ratos share. The investment interval for new investments has been updated and the central management costs have been reduced through internal efficiency measures. Ratos has chosen six sectors to focus its acquisition and company development efforts on going forward.

Ratos's CEO Magnus Agervald comments:

“Ratos will continue to operate under the same business concept, but with increased focus on acquisition and company development efforts within six sectors. We regard Ratos as having a unique position in the market, with our flexible investment horizon, strong brand and history, and a transparent and value-driven culture. We also have broad expertise, a large network and extensive experience in operational development,” says Ratos's CEO Magnus Agervald.

“To gain greater flexibility to make new acquisitions, we are changing our lowest investment interval and lowering the upper interval to create a better spread of risk in the portfolio. We are working closely with our portfolio companies to take measures more quickly, but also to continue investing in and focusing on improvement programmes in the companies that we regard as having continued potential. Through higher levels of earning in our portfolio companies and through ownership of certain companies over a longer time, our long-term ambition is to be able to finance a larger portion of the Ratos share dividends through cash flow from the portfolio companies.”

“In addition to these initiatives, we have been working for some time to improve our internal processes and operations, which has enabled a reduction in our central costs. Ratos has progressed from operational management costs of SEK 261m for 2016 to the current SEK 150m on a prospective annual basis.”

Changed investment criteria

To create greater flexibility to make new acquisitions, the former lowest investment interval of SEK 250m in equity has been removed. The goal for new acquisitions is instead that the company in question must have the potential to reach SEK 0.5 billion in equity in the next five years. The upper investment interval has been lowered from SEK 5 billion in equity to SEK 2 billion in equity to create a better balance and risk spread in the portfolio.

Long-term ownership provides the opportunity to finance the Ratos share dividend

Ratos's potential for long-term ownership is a strength in many investments, particularly partnerships in which we develop companies in cooperation with the former owners. Owning and developing profitable companies over a long period of time provides the possibility of receiving continuous cash flow from these portfolio companies. In the future, it should be possible to partly finance the dividend of Ratos's common share using the current cash flow from the portfolio companies. Ratos will thus own certain companies for a longer time and work to reduce the debt level in the companies to enable dividends from these.

Focus on more rapid change

We are increasing our impatience of companies that do not deliver the desired results by taking measures more quickly, and continuing to invest in and focus on improvement programmes in the companies that we regard as having continued favourable potential.

To build internal structural capital and competence more effectively, Ratos has changed its working methods and the investment organisation is now structured in six sectors; Business Services, Construction, Consumer/Retail/Leisure, Healthcare/Lifescience, Industrials and TMT (Technology, Media, Telecom). Ratos has also launched a number of operational focus areas to effectively support the development of the companies. Such examples are Purchasing, Digitalisation and Sustainability.

Ratos's central costs

In the past year, Ratos's central organisation has undergone efficiency enhancements, which has led to a smaller organisation and, accordingly, reduced central operational management costs. Ratos's operational management costs are expected to be approximately SEK 150m on an annual basis in the future (compared with SEK 261m for 2016) excluding transaction and financing costs.

The presentations at today's capital markets day are available at www.ratos.se

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Financial calendar from Ratos:

Interim report January-June 2017 17 August 2017

Interim report January-September 2017 14 November 2017

Ratos is an investment company that owns and develops unlisted medium-sized companies in the Nordic countries. Our goal as an active owner is to contribute to long-term and sustainable business development in the companies we invest in and to make value-generating transactions. Ratos's portfolio consists of 17 medium-sized Nordic companies and the largest segments in terms of sales are Construction, Industrials and Consumer goods/Commerce. Ratos is listed on Nasdaq Stockholm and has a total of approximately 14,200 employees.