

# Capio AB (publ)

## Interim report January – September 2016

### July – September 2016

- Net sales MSEK 3,168 (3,055). Organic sales growth 2.6% (2.3) and total sales growth 3.7% (1.1)
- Operating result (EBITDA)<sup>1</sup> MSEK 200 (188) and margin 6.3% (6.2). EBITDA increased by 6.4%
- Operating result (EBITA)<sup>1</sup> MSEK 94 (86) and margin 3.0% (2.8). EBITA increased by 9.3%
- Operating result (EBIT) MSEK 72 (67) and margin 2.3% (2.2). EBIT increased by 7.5%
- Profit for the period<sup>1</sup> MSEK 34 (29) and adjusted profit for the period<sup>1</sup> MSEK 46 (45). Earnings per share after dilution<sup>2</sup> SEK 0.24 (0.20) and adjusted earnings per share after dilution<sup>2</sup> SEK 0.33 (0.32)

### January – September 2016

- Net sales MSEK 10,344 (9,974). Organic sales growth 3.5% (2.9) and total sales growth 3.7% (2.3)
- Operating result (EBITDA)<sup>1</sup> MSEK 772 (716) and margin 7.5% (7.2). EBITDA increased by 7.8%
- Operating result (EBITA)<sup>1</sup> MSEK 461 (413) and margin 4.5% (4.1). EBITA increased by 11.6%
- Operating result (EBIT) MSEK 405 (295) and margin 3.9% (3.0). EBIT increased by 37.3%
- Profit for the period<sup>1</sup> MSEK 269 (71) and adjusted profit for the period<sup>1</sup> MSEK 306 (199). Earnings per share after dilution<sup>2</sup> SEK 1.90 (0.53) and adjusted earnings per share after dilution<sup>2</sup> SEK 2.16 (1.52)

## CEO comments:

***“Continued positive development in line with our plans – in the quarter France fully compensated for the price decrease.”***

- **Organic sales growth of 3% and EBITA growth of 9% in the seasonally weak third quarter**
- **Continued positive development in Nordic from higher volumes and productivity improvements**
- **France improving further during the third quarter resulting in a flat operating margin development (EBITA) – on track for a flat margin development for the full year 2016**
- **Germany impacted by lower inpatient volumes in the quarter resulting in a flat result development**

**Nordic** continued to show solid net sales and result development in line with our plans. Organic sales growth in the quarter was 3% and for the first nine months it was just below 4%. Operating margin (EBITA) improved both in the quarter and in the first nine months, compared to the same periods 2015.

The productivity increase in Proximity care in Sweden is continuing in line with plan. Capio S:t Göran's hospital in Stockholm continued to enjoy close to double digit sales growth as a consequence of the transfer of patient volumes in connection with the preparation of the opening of the down-sized New Karolinska Hospital. The new and larger accident and emergency department (A&E) at Capio S:t Göran that was opened in late April contributed to the continued good growth. Specialist care is successfully growing the geriatric business in Stockholm and is continuing the work to streamline its offer in the free healthcare choice market.

**France** has in the third quarter fully compensated for the Government's price cut of over 2% (from March 2016). The

margin development has improved quarter over quarter in 2016 as effects from actions are becoming visible in the result. Actions to further improve the development will continue in the fourth quarter. These actions contain reorganization of employees, more efficient procurement, continuous improvements in a few remaining lagging units, and further development of medical specialties. The remaining margin gap compared with last year is expected to be closed during the remainder of the year, which will create a good starting point for next year's work to continue to improve margins in France.

It is encouraging to see that the growth in patient volumes continued to be very strong in France in the third quarter; 6.1%. This reflects the attractiveness of our focus on Modern Medicine and the continuous shift from in- to outpatient treatments. It can be noted that doctors in Capio Clinique du Tonkin Heart Clinic in Lyon performed the second ever daycare TAVI operation (cardiac valve insertion) in France during the quarter.

**Germany** had a weaker result development than planned in the third quarter as the start up after the summer period was slower than normal. Development in the first nine months was still strong and the business remains positioned for continued improvements.

The **focus going forward** is of course on securing the ongoing strong trends in the current businesses. Our focus on e-health for easier patient access, work flow improvements, and standardized medical processes continues. In parallel, we are continuing to actively search for interesting acquisitions to broaden our presence and medical offering.

**Thomas Berglund**  
President and CEO

<sup>1</sup> Refer to page 27 for definitions of EBITDA and EBITA. Profit and adjusted profit refer to profit attributable to parent company shareholders.

<sup>2</sup> Refer to note 2 for calculations of earnings per share and adjusted earnings per share (before and after dilution).

# The Group and the segments in brief

## Capio Group

|   | JUL - SEP    |              |             | JAN - SEP     |              |             | FULL YEAR     |               |
|---|--------------|--------------|-------------|---------------|--------------|-------------|---------------|---------------|
|   | 2016         | 2015         | Change, %   | 2016          | 2015         | Change, %   | RTM           | 2015          |
| <b>Net sales</b>  | <b>3,168</b> | <b>3,055</b> | <b>3.7</b>  | <b>10,344</b> | <b>9,974</b> | <b>3.7</b>  | <b>13,856</b> | <b>13,486</b> |
| Total sales growth, %   | 3.7          | 1.1          |             | 3.7           | 2.3          |             | 3.2           | 2.2           |
| Organic sales growth, %                                       | 2.6          | 2.3          |             | 3.5           | 2.9          |             | 3.3           | 2.9           |
| <b>Operating result (EBITDA)</b>                              | <b>200</b>   | <b>188</b>   | <b>6.4</b>  | <b>772</b>    | <b>716</b>   | <b>7.8</b>  | <b>1,057</b>  | <b>1,001</b>  |
| Operating margin (EBITDA), %                                  | 6.3          | 6.2          |             | 7.5           | 7.2          |             | 7.6           | 7.4           |
| <b>Operating result (EBITA)</b>                               | <b>94</b>    | <b>86</b>    | <b>9.3</b>  | <b>461</b>    | <b>413</b>   | <b>11.6</b> | <b>640</b>    | <b>592</b>    |
| Operating margin (EBITA), %                                   | 3.0          | 2.8          |             | 4.5           | 4.1          |             | 4.6           | 4.4           |
| <b>Operating result (EBIT)</b>                                | <b>72</b>    | <b>67</b>    | <b>7.5</b>  | <b>405</b>    | <b>295</b>   | <b>37.3</b> | <b>581</b>    | <b>471</b>    |
| Operating margin (EBIT), %                                    | 2.3          | 2.2          |             | 3.9           | 3.0          |             | 4.2           | 3.5           |
| <b>Profit for the period<sup>1</sup></b>                      | <b>34</b>    | <b>29</b>    |             | <b>269</b>    | <b>71</b>    |             | <b>392</b>    | <b>194</b>    |
| <b>Adjusted profit for the period<sup>1</sup></b>             | <b>46</b>    | <b>45</b>    | <b>2.2</b>  | <b>306</b>    | <b>199</b>   | <b>53.8</b> | <b>433</b>    | <b>326</b>    |
| Earnings per share after dilution <sup>2</sup> , SEK          | 0.24         | 0.20         |             | 1.90          | 0.53         |             | 2.77          | 1.45          |
| Adjusted earnings per share after dilution <sup>2</sup> , SEK | 0.33         | 0.32         |             | 2.16          | 1.52         |             | 3.06          | 2.44          |
| <b>Net capital expenditure</b>                                | <b>-111</b>  | <b>-115</b>  |             | <b>-320</b>   | <b>-260</b>  |             | <b>-451</b>   | <b>-391</b>   |
| In % of net sales   | 3.5          | 3.8          |             | 3.1           | 2.6          |             | 3.3           | 2.9           |
| <b>Net debt</b>   | <b>3,149</b> | <b>3,231</b> | <b>-2.5</b> | <b>3,149</b>  | <b>3,231</b> | <b>-2.5</b> | <b>3,149</b>  | <b>2,936</b>  |
| Financial leverage  | 3.0          | 3.2          |             | 3.0           | 3.2          |             | 3.0           | 2.9           |

## Segments

### Capio Nordic

|                                  | JUL - SEP    |              |             | JAN - SEP    |              |             | FULL YEAR    |              |
|----------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|
|                                  | 2016         | 2015         | Change, %   | 2016         | 2015         | Change, %   | RTM          | 2015         |
| <b>Net sales</b>                 | <b>1,721</b> | <b>1,650</b> | <b>4.3</b>  | <b>5,575</b> | <b>5,347</b> | <b>4.3</b>  | <b>7,471</b> | <b>7,243</b> |
| Total sales growth, %            | 4.3          | 0.4          |             | 4.3          | 1.5          |             | 3.7          | 1.6          |
| Organic sales growth, %          | 3.3          | 4.2          |             | 3.7          | 4.8          |             | 3.8          | 4.6          |
| <b>Operating result (EBITDA)</b> | <b>127</b>   | <b>115</b>   | <b>10.4</b> | <b>376</b>   | <b>322</b>   | <b>16.8</b> | <b>512</b>   | <b>458</b>   |
| Operating margin (EBITDA), %     | 7.4          | 7.0          |             | 6.7          | 6.0          |             | 6.9          | 6.3          |
| <b>Operating result (EBITA)</b>  | <b>88</b>    | <b>80</b>    | <b>10.0</b> | <b>263</b>   | <b>218</b>   | <b>20.6</b> | <b>361</b>   | <b>316</b>   |
| Operating margin (EBITA), %      | 5.1          | 4.9          |             | 4.7          | 4.1          |             | 4.8          | 4.4          |
| <b>Operating result (EBIT)</b>   | <b>68</b>    | <b>55</b>    | <b>23.6</b> | <b>218</b>   | <b>165</b>   | <b>32.1</b> | <b>309</b>   | <b>256</b>   |
| Operating margin (EBIT), %       | 4.0          | 3.3          |             | 3.9          | 3.1          |             | 4.1          | 3.5          |
| <b>Net capital expenditure</b>   | <b>-28</b>   | <b>-22</b>   |             | <b>-123</b>  | <b>-75</b>   |             | <b>-183</b>  | <b>-135</b>  |
| In % of net sales                | 1.6          | 1.3          |             | 2.2          | 1.4          |             | 2.4          | 1.9          |

### Capio France

|                                  | JUL - SEP    |              |              | JAN - SEP    |              |            | FULL YEAR    |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|
|                                  | 2016         | 2015         | Change, %    | 2016         | 2015         | Change, %  | RTM          | 2015         |
| <b>Net sales</b>                 | <b>1,196</b> | <b>1,157</b> | <b>3.4</b>   | <b>3,919</b> | <b>3,774</b> | <b>3.8</b> | <b>5,243</b> | <b>5,098</b> |
| Total sales growth, %            | 3.4          | 2.8          |              | 3.8          | 5.5          |            | 3.5          | 4.7          |
| Organic sales growth, %          | 2.2          | -0.7         |              | 3.1          | 0.6          |            | 2.6          | 0.7          |
| <b>Operating result (EBITDA)</b> | <b>82</b>    | <b>82</b>    | <b>0.0</b>   | <b>395</b>   | <b>395</b>   | <b>0.0</b> | <b>529</b>   | <b>529</b>   |
| Operating margin (EBITDA), %     | 6.9          | 7.1          |              | 10.1         | 10.5         |            | 10.1         | 10.4         |
| <b>Operating result (EBITA)</b>  | <b>22</b>    | <b>21</b>    | <b>4.8</b>   | <b>218</b>   | <b>216</b>   | <b>0.9</b> | <b>288</b>   | <b>286</b>   |
| Operating margin (EBITA), %      | 1.8          | 1.8          |              | 5.6          | 5.7          |            | 5.5          | 5.6          |
| <b>Operating result (EBIT)</b>   | <b>25</b>    | <b>30</b>    | <b>-16.7</b> | <b>218</b>   | <b>203</b>   | <b>7.4</b> | <b>290</b>   | <b>275</b>   |
| Operating margin (EBIT), %       | 2.1          | 2.6          |              | 5.6          | 5.4          |            | 5.5          | 5.4          |
| <b>Net capital expenditure</b>   | <b>-70</b>   | <b>-78</b>   |              | <b>-168</b>  | <b>-153</b>  |            | <b>-225</b>  | <b>-210</b>  |
| In % of net sales                | 5.9          | 6.7          |              | 4.3          | 4.1          |            | 4.3          | 4.1          |

### Capio Germany

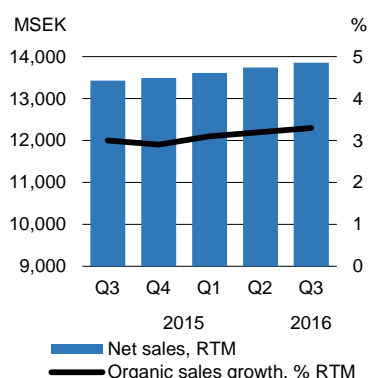
|                                  | JUL - SEP  |            |             | JAN - SEP  |            |             | FULL YEAR    |              |
|----------------------------------|------------|------------|-------------|------------|------------|-------------|--------------|--------------|
|                                  | 2016       | 2015       | Change, %   | 2016       | 2015       | Change, %   | RTM          | 2015         |
| <b>Net sales</b>                 | <b>251</b> | <b>248</b> | <b>1.2</b>  | <b>850</b> | <b>853</b> | <b>-0.4</b> | <b>1,142</b> | <b>1,145</b> |
| Total sales growth, %            | 1.2        | -0.8       |             | -0.4       | 3.6        |             | -1.0         | 2.0          |
| Organic sales growth, %          | -0.3       | 4.1        |             | 3.4        | 2.0        |             | 3.1          | 2.0          |
| <b>Operating result (EBITDA)</b> | <b>8</b>   | <b>8</b>   | <b>0.0</b>  | <b>65</b>  | <b>60</b>  | <b>8.3</b>  | <b>99</b>    | <b>94</b>    |
| Operating margin (EBITDA), %     | 3.2        | 3.1        |             | 7.7        | 7.0        |             | 8.7          | 8.2          |
| <b>Operating result (EBITA)</b>  | <b>2</b>   | <b>2</b>   | <b>0.0</b>  | <b>47</b>  | <b>42</b>  | <b>11.9</b> | <b>79</b>    | <b>74</b>    |
| Operating margin (EBITA), %      | 0.8        | 0.8        |             | 5.5        | 4.9        |             | 6.9          | 6.4          |
| <b>Operating result (EBIT)</b>   | <b>-4</b>  | <b>-6</b>  | <b>33.3</b> | <b>33</b>  | <b>23</b>  | <b>43.5</b> | <b>78</b>    | <b>68</b>    |
| Operating margin (EBIT), %       | -1.6       | -2.4       |             | 3.9        | 2.7        |             | 6.8          | 5.9          |
| <b>Net capital expenditure</b>   | <b>-10</b> | <b>-13</b> |             | <b>-25</b> | <b>-29</b> |             | <b>-36</b>   | <b>-40</b>   |
| In % of net sales                | 4.0        | 5.2        |             | 2.9        | 3.4        |             | 3.2          | 3.5          |

<sup>1</sup> Profit attributable to parent company shareholders. Refer to note 2 for a reconciliation of reported and adjusted profit for the period and to page 27 for definition of adjusted profit for the period.

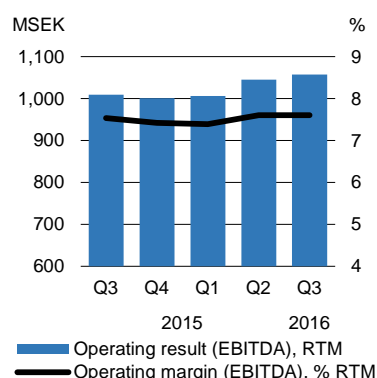
<sup>2</sup> Refer to note 2 for calculations of earnings per share and adjusted earnings per share (before and after dilution).

## Financial targets

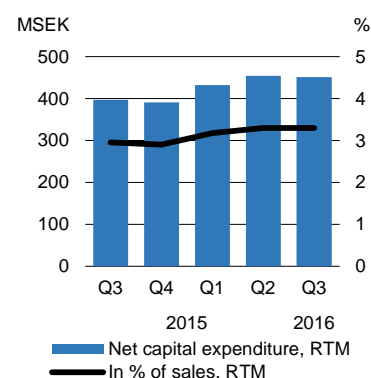
### Net sales and organic sales growth (RTM)



### Operating result (EBITDA) and margin (RTM)<sup>1</sup>



### Net capital expenditure and in % of sales (RTM)



#### Net sales growth

- The target is to grow organically at least in line with the market and add acquisition growth at least at a similar rate over time

#### Operating result (EBITDA)

- The target is to grow operating result at a higher rate than sales growth through increased productivity and operational leverage

#### Net capital expenditure

- The target with present business mix is to keep net capex around 3% of net sales per year including Modern Medicine and expansion related capex

<sup>1</sup> Development adjusted for structural changes made in 2014. Refer to Capio Annual Report 2015 note 33.

## Measuring Modern Medicine

Improved medical quality is the basis for improved productivity and performance both medically as well as financially. The aim is always to produce more high quality healthcare with less resources through more efficient ways of working. Key to improve productivity is to understand the current outcomes based on facts and then implement relevant actions to improve the result. In order to verify both the starting point and the effectiveness of actions taken there is a need to measure medical outcomes and productivity on a continuous basis, as with financial results.

### Average length of stay (AVLOS)

By implementing Modern Medicine, treatment times can be reduced by Rapid Recovery after treatment. This means shorter stays in hospital reducing the patient's exposure to the hospital environment and increasingly, the patient can leave the hospital already the same day as the treatment is completed. The scientific background for Modern Medicine was developed 20 years ago and starts with the fact that most treatments have side effects that impact the body and make recovery slower. If these side effects can be reduced, the body will recover more rapidly, and discharge criteria can be reached faster. The productivity gains of shorter AVLOS can either be used to treat more patients in the same number of beds or to reduce resources.

| AVLOS by segment, Days            | JUL - SEP   |             |             | JAN - SEP   |             |             | FULL YEAR   |             |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   | 2016        | 2015        | %           | 2016        | 2015        | %           | RTM         | 2015        | 2014        | %           | 2013        | %           |
| Capio Nordic                      | 4.04        | 4.11        | -1.7        | 4.02        | 4.18        | -3.8        | 4.00        | 4.12        | 4.16        | -1.0        | 4.21        | -1.2        |
| Capio Nordic excluding geriatrics | 2.75        | 2.86        | -3.8        | 2.83        | 2.97        | -4.7        | 2.83        | 2.93        | 3.01        | -2.7        | 3.11        | -3.2        |
| Capio France                      | 4.56        | 4.59        | -0.7        | 4.45        | 4.64        | -4.1        | 4.47        | 4.61        | 4.75        | -2.9        | 4.93        | -3.7        |
| Capio Germany                     | 4.79        | 4.83        | -0.8        | 4.55        | 4.68        | -2.8        | 4.52        | 4.61        | 4.82        | -4.4        | 4.82        | 0.0         |
| <b>Capio Group</b>                | <b>4.47</b> | <b>4.52</b> | <b>-1.1</b> | <b>4.36</b> | <b>4.54</b> | <b>-4.0</b> | <b>4.36</b> | <b>4.49</b> | <b>4.63</b> | <b>-3.0</b> | <b>4.75</b> | <b>-2.5</b> |

The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management continued to reduce AVLOS in all segments during the third quarter. The AVLOS reduction in the quarter was impacted by a higher case mix as well as the fact that fewer actions are implemented during the summer months (vacation periods). The AVLOS reduction in the first nine months was -4%, positively impacted by the knowledge sharing within Capio.



Surgery at Capio Movement in Halmstad, Sweden

<sup>1</sup> Refer to page 27 for definition.

## The shift from in- to outpatient surgery in France

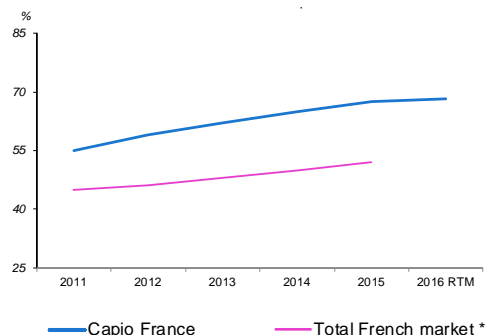
By its focus on Modern Medicine and Rapid Recovery, Capio France has successfully increased the day surgery ratio over the last five years.

New treatment methods have been adopted by medical- and orthopedic teams leading to less invasive treatment for patients. The development is supported by new ways to prepare the patient before surgery and follow-up after treatment through digital communication by other means. In addition to the increase in day surgery ratio this focus has also reduced AVLOS for comparable inpatient treatments. The day surgery ratio continues to increase and is expected to improve further over time.



Hip prosthesis surgery in daycare in Bayonne, France

### Day surgery ratio in Capio France and the French market\*



#### Average change per year 2011-2015

| Entity          | Average change per year 2011-2015 (%) |
|-----------------|---------------------------------------|
| Capio France    | 3.1                                   |
| French market * | 1.8                                   |

Source: ATIH

\* By the end of 2015 ATIH decided to extend the scope of procedures included in the day surgery ratio that is published, why this data differs somewhat compared to what has been disclosed previously.

## Development of Hip and knee prosthesis surgery – an example of Modern Medicine

Hip and knee replacements in Capio France continued to grow during the first nine months 2016, positively impacted by the use of Modern Medicine as more doctors and patients are coming to our hospitals.

The average length of stay continued to decrease and compared with the same RTM period last year the share of patients being discharged within four days increased by seven percentage points (September 2015 RTM at 43%). The number of hip and knee prosthesis surgeries provided as outpatient care in relation to the total number of procedures also continued to increase during the same period. This is an example of how Capio adapts to and contributes to driving Modern Medicine as hip and knee prosthesis surgery in outpatient care, with sustained or improved quality, has only been possible in recent years due to changes in treatment methods and procedures.

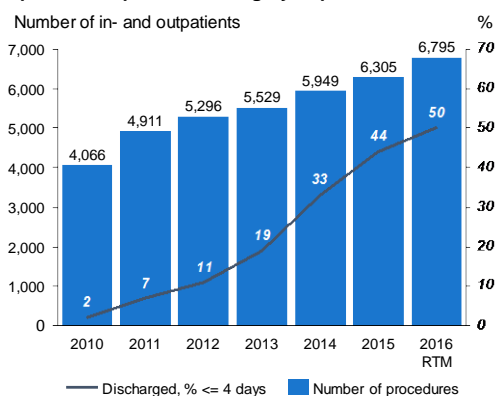
### AVLOS development hip and knee prosthesis surgery 2011-2015

Capio France Jan-Sep 2016 AVLOS at 4.6 days

| Days               | 2011 | 2014 | 2015 | 2011-14, % | 2011-15, % |
|--------------------|------|------|------|------------|------------|
| Capio France       | 8.2  | 5.6  | 5.0  | -32        | -39        |
| The French market  | 10.2 | 9.0  | 8.4  | -12        | -18        |
| Capio Sweden       | 3.9  | 3.3  | 2.7  | -15        | -31        |
| The Swedish market | -    | 4.7  | -    | -          | -          |

Source: French market data; Scansanté (ATIH), Swedish market data; Socialstyrelsen.

### Hip and knee prosthesis surgery Capio France



Provided in daycare: Number

# Group development

## Capio Group

|   | JUL - SEP      |                |             | JAN - SEP      |                |             | FULL YEAR      |                |
|---|----------------|----------------|-------------|----------------|----------------|-------------|----------------|----------------|
|   | 2016           | 2015           | Change, %   | 2016           | 2015           | Change, %   | RTM            | 2015           |
| <b>KPI; Production, productivity and resources</b>            |                |                |             |                |                |             |                |                |
| Number of outpatients   | 967.6          | 980.2          | -1.3        | 3,213.7        | 3,215.9        | -0.1        | 4,396.0        | 4,398.2        |
| Number of inpatients  | 50.1           | 50.1           | 0.0         | 168.6          | 164.9          | 2.2         | 226.2          | 222.5          |
| <b>Number of patients, kNumber</b>                            | <b>1,017.7</b> | <b>1,030.3</b> | <b>-1.2</b> | <b>3,382.3</b> | <b>3,380.8</b> | <b>0.0</b>  | <b>4,622.2</b> | <b>4,620.7</b> |
| <b>AVLOS, Days</b>  | <b>4.47</b>    | <b>4.52</b>    | <b>-1.1</b> | <b>4.36</b>    | <b>4.54</b>    | <b>-4.0</b> | <b>4.36</b>    | <b>4.49</b>    |
| <b>Number of employees (FTE)</b>                              | <b>12,359</b>  | <b>12,233</b>  | <b>1.0</b>  | <b>12,430</b>  | <b>12,345</b>  | <b>0.7</b>  | <b>12,386</b>  | <b>12,360</b>  |
| <b>Income statement</b>                                       |                |                |             |                |                |             |                |                |
| <b>Net sales</b>  | <b>3,168</b>   | <b>3,055</b>   | <b>3.7</b>  | <b>10,344</b>  | <b>9,974</b>   | <b>3.7</b>  | <b>13,856</b>  | <b>13,486</b>  |
| Total sales growth, %   | 3.7            | 1.1            |             | 3.7            | 2.3            |             | 3.2            | 2.2            |
| Organic sales growth, %                                       | 2.6            | 2.3            |             | 3.5            | 2.9            |             | 3.3            | 2.9            |
| <b>Operating result (EBITDA)</b>                              | <b>200</b>     | <b>188</b>     | <b>6.4</b>  | <b>772</b>     | <b>716</b>     | <b>7.8</b>  | <b>1,057</b>   | <b>1,001</b>   |
| Operating margin (EBITDA), %                                  | 6.3            | 6.2            |             | 7.5            | 7.2            |             | 7.6            | 7.4            |
| <b>Operating result (EBITA)</b>                               | <b>94</b>      | <b>86</b>      | <b>9.3</b>  | <b>461</b>     | <b>413</b>     | <b>11.6</b> | <b>640</b>     | <b>592</b>     |
| Operating margin (EBITA), %                                   | 3.0            | 2.8            |             | 4.5            | 4.1            |             | 4.6            | 4.4            |
| <b>Profit for the period<sup>1</sup></b>                      | <b>34</b>      | <b>29</b>      |             | <b>269</b>     | <b>71</b>      |             | <b>392</b>     | <b>194</b>     |
| <b>Adjusted profit for the period<sup>1</sup></b>             | <b>46</b>      | <b>45</b>      | <b>2.2</b>  | <b>306</b>     | <b>199</b>     | <b>53.8</b> | <b>433</b>     | <b>326</b>     |
| Earnings per share after dilution <sup>2</sup> , SEK          | 0.24           | 0.20           |             | 1.90           | 0.53           |             | 2.77           | 1.45           |
| Adjusted earnings per share after dilution <sup>2</sup> , SEK | 0.33           | 0.32           |             | 2.16           | 1.52           |             | 3.06           | 2.44           |

### July – September 2016

Organic sales growth was driven by volume growth (including case mix) in Nordic and France. Organic sales growth outpaced patient growth, mainly impacted by a higher case mix. Outpatient volume growth was mainly related to France and Germany while outpatient volumes in Nordic were lower following an expired contract within psychiatric care and a lower number of patient visits within primary care. Inpatient growth was driven by Nordic and France through a combination of higher volumes and one acquisition in France. Price growth was limited following the general price reduction in France.

The result growth was driven by sales growth combined with operational leverage from the productivity improvements in Nordic and France. In France the result and margin development was impacted by the general price reduction, but showed an improved pace compared to the first six months from the ongoing actions. The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management led to shorter AVLOS in all segments. The AVLOS reduction in the quarter was impacted by a higher case mix as well as the fact that fewer actions are implemented during the summer months (vacation periods). Patient growth was below the FTE growth following the higher case mix and effects from acquisitions made.

The operating result (EBIT) included amortization on surplus values of MSEK -18 (-19) and restructuring and other non-recurring items and acquisition related costs of MSEK -4 (0). Restructuring and other non-recurring items were mainly related to acquisition costs.

The profit for the period included net financial expenses of MSEK -29 (-33) and income tax of MSEK -9 (-6). Net interest was positively impacted by lower interest rates and negatively impacted by the convertible debenture loans issued in July 2016. The effective income tax rate was 21% (18%).

Earnings per share (EPS) after dilution was SEK 0.24 (0.20). Adjusted EPS after dilution was SEK 0.33 (0.32). The positive development was driven by an improved operating result combined with a lower finance net.

### January – September 2016

Organic sales growth was driven by volume growth in all segments and positively impacted by a higher outpatient case mix. Outpatient volumes were lower than last year due to Nordic (an expired contract within psychiatric care and a lower number of patient visits within primary care), while inpatient growth was driven by a combination of higher volumes and acquisitions in France. Price growth was limited following the general price reductions in France.

The result growth was driven by sales growth combined with operational leverage from productivity improvements in all segments. The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management led to shorter AVLOS in all segments. In France the result and margin was impacted by the general price reductions but showed an improved margin development compared to the first six months. The price change in France in 2015 was compensated for while actions to fully compensate for the 2016 price reduction continued to be implemented. Main actions relate to further FTE reorganizations from Modern Medicine and business development, and by targeted procurement savings.

The operating result (EBIT) included amortization on surplus values of MSEK -56 (-55) and restructuring and other non-recurring items and acquisition related costs of MSEK 0 (-63). Restructuring items were mainly a net of incomes and costs related to the ongoing structural projects in France and acquisition costs.

The profit for the period included net financial expenses of MSEK -72 (-204) and income tax of MSEK -62 (-20). Net interest was positively impacted by lower interest rates as well as the refinancing and new share issue made in conjunction with the IPO. The effective income tax rate was 19% (22%).

Earnings per share (EPS) after dilution was SEK 1.90 (0.53). Adjusted EPS after dilution was SEK 2.16 (1.52). The positive development was mainly driven by the improved operating result combined with a lower finance net.

<sup>1</sup> Attributable to parent company shareholders.

<sup>2</sup> Refer to note 2 for calculations of earnings per share and adjusted earnings per share (before and after dilution).

# Development in the segments

## Capio Nordic

|  | JUL - SEP    |              |             | JAN - SEP      |                |             | FULL YEAR      |                |
|--|--------------|--------------|-------------|----------------|----------------|-------------|----------------|----------------|
|  | 2016         | 2015         | Change, %   | 2016           | 2015           | Change, %   | RTM            | 2015           |
| <b>KPI; Production, productivity and resources</b> |              |              |             |                |                |             |                |                |
| Number of outpatients                              | 782.4        | 811.5        | -3.6        | 2,624.1        | 2,680.6        | -2.1        | 3,616.5        | 3,673.0        |
| Number of inpatients                               | 12.0         | 11.8         | 1.7         | 38.7           | 37.0           | 4.6         | 52.1           | 50.4           |
| <b>Number of patients, kNumber</b>                 | <b>794.4</b> | <b>823.3</b> | <b>-3.5</b> | <b>2,662.8</b> | <b>2,717.6</b> | <b>-2.0</b> | <b>3,668.6</b> | <b>3,723.4</b> |
| <b>AVLOS, Days</b>                                 | <b>4.04</b>  | <b>4.11</b>  | <b>-1.7</b> | <b>4.02</b>    | <b>4.18</b>    | <b>-3.8</b> | <b>4.00</b>    | <b>4.12</b>    |
| <b>Number of employees (FTE)</b>                   | <b>5,721</b> | <b>5,709</b> | <b>0.2</b>  | <b>5,762</b>   | <b>5,737</b>   | <b>0.4</b>  | <b>5,774</b>   | <b>5,755</b>   |
| <b>Income statement</b>                            |              |              |             |                |                |             |                |                |
| Net sales outpatients                              | 1,193        | 1,143        | 4.4         | 3,877          | 3,711          | 4.5         | 5,183          | 5,017          |
| Net sales inpatients                               | 492          | 467          | 5.4         | 1,588          | 1,518          | 4.6         | 2,125          | 2,055          |
| Net sales other                                    | 36           | 40           | -10.0       | 110            | 118            | -6.8        | 163            | 171            |
| <b>Net sales</b>                                   | <b>1,721</b> | <b>1,650</b> | <b>4.3</b>  | <b>5,575</b>   | <b>5,347</b>   | <b>4.3</b>  | <b>7,471</b>   | <b>7,243</b>   |
| Total sales growth, %                              | 4.3          | 0.4          |             | 4.3            | 1.5            |             | 3.7            | 1.6            |
| Organic sales growth, %                            | 3.3          | 4.2          |             | 3.7            | 4.8            |             | 3.8            | 4.6            |
| <b>Operating result (EBITDA)</b>                   | <b>127</b>   | <b>115</b>   | <b>10.4</b> | <b>376</b>     | <b>322</b>     | <b>16.8</b> | <b>512</b>     | <b>458</b>     |
| Operating margin (EBITDA), %                       | 7.4          | 7.0          |             | 6.7            | 6.0            |             | 6.9            | 6.3            |
| <b>Operating result (EBITA)</b>                    | <b>88</b>    | <b>80</b>    | <b>10.0</b> | <b>263</b>     | <b>218</b>     | <b>20.6</b> | <b>361</b>     | <b>316</b>     |
| Operating margin (EBITA), %                        | 5.1          | 4.9          |             | 4.7            | 4.1            |             | 4.8            | 4.4            |
| <b>Cash flow</b>                                   |              |              |             |                |                |             |                |                |
| <b>Net capital expenditure</b>                     | <b>-28</b>   | <b>-22</b>   |             | <b>-123</b>    | <b>-75</b>     |             | <b>-183</b>    | <b>-135</b>    |
| In % of net sales                                  | 1.6          | 1.3          |             | 2.2            | 1.4            |             | 2.4            | 1.9            |

### Capio Nordic July – September 2016

Organic sales growth was driven by volume growth in the specialist free healthcare choice and contract businesses in Sweden. Organic sales growth was positively impacted by a higher case mix and negatively by an expired contract within psychiatric care (-0.5% effect on organic sales growth). Total sales growth was positively impacted by the acquired businesses in Norway in 2015. The higher number of inpatient visits was mainly related to acute and geriatric care in Stockholm. The negative growth of outpatient visits continued to be impacted by the expired contract in psychiatric care as well as by primary care in Stockholm.

Results and margin were positively impacted by the increased sales growth and productivity improvements. The ongoing program to increase productivity within primary care was in line with plan and impacted result and margin positively. The strategic focus on Modern Medicine and Modern Management shortened AVLOS despite a higher case mix. The number of FTEs increased more than the number of patients mainly due a higher case mix and acquisitions.

The higher net capex was mainly related to timing of projects.

In September it was announced that Capio had been awarded a new psychiatry contract and lost one of the current contracts in Stockholm. Capio has appealed the lost contract.

### Capio Nordic January – September 2016

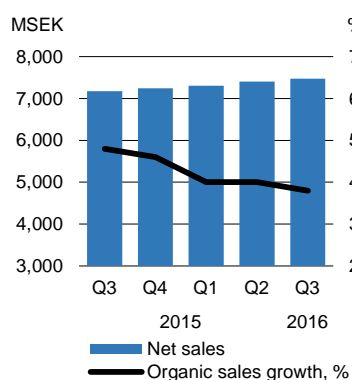
Organic sales growth was driven by volume growth in the specialist free healthcare choice and contract businesses in Sweden combined with a higher outpatient case mix. Organic sales growth was negatively impacted by an expired contract within psychiatric care (-0.5% effect on organic sales growth). Total sales growth was positively impacted by the acquired businesses in Norway and negatively impacted by changes in exchange rates. The higher number of inpatient visits was mainly related to acute and geriatric care in Stockholm. The lower number of outpatient visits was mainly related to the expired contract within psychiatric care as well as from the changes to the primary care choice model in Stockholm.

Results and margin were positively impacted by increased sales growth combined with productivity improvements. The acquisitions in Norway supported the result development. The ongoing program to increase productivity within primary care was implemented according to plan, which impacted the result and margin positively. The strategic focus on Modern Medicine and Modern Management led to shorter AVLOS. The number of FTEs increased more than the number of patients mainly due a higher case mix and acquisitions.

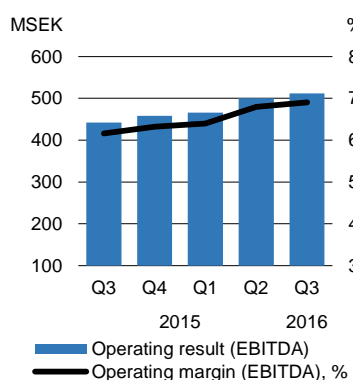
Net capital expenditure (net capex) was mainly related to maintenance capex with the increase compared to 2015 mainly being related to the new A&E at Capio S:t Göran.

## Quarterly development from the third quarter 2015 to the third quarter 2016

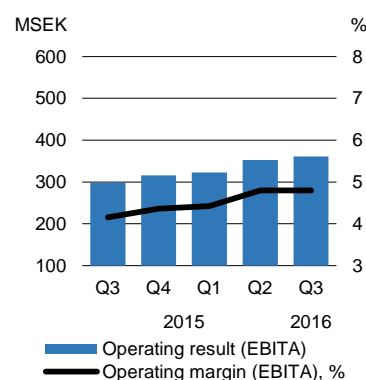
Net sales and organic sales growth (RTM)<sup>1</sup>



Operating result (EBITDA) and margin (RTM)<sup>1</sup>



Operating result (EBITA) and margin (RTM)<sup>1</sup>



<sup>1</sup> Development adjusted for the handover of a Nordic contract business in 2014. Refer to Capio Annual Report 2015 note 33.

## Development in the segments (cont.)

### Capio France

|  | JUL - SEP    |              |             | JAN - SEP    |              |             | FULL YEAR    |              |
|--|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|
|  | 2016         | 2015         | Change, %   | 2016         | 2015         | Change, %   | RTM          | 2015         |
| <b>KPI; Production, productivity and resources</b> |              |              |             |              |              |             |              |              |
| Number of outpatients                              | 136.9        | 127.3        | 7.5         | 445.0        | 410.6        | 8.4         | 590.9        | 556.5        |
| Number of inpatients                               | 30.1         | 30.1         | 0.0         | 102.2        | 99.1         | 3.1         | 136.2        | 133.1        |
| <b>Number of patients, kNumber</b>                 | <b>167.0</b> | <b>157.4</b> | <b>6.1</b>  | <b>547.2</b> | <b>509.7</b> | <b>7.4</b>  | <b>727.1</b> | <b>689.6</b> |
| <b>AVLOS, Days</b>                                 | <b>4.56</b>  | <b>4.59</b>  | <b>-0.7</b> | <b>4.45</b>  | <b>4.64</b>  | <b>-4.1</b> | <b>4.47</b>  | <b>4.61</b>  |
| <b>Number of employees (FTE)</b>                   | <b>5,388</b> | <b>5,268</b> | <b>2.3</b>  | <b>5,419</b> | <b>5,285</b> | <b>2.5</b>  | <b>5,397</b> | <b>5,296</b> |
| <b>Income statement</b>                            |              |              |             |              |              |             |              |              |
| Net sales outpatients                              | 338          | 320          | 5.6         | 1,163        | 1,075        | 8.2         | 1,547        | 1,459        |
| Net sales inpatients                               | 675          | 666          | 1.4         | 2,201        | 2,165        | 1.7         | 2,943        | 2,907        |
| Net sales other                                    | 183          | 171          | 7.0         | 555          | 534          | 3.9         | 753          | 732          |
| <b>Net sales</b>                                   | <b>1,196</b> | <b>1,157</b> | <b>3.4</b>  | <b>3,919</b> | <b>3,774</b> | <b>3.8</b>  | <b>5,243</b> | <b>5,098</b> |
| Total sales growth, %                              | 3.4          | 2.8          |             | 3.8          | 5.5          |             | 3.5          | 4.7          |
| Organic sales growth, %                            | 2.2          | -0.7         |             | 3.1          | 0.6          |             | 2.6          | 0.7          |
| <b>Operating result (EBITDA)</b>                   | <b>82</b>    | <b>82</b>    | <b>0.0</b>  | <b>395</b>   | <b>395</b>   | <b>0.0</b>  | <b>529</b>   | <b>529</b>   |
| Operating margin (EBITDA), %                       | 6.9          | 7.1          |             | 10.1         | 10.5         |             | 10.1         | 10.4         |
| <b>Operating result (EBITA)</b>                    | <b>22</b>    | <b>21</b>    | <b>4.8</b>  | <b>218</b>   | <b>216</b>   | <b>0.9</b>  | <b>288</b>   | <b>286</b>   |
| Operating margin (EBITA), %                        | 1.8          | 1.8          |             | 5.6          | 5.7          |             | 5.5          | 5.6          |
| <b>Cash flow</b>                                   |              |              |             |              |              |             |              |              |
| <b>Net capital expenditure</b>                     | <b>-70</b>   | <b>-78</b>   |             | <b>-168</b>  | <b>-153</b>  |             | <b>-225</b>  | <b>-210</b>  |
| In % of net sales                                  | 5.9          | 6.7          |             | 4.3          | 4.1          |             | 4.3          | 4.1          |

#### Capio France July – September 2016

Organic sales growth was driven by patient growth in all seven regions, positively impacted by completed expansion projects and additional doctors. The shift from in- to outpatient treatments continued while the inpatient visits was stable due to a combination of organic growth and acquisitions. The organic sales growth was negatively impacted by the general price reduction of -2.15% from March 1, 2016; in total impacting net sales and results in the quarter by MSEK -16 corresponding to -1.6% of medical sales. At comparable exchange rates total sales growth was 2.4% (0.7).

The operating result and margin were positively impacted by the volume growth and the continued implementation of the Modern Medicine and Rapid Recovery strategy. AVLOS continued to decrease but the pace was impacted by a higher case mix as well as the fact that fewer actions are implemented during the summer months (vacation periods). The operating result and margin were positively impacted by productivity improvements and higher volumes and negatively impacted by the price reduction. The price change was fully compensated for in the quarter following positive effects from the ongoing actions, which resulted in a flat margin development (EBITA).

Net capital expenditure (net capex) in the quarter was impacted by expansion projects supporting the Modern Medicine strategy. Net capex in 2015 was impacted by the opening of the Belharra hospital in Bayonne and divestments of non-core assets (MSEK 8).

#### Capio France January – September 2016

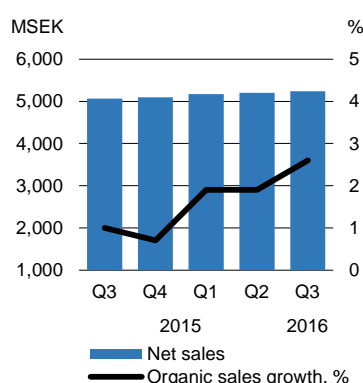
Organic sales growth was driven by patient growth in all seven regions, positively impacted by completed expansion projects and additional doctors. The shift from in- to outpatient treatments continued while the increase in inpatient visits was driven by a combination of organic growth and the acquisitions. The organic sales growth and result was negatively impacted by MSEK -64 from the general price reductions in 2016 and 2015, corresponding to in total -2.0% of medical sales. The national doctors' strike in the first quarter 2015 combined with acquisitions/divestment impacted total sales growth and growth of number of patients positively in 2016. At comparable exchange rates total sales growth was 3.9% (1.8).

The operating result and margin were positively impacted by the volume growth and the continued implementation of the Modern Medicine and Rapid Recovery strategy. AVLOS continued to decrease, which continuously will improve staff productivity over time. The operating result and margin were negatively impacted by price reductions. The price change in 2015 was compensated for while actions to fully compensate for the 2016 price reduction currently are being implemented. Main actions relate to further FTE reorganizations from Modern Medicine and business development, and by targeted procurement savings.

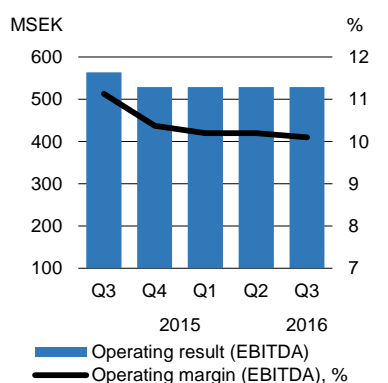
Net capital expenditure (net capex) was mainly related to maintenance capex. The first nine months 2015 was positively impacted by the divestment of non-core assets (MSEK 33).

### Quarterly development from the third quarter 2015 to the third quarter 2016

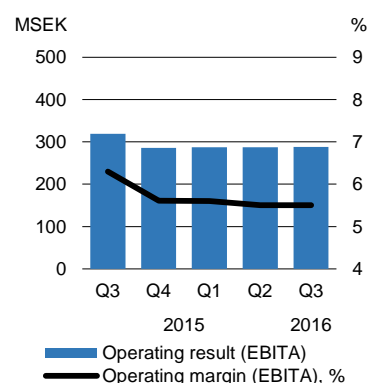
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)



Operating result (EBITA) and margin (RTM)



## Development in the segments (cont.)

### Capio Germany

|  | JUL - SEP    |              |             | JAN - SEP    |              |             | FULL YEAR    |              |
|--|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|
|  | 2016         | 2015         | Change, %   | 2016         | 2015         | Change, %   | RTM          | 2015         |
| <b>KPI; Production, productivity and resources</b> |              |              |             |              |              |             |              |              |
| Number of outpatients                              | 48.3         | 41.4         | 16.7        | 144.6        | 124.7        | 16.0        | 188.6        | 168.7        |
| Number of inpatients                               | 8.0          | 8.2          | -2.4        | 27.7         | 28.8         | -3.8        | 37.9         | 39.0         |
| <b>Number of patients, kNumber</b>                 | <b>56.3</b>  | <b>49.6</b>  | <b>13.5</b> | <b>172.3</b> | <b>153.5</b> | <b>12.2</b> | <b>226.5</b> | <b>207.7</b> |
| <b>AVLOS, Days</b>                                 | <b>4.79</b>  | <b>4.83</b>  | <b>-0.8</b> | <b>4.55</b>  | <b>4.68</b>  | <b>-2.8</b> | <b>4.52</b>  | <b>4.61</b>  |
| <b>Number of employees (FTE)</b>                   | <b>1,210</b> | <b>1,222</b> | <b>-1.0</b> | <b>1,210</b> | <b>1,289</b> | <b>-6.1</b> | <b>1,215</b> | <b>1,275</b> |
| <b>Income statement</b>                            |              |              |             |              |              |             |              |              |
| Net sales outpatients                              | 30           | 25           | 20.0        | 94           | 82           | 14.6        | 126          | 114          |
| Net sales inpatients                               | 212          | 217          | -2.3        | 729          | 746          | -2.3        | 989          | 1,006        |
| Net sales other                                    | 9            | 6            | 50.0        | 27           | 25           | 8.0         | 27           | 25           |
| <b>Net sales</b>                                   | <b>251</b>   | <b>248</b>   | <b>1.2</b>  | <b>850</b>   | <b>853</b>   | <b>-0.4</b> | <b>1,142</b> | <b>1,145</b> |
| Total sales growth, %                              | 1.2          | -0.8         |             | -0.4         | 3.6          |             | -1.0         | 2.0          |
| Organic sales growth, %                            | -0.3         | 4.1          |             | 3.4          | 2.0          |             | 3.1          | 2.0          |
| <b>Operating result (EBITDA)</b>                   | <b>8</b>     | <b>8</b>     | <b>0.0</b>  | <b>65</b>    | <b>60</b>    | <b>8.3</b>  | <b>99</b>    | <b>94</b>    |
| Operating margin (EBITDA), %                       | 3.2          | 3.1          |             | 7.7          | 7.0          |             | 8.7          | 8.2          |
| <b>Operating result (EBITA)</b>                    | <b>2</b>     | <b>2</b>     | <b>0.0</b>  | <b>47</b>    | <b>42</b>    | <b>11.9</b> | <b>79</b>    | <b>74</b>    |
| Operating margin (EBITA), %                        | 0.8          | 0.8          |             | 5.5          | 4.9          |             | 6.9          | 6.4          |
| <b>Cash flow</b>                                   |              |              |             |              |              |             |              |              |
| <b>Net capital expenditure</b>                     | <b>-10</b>   | <b>-13</b>   |             | <b>-25</b>   | <b>-29</b>   |             | <b>-36</b>   | <b>-40</b>   |
| In % of net sales                                  | 4.0          | 5.2          |             | 2.9          | 3.4          |             | 3.2          | 3.5          |

#### Capio Germany July – September 2016

Organic sales growth was negatively impacted by lower inpatient volumes which only partly were compensated by slightly higher prices. The lower inpatient volumes in the quarter was mainly due to a slower than normal start after the vacation period, partly related to good weather in September. Outpatient growth was driven by the additional outpatient authorizations. At comparable exchange rates total sales growth was -0.3% (2.7).

Operating result and margin were negatively impacted by the lower inpatient volumes and positively by productivity improvements in the general hospitals. The strategic focus on Modern Medicine led to shorter AVLOS, but the pace was impacted by the fact that fewer actions are implemented during the summer months (vacation periods). The number of FTEs decreased following productivity improvements.

Net capital expenditure (net capex) was mainly related to maintenance capex. The reduction of net capex compared to the third quarter 2015 was mainly related to the ongoing construction project in one of the general hospitals (will be completed during 2016).

#### Capio Germany January – September 2016

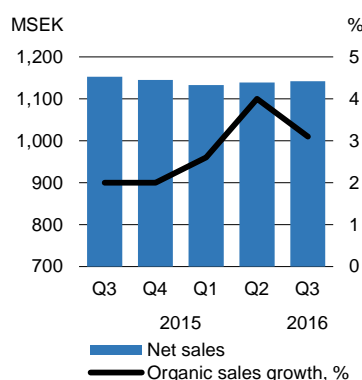
Organic sales growth was positively impacted by higher outpatient volumes and slightly higher prices. Patient growth was driven by the introduction of new medical specialties (mainly additional outpatient authorizations) in some of the general hospitals. Total patient and sales growth was negatively impacted by the divestment of the Maximilian hospital as of June 30, 2015. At comparable exchange rates total sales growth was -0.4% (0.0).

Operating result and margin were positively impacted by volume growth and productivity improvements in the general hospitals despite the lower inpatient volumes following the slower than normal start after the vacation period in September. The strategic focus on Modern Medicine led to shorter AVLOS, but a higher case mix reduced the pace of improvement. The number of FTEs decreased following the divestment of the Maximilian hospital and productivity improvements.

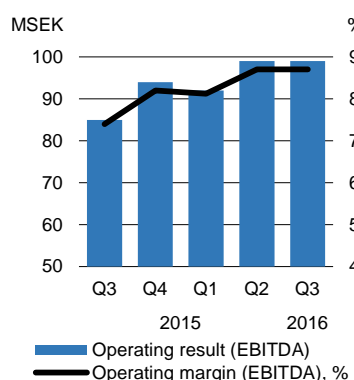
Net capital expenditure (net capex) was mainly related to maintenance capex and the construction project in one of the general hospitals (will be completed during 2016).

### Quarterly development from the third quarter 2015 to the third quarter 2016

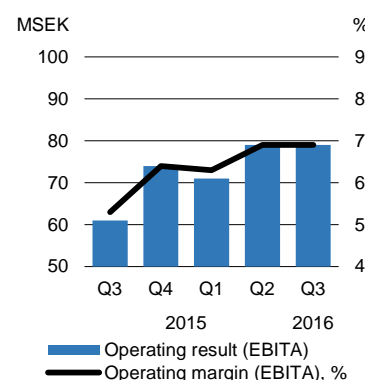
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)



Operating result (EBITA) and margin (RTM)





# Cash flow

| Capio Group   | JUL - SEP |        | JAN - SEP |        | FULL YEAR |        |
|---|-----------|--------|-----------|--------|-----------|--------|
|   | 2016      | 2015   | 2016      | 2015   | RTM       | 2015   |
| <b>Net debt opening</b>                                   | -2,941    | -3,031 | -2,936    | -3,440 | -3,231    | -3,440 |
| <b>Operating result (EBITA)</b>                           | 94        | 86     | 461       | 413    | 640       | 592    |
| Capital expenditure                                       | -111      | -123   | -322      | -297   | -457      | -432   |
| Divestments of fixed assets                               | 0         | 8      | 2         | 37     | 6         | 41     |
| <b>Net capital expenditure</b>                            | -111      | -115   | -320      | -260   | -451      | -391   |
| <b>In % of net sales</b>                                  | 3.5       | 3.8    | 3.1       | 2.6    | 3.3       | 2.9    |
| Add-back depreciation                                     | 106       | 102    | 311       | 303    | 417       | 409    |
| <b>Net investments</b>                                    | -5        | -13    | -9        | 43     | -34       | 18     |
| Change in net customer receivables                        | 110       | 29     | 6         | -88    | 83        | -11    |
| Other changes in operating capital employed               | -262      | -138   | -246      | -61    | -210      | -25    |
| <b>Operating cash flow</b>                                | -63       | -36    | 212       | 307    | 479       | 574    |
| <b>Cash conversion, %</b>                                 | -67.0     | -41.9  | 46.0      | 74.3   | 74.8      | 97.0   |
| Income taxes paid   | -11       | -26    | -40       | -36    | -46       | -42    |
| <b>Free cash flow before financial items</b>              | -74       | -62    | 172       | 271    | 433       | 532    |
| <b>Cash conversion, %</b>                                 | -78.7     | -72.1  | 37.3      | 65.6   | 67.7      | 89.9   |
| Net financial items paid                                  | -24       | -33    | -67       | -133   | -87       | -153   |
| <b>Free cash flow after financial items</b>               | -98       | -95    | 105       | 138    | 346       | 379    |
| <b>Cash conversion, %</b>                                 | -104.3    | -110.5 | 22.8      | 33.4   | 54.1      | 64.0   |
| Acquisitions and divestments of companies                 | -16       | -25    | -19       | -43    | -43       | -67    |
| Received/paid restructuring and other non-recurring items | -32       | 4      | -54       | -453   | -11       | -410   |
| Shareholder transactions                                  | -2        | -1     | -73       | 666    | -72       | 667    |
| <b>Net cash flow</b>                                      | -148      | -117   | -41       | 308    | 220       | 569    |
| <b>Cash conversion, %</b>                                 | -157.4    | -136.0 | -8.9      | 74.6   | 34.4      | 96.1   |
| Other items affecting net debt                            | -60       | -83    | -172      | -99    | -138      | -65    |
| <b>Net debt closing</b>                                   | -3,149    | -3,231 | -3,149    | -3,231 | -3,149    | -2,936 |

## Cash flow July – September 2016

Capex in the quarter was mainly maintenance related and below last year, which was impacted by the opening of the Belharra hospital in Bayonne in the third quarter 2015. Depreciation was slightly above last year following higher capex in 2016. The positive change in net customer receivables was mainly due to improved DSO in Nordic and France. Other changes in working capital were impacted by the normal seasonal effect from the vacation periods during the quarter. In addition, the quarter was negatively impacted by timing effects from settlement of tax credits and rents in France.

Income tax payments were impacted by lower tax instalments in France. Lower net financial items paid were mainly due to the lower interest rates. The outflow from acquisitions was related to two specialist businesses in Nordic, as announced on June 28 and August 31, 2016. Received/paid restructuring and other non-recurring items in the quarter were mainly related to the settlement of items from prior periods.

Other items affecting net debt were mainly related to changes in exchange rates and some new finance leases.

## Cash flow January – September 2016

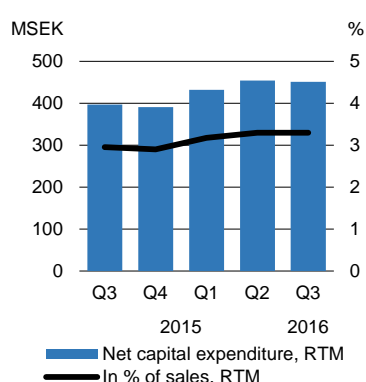
Capex was mainly maintenance related and above last year due to the new A&E at Capio S:t Görän and expansion projects in France. 2015 was positively impacted by the divestment of non-core assets (MSEK 37). Depreciation increased to last year due to higher capex. Changes in net customer receivables were mainly related to improved DSO in Nordic and France. Other changes in working capital were negatively impacted by the normal seasonal effect in Q3. In addition, cash flow was negatively impacted from timing of payments (mainly due to a change from quarterly to monthly payments of social contributions and timing effects from settlement of tax credits and rents in France).

Income tax payments were mainly related to tax instalments in France. Lower net financial items paid were mainly due to lower interest rates and the lower debt level. Acquisitions/divestments included the acquisitions in Nordic (Q3), France (Q2), as well as a small dermatology business in Norway (Q2) and an outpatient authorization in Germany (Q1). Acquisitions also included an earn-out payment in Sweden (Q2). Received/paid restructuring and other non-recurring items were mainly related to settlement of items from 2015 and earlier. Shareholder transactions mainly related to paid dividend of MSEK 71.

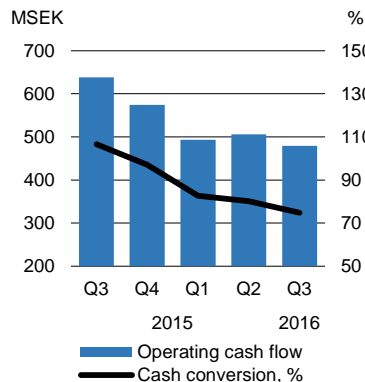
Other items affecting net debt were mainly related to changes in exchange rates and new finance leases.

## Quarterly development from the third quarter 2015 to the third quarter 2016

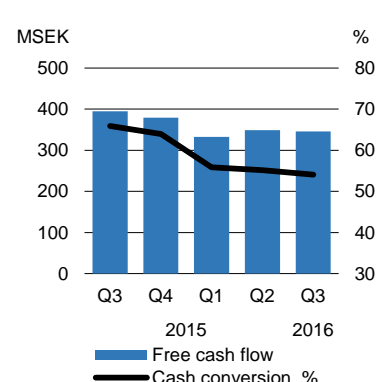
Net capex and in % of net sales (RTM)



Operating CF and cash conversion (RTM)



Free CF after fin. items and cash conv. (RTM)



# Capital employed and financing

| Capio Group                   | 2016         | 2015         |              |
|-------------------------------|--------------|--------------|--------------|
|                               | 30 Sep       | 31 Dec       | 30 Sep       |
| Operating capital employed    | 1,614        | 1,388        | 1,533        |
| In % of net sales             | 11.7         | 10.3         | 11.4         |
| Other capital employed        | 6,921        | 6,549        | 6,648        |
| <b>Capital employed</b>       | <b>8,535</b> | <b>7,937</b> | <b>8,181</b> |
| Return on capital employed, % | 7.5          | 7.5          | 7.3          |
| Net debt                      | 3,149        | 2,936        | 3,231        |
| Financial leverage            | 3.0          | 2.9          | 3.2          |
| Equity                        | 5,386        | 5,001        | 4,950        |
| <b>Financing</b>              | <b>8,535</b> | <b>7,937</b> | <b>8,181</b> |

## Capital employed as of September 30, 2016

The increase in operating capital employed compared with December 31, 2015 was mainly related to seasonal effects, higher net capex and changes in exchange rates. The increase compared with September 30, 2015 was mainly due to an increase in operating fixed assets and an increase in other operating capital employed impacted by timing of payments (phasing combined with a change from quarterly to monthly payments of social contributions in France) and changes in exchange rates.

Compared with December 31, 2015 total capital employed was negatively impacted by changes in operating capital employed as well as a significant change in exchange rates (the Swedish krona weakened compared to the Euro) and effects from completed acquisitions. The return on capital employed was 7.5% (7.5 as of December 31, 2015), positively impacted by the improvement in operating result (EBITA) and negatively by the higher capital employed.

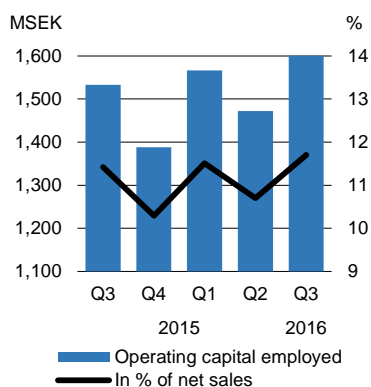
## Financing as of September 30, 2016

Net debt increased compared with December 31, 2015 following the negative net cash flow (MSEK -41), including the dividend payment of MSEK 71. In addition, effects from changes in exchange rates (the Swedish krona weakened compared to the Euro) combined with some additional finance leases impacted net debt negatively. The financial leverage improved compared with September 30, 2015 following the increase in operating result (EBITDA).

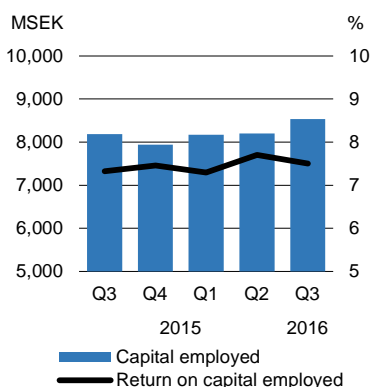
The new financing facility that was set in place in conjunction with the IPO contains two financial covenants; one covenant with a maximum financial leverage and one covenant with a minimum interest cover. As of September 30, 2016 Capio was in compliance with and had satisfactory headroom under both covenants.

## Quarterly development from the third quarter 2015 to the third quarter 2016

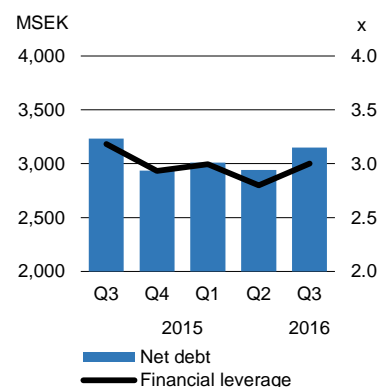
Operating capital employed and in % of net sales



Capital employed and ROCE



Net debt and financial leverage



## Significant events during the period

### Acquisitions and divestments, January – September 2016

#### Acquisition of Scanloc Healthcare AB (Sweden)

As announced on August 31, 2016, Capio Specialistkliniker AB acquired Scanloc Healthcare AB as of September 30, 2016. The company provides ophthalmology treatments in the county councils of Västra Götaland and Halland, and in 2015/2016 the company had net sales of about 37 MSEK and 35 employees. Capio acquired 100% of the shares and the acquisition was consolidated in Capio as of September 30, 2016. The acquisition strengthens Capio's healthcare offering within ophthalmology. The acquisition is not expected to impact the Group's earnings in 2016.

#### Acquisition of Ultraljudsbarnmorskorna i Stockholm AB (Sweden)

As announced on June 28, 2016, Capio Specialistkliniker AB acquired Ultraljudsbarnmorskorna i Stockholm AB as of September 1, 2016. The clinic operates from two locations in Stockholm and provides ultrasound diagnostics for pregnant women. In 2015, the company had net sales of MSEK 13 and ten employees. Capio acquired 70% of the shares and the acquisition was consolidated in Capio as of September 1, 2016. Since the consolidation, the contribution to Group net sales was MSEK 1. The acquisition broadens Capio's healthcare offering within maternity care in Stockholm. The acquisition is not expected to impact the Group's earnings in 2016.

#### Acquisition of Clinique du Grand Large and divestment of Capio Centre Bayard (France)

As announced on March 21, 2016, Capio France has taken the next step in the Medipôle Lyon Villeurbanne project and on April 1, 2016 the hospital Clinique du Grand Large in Lyon, France, with annual sales of MEUR 10 and 7,000 patients, was acquired from Mutualité Française. The hospital is specialized in surgical activities. Capio acquired 100% of the shares and the acquisition was consolidated in Capio as of April 1, 2016. Since the consolidation, the contribution to Group net sales was MSEK 43. At the same time (also effective on April 1, 2016), Capio France divested the rehabilitation activities in the specialist clinic Capio Centre Bayard in Lyon, with annual sales of MEUR 7 and 2,100 patients, to Mutualité Française. Centre Bayard was deconsolidated as of April 1, 2016. The Clinique du Grand Large/Capio Centre Bayard transactions are not expected to have any significant impact on the results or financial position of Capio France in 2016 on a net basis.

In addition the first nine months included acquisitions of an outpatient authorization in Germany and a small dermatology business in Norway as well as an earnout payment in Nordic.

| MSEK  | Yearly sales | Enterprise value | Purchase price <sup>1</sup> | Goodwill <sup>2</sup> | Acq. related intangible fixed assets |
|---|--------------|------------------|-----------------------------|-----------------------|--------------------------------------|
| <b>Opening balance</b>                                |              |                  |                             | <b>5,289</b>          | <b>1,402</b>                         |
| Acquisitions  | 154          | 39               | 40                          | 38                    | 23                                   |
| <b>Total acquisitions January – September 2016</b>    | <b>154</b>   | <b>39</b>        | <b>40</b>                   | <b>38</b>             | <b>23</b>                            |
| Divestments   |              |                  |                             | -                     | -                                    |
| Amortization of acquisition related intangible assets |              |                  |                             | -                     | -34                                  |
| Exchange rate differences                             |              |                  |                             | 177                   | 41                                   |
| <b>Closing balance</b>                                |              |                  |                             | <b>5,504</b>          | <b>1,432</b>                         |

<sup>1</sup> Total cash outflow from acquisitions was MSEK -29 during January – September 2016.

<sup>2</sup> Purchase price allocations are still preliminary.

### Other significant events, January – September 2016

#### Sale of shares in Capio AB (publ) by Nordic Capital and Apax Europe

On September 13, 2016 Nordic Capital and Apax Europe announced a placement of in total 20 million Capio shares to institutional investors. Following the sale Nordic Capital's holding in Capio was 18.8% (26,605,644 shares) and Apax Europe's holding in Capio was 10.8% (15,176,793 shares).

#### Convertible debenture loans to employees

In line with the decision of the annual general meeting on May 11, 2016 Capio has issued five year convertible debenture loans in SEK and EUR as part of the long-term incentive program to employees. All employees in the Group were offered to subscribe for convertible debentures. In total 731 employees signed up for the convertible debenture loans with a total amount of MSEK 155, whereof all members of Group management (MSEK 23) and 12 out of 14 business area and regional managers (MSEK 16) participated.

The convertible debenture loans, issued on market terms, are subordinated to other lines of debt and are in total amounting to MSEK 155. The loans are divided into one loan in SEK amounting to MSEK 134, directed to employees in Sweden and

Norway, and two loans in EUR amounting to kEUR 1,957 and kEUR 339 respectively, directed to employees in France and Germany. The loans run from July 8, 2016 and mature on August 31, 2021 unless conversion has taken place before the maturity date. Conversion to shares in Capio can be done between July 25 and August 15, 2021.

The conversion price, that in accordance with the decision of the annual general meeting was set to 120% of the average share price for the Capio share during the period from May 11 to May 18, 2016, is SEK 52.86 per share and EUR 5.66 per share respectively. At full conversion 2,935,322 new shares will be issued in Capio AB (publ), which corresponds to a maximum dilution of 2.08%.

The convertible debenture loan in SEK pays a market interest based on 3 month STIBOR plus a margin of 5.23%, which gives a calculated interest rate of 4.77% for the initial three months. The convertible debenture loans in EUR pay a fixed market rate of 4.54% during the entire five year period. The convertible debentures will not be subject to listing or trading at any market place.

## Significant events during the period (cont.)

### **Capio increases management focus on Modern Medicine and Modern Management**

To accelerate the execution of Capio's strategy – Modern Medicine and Modern Management, the company has strengthened its focus and organization of the Group Management, effective March 18, 2016. The management of the Group is structured in Group Management and Operating Management teams for the three geographical segments – Capio Nordic, Capio France and Capio Germany. Group Management works in close cooperation with the Operating Management teams developing Capio in line with its strategy.

#### *Group Management*

Thomas Berglund President and CEO and head of Capio Nordic, Olof Bengtsson CFO, Henrik Brehmer SVP Group Communication & Public Affairs, Philippe Durand Business area manager Capio France, Sveneric Svensson Chief Medical Officer (CMO) and François Demesmay Deputy Chief Medical Officer (CMO). François has previously upheld the position of CMO in Capio France.

### **Sale of shares in Capio AB (publ) by Apax Europe and Apax France**

On March 18, 2016 Apax Europe and Apax France announced a placement of in total 18 million Capio shares to institutional investors. Following the sale Apax Europe's holding in Capio was 17.8% (25,176,793 shares) and Apax France no longer held any shares in Capio.

### **Tariffs for healthcare reimbursement in France 2016**

On March 8, 2016 the French government announced that tariffs to reimburse healthcare in France during 2016 are being decreased by -2.15%, compared to 2015 tariff levels. The new tariffs are valid as of March 1, 2016. In March 2015 the tariffs were decreased by -2.50%.

Capio's operating model, based on Modern Medicine and Modern Management, is designed to drive quality and productivity in healthcare. Extensive programs to compensate the 2015 tariff decrease have been in place since the first quarter 2015, thus Capio is better prepared in 2016. Capio France is now speeding up these programs within its 22 hospitals and specialist clinics to fully compensate for the 2016 tariff decrease.

## Significant events after the period

At the release of this interim report there were no significant events after the period to be reported.

## Risks and uncertainties

### **Political, operational and financial risks**

The Group is exposed, through its international operations, to a variety of risks that may give rise to fluctuation in profit/loss, other comprehensive income and cash flow. Key areas of risk encompass political, operational and financial risks. Various policies govern the management of key risks. Refer to the Capio Annual Report 2015 for a further description of risks and risk management.

### **Seasonal variations**

The Group's net sales and operating result fluctuate across the year, mainly due to lower elective (planned) activity during the summer period and lower activity during the holiday season at the end of the year. Operations are also impacted by e.g. Easter holiday and bank holidays, whichever could occur in different months/quarters in different years. The Group's cash flow is normally stronger in the second half of the year, impacted by some seasonal effects including improvements in working capital. The above factors should be taken into consideration when making assessments on the basis of interim financial information.

# Condensed financial reports

## Condensed statement of comprehensive income – Capio Group

|   | JUL - SEP  |            | JAN - SEP    |              | FULL YEAR    |              |
|---|------------|------------|--------------|--------------|--------------|--------------|
|   | 2016       | 2015       | 2016         | 2015         | RTM          | 2015         |
| Net sales   | 3,168      | 3,055      | 10,344       | 9,974        | 13,856       | 13,486       |
| Direct costs  | -2,690     | -2,610     | -8,618       | -8,392       | -11,556      | -11,330      |
| <b>Gross result</b>   | <b>478</b> | <b>445</b> | <b>1,726</b> | <b>1,582</b> | <b>2,300</b> | <b>2,156</b> |
| Administrative expenses   | -384       | -359       | -1,265       | -1,169       | -1,660       | -1,564       |
| <b>Operating result (EBITA)</b>   | <b>94</b>  | <b>86</b>  | <b>461</b>   | <b>413</b>   | <b>640</b>   | <b>592</b>   |
| Amortization on surplus values  | -18        | -19        | -56          | -55          | -76          | -75          |
| Restructuring and other non-recurring items and acquisition related costs                           | -4         | 0          | 0            | -63          | 17           | -46          |
| <b>Operating result (EBIT)</b>  | <b>72</b>  | <b>67</b>  | <b>405</b>   | <b>295</b>   | <b>581</b>   | <b>471</b>   |
| Net interest  | -20        | -23        | -56          | -115         | -76          | -135         |
| Other financial items   | -9         | -10        | -16          | -89          | -19          | -92          |
| <b>Profit after financial items</b>   | <b>43</b>  | <b>34</b>  | <b>333</b>   | <b>91</b>    | <b>486</b>   | <b>244</b>   |
| Income tax  | -9         | -6         | -62          | -20          | -91          | -49          |
| <b>Profit/loss for the period</b>   | <b>34</b>  | <b>28</b>  | <b>271</b>   | <b>71</b>    | <b>395</b>   | <b>195</b>   |
| <b>Operating result (EBITDA)</b>  | <b>200</b> | <b>188</b> | <b>772</b>   | <b>716</b>   | <b>1,057</b> | <b>1,001</b> |
| Earnings per share after dilution, SEK <sup>1</sup>   | 0.24       | 0.20       | 1.90         | 0.53         | 2.77         | 1.45         |
| Adjusted earnings per share after dilution, SEK <sup>1</sup>  | 0.33       | 0.32       | 2.16         | 1.52         | 3.06         | 2.44         |
| <b>Other comprehensive income that will be reclassified into profit/loss:</b>                       |            |            |              |              |              |              |
| Hedge effect in foreign investment  | 19         | -5         | 33           | 7            | 26           | 0            |
| Exchange differences on translation of foreign operations   | 57         | 74         | 135          | -19          | 50           | -104         |
| Revaluation reserve, convertible debenture loans  | 10         | 0          | 10           | 0            | 10           | 0            |
| Revaluation reserve, cash flow hedging  | 0          | 2          | 0            | 3            | 2            | 5            |
| Income taxes related to other comprehensive income  | -2         | -1         | -2           | -1           | -2           | -1           |
| <b>Other comprehensive income that will be reclassified into profit/loss, net of income tax</b>     | <b>84</b>  | <b>70</b>  | <b>176</b>   | <b>-10</b>   | <b>86</b>    | <b>-100</b>  |
| <b>Other comprehensive income that will not be reclassified into profit/loss:</b>                   |            |            |              |              |              |              |
| Revaluation of defined benefit plans  | -4         | 28         | 5            | 10           | 29           | 34           |
| Income taxes related to other comprehensive income  | 1          | -6         | -1           | -2           | -8           | -9           |
| <b>Other comprehensive income that will not be reclassified into profit/loss, net of income tax</b> | <b>-3</b>  | <b>22</b>  | <b>4</b>     | <b>8</b>     | <b>21</b>    | <b>25</b>    |
| <b>Total comprehensive income for the period, net of income tax</b>                                 | <b>115</b> | <b>120</b> | <b>451</b>   | <b>69</b>    | <b>502</b>   | <b>120</b>   |
| <b>Profit attributable to:</b>  |            |            |              |              |              |              |
| Parent Company shareholders   | 34         | 29         | 269          | 71           | 392          | 194          |
| Non-controlling interest  | 0          | -1         | 2            | 0            | 3            | 1            |
|   | <b>34</b>  | <b>28</b>  | <b>271</b>   | <b>71</b>    | <b>395</b>   | <b>195</b>   |
| <b>Total comprehensive income attributable to:</b>  |            |            |              |              |              |              |
| Parent Company shareholders   | 115        | 121        | 449          | 69           | 499          | 119          |
| Non-controlling interest  | 0          | -1         | 2            | 0            | 3            | 1            |
|   | <b>115</b> | <b>120</b> | <b>451</b>   | <b>69</b>    | <b>502</b>   | <b>120</b>   |

<sup>1</sup> Refer to note 2 for calculations of earnings per share and adjusted earnings per share (before and after dilution).

# Condensed financial reports (cont.)

## Condensed balance sheet – Capio Group

|   | 2016          |               | 2015          |        |
|---|---------------|---------------|---------------|--------|
|   | 30 Sep        | 31 Dec        | 30 Sep        | 30 Sep |
| Intangible assets   | 7,138         | 6,855         | 6,937         |        |
| Tangible fixed assets   | 2,351         | 2,229         | 2,266         |        |
| Financial fixed assets  | 619           | 597           | 677           |        |
| <b>Total fixed assets</b>                                     | <b>10,108</b> | <b>9,681</b>  | <b>9,880</b>  |        |
| Inventories   | 235           | 215           | 223           |        |
| Accounts receivables - trade                                  | 678           | 662           | 668           |        |
| Short-term investments and interest-bearing receivables       | 2             | 2             | 2             |        |
| Cash and cash equivalents                                     | 75            | 118           | 130           |        |
| Other current assets  | 1,222         | 1,072         | 1,164         |        |
| <b>Total current assets</b>                                   | <b>2,212</b>  | <b>2,069</b>  | <b>2,187</b>  |        |
| <b>Total assets</b>   | <b>12,320</b> | <b>11,750</b> | <b>12,067</b> |        |
| Equity attributable to Parent Company shareholders            | 5,357         | 4,981         | 4,934         |        |
| Equity attributable to non-controlling interest               | 29            | 20            | 16            |        |
| <b>Total equity</b>   | <b>5,386</b>  | <b>5,001</b>  | <b>4,950</b>  |        |
| Provisions for employee benefits                              | 343           | 338           | 364           |        |
| Deferred income tax liabilities                               | 627           | 604           | 638           |        |
| Long-term liabilities, interest-bearing                       | 3,189         | 3,018         | 3,182         |        |
| Long-term liabilities and provisions, non-interest-bearing    | 86            | 114           | 157           |        |
| <b>Total long-term liabilities and provisions</b>             | <b>4,245</b>  | <b>4,074</b>  | <b>4,341</b>  |        |
| Current liabilities, interest-bearing                         | 96            | 93            | 227           |        |
| Accounts payable – trade                                      | 605           | 672           | 588           |        |
| Current income tax liabilities                                | 16            | 4             | 0             |        |
| Accrued expenses and prepaid income                           | 1,475         | 1,355         | 1,436         |        |
| Other current liabilities                                     | 497           | 551           | 525           |        |
| <b>Total current liabilities</b>                              | <b>2,689</b>  | <b>2,675</b>  | <b>2,776</b>  |        |
| <b>Total liabilities, provisions and shareholders' equity</b> | <b>12,320</b> | <b>11,750</b> | <b>12,067</b> |        |
| <b>Pledged assets</b>   | <b>1,420</b>  | <b>1,389</b>  | <b>1,433</b>  |        |
| <b>Contingent liabilities</b>                                 | <b>9</b>      | <b>4</b>      | <b>6</b>      |        |

## Condensed statement of cash flow – Capio Group

|  | JUL - SEP   |             | JAN - SEP   |             | FULL YEAR   |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2016        | 2015        | 2016        | 2015        | RTM         | 2015        |
| Operating result (EBIT)  | 72          | 67          | 405         | 295         | 581         | 471         |
| Reversal of depreciations/amortizations and impairments                      | 126         | 143         | 372         | 380         | 445         | 453         |
| Items not affecting cash flow <sup>1</sup>                                   | 0           | 0           | -27         | -11         | -25         | -9          |
| Interest received and paid   | -25         | -33         | -70         | -133        | -121        | -184        |
| Taxes paid   | -11         | -27         | -40         | -417        | -46         | -423        |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>162</b>  | <b>150</b>  | <b>640</b>  | <b>114</b>  | <b>834</b>  | <b>308</b>  |
| Change in net working capital  | -187        | -126        | -279        | -168        | -166        | -55         |
| <b>Cash flow from operating activities</b>                                   | <b>-25</b>  | <b>24</b>   | <b>361</b>  | <b>-54</b>  | <b>668</b>  | <b>253</b>  |
| Acquisitions and divestments of companies and financial fixed assets         | -7          | -23         | 8           | -8          | -15         | -31         |
| Payment to non-controlling interest  | -2          | -2          | -2          | -15         | -2          | -15         |
| Investments in tangible and intangible fixed assets                          | -111        | -123        | -322        | -297        | -457        | -432        |
| Divestments of tangible fixed assets   | 1           | 8           | 8           | 37          | 96          | 125         |
| <b>Cash flow from investment activities</b>                                  | <b>-119</b> | <b>-140</b> | <b>-308</b> | <b>-283</b> | <b>-378</b> | <b>-353</b> |
| Increase/decrease in external loans  | 158         | 2,692       | 103         | 2,679       | -82         | 2,494       |
| Amortizations  | -33         | -3,398      | -121        | -3,465      | -150        | -3,494      |
| Dividend   | 0           | 0           | -71         | 0           | -71         | 0           |
| New share issue  | 0           | 750         | 0           | 750         | 0           | 750         |
| Transaction costs for the IPO and new share issue                            | 0           | -48         | -2          | -51         | -24         | -73         |
| <b>Cash flow from financing activities</b>                                   | <b>125</b>  | <b>-4</b>   | <b>-91</b>  | <b>-87</b>  | <b>-327</b> | <b>-323</b> |
| <b>Cash flow from operations</b>   | <b>-19</b>  | <b>-120</b> | <b>-38</b>  | <b>-424</b> | <b>-37</b>  | <b>-423</b> |
| Currency differences in cash and cash equivalents                            | -3          | 18          | -5          | -7          | -18         | -20         |
| <b>Change in cash and cash equivalents</b>                                   | <b>-22</b>  | <b>-102</b> | <b>-43</b>  | <b>-431</b> | <b>-55</b>  | <b>-443</b> |
| <b>Opening balance, cash and cash equivalents</b>                            | <b>97</b>   | <b>232</b>  | <b>118</b>  | <b>561</b>  | <b>130</b>  | <b>561</b>  |
| <b>Closing balance, cash and cash equivalents</b>                            | <b>75</b>   | <b>130</b>  | <b>75</b>   | <b>130</b>  | <b>75</b>   | <b>118</b>  |

<sup>1</sup> Related to capital gains.

# Condensed financial reports (cont.)

## Changes in shareholders' equity – Capio Group

|   | Share capital | Other contributed capital | Other reserves | Translation reserve | Retained earnings | Non-controlling interest | Shareholders' equity |
|---|---------------|---------------------------|----------------|---------------------|-------------------|--------------------------|----------------------|
| <b>Opening balance at January 1, 2015</b>       | 39            | 0                         | -162           | 338                 | 3,945             | 20                       | 4,180                |
| Profit for the year                             |               |                           |                |                     | 71                |                          | 71                   |
| Other comprehensive income                      |               |                           | 10             | -12                 |                   |                          | -2                   |
| <b>Total comprehensive income</b>               | 0             | 0                         | 10             | -12                 | 71                | 0                        | 69                   |
| New share issue                                 | 8             | 742                       |                |                     |                   |                          | 750                  |
| Transaction costs for new share issue           |               | -41                       |                |                     |                   |                          | -41                  |
| Tax effect on items recorded directly in equity |               | 9                         |                |                     |                   |                          | 9                    |
| Change in non-controlling interest              |               |                           |                |                     | -13               | -4                       | -17                  |
| <b>Total transactions with shareholders</b>     | 8             | 710                       | 0              | 0                   | -13               | -4                       | 701                  |
| <b>Closing balance at September 30, 2015</b>    | 47            | 710                       | -152           | 326                 | 4,003             | 16                       | 4,950                |

|   | Share capital | Other contributed capital | Other reserves | Translation reserve | Retained earnings | Non-controlling interest | Shareholders' equity |
|---|---------------|---------------------------|----------------|---------------------|-------------------|--------------------------|----------------------|
| <b>Opening balance at January 1, 2015</b>       | 39            | 0                         | -162           | 338                 | 3,945             | 20                       | 4,180                |
| Profit for the year                             |               |                           |                |                     | 194               | 1                        | 195                  |
| Other comprehensive income                      |               |                           | 29             | -104                |                   |                          | -75                  |
| <b>Total comprehensive income</b>               | 0             | 0                         | 29             | -104                | 194               | 1                        | 120                  |
| Stock dividend issue                            | 25            |                           |                |                     | -25               |                          | 0                    |
| New share issue                                 | 8             | 742                       |                |                     |                   |                          | 750                  |
| Transaction costs for new share issue           |               | -41                       |                |                     |                   |                          | -41                  |
| Tax effect on items recorded directly in equity |               | 9                         |                |                     |                   |                          | 9                    |
| Change in non-controlling interest              |               |                           |                |                     | -16               | -1                       | -17                  |
| <b>Total transactions with shareholders</b>     | 33            | 710                       | 0              | 0                   | -41               | -1                       | 701                  |
| <b>Closing balance at December 31, 2015</b>     | 72            | 710                       | -133           | 234                 | 4,098             | 20                       | 5,001                |

|  | Share capital | Other contributed capital | Other reserves | Translation reserve | Retained earnings | Non-controlling interest | Shareholders' equity |
|--|---------------|---------------------------|----------------|---------------------|-------------------|--------------------------|----------------------|
| <b>Opening balance at January 1, 2016</b>    | 72            | 710                       | -133           | 234                 | 4,098             | 20                       | 5,001                |
| Profit for the year                          |               |                           |                |                     | 269               | 2                        | 271                  |
| Other comprehensive income                   |               |                           | 12             | 168                 |                   |                          | 180                  |
| <b>Total comprehensive income</b>            | 0             | 0                         | 12             | 168                 | 269               | 2                        | 451                  |
| Dividend                                     |               |                           |                |                     | -71               |                          | -71                  |
| Dividend to non-controlling interest         |               |                           |                |                     | -2                |                          | -2                   |
| Change in non-controlling interest           |               |                           |                |                     |                   | 7                        | 7                    |
| <b>Total transactions with shareholders</b>  | 0             | 0                         | 0              | 0                   | -73               | 7                        | -66                  |
| <b>Closing balance at September 30, 2016</b> | 72            | 710                       | -121           | 402                 | 4,294             | 29                       | 5,386                |

# Parent Company

## Condensed income statement – Parent Company

|  | JUL - SEP |           | JAN - SEP |            | FULL YEAR  |
|--|-----------|-----------|-----------|------------|------------|
|  | 2016      | 2015      | 2016      | 2015       | 2015       |
| Net sales                                | 6         | 2         | 19        | 6          | 11         |
| <b>Gross result</b>                      | <b>6</b>  | <b>2</b>  | <b>19</b> | <b>6</b>   | <b>11</b>  |
| Administrative expenses                  | -8        | -3        | -25       | -49        | -53        |
| <b>Operating profit/loss</b>             | <b>-2</b> | <b>-1</b> | <b>-6</b> | <b>-43</b> | <b>-42</b> |
| Financial items                          | -2        | 0         | -2        | 112        | 187        |
| <b>Profit/loss after financial items</b> | <b>-4</b> | <b>-1</b> | <b>-8</b> | <b>69</b>  | <b>145</b> |
| Income tax                               | -         | -         | -         | 9          | 9          |
| <b>Profit/loss for the period</b>        | <b>-4</b> | <b>-1</b> | <b>-8</b> | <b>78</b>  | <b>154</b> |

## Condensed balance sheet – Parent Company

|                                     | 2016         | 2015         |              |
|-------------------------------------|--------------|--------------|--------------|
|                                     | 30 Sep       | 31 Dec       | 30 Sep       |
| Fixed assets                        | 4,009        | 4,009        | 4,009        |
| Current assets                      | 852          | 778          | 717          |
| <b>Total assets</b>                 | <b>4,861</b> | <b>4,787</b> | <b>4,726</b> |
| Equity                              | 4,694        | 4,765        | 4,688        |
| Liabilities                         | 167          | 22           | 38           |
| <b>Total equity and liabilities</b> | <b>4,861</b> | <b>4,787</b> | <b>4,726</b> |
| <b>Pledged assets</b>               | -            | -            | -            |
| <b>Contingent liabilities</b>       | -            | -            | -            |

The Group's Parent Company, Capio AB (publ), is not involved in any operating activities. It only provides Group management functions.

### July – September 2016

The Parent Company's net sales and gross result in the period derive from management fees charged to subsidiaries. The administrative expenses in the quarter were mainly related to personnel costs.

Financial items in the quarter was related to interest costs for the convertible debenture loans.

### January – September 2016

The Parent Company's net sales and gross result during the first nine months derive from management fees charged to subsidiaries. The administrative expenses were mainly related to personnel costs. The administrative expenses in 2015 were mainly related to costs for the listing on Nasdaq OMX Stockholm, amounting to MSEK -40.5.

Financial items in the first nine months 2016 was related to interest costs for the convertible debenture loans. Financial items in the first nine months 2015 were fully related to a dividend from the subsidiary Capio Group Services AB of MSEK 112.

### As of September 30, 2016

The Parent Company's fixed assets as of September 30, 2016 amounted to MSEK 4,009 (4,009 as of December 31, 2015) and mainly comprised shares in subsidiaries. Current assets as of September 30, 2016 amounted to MSEK 852 (778 as of December 31, 2015) and were mainly related to cash and cash equivalents impacted by the new share issue net of paid transaction costs and the convertible debenture loans. The change in current assets compared with December 31, 2015 was mainly explained by the net of the convertible debenture loans (MSEK 155) and the payment of dividend to shareholders during the second quarter (MSEK -71).

Shareholders' equity as of September 30, 2016 amounted to MSEK 4,694 (4,765 as of December 31, 2015). The decrease compared with December 31, 2015 was mainly explained by the paid dividend. The Parent Company's liabilities amounted to MSEK 167 as of September 30, 2016 (22 as of December 31, 2015) and were mainly related to the convertible debenture loans and personnel related accruals.

Following the refinancing of the Group on July 3, 2015, the Parent Company's pledged assets were fully released.



# Notes

## 1. Accounting principles

All amounts in the interim report are stated in millions of Swedish kronor (MSEK) if not else stated.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act. Capio's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The applied accounting principles are available in Capio's Annual Report 2015 and also on the Group's website [www.capio.com](http://www.capio.com). The Parent Company's financial statements are prepared in accordance with chapter nine of the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities.

### Effects of amended and revised IFRS 2016

Amended or revised standards that are mandatory for the Group's financial year 2016 have had no impact on the Group's financial statements.

### European Securities and Market Authority (ESMA)

ESMA's guidelines regarding presentation of non-IFRS GAAP measures in financial reports have come into force as from the interim report January – June 2016. In the guidelines, non-IFRS GAAP measures are referred to as Alternative Performance Measurements (APMs) and relate to items included in the financial report that are not directly defined by IFRS standards and interpretations. In accordance with the new guidelines, APMs used in this interim report have been clearly defined and reconciliations to the closest IFRS measure have been provided. Further, the interim report includes a section that clearly summarizes the main reasons for the use of APMs in the Groups financial reporting, see note 6 "Non IFRS financial measures".

### Other significant estimates

For critical estimates and assessments, provisions and contingent liabilities refer to Capio's Annual Report 2015. If no significant events have occurred relating to the information in the 2015 Annual Report, no further comments are made in the interim report.

## 2. Earnings per share

| BEFORE DILUTION  | JUL - SEP   |             | JAN - SEP   |             | FULL YEAR   |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2016        | 2015        | 2016        | 2015        | RTM         | 2015        |
| Average number of outstanding shares, Number <sup>1</sup>  | 141,159,661 | 140,991,575 | 141,159,661 | 130,850,382 | 141,159,661 | 133,448,885 |
| Profit/loss for the period attributable to Parent Company shareholders net of income tax, MSEK                       | 34          | 29          | 269         | 71          | 392         | 194         |
| Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax, MSEK <sup>2</sup> | 46          | 45          | 306         | 199         | 433         | 326         |
| <b>Earnings per share before dilution, SEK<sup>2</sup></b>   | <b>0.24</b> | <b>0.20</b> | <b>1.91</b> | <b>0.53</b> | <b>2.78</b> | <b>1.45</b> |
| <b>Adjusted earnings per share before dilution, SEK<sup>2</sup></b>  | <b>0.33</b> | <b>0.32</b> | <b>2.17</b> | <b>1.52</b> | <b>3.07</b> | <b>2.44</b> |

<sup>1</sup> Total number of outstanding shares as of September 30, 2016 was 141,159,661 (all common shares).

<sup>2</sup> Refer to definitions on page 27.

| AFTER DILUTION   | JUL - SEP   |             | JAN - SEP   |             | FULL YEAR   |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2016        | 2015        | 2016        | 2015        | RTM         | 2015        |
| Average number of outstanding shares, Number <sup>1</sup>  | 143,899,295 | 140,991,575 | 142,072,872 | 130,850,382 | 141,835,187 | 133,448,885 |
| Profit/loss for the period attributable to Parent Company shareholders net of income tax, MSEK                       | 35          | 29          | 270         | 71          | 393         | 194         |
| Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax, MSEK <sup>2</sup> | 47          | 45          | 307         | 199         | 434         | 326         |
| <b>Earnings per share after dilution, SEK<sup>2</sup></b>  | <b>0.24</b> | <b>0.20</b> | <b>1.90</b> | <b>0.53</b> | <b>2.77</b> | <b>1.45</b> |
| <b>Adjusted earnings per share after dilution, SEK<sup>2</sup></b>   | <b>0.33</b> | <b>0.32</b> | <b>2.16</b> | <b>1.52</b> | <b>3.06</b> | <b>2.44</b> |

<sup>1</sup> Average number of outstanding shares after dilution including effects from the convertible debenture loans issued during the third quarter 2016.

<sup>2</sup> Refer to definitions on page 27.

### Reconciliation of reported and adjusted profit/loss

| BEFORE DILUTION, MSEK  | JUL - SEP |           | JAN - SEP  |            | FULL YEAR  |            |
|--|-----------|-----------|------------|------------|------------|------------|
|  | 2016      | 2015      | 2016       | 2015       | RTM        | 2015       |
| Profit/loss for the period attributable to Parent Company shareholders net of income tax                 | 34        | 29        | 269        | 71         | 392        | 194        |
| Amortization on surplus values   | 18        | 19        | 56         | 55         | 76         | 75         |
| Restructuring and other non-recurring items and acquisition related costs                                | 4         | 0         | 0          | 63         | -17        | 46         |
| Write-off of capitalized borrowing costs   | 0         | 0         | 0          | 50         | 0          | 50         |
| Income tax related to adjustments  | -10       | -3        | -19        | -40        | -18        | -39        |
| <b>Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax</b> | <b>46</b> | <b>45</b> | <b>306</b> | <b>199</b> | <b>433</b> | <b>326</b> |

## Notes (cont.)

| AFTER DILUTION, MSEK   | JUL - SEP |           | JAN - SEP  |            | FULL YEAR  |            |
|--|-----------|-----------|------------|------------|------------|------------|
|  | 2016      | 2015      | 2016       | 2015       | RTM        | 2015       |
| Profit/loss for the period attributable to Parent Company shareholders net of income tax                 | 35        | 29        | 270        | 71         | 393        | 194        |
| Amortization on surplus values   | 18        | 19        | 56         | 55         | 76         | 75         |
| Restructuring and other non-recurring items and acquisition related costs                                | 4         | 0         | 0          | 63         | -17        | 46         |
| Write-off of capitalized borrowing costs   | 0         | 0         | 0          | 50         | 0          | 50         |
| Income tax related to adjustments  | -10       | -3        | -19        | -40        | -18        | -39        |
| <b>Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax</b> | <b>47</b> | <b>45</b> | <b>307</b> | <b>199</b> | <b>434</b> | <b>326</b> |

### 3. Restructuring and other non-recurring items and acquisition related costs

| MSEK   | JAN - SEP |            |
|--|-----------|------------|
|  | 2016      | 2015       |
| IPO related costs  | -         | -41        |
| Divestments, impairments and restructuring items <sup>1</sup>                    | 4         | -3         |
| Other and acquisitions related costs <sup>2</sup>                                | -4        | -19        |
| <b>Restructuring and other non-recurring items and acquisition related costs</b> | <b>0</b>  | <b>-63</b> |

<sup>1</sup> Restructuring and impairment costs during the first nine months 2016 were mainly related to ongoing structural projects in the French segment, i.e. the ongoing constructions and refurbishments of hospital facilities as well as the upgrading of support system supporting the medical agenda including some redundancies. Main items that impacted 2016 were related to the structural transaction in Lyon in April 2016 whereby the Group divested the rehabilitation business in Capio Centre Bayard and acquired the surgery business of the Clinique du Grand Large (the divestment resulted in a capital gain of MSEK 27). In connection with ongoing projects in Lyon and Toulouse, the upgrade of support systems, impairments and redundancies costs of MSEK 23 were incurred.

<sup>2</sup> Other items were mainly related to acquisitions costs.

### 4. Financial instruments

Derivatives are reported as level 2 and used for the purpose of hedging interest rates. The derivatives were valued using the mid-point of the yield curve prevailing on the reporting date and represent the net present value of the difference between the contracted rate and the valuation rate. Any change in the fair value of the interest rate cap transactions is recognized in the

income statement and amounted to MSEK -3 as of September 30, 2016. Changes in the fair value of the interest rate swaps were recognized in other comprehensive income (hedge accounting) however these contracts expired during the fourth quarter 2015. The table discloses the portion of the market value arising from future changes in market interest rates.

|                             | 30 Sep |      | 31 Dec |      |
|-----------------------------|--------|------|--------|------|
|                             | 2016   | 2015 | 2015   | 2015 |
| Interest swaps <sup>1</sup> | -      | -2   | -      | -    |
| Interest rate cap (Option)  | -3     | 0    |        | 0    |

<sup>1</sup> Cash flow hedge.

In terms of financial assets and liabilities other than those disclosed in the table below, fair value is deemed to be approximately equal to their book values. These assets and liabilities are valued at amortized costs. They are not valued at fair value through profit and loss but their fair values are disclosed. Fair value is calculated in accordance with a

discounted cash flow method and they are allocated to the fair value hierarchy level 3. A full comparison of fair value and book value for all financial assets and liabilities is disclosed in note 16 in the Annual Report 2015.

|                                  | 30 Sep 2016  |              | 31 Dec 2015  |              | 30 Sep 2015  |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                  | Book value   | Fair value   | Book value   | Fair value   | Book value   | Fair value   |
| Commitments in financial leasing | 611          | 625          | 600          | 615          | 614          | 629          |
| Bank loans                       | 2,490        | 2,515        | 2,450        | 2,477        | 2,587        | 2,616        |
| <b>Total</b>                     | <b>3,100</b> | <b>3,140</b> | <b>3,050</b> | <b>3,091</b> | <b>3,201</b> | <b>3,244</b> |

## Notes (cont.)

### 5. Segments

Capio organizes its business in three operational segments: Capio Nordic (Sweden and Norway), Capio France and Capio Germany. Each segment provides a wide range of healthcare services and the organization is structured to facilitate the provision of healthcare at the most efficient care level for each patient. Further information about the segments are found in Capio Annual Report 2015 (Business overview). The units in the segments are consolidated in accordance with the same principles applied for the Group as whole. Transactions between Group companies and business areas are conducted on a strictly commercial basis. Other in this context relates to the Parent Company and a number of holding companies. Within Nordic a customer relationship based on one contract corresponded to a total net sales of MSEK 389 during the third quarter 2016 and MSEK 1,299 during the first nine months 2016 (Jul-Sep 2015: MSEK 372; Jan–Sep 2015: MSEK 1,212; Jan–Dec 2015: 1,648), which is equivalent to more than 10% of the Group's net sales.

|  | JUL - SEP     |            |               |            | JAN - SEP     |            |               |            | FULL YEAR     |            |               |            |
|--|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
|  | 2016          | %          | 2015          | %          | 2016          | %          | 2015          | %          | RTM           | %          | 2015          | %          |
| <b>Net sales and organic sales growth</b>        |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | 1,721         | 3.3        | 1,650         | 4.2        | 5,575         | 3.7        | 5,347         | 4.8        | 7,471         | 3.8        | 7,243         | 4.6        |
| Capio France                                     | 1,196         | 2.2        | 1,157         | -0.7       | 3,919         | 3.1        | 3,774         | 0.6        | 5,243         | 2.6        | 5,098         | 0.7        |
| Capio Germany                                    | 251           | -0.3       | 248           | 4.1        | 850           | 3.4        | 853           | 2.0        | 1,142         | 3.1        | 1,145         | 2.0        |
| Other  | 0             |            | 0             |            | 0             |            | 0             |            | 0             |            | 0             |            |
| Eliminations                                     | -             |            | -             |            | -             |            | -             |            | -             |            | -             |            |
| <b>Capio Group</b>                               | <b>3,168</b>  | <b>2.6</b> | <b>3,055</b>  | <b>2.3</b> | <b>10,344</b> | <b>3.5</b> | <b>9,974</b>  | <b>2.9</b> | <b>13,856</b> | <b>3.3</b> | <b>13,486</b> | <b>2.9</b> |
| <b>Operating result (EBITDA) and margin</b>      |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | 127           | 7.4        | 115           | 7.0        | 376           | 6.7        | 322           | 6.0        | 512           | 6.9        | 458           | 6.3        |
| Capio France                                     | 82            | 6.9        | 82            | 7.1        | 395           | 10.1       | 395           | 10.5       | 529           | 10.1       | 529           | 10.4       |
| Capio Germany                                    | 8             | 3.2        | 8             | 3.1        | 65            | 7.7        | 60            | 7.0        | 99            | 8.7        | 94            | 8.2        |
| Other  | -17           |            | -17           |            | -64           |            | -61           |            | -83           |            | -80           |            |
| Eliminations                                     | -             |            | -             |            | -             |            | -             |            | -             |            | -             |            |
| <b>Capio Group</b>                               | <b>200</b>    | <b>6.3</b> | <b>188</b>    | <b>6.2</b> | <b>772</b>    | <b>7.5</b> | <b>716</b>    | <b>7.2</b> | <b>1,057</b>  | <b>7.6</b> | <b>1,001</b>  | <b>7.4</b> |
| <b>Operating result (EBITA) and margin</b>       |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | 88            | 5.1        | 80            | 4.9        | 263           | 4.7        | 218           | 4.1        | 361           | 4.8        | 316           | 4.4        |
| Capio France                                     | 22            | 1.8        | 21            | 1.8        | 218           | 5.6        | 216           | 5.7        | 288           | 5.5        | 286           | 5.6        |
| Capio Germany                                    | 2             | 0.8        | 2             | 0.8        | 47            | 5.5        | 42            | 4.9        | 79            | 6.9        | 74            | 6.4        |
| Other  | -18           |            | -17           |            | -67           |            | -63           |            | -88           |            | -84           |            |
| Eliminations                                     | -             |            | -             |            | -             |            | -             |            | -             |            | -             |            |
| <b>Capio Group</b>                               | <b>94</b>     | <b>3.0</b> | <b>86</b>     | <b>2.8</b> | <b>461</b>    | <b>4.5</b> | <b>413</b>    | <b>4.1</b> | <b>640</b>    | <b>4.6</b> | <b>592</b>    | <b>4.4</b> |
| <b>Operating result (EBIT) and margin</b>        |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | 68            | 4.0        | 55            | 3.3        | 218           | 3.9        | 165           | 3.1        | 309           | 4.1        | 256           | 3.5        |
| Capio France                                     | 25            | 2.1        | 30            | 2.6        | 218           | 5.6        | 203           | 5.4        | 290           | 5.5        | 275           | 5.4        |
| Capio Germany                                    | -4            | -1.6       | -6            | -2.4       | 33            | 3.9        | 23            | 2.7        | 78            | 6.8        | 68            | 5.9        |
| Other  | -17           |            | -12           |            | -64           |            | -96           |            | -96           |            | -128          |            |
| Eliminations                                     | -             |            | -             |            | -             |            | -             |            | -             |            | -             |            |
| <b>Capio Group</b>                               | <b>72</b>     | <b>2.3</b> | <b>67</b>     | <b>2.2</b> | <b>405</b>    | <b>3.9</b> | <b>295</b>    | <b>3.0</b> | <b>581</b>    | <b>4.2</b> | <b>471</b>    | <b>3.5</b> |
| <b>Capital expenditure and in % of net sales</b> |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | -28           | 1.6        | -24           | 1.5        | -124          | 2.2        | -79           | 1.5        | -185          | 2.5        | -140          | 1.9        |
| Capio France                                     | -70           | 5.9        | -84           | 7.3        | -168          | 4.3        | -186          | 4.9        | -228          | 4.3        | -246          | 4.8        |
| Capio Germany                                    | -10           | 4.0        | -13           | 5.2        | -26           | 3.1        | -29           | 3.4        | -37           | 3.2        | -40           | 3.5        |
| Other  | -3            |            | -2            |            | -4            |            | -3            |            | -7            |            | -6            |            |
| Eliminations                                     | -             |            | -             |            | -             |            | -             |            | -             |            | -             |            |
| <b>Capio Group</b>                               | <b>-111</b>   | <b>3.5</b> | <b>-123</b>   | <b>4.0</b> | <b>-322</b>   | <b>3.1</b> | <b>-297</b>   | <b>3.0</b> | <b>-457</b>   | <b>3.3</b> | <b>-432</b>   | <b>3.2</b> |
| <b>Assets</b>                                    |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | 4,523         |            | 4,404         |            | 4,523         |            | 4,404         |            | 4,523         |            | 4,640         |            |
| Capio France                                     | 6,588         |            | 6,338         |            | 6,588         |            | 6,338         |            | 6,588         |            | 6,157         |            |
| Capio Germany                                    | 1,384         |            | 1,357         |            | 1,384         |            | 1,357         |            | 1,384         |            | 1,313         |            |
| Other  | 2,666         |            | 2,626         |            | 2,666         |            | 2,626         |            | 2,666         |            | 2,886         |            |
| Eliminations                                     | -2,841        |            | -2,658        |            | -2,841        |            | -2,658        |            | -2,841        |            | -3,246        |            |
| <b>Capio Group</b>                               | <b>12,320</b> |            | <b>12,067</b> |            | <b>12,320</b> |            | <b>12,067</b> |            | <b>12,320</b> |            | <b>11,750</b> |            |
| <b>Liabilities</b>                               |               |            |               |            |               |            |               |            |               |            |               |            |
| Capio Nordic                                     | 2,071         |            | 2,035         |            | 2,071         |            | 2,035         |            | 2,071         |            | 2,430         |            |
| Capio France                                     | 3,631         |            | 3,596         |            | 3,631         |            | 3,596         |            | 3,631         |            | 3,461         |            |
| Capio Germany                                    | 1,022         |            | 1,053         |            | 1,022         |            | 1,053         |            | 1,022         |            | 981           |            |
| Other  | 3,051         |            | 3,091         |            | 3,051         |            | 3,091         |            | 3,051         |            | 3,123         |            |
| Eliminations                                     | -2,841        |            | -2,658        |            | -2,841        |            | -2,658        |            | -2,841        |            | -3,246        |            |
| <b>Capio Group</b>                               | <b>6,934</b>  |            | <b>7,117</b>  |            | <b>6,934</b>  |            | <b>7,117</b>  |            | <b>6,934</b>  |            | <b>6,749</b>  |            |

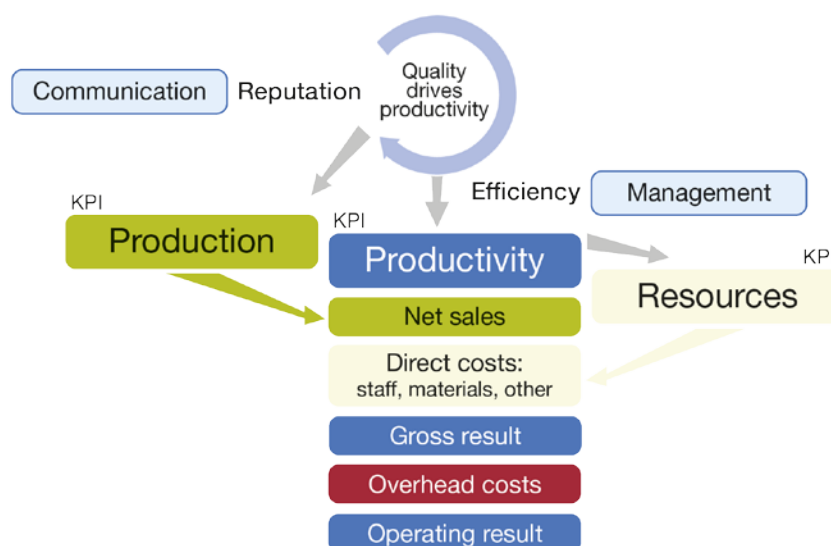
## Notes (cont.)

### 6. Non IFRS financial measures

#### Capio's financial model

In order to support Capio's strategy and managers at all levels, Capio has developed a financial model that links relevant Key Performance Indicators (KPI) with their corresponding financial impact. As the model is based on the relation between quality, productivity and financial outcomes, the financial model

supports the Group's understanding of what creates good healthcare and increased quality. This allows Capio to continuously refine its healthcare processes, enabling improved quality in healthcare provided to patients, and concurrently, improved financial results.



#### Financial statements

The Group's income statement is presented in a functional format in order to measure the productivity from the use of resources in relation to the production of healthcare. To financially measure productivity, direct costs are subtracted from net sales in order to obtain the gross result (and gross margin). Thereafter administrative expenses (overhead costs) are subtracted from gross result in order to obtain the operating result (and operating margin). Gross result is the key measure for productivity, indicating whether the Group performs healthcare operations efficiently. Operating results adds information as to whether the Group's operating structure is efficient.

The Group's income statement includes certain restructuring and other non-recurring items. These items are mainly related to structural effects incurred over the prior years as a consequence of preparing the Group for the IPO made in 2015 and the still ongoing program in France whereby a large part of the hospital properties are being modernized.

The balance sheet is also presented in an operational format, tracking capital employed, net debt and equity, in order to track and manage capital needs and resources throughout the Group. Capio's overall goal for operating capital management is to strike a balance between optimizing operating capital in order to generate cash flows, while making appropriate investments in order to grow the business. The operating capital management integrates all parts of the organization and requires clear and efficient processes, such as the sales process and salary process.

Related to the Group's operational balance sheet the cash flow is also presented in an operational format, reconciling changes in net debt.

To better support Capio's financial model, the Group tracks and presents financial measures which are not measures of financial performance or liquidity under IFRS. Such non-IFRS financial measures are defined on page 27 and in the following tables reconciliations of IFRS measures and non-IFRS measures (Additional Performance Measures, APM) are presented:

#### Specification of Income statement items

|                            | JUL - SEP |      | JAN - SEP |       | FULL YEAR |       |
|----------------------------|-----------|------|-----------|-------|-----------|-------|
|                            | 2016      | 2015 | 2016      | 2015  | RTM       | 2015  |
| Operating result (EBITA)   | 94        | 86   | 461       | 413   | 640       | 592   |
| whereof depreciation       | 106       | 102  | 311       | 303   | 417       | 409   |
| Operating result (EBITDA)  | 200       | 188  | 772       | 716   | 1,057     | 1,001 |
| whereof rent               | 181       | 174  | 541       | 506   | 721       | 686   |
| Operating result (EBITDAR) | 381       | 362  | 1,313     | 1,222 | 1,778     | 1,687 |

## Notes (cont.)

### Reconciliation of IFRS and APM related to Balance sheet items

|  | 2016          |  | 2015         |              |
|--|---------------|--|--------------|--------------|
|  | 30 Sep        |  | 31 Dec       | 30 Sep       |
| <b>Total fixed assets, IFRS</b>                          | <b>10,108</b> |  | <b>9,681</b> | <b>9,880</b> |
| whereof operating capital employed <sup>1</sup>          | 2,187         |  | 2,057        | 2,085        |
| whereof other operating capital employed <sup>2</sup>    | 7,861         |  | 7,569        | 7,750        |
| whereof net debt <sup>3</sup>                            | 60            |  | 55           | 45           |
| <b>Total current assets, IFRS</b>                        | <b>2,212</b>  |  | <b>2,069</b> | <b>2,187</b> |
| whereof operating capital employed <sup>1</sup>          | 1,993         |  | 1,862        | 1,963        |
| whereof other operating capital employed <sup>2</sup>    | 142           |  | 87           | 92           |
| whereof net debt <sup>3</sup>                            | 77            |  | 120          | 132          |
| <b>Total long-term liabilities and provisions, IFRS</b>  | <b>4,245</b>  |  | <b>4,074</b> | <b>4,341</b> |
| whereof operating capital employed <sup>1</sup>          | 65            |  | 82           | 128          |
| whereof other operating capital employed <sup>2</sup>    | 991           |  | 974          | 1,031        |
| whereof net debt <sup>3</sup>                            | 3,189         |  | 3,018        | 3,182        |
| <b>Total current liabilities, IFRS</b>                   | <b>2,689</b>  |  | <b>2,675</b> | <b>2,776</b> |
| whereof operating capital employed <sup>1</sup>          | 2,500         |  | 2,449        | 2,387        |
| whereof other operating capital employed <sup>2</sup>    | 91            |  | 133          | 162          |
| whereof net debt <sup>3</sup>                            | 98            |  | 93           | 227          |
| <b>Operating capital employed<sup>1</sup>, APM</b>       | <b>1,614</b>  |  | <b>1,388</b> | <b>1,533</b> |
| <b>Other operating capital employed<sup>2</sup>, APM</b> | <b>6,921</b>  |  | <b>6,549</b> | <b>6,648</b> |
| <b>Net debt<sup>3</sup>, APM</b>                         | <b>3,149</b>  |  | <b>2,936</b> | <b>3,231</b> |
| <b>Equity</b>  | <b>5,386</b>  |  | <b>5,001</b> | <b>4,950</b> |

### Reconciliation of IFRS and APM measures related to Cash flow items

|  | JUL - SEP  |            | JAN - SEP  |            | FULL YEAR  |            |
|--|------------|------------|------------|------------|------------|------------|
|  | 2016       | 2015       | 2016       | 2015       | RTM        | 2015       |
| <b>Cash flow from operating activities, IFRS</b> | <b>-25</b> | <b>24</b>  | <b>361</b> | <b>-54</b> | <b>668</b> | <b>253</b> |
| Taxes paid                                       | 11         | 27         | 40         | 417        | 46         | 423        |
| Interest received and paid                       | 25         | 33         | 70         | 133        | 121        | 184        |
| Restructuring items                              | 40         | 17         | 51         | 83         | 42         | 74         |
| Capital expenditures                             | -111       | -123       | -322       | -297       | -457       | -432       |
| Divestments of fixed assets                      | 0          | 8          | 2          | 37         | 6          | 41         |
| Other adjustments <sup>1</sup>                   | -3         | -22        | 10         | -12        | 53         | 31         |
| <b>Operating cash flow, APM</b>                  | <b>-63</b> | <b>-36</b> | <b>212</b> | <b>307</b> | <b>479</b> | <b>574</b> |

<sup>1</sup> Other adjustments comprise costs related to acquisitions and other working capital adjustments.

|  | JUL - SEP  |            | JAN - SEP  |            | FULL YEAR  |            |
|--|------------|------------|------------|------------|------------|------------|
|  | 2016       | 2015       | 2016       | 2015       | RTM        | 2015       |
| <b>Acquisition and divestments of companies and financial fixed assets, IFRS</b> | <b>-7</b>  | <b>-23</b> | <b>8</b>   | <b>-8</b>  | <b>-15</b> | <b>-31</b> |
| Payment to non-controlling interest  | 0          | -2         | 0          | -13        | 0          | -13        |
| Divestment of financial fixed assets   | -7         | 0          | -14        | 0          | -14        | -          |
| Acquired/divested net debt and paid costs acquisition                            | -2         | 0          | -13        | -22        | -14        | -23        |
| <b>Acquisition and divestments of companies, APM</b>                             | <b>-16</b> | <b>-25</b> | <b>-19</b> | <b>-43</b> | <b>-43</b> | <b>-67</b> |

|   | JUL - SEP   |             | JAN - SEP   |             | FULL YEAR   |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2016        | 2015        | 2016        | 2015        | RTM         | 2015        |
| Investments in tangible and intangible fixed assets                         | -111        | -123        | -322        | -297        | -457        | -432        |
| Divestments of tangible fixed assets  | 1           | 8           | 8           | 37          | 96          | 125         |
| <b>Investments and divestments, IFRS</b>                                    | <b>-110</b> | <b>-115</b> | <b>-314</b> | <b>-260</b> | <b>-361</b> | <b>-307</b> |
| Items included in received/paid restructuring and other non-recurring items | -1          | 0           | -6          | 0           | -90         | -84         |
| <b>Net capital expenditure, APM</b>   | <b>-111</b> | <b>-115</b> | <b>-320</b> | <b>-260</b> | <b>-451</b> | <b>-391</b> |

|   | JUL - SEP  |            | JAN - SEP  |             | FULL YEAR   |             |
|---|------------|------------|------------|-------------|-------------|-------------|
|   | 2016       | 2015       | 2016       | 2015        | RTM         | 2015        |
| <b>Interest received and paid, IFRS</b>   | <b>-25</b> | <b>-33</b> | <b>-70</b> | <b>-133</b> | <b>-121</b> | <b>-184</b> |
| Paid borrowing costs included in net debt | 1          | 0          | 3          | 0           | 34          | 31          |
| <b>Net financial items paid, APM</b>      | <b>-24</b> | <b>-33</b> | <b>-67</b> | <b>-133</b> | <b>-87</b>  | <b>-153</b> |

|   | JUL - SEP  |            | JAN - SEP  |             | FULL YEAR  |             |
|---|------------|------------|------------|-------------|------------|-------------|
|   | 2016       | 2015       | 2016       | 2015        | RTM        | 2015        |
| <b>Taxes paid, IFRS</b>   | <b>-11</b> | <b>-27</b> | <b>-40</b> | <b>-417</b> | <b>-46</b> | <b>-423</b> |
| Items included in received/paid restructuring and other non-recurring items | 0          | 1          | 0          | 381         | 0          | 381         |
| <b>Income taxes paid, APM</b>   | <b>-11</b> | <b>-26</b> | <b>-40</b> | <b>-36</b>  | <b>-46</b> | <b>-42</b>  |

# Signatures

The Board of Directors and the Chief Executive Officer hereby certify that the interim report gives a true and fair view of the Parent Company's and Group's operations, financial position and profit/loss and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Capio AB (publ)

Gothenburg, November 2, 2016

Anders Narvinger  
*Chairman*

Thomas Berglund  
*Chief Executive Officer*

Gunnar Németh  
*Vice Chairman*

Gun Nilsson

Fredrik Näslund

Birgitta Stymne Göransson

Michael Flemming

Pascale Richetta

Arnaud Bosquet

Kevin Thompson  
*Employee representative*

Julia Turner  
*Employee representative*

*This interim report has not been subject to a review by the Company's auditors.*

## Quarterly overview

### Income statement by quarter – Group

|  | 2016         |              |              | 2015         |              |              |              | FULL YEAR     |               |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
|  | Q3           | Q2           | Q1           | Q4           | Q3           | Q2           | Q1           | RTM           | 2015          |
| Net sales outpatients  | 1,561        | 1,802        | 1,771        | 1,722        | 1,489        | 1,694        | 1,685        | 6,856         | 6,590         |
| <i>In % of net sales</i>   | 49.3         | 50.4         | 49.2         | 49.1         | 48.7         | 49.2         | 48.5         | 49.5          | 48.8          |
| Net sales inpatients   | 1,380        | 1,539        | 1,600        | 1,539        | 1,350        | 1,517        | 1,562        | 6,058         | 5,968         |
| <i>In % of net sales</i>   | 43.5         | 43.1         | 44.4         | 43.8         | 44.2         | 44.1         | 44.9         | 43.7          | 44.3          |
| Net sales other  | 227          | 232          | 232          | 251          | 216          | 230          | 231          | 942           | 928           |
| <i>In % of net sales</i>   | 7.2          | 6.5          | 6.4          | 7.1          | 7.1          | 6.7          | 6.6          | 6.8           | 6.9           |
| <b>Net sales</b>   | <b>3,168</b> | <b>3,573</b> | <b>3,603</b> | <b>3,512</b> | <b>3,055</b> | <b>3,441</b> | <b>3,478</b> | <b>13,856</b> | <b>13,486</b> |
| <i>Total sales growth, %</i>   | 3.7          | 3.8          | 3.6          | 1.7          | 1.1          | 2.5          | 3.2          | 3.2           | 2.2           |
| <i>Organic sales growth, %</i>   | 2.6          | 4.0          | 3.7          | 2.7          | 2.3          | 3.5          | 2.9          | 3.3           | 2.9           |
| Direct cost  | -2,690       | -2,958       | -2,970       | -2,938       | -2,610       | -2,905       | -2,877       | -11,556       | -11,330       |
| <b>Gross result</b>  | <b>478</b>   | <b>615</b>   | <b>633</b>   | <b>574</b>   | <b>445</b>   | <b>536</b>   | <b>601</b>   | <b>2,300</b>  | <b>2,156</b>  |
| <i>Gross margin, %</i>   | 15.1         | 17.2         | 17.6         | 16.3         | 14.6         | 15.6         | 17.3         | 16.6          | 16.0          |
| Total overhead   | -384         | -443         | -438         | -395         | -359         | -400         | -410         | -1,660        | -1,564        |
| <b>Operating result (EBITA)</b>  | <b>94</b>    | <b>172</b>   | <b>195</b>   | <b>179</b>   | <b>86</b>    | <b>136</b>   | <b>191</b>   | <b>640</b>    | <b>592</b>    |
| <i>Operating margin (EBITA), %</i>                                       | 3.0          | 4.8          | 5.4          | 5.1          | 2.8          | 4.0          | 5.5          | 4.6           | 4.4           |
| Amortization on surplus values   | -18          | -19          | -19          | -20          | -19          | -18          | -18          | -76           | -75           |
| Restructuring and other non-recurring items and acquisition related cost | -4           | 4            | 0            | 17           | 0            | -52          | -11          | 17            | -46           |
| <b>Operating result (EBIT)</b>   | <b>72</b>    | <b>157</b>   | <b>176</b>   | <b>176</b>   | <b>67</b>    | <b>66</b>    | <b>162</b>   | <b>581</b>    | <b>471</b>    |
| Net interest   | -20          | -18          | -18          | -20          | -23          | -46          | -46          | -76           | -135          |
| Other financial items  | -9           | -3           | -4           | -3           | -10          | -64          | -15          | -19           | -92           |
| <b>Profit/loss after financial items</b>                                 | <b>43</b>    | <b>136</b>   | <b>154</b>   | <b>153</b>   | <b>34</b>    | <b>-44</b>   | <b>101</b>   | <b>486</b>    | <b>244</b>    |
| Income tax   | -9           | -22          | -31          | -29          | -6           | 13           | -27          | -91           | -49           |
| <b>Profit/loss for the period</b>  | <b>34</b>    | <b>114</b>   | <b>123</b>   | <b>124</b>   | <b>28</b>    | <b>-31</b>   | <b>74</b>    | <b>395</b>    | <b>195</b>    |
| <b>Operating result (EBITDAR)</b>  | <b>381</b>   | <b>456</b>   | <b>476</b>   | <b>465</b>   | <b>362</b>   | <b>401</b>   | <b>459</b>   | <b>1,778</b>  | <b>1,687</b>  |
| <i>Operating margin (EBITDAR), %</i>                                     | 12.0         | 12.8         | 13.2         | 13.2         | 11.8         | 11.7         | 13.2         | 12.8          | 12.5          |
| <b>Operating result (EBITDA)</b>   | <b>200</b>   | <b>276</b>   | <b>296</b>   | <b>285</b>   | <b>188</b>   | <b>237</b>   | <b>291</b>   | <b>1,057</b>  | <b>1,001</b>  |
| <i>Operating margin (EBITDA), %</i>                                      | 6.3          | 7.7          | 8.2          | 8.1          | 6.2          | 6.9          | 8.4          | 7.6           | 7.4           |

## Quarterly overview (cont.)

### Capital employed and financing by quarter – Group

|                                      | 2016         |              |              | 2015         |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | 30 Sep       | 30 Jun       | 31 Mar       | 31 Dec       | 30 Sep       | 30 Jun       | 31 Mar       |
| Operating capital employed           | 1,614        | 1,472        | 1,566        | 1,388        | 1,533        | 1,371        | 1,453        |
| <i>In % of net sales</i>             | 11.7         | 10.7         | 11.5         | 10.3         | 11.4         | 10.2         | 10.9         |
| Other capital employed               | 6,921        | 6,734        | 6,603        | 6,549        | 6,648        | 6,492        | 6,155        |
| <b>Capital employed</b>              | <b>8,535</b> | <b>8,206</b> | <b>8,169</b> | <b>7,937</b> | <b>8,181</b> | <b>7,863</b> | <b>7,608</b> |
| <b>Return on capital employed, %</b> | <b>7.5</b>   | <b>7.7</b>   | <b>7.3</b>   | <b>7.5</b>   | <b>7.3</b>   | <b>7.8</b>   | <b>8.3</b>   |
| Net debt                             | 3,149        | 2,941        | 3,009        | 2,936        | 3,231        | 3,031        | 3,426        |
| <i>Financial leverage</i>            | 3.0          | 2.8          | 3.0          | 2.9          | 3.2          | 2.9          | 3.2          |
| Equity                               | 5,386        | 5,265        | 5,160        | 5,001        | 4,950        | 4,832        | 4,182        |
| <b>Financing</b>                     | <b>8,535</b> | <b>8,206</b> | <b>8,169</b> | <b>7,937</b> | <b>8,181</b> | <b>7,863</b> | <b>7,608</b> |

### Cash flow by quarter – Group

|   | 2016          |               |               | 2015          |               |               | FULL YEAR     |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Q3            | Q2            | Q1            | Q4            | Q3            | Q2            | Q1            | RTM           | 2015          |
| <b>Net debt opening</b>                                   | <b>-2,941</b> | <b>-3,009</b> | <b>-2,936</b> | <b>-3,231</b> | <b>-3,031</b> | <b>-3,426</b> | <b>-3,440</b> | <b>-3,231</b> | <b>-3,440</b> |
| <b>Operating result (EBITA)</b>                           | <b>94</b>     | <b>172</b>    | <b>195</b>    | <b>179</b>    | <b>86</b>     | <b>136</b>    | <b>191</b>    | <b>640</b>    | <b>592</b>    |
| Capital expenditure                                       | -111          | -114          | -97           | -135          | -123          | -94           | -80           | -457          | -432          |
| Divestments of fixed assets                               | 0             | 1             | 1             | 4             | 8             | 4             | 25            | 6             | 41            |
| <b>Net capital expenditure</b>                            | <b>-111</b>   | <b>-113</b>   | <b>-96</b>    | <b>-131</b>   | <b>-115</b>   | <b>-90</b>    | <b>-55</b>    | <b>-451</b>   | <b>-391</b>   |
| <i>In % of net sales</i>                                  | 3.5           | 3.2           | 2.7           | 3.7           | 3.8           | 2.6           | 1.6           | 3.3           | 2.9           |
| Add-back depreciation                                     | 106           | 104           | 101           | 106           | 102           | 101           | 100           | 417           | 409           |
| <b>Net investments</b>                                    | <b>-5</b>     | <b>-9</b>     | <b>5</b>      | <b>-25</b>    | <b>-13</b>    | <b>11</b>     | <b>45</b>     | <b>-34</b>    | <b>18</b>     |
| Change in net customer receivables                        | 110           | 13            | -117          | 77            | 29            | 40            | -157          | 83            | -11           |
| Other changes in operating capital employed               | -262          | 80            | -64           | 36            | -138          | 56            | 21            | -210          | -25           |
| <b>Operating cash flow</b>                                | <b>-63</b>    | <b>256</b>    | <b>19</b>     | <b>267</b>    | <b>-36</b>    | <b>243</b>    | <b>100</b>    | <b>479</b>    | <b>574</b>    |
| <i>Cash conversion, %</i>                                 | -67.0         | 148.8         | 9.7           | 149.2         | -41.9         | 178.7         | 52.4          | 74.8          | 97.0          |
| Income taxes paid   | -11           | -23           | -6            | -6            | -26           | 6             | -16           | -46           | -42           |
| <b>Free cash flow before financial items</b>              | <b>-74</b>    | <b>233</b>    | <b>13</b>     | <b>261</b>    | <b>-62</b>    | <b>249</b>    | <b>84</b>     | <b>433</b>    | <b>532</b>    |
| <i>Cash conversion, %</i>                                 | -78.7         | 135.5         | 6.7           | 145.8         | -72.1         | 183.1         | 44.0          | 67.7          | 89.9          |
| Net financial items paid                                  | -24           | -19           | -24           | -20           | -33           | -51           | -49           | -87           | -153          |
| <b>Free cash flow after financial items</b>               | <b>-98</b>    | <b>214</b>    | <b>-11</b>    | <b>241</b>    | <b>-95</b>    | <b>198</b>    | <b>35</b>     | <b>346</b>    | <b>379</b>    |
| <i>Cash conversion, %</i>                                 | -104.3        | 124.4         | -5.6          | 134.6         | -110.5        | 145.6         | 18.3          | 54.1          | 64.0          |
| Acquisitions/divestments of companies                     | -16           | 1             | -4            | -24           | -25           | 29            | -47           | -43           | -67           |
| Received/paid restructuring and other non-recurring items | -32           | -15           | -7            | 43            | 4             | -419          | -38           | -11           | -410          |
| Shareholder transactions                                  | -2            | -71           | 0             | 1             | -1            | 667           | 0             | -72           | 667           |
| <b>Net cash flow</b>                                      | <b>-148</b>   | <b>129</b>    | <b>-22</b>    | <b>261</b>    | <b>-117</b>   | <b>475</b>    | <b>-50</b>    | <b>220</b>    | <b>569</b>    |
| Other items affecting net debt                            | -60           | -61           | -51           | 34            | -83           | -80           | 64            | -138          | -65           |
| <b>Net debt closing</b>                                   | <b>-3,149</b> | <b>-2,941</b> | <b>-3,009</b> | <b>-2,936</b> | <b>-3,231</b> | <b>-3,031</b> | <b>-3,426</b> | <b>-3,149</b> | <b>-2,936</b> |



## Quarterly overview (cont.)

### Income statement overview by quarter – Segment

|                               | 2016  |       |       | 2015  |       |       |       | FULL YEAR |        |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-----------|--------|
|                               | Q3    | Q2    | Q1    | Q4    | Q3    | Q2    | Q1    | RTM       | 2015   |
| <b>Capio Nordic</b>           |       |       |       |       |       |       |       |           |        |
| Net sales                     | 1,721 | 1,950 | 1,904 | 1,896 | 1,650 | 1,856 | 1,841 | 7,471     | 7,243  |
| Total sales growth, %         | 4.3   | 5.1   | 3.4   | 2.0   | 0.4   | 1.6   | 2.3   | 3.7       | 1.6    |
| Organic sales growth, %       | 3.3   | 4.7   | 3.0   | 4.1   | 4.2   | 4.8   | 5.3   | 3.8       | 4.6    |
| Operating result (EBITDAR)    | 224   | 233   | 210   | 233   | 214   | 195   | 202   | 900       | 844    |
| Operating margin (EBITDAR), % | 13.0  | 11.9  | 11.0  | 12.3  | 13.0  | 10.5  | 11.0  | 12.0      | 11.7   |
| Operating result (EBITDA)     | 127   | 137   | 112   | 136   | 115   | 103   | 104   | 512       | 458    |
| Operating margin (EBITDA), %  | 7.4   | 7.0   | 5.9   | 7.2   | 7.0   | 5.5   | 5.7   | 6.9       | 6.3    |
| Operating result (EBITA)      | 88    | 98    | 77    | 98    | 80    | 68    | 70    | 361       | 316    |
| Operating margin (EBITA), %   | 5.1   | 5.0   | 4.0   | 5.2   | 4.9   | 3.7   | 3.8   | 4.8       | 4.4    |
| <b>Capio France</b>           |       |       |       |       |       |       |       |           |        |
| Net sales                     | 1,196 | 1,336 | 1,387 | 1,324 | 1,157 | 1,304 | 1,313 | 5,243     | 5,098  |
| Total sales growth, %         | 3.4   | 2.5   | 5.6   | 2.4   | 2.8   | 6.4   | 7.2   | 3.5       | 4.7    |
| Organic sales growth, %       | 2.2   | 2.0   | 5.1   | 0.9   | -0.7  | 1.8   | 0.5   | 2.6       | 0.7    |
| Operating result (EBITDAR)    | 162   | 220   | 247   | 212   | 152   | 209   | 234   | 841       | 807    |
| Operating margin (EBITDAR), % | 13.5  | 16.5  | 17.8  | 16.0  | 13.1  | 16.0  | 17.8  | 16.0      | 15.8   |
| Operating result (EBITDA)     | 82    | 143   | 170   | 134   | 82    | 143   | 170   | 529       | 529    |
| Operating margin (EBITDA), %  | 6.9   | 10.7  | 12.2  | 10.1  | 7.1   | 11.0  | 12.9  | 10.1      | 10.4   |
| Operating result (EBITA)      | 22    | 85    | 111   | 70    | 21    | 85    | 110   | 288       | 286    |
| Operating margin (EBITA), %   | 1.8   | 6.4   | 8.0   | 5.3   | 1.8   | 6.5   | 8.4   | 5.5       | 5.6    |
| <b>Capio Germany</b>          |       |       |       |       |       |       |       |           |        |
| Net sales                     | 251   | 287   | 312   | 292   | 248   | 281   | 324   | 1,142     | 1,145  |
| Total sales growth, %         | 1.2   | 2.1   | -3.7  | -2.7  | -0.8  | 5.2   | 5.9   | -1.0      | 2.0    |
| Organic sales growth, %       | -0.3  | 8.6   | 1.7   | 2.1   | 4.1   | 2.6   | -0.2  | 3.1       | 2.0    |
| Operating result (EBITDAR)    | 11    | 24    | 42    | 38    | 11    | 16    | 45    | 115       | 110    |
| Operating margin (EBITDAR), % | 4.4   | 8.4   | 13.5  | 13.0  | 4.4   | 5.7   | 13.9  | 10.1      | 9.6    |
| Operating result (EBITDA)     | 8     | 19    | 38    | 34    | 8     | 12    | 40    | 99        | 94     |
| Operating margin (EBITDA), %  | 3.2   | 6.6   | 12.1  | 11.7  | 3.1   | 4.2   | 12.5  | 8.7       | 8.2    |
| Operating result (EBITA)      | 2     | 13    | 32    | 32    | 2     | 5     | 35    | 79        | 74     |
| Operating margin (EBITA), %   | 0.8   | 4.5   | 10.2  | 10.8  | 0.8   | 1.8   | 10.8  | 6.9       | 6.4    |
| <b>Other</b>                  |       |       |       |       |       |       |       |           |        |
| Net sales                     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0         | 0      |
| Operating result (EBITDAR)    | -16   | -21   | -23   | -18   | -15   | -19   | -22   | -78       | -74    |
| Operating result (EBITDA)     | -17   | -23   | -24   | -19   | -17   | -21   | -23   | -83       | -80    |
| Operating result (EBITA)      | -18   | -24   | -25   | -21   | -17   | -22   | -24   | -88       | -84    |
| <b>Eliminations</b>           |       |       |       |       |       |       |       |           |        |
| Net sales                     | -     | -     | -     | -     | -     | -     | -     | -         | -      |
| Operating result (EBITDAR)    | -     | -     | -     | -     | -     | -     | -     | -         | -      |
| Operating result (EBITDA)     | -     | -     | -     | -     | -     | -     | -     | -         | -      |
| Operating result (EBITA)      | -     | -     | -     | -     | -     | -     | -     | -         | -      |
| <b>Capio Group</b>            |       |       |       |       |       |       |       |           |        |
| Net sales                     | 3,168 | 3,573 | 3,603 | 3,512 | 3,055 | 3,441 | 3,478 | 13,856    | 13,486 |
| Total sales growth, %         | 3.7   | 3.8   | 3.6   | 1.7   | 1.1   | 2.5   | 3.2   | 3.2       | 2.2    |
| Organic sales growth, %       | 2.6   | 4.0   | 3.7   | 2.7   | 2.3   | 3.5   | 2.9   | 3.3       | 2.9    |
| Operating result (EBITDAR)    | 381   | 456   | 476   | 465   | 362   | 401   | 459   | 1,778     | 1,687  |
| Operating margin (EBITDAR), % | 12.0  | 12.8  | 13.2  | 13.2  | 11.8  | 11.7  | 13.2  | 12.8      | 12.5   |
| Operating result (EBITDA)     | 200   | 276   | 296   | 285   | 188   | 237   | 291   | 1,057     | 1,001  |
| Operating margin (EBITDA), %  | 6.3   | 7.7   | 8.2   | 8.1   | 6.2   | 6.9   | 8.4   | 7.6       | 7.4    |
| Operating result (EBITA)      | 94    | 172   | 195   | 179   | 86    | 136   | 191   | 640       | 592    |
| Operating margin (EBITA), %   | 3.0   | 4.8   | 5.4   | 5.1   | 2.8   | 4.0   | 5.5   | 4.6       | 4.4    |

## Quarterly overview (cont.)

### Capital employed by quarter – Segment

|                               | 2016   |        |        | 2015   |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|
|                               | 30 Sep | 30 Jun | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
| <b>Capio Nordic</b>           |        |        |        |        |        |        |        |
| Capital employed              | 3,138  | 2,903  | 2,763  | 2,778  | 2,957  | 2,801  | 2,828  |
| Return on capital employed, % | 11.5   | 12.2   | 11.7   | 11.4   | 10.2   | 10.6   | 10.4   |
| <b>Capio France</b>           |        |        |        |        |        |        |        |
| Capital employed              | 4,371  | 4,222  | 4,184  | 3,966  | 4,165  | 4,042  | 3,727  |
| Return on capital employed, % | 6.6    | 6.8    | 6.9    | 7.2    | 7.7    | 8.4    | 9.7    |
| <b>Capio Germany</b>          |        |        |        |        |        |        |        |
| Capital employed              | 1,092  | 1,061  | 1,048  | 1,031  | 1,021  | 989    | 1,035  |
| Return on capital employed, % | 7.2    | 7.4    | 6.8    | 7.2    | 6.0    | 6.0    | 5.4    |
| <b>Other</b>                  |        |        |        |        |        |        |        |
| Capital employed              | -66    | 20     | 174    | 162    | 38     | 31     | 18     |
| <b>Eliminations</b>           |        |        |        |        |        |        |        |
| Capital employed              | -      | -      | -      | -      | -      | -      | -      |
| <b>Capio Group</b>            |        |        |        |        |        |        |        |
| Capital employed              | 8,535  | 8,206  | 8,169  | 7,937  | 8,181  | 7,863  | 7,608  |
| Return on capital employed, % | 7.5    | 7.7    | 7.3    | 7.5    | 7.3    | 7.8    | 8.3    |

### Net capital expenditure by quarter – Segment

|                           | 2016 |      |     | 2015 |      |     | FULL YEAR |      |      |
|---------------------------|------|------|-----|------|------|-----|-----------|------|------|
|                           | Q3   | Q2   | Q1  | Q4   | Q3   | Q2  | Q1        | RTM  | 2015 |
| <b>Capio Nordic</b>       |      |      |     |      |      |     |           |      |      |
| Net capital expenditure   | -28  | -51  | -44 | -60  | -22  | -33 | -20       | -183 | -135 |
| In % of net sales Nordic  | 1.6  | 2.6  | 2.3 | 3.2  | 1.3  | 1.8 | 1.1       | 2.4  | 1.9  |
| <b>Capio France</b>       |      |      |     |      |      |     |           |      |      |
| Net capital expenditure   | -70  | -57  | -41 | -57  | -78  | -45 | -30       | -225 | -210 |
| In % of net sales France  | 5.9  | 4.3  | 3.0 | 4.3  | 6.7  | 3.5 | 2.3       | 4.3  | 4.1  |
| <b>Capio Germany</b>      |      |      |     |      |      |     |           |      |      |
| Net capital expenditure   | -10  | -5   | -10 | -11  | -13  | -11 | -5        | -36  | -40  |
| In % of net sales Germany | 4.0  | 1.7  | 3.2 | 3.8  | 5.2  | 3.9 | 1.5       | 3.2  | 3.5  |
| <b>Other</b>              |      |      |     |      |      |     |           |      |      |
| Net capital expenditure   | -3   | 0    | -1  | -3   | -2   | -1  | 0         | -7   | -6   |
| <b>Capio Group</b>        |      |      |     |      |      |     |           |      |      |
| Net capital expenditure   | -111 | -113 | -96 | -131 | -115 | -90 | -55       | -451 | -391 |
| In % of net sales Group   | 3.5  | 3.2  | 2.7 | 3.7  | 3.8  | 2.6 | 1.6       | 3.3  | 2.9  |

## Definitions

**Number of outpatients** Number of patient visits, for patients with length of stay shorter than 24 hours.

**Number of inpatients** Number of patient visits, for patients with length of stay longer than 24 hours.

**Average length of stay (AVLOS)** Average length of an inpatient stay measured in number of days. AVLOS presented excludes psychiatry, rehabilitation, nursing and eating disorder patients. AVLOS in France has also been adjusted for the effect from the transfer between in- and outpatient treatments. These adjustments have been made in order to show a comparable AVLOS between segments and over time.

**Number of employees** Number of employees as full-time equivalents on average during the year.

**Total sales growth, %** Increase in net sales for the period as a percentage of the previous year's net sales.

**Organic sales growth, %** Increase in net sales for the period, adjusted for acquisitions/divestments and changes in exchange rates, as a percentage of the previous year's net sales adjusted for divestments.

**Operating result (EBITA)** Operating result before amortizations of group surplus values, restructuring and other non-recurring items and acquisition related costs.

**Operating result (EBITDA)** Operating result (EBITA) adjusted for depreciations and impairments related to operating fixed assets.

**Operating result (EBITDAR)** Operating result (EBITDA) adjusted for rent of premises.

**Operating result (EBIT)** Operating result before interest and income tax.

**Adjusted profit/loss for the period** Profit/loss for the period attributable to parent company shareholders adjusted for amortization of group surplus values, restructuring and other non-recurring items, acquisition related costs and write-off of capitalized borrowing costs, net of income tax.

**Earnings per share (before dilution)** Profit/loss for the period attributable to parent company shareholders in relation to the average number of outstanding common shares during the period. Refer to note 2 for calculations of earnings per share before dilution.

**Earnings per share (after dilution)** Profit/loss for the period attributable to parent company shareholders, excluding the net cost of outstanding convertible debenture loans issued during the third quarter 2016, in relation to the average number of shares including effects from the convertible debenture loans. Refer to note 2 for calculations of earnings per share after dilution.

**Adjusted earnings per share (before dilution)** Adjusted profit/loss for the period attributable to parent company shareholders in relation to the average number of outstanding common shares during the period. Refer to note 2 for calculations of adjusted earnings per share after dilution.

**Adjusted earnings per share (after dilution)** Adjusted profit/loss for the period attributable to parent company shareholders, excluding the net cost of outstanding convertible debenture loans issued during the third quarter 2016, in relation to the average number of shares including effects from the convertible debenture loans. Refer to note 2 for calculations of adjusted earnings per share after dilution.

**Net customer receivables and DSO** Accounts receivables and accrued production less bad debt provision and advances from customers. DSO, Days sales outstanding, average number of days outstanding on net sales, at balance sheet date.

**Operating capital employed** Operating capital employed consists of non-interest bearing operating assets and liabilities, mainly operating fixed assets, net customer receivables, supplier payables and other operating assets and liabilities.

**Other capital employed** Other operating capital employed consists of acquisition related surplus values (real estate, goodwill, trademark and other surplus values), tax assets and liabilities and other non-operating capital employed items.

**Capital employed** Capital employed includes all non-interest bearing assets and liabilities as well as provisions for employee-benefits.

**Return on capital employed** RTM operating result (EBITA) as a percentage of capital employed.

**Net debt** The Group's external interest-bearing assets and liabilities adjusted for cash and cash equivalents.

**Financial leverage** Financial leverage is the closing balance of net debt in relation to RTM operating result (EBITDA).

**Net capital expenditures** Investments in fixed assets, net of divestments of fixed assets excluding items classified as non-operating, for the period.

**Net investments** Investments in fixed assets, net of divestments of fixed assets, depreciations and impairments, excluding items classified as non-operating, for the period.

**Operating cash flow** Operating cash flow relates to operating result (EBITA) adjusted for net investments and changes in working capital.

**Free cash flow before financial items** Corresponds with operating cash flow less income taxes paid.

**Free cash flow after financial items** Corresponds with free cash flow before financial items less net financial items paid.

**Cash conversion** Cash conversion in % is defined as the cash flow in relation to operating result (EBITA).

**Acquisitions and divestments of companies** in the operational cash flow statement relate to the total net debt impact.

**RTM** Rolling 12 month.

## Presentation of the interim report

Investors, analysts and media are invited to participate in a telephone conference on November 3, 2016 at 09.30 am (CET). President and CEO Thomas Berglund and CFO Olof Bengtsson will present the report and answer questions. The telephone conference will be audio casted live on [www.capio.com](http://www.capio.com). To participate in the telephone conference, please register at [www.capio.com](http://www.capio.com) and dial in five minutes prior to the start of the conference call.

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US: +1 855 831 59 47  
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France: +33 170 75 07 12

Prior to the start of the telephone conference, presentation slides will be available at [www.capio.com](http://www.capio.com).

A recorded version of the audio cast will be available at [www.capio.com](http://www.capio.com) during the afternoon (CET).

## Financial calendar

February 10, 2017, Full year report January – December 2016  
May 3, 2017, Interim report January – March 2017  
May 3, 2017, Annual General Meeting 2017  
July 21, 2017, Interim report January – June 2017  
October 27, 2017, Interim report January – September 2017

Capio's annual general meeting will be held on Wednesday, May 3, 2017 in Gothenburg, Sweden. The Capio Annual Report 2016 will be available on [www.capio.com](http://www.capio.com) in April 2017.

## For further information

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For further information regarding Capio's IR activities, refer to [www.capio.com](http://www.capio.com)

*This information is information that Capio AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person Henrik Brehmer set out above, at 08.00 (CET) on November 3, 2016.*

## About Capio

Capio AB (publ) is a leading, pan-European healthcare provider offering a broad range of high quality medical, surgical and psychiatric healthcare services in four countries through its hospitals, specialist clinics and primary care units. In 2015, Capio's 12,360 employees provided healthcare services during 4.6 million patient visits across the Group's facilities in Sweden, Norway, France and Germany, generating net sales of MSEK 13,486. Capio operates across three geographic segments: Nordic (54 percent of Group net sales 2015), France (38 percent of Group net sales 2015) and Germany (8 percent of Group net sales 2015). For more information about Capio, please see [www.capio.com](http://www.capio.com).

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## Values

### Quality. Compassion. Care.

When we require medical care, we are vulnerable and perhaps helpless, or at least in need of assistance. We may also have a limited insight and knowledge of our illness and how best to treat it. This places a heavy burden of responsibility on the healthcare service and its staff, far beyond the responsibility that applies to many other activities and situations in life. The foundation for Capiro's activities is three core values to manage this responsibility and to achieve the best achievable quality of life for every patient.

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## Mission

### Cure. Relieve. Comfort.

We have a mission: to cure, relieve and comfort anyone seeking medical care from Capiro. This is also what is stated in the oath created around 2,400 years ago by Hippocrates, the father of medicine.

Modern medical developments mean that more and more diseases can now be cured, or at least eased. At Capiro, we are doing everything in our power to make the most of this development. We use all the knowledge and experience of our staff to ensure that new advances benefit patients as quickly as possible. New, improved methods and procedures are only viable when they are implemented in day-to-day medical care.

There are times when a cure is impossible and relief is merely temporary. In these cases, comfort is an important part of the care offered. We must be able to see the person behind the illness; see their anxiety and sorrow, and do everything in our power to support them. It is important to remember this personal aspect of medical care in the face of the advanced technology used today, not to mention the thousands of sophisticated treatment methods that are part of modern healthcare.

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## Vision

### The best achievable quality of life for every patient

The aim of all healthcare work is to ensure the best achievable quality of life for each and every patient. Many make a full recovery, while others have the chance of a more normal life. A patient's self-esteem and dignity shall also be respected and reinforced even as his or her life draws to a close. Our key drivers are quality, compassion and care.

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