Capio AB (publ)
Full year report January – December 2016

October – December 2016
- Net sales MSEK 3,725 (3,512). Organic sales growth 2.9% (2.7) and total sales growth 6.1% (1.7)
- Operating result (EBITDA)[1] MSEK 289 (285) and margin 7.8% (8.1). EBITDA increased by 1.4%
- Operating result (EBITA)[1] MSEK 183 (179) and margin 4.9% (5.1). EBITA increased by 2.2%
- Operating result (EBIT) MSEK 153 (176) and margin 4.1% (5.0). EBIT decreased by 13.1%
- Profit for the period[1] MSEK 135 (123) and adjusted profit for the period[1] MSEK 161 (127). Earnings per share after dilution[2] SEK 0.96 (0.88) and adjusted earnings per share after dilution[2] SEK 1.14 (0.90)

January – December 2016
- Net sales MSEK 14,069 (13,486). Organic sales growth 3.3% (2.9) and total sales growth 4.3% (2.2)
- Operating result (EBITDA)[1] MSEK 1,061 (1,001) and margin 7.5% (7.4). EBITDA increased by 6.0%
- Operating result (EBITA)[1] MSEK 644 (592) and margin 4.6% (4.4). EBITA increased by 8.8%
- Operating result (EBIT) MSEK 558 (471) and margin 4.0% (3.5). EBIT increased by 18.5%
- Profit for the period[1] MSEK 404 (194) and adjusted profit for the period[1] MSEK 467 (326). Earnings per share after dilution[2] SEK 2.86 (1.45) and adjusted earnings per share after dilution[2] SEK 3.30 (2.44)
- Proposed dividend SEK 0.90 per share (0.50)

CEO comments:

"Solid performance 2016 driven by productivity improvements. Focus on acquisitions and digitalization create additional opportunities."

- **Organic sales growth of 3.3% and EBITA growth of 9% for the full year 2016**
- **Continued positive development in Nordic and Germany with 17% and 12% full year EBITA growth respectively, from higher volumes and productivity improvements**
- **France showed some weakness during Q4 from a lower than expected final yearly price reimbursement and some minor strike effects, resulting in a slightly lower full year operating margin (EBITA) than expected. December back on track for full margin compensation. Yet no clarity from the French government on the 2017 price development**
- **Acquisitions during the last two months are adding net sales of more than MSEK 700 on a full year basis**
- **We are speeding up digitalization, starting in primary care in Sweden with our 750,000[3] listed patients**

Nordic continued to show solid net sales and result growth in line with our plans. Organic sales growth in the quarter was 4.3%, and for the full year 3.8%. During 2016, the operating margin (EBITA) improved by 50 basis points to 4.9%.

The productivity increase in primary care in Sweden continued and 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 from the down-sized New Karolinska Hospital. The new and larger accident and emergency department (A&E) at Capio S:t Göran contributed to the continued good growth. Specialist care successfully developed the geriatric business in Stockholm resulting in strong growth, and is continuing the work to streamline its offer in the free healthcare choice market.

France was during the fourth quarter hit by lower than expected final yearly price reimbursement and some minor strike effects resulting in a slightly lower operating margin (EBITA) for the full year than expected. The full year result was negatively impacted by price reductions of MSEK -87. Volume growth and productivity improvements compensated for the main part of the price reductions, and the underlying margin development has improved quarter over quarter during 2016. Actions to further improve the development is continuing. These actions include reorganization of employees, more efficient procurement, continuous improvements in a few remaining lagging units, and further development of medical specialties. December shows improved development, which has created a good starting point for the 2017 work to improve margins in France.

The **focus going forward** is of course on securing the ongoing positive trends in the current business. Since the end of 2016, we have increased acquisition activities. We have so far added net sales of more than MSEK 700 from acquisitions on a full year basis. Acquisitions made have margins above group average and will contribute positively to the margin development in 2017 and will gradually be enhanced further by synergies. The acquisition activity is expected to continue.

In our continuous efforts to strive for higher quality healthcare with greater patient involvement, Capio has signed an agreement with Doctrin, a Swedish provider of e-health solutions. The collaboration includes implementation of digital patient information tools to better prepare and facilitate physical consultations. Additional digital solutions for doctors' consultations are being developed and will be launched during 2017 for our 750,000[3] listed patients. Capio has also acquired a minority share in Doctrin AB to support further development of e-health services that can improve the healthcare system.

Thomas Berglund
President and CEO

[1] Refer to page 31 for definitions of EBITDA and EBITA. Profit and adjusted profit refer to profit attributable to parent company shareholders.
[2] Refer to note 2 for calculations of EPS and adjusted EPS (before and after dilution). [3] Including the acquisition of Backa Läkarhus.

This is a translation of the original Swedish full year report. In the event of difference between the English translation and the Swedish original, the Swedish full year report shall prevail.

The Group and the segments in brief

Capio Group

	OCT – DEC			JAN – DEC		
	2016	2015	*Change, %*	2016	2015	*Change, %*
Net sales	**3,725**	**3,512**	***6.1***	**14,069**	**13,486**	***4.3***
Total sales growth, %	*6.1*	*1.7*		*4.3*	*2.2*	
Organic sales growth, %	*2.9*	*2.7*		*3.3*	*2.9*	
Operating result (EBITDA)	**289**	**285**	***1.4***	**1,061**	**1,001**	***6.0***
Operating margin (EBITDA), %	*7.8*	*8.1*		*7.5*	*7.4*	
Operating result (EBITA)	**183**	**179**	***2.2***	**644**	**592**	***8.8***
Operating margin (EBITA), %	*4.9*	*5.1*		*4.6*	*4.4*	
Operating result (EBIT)	**153**	**176**	***-13.1***	**558**	**471**	***18.5***
Operating margin (EBIT), %	*4.1*	*5.0*		*4.0*	*3.5*	
Profit for the period[1]	**135**	**123**		**404**	**194**	
Adjusted profit for the period[1]	**161**	**127**	***26.8***	**467**	**326**	***43.3***
Earnings per share after dilution[2], SEK	0.96	0.88		2.86	1.45	
Adjusted earnings per share after dilution[2], SEK	1.14	0.90		3.30	2.44	
Net capital expenditure	**-138**	**-131**		**-458**	**-391**	
In % of net sales	*3.7*	*3.7*		*3.3*	*2.9*	
Net debt	**2,872**	**2,936**	***-2.2***	**2,872**	**2,936**	***-2.2***
Financial leverage	*2.7*	*2.9*		*2.7*	*2.9*	

Segments

Capio Nordic

	OCT - DEC			JAN – DEC		
	2016	2015	*Change, %*	2016	2015	*Change, %*
Net sales	**2,009**	**1,896**	***6.0***	**7,584**	**7,243**	***4.7***
Total sales growth, %	*6.0*	*2.0*		*4.7*	*1.6*	
Organic sales growth, %	*4.3*	*4.1*		*3.8*	*4.6*	
Operating result (EBITDA)	**146**	**136**	***7.4***	**522**	**458**	***14.0***
Operating margin (EBITDA), %	*7.3*	*7.2*		*6.9*	*6.3*	
Operating result (EBITA)	**108**	**98**	***10.2***	**371**	**316**	***17.4***
Operating margin (EBITA), %	*5.4*	*5.2*		*4.9*	*4.4*	
Operating result (EBIT)	**86**	**91**	***-5.5***	**304**	**256**	***18.8***
Operating margin (EBIT), %	*4.3*	*4.8*		*4.0*	*3.5*	
Net capital expenditure	**-45**	**-60**		**-168**	**-135**	
In % of net sales	*2.2*	*3.2*		*2.2*	*1.9*	

Capio France

	OCT - DEC			JAN – DEC		
	2016	2015	*Change, %*	2016	2015	*Change, %*
Net sales	**1,394**	**1,324**	***5.3***	**5,313**	**5,098**	***4.2***
Total sales growth, %	*5.3*	*2.4*		*4.2*	*4.7*	
Organic sales growth, %	*0.2*	*0.9*		*2.4*	*0.7*	
Operating result (EBITDA)	**123**	**134**	***-8.2***	**518**	**529**	***-2.1***
Operating margin (EBITDA), %	*8.8*	*10.1*		*9.7*	*10.4*	
Operating result (EBITA)	**65**	**70**	***-7.1***	**283**	**286**	***-1.0***
Operating margin (EBITA), %	*4.7*	*5.3*		*5.3*	*5.6*	
Operating result (EBIT)	**62**	**72**	***-13.9***	**280**	**275**	***1.8***
Operating margin (EBIT), %	*4.5*	*5.4*		*5.3*	*5.4*	
Net capital expenditure	**-76**	**-57**		**-244**	**-210**	
In % of net sales	*5.5*	*4.3*		*4.6*	*4.1*	

Capio Germany

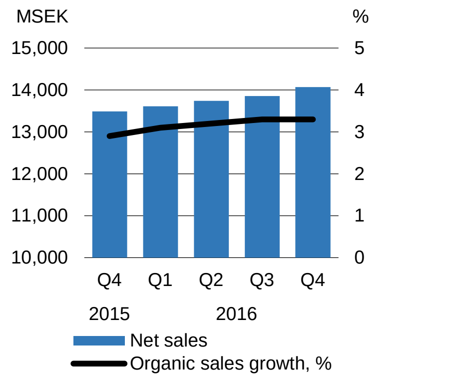
	OCT - DEC			JAN – DEC		
	2016	2015	*Change, %*	2016	2015	*Change, %*
Net sales	**322**	**292**	***10.3***	**1,172**	**1,145**	***2.4***
Total sales growth, %	*10.3*	*-2.7*		*2.4*	*2.0*	
Organic sales growth, %	*5.5*	*2.1*		*4.0*	*2.0*	
Operating result (EBITDA)	**43**	**34**	***26.5***	**108**	**94**	***14.9***
Operating margin (EBITDA), %	*13.4*	*11.7*		*9.2*	*8.2*	
Operating result (EBITA)	**36**	**32**	***12.5***	**83**	**74**	***12.2***
Operating margin (EBITA), %	*11.2*	*10.8*		*7.1*	*6.4*	
Operating result (EBIT)	**31**	**45**	***-31.1***	**64**	**68**	***-5.9***
Operating margin (EBIT), %	*9.6*	*15.4*		*5.5*	*5.9*	
Net capital expenditure	**-10**	**-11**		**-35**	**-40**	
In % of net sales	*3.1*	*3.8*		*3.0*	*3.5*	

1 Profit attributable to parent company shareholders. Refer to note 2 for a reconciliation of reported and adjusted profit for the period and to page 31 for definition of adjusted profit for the period.

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

Financial targets and development 2016

Net sales and organic sales growth (RTM)



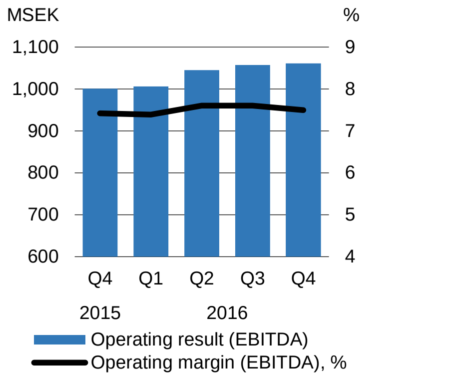
Target

- 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

Development 2016

- Total sales growth of 4.3% and organic sales growth of 3.3%
- Organic sales growth above or in line with estimated market growth in all markets
- Limited growth from acquisitions in 2016. Two acquisitions were recently announced (December 2016 and January 2017), increasing the speed of growth in 2017

Operating result (EBITDA) and margin (RTM)



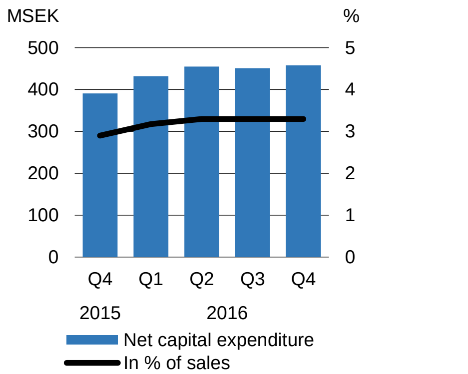
Target

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

Development 2016

- Operating result (EBITDA) increased by 6.0%
- Operating result growth was higher than total sales growth, following productivity improvements and operational leverage
- Positive volume growth and improved productivity in all segments. Capio France compensated for the main part of the 2015 and 2016 price reductions (MSEK -87 impact in 2016)

Net capital expenditure and in % of sales (RTM)



Target

- 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

Development 2016

- Net capital expenditures in % of net sales was 3.3%
- Net capital expenditures was well in line with the target considering timing of divestments

Surgery at Capio Ortopediska huset in Stockholm, Sweden

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)[1]

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.

	OCT - DEC			FULL YEAR						
AVLOS by segment, Days	2016	2015	%	2016	2015	%	2014	%	2013	%
Capio Nordic	3.98	3.95	*0.8*	4.01	4.12	*-2.7*	4.16	*-1.0*	4.21	*-1.2*
Capio Nordic excl. geriatrics	2.85	2.82	*1.1*	2.83	2.93	*-3.4*	3.01	*-2.7*	3.11	*-3.2*
Capio France	4.52	4.54	*-0.4*	4.47	4.61	*-3.0*	4.75	*-2.9*	4.93	*-3.7*
Capio Germany	4.52	4.42	*2.3*	4.54	4.61	*-1.5*	4.82	*-4.4*	4.82	*0.0*
Capio Group	**4.38**	**4.36**	***0.5***	**4.37**	**4.49**	***-2.7***	**4.63**	***-3.0***	**4.75**	***-2.5***
Capio Group excl. geriatrics	**4.01**	**4.02**	***-0.2***	**4.01**	**4.15**	***-3.4***	**4.33**	***-4.2***	**4.47**	***-3.1***

AVLOS in the quarter was in all segments impacted by a higher case mix and growth of treatments with longer stays (e.g. higher geriatric volumes including some expanded and newly started operations). In addition, AVLOS in Capio Nordic was impacted by an earlier and heavier flu season compared with last year. This especially impacted inpatient activity at Capio S:t Göran. The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management reduced AVLOS for the Group by 2.7% during 2016, positively impacted by the knowledge sharing within Capio. Adjusted for geriatrics, the 2016 AVLOS reduction for the Group was 3.4%.

Resident physician attending patient at Capio Geriatrics Nacka, Sweden

[1] Refer to page 31 for definition.

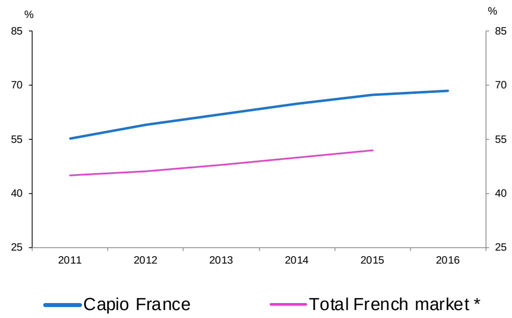
The shift from in- to outpatient surgery in France

By its focus on Modern Medicine and Rapid Recovery, Capio France has successfully increased the day surgery ratio over the past six 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 2011-2016	
Capio France	French market *
2.7	*1.8*

Source: ATIH

** French market development 2011-2015. In 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.*

Inauguration of Capio Clinique de Domont (France)

On January 12, 2017, the first pure day surgery center ever in France, located in Domont outside Paris, was officially inaugurated. The new center, which is designed for efficient day surgery, including hip- and knee replacements, welcomed its first patients in November 2016.

Today, Capio Clinique de Domont comprises five operating theatres and radiology services and has a capacity to treat 11,000 patients annually. The center performs consultations and day surgery within e.g. specialized orthopedics, endoscopy, urology and gynecology, serving an area of around 300,000 people north of Paris.

Capio Clinique de Domont is located near Capio Clinique Claude Bernard, the regional hub for emergency care and inpatient treatments, including intensive care (ICU). The close cooperation between the larger hospital and the specialized day surgery center is part of the regional "Star network" where patients have access to a broad offering of outpatient and inpatient medical care with high patient safety requirements.

Quality study in France

In 2016, Capio Clinique de Domont commissioned a quality study of hip replacements performed in its operations. The study included 782 patients, who were followed-up in average 2.5 years after surgery, and had a response rate of 87.4%. The average age of the patients participating in the study was 69 years. 59% of respondents were females and 41% were males. The study showed that 94% of the patients were satisfied (of which 80% were very satisfied) with the treatment, rehabilitation and quality of life after surgery. The results of the study support Capio France's focus on Modern Medicine and Rapid Recovery going forward.

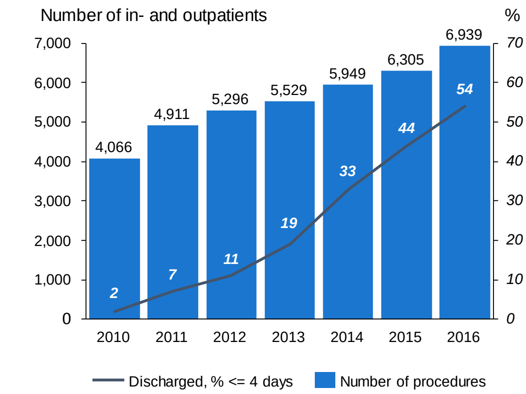
Capio Clinique de Domont, the first pure day surgery center ever in France, opened during the fourth quarter 2016 and was officially inaugurated in January 2017. The new center has a capacity to treat 11,000 patients annually.

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

Hip and knee replacements in Capio France continued to grow during the fourth quarter 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 2015, the share of patients being discharged within four days increased by ten percentage points. 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 (now 8% of the total number of surgeries). 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.

Hip and knee prosthesis surgery Capio France



Provided in daycare: Number	0	1	8	26	160	450	534

AVLOS development hip and knee prosthesis surgery 2011-2016

Days	2011	2014	2015	2016	11-14, %	11-15, %	11-16, %
Capio France	8.2	5.6	5.0	4.5	*-32*	*-39*	*-45*
The French market	10.2	9.0	8.4	-	*-12*	*-18*	-
Capio Sweden	3.9	3.3	2.7	2.6	*-15*	*-31*	*-33*
The Swedish market	-	4.7	4.4	-	-	-	-

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

Group development

Capio Group

	OCT - DEC			JAN - DEC		
	2016	**2015**	***Change, %***	**2016**	**2015**	***Change, %***
KPI; Production, productivity and resources						
Number of outpatients	1,243.3	1,182.3	*5.2*	4,457.0	4,398.2	*1.3*
Number of inpatients	57.7	57.6	*0.2*	226.3	222.5	*1.7*
Number of patients, kNumber	**1,301.0**	**1,239.9**	***4.9***	**4,683.3**	**4,620.7**	***1.4***
AVLOS, Days	**4.38**	**4.36**	***0.5***	**4.37**	**4.49**	***-2.7***
Number of employees (FTE)	**12,406**	**12,310**	***0.8***	**12,435**	**12,360**	***0.6***
Income statement						
Net sales	**3,725**	**3,512**	***6.1***	**14,069**	**13,486**	***4.3***
Total sales growth, %	*6.1*	*1.7*		*4.3*	*2.2*	
Organic sales growth, %	*2.9*	*2.7*		*3.3*	*2.9*	
Operating result (EBITDA)	**289**	**285**	***1.4***	**1,061**	**1,001**	***6.0***
Operating margin (EBITDA), %	*7.8*	*8.1*		*7.5*	*7.4*	
Operating result (EBITA)	**183**	**179**	***2.2***	**644**	**592**	***8.8***
Operating margin (EBITA), %	*4.9*	*5.1*		*4.6*	*4.4*	
Profit for the period[1]	**135**	**123**		**404**	**194**	
Adjusted profit for the period[1]	**161**	**127**	***26.8***	**467**	**326**	***43.3***
Earnings per share after dilution[2], SEK	0.96	0.88		2.86	1.45	
Adjusted earnings per share after dilution [2], SEK	1.14	0.90		3.30	2.44	

October – December 2016

Organic sales growth was in all segments driven by higher volumes and a higher inpatient case mix. The outpatient volume growth was positive in all segments, while the inpatient growth mainly was related to the Nordic segment (emergency and geriatric care in Stockholm). Price growth was limited following the general price reduction in France. Changes in exchange rates and acquisitions impacted total sales growth positively.

The result development was driven by sales growth combined with operational leverage from productivity improvements in Nordic and Germany. In France, the result development was positively impacted by volume growth and productivity improvements, and negatively by the general price reduction (MSEK -23). The main part of the price reduction was compensated for, but the quarter was negatively impacted by a lower than expected final yearly price reimbursement and some minor strike effects (in total MSEK -12), resulting in a slightly lower operating margin (EBITA) than expected for France. AVLOS during the quarter was impacted by a higher case mix and growth of treatments with longer stays (e.g. geriatrics). In addition, AVLOS in Nordic was impacted by an earlier and heavier flu season. FTE growth was below the patient growth following productivity improvements.

The operating result (EBIT) included amortization on surplus values of MSEK -19 (-20) and restructuring and other non-recurring items and acquisition related costs of MSEK -11 (17). Restructuring and other non-recurring items were mainly related to acquisition related costs. In 2015, restructuring and other non-recurring items were positively impacted by effects in French projects and a partial impairment reversal in Germany.

The profit for the period included net financial expenses of MSEK -24 (-23) and income tax of MSEK 7 (-29). The effective income tax rate was +5% (19%), positively impacted by a revaluation of French deferred tax balances (MSEK 26) due to a government decision in France to reduce the income tax rate to approximately 29% from 2019.

Earnings per share (EPS) after dilution was SEK 0.96 (0.88). Adjusted EPS after dilution was SEK 1.14 (0.90). The positive development was driven by an improved operating result combined with a lower effective income tax rate.

January – December 2016

Organic sales growth was in all segments driven by higher volumes and a higher case mix. Outpatient volumes were only slightly higher than last year due to the development in Nordic (expired contracts within psychiatric care and a lower number of patient visits within primary care). Inpatient growth was driven by a combination of higher volumes in Nordic and France as well as from an acquisition in France. Price growth was limited following the general price reductions in France.

The result development was driven by sales growth combined with operational leverage from productivity improvements. In France, volume growth and productivity improvements compensated for the main part of the price reductions (MSEK -87). The fourth quarter was negatively impacted by a lower than expected final yearly price reimbursement and some minor strike effects (in total MSEK -12), resulting in a slightly lower operating margin (EBITA) full year than expected for France. The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management led to shorter AVLOS in all segments. FTE growth was below patient growth following productivity improvements.

The operating result (EBIT) included amortization on surplus values of MSEK -75 (-75) and restructuring and other non-recurring items and acquisition related costs of MSEK -11 (-46). Restructuring items were mainly a net of incomes and costs related to the ongoing structural projects in France and acquisition related costs.

The profit for the period included net financial expenses of MSEK -96 (-227) and income tax of MSEK -55 (-49). 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 12% (20%), positively impacted by the revaluation of French deferred tax balances during the fourth quarter 2016 (MSEK 26).

Earnings per share (EPS) after dilution was SEK 2.86 (1.45). Adjusted EPS after dilution was SEK 3.30 (2.44). The positive development was mainly driven by the improved operating result and finance net combined with a lower effective income tax rate.

1 Attributable to parent company shareholders.
2 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	OCT - DEC			JAN - DEC		
	2016	2015	*Change, %*	2016	2015	*Change, %*
KPI; Production, productivity and resources						
Number of outpatients	1,042.7	992.4	*5.1*	3,666.8	3,673.0	*-0.2*
Number of inpatients	13.7	13.4	*2.2*	52.4	50.4	*4.0*
Number of patients, kNumber	**1,056.4**	**1,005.8**	***5.0***	**3,719.2**	**3,723.4**	***-0.1***
AVLOS, Days	**3.98**	**3.95**	***0.8***	**4.01**	**4.12**	***-2.7***
Number of employees (FTE)	**5,736**	**5,760**	***-0.4***	**5,739**	**5,755**	***-0.3***
Income statement						
Net sales outpatients	1,371	1,306	*5.0*	5,248	5,017	*4.6*
Net sales inpatients	593	537	*10.4*	2,181	2,055	*6.1*
Net sales other	45	53	*-15.1*	155	171	*-9.4*
Net sales	**2,009**	**1,896**	***6.0***	**7,584**	**7,243**	***4.7***
Total sales growth, %	*6.0*	*2.0*		*4.7*	*1.6*	
Organic sales growth, %	*4.3*	*4.1*		*3.8*	*4.6*	
Operating result (EBITDA)	**146**	**136**	***7.4***	**522**	**458**	***14.0***
Operating margin (EBITDA), %	*7.3*	*7.2*		*6.9*	*6.3*	
Operating result (EBITA)	**108**	**98**	***10.2***	**371**	**316**	***17.4***
Operating margin (EBITA), %	*5.4*	*5.2*		*4.9*	*4.4*	
Cash flow						
Net capital expenditure	**-45**	**-60**		**-168**	**-135**	
In % of net sales	*2.2*	*3.2*		*2.2*	*1.9*	

Capio Nordic October – December 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 inpatient case mix and negatively by expired contracts within psychiatric care (-0.5% organic sales growth). Total sales growth was positively impacted by the acquired businesses in Norway (2015) and Sweden (2016). The higher number of inpatient visits was mainly related to acute and geriatric care in Stockholm. The growth of outpatient visits in the quarter was mainly related to specialist free healthcare choice and the contract businesses in Sweden.

The result was 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. AVLOS in the quarter was impacted by a higher case mix combined with an earlier and heavier flu season in Sweden. The number of FTEs decreased mainly following productivity improvements in primary care combined with effects from some expired contracts in psychiatric care.

The higher net capex in 2015 was mainly related to the new A&E at Capio S:t Göran.

Capio Nordic January – December 2016

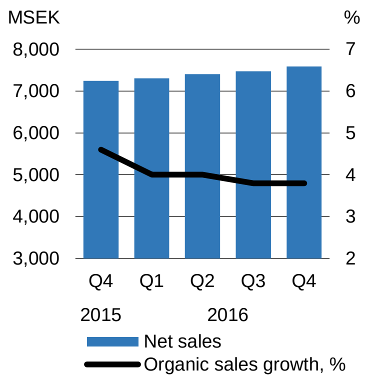
Organic sales growth was driven by volume growth in the specialist free healthcare choice and contract businesses in Sweden combined with a higher case mix. Organic sales growth was negatively impacted by expired contracts within psychiatric care (-0.6% organic sales growth). Total sales growth was positively impacted by the acquired businesses (Norway and Sweden). 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 expired contracts within psychiatric care as well as the changes to the primary care choice model in Stockholm.

The result was positively impacted by increased sales growth and productivity improvements. The ongoing program to increase productivity within primary care was implemented according to plan, which impacted the result and margin positively. The acquisitions in Norway and Sweden supported the result development. The strategic focus on Modern Medicine and Modern Management led to shorter AVLOS. The number of FTEs decreased more than the number of patients, mainly due to productivity improvements in primary care combined with effects from some expired contracts in psychiatric care.

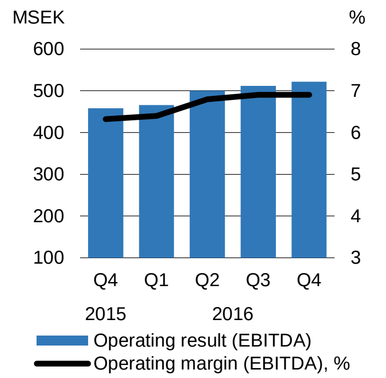
Net capital expenditure (net capex) was mainly related to maintenance capex with the increase compared to 2015 mainly being related to the new A&E at Capio S:t Göran.

Quarterly development from the fourth quarter 2015 to the fourth quarter 2016

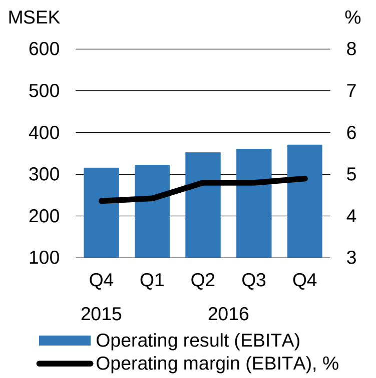
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)



Operating result (EBITA) and margin (RTM)



Development in the segments (cont.)

Capio France

	OCT - DEC			JAN - DEC		
	2016	**2015**	***Change, %***	**2016**	**2015**	***Change, %***
KPI; Production, productivity and resources						
Number of outpatients	153.2	145.9	*5.0*	598.2	556.5	*7.5*
Number of inpatients	34.1	34.0	*0.3*	136.3	133.1	*2.4*
Number of patients, kNumber	**187.3**	**179.9**	***4.1***	**734.5**	**689.6**	***6.5***
AVLOS, Days	**4.52**	**4.54**	***-0.4***	**4.47**	**4.61**	***-3.0***
Number of employees (FTE)	**5,407**	**5,293**	***2.2***	**5,425**	**5,296**	***2.4***
Income statement						
Net sales outpatients	411	384	*7.0*	1,574	1,459	*7.9*
Net sales inpatients	785	742	*5.8*	2,986	2,907	*2.7*
Net sales other	198	198	*0.0*	753	732	*2.9*
Net sales	**1,394**	**1,324**	***5.3***	**5,313**	**5,098**	***4.2***
Total sales growth, %	*5.3*	*2.4*		*4.2*	*4.7*	
Organic sales growth, %	*0.2*	*0.9*		*2.4*	*0.7*	
Operating result (EBITDA)	**123**	**134**	***-8.2***	**518**	**529**	***-2.1***
Operating margin (EBITDA), %	*8.8*	*10.1*		*9.7*	*10.4*	
Operating result (EBITA)	**65**	**70**	***-7.1***	**283**	**286**	***-1.0***
Operating margin (EBITA), %	*4.7*	*5.3*		*5.3*	*5.6*	
Cash flow						
Net capital expenditure	**-76**	**-57**		**-244**	**-210**	
In % of net sales	*5.5*	*4.3*		*4.6*	*4.1*	

Capio France October – December 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 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 -23 corresponding to -2.0% of medical sales. At comparable exchange rates total sales growth was 0.4% (1.8).

The result was 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 in the quarter. The result was negatively by the price reduction (MSEK -23). The main part of the price reduction was compensated for by volume growth and productivity improvements, but the quarter was negatively impacted by a lower than expected final yearly price reimbursement and some minor strike effects (in total MSEK -12), resulting in a slightly lower operating margin (EBITA) than expected.

Net capital expenditure (net capex) in the quarter was impacted by expansion projects supporting the Modern Medicine strategy and timing of some divestments (2016 divestments delayed to 2017).

Capio France January – December 2016

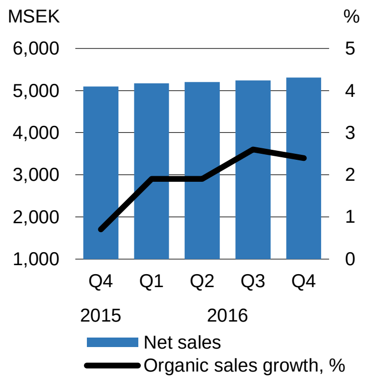
Organic sales growth was driven by patient growth in all seven regions, positively impacted by completed expansion projects and additional doctors. The shift from in- to outpatient treatments continued while the increase in inpatient visits was driven by a combination of organic growth and acquisitions. The organic sales growth was negatively impacted by MSEK -87 from the general price reductions in 2016 and 2015, corresponding in total to -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 3.0% (1.8).

The result was positively impacted by the volume growth and the continued implementation of the Modern Medicine and Rapid Recovery strategy. AVLOS continued to decrease, which will improve staff productivity further over time. The result was negatively impacted by price reductions (MSEK -87). Volume growth and productivity improvements compensated for the main part of the price reductions. The fourth quarter was negatively impacted by a lower than expected final yearly price reimbursement and some minor strike effects (in total MSEK -12, corresponding to a negative full year EBITA margin effect of 25 basis points), resulting in a slightly lower operating margin (EBITA) full year than expected.

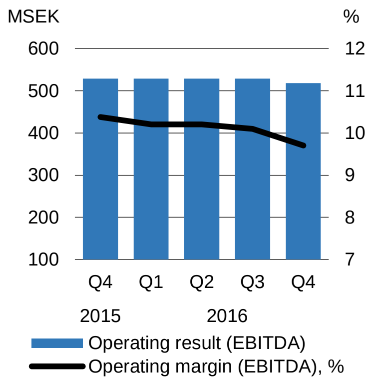
Net capital expenditure (net capex) was mainly related to maintenance capex. 2015 was impacted by the divestment of non-core assets (MSEK 36).

Quarterly development from the fourth quarter 2015 to the fourth quarter 2016

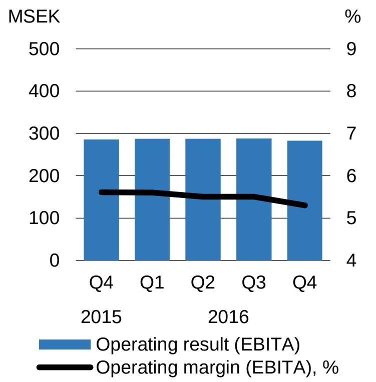
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)



Operating result (EBITA) and margin (RTM)



Development in the segments (cont.)

Capio Germany

	OCT - DEC			JAN - DEC		
	2016	**2015**	***Change, %***	**2016**	**2015**	***Change, %***
KPI; Production, productivity and resources						
Number of outpatients	47.4	44.0	*7.7*	192.0	168.7	*13.8*
Number of inpatients	9.9	10.2	*-2.9*	37.6	39.0	*-3.6*
Number of patients, kNumber	**57.3**	**54.2**	***5.7***	**229.6**	**207.7**	***10.5***
AVLOS, Days	**4.52**	**4.42**	***2.3***	**4.54**	**4.61**	***-1.5***
Number of employees (FTE)	**1,220**	**1,223**	***-0.2***	**1,221**	**1,275**	***-4.2***
Income statement						
Net sales outpatients	33	32	*3.1*	127	114	*11.4*
Net sales inpatients	282	260	*8.5*	1,011	1,006	*0.5*
Net sales other	7	0	-	34	25	*36.0*
Net sales	**322**	**292**	***10.3***	**1,172**	**1,145**	***2.4***
Total sales growth, %	*10.3*	*-2.7*		*2.4*	*2.0*	
Organic sales growth, %	*5.5*	*2.1*		*4.0*	*2.0*	
Operating result (EBITDA)	**43**	**34**	***26.5***	**108**	**94**	***14.9***
Operating margin (EBITDA), %	*13.4*	*11.7*		*9.2*	*8.2*	
Operating result (EBITA)	**36**	**32**	***12.5***	**83**	**74**	***12.2***
Operating margin (EBITA), %	*11.2*	*10.8*		*7.1*	*6.4*	
Cash flow						
Net capital expenditure	**-10**	**-11**		**-35**	**-40**	
In % of net sales	*3.1*	*3.8*		*3.0*	*3.5*	

Capio Germany October – December 2016

Organic sales growth was positively impacted by higher outpatient volumes and a higher inpatient case mix. The higher inpatient case mix limited the capacity in terms of number of inpatients. The lower organic sales growth in the third quarter was recovered during the fourth quarter. Outpatient growth was driven by the additional outpatient authorizations. At comparable exchange rates total sales growth was 5.5% (-3.2).

The result was positively impacted by the higher volume and inpatient case mix. In addition, continued productivity improvements in the general hospitals impacted the result positively. AVLOS development was impacted by the higher case mix and growth of treatments with longer stays (e.g. geriatrics). The number of FTEs decreased following productivity improvements.

Net capital expenditure (net capex) was mainly related to maintenance capex.

Capio Germany January – December 2016

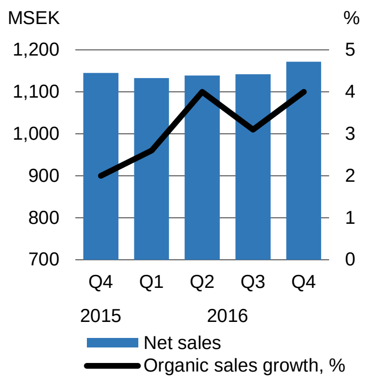
Organic sales growth was positively impacted by higher outpatient volumes and slightly higher prices. Patient growth was driven by the introduction of new medical specialties (mainly additional outpatient authorizations) in some of the general hospitals. Total patient and sales growth was negatively impacted by the divestment of the Maximilian hospital as of June 30, 2015. At comparable exchange rates total sales growth was 1.1% (-0.9).

The result was positively impacted by volume growth and productivity improvements in the general hospitals. The strategic focus on Modern Medicine led to shorter AVLOS, but a higher case mix and growth of treatments with longer stays (e.g. geriatrics) reduced the pace of improvement. The number of FTEs decreased following the divestment of the Maximilian hospital and productivity improvements.

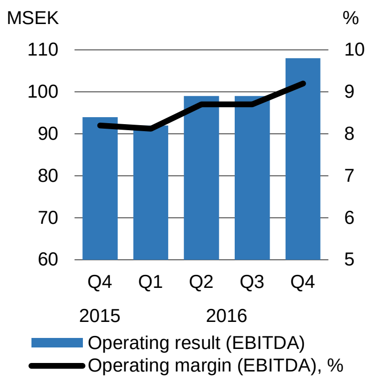
Net capital expenditure (net capex) was mainly related to maintenance capex and the construction project in one of the general hospitals.

Quarterly development from the fourth quarter 2015 to the fourth quarter 2016

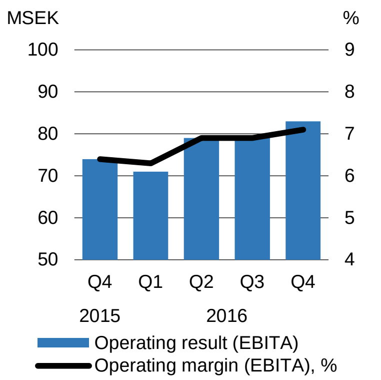
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)



Operating result (EBITA) and margin (RTM)



Cash flow

Capio Group	OCT - DEC 2016	OCT - DEC 2015	JAN - DEC 2016	JAN - DEC 2015
Net debt opening	**-3,149**	**-3,231**	**-2,936**	**-3,440**
Operating result (EBITA)	**183**	**179**	**644**	**592**
Capital expenditure	-142	-135	-464	-432
Divestments of fixed assets	4	4	6	41
Net capital expenditure	**-138**	**-131**	**-458**	**-391**
In % of net sales	***3.7***	***3.7***	***3.3***	***2.9***
Add-back depreciation	106	106	417	409
Net investments	**-32**	**-25**	**-41**	**18**
Change in net customer receivables	-39	77	-33	-11
Other changes in operating capital employed	153	36	-93	-25
Operating cash flow	**265**	**267**	**477**	**574**
Cash conversion, %	***144.8***	***149.2***	***74.1***	***97.0***
Income taxes paid	-8	-6	-48	-42
Free cash flow before financial items	**257**	**261**	**429**	**532**
Cash conversion, %	***140.4***	***145.8***	***66.6***	***89.9***
Net financial items paid	-21	-20	-88	-153
Free cash flow after financial items	**236**	**241**	**341**	**379**
Cash conversion, %	***129.0***	***134.6***	***53.0***	***64.0***
Acquisitions and divestments of companies	-9	-24	-28	-67
Received/paid restructuring and other non-recurring items	69	43	15	-410
Shareholder transactions	0	1	-73	667
Net cash flow	**296**	**261**	**255**	**569**
Cash conversion, %	***161.7***	***145.8***	***39.6***	***96.1***
Other items	-19	34	-191	-65
Net debt closing	**-2,872**	**-2,936**	**-2,872**	**-2,936**

Cash flow October – December 2016

Capex in the quarter was mainly maintenance related and well in line with 2015. The negative change in net customer receivables was mainly due to higher sales combined with a slightly higher DSO. Other changes in working capital were impacted by the normal seasonal effect due to the build-up of vacation related accruals. In addition, the quarter was positively impacted by timing effects from settlement of tax credits in France.

The outflow from acquisitions was mainly related to acquisition related transaction costs. Received/paid restructuring and other non-recurring items in the quarter were mainly related to the settlement of items from prior periods which were more than offset by divestment proceeds.

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

Cash flow January – December 2016

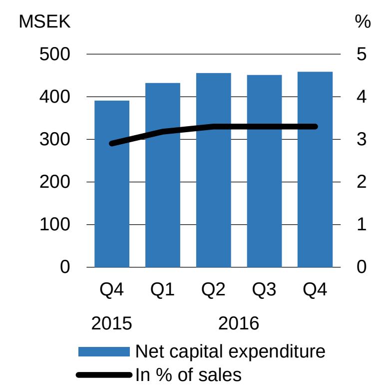
Capex was mainly maintenance related and above last year due to the new A&E at Capio S:t Göran and expansion projects in France. 2015 was positively impacted by the divestment of non-core assets (MSEK 41) while divestments of non-core assets planned for 2016 were delayed to 2017. Depreciation increased compared with last year due to higher capex. Changes in net customer receivables were related to higher sales as DSO was stable compared to last year. In addition, cash flow was negatively impacted from timing of payments (mainly due to a change from quarterly to monthly payments of social contributions 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 (Q4 and Q3), France (Q2) and Germany (Q1). Acquisitions also included an earn-out payment in Nordic as well as acquisition related transaction costs. Received/paid restructuring and other non-recurring items were mainly related to settlement of items from 2015 and earlier which were offset by divestment proceeds. Shareholder transactions mainly related to paid dividend of MSEK 71.

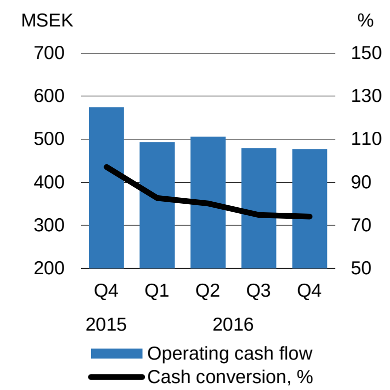
Other items affecting net debt were mainly related to changes in exchange rates and some new finance leases.

Quarterly development from the fourth quarter 2015 to the fourth quarter 2016

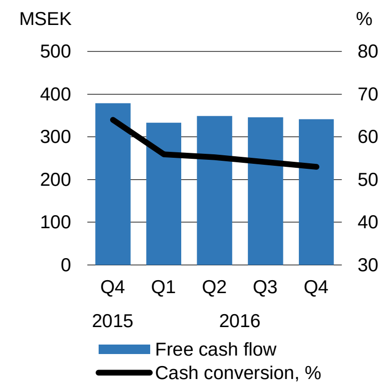
Net capex and in % of net sales (RTM)



Operating CF and cash conversion (RTM)



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



Capital employed and financing

Capio Group	2016 31 Dec	2015 31 Dec
Operating capital employed	1,554	1,388
In % of net sales	*11.0*	*10.3*
Other capital employed	6,790	6,549
Capital employed	**8,344**	**7,937**
Return on capital employed, %	*7.7*	*7.5*
Net debt	2,872	2,936
Financial leverage	*2.7*	*2.9*
Equity	5,472	5,001
Financing	**8,344**	**7,937**

Capital employed as of December 31, 2016

The increase in operating capital employed was mainly related to higher net capex during 2016 and higher net sales in December 2016 compared to last year (impacting the change of net customer receivables). The increase was also 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 changes in exchange rates (the Swedish krona weakened compared to the Euro) and effects from completed acquisitions. The return on capital employed was 7.7% (7.5 as of December 31, 2015), positively impacted by the improvement in operating result (EBITA) and negatively by the higher capital employed.

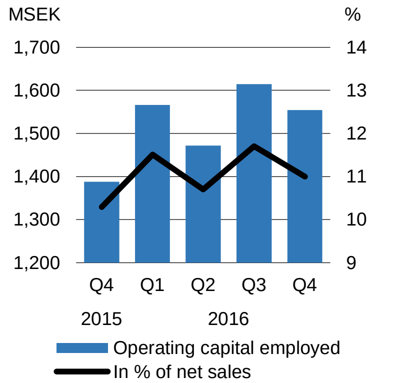
Financing as of December 31, 2016

Net debt decreased compared with December 31, 2015 following the positive net cash flow (MSEK 255), including the dividend payment of MSEK 71. Net debt was negatively impacted by changes in exchange rates (the Swedish krona weakened compared to the Euro) and some additional finance leases. The financial leverage improved compared with December 31, 2015 following the increase in operating result (EBITDA) and the lower net debt.

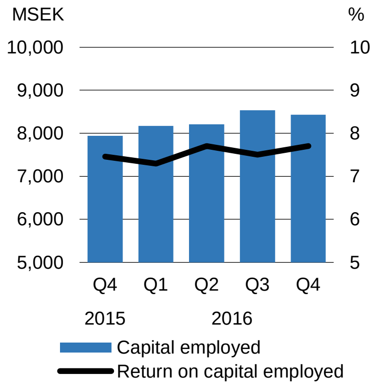
The new financing facility that was set in place in conjunction with the IPO contains two financial covenants; one covenant with a maximum financial leverage and one covenant with a minimum interest cover. As of December 31, 2016 Capio was in compliance with and had satisfactory headroom under both covenants.

Quarterly development from the fourth quarter 2015 to the fourth quarter 2016

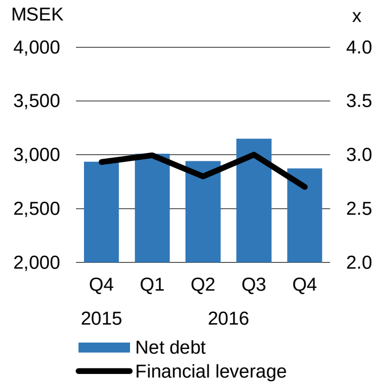
Operating capital employed and in % of net sales



Capital employed and ROCE



Net debt and financial leverage



Significant events during the period

Acquisitions and divestments, January – December 2016

Acquisition of CFR Hospitaler A/S (Denmark)

As announced on December 21, 2016, Capio has acquired 70% of the shares in CFR Hospitaler A/S ("CFR"). Enterprise value was MDKK 199 for 70% of CFR and Capio has the option to acquire the remaining 30% of the shares after two years. CFR comprises four specialized hospitals and four radiology units and is active in three out of five Danish regions. CFR annually performs more than 80,000 consultations and 8,000 surgeries, and in 2016 net sales were around MDKK 288 (MSEK 366). The acquisition of CFR represents a new market entry for Capio, adding to the Group's Nordic home base and pan-European footprint for driving Modern Medicine and increased productivity in healthcare services. The acquisition was closed during January 2017 and is consolidated in Capio from January 1, 2017. CFR is expected to have a positive impact on Capio's earnings during 2017.

Acquisition of Scanloc Healthcare AB (Sweden)

As announced on August 31, 2016, Capio has acquired 100% of the shares in Scanloc Healthcare AB. 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. The acquisition is consolidated in Capio since September 30, 2016. Since the consolidation, the contribution to Group net sales was MSEK 8. The acquisition strengthens Capio's healthcare offering within ophthalmology. The acquisition did not significantly impact the Group's earnings in 2016.

Acquisition of Ultraljudsbarnmorskorna i Stockholm AB (Sweden)

As announced on June 28, 2016, Capio has acquired 70% of the shares in Ultraljudsbarnmorskorna i Stockholm AB. 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. The acquisition is consolidated in Capio since September 1, 2016. Since the consolidation, the contribution to Group net sales was MSEK 5. The acquisition broadens Capio's healthcare offering within maternity care in Stockholm. The acquisition did not significantly 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 is consolidated in Capio since April 1, 2016. Since the consolidation, the contribution to Group net sales was MSEK 67. 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 did not have any significant impact on the results or financial position of Capio France in 2016 on a net basis.

In addition 2016 included acquisitions of outpatient authorizations in Germany and a small dermatology business and occupational health business in Norway as well as an earnout payment in Nordic.

MSEK	Yearly sales	Enterprise value	Purchase price[1]	Goodwill[2]	Acq. related intangible fixed assets
Opening balance				**5,289**	**1,402**
Acquisitions	154	44	44	39	26
Total acquisitions January – December 2016	**154**	**44**	**44**	**39**	**26**
Divestments				-	-
Amortization of acquisition related intangible assets				-	-46
Exchange rate differences				154	36
Closing balance				**5,482**	**1,418**

1 Total cash outflow from acquisitions was MSEK -34 during January – December 2016.
2 Purchase price allocations are still preliminary.

Significant events during the period (cont.)

Other significant events, January – December 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), which were also the holdings as of December 31, 2016.

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 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 of MSEK 134, directed to employees in Sweden and Norway, and two loans in EUR of 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%. During the period the average interest rate was 4.70%. 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.

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, and Capio was thus better prepared when the price was further reduced in 2016. Volume growth and productivity improvements compensated for the main part of the price reductions (MSEK -87 impact in 2016), but the fourth quarter was negatively impacted by a lower than expected final yearly price reimbursement, resulting in a slightly lower full year operating margin (EBITA) than expected.

Other events during the period

The welfare enquiry was presented (Sweden)

In November 2016, the commission presented its welfare enquiry to the Swedish government, suggesting that the allowed profit level for companies in the welfare sector should be capped at a level not exceeding 7% return on operating capital. However, a parliament majority is against any proposal to restrict return or profits for companies in the welfare sector, as was demonstrated in June 2015 by the opposition parties through the Parliament Finance Committee. This majority position has been repeatedly reiterated.

Psychiatric contracts in Stockholm (Sweden)

In September 2016, it was announced that Capio had been awarded a new psychiatry contract and lost one of the current contracts in Stockholm. Capio appealed the lost contract and the current contract is now extended until September 30, 2017. Depending on the timing and outcome of the ongoing legal process, the current contract could be subject to a further extension.

Significant events after the period

Acquisition of Backa Läkarhus AB (Sweden)

As announced on January 3, 2017, Capio has agreed to acquire 100% of the shares in Backa Läkarhus AB (”Backa”). Backa operates eleven primary care centers and nine rehabilitation centers in Region Västra Götaland, and one medical care center in Region Halland. In total, Backa has 83,000 listed patients, and in 2016 net sales were around MSEK 370. Enterprise value was MSEK 300 and yearly synergy effects of in total approximately MSEK 10 are expected to be realized over the coming two years. The acquisition of Backa complements and strengthens Capio's presence and medical offering within primary care in the western parts of Sweden. The acquisition, which is subject to approval by the affected county councils (Region Västra Götaland and Region Halland) and unconditioned approval from the Competition Authority, is expected to be closed and included in Capio from March 2017. Backa is expected to have a positive impact on Capio's earnings during 2017.

Other events after the period

Divestment of Klinik an der Weissenburg (Germany)

In January 2017, Capio signed an agreement to divest the hospital in Weissenburg, including the rehabilitation and nursing activities, as it is not part of the core business of Capio Germany. Enterprise value was MSEK 32 (MEUR 3.3) and in 2016 the hospital contributed MSEK 67 to the Group's net sales. The divestment does not significantly impact the Group's operating result (EBITA) and net profit going forward.

Agreement with Doctrin AB (Sweden)

In our continuous efforts to strive for higher quality healthcare with greater patient involvement, Capio has signed an agreement with Doctrin, a Swedish provider of e-health solutions. The collaboration started in late 2016 and includes implementation of digital patient information tools to better prepare and facilitate physical consultations. Additional digital solutions for doctors' consultations are being developed and will be launched during 2017 for our 750,000[1] listed patients. Capio has also acquired a minority share in Doctrin AB to support further development of e-health services that can improve the healthcare system. The minority share is not expected to have any significant financial impact in 2017.

[1] Including the acquisition of Backa Läkarhus.

New Country President of Capio in Sweden (Sweden)

Capio takes the next step in Sweden to increase specialization and digitalization and increases focus on efficient care chains. As the leader of this new step, Britta Wallgren is appointed Country President of Capio's Swedish operations. Britta will be a member of Capio's Group Management team and report to Capio's President and CEO, Thomas Berglund.

Today, Britta Wallgren is the Business area manager of Capio S:t Göran's hospital, and since many years, she is a member of Capio's international management team. Britta will take over the management of Capio's Swedish operation from Capio's President and CEO, Thomas Berglund, as of March 1, 2017.

Sofia Palmquist, currently deputy Business area manager of Capio S:t Göran's hospital, is at the same time appointed Business area manager of the hospital. Sofia holds an MSc in Economics and joined the hospital in 2007.

Capio Sweden, which is the largest part of the Nordic segment, had net sales of MSEK 6,891 in 2016 and includes all Swedish operations in the areas of primary care, somatic and psychiatric specialist care, and emergency care.

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

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Net sales	3,725	3,512	14,069	13,486
Direct costs	-3,079	-2,938	-11,697	-11,330
Gross result	**646**	**574**	**2,372**	**2,156**
Administrative expenses	-463	-395	-1,728	-1,564
Operating result (EBITA)	**183**	**179**	**644**	**592**
Amortization on surplus values	-19	-20	-75	-75
Restructuring and other non-recurring items and acquisition related costs	-11	17	-11	-46
Operating result (EBIT)	**153**	**176**	**558**	**471**
Net interest	-19	-20	-75	-135
Other financial items	-5	-3	-21	-92
Profit after financial items	**129**	**153**	**462**	**244**
Income tax	7	-29	-55	-49
Profit for the period	**136**	**124**	**407**	**195**
Operating result (EBITDA)	**289**	**285**	**1,061**	**1,001**
Earnings per share before dilution, SEK[1]	0.96	0.88	2.86	1.45
Adjusted earnings per share before dilution, SEK[1]	1.14	0.90	3.31	2.44
Earnings per share after dilution, SEK[1]	0.96	0.88	2.86	1.45
Adjusted earnings per share after dilution, SEK[1]	1.14	0.90	3.30	2.44
Other comprehensive income that will be reclassified into profit/loss:				
Hedge effect in foreign investment	-3	-7	30	0
Translation differences	-20	-85	115	-104
Revaluation reserve, convertible debenture loans	0	0	10	0
Cash flow hedging	0	2	0	5
Income taxes related to other comprehensive income	0	0	-2	-1
Other comprehensive income that will be reclassified into profit/loss, net of income tax	**-23**	**-90**	**153**	**-100**
Other comprehensive income that will not be reclassified into profit/loss:				
Revaluation of defined benefit plans	-32	24	-27	34
Income taxes related to other comprehensive income	6	-7	5	-9
Other comprehensive income that will not be reclassified into profit/loss, net of income tax	**-26**	**17**	**-22**	**25**
Total comprehensive income for the period, net of income tax	**87**	**51**	**538**	**120**
Profit attributable to:				
Parent Company shareholders	135	123	404	194
Non-controlling interest	1	1	3	1
	136	**124**	**407**	**195**
Total comprehensive income attributable to:				
Parent Company shareholders	86	50	535	119
Non-controlling interest	1	1	3	1
	87	**51**	**538**	**120**

[1] 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 31 Dec	2015 31 Dec
Intangible assets	7,105	6,855
Tangible fixed assets	2,358	2,229
Financial fixed assets	629	597
Total fixed assets	**10,092**	**9,681**
Inventories	248	215
Accounts receivables - trade	712	662
Short-term investments and interest-bearing receivables	2	2
Cash and cash equivalents	321	118
Other current assets	1,157	1,072
Total current assets	**2,440**	**2,069**
Total assets	**12,532**	**11,750**
Equity attributable to Parent Company shareholders	5,443	4,981
Equity attributable to non-controlling interest	29	20
Total equity	**5,472**	**5,001**
Provisions for employee benefits	365	338
Deferred income tax liabilities	600	604
Long-term liabilities, interest-bearing	3,162	3,018
Long-term liabilities and provisions, non-interest-bearing	103	114
Total long-term liabilities and provisions	**4,230**	**4,074**
Current liabilities, interest-bearing	90	93
Accounts payable – trade	795	672
Current income tax liabilities	27	4
Accrued expenses and prepaid income	1,437	1,355
Other current liabilities	481	551
Total current liabilities	**2,830**	**2,675**
Total liabilities, provisions and shareholders' equity	**12,532**	**11,750**

Condensed statement of cash flow – Capio Group

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Operating result (EBIT)	153	176	558	471
Reversal of depreciations/amortizations and impairments	127	73	499	453
Items not affecting cash flow[1]	-1	2	-28	-9
Interest received and paid	-23	-51	-93	-184
Taxes paid	-8	-6	-48	-423
Cash flow from operating activities before changes in working capital	**248**	**194**	**888**	**308**
Change in net working capital	189	113	-90	-55
Cash flow from operating activities	**437**	**307**	**798**	**253**
Acquisitions and divestments of companies and financial fixed assets	-4	-23	4	-31
Payment to non-controlling interest	0	0	-2	-15
Investments in tangible and intangible fixed assets	-143	-135	-465	-432
Divestments of tangible fixed assets	4	88	12	125
Cash flow from investment activities	**-143**	**-70**	**-451**	**-353**
Increase/decrease in external loans	-19	-185	84	2,494
Amortizations	-25	-29	-146	-3,494
Dividend	0	0	-71	0
New share issue	0	0	0	750
Transaction costs for the IPO and new share issue	-6	-22	-8	-73
Cash flow from financing activities	**-50**	**-236**	**-141**	**-323**
Cash flow from operations	**244**	**1**	**206**	**-423**
Currency differences in cash and cash equivalents	2	-13	-3	-20
Change in cash and cash equivalents	**246**	**-12**	**203**	**-443**
Opening balance, cash and cash equivalents	**75**	**130**	**118**	**561**
Closing balance, cash and cash equivalents	**321**	**118**	**321**	**118**

[1] 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	Share-holders' equity
Opening balance at January 1, 2015	**39**	**0**	**-162**	**338**	**3,945**	**20**	**4,180**
Profit for the year					194	1	195
Other comprehensive income			29	-104			-75
Total comprehensive income	**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
Total transactions with shareholders	**33**	**710**	**0**	**0**	**-41**	**-1**	**701**
Closing balance at December 31, 2015	**72**	**710**	**-133**	**234**	**4,098**	**20**	**5,001**

	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Share-holders' equity
Opening balance at January 1, 2016	**72**	**710**	**-133**	**234**	**4,098**	**20**	**5,001**
Profit for the year					404	3	407
Other comprehensive income			-14	145			131
Total comprehensive income	**0**	**0**	**-14**	**145**	**404**	**3**	**538**
Dividend					-71		-71
Dividend to non-controlling interest					-2		-2
Change in non-controlling interest						6	6
Total transactions with shareholders	**0**	**0**	**0**	**0**	**-73**	**6**	**-67**
Closing balance at December 31, 2016	**72**	**710**	**-147**	**379**	**4,429**	**29**	**5,472**

Parent Company

Condensed income statement – Parent Company

	OCT - DEC		JAN - DEC	
	2016	2015	2016	2015
Net sales	6	5	26	11
Gross result	**6**	**5**	**26**	**11**
Administrative expenses	-8	-4	-33	-53
Operating profit/loss	**-2**	**1**	**-7**	**-42**
Financial items	75	75	73	187
Profit after financial items	**73**	**76**	**66**	**145**
Income tax	-	-	-	9
Profit for the period	**73**	**76**	**66**	**154**

Condensed balance sheet – Parent Company

	2016	2015
	31 Dec	31 Dec
Fixed assets	4,012	4,009
Current assets	923	778
Total assets	**4,935**	**4,787**
Equity	4,768	4,765
Liabilities	167	22
Total equity and liabilities	**4,935**	**4,787**

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

October – December 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 were related to a group contribution received (MSEK 78) and interest costs for the convertible debenture loans.

January – December 2016

The Parent Company's net sales and gross result in 2016 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 Stockholm, amounting to MSEK -40.5.

Financial items were related to a group contribution received (MSEK 78) and interest costs for the convertible debenture loans. Financial items in 2015 were fully related to a dividend of MSEK 112 and a group contribution of MSEK 75.

As of December 31, 2016

The Parent Company's fixed assets as of December 31, 2016 amounted to MSEK 4,012 (4,009 as of December 31, 2015) and mainly comprised shares in subsidiaries. Current assets as of December 31, 2016 amounted to MSEK 923 (778 as of December 31, 2015) and mainly comprised cash and cash equivalents and a receivable related to the group contribution received. The change in current assets compared with December 31, 2015 was mainly explained by the net of the group contribution received (MSEK 78), the convertible debenture loans (MSEK 155), and the payment of dividend to shareholders during the second quarter 2016 (MSEK -71).

Shareholders' equity as of December 31, 2016 amounted to MSEK 4,768 (4,765 as of December 31, 2015). The change compared with December 31, 2015 was mainly a net of the group contribution received and the dividend paid. The Parent Company's liabilities amounted to MSEK 167 as of December 31, 2016 (22 as of December 31, 2015) and were mainly related to the convertible debenture loans and personnel related accruals.

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. 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 8 "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

	OCT - DEC		JAN - DEC	
BEFORE DILUTION	**2016**	**2015**	**2016**	**2015**
Average number of outstanding shares, Number[1]	141,159,661	141,159,661	141,159,661	133,448,885
Profit for the period attributable to Parent Company shareholders net of income tax, MSEK	135	123	404	194
Adjusted profit for the period attributable to Parent Company shareholders net of income tax, MSEK[2]	161	127	467	326
Earnings per share before dilution, SEK[2]	**0.96**	**0.88**	**2.86**	**1.45**
Adjusted earnings per share before dilution, SEK[2]	**1.14**	**0.90**	**3.31**	**2.44**

1 Total number of outstanding shares as of December 31, 2016 was 141,159,661 (all common shares).
2 Refer to definitions on page 31.

	OCT - DEC		JAN - DEC	
AFTER DILUTION	**2016**	**2015**	**2016**	**2015**
Average number of outstanding shares, Number[1]	143,990,437	141,159,661	142,575,049	133,448,885
Profit for the period attributable to Parent Company shareholders net of income tax, MSEK	138	123	408	194
Adjusted profit for the period attributable to Parent Company shareholders net of income tax, MSEK[2]	164	127	471	326
Earnings per share after dilution, SEK[2]	**0.96**	**0.88**	**2.86**	**1.45**
Adjusted earnings per share after dilution, SEK[2]	**1.14**	**0.90**	**3.30**	**2.44**

1 Average number of outstanding shares after dilution including effects from the convertible debenture loans issued during the third quarter 2016.
2 Refer to definitions on page 31.

Reconciliation of reported and adjusted profit

	OCT - DEC		JAN - DEC	
BEFORE DILUTION, MSEK	**2016**	**2015**	**2016**	**2015**
Profit for the period attributable to Parent Company shareholders net of income tax	135	123	404	194
Amortization on surplus values	19	20	75	75
Restructuring and other non-recurring items and acquisition related costs	11	-16	11	46
Write-off of capitalized borrowing costs	-	-	-	50
Income tax related to adjustments	-4	0	-23	-39
Adjusted profit for the period attributable to Parent Company shareholders net of income tax	**161**	**127**	**467**	**326**

Notes (cont.)

AFTER DILUTION, MSEK	OCT - DEC 2016	OCT - DEC 2015	JAN - DEC 2016	JAN - DEC 2015
Profit for the period attributable to Parent Company shareholders net of income tax	138	123	408	194
Amortization on surplus values	19	20	75	75
Restructuring and other non-recurring items and acquisition related costs	11	-16	11	46
Write-off of capitalized borrowing costs	-	-	-	50
Income tax related to adjustments	-4	0	-23	-39
Adjusted profit for the period attributable to Parent Company shareholders net of income tax	**164**	**127**	**471**	**326**

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

MSEK	JAN - DEC 2016	JAN - DEC 2015
IPO related costs	-	-41
Divestments, impairments and restructuring items[1]	4	27
Other and acquisition related costs[2]	-15	-32
Restructuring and other non-recurring items and acquisition related costs[3]	**-11**	**-46**

1 Restructuring and impairment costs in 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 78 were incurred. Total restructuring costs were almost offset by a capital gain, related to a divestment of a property in France (MSEK 75). In addition restructuring items include some effects related to the Nordic and German segment mainly consisting of closure costs and redundancies.

2 Other items were mainly related to acquisition related costs.

3 Total restructuring and other non-recurring items in 2015 were mainly related to IPO costs (MSEK -41). Restructuring and impairment costs 2015 were mainly related to impairment in German and French segments (MSEK 31) and restructuring costs related to redundancies (MSEK -28) together with a transfer of activity in France (MSEK -28), but were almost offset by a capital gain related to a divestment of a property in France (MSEK 68). Other restructuring items were mainly related to non-recurring external and staff costs in connection with projects completed in 2015.

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 -2 as of December 31, 2016. The table discloses the portion of the market value arising from future changes in market interest rates.

	31 Dec 2016	31 Dec 2015
Interest rate caps (Options)	-2	0

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.

	31 Dec 2016 Book value	31 Dec 2016 Fair value	31 Dec 2015 Book value	31 Dec 2015 Fair value
Commitments in financial leasing	601	615	600	615
Bank loans and convertible debt	2,625	2,659	2,450	2,477
Total	**3,226**	**3,274**	**3,050**	**3,091**

Notes (cont.)

5. Segments

Capio organizes its business in three operational segments: Capio Nordic (Sweden, Norway, and Denmark since January 2017), 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 Capio Nordic, a customer relationship based on one contract corresponded to a total net sales of MSEK 464 during the fourth quarter 2016 and MSEK 1,763 during 2016 (Oct-Dec 2015: MSEK 436; Jan-Dec 2015: 1,648), which is equivalent to more than 10% of the Group's net sales.

	OCT - DEC				JAN - DEC			
Net sales and organic sales growth	**2016**	*%*	**2015**	*%*	**2016**	*%*	**2015**	*%*
Capio Nordic	2,009	*4.3*	1,896	*4.1*	7,584	*3.8*	7,243	*4.6*
Capio France	1,394	*0.2*	1,324	*0.9*	5,313	*2.4*	5,098	*0.7*
Capio Germany	322	*5.5*	292	*2.1*	1,172	*4.0*	1,145	*2.0*
Other	0		0		0		0	
Eliminations	-		-		-		-	
Capio Group	**3,725**	***2.9***	**3,512**	***2.7***	**14,069**	***3.3***	**13,486**	***2.9***
Operating result (EBITDA) and margin								
Capio Nordic	146	*7.3*	136	*7.2*	522	*6.9*	458	*6.3*
Capio France	123	*8.8*	134	*10.1*	518	*9.7*	529	*10.4*
Capio Germany	43	*13.4*	34	*11.7*	108	*9.2*	94	*8.2*
Other	-23		-19		-87		-80	
Eliminations	-		-		-		-	
Capio Group	**289**	***7.8***	**285**	***8.1***	**1,061**	***7.5***	**1,001**	***7.4***
Operating result (EBITA) and margin								
Capio Nordic	108	*5.4*	98	*5.2*	371	*4.9*	316	*4.4*
Capio France	65	*4.7*	70	*5.3*	283	*5.3*	286	*5.6*
Capio Germany	36	*11.2*	32	*10.8*	83	*7.1*	74	*6.4*
Other	-26		-21		-93		-84	
Eliminations	-		-		-		-	
Capio Group	**183**	***4.9***	**179**	***5.1***	**644**	***4.6***	**592**	***4.4***
Operating result (EBIT) and margin								
Capio Nordic	86	*4.3*	91	*4.8*	304	*4.0*	256	*3.5*
Capio France	62	*4.5*	72	*5.4*	280	*5.3*	275	*5.4*
Capio Germany	31	*9.6*	45	*15.4*	64	*5.5*	68	*5.9*
Other	-26		-32		-90		-128	
Eliminations	-		-		-		-	
Capio Group	**153**	***4.1***	**176**	***5.0***	**558**	***4.0***	**471**	***3.5***
Capital expenditure and in % of net sales								
Capio Nordic	-45	*2.2*	-61	*3.2*	-169	*2.2*	-140	*1.9*
Capio France	-81	*5.8*	-60	*4.5*	-249	*4.7*	-246	*4.8*
Capio Germany	-9	*2.8*	-11	*3.8*	-35	*3.0*	-40	*3.5*
Other	-7		-3		-11		-6	
Eliminations	-		-		-		-	
Capio Group	**-142**	***3.8***	**-135**	***3.8***	**-464**	***3.3***	**-432**	***3.2***
Assets								
Capio Nordic	4,903		4,640		4,903		4,640	
Capio France	6,644		6,157		6,644		6,157	
Capio Germany	1,368		1,313		1,368		1,313	
Other	3,259		2,886		3,259		2,886	
Eliminations	-3,642		-3,246		-3,642		-3,246	
Capio Group	**12,532**		**11,750**		**12,532**		**11,750**	
Liabilities								
Capio Nordic	2,523		2,430		2,523		2,430	
Capio France	3,669		3,461		3,669		3,461	
Capio Germany	984		981		984		981	
Other	3,526		3,123		3,526		3,123	
Eliminations	-3,642		-3,246		-3,642		-3,246	
Capio Group	**7,060**		**6,749**		**7,060**		**6,749**	

Notes (cont.)

6. Pledged assets

	31 Dec	
For own debts and provisions	**2016**	**2015**
Shares in subsidiaries	124	124
Cash and cash equivalents	10	10
Property mortgages	1,233	1,217
Endowment insurance	38	38
Total	**1,405**	**1,389**

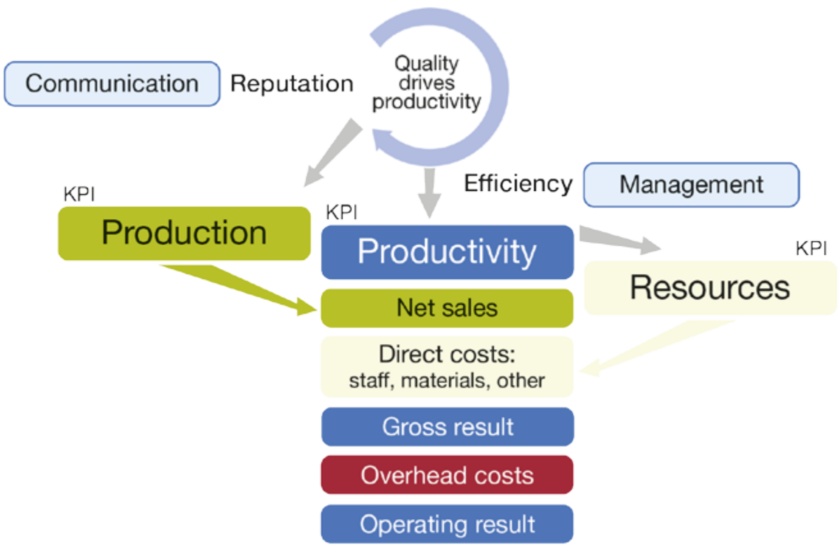
7. Contingent liabilities

	31 Dec	
	2016	**2015**
Guarantee and other commitments	22	4
Total	**22**	**4**

8. 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

Notes (cont.)

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 31 and in the following tables reconciliations of IFRS measures and non-IFRS measures (Additional Performance Measures, APM) are presented:

Specification of Income statement items

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Operating result (EBITA)	**183**	**179**	**644**	**592**
whereof depreciation	*106*	*106*	*417*	*409*
Operating result (EBITDA)	**289**	**285**	**1,061**	**1,001**
whereof rent	*185*	*180*	*726*	*686*
Operating result (EBITDAR)	**474**	**465**	**1,787**	**1,687**

Reconciliation of IFRS and APM related to Balance sheet items

	2016	2015
	31 Dec	**31 Dec**
Total fixed assets, IFRS	**10,092**	**9,681**
whereof operating capital employed[1]	*2,225*	*2,057*
whereof other operating capital employed[2]	*7,810*	*7,569*
whereof net debt[3]	*57*	*55*
Total current assets, IFRS	**2,440**	**2,069**
whereof operating capital employed[1]	*2,025*	*1,862*
whereof other operating capital employed[2]	*92*	*87*
whereof net debt[3]	*323*	*120*
Total long-term liabilities and provisions, IFRS	**4,230**	**4,074**
whereof operating capital employed[1]	*81*	*82*
whereof other operating capital employed[2]	*987*	*974*
whereof net debt[3]	*3,162*	*3,018*
Total current liabilities, IFRS	**2,830**	**2,675**
whereof operating capital employed[1]	*2,615*	*2,449*
whereof other operating capital employed[2]	*125*	*133*
whereof net debt[3]	*90*	*93*
Operating capital employed[1], APM	**1,554**	**1,388**
Other operating capital employed[2], APM	**6,790**	**6,549**
Net debt[3], APM	**2,872**	**2,936**
Equity	**5,472**	**5,001**

Reconciliation of IFRS and APM measures related to Cash flow items

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Cash flow from operating activities, IFRS	**437**	**307**	**798**	**253**
Taxes paid	8	6	48	423
Interest received and paid	23	51	93	184
Restructuring items	-66	-9	-15	74
Capital expenditures	-142	-135	-464	-432
Divestments of fixed assets	4	4	6	41
Other adjustments[1]	1	43	11	31
Operating cash flow, APM	**265**	**267**	**477**	**574**

[1] Other adjustments comprise costs related to acquisitions and other working capital adjustments.

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Acquisition and divestments of companies and financial fixed assets, IFRS	**-4**	**-23**	**4**	**-31**
Payment to non-controlling interest	-	-	-	-13
Divestment of financial fixed assets	-	-	-14	-
Acquired/divested net debt and paid costs acquisition	-5	-1	-18	-23
Acquisition and divestments of companies, APM	**-9**	**-24**	**-28**	**-67**

Notes (cont.)

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Investments in tangible and intangible fixed assets	-143	-135	-465	-432
Divestments of tangible fixed assets	4	88	12	125
Investments and divestments, IFRS	**-139**	**-47**	**-453**	**-307**
Items included in received/paid restructuring and other non-recurring items	1	-84	-5	-84
Net capital expenditure, APM	**-138**	**-131**	**-458**	**-391**

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Interest received and paid, IFRS	**-23**	**-51**	**-93**	**-184**
Paid borrowing costs included in net debt	2	31	5	31
Net financial items paid, APM	**-21**	**-20**	**-88**	**-153**

	OCT - DEC		JAN - DEC	
	2016	**2015**	**2016**	**2015**
Taxes paid, IFRS	**-8**	**-6**	**-48**	**-423**
Items included in received/paid restructuring and other non-recurring items	-	-	-	381
Income taxes paid, APM	**-8**	**-6**	**-48**	**-42**

Signatures

The Board of Directors and the Chief Executive Officer hereby certify that the full year 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, February 9, 2017

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*	

Review report

Capio AB (publ), corporate identity number 556706-4448.

Introduction

We have reviewed the condensed interim report for Capio AB (publ) as at December 31, 2016 and for the twelve month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Gothenburg, February 9, 2017

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Quarterly overview

Income statement by quarter – Group

	2016				2015				FULL YEAR	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015
Net sales outpatients	1,815	1,561	1,802	1,771	1,722	1,489	1,694	1,685	6,949	6,590
In % of net sales	*48.7*	*49.3*	*50.4*	*49.2*	*49.1*	*48.7*	*49.2*	*48.5*	*49.4*	*48.8*
Net sales inpatients	1,659	1,380	1,539	1,600	1,539	1,350	1,517	1,562	6,178	5,968
In % of net sales	*44.6*	*43.5*	*43.1*	*44.4*	*43.8*	*44.2*	*44.1*	*44.9*	*43.9*	*44.3*
Net sales other	251	227	232	232	251	216	230	231	942	928
In % of net sales	*6.7*	*7.2*	*6.5*	*6.4*	*7.1*	*7.1*	*6.7*	*6.6*	*6.7*	*6.9*
Net sales	**3,725**	**3,168**	**3,573**	**3,603**	**3,512**	**3,055**	**3,441**	**3,478**	**14,069**	**13,486**
Total sales growth, %	*6.1*	*3.7*	*3.8*	*3.6*	*1.7*	*1.1*	*2.5*	*3.2*	*4.3*	*2.2*
Organic sales growth, %	*2.9*	*2.6*	*4.0*	*3.7*	*2.7*	*2.3*	*3.5*	*2.9*	*3.3*	*2.9*
Direct cost	-3,079	-2,690	-2,958	-2,970	-2,938	-2,610	-2,905	-2,877	-11,697	-11,330
Gross result	**646**	**478**	**615**	**633**	**574**	**445**	**536**	**601**	**2,372**	**2,156**
Gross margin, %	*17.3*	*15.1*	*17.2*	*17.6*	*16.3*	*14.6*	*15.6*	*17.3*	*16.9*	*16.0*
Total overhead	-463	-384	-443	-438	-395	-359	-400	-410	-1,728	-1,564
Operating result (EBITA)	**183**	**94**	**172**	**195**	**179**	**86**	**136**	**191**	**644**	**592**
Operating margin (EBITA), %	*4.9*	*3.0*	*4.8*	*5.4*	*5.1*	*2.8*	*4.0*	*5.5*	*4.6*	*4.4*
Amortization on surplus values	-19	-18	-19	-19	-20	-19	-18	-18	-75	-75
Restructuring and other non-recurring items and acquisition related cost	-11	-4	4	0	17	0	-52	-11	-11	-46
Operating result (EBIT)	**153**	**72**	**157**	**176**	**176**	**67**	**66**	**162**	**558**	**471**
Net interest	-19	-20	-18	-18	-20	-23	-46	-46	-75	-135
Other financial items	-5	-9	-3	-4	-3	-10	-64	-15	-21	-92
Profit/loss after financial items	**129**	**43**	**136**	**154**	**153**	**34**	**-44**	**101**	**462**	**244**
Income tax	7	-9	-22	-31	-29	-6	13	-27	-55	-49
Profit/loss for the period	**136**	**34**	**114**	**123**	**124**	**28**	**-31**	**74**	**407**	**195**
Operating result (EBITDAR)	**474**	**381**	**456**	**476**	**465**	**362**	**401**	**459**	**1,787**	**1,687**
Operating margin (EBITDAR), %	*12.7*	*12.0*	*12.8*	*13.2*	*13.2*	*11.8*	*11.7*	*13.2*	*12.7*	*12.5*
Operating result (EBITDA)	**289**	**200**	**276**	**296**	**285**	**188**	**237**	**291**	**1,061**	**1,001**
Operating margin (EBITDA), %	*7.8*	*6.3*	*7.7*	*8.2*	*8.1*	*6.2*	*6.9*	*8.4*	*7.5*	*7.4*

Quarterly overview (cont.)

Capital employed and financing by quarter – Group

	2016				2015			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Operating capital employed	1,554	1,614	1,472	1,566	1,388	1,533	1,371	1,453
In % of net sales	*11.0*	*11.7*	*10.7*	*11.5*	*10.3*	*11.4*	*10.2*	*10.9*
Other capital employed	6,790	6,921	6,734	6,603	6,549	6,648	6,492	6,155
Capital employed	**8,344**	**8,535**	**8,206**	**8,169**	**7,937**	**8,181**	**7,863**	**7,608**
Return on capital employed, %	***7.7***	***7.5***	***7.7***	***7.3***	***7.5***	***7.3***	***7.8***	***8.3***
Net debt	2,872	3,149	2,941	3,009	2,936	3,231	3,031	3,426
Financial leverage	*2.7*	*3.0*	*2.8*	*3.0*	*2.9*	*3.2*	*2.9*	*3.2*
Equity	5,472	5,386	5,265	5,160	5,001	4,950	4,832	4,182
Financing	**8,344**	**8,535**	**8,206**	**8,169**	**7,937**	**8,181**	**7,863**	**7,608**

Cash flow by quarter – Group

	2016				2015				FULL YEAR	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015
Net debt opening	**-3,149**	**-2,941**	**-3,009**	**-2,936**	**-3,231**	**-3,031**	**-3,426**	**-3,440**	**-2,936**	**-3,440**
Operating result (EBITA)	**183**	**94**	**172**	**195**	**179**	**86**	**136**	**191**	**644**	**592**
Capital expenditure	-142	-111	-114	-97	-135	-123	-94	-80	-464	-432
Divestments of fixed assets	4	0	1	1	4	8	4	25	6	41
Net capital expenditure	**-138**	**-111**	**-113**	**-96**	**-131**	**-115**	**-90**	**-55**	**-458**	**-391**
In % of net sales	*3.7*	*3.5*	*3.2*	*2.7*	*3.7*	*3.8*	*2.6*	*1.6*	*3.3*	*2.9*
Add-back depreciation	106	106	104	101	106	102	101	100	417	409
Net investments	**-32**	**-5**	**-9**	**5**	**-25**	**-13**	**11**	**45**	**-41**	**18**
Change in net customer receivables	-39	110	13	-117	77	29	40	-157	-33	-11
Other changes in operating capital employed	153	-262	80	-64	36	-138	56	21	-93	-25
Operating cash flow	**265**	**-63**	**256**	**19**	**267**	**-36**	**243**	**100**	**477**	**574**
Cash conversion, %	*144.8*	*-67.0*	*148.8*	*9.7*	*149.2*	*-41.9*	*178.7*	*52.4*	*74.1*	*97.0*
Income taxes paid	-8	-11	-23	-6	-6	-26	6	-16	-48	-42
Free cash flow before financial items	**257**	**-74**	**233**	**13**	**261**	**-62**	**249**	**84**	**429**	**532**
Cash conversion, %	*140.4*	*-78.7*	*135.5*	*6.7*	*145.8*	*-72.1*	*183.1*	*44.0*	*66.6*	*89.9*
Net financial items paid	-21	-24	-19	-24	-20	-33	-51	-49	-88	-153
Free cash flow after financial items	**236**	**-98**	**214**	**-11**	**241**	**-95**	**198**	**35**	**341**	**379**
Cash conversion, %	*129.0*	*-104.3*	*124.4*	*-5.6*	*134.6*	*-110.5*	*145.6*	*18.3*	*53.0*	*64.0*
Acquisitions/divestments of companies	-9	-16	1	-4	-24	-25	29	-47	-28	-67
Received/paid restructuring and other non-recurring items	69	-32	-15	-7	43	4	-419	-38	15	-410
Shareholder transactions	0	-2	-71	0	1	-1	667	0	-73	667
Net cash flow	**296**	**-148**	**129**	**-22**	**261**	**-117**	**475**	**-50**	**255**	**569**
Other items affecting net debt	-19	-60	-61	-51	34	-83	-80	64	-191	-65
Net debt closing	**-2,872**	**-3,149**	**-2,941**	**-3,009**	**-2,936**	**-3,231**	**-3,031**	**-3,426**	**-2,872**	**-2,936**

Quarterly overview (cont.)

Income statement overview by quarter – Segment

	2016				2015				FULL YEAR	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015
Capio Nordic										
Net sales	2,009	1,721	1,950	1,904	1,896	1,650	1,856	1,841	7,584	7,243
Total sales growth, %	*6.0*	*4.3*	*5.1*	*3.4*	*2.0*	*0.4*	*1.6*	*2.3*	*4.7*	*1.6*
Organic sales growth, %	*4.3*	*3.3*	*4.7*	*3.0*	*4.1*	*4.2*	*4.8*	*5.3*	*3.8*	*4.6*
Operating result (EBITDAR)	245	224	233	210	233	214	195	202	912	844
Operating margin (EBITDAR), %	*12.2*	*13.0*	*11.9*	*11.0*	*12.3*	*13.0*	*10.5*	*11.0*	*12.0*	*11.7*
Operating result (EBITDA)	146	127	137	112	136	115	103	104	522	458
Operating margin (EBITDA), %	*7.3*	*7.4*	*7.0*	*5.9*	*7.2*	*7.0*	*5.5*	*5.7*	*6.9*	*6.3*
Operating result (EBITA)	108	88	98	77	98	80	68	70	371	316
Operating margin (EBITA), %	*5.4*	*5.1*	*5.0*	*4.0*	*5.2*	*4.9*	*3.7*	*3.8*	*4.9*	*4.4*
Capio France										
Net sales	1,394	1,196	1,336	1,387	1,324	1,157	1,304	1,313	5,313	5,098
Total sales growth, %	*5.3*	*3.4*	*2.5*	*5.6*	*2.4*	*2.8*	*6.4*	*7.2*	*4.2*	*4.7*
Organic sales growth, %	*0.2*	*2.2*	*2.0*	*5.1*	*0.9*	*-0.7*	*1.8*	*0.5*	*2.4*	*0.7*
Operating result (EBITDAR)	203	162	220	247	212	152	209	234	832	807
Operating margin (EBITDAR), %	*14.6*	*13.5*	*16.5*	*17.8*	*16.0*	*13.1*	*16.0*	*17.8*	*15.7*	*15.8*
Operating result (EBITDA)	123	82	143	170	134	82	143	170	518	529
Operating margin (EBITDA), %	*8.8*	*6.9*	*10.7*	*12.2*	*10.1*	*7.1*	*11.0*	*12.9*	*9.7*	*10.4*
Operating result (EBITA)	65	22	85	111	70	21	85	110	283	286
Operating margin (EBITA), %	*4.7*	*1.8*	*6.4*	*8.0*	*5.3*	*1.8*	*6.5*	*8.4*	*5.3*	*5.6*
Capio Germany										
Net sales	322	251	287	312	292	248	281	324	1,172	1,145
Total sales growth, %	*10.3*	*1.2*	*2.1*	*-3.7*	*-2.7*	*-0.8*	*5.2*	*5.9*	*2.4*	*2.0*
Organic sales growth, %	*5.5*	*-0.3*	*8.6*	*1.7*	*2.1*	*4.1*	*2.6*	*-0.2*	*4.0*	*2.0*
Operating result (EBITDAR)	47	11	24	42	38	11	16	45	124	110
Operating margin (EBITDAR), %	*14.6*	*4.4*	*8.4*	*13.5*	*13.0*	*4.4*	*5.7*	*13.9*	*10.6*	*9.6*
Operating result (EBITDA)	43	8	19	38	34	8	12	40	108	94
Operating margin (EBITDA), %	*13.4*	*3.2*	*6.6*	*12.1*	*11.7*	*3.1*	*4.2*	*12.5*	*9.2*	*8.2*
Operating result (EBITA)	36	2	13	32	32	2	5	35	83	74
Operating margin (EBITA), %	*11.2*	*0.8*	*4.5*	*10.2*	*10.8*	*0.8*	*1.8*	*10.8*	*7.1*	*6.4*
Other										
Net sales	0	0	0	0	0	0	0	0	0	0
Operating result (EBITDAR)	-21	-16	-21	-23	-18	-15	-19	-22	-81	-74
Operating result (EBITDA)	-23	-17	-23	-24	-19	-17	-21	-23	-87	-80
Operating result (EBITA)	-26	-18	-24	-25	-21	-17	-22	-24	-93	-84
Eliminations										
Net sales	-	-	-	-	-	-	-	-	-	-
Operating result (EBITDAR)	-	-	-	-	-	-	-	-	-	-
Operating result (EBITDA)	-	-	-	-	-	-	-	-	-	-
Operating result (EBITA)	-	-	-	-	-	-	-	-	-	-
Capio Group										
Net sales	3,725	3,168	3,573	3,603	3,512	3,055	3,441	3,478	14,069	13,486
Total sales growth, %	*6.1*	*3.7*	*3.8*	*3.6*	*1.7*	*1.1*	*2.5*	*3.2*	*4.3*	*2.2*
Organic sales growth, %	*2.9*	*2.6*	*4.0*	*3.7*	*2.7*	*2.3*	*3.5*	*2.9*	*3.3*	*2.9*
Operating result (EBITDAR)	474	381	456	476	465	362	401	459	1,787	1,687
Operating margin (EBITDAR), %	*12.7*	*12.0*	*12.8*	*13.2*	*13.2*	*11.8*	*11.7*	*13.2*	*12.7*	*12.5*
Operating result (EBITDA)	289	200	276	296	285	188	237	291	1,061	1,001
Operating margin (EBITDA), %	*7.8*	*6.3*	*7.7*	*8.2*	*8.1*	*6.2*	*6.9*	*8.4*	*7.5*	*7.4*
Operating result (EBITA)	183	94	172	195	179	86	136	191	644	592
Operating margin (EBITA), %	*4.9*	*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			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Capio Nordic								
Capital employed	2,932	3,138	2,903	2,763	2,778	2,957	2,801	2,828
Return on capital employed, %	*12.7*	*11.5*	*12.2*	*11.7*	*11.4*	*10.2*	*10.6*	*10.4*
Capio France								
Capital employed	4,239	4,371	4,222	4,184	3,966	4,165	4,042	3,727
Return on capital employed, %	*6.7*	*6.6*	*6.8*	*6.9*	*7.2*	*7.7*	*8.4*	*9.7*
Capio Germany								
Capital employed	1,109	1,092	1,061	1,048	1,031	1,021	989	1,035
Return on capital employed, %	*7.5*	*7.2*	*7.4*	*6.8*	*7.2*	*6.0*	*6.0*	*5.4*
Other								
Capital employed	64	-66	20	174	162	38	31	18
Eliminations								
Capital employed	-	-	-	-	-	-	-	-
Capio Group								
Capital employed	8,344	8,535	8,206	8,169	7,937	8,181	7,863	7,608
Return on capital employed, %	*7.7*	*7.5*	*7.7*	*7.3*	*7.5*	*7.3*	*7.8*	*8.3*

Net capital expenditure by quarter – Segment

	2016				2015				FULL YEAR	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015
Capio Nordic										
Net capital expenditure	-45	-28	-51	-44	-60	-22	-33	-20	-168	-135
In % of net sales Nordic	*2.2*	*1.6*	*2.6*	*2.3*	*3.2*	*1.3*	*1.8*	*1.1*	*2.2*	*1.9*
Capio France										
Net capital expenditure	-76	-70	-57	-41	-57	-78	-45	-30	-244	-210
In % of net sales France	*5.5*	*5.9*	*4.3*	*3.0*	*4.3*	*6.7*	*3.5*	*2.3*	*4.6*	*4.1*
Capio Germany										
Net capital expenditure	-10	-10	-5	-10	-11	-13	-11	-5	-35	-40
In % of net sales Germany	*3.1*	*4.0*	*1.7*	*3.2*	*3.8*	*5.2*	*3.9*	*1.5*	*3.0*	*3.5*
Other										
Net capital expenditure	-7	-3	0	-1	-3	-2	-1	0	-11	-6
Capio Group										
Net capital expenditure	-138	-111	-113	-96	-131	-115	-90	-55	-458	-391
In % of net sales Group	*3.7*	*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 full year report

Investors, analysts and media are invited to participate in a telephone conference on February 10, 2017 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. To participate in the telephone conference, please register at www.capio.com and dial in five minutes prior to the start of the conference call.

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Prior to the start of the telephone conference, presentation slides will be available at www.capio.com.

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

Financial calendar

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 venue for the AGM is Chalmers Kårhus, Chalmersplatsen (hall RunAn). The Capio Annual Report 2016 will be available on www.capio.com in April 2017 (week commencing April 3, 2017).

For further information

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For further information regarding Capio's IR activities, refer to www.capio.com.

This information is information that Capio AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person Henrik Brehmer set out above, at 08.00 (CET) on February 10, 2017.

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 through its hospitals, specialist clinics and primary care units. Since the Danish operation was acquired at the beginning of 2017, Capio operates in five countries; Sweden, Norway, Denmark, France and Germany. In 2016, Capio's 12,435 employees provided healthcare services during 4.7 million patient visits across the Group's facilities, generating net sales of MSEK 14,069. Capio operates across three geographic segments: Nordic (54 percent of Group net sales 2016), France (38 percent of Group net sales 2016) and Germany (8 percent of Group net sales 2016). For more information about Capio, please see www.capio.com.

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 Capio's activities is three core values to manage this responsibility and to achieve the best achievable quality of life for every patient.

Mission

Cure. Relieve. Comfort.

We have a mission: to cure, relieve and comfort anyone seeking medical care from Capio. 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 Capio, 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.

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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