



**Year-end report**  
January–December 2018

“Volati ended the year with strong growth  
in sales and earnings”

Mårten Andersson, CEO

# Year-end report January–December 2018

## Q4 October–December 2018

- Net sales increased by 21 percent to SEK 1,831 (1,517) million
- EBITA increased by 22 percent to SEK 173 (142) million
- Organic EBITA growth was 2 percent
- Profit after tax increased by 31 percent to SEK 121 (93) million
- Earnings per ordinary share after deduction of preference share dividends increased by 37 percent to SEK 1.30 (0.95)

## Period January–December 2018

- Net sales increased by 40 percent to SEK 6,084 (4,356) million
- EBITA increased by 15 percent to SEK 433 (377) million
- Organic EBITA was unchanged
- Profit after tax increased by 13 percent to SEK 274 (241) million
- Earnings per ordinary share after deduction of preference share dividends increased by 18 percent to SEK 2.58 (2.19)
- In view of Volati's strong financial position and the good cash flows, the Board proposes to increase the dividend to ordinary shareholders to SEK 1.00 (0.50) per ordinary share.

## Events after the reporting period

Volati redeems Akademibokhandeln's bond and enters into a new loan agreement with Nordea.

## Key figures

SEK million	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
Net sales	1,831	1,517	6,084	4,356
EBITDA	210	166	552	459
EBITA	173	142	433	377
Organic EBITA growth, %	2	-30	0	-18
EBIT	147	129	366	345
Profit after tax	121	93	274	241
Net debt/Adjusted EBITDA, x	1.7	1.2	1.7	1.2
Cash conversion, LTM, %	86	112	86	112
Earnings per ordinary share, SEK	1.30	0.95	2.58	2.19
Equity per ordinary share, SEK	21.63	19.11	21.63	19.11
Return on adjusted equity, LTM, %	13	12	13	12
Ordinary shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774

Net sales, SEK million



EBITA, SEK million



# A positive conclusion to 2018



Volati continued to show strong growth in both sales and earnings during Q4 2018. Net sales increased by 21 percent to SEK 1,831 million. EBITA increased by 22 percent to SEK 173 million. The growth is primarily driven by completed acquisitions, but also by good momentum in most of our operations.

## **Strong development for Industry**

The Industry business area had a very good fourth quarter with strong earnings growth. All operations have developed positively, with market conditions remaining good. Our efficient management of the challenges we had in Q4 2017 is the basis for the positive development in 2018. We are satisfied with the integration process for S:t Eriks and have a new management group in place.

## **Positive trend for Akademibokhandeln**

The Akademibokhandeln business area had a good fourth quarter with slightly increased sales and good profitability. I am particularly pleased that the measures taken to streamline operations and reduce costs have produced clear results. EBITA increased during Q4 due to the activities undertaken, while customer demand was good. Akademibokhandeln now enters 2019 with a strong customer offering and lower fixed costs than in several years. I believe that the development in the Industry and Akademibokhandeln business areas shows the strength of our organisation. We work together to create long-term value by making good companies even better and at the same time addressing any challenges that arise during the course of the operations.

## **Challenging for Consumer, stable for Trading**

The fourth quarter has been challenging for the Consumer business area. Both sales and earnings declined during the quarter compared with the same quarter in 2017. This is related to Besikta Bilprovning and the changed inspection rules that came into force in 2018. In simple terms, the inspection interval has been extended from 12 to 14 months, which has had an adverse effect on the customer base for the entire

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**Volati ended the year with strong growth in sales and earnings. During the fourth quarter, we also realised the positive effects of measures taken in several business areas.**

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vehicle inspection sector. This will also affect Besikta in the first half of 2019. Besikta's market position is strong with a market share of about 25 percent and we are working on both staffing at the stations and price adjustments to ensure good profitability in the period ahead. The Trading business area's development during the quarter was in line with the same period in 2017. We were negatively affected by the weaker krona, as most of the companies import their products. At the same time, we note that the market conditions for the business area have remained good during the quarter.

## **Strong growth for the full year**

Looking at the full year 2018, Volati has shown a strong increase in sales and earnings as a result of both acquisitions and efficiency measures. During the year, we have been working to reduce the cost level throughout the Group. One reason for this is that we want to be well prepared for any weaker economic trend in the future. At the same time, it is important to note that we have not seen any change in market conditions and demand during the year.

Our financial position is very strong. The debt to EBITDA ratio is 1.7, which is significantly below our long-term financial target of a maximum of 3.0. In other words, we have considerable scope for acquisitions compared with the target. Our level of acquisition activity in the Group remains high. Our new acquisition organisation enables us to evaluate more potential acquisitions simultaneously than we previously could. There are many acquisition opportunities on the market at present, but we see that the proportion of deals closed is lower than before. We find in many cases that price expectations of sellers and buyers differ, which means that it takes longer to close the transactions.

Our aim is to remain active in the acquisition market in 2019 while driving efficiency and profitability in our existing operations. Regardless of how the market develops, we have the financial and organisational capacity to make acquisitions when the right opportunity is presented.

Mårten Andersson, President and CEO

# This is Volati

Volati acquires well-managed companies with strong cash flows at reasonable valuations, and develops them with a focus on long-term value creation. Acquiring companies that have stable and sustainable cash flows from the outset creates a stable base for operations. These cash are then used for further acquisitions. Through active long-term corporate development efforts, Volati creates favourable conditions for organic growth.

## Strategy for long-term value creation

A strong operating cash flow in the business units...

**SEK 475 million**

Operating cash flow 2018

...is used for further acquisitions of companies with strong cash flows...

**36%**

Average acquired EBITA growth, 2013-2018

...at reasonable valuations

**5.9x**

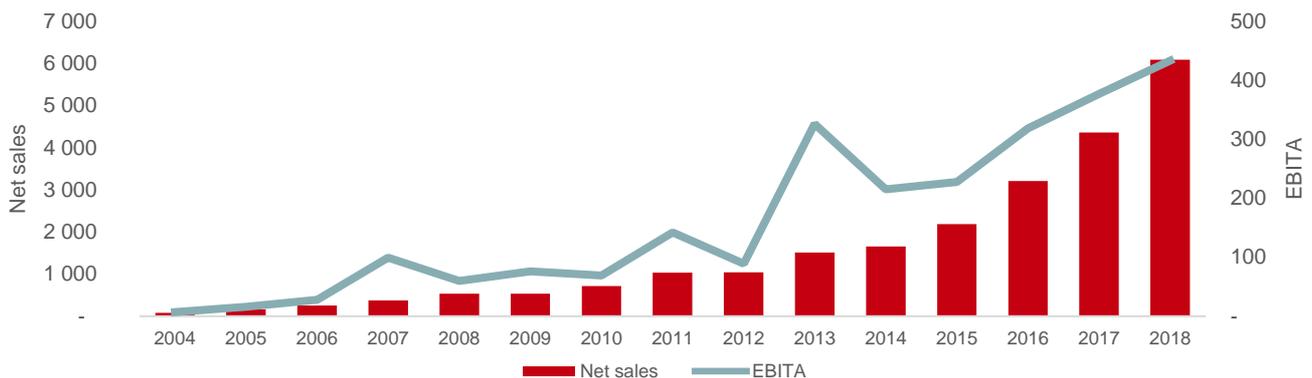
Average acquisition multiple (EV/EBITDA) since 2004

...and with a focus on long-term value creation.

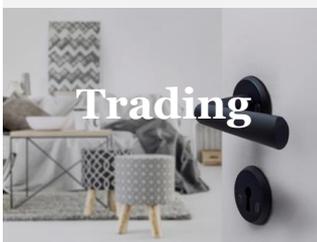
**7%**

Average organic EBITA growth, 2013-2018

## Net sales and EBITA trends 2004 – 2018, SEK million



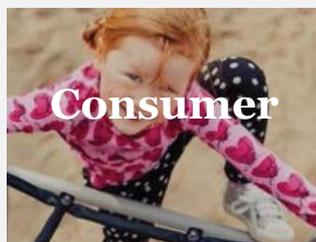
Since 2003, Volati has built an industrial group organised in four business areas: Trading, Consumer, Akademibokhandeln and Industry.



**Trading**

**33%**

of the Group's EBITA



**Consumer**

**22%**

of the Group's EBITA



**Akademibokhandeln**

**15%**

of the Group's EBITA



**Industry**

**30%**

of the Group's EBITA

The figures above refer to the 12-month period between January 2018 and December 2018. Acquired operations are included from the acquisition closing date and are calculated net of central costs.

# Consolidated financial trend

## Net sales

The Group's net sales for Q4 amounted to SEK 1,831 (1,517) million, an increase of 21 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the current and the previous year. Net sales for the full year 2018 amounted to SEK 6,084 (4,356) million, an increase of 40 percent compared with the same period the previous year. The increase is mainly attributable to acquisitions.

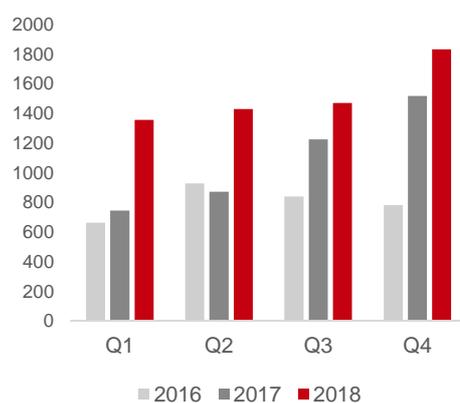
## Earnings

EBITA for Q4 amounted to SEK 173 (142) million, an increase of 22 percent. The improvement is mainly attributable to acquisitions completed during the current and the previous year. A revaluation of the additional consideration for S:t Eriks was also carried out, which had a positive effect of SEK 14 million on EBITA in the quarter. This has been treated as a non-recurring item. EBITA for the full year 2018 amounted to SEK 433 (377) million, an increase of 15 percent.

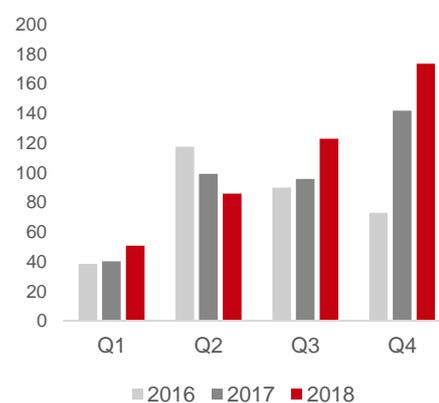
Profit after tax for Q4 increased to SEK 121 (93) million. A goodwill impairment test was conducted in connection with the remeasurement of the additional consideration for S:t Eriks, which resulted in goodwill being written down by the corresponding amount. The remeasurement and the impairment did not therefore have any net effect on profit after tax. Profit after tax attributable to owners of the Parent amounted to SEK 121 (92) million. Profit after tax attributable to non-controlling interests was SEK 0 (0) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 1.30 (0.95).

Profit after tax for the full year 2018 increased to SEK 274 (241) million. Tax expenses were affected by a positive one-time accounting effect of SEK 11 million, as a result of the Group's deferred tax liability and tax asset being remeasured to reflect the enacted Swedish tax rate reduction from 22 percent to 20.6 percent, and by an additional SEK 10 million due to a remeasurement of acquired tax losses. Profit after tax attributable to owners of the Parent increased to SEK 272 (240) million. Profit after tax attributable to non-controlling interests was SEK 2 (1) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 2.58 (2.19).

Net sales, SEK million



EBITA, SEK million



## Seasonal variations

Volati operate in several different sectors and markets, and the Group's seasonal variations are also affected by any acquisitions made during the financial year. Overall, the Group is affected by seasonal variations with the fourth quarter generally having the strongest cash flow and earnings, and the first quarter the weakest. Volati's cash flow and earnings are also affected by the conditions in the business areas' respective markets. This means that Volati's operations, sales and earnings development is best monitored on an LTM basis.

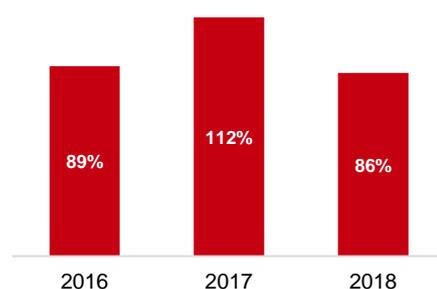
# 86%

Cash conversion  
2018

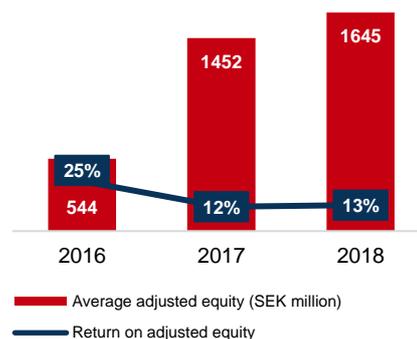
## Cash flow

Cash flow from operating activities for Q4 amounted to SEK 206 (135) million. The change in cash flow is a normal seasonality effect for the Group as a result of the operations' market conditions, with a strong inflow taking place during the fourth quarter. Cash flow from operating activities for the last twelve months amounted to SEK 448 (475) million. The cash conversion rate for the last twelve months was 86 (112) percent. The change in cash conversion compared with the previous figure is a consequence of Akademibokhandeln being consolidated throughout 2018 and S:t Eriks from September 2018. Investments in non-current assets for the quarter amounted to SEK 34 (23) million and were primarily related to business development investments in the form of IT systems and ongoing investments in machinery and equipment.

Cash conversion, %



Equity and return on adjusted equity



## Equity

Total equity for the Group amounted to SEK 2,567 (2,365) million at the end of the period. Equity attributable to owners of the Parent, adjusted for preference share capital, increased from SEK 1,524 million at 31 December 2017 to SEK 1,731 million at 31 December 2018. The equity ratio at 31 December 2018 was 46 percent, compared with 47 percent at the end of 2017. The average return on adjusted equity for the last twelve months increased to 13 (12) percent.

# 13%

Return on adjusted  
equity 2018

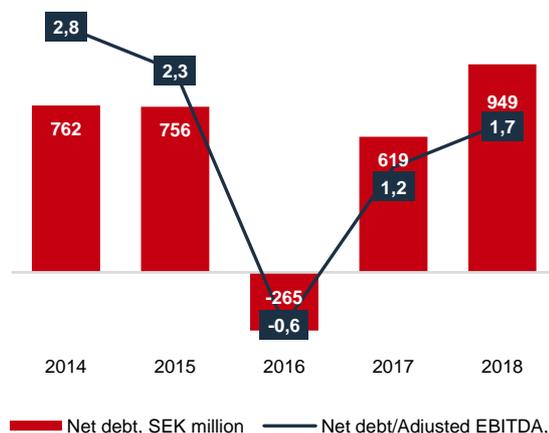
## Net debt

The Group had net debt of SEK 949 million at the end of the year, compared with SEK 619 million at 31 December 2017. Net debt has increased due to the acquisition of S:t Eriks, which took place in Q3. Total liabilities amounted to SEK 3,005 million, compared with SEK 2,642 million at 31 December 2017. Interest-bearing liabilities, including pension obligations, were SEK 1,217 million at the end of the year, compared with SEK 1,092 million at 31 December 2017. At the end of the year, the unutilised portion of the overdraft facility amounted to SEK 160 million, the unutilised portion of the revolving credit facility was SEK 450 million and cash & cash equivalents totalled SEK 241 million.

# 1.7x

Net debt/  
adjusted EBITDA  
2018

Capital structure trend



### Net debt

The Group had net debt of SEK 949 million at the end of the quarter, with a net debt/adjusted EBITDA ratio of 1.7 x.

## Acquisitions during and after the period

Acquisitions are a core element of Volati's strategy for creating long-term value growth, and the Company continuously evaluates both complementary acquisitions and acquisitions in entirely new business areas. It is Volati's assessment that there is a lower risk level for add-on acquisitions and acquisitions of business units than for acquisitions in new business areas, as in-depth industrial know-how and a recipient organisation are already in place in the acquiring company and business unit.

During Q4, a minor holding in an associate was acquired for SEK 4 million. In addition, shares in Volati Bok were repurchased from senior executives at a purchase price of SEK 5 million.

### Acquisition multiples per acquisition

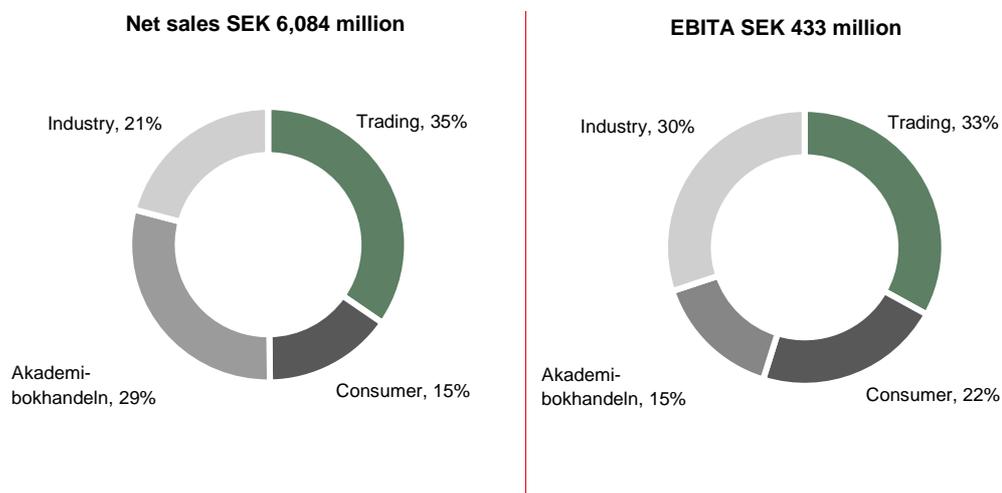


The weighted average acquisition multiple since Volati's establishment is 5.9x. (Enterprise value/EBITDA). The diagram above shows the acquisition multiples for each acquisition with an Enterprise value in excess of SEK 10 million.

# Volati's business areas

## Volati's net sales and earnings by business area

The diagrams refer to the 12-month period 1 January to 31 December 2018. Acquired operations are included from the acquisition closing date and are calculated net of central costs.



## Trading

	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net sales, SEK million	509	453	2,107	1,615
Organic net sales growth, %	-3	-2	-3	-2
EBITDA, SEK million	36	29	176	136
EBITA, SEK million	32	26	158	125
EBITA margin, %	6	6	7	8
EBIT, SEK million	29	24	147	119
ROCE excl. goodwill, %	37	35	37	35

The Trading business area's operations are mainly concentrated on providing products in builders hardware, consumables and material for construction, home and garden, packaging, and agriculture and forestry through dealers, retail chains, e-commerce channels and directly to customers. The business units in Trading have similar business models and customers, and are integrated through a number of functions and areas of cooperation such as logistics and IT systems, finance and other administrative functions. The customer base shared between the business units enables cross sales, cooperation between sales personnel and the opportunity to offer integrated customer solutions.

During the fourth quarter, Trading was positively affected by the acquisition of T-Emballage, completed at the end of 2017. The operations developed in line with the previous year and the market conditions have remained good during the quarter.

## Consumer

	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
Net sales, SEK million	222	241	923	966
Organic net sales growth, %	-9	-1	-5	1
EBITDA, SEK million	27	43	138	167
EBITA, SEK million	19	35	104	134
EBITA margin, %	8	14	11	14
EBIT, SEK million	16	32	93	123
ROCE excl. goodwill, %	233	206	233	206

The Consumer business area's operations are focused on various B2C niches and are driven by strong local entrepreneurship. All of the businesses have large customer databases, which create opportunities to collaborate, and are included in central initiatives to develop operations. Such areas include digitalisation and e-commerce as well as tools to create deeper customer relationships and increased customer loyalty.

The business area reported a decline in sales and profitability in Q4. This is mainly a result of the new inspection rules that were introduced in 2018. The inspection interval has increased from 12 to 14 months, which has had an adverse effect on the inspection volume for Besikta. The market position remains strong and we are working continuously on activities to increase operational efficiency, but the change in the inspection interval will also have a negative impact on financial development during the first half of 2019.

## Akademibokhandeln

	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Jul-Dec 2017*
Net sales, SEK million	634	627	1,784	1,029
Organic net sales growth, %	1	-	-	-
EBITDA, SEK million	109	94	100	116
EBITA, SEK million	101	88	72	105
EBITA margin, %	16	14	4	10
EBIT, SEK million	96	80	48	93
ROCE excl. goodwill, %	92	187	92	187

\*Financial performance since acquisition by Volati in July 2017.

The Akademibokhandeln business area is the leading bookstore chain in Sweden with a strong offering in all product and delivery formats. With stores nationwide, and online sales under the Akademibokhandeln and Bokus brands, the company operates modern and profitable sales channels focused on consumers, companies and the public sector.

The Akademibokhandeln business area concluded the year with a good fourth quarter. The measures taken to increase efficiency and reduce costs, thereby improving profitability, have started to produce effects. Akademibokhandeln continues its initiatives to drive the shift towards increased e-commerce, including audio book streaming, and to exploit the potential of the company's strong customer club of 2 million customers.

## Industry

	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
Net sales, SEK million	467	197	1,271	747
Organic net sales growth, %	10	18	20	-6
EBITDA, SEK million	46	19	183	106
EBITA, SEK million	30	13	144	79
EBITA margin, %	6	6	11	11
EBIT, SEK million	28	12	140	77
ROCE excl. goodwill, %	43	46	43	46

The Industry business area's operations are focused on Business-to-Business niches and are driven by strong local entrepreneurship in combination with cooperation in selected areas. The units cooperate and exchange experience in areas such as acquisitions, expansion into new markets and production efficiency.

During Q4, the Industry business area showed strong growth, driven by the acquisition of S:t Eriks, which joined the business area in Q3, and good development for existing operations, both in terms of sales and profitability. High operational efficiency and a continuation of favourable market conditions for the business area's operations were the main reasons for this.

## Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs or other non-operational items arising in the Group. EBITA for Q4 was SEK -20 (-13) million, and for the full year SEK -57 (-58) million.

# Other information

## Share capital

Volati has two classes of shares, ordinary shares and preference shares, which are listed on Nasdaq Stockholm under the tickers VOLO and VOLO PREF. The number of shareholders at the end of Q4 was 6,335.

The number of ordinary shares outstanding was 80,406,571 and the number of preference shares was 1,603,774 at the end of the year. Share capital amounted to SEK 10 million at 31 December 2018. In addition, Volati has issued 4,174,570 warrants to a former senior executive, which carry entitlement to subscription for 834,914 ordinary shares.

## Nomination Committee

The Nomination Committee for the 2019 Annual General Meeting was appointed during October and the three largest shareholders are represented. The Committee consists of Carin Wahlén (chair), representing Patrik Wahlén, Karl Perlhagen representing himself and Jannis Kitsakis representing Fjärde AP-fonden.

## 2019 Annual General Meeting

Volati AB's 2019 Annual General Meeting will be held at 17.00 on 25 April 2019 at Finlandshuset, Snickarbacken 4, Stockholm. Shareholders who wish to have business dealt with at the AGM must submit a written request to [bolagsstamma@volati.se](mailto:bolagsstamma@volati.se) or to Volati AB (publ), attn: CFO, Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. To guarantee inclusion in the notice of the Annual General Meeting, the request must have been received by 7<sup>th</sup> of March 2019. Further information on how and when to provide notification of attendance will be published well in advance of the Meeting.

## Dividend

In view of Volati's strong financial position and the good cash flows in 2018, the Board proposes to increase the dividend to ordinary shareholders to SEK 1.00 (0.50) per ordinary share, corresponding to a total of SEK 80 million, and to pay a dividend to preference shareholders, pursuant to the Articles of Association, of SEK 40 per preference share, to be paid quarterly, corresponding to a total of SEK 64 million (SEK 16 million of which relates to the preference dividend on 5 May 2019 adopted by the 2018 AGM; this dividend is considered to be within the framework of the annual report for the 2018 financial year and has therefore already been deducted from the amount at the disposal of the AGM).

## Related-party transactions

No significant related-party transactions have occurred in addition to what is stated in the Annual Report for 2017 or previous interim reports for the financial year. All related-party transactions have been conducted at market conditions.

## Events after the end of the reporting period

Volati has entered into a new loan agreement with Nordea for a revolving credit facility and overdraft facility. Part of the amount will be used to finance the subsidiary Akademibokhandeln's early redemption of outstanding bonds. This gives Volati an improved financing structure, extends the loan framework for continued acquisitions and reduces the Company's finance costs by about SEK 15 million per year.

## Financial calendar

- |                                |                  |
|--------------------------------|------------------|
| • Annual Report for 2018       | Week 13          |
| • Interim Report, Jan-Mar 2019 | 24 April 2019    |
| • 2019 Annual General Meeting  | 25 April 2019    |
| • Interim Report, Jan-Jun 2019 | 16 August 2019   |
| • Interim Report, Jan-Sep 2019 | 24 October 2019  |
| • 2019 Year-end Report         | 20 February 2020 |

# Declaration by the Board of Directors

The Board of Directors and the CEO hereby certify that this year-end report provides a fair overview of the Parent Company's and the Group's operations, financial position and performance and describes material risks and uncertainties faced by the Parent Company and Group companies.

Volati AB (publ)  
The Board of Directors and CEO  
Stockholm, 21 February 2019

Patrik Wahlén  
Chairman of the Board

Karl Perlhagen  
Board Member

Björn Garat  
Board Member

Christina Tillman  
Board Member

Louise Nicolin  
Board Member

Anna-Karin Celsing  
Board Member

Magnus Sundström  
Board Member

Mårten Andersson  
CEO

This interim report has not been reviewed by the Company's auditors.

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This information is information that Volati AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication, through the agency of the contact persons set out below, at 7.45 a.m. (CEST) on 21 February 2019.

#### Conference call

CEO Mårten Andersson and CFO Mattias Björk will present the interim report in a conference call on 21 February at 9.00. The presentation will be conducted in Swedish.  
Phone number to access the conference call: +46 (0)8-505 583 52.  
For a webcast of the conference call, go to [www.volati.se](http://www.volati.se).

#### For more information, please contact:

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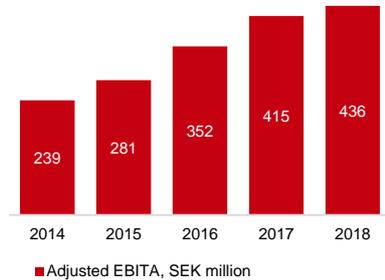
# Financial targets

Volati's overall objective is to generate long-term value growth by building an industrial group of profitable companies with solid cash flows and capacity for continuous development. Volati has established the following financial targets, which should be evaluated as a whole.

## 1 Earnings growth

**Adjusted EBITA of SEK 700 million by the end of 2019. Average annual organic EBITA growth of 5 percent.**

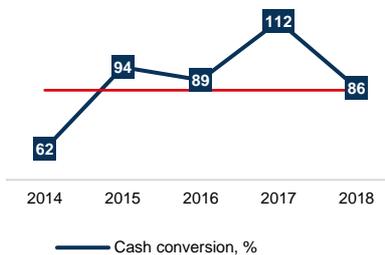
At the end of 2018, adjusted EBITA for the last twelve months was SEK 436 million. Annual organic EBITA growth has averaged 7 percent between 2013 and 2018. Organic EBITA growth varies over the years and averaged 0 percent during the last year.



## 2 Cash conversion

**Annual cash conversion of at least 85 percent.**

At the end of 2018, cash conversion for the last twelve months was 86 percent. Cash conversion has averaged 89 percent between 2014 and 2018.



## 3 Capital structure

**Long-term target: Net debt/Adjusted EBITDA ratio (LTM) of less than 3.0x.**

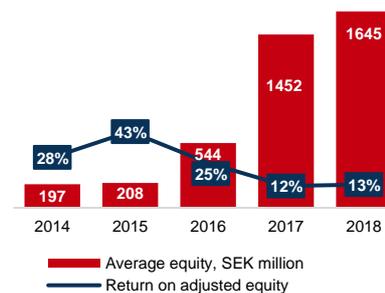
At the end of 2018, net debt/adjusted EBITDA was 1.7x.



## 4 Return on adjusted equity

**Long-term target: Return on adjusted equity (calculated as average equity over the last four quarters) of at least 20 percent.**

At the end of 2018, the return on adjusted equity was 13 percent.



## 5 Dividend policy

**To distribute a dividend of 10-30 percent of net earnings attributable to the Parent Company's shareholders, after taking into consideration future acquisition potential, development potential in existing companies, the financial position and other material factors.**

The Board proposes a dividend of SEK 1.00 per ordinary share for 2018, which corresponds to 30 percent of net profit attributable to the Parent Company's shareholders for the 2018 financial year. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00.

Proposed dividend for 2018  
**SEK 1.00**  
 per share

# Financial Statements

## Consolidated income statement

SEK million	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
<b>Operating revenue</b>				
Net sales	1,831	1,517	6,084	4,356
<b>Operating expenses</b>				
Raw materials and supplies	-997	-824	-3,375	-2,228
Other external costs	-223	-214	-853	-684
Personnel expenses	-409	-314	-1,318	-983
Other operating income	4	3	18	7
Other operating expenses	3	-2	-4	-9
<b>EBITDA</b>	<b>210</b>	<b>166</b>	<b>552</b>	<b>459</b>
Depreciation/amortisation	-36	-24	-119	-82
<b>EBITA</b>	<b>173</b>	<b>142</b>	<b>433</b>	<b>377</b>
Acquisition-related amortisation	-13	-13	-49	-31
Goodwill impairment	-14	0	-18	-
<b>EBIT</b>	<b>147</b>	<b>129</b>	<b>366</b>	<b>345</b>
<b>Finance income and costs</b>				
Finance income	14	2	29	8
Finance costs	-20	-20	-80	-49
<b>Profit before tax</b>	<b>141</b>	<b>110</b>	<b>316</b>	<b>305</b>
Tax	-19	-18	-42	-63
<b>Net profit</b>	<b>121</b>	<b>93</b>	<b>274</b>	<b>241</b>
Attributable to:				
Owners of the Parent	121	92	272	240
Non-controlling interests	0	0	2	1
Earnings per ordinary share, SEK				
Earnings per ordinary share, SEK	1.30	0.95	2.58	2.19
Diluted earnings per ordinary share, SEK	1.30	0.94	2.58	2.17
No. of ordinary shares				
No. of ordinary shares	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares after dilution	80,469,822	80,838,878	80,469,822	80,838,878
No. of preference shares				
No. of preference shares	1,603,774	1,603,774	1,603,774	1,603,774
Preference share dividend, SEK	10.00	10.00	40.00	40.00

## Consolidated statement of comprehensive income

SEK million	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
Net profit	121	93	274	241
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of net pension obligations	-	0	-	0
Deferred tax on remeasured net pension obligations	-	0	-	0
<b>Total</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences for the period	-23	-4	19	-19
<b>Total</b>	<b>-23</b>	<b>4</b>	<b>19</b>	<b>-19</b>
<b>Total comprehensive income for the period</b>	<b>98</b>	<b>88</b>	<b>293</b>	<b>222</b>

Total comprehensive income attributable to:

Owners of the Parent	98	88	290	221
Non-controlling interests	0	0	2	1

## Key figures<sup>2)</sup>

SEK million	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
Net sales, SEK million	1,831	1,517	6,084	4,356
Net sales growth, %	21	95	40	36
Organic net sales growth, %	0	3	1	-2
EBITDA, SEK million	210	166	552	459
Adjusted EBITDA, SEK m	199	181	573	511
EBITA, SEK million	173	142	433	377
EBITA margin, %	9	9	7	9
EBITA growth, %	22	95	15	18
Adjusted EBITA, LTM, SEK million	163	157	436	415
EBITA excl. central costs and items affecting comparability, SEK million	182	162	478	443
Organic EBITA growth, %	2	-30	0	-18
EBIT, SEK million	147	129	366	345
Profit after tax	121	93	274	241
Basic earnings per ordinary share, SEK <sup>1)</sup>	1.30	0.95	2.58	2.19
Diluted earnings per ordinary share, SEK <sup>1)</sup>	1.30	0.94	2.58	2.17
Equity per ordinary share, SEK	21.63	19.11	21.63	19.11
Return on equity, %	11	11	11	11
Return on adjusted equity, %	13	12	13	12
Equity ratio, %	46	47	46	47
Cash conversion, LTM, %	86	112	86	112
Adjusted cash conversion, LTM, %	86	116	86	116
Operating cash flow, SEK million	383	351	475	513
Adjusted operating cash flow, SEK million	383	352	475	534
Net debt/EBITDA, x	1.7	1.2	1.7	1.2
No. of employees	2,287	1,871	2,287	1,871
Ordinary shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares outstanding after dilution	80,469,822	80,838,878	80,469,822	80,838,878
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774

1) When calculating earnings per ordinary share, the preference share dividend of SEK 16.0 million per quarter is deducted for the period.

2) All performance measures, apart from net sales and earnings per share, are non-IFRS performance measures – see also the alternative performance measures section below.

## Quarterly overview

SEK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
<b>Operating revenue</b>										
Net sales	1,831	1,470	1,428	1,355	1,517	1,224	872	744	780	839
<b>Operating expenses</b>										
Raw materials and supplies	-997	-830	-784	-764	-824	-651	-409	-344	-351	-415
Other external costs	-223	-202	-216	-212	-214	-203	-130	-137	-132	-129
Personnel expenses	-409	-292	-312	-304	-314	-253	-214	-202	-201	-189
Other operating income	4	6	1	7	3	3	1	1	-2	2
Other operating expenses	3	0	-2	-5	-2	-2	-2	-4	-4	-2
<b>EBITDA</b>	<b>210</b>	<b>152</b>	<b>114</b>	<b>77</b>	<b>166</b>	<b>119</b>	<b>117</b>	<b>57</b>	<b>90</b>	<b>107</b>
Depreciation/amortisation	-36	-29	-28	-26	-24	-23	-18	-17	-17	-17
<b>EBITA</b>	<b>173</b>	<b>123</b>	<b>86</b>	<b>51</b>	<b>142</b>	<b>96</b>	<b>99</b>	<b>40</b>	<b>73</b>	<b>90</b>
Acquisition-related amortisation	-13	-13	-12	-12	-13	-9	-5	-5	-4	-5
Goodwill impairment	-14	-	-4	-	-	-	-	-	-	-
<b>EBIT</b>	<b>147</b>	<b>110</b>	<b>70</b>	<b>39</b>	<b>129</b>	<b>87</b>	<b>94</b>	<b>36</b>	<b>68</b>	<b>85</b>
<b>Finance income and costs</b>										
Finance income	14	3	10	3	2	1	2	3	3	5
Finance costs	-20	-17	-24	-18	-20	-16	-7	-6	-17	-18
<b>Profit before tax</b>	<b>141</b>	<b>96</b>	<b>55</b>	<b>24</b>	<b>110</b>	<b>72</b>	<b>90</b>	<b>33</b>	<b>55</b>	<b>72</b>
Tax	-19	-22	5	-6	-18	-19	-21	-5	-10	-21
<b>Net profit</b>	<b>121</b>	<b>74</b>	<b>61</b>	<b>18</b>	<b>93</b>	<b>53</b>	<b>68</b>	<b>28</b>	<b>45</b>	<b>51</b>
Attributable to:										
Owners of the Parent	121	74	60	18	92	52	68	28	45	49
Non-controlling interests	0	1	1	0	0	1	1	0	1	2
<b>Net sales, SEK million</b>	<b>Q4 2018</b>	<b>Q3 2018</b>	<b>Q2 2018</b>	<b>Q1 2018</b>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>Q4 2016</b>	<b>Q3 2016</b>
Trading	509	524	607	468	453	394	428	339	372	405
Industry	467	334	257	213	197	205	190	155	163	214
Akademibokhandeln	634	398	315	436	627	402	-	-	-	-
Consumer	222	214	249	238	241	222	253	249	244	219
Internal eliminations	-1	0	0	0	0	0	0	0	0	0
<b>Total net sales</b>	<b>1,831</b>	<b>1,470</b>	<b>1,428</b>	<b>1,355</b>	<b>1,517</b>	<b>1,224</b>	<b>871</b>	<b>744</b>	<b>780</b>	<b>839</b>
<b>EBITDA, SEK million</b>										
Trading	36	59	58	23	29	45	45	16	25	40
Industry	46	53	45	38	19	37	30	19	32	54
Akademibokhandeln	109	19	-27	-1	94	22	-	-	-	-
Consumer	27	35	50	26	43	33	55	36	53	34
Items affecting comparability	12	-	-	0	-7	1	1	-3	-11	-12
Central costs	-20	-14	-12	-10	-13	-19	-14	-11	-9	-10
<b>Total EBITDA</b>	<b>210</b>	<b>152</b>	<b>114</b>	<b>77</b>	<b>166</b>	<b>119</b>	<b>117</b>	<b>57</b>	<b>90</b>	<b>107</b>
<b>EBITA, SEK million</b>										
Trading	32	54	53	19	26	42	43	14	23	37
Industry	30	44	38	32	13	31	24	12	25	48
Akademibokhandeln	101	12	-34	-7	88	17	-	-	-	-
Consumer	19	27	41	17	35	25	46	28	45	27
Items affecting comparability	12	-	-	-	-7	1	1	-3	-11	-12
Central costs	-20	-14	-12	-10	-13	-19	-15	-11	-9	-10
<b>Total EBITA</b>	<b>173</b>	<b>123</b>	<b>86</b>	<b>51</b>	<b>142</b>	<b>96</b>	<b>99</b>	<b>40</b>	<b>73</b>	<b>90</b>

## Condensed consolidated statement of financial position

SEK million	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	3,126	2,934
Property, plant & equipment	404	241
Financial assets	8	10
Deferred tax assets	59	59
<b>Total non-current assets</b>	<b>3,597</b>	<b>3,243</b>
<b>Current assets</b>		
Inventories	895	610
Trade receivables	558	455
Tax assets	27	58
Other current receivables	67	48
Derivatives	0	0
Prepayments and accrued income	186	154
Cash and cash equivalents	241	438
<b>Total current assets</b>	<b>1,975</b>	<b>1,763</b>
<b>Total assets</b>	<b>5,571</b>	<b>5,006</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	10	10
Other paid-in capital	1,995	1,995
Other reserves	34	16
Retained earnings, incl. profit for the period	520	331
Equity attributable to owners of the Parent	2,560	2,352
Non-controlling interests	7	13
<b>Total equity</b>	<b>2,567</b>	<b>2,365</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	974	984
Non-current non-interest-bearing liabilities	89	98
Pension obligations	2	2
Warranties and other provisions	10	6
Deferred tax	287	268
<b>Total non-current liabilities</b>	<b>1,361</b>	<b>1,358</b>
Current interest-bearing liabilities	241	106
Advances from customers	73	65
Trade payables	706	607
Tax liabilities	61	75
Derivatives	0	0
Accruals and deferred income	379	265
Other current liabilities	184	167
<b>Total current liabilities</b>	<b>1,644</b>	<b>1,284</b>
<b>Total liabilities</b>	<b>3,005</b>	<b>2,642</b>
<b>Total equity and liabilities</b>	<b>5,571</b>	<b>5,006</b>

## Condensed consolidated cash flow statement

SEK million	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
<b>Operating activities</b>				
Profit before tax	141	110	316	305
Adjustment for non-cash items	60	52	204	146
Interest paid	-14	-10	-39	-21
Interest received	0	0	2	1
Income tax paid	19	-18	-53	-62
<b>Cash flow from operating activities before changes in working capital</b>	<b>206</b>	<b>135</b>	<b>430</b>	<b>369</b>
<b>Cash flow from changes in working capital</b>				
Change in inventories	-20	42	-62	-18
Change in operating receivables	200	83	37	-32
Change in operating liabilities	40	82	43	156
Cash flow from changes in working capital	220	207	18	106
<b>Cash flow from operating activities</b>	<b>426</b>	<b>341</b>	<b>448</b>	<b>475</b>
<b>Investing activities</b>				
Investments in property, plant & equipment and intangible assets	-34	-23	-83	-57
Sale of property, plant & equipment and intangible assets	1	2	2	6
Investments in Group companies	-119	-291	-545	-553
Divestments of Group companies	-	-	1	1
Investments in financial assets	-4	-	-4	-
Divestments of financial assets	0	-	0	-
Cash flow from investing activities	-156	-311	-629	-603
<b>Financing activities</b>				
Dividend on preference shares	-16	-16	-64	-64
Dividend on ordinary shares	-	-	-41	-41
New share issue	-	-	-	-1
Redemption of pension liability	-	-24	-	-24
Change in borrowings	-151	372	87	330
Cash flow from financing activities	-166	332	-18	200
Cash flow for the period	104	362	-199	71
Cash & cash equivalents at beginning of period	141	76	438	371
Exchange differences	-4	0	2	-4
Cash & cash equivalents at end of period	241	438	241	438

## Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365
IFRS 9 and IFRS 15 transition effect, net of tax	-	-	-	-3	0	-3
Opening balance, 1 Jan 2018	10	1,995	16	328	13	2,362
Net profit	-	-	-	272	2	274
Other comprehensive income	-	-	18	-	0	19
Comprehensive income for the period	-	-	18	272	2	293
Dividend	-	-	-	-105	-	-105
Remeasurement of NCI	-	-	-	23	-	23
Other owner transactions <sup>1)</sup>	-	-	-	3	-8	-5
Closing balance, 31 Dec 2018	10	1,995	34	520	7	2,567

2) See also note 5.

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2017	10	1,995	34	200	18	2,257
Net profit	-	-	-	240	1	241
Other comprehensive income	-	-	-19	0	0	-20
Comprehensive income for the period	-	-	-19	240	1	222
Dividend	-	-	-	-106	-	-106
Quotient value issue, ordinary shares	-	-	-	-1	-	-1
Shareholder contributions	-	-	-	12	-	12
Remeasurement of NCI	-	-	-	-13	-	-13
Other owner transactions	-	-	-	-2	-6	-8
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365

# Notes to consolidated financial statements

## Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those applied by the Group in the 2017 annual report. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Some figures in this report have been rounded, which means that certain tables do not always add up exactly. This applies where figures are stated in thousands, millions or billions. Pages 1-12 of this report are an integral part of the interim report.

### New accounting policies for 2018 and 2019

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments entered into force on 1 January 2018. Volati has applied the modified retrospective approach for the transition to IFRS 15, which means that comparative periods have not been restated under the new standard. It can be confirmed that IFRS 15 does not have any material impact on the consolidated financial statements other than the new standard's enhanced disclosure requirements. Volati has applied the transition to IFRS 9 prospectively and can confirm that the new standard has not had any material impact on the consolidated financial statements.

IFRS 16 Leases is effective from 1 January 2019 and requires assets and liabilities attributable to leases, with some exceptions, to be recognised in the balance sheet. Implementation of the new lease standard will result in the majority of the Group's leases being reported in the balance sheet, as a distinction between operating and finance leases is no longer made. IFRS 16 provides a choice of introduction method: early application, whereby all leases are remeasured from their inception date, or the modified retrospective approach, whereby historical obligations are not remeasured from their inception date but are assumed to have been entered into on 1 January 2019. Due to the fact that the Volati Group has over 400 leases, it was not practically possible to use the early application option, and Volati has therefore chosen the modified retrospective method.

Based on the operating leases, mainly lease contracts for the Group's operations, that existed on 31 December 2018, a calculation has been made to show what impact the introduction of IFRS 16 will have on the Group's balance sheet and income statement in 2019.

To calculate the effect of the introduction of IFRS 16, the length of the lease obligations has been based on the remaining lease terms, although extension options have been taken into account if exercise of such an option is reasonably certain. In addition, the calculation has been based on the leases that existed at the end of the 2018 financial year. For all contracts where the interest rate implicit in the lease could not be determined from the obligation, the discount rate used for the valuation of the obligation has been adjusted according to the type of leased asset it refers to, the geographical location of the asset and the estimated financial risk associated with the lessee. The discount rate used for obligations varies between 2 and 20 percent depending on these different assumptions.

Based on the above conditions, EBITDA is expected to be positively affected by SEK 273 million and EBITA by SEK 19 million for the 2019 financial year. With the introduction of IFRS 16, depreciation is expected to increase by SEK 254 million and interest expenses by SEK 42 million. Profit after tax is expected to be negatively affected by SEK 18 million. Taken over the duration of the lease obligations, total net profit after tax will not be affected by the introduction of IFRS 16, but the negative effect on profit after tax for 2019 arises because the chosen modified retrospective method means that higher finance costs will be reported in the first year of application as a result of the higher initial debt. The debt, and therefore the finance costs, will decrease over time and profit after tax will be positively affected by an amount corresponding to the negative effect in 2019. Furthermore, interest-bearing liabilities are expected to increase by SEK 854 million, which means that total assets will initially increase due to the recognition of a right of use and lease liability. Net debt/EBITDA would have been 2.1x at 31 December 2018 if IFRS 16 had been implemented for the Group. Volati AB's financial commitments under bank loan agreements are based on the accounting policies that existed at the inception of the loans, which is why the associated covenants will not be affected by the introduction of IFRS 16.

## Note 2 Risks and uncertainties

A detailed description of the Group's material risks and uncertainties can be found in the 2017 Annual Report.

## Note 3 Segment reporting

At the end of Q4, Volati consisted of four business areas: Trading, Industry, Akademibokhandeln and Consumer.

<b>Net sales, SEK million</b>	<b>Oct–Dec 2018</b>	<b>Oct–Dec 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Trading	509	453	2,107	1,615
Industry	467	197	1,271	747
Akademibokhandeln	634	627	1,784	1,029
Consumer	222	241	923	966
Internal eliminations	-1	0	-1	0
<b>Total net sales</b>	<b>1,831</b>	<b>1,517</b>	<b>6,084</b>	<b>4,356</b>

Sales between segments are not disclosed as they are immaterial.

<b>EBITDA, SEK million</b>	<b>Oct–Dec 2018</b>	<b>Oct–Dec 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Trading	36	29	176	136
Industry	46	19	183	106
Akademibokhandeln	109	94	100	116
Consumer	27	43	138	167
Items affecting comparability	12	-7	12	-9
Central costs	-20	-13	-56	-57
<b>Total EBITDA</b>	<b>210</b>	<b>166</b>	<b>552</b>	<b>459</b>

<b>EBITA, SEK million</b>	<b>Oct–Dec 2018</b>	<b>Oct–Dec 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Trading	32	26	158	125
Industry	30	13	144	79
Akademibokhandeln	101	88	72	105
Consumer	19	35	104	134
Items affecting comparability	12	-7	12	-9
Central costs	-20	-13	-57	-58
<b>Total EBITA</b>	<b>173</b>	<b>142</b>	<b>433</b>	<b>377</b>
Acquisition-related amortisation	-13	-13	-49	-31
Goodwill impairment	-14	-	-18	-
Net financial items	-6	-18	-50	-40
<b>Profit before tax</b>	<b>141</b>	<b>110</b>	<b>316</b>	<b>305</b>

<b>EBIT, SEK million</b>	<b>Oct–Dec 2018</b>	<b>Oct–Dec 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Trading	29	24	147	119
Industry	28	12	140	77
Akademibokhandeln	96	80	48	93
Consumer	16	32	93	123
Goodwill impairment	-14	-	-18	-
Items affecting comparability	12	-7	12	-9
Central costs	-20	-13	-57	-58
<b>Total EBIT</b>	<b>147</b>	<b>129</b>	<b>366</b>	<b>345</b>

## Note 4 Acquisitions and divestments of companies and operations

During the period January to December 2018, Volati acquired one company: S:t Eriks Group AB. In addition, a small holding company was acquired for a purchase price of SEK 6.8 million. The acquisition affected Q2 EBITA by SEK -0.4 million in transaction costs and net profit by SEK 9.7 million. The positive contribution to net profit was due to this being a bargain purchase as a result of historical losses.

During Q2, four percent of the shares in Volati 1 Holding AB were transferred to Ettikettoprintcom AB's CEO for a consideration of SEK 750 thousand.

During Q3, five percent of the shares in Kellfri Holding AB were repurchased from the former CEO of Kellfri AB for a purchase price of SEK 4.6 million. The total effect on the Group's equity including non-controlling interests amounted to SEK -4.9 million.

During Q4, a minor holding in an associate was acquired for SEK 4 million. In addition, shares in Volati Bok were repurchased from senior executives at a purchase price of SEK 5 million.

### S:t Eriks

As already announced in previous financial reports, Volati signed an agreement on 17 July 2018 to acquire all shares in S:t Eriks Group AB, a leading manufacturer of concrete and natural stone products for infrastructure, paving, roofing and water & sewage systems. S:t Eriks is a new business unit in the Industry business area, and has been consolidated in the Volati Group since 31 August.

An overview of the impact of the acquisition of S:t Eriks on the Volati Group's balance sheet is set out below. The fair value calculation differs from that reported in the Q3 interim report, which was preliminary. The main items that have been updated are Deferred fixed consideration and Intangible assets, both of which were charged against goodwill, which has affected the final goodwill amount.

Impact of S:t Eriks on balance sheet (SEK million)	31 Dec 2018
Intangible assets	80
Property, plant and equipment	174
Deferred tax asset	10
Inventories	221
Trade receivables	145
Other receivables	40
Cash and cash equivalents	29
Deferred tax liability	-44
Other provisions	-5
Non-current interest-bearing liabilities	-16
Current interest-bearing liabilities	-437
Current liabilities	-204
	-6
Goodwill	163
<b>Purchase price for shares</b>	<b>157</b>
Purchase price for shares	-157
Deferred additional consideration	30
Deferred fixed consideration	115
Repaid liabilities at the acquisition date	-435
Cash & cash equivalents in the acquired company at the acquisition date	29
<b>Effect on the Group's cash &amp; cash equivalents on acquisition date</b>	<b>-418</b>
Fixed consideration settled after acquisition	-114
<b>Effect on the Group's cash &amp; cash equivalents 1 Jan - 31 Dec 2018</b>	<b>-531</b>

The deferred fixed consideration (SEK 114 million) was settled in December 2018. The deferred additional consideration is contingent on the future profitability of S:t Eriks and is payable if certain profitability criteria are met, in which case the amount will be settled no later than June 2020. As one of the profitability criteria was not met for the full year 2018, the additional consideration was remeasured, resulting in a positive EBITDA effect of SEK 14 million for the quarter. A goodwill impairment test was conducted in connection with the remeasurement, which resulted in goodwill being written down by SEK 14 million.

Acquisition's impact on income statement (SEK million)	Net sales		EBITDA		EBITA		EBIT	
	Oct–Dec 2018	Jan- Dec 2018	Oct–Dec 2018	Jan- Dec 2018	Oct–Sep 2018	Jan- Dec 2018	Oct–Dec 2018	Jan- Dec 2018
S:t Eriks	266	372	17	31	9	20	-6	5
The Volati Group	266	372	17	31	9	20	-6	5

S:t Eriks' contribution to the Group's income statement was as follows: sales SEK 266 million for the quarter and SEK 372 million for the full year 2018, EBITDA SEK 17 million for the quarter and SEK 31 million for the full year, EBITA SEK 9 million for the quarter and SEK 20 million for the full year and operating profit SEK -6 million for the quarter and SEK 5 million for the full year. In addition, acquisition-related transaction costs had a negative effect of SEK 2 million on the Group's earnings. If S:t Eriks had been consolidated with effect from 1 January 2018, its contribution to the Group's income statement, excluding transaction costs, for the period January–December 2018 would have been as follows: sales SEK 1,061 million, EBITDA SEK 61 million, EBITA SEK 33 million and operating profit SEK 14 million. Goodwill of SEK 163 million arising from the transactions is supported by several factors, which are largely attributable to the acquired companies' market shares.

## Note 5 Alternative performance measures

The new guidelines from the European Securities and Markets Authority (ESMA) on alternative performance measures came into force with effect from the 2016 financial year. Volati is therefore publishing an explanation of how these performance measures should be used, together with definitions and comparisons between the alternative performance measures (APMs) and reporting in line with IFRS.

The financial reports published by Volati include the APMs, which supplement the metrics defined or specified in the applicable rules for financial reporting, such as revenue, profit or loss and earnings per share. APMs are specified when they, in their context, provide clearer or more in-depth data than those metrics defined in the applicable rules for financial reporting. The basis for APMs is that they are used by management to assess financial performance and can thus be considered to give analysts and other stakeholders valuable information.

Volati regularly uses APMs as a complement to the key metrics that comprise generally accepted accounting policies. The APMs derive from Volati's consolidated accounts and do not comprise measures of financial performance or liquidity in accordance with IFRS and, accordingly, should not be considered as alternatives to net income, operating profit or other key metrics that are derived pursuant to IFRS or as an alternative to cash flow as a measure of consolidated liquidity. The alternative performance measures are unchanged from those in the 2017 annual report.

## Alternative performance measures

The following table sets out definitions for Volati's key figures. The calculation of APMs is presented separately below. The key figures are unchanged from those in the 2017 annual report.

Non-IFRS APMs and key metrics	Description	Reason for use
<b>Organic net sales growth</b>	Calculated as net sales for the period, adjusted for total acquired and divested net sales and currency effects, compared with net sales for the same period the previous year, as if the relevant business units had been owned in the comparative period.	This metric is used by management to monitor the underlying net sales growth in existing operations.
<b>Adjusted net sales</b>	Calculated as net sales for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted EBITA, adjusted net sales and adjusted EBITDA provide management and investors with a view of the size of the operations included in the Group at the reporting date.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation.	Together with EBITA, EBITDA provides a view of the profit generated by operating activities.
<b>Adjusted EBITDA</b>	Calculated as EBITDA for the last 12 months for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months, and adjusted for transaction-related costs, restructuring costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and other income and expenses considered to be non-recurring.	Together with adjusted net sales and adjusted EBITA, adjusted EBITDA provides management and investors with a view of the size of the operations included in the Group at the reporting date.
<b>EBITA</b>	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
<b>Adjusted EBITA</b>	Calculated as adjusted EBITDA less acquisition-related amortisation for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted net sales and adjusted EBITDA, adjusted EBITA provides management and investors with a view of the size of the operations included in the Group at the reporting date.
<b>EBITA excl. items affecting comparability</b>	Calculated as EBITA, adjusted for remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the Group.
<b>EBITA excl. central costs and items affecting comparability</b>	Calculated as EBITA, adjusted for central costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income and expenses considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the operations in the Group.
<b>Organic EBITA growth</b>	Calculated as EBITA excluding central costs and items affecting comparability for the period, adjusted for total acquired and divested EBITA and currency effects, compared with EBITA excluding central costs and items affecting comparability for the same period the previous year, as if the relevant business units had been owned in the comparative period.	Used by management to monitor the underlying earnings growth for existing operations.

<b>Non-IFRS APMs and key metrics</b>	<b>Description</b>	<b>Reason for use</b>
<b>Return on equity</b>	Net profit (including share attributable to non-controlling interests) divided by average equity (including share attributable to non-controlling interests).	Shows the return generated on the total capital invested in the Company by all shareholders.
<b>Return on adjusted equity</b>	Net profit (including share attributable to non-controlling interests) less the preference share dividend divided by average equity for the last four quarters (including share attributable to non-controlling interests) less the preference share capital.	Shows the return generated on the ordinary share capital invested in the Company by owners of ordinary shares.
<b>Return on capital employed (ROCE)</b>	EBITA excluding items affecting comparability for the last 12 months divided by average capital employed for the last 12 months.	Shows the return on capital employed generated by each business area and the Group without taking into consideration acquisition-related intangible assets with indefinite useful lives.
<b>Return on capital employed including goodwill (ROCE incl. GW)</b>	EBITA excluding items affecting comparability for the last 12 months divided by average capital employed including goodwill and other intangible assets with indefinite useful lives for the last 12 months.	Shows the return on capital employed generated by each business area and the Group.
<b>Equity ratio</b>	Equity (including share attributable to non-controlling interests) as a percentage of total assets.	The metric can be used to assess financial risk.
<b>Cash conversion</b>	Calculated as operating cash flow for the last twelve months divided by EBITDA.	Cash conversion is used by management to monitor how efficiently the Company is managing working capital and ongoing investments.
<b>Adjusted cash conversion</b>	Calculated as adjusted operating cash flow for the last twelve months divided by EBITDA.	Adjusted cash conversion is used by management to monitor how efficiently the Company is managing working capital and normalised ongoing investments.
<b>Operating cash flow</b>	Calculated as EBITDA less the difference between investments in/divestments of property, plant & equipment and intangible assets, after adjustment for cash flow from changes in working capital.	Operating cash flow is used by management to monitor cash flow generated by operating activities.
<b>Adjusted operating cash flow</b>	Calculated as operating cash flow excluding material investments of a non-recurring nature.	Adjusted operating cash flow is used by management to monitor normalised cash flow generated by operating activities.
<b>Net debt/Adjusted EBITDA</b>	Net debt at the end of the period in relation to adjusted EBITDA for the period.	The metric can be used to assess financial risk.

Calculations of alternative performance measures are presented separately below.

	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
<b>Calculation of organic net sales growth</b>				
Net sales	1,831	1,517	6,084	4,356
Acquired/divested net sales	-302	-724	-1,636	-1,211
Currency effects	-18	6	-41	-14
Comparative figure for previous year	1,510	800	4,407	3,132
<b>Organic net sales growth, %</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>-2</b>
<b>EBITA excl. central costs and items affecting comparability</b>				
EBITA	173	142	433	377
Adjustment for items affecting comparability	-12	7	-12	9
<b>EBITA excl. items affecting comparability</b>	<b>162</b>	<b>149</b>	<b>421</b>	<b>385</b>
Adjustment for central costs	20	13	57	58
<b>EBITA excl. central costs and items affecting comparability</b>	<b>182</b>	<b>162</b>	<b>478</b>	<b>443</b>
<b>Adjusted net sales</b>				
Net sales, LTM	6,084	4,356	6,084	4,356
Acquired companies	690	1,291	690	1,291
<b>Adjusted net sales</b>	<b>6,773</b>	<b>5,647</b>	<b>6,773</b>	<b>5,647</b>
<b>Adjusted EBITA and EBITDA</b>				
EBITDA, LTM	210	166	552	459
Acquired companies	-	6	30	42
Restructuring costs	-	-	-	-
Transaction costs	1	1	3	14
Listing costs, ordinary share	-	-	-	0
One-time payments	2	9	2	-5
Additional consideration remeasurement	-14	-	-14	1
<b>Adjusted EBITDA</b>	<b>199</b>	<b>181</b>	<b>573</b>	<b>511</b>
Depreciation/amortisation	-36	-24	-119	-82
Depreciation/amortisation, acquired companies		0	-18	-14
<b>Adjusted EBITA</b>	<b>163</b>	<b>157</b>	<b>436</b>	<b>415</b>
<b>Calculation of organic EBITA growth</b>				
EBITA	173	142	433	377
Adjustment for items affecting comparability	-12	7	-12	9
Adjustment for central costs	20	13	57	58
<b>EBITA excl. central costs and items affecting comparability</b>	<b>182</b>	<b>162</b>	<b>478</b>	<b>443</b>
Total acquired/divested EBITA	-17	-98	-34	-120
Currency effects	0	1	-1	-1
Comparative figure for previous year	165	65	443	323
<b>Organic EBITA growth, %</b>	<b>2</b>	<b>-30</b>	<b>0</b>	<b>-18</b>

	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
<b>Basic earnings per ordinary share</b>				
Net profit attributable to owners of the Parent	121	92	272	240
Deduction for preference share dividend	16	16	64	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	105	76	208	176
Average no. of ordinary shares	80,406,571	80,406,571	80,406,571	80,406,571
<b>Earnings per ordinary share, SEK</b>	<b>1.30</b>	<b>0.95</b>	<b>2.58</b>	<b>2.19</b>
<b>Diluted earnings per ordinary share</b>				
Net profit attributable to owners of the Parent, adjusted for preference share dividend	105	76	208	176
Average no. of ordinary shares after dilution	80,469,822	80,838,878	80,469,822	80,838,878
<b>Diluted earnings per ordinary share, SEK</b>	<b>1.30</b>	<b>0.94</b>	<b>2.58</b>	<b>2.17</b>
<b>Equity per ordinary share</b>				
Equity at end of period including non-controlling interests	2,567	2,365	2,567	2,365
Preference share capital	828	828	828	828
Equity at end of period including non-controlling interests, adjusted for preference share capital	1,739	1,537	1,739	1,537
No. of ordinary shares outstanding at end of period	80,406,571	80,406,571	80,406,571	80,406,571
<b>Equity per ordinary share, SEK</b>	<b>21.63</b>	<b>19.11</b>	<b>21.63</b>	<b>19.11</b>
<b>Calculation of return on equity</b>				
(A) Net profit, LTM, including non-controlling interests	274	241	274	241
Adjustment for preference share dividends, including dividends accrued but not yet paid	-64	-64	-64	-64
(B) Net profit, adjusted	210	177	210	177
(C) Average total equity	2,473	2,281	2,473	2,281
(D) Average adjusted equity	1,645	1,453	1,645	1,453
<b>(A/C) Return on total equity, %</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>(B/D) Return on adjusted equity, %</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>12</b>
<b>Calculation of equity ratio</b>				
Equity including non-controlling interests	2,567	2,365	2,567	2,365
Total assets	5,571	5,006	5,571	5,006
<b>Equity ratio, %</b>	<b>46</b>	<b>47</b>	<b>46</b>	<b>47</b>

<b>Calculation of operating cash flow and cash conversion, %</b>	<b>Oct–Dec 2018</b>	<b>Oct–Dec 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
(A) EBITDA	210	166	552	459
(B) adjustment for non-cash items	-14		-14	
Change in working capital	220	207	18	106
Net investments in property, plant & equipment and intangible assets	-33	-21	-81	-52
(C) Operating cash flow	383	351	475	513
Adjustment for net investments relating to Besikta				
Bilprovning's IT system	-	0	-	2
Adjustment for issue costs	-	-	-	18
(D) Adjusted operating cash flow	383	352	475	534
<b>(C/A) Cash conversion, %</b>	<b>183</b>	<b>212</b>	<b>86</b>	<b>112</b>
<b>(D/A) Adjusted cash conversion, %</b>	<b>183</b>	<b>212</b>	<b>86</b>	<b>116</b>

### Calculation of Net debt/Adjusted EBITDA, x

#### Net debt

Cash and cash equivalents	-241	-438	-241	-438
Unrealised derivative contract assets	0	0	0	0
Pension obligations	2	2	2	2
Non-current interest-bearing liabilities	974	984	974	984
Current interest-bearing liabilities	241	106	241	106
Unrealised derivative contract liabilities	0	0	0	0
Accrued interest expense	7	2	7	2
Pension assets	-2	-2	-2	-2
Adjustment for nominal value of bond liability	-6	-12	-6	-12
Adjustment for shareholder loans	-23	-23	-25	-23
<b>Net debt</b>	<b>951</b>	<b>619</b>	<b>949</b>	<b>619</b>
Adjusted EBITDA	573	511	573	511
<b>Net debt/Adjusted EBITDA, x</b>	<b>1.7</b>	<b>1.2</b>	<b>1.7</b>	<b>1.2</b>

<b>ROCE %, at 31 December 2018</b>	<b>Trading</b>	<b>Industry</b>	<b>Akademi-bokhandeln</b>	<b>Consumer</b>	<b>Central costs</b>	<b>Volati Group</b>
<b>1) EBITA, LTM</b>	158	144	72	104	-57	421
<i>Capital employed at 31 December 2018</i>						
Intangible assets	936	772	859	844		3,126
Adjustment for goodwill, patent/technology, brands	-932	-753	-794	-779		-2,972
Property, plant & equipment	54	263	40	31		404
Inventories	346	324	196	29		895
Trade receivables	292	201	30	36		558
Other current receivables	10	26	28	2		67
Prepayments and accrued income	38	74	50	23		186
Adjustment for non-working-capital-related current receivables						0
Advances from customers	-2	-60	0	-11		-73
Trade payables	-220	-169	-260	-54		-706
Accruals and deferred income	-83	-136	-94	-54		-379
Other current liabilities	-32	-28	-52	-27		-184
Adjustment for non-working-capital-related current liabilities						18
Adjusted for preference share dividend						32
<b>Capital employed at 31 December 2018</b>	<b>407</b>	<b>513</b>	<b>3</b>	<b>40</b>		<b>972</b>

<b>ROCE %, at 31 December 2018</b>	<b>Trading</b>	<b>Industry</b>	<b>Akademi- bokhandeln</b>	<b>Consumer</b>	<b>Central costs</b>	<b>Volati Group</b>
Adjustment for average capital employed, LTM	25	-177	75	5	0	-72
<b>2) Average capital employed, LTM</b>	<b>432</b>	<b>336</b>	<b>78</b>	<b>45</b>		<b>900</b>
<b>ROCE 1)/2), %</b>	<b>37</b>	<b>43</b>	<b>92</b>	<b>233</b>		<b>47</b>
<b>3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives</b>	<b>1,284</b>	<b>669</b>	<b>728</b>	<b>817</b>		<b>3,493</b>
<b>ROCE incl. goodwill 1)/3), %</b>	<b>12</b>	<b>21</b>	<b>10</b>	<b>13</b>		<b>12</b>
<b>ROCE %, at 31 December 2017</b>	<b>Trading</b>	<b>Industry</b>	<b>Akademi- bokhandeln</b>	<b>Consumer</b>	<b>Central costs</b>	<b>Volati Group</b>
1) EBITA, LTM	125	79	105	134	-58	385
<b>Capital employed at 31 December 2017</b>						
Intangible assets	936	548	879	857		2,934
Adjustment for goodwill, patent/technology, brands	-933	-527	-814	-783		-2,771
Property, plant & equipment	60	82	43	39		241
Inventories	315	77	189	29		610
Trade receivables	290	99	24	42		455
Other current receivables	7	6	32	3		48
Prepayments and accrued income	35	49	50	18		154
Advances from customers	-2	-45	0	-17		-65
Trade payables	-217	-55	-280	-51		-607
Accruals and deferred income	-83	-44	-67	-53		-265
Other current liabilities	-31	-12	-57	-27		-167
Adjustment for non-working-capital-related current liabilities						10
Adjusted for preference share dividend						32
Adjusted for accrued non-recurring costs						7
<b>Capital employed at 31 December 2017</b>	<b>377</b>	<b>177</b>	<b>-1</b>	<b>56</b>		<b>616</b>
Adjustment for average capital employed, LTM	-20	-7	57	9	0	12
<b>2) Average capital employed, LTM</b>	<b>357</b>	<b>170</b>	<b>56</b>	<b>65</b>		<b>629</b>
<b>ROCE 1)/2), %</b>	<b>35</b>	<b>46</b>	<b>187</b>	<b>206</b>		<b>61</b>
<b>3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives</b>	<b>1,033</b>	<b>393</b>	<b>751</b>	<b>823</b>		<b>2,643</b>
<b>ROCE incl. goodwill 1)/3), %</b>	<b>12</b>	<b>20</b>	<b>14</b>	<b>16</b>		<b>15</b>

## Parent Company Volati AB (publ)

The Parent Company Volati AB acts as a holding company and the members of Volati's management are employed within the Parent Company.

### Parent Company condensed income statement

SEK million	Oct–Dec 2018	Oct–Dec 2017	Full year 2018	Full year 2017
Net sales	5	3	14	11
Operating expenses	-8	-18	-48	-58
Operating profit <sup>1)</sup>	-3	-15	-34	-47
Profit/loss from financial investments	33	32	632	102
Profit after financial items	31	17	598	55
<b>Net profit</b>	<b>-54</b>	<b>81</b>	<b>497</b>	<b>110</b>

1) Operating profit includes bank charges.

### Parent Company condensed statement of financial position

SEK million	31 Dec 2018	31 Dec 2017
Non-current assets	1,594	282
Current assets	4,072	4,209
<b>Total assets</b>	<b>5,666</b>	<b>4,491</b>
Equity	3,244	2,851
Untaxed reserves	54	61
Pension obligations	1	-
Non-current liabilities	740	593
Current liabilities	1,628	986
<b>Total equity and liabilities</b>	<b>5,666</b>	<b>4,491</b>