

## Record sales, profits up & higher dividend

### Q4 & FY 2016 Highlights

- Record Q4 sales of SEK 5,019m (4,545) with 8% organic growth
- Record FY sales of SEK 17,299m (16,218) with 5% organic growth
- Q4 operating income of SEK 554m (434) before SEK 0m (63) of items affecting comparability
- FY operating income of SEK 1,347m (1,268) before SEK 0m (-512) of items affecting comparability
- Q4 net income of SEK 422m (375) and total basic earnings per share of SEK 5.67 (5.30)
- Q4 cash flow from continuing operations of SEK 383m (290)
- Net debt of SEK 2,186m (2,124) equivalent to 1.4x trailing 12 month EBITDA before IAC
- Board of Directors to propose a dividend of SEK 12.00 (11.50) per share, representing pay-out ratio of 93% (86) of net income from continuing operations before IAC

### Financial Overview

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
<b>Continuing operations</b>				
Net sales	5,019	4,545	17,299	16,218
<i>Change in reported net sales</i>	<i>10.4%</i>	<i>4.0%</i>	<i>6.7%</i>	<i>3.0%</i>
<i>Organic growth</i>	<i>8.4%</i>	<i>-0.2%</i>	<i>5.4%</i>	<i>0.7%</i>
<i>Acquisitions/divestments</i>	<i>-1.2%</i>	<i>4.3%</i>	<i>1.2%</i>	<i>1.9%</i>
<i>Changes in FX rates</i>	<i>3.2%</i>	<i>-0.1%</i>	<i>0.1%</i>	<i>0.4%</i>
Operating income before items affecting comparability	554	434	1,347	1,268
<i>Margin before items affecting comparability</i>	<i>11.0%</i>	<i>9.5%</i>	<i>7.8%</i>	<i>7.8%</i>
Items affecting comparability (IAC)	0	63	0	-512
Operating income	554	497	1,347	756
Net income	422	375	963	533
Basic earnings per share (SEK)	5.67	5.30	12.88	7.45
Cash flow from operations	383	290	940	1,051
<b>Discontinued operations</b>				
Net income <sup>1</sup>	-	0	-1,072	-282
<b>Total operations</b>				
Net income	422	375	-109	251
Basic earnings per share (SEK)	5.67	5.30	-3.19	3.22
Net debt	2,186	2,124	2,186	2,124

<sup>1</sup> Comprises MTG's interest in CTC Media, Inc, which has been divested and gave rise to a non-cash charge due to the reclassification of accumulated currency translation differences.

Alternative performance measures used in this report are explained and reconciled on pages 22-26.



For further information please contact Investor relations at + 46 (0) 73 699 2714 / [investors@mtg.com](mailto:investors@mtg.com) or Public relations at +46 (0) 73 699 2709 / [press@mtg.com](mailto:press@mtg.com)

## President & CEO's comments

### Leading the way

2016 was an important and successful year for MTG. We delivered on our objective to accelerate our sales growth and increase our profits, and we took a number of very important steps to shape our business for the future. We have been on a journey for several years now to adjust our traditional broadcast businesses to new media consumption trends, and we accelerated this strategy even further in 2016. We have rolled out new channels and services including Viafree in Scandinavia and Viaplay in the Baltics, and added fantastic new original programming and sports products.

### Aligning the portfolio

We have also taken a number of significant steps in our strategic portfolio realignment. These included exiting the CIS region in general and CTC Media in particular; divesting our free-TV businesses in Africa; and now also signing an agreement to divest our 50% stake in Prima in the Czech Republic. We are putting the proceeds to work by investing in a third global vertical – online gaming. We completed the acquisition of 21% of InnoGames in December and intend to increase our holding to 51% once the Prima sale has been completed. This portfolio realignment will continue as we focus on capitalising on the shift in video consumption.

### Driving growth

Our organic sales grew by 5% for the full year and 8% in Q4. This reflects the growth in the number of customers that we are reaching, and the time and money that they are spending with our products, which are more broadly available, more relevant and more popular than ever. Our group wide digital sales almost doubled in 2016. Viaplay had another record year with substantial subscriber growth and price increases reflecting further investments in high quality programming and enhanced user experience. MTGx expanded its operations as we gradually stepped up our investments in esports in particular and added a new vertical, online gaming. These developments all position us well for further growth in 2017.

### Delivering shareholder value

Our operating income was up 6% for the full year and 28% in Q4, and this is despite the continued FX headwinds and significant investments that we are making in creating and acquiring content and in our digital transformation. This increased profitability is the result of the organic growth combined with our strategic cost transformation programme. We will reap the benefits of the investments that we are making in the years to come. We are proposing an increased dividend for 2016 to reflect our ongoing commitment to combine reinvestment into content and our digital development with the return of value to shareholders. Finally, I want to thank our employees, our customers and our partners for making these results possible and enabling us to transform MTG into a leading global digital video entertainer.

**Jørgen Madsen Lindemann**  
President & Chief Executive Officer

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**“We have delivered on our 2016 objective to accelerate our growth and increase our profits. We continue to lead the way by capitalising on changes in consumer behaviour to become a global leader in key digital video entertainment verticals.”**

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## Significant Events during and after the quarter

### 13 October and 1 December - MTG invests in InnoGames

MTG entered into an agreement to acquire 35% of InnoGames, a leading global online games developer. MTG completed the acquisition of 21% of the company on 1 December with a further 14% to be acquired in Q1 2017. The transaction was based on an Enterprise Value of EUR 260m for 100% of the company. MTG has an option to acquire a further 16% of the company at the same valuation up until 30 September 2017.

### 16 December – MTG completes sale of TV businesses in Ghana and Nigeria

MTG completed the sale of its free-TV broadcasting and production businesses in Ghana and Nigeria to Econet Media Group for an undisclosed consideration. The previously announced sale of MTG's free-TV broadcasting business in Tanzania to the same buyer is pending local regulatory approval and expected to close in Q1 2017.

### 25 January – MTG sells Czech TV holding to invest in digital transformation

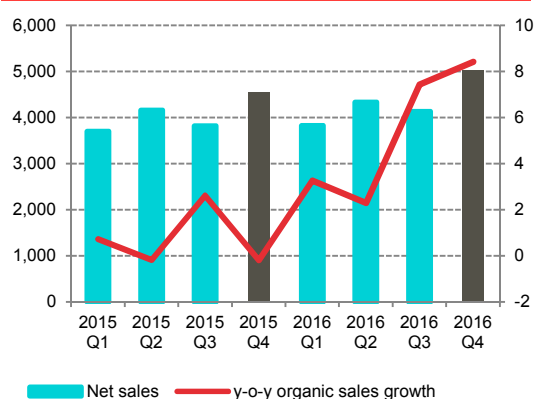
MTG signed an agreement to sell its 50% shareholding in FTV Prima Holding to Denemo Media. The transaction values 100% of FTV Prima Holding at an enterprise value of EUR 237.4m (approximately SEK 2,255m). MTG has fully consolidated FTV Prima Holding, which contributed SEK 1,226m of sales and SEK 201m of operating income for the twelve months to the end of Q3 2016. Closing is subject to local regulatory approval and expected in Q1 2017.

A full list of MTG announcements can be found at [www.mtg.com](http://www.mtg.com).

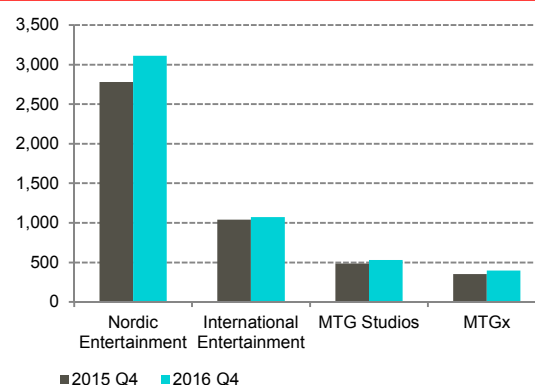
## Operating Review

Reported sales were up 10%. This included 8% organic growth, a 1% contribution from acquisitions, a negative 2% from divestments, and a positive 3% from FX driven by the appreciation of the Euro, the DKK and the NOK.

**Net sales & y-o-y organic growth**  
(SEKm (left side); % (right side))

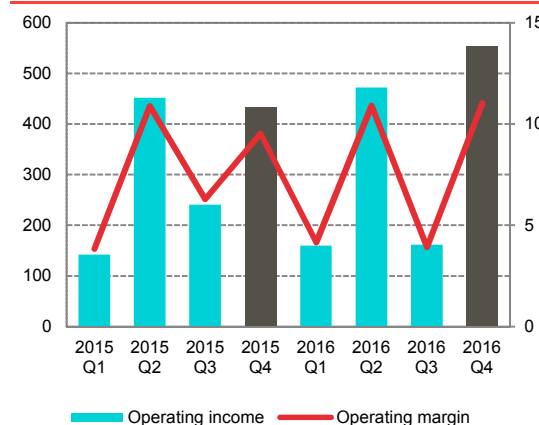


**Net sales by segment**  
(SEKm)

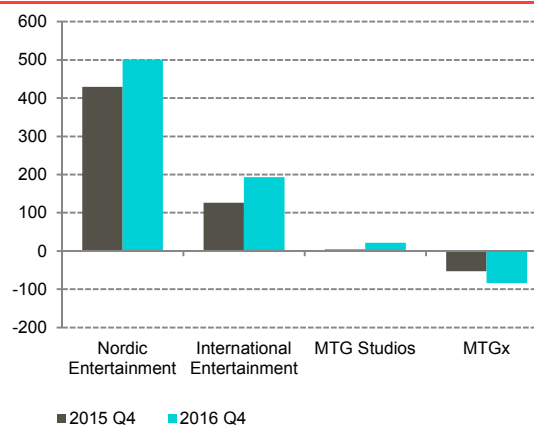


Operating costs were up 5% at constant FX and 6% on an organic basis. This reflected the ongoing adverse impact of the appreciation of the US dollar on content costs; the investment in additional sports rights for the Nordics; and the investments into the MTG's digital expansion. These were partly offset by transformation savings. Operating income before IAC amounted to SEK 554m (434) with an operating margin of 11.0% (9.5).

**Operating income & operating margin before IAC<sup>1</sup>**  
(SEKm (left side); % (right side))



**Operating income by segment**  
(SEKm)



<sup>1</sup> Quarterly fluctuations reflect seasonality of advertising markets. Please refer to page 23 for Alternative Performance Measures

Net interest and other financial items totalled SEK -16m (2) and mainly reflected the non-cash effect of discounting the option and earn-out liabilities at fair value. The Group reported net income from continuing operations of SEK 422m (375), and total basic earnings per share of SEK 5.67 (5.30).

## Nordic Entertainment

### Sales & profits up

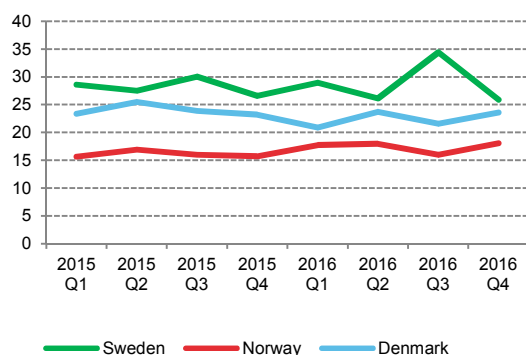
(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	3,113	2,781	11,139	10,487
o/w Free-TV & Radio	1,409	1,304	4,866	4,656
o/w Pay-TV	1,704	1,477	6,272	5,831
Costs	-2,612	-2,351	-9,768	-9,082
Operating income	501	430	1,370	1,405
Operating margin	16.1%	15.5%	12.3%	13.4%
<b>Net sales growth y-o-y</b>				
Organic growth	9.0%	4.4%	6.2%	2.7%
Acquisitions/divestments	0.0%	0.0%	0.0%	-0.7%
Changes in FX rates	3.0%	-1.3%	0.0%	0.2%
Reported growth	11.9%	3.1%	6.2%	2.2%

Sales were up 9% on an organic basis due to Viaplay subscriber intake and higher prices, new distribution agreements, and solid performance in both free-TV and radio.

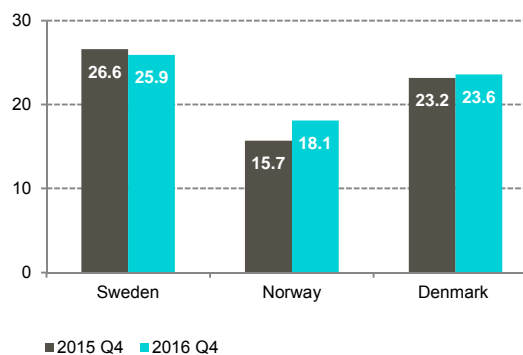
Operating costs were also up due to the investments in sports rights and the expansion of Viaplay, as well as the appreciation of the US dollar. These were partly offset by the transformation savings. Operating income amounted to SEK 501m (430) with an operating margin of 16.1% (15.5%).

Free-TV and radio sales were up at constant FX rates, with higher sales in Sweden and Norway partly offset by lower sales in Denmark. The Norwegian advertising market is estimated to have grown, the Swedish market is estimated to have been stable and the Danish market is estimated to have declined. The Norwegian and Danish audience shares were up y-o-y, while the Swedish share was down.

**Commercial share of viewing (%)<sup>1</sup>**  
(Target audience: 15-49)



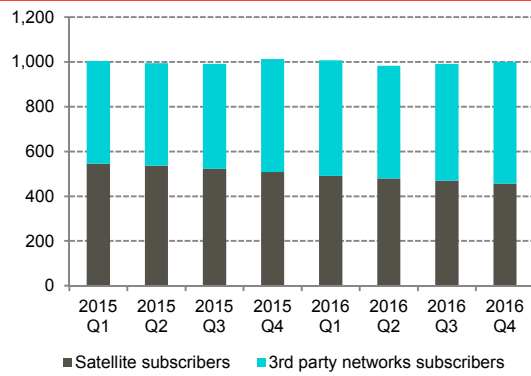
**Commercial share of viewing (%)<sup>1</sup>**  
(Target audience: 15-49)



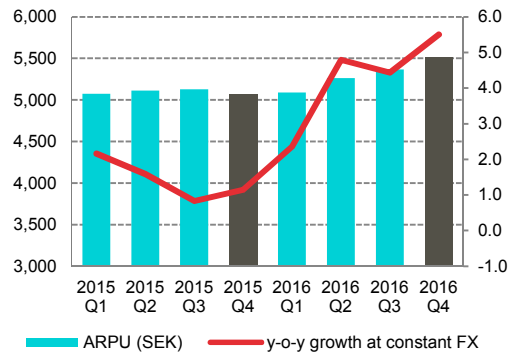
<sup>1</sup> The commercial share of viewing figures for the current and prior periods have been adjusted to include all commercial channels. The Danish figures have also been adjusted to include time shifted viewing.

Pay-TV sales were also up at constant FX following continued Viaplay subscriber intake and the previously introduced price rises. The total subscriber base (excluding Viaplay) grew by 9,000 quarter-on-quarter, as the higher growth in the third party network subscriber base more than offset the decline in the satellite base. Satellite ARPU was up year-on-year at constant FX following previously introduced price increases.

**Satellite and 3<sup>rd</sup> party subscribers (excl. Viaplay)**  
(000's)



**Annualised revenue per satellite subscriber (ARPU) and y-o-y growth at constant FX** (SEK (left side); % (right side))



## International Entertainment

### Sales & profits up

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	1,072	1,042	3,404	3,796
<i>o/w Free-TV &amp; Radio</i>	900	833	2,769	2,703
<i>o/w Pay-TV</i>	172	209	635	1,093
Costs	-879	-915	-2,965	-3,485
Operating income	193	127	438	311
<i>Operating margin</i>	18.0%	12.2%	12.9%	8.2%
<b>Net sales growth y-o-y</b>				
<i>Organic growth</i>	8.1%	5.6%	6.7%	5.5%
<i>Acquisitions/divestments</i>	-9.1%	-13.5%	-18.3%	-1.5%
<i>Changes in FX rates</i>	4.0%	0.7%	1.3%	-0.2%
<i>Reported growth</i>	2.9%	-7.3%	-10.3%	3.8%

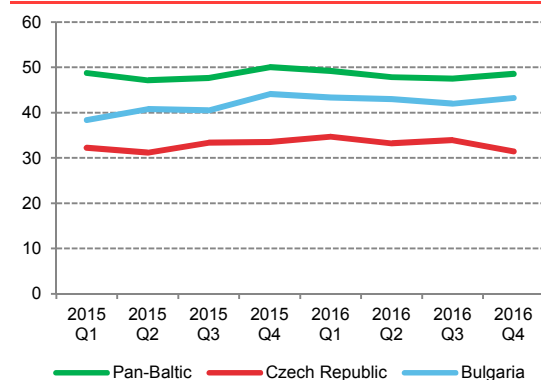
Sales were up 8% on an organic basis following higher sales for all of the free-TV operations. The reported sales growth was lower due primarily to the divestment of the Hungarian free-TV business and the Russian and international pay-TV channel businesses from November 2015, and of the Ukrainian pay-TV business from the end of 2015.

Operating costs were slightly down on an organic basis, and operating income amounted to SEK 193m (127) with an operating margin of 18.0% (12.2). The Q4 2016 results included a capital loss of SEK 10m relating to the divestment of Ghana while Q4 2015 included an operating profit of SEK 22m from the above-mentioned divestments.

Free-TV and radio sales were up at constant FX and up even more on an organic basis. The Bulgarian and Czech TV advertising markets are estimated to have grown, while the pan-Baltic market is estimated to have declined. The Bulgarian, Czech and pan-Baltic audience shares were all down y-o-y.

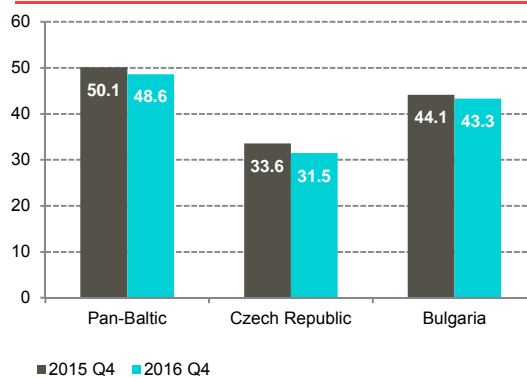
#### Commercial share of viewing (%) <sup>1</sup>

Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



#### Commercial share of viewing (%) <sup>1</sup>

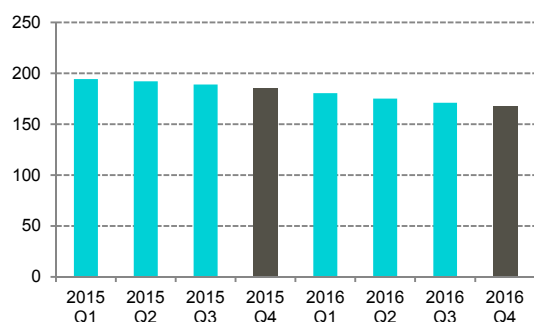
Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



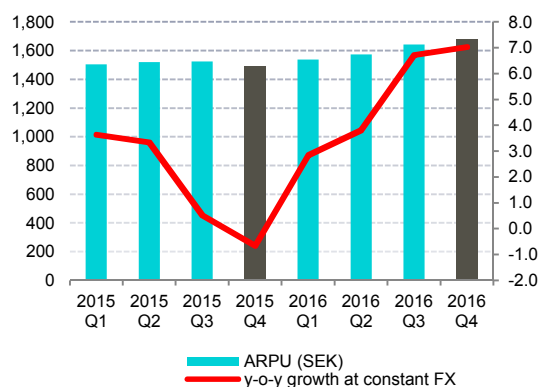
<sup>1</sup> The commercial share of viewing figures for the current and prior periods have been adjusted to include all commercial channels.

Pay-TV sales were up on an organic basis, and included a promising start for Viaplay in the Baltics. The satellite subscriber base (excluding Viaplay) was down quarter-on-quarter but satellite ARPU was up year-on-year at constant FX following previously introduced price increases.

**Satellite subscribers**  
(000's)



**Annualised revenue per satellite subscriber (ARPU) and y-o-y growth at constant FX (SEK (left side); % (right side))**



## MTG Studios

### Sales & profits up

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	532	486	1,777	1,780
Costs	-510	-482	-1,700	-1,777
Operating income	22	4	77	3
<i>Operating margin</i>	4.1%	0.8%	4.4%	0.2%
<b>Net sales growth y-o-y</b>				
<i>Organic growth</i>	8.0%	-20.5%	2.2%	-14.2%
<i>Acquisitions/divestments</i>	0.0%	0.0%	0.0%	0.0%
<i>Changes in FX rates</i>	1.4%	-0.3%	-2.4%	1.0%
<i>Reported growth</i>	9.4%	-20.8%	-0.2%	-13.2%

Sales were up 8% on an organic basis and driven by continued high demand for scripted drama and branded entertainment and was also positively impacted by timing differences between Q3 and Q4 in the production schedule. Operating costs were up for the above-mentioned reasons. The operating income increased for the fourth consecutive quarter to SEK 22m (4), with an operating margin of 4.1% (0.8).



## MTGx

### Sales up with higher investments

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	397	355	1,326	451
Costs	-481	-408	-1,577	-562
Operating income	-84	-53	-251	-111
<i>Operating margin</i>	<i>-21.1%</i>	<i>-15.0%</i>	<i>-18.9%</i>	<i>-24.7%</i>
<i>Reported growth</i>	<i>12.0%</i>	<i>-</i>	<i>194.3%</i>	<i>-</i>

Sales were up at constant FX. The growth rate was affected by the schedule of key esports events and lower advertising prices for digital video networks. The operating loss amounted to SEK -84m (-53) and reflected the continued expansion of ESL.

Turtle held a number of successful events during the quarter including ESL One in New York and the CS:GO Pro League final in Sao Paulo, while the large scale Frankfurt Major in Q4 2015 was not repeated in 2016. DreamHack hosted the 22nd edition of DreamHack Winter, which attracted over 24 thousand venue visitors and over 10 million unique online viewers.

Following the Group's annual impairment tests, MTG reported a SEK 95m impairment of the goodwill related to Zoomin due to the above-mentioned price pressure. This was fully offset by a corresponding reduction in the value of the option liability to acquire further shares in the company. Splay continued its positive development with rising demand for its branded entertainment and influencer campaigns.

## Financial Review

### Cash flow from continuing operations

#### Operating cash flow

Cash flow from operations before changes in working capital amounted to SEK 383m (290) in the quarter. Depreciation and amortisation charges totalled SEK 65m (57). Cash flow continued to be impacted by restructuring payments in the quarter. The Group reported a SEK 35m (-136) change in working capital in the quarter and net cash flow from operations totalled SEK 419m (154).

#### Investing activities

Group capital expenditure on tangible and intangible assets totalled SEK -114m (-75). Acquisitions amounted to SEK -548m (-320) related to InnoGames. Proceeds from sale of shares in subsidiaries amounted to 102m (326) and comprise sale of entities in Ghana and Nigeria as well as the remaining payment for the Russian entities sold last year. Total cash flow relating to investing activities amounted to SEK -520m (-74).

#### Financing activities

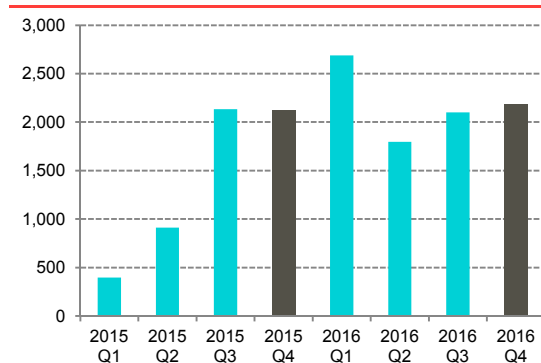
Cash flow to/from financing activities amounted to SEK 445m (11) and primarily reflected a new bond loan of SEK 500m issued in the quarter. Total borrowings increased by SEK 437m (88) to SEK 3,049m (2,567), compared to SEK 2,612m at the end of Q3 2016.

The net change in cash and cash equivalents therefore amounted to SEK 344m (91) in the quarter. The Group had cash and cash equivalents of SEK 845m (410) at the end of the period, compared to SEK 488m at the end of Q3 2016.

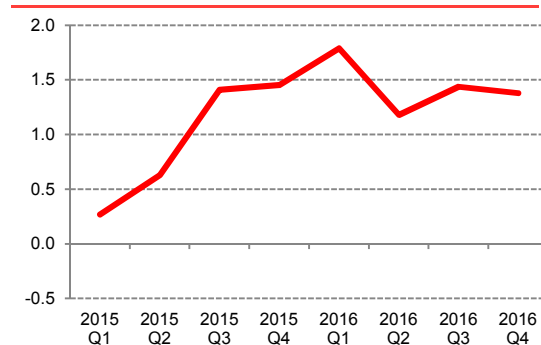
### Net debt

The Group's net debt position, which is defined as the sum of short- and long-term interest bearing liabilities less total cash and interest bearing assets, amounted to SEK 2,186m (2,124) at the end of the period. Net debt increased from SEK 2,100m at the end of Q3 2016 mainly due to the payments for shares in associates.

**Net debt**  
(SEKm)



**Net debt/EBITDA ratio, based on 12 months EBITDA before IAC, continuing operations**



## Related party transactions

Related party transactions are of the same character and of similar amounts as the transactions described in the 2015 Annual Report.

## Corporate Responsibility Review

In October, we promoted internally and in our TV channels the Breast Cancer Awareness month, a worldwide annual campaign involving thousands of organisations, to highlight the importance of breast cancer awareness, education and research. Also in October, Nova Broadcasting Group and UNICEF launched a joint information and advocacy campaign for promoting the rights of children in Bulgaria.

In November, we were informed that our CDP (the most widely accepted forum to report on corporate climate change mitigation strategies) score has moved up from C (awareness) in 2015 to B (management) in 2016. The performance score, which range from bands A-E, assesses the level of action taken to combat climate change and is benchmarked against peer companies from the consumer discretionary sector and the media industry. Our improved result means that this year we manage our carbon emissions more efficiently, we better incorporate our 'green goals' into Group's strategy and policies, as well as assess related risks and opportunities in a more forward-thinking way. MTG scored higher than both Nordic and media industry averages.

## Parent Company

Modern Times Group MTG AB is the Group's parent company and is responsible for Group-wide management, administration and financing.

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	10	11	45	51
Net interest and other financial terms	66	14	234	401
Income before tax and appropriations	2	-88	4	135

The increase in net interest and other financial items in the quarter reflected a write-down in shares made last year due to a liquidation of a subsidiary. The parent company had cash and cash equivalents of SEK 606m (115) at the end of the period, compared to SEK 288m at the end of Q3 2016. SEK 5,871m (5,849) of the SEK 5,871m total available credit facilities was unutilised at the end of the period.

The total number of shares outstanding at the end of the period was 66,664,861 (66,635,969) and excluded the 865,000 Class C shares and 117,263 Class B shares held by MTG in treasury. The total number of issued shares did not change during the period.

## Other Information

### Accounting policies

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act - Chapter 9 'Interim Report'.

The Group's consolidated accounts and the parent company accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2015 Annual Report. There were no changes to IFRS in 2016 affecting the Group.

### Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in some of the markets; commercial risks related to expansion into new territories; other political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements, and the US dollar and Euro linked currencies in particular; and the emergence of new technologies and competitors. Risks and uncertainties are also described in more detail in the 2015 Annual Report, which is available at [www.mtg.com](http://www.mtg.com).

### 2017 Annual General Meeting

The 2017 Annual General Meeting will be held on Tuesday 9 May 2017 in Stockholm. Shareholders wishing to have matters considered at the Meeting should submit their proposals in writing to [agm@mtg.com](mailto:agm@mtg.com) or to The Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Meeting, in order that such proposals may be included in the notices to the Meeting. Further details of when and how to register will be published in advance of the Meeting.

The Board of Directors will propose the payment of an annual ordinary cash dividend of SEK 12.00 (11.50) per share to the Annual General Meeting of shareholders in May. The total proposed dividend payment would therefore amount to approximately SEK 800m (767), based on the maximum potential number of outstanding ordinary shares. The Board of Directors will propose that the remainder of the Group's retained earnings for the year ended 31 December 2016 be carried forward into the accounts for 2017. The proposal is in line with the dividend policy to distribute a minimum of 30 per cent of each year's recurring net profit to shareholders in the form of an annual ordinary cash dividend.

## Financial calendar

MTG's financial results for the first quarter 2017 will be published on 21 April.

The Annual Report will be made available at [www.mtg.com](http://www.mtg.com) and from the Company's head office at Skeppsbron 18, Stockholm, Sweden, no later than 7 April 2017.

## Conference call

The company will host a conference call today at 09.00 Stockholm local time, 08.00 London local time and 03.00 New York local time. To participate in the conference call, please dial:

Sweden: +46 (0) 8 5033 6574  
UK: +44 (0) 330 336 9412  
US: +1 719 325 2213

The access pin code for the call is 8491480. To listen to the conference call online and for further information, please visit [www.mtg.com](http://www.mtg.com).

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### Questions?

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[investors@mtg.com](mailto:investors@mtg.com) (or Stefan Lycke; Head of Investor Relations; +46 73 699 27 14)

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*MTG (Modern Times Group MTG AB (publ.)) is a leading international digital entertainment group and we are shaping the future of entertainment by connecting consumers with the content that they love in as many ways as possible. Our brands span TV, radio and next generation entertainment experiences in esports, digital video networks and online gaming. Born in Sweden, our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB'). This information is information that MTG (Modern Times Group MTG AB (publ.)) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on 2 February, 2017.*

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London, 2 February 2017

Jørgen Madsen Lindemann, President & Chief Executive Officer

Modern Times Group MTG AB  
Skeppsbron 18  
P.O. Box 2094  
SE-103 13 Stockholm, Sweden  
Registration number: 556309-9158

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

## Condensed consolidated income statement

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
<b>Continuing operations</b>				
Net sales	5,019	4,545	17,299	16,218
Cost of goods and services	-3,126	-2,879	-11,256	-10,109
<b>Gross income</b>	<b>1,893</b>	<b>1,666</b>	<b>6,042</b>	<b>6,109</b>
Selling and administrative expenses	-1,370	-1,148	-4,671	-4,585
Other operating revenues and expenses, net	28	-80	-19	-255
Share of earnings in associated companies and joint ventures	4	-4	-5	-1
Items affecting comparability	0	63	0	-512
<b>Operating income</b>	<b>554</b>	<b>497</b>	<b>1,347</b>	<b>756</b>
Net interest	-5	-3	-18	-11
Other financial items	-11	5	-63	-18
<b>Income before tax</b>	<b>538</b>	<b>498</b>	<b>1,266</b>	<b>727</b>
Tax	-115	-124	-303	-194
<b>Net income for the period, continuing operations</b>	<b>422</b>	<b>375</b>	<b>963</b>	<b>533</b>
<b>Discontinued operations</b>				
CTC Media	-	0	-1,072	-282
<b>Net income for the period, discontinued operations <sup>1</sup></b>	<b>-</b>	<b>0</b>	<b>-1,072</b>	<b>-282</b>
<b>Total net income for the period</b>	<b>422</b>	<b>375</b>	<b>-109</b>	<b>251</b>
Attributable to:				
Equity holders of the parent	378	353	-213	214
Non-controlling interest	45	22	104	37
<b>Total net income for the period</b>	<b>422</b>	<b>375</b>	<b>-109</b>	<b>251</b>
<b>Continuing operations</b>				
Basic earnings per share (SEK)	5.67	5.30	12.88	7.45
Diluted earnings per share (SEK)	5.65	5.28	12.85	7.43
<b>Total</b>				
Basic earnings per share (SEK)	5.67	5.30	-3.19	3.22
Diluted earnings per share (SEK)	5.65	5.29	-3.19	3.21
<b>Number of shares</b>				
Shares outstanding at the end of the period	66,664,861	66,635,969	66,664,861	66,635,969
Basic average number of shares outstanding	66,664,861	66,635,969	66,655,996	66,634,180
Diluted average number of shares outstanding	66,848,271	66,790,285	66,826,825	66,769,596

<sup>1</sup> Net income for the period, discontinued operations, is attributable to the equity holders of the parent.

## Condensed consolidated statement of comprehensive income

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
<b>Net income, continuing operations</b>	<b>422</b>	<b>375</b>	<b>963</b>	<b>533</b>
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Currency translation differences	-30	44	170	20
Cash flow hedge	35	-42	32	-59
Change in non-controlling interest	-	-11	0	-4
<b>Other comprehensive income, continuing operations</b>	<b>5</b>	<b>-9</b>	<b>203</b>	<b>-42</b>
<b>Total comprehensive income, continuing operations</b>	<b>427</b>	<b>366</b>	<b>1,166</b>	<b>491</b>
<b>Net income, discontinued operations <sup>1</sup></b>	<b>-</b>	<b>0</b>	<b>-1,072</b>	<b>-282</b>
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Currency translation differences	-	-	1,010	-548
<b>Comprehensive income, discontinued operations</b>	<b>-</b>	<b>0</b>	<b>-62</b>	<b>-830</b>
<b>Total comprehensive income for the period</b>	<b>427</b>	<b>366</b>	<b>1,104</b>	<b>-339</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	383	355	990	-372
Non-controlling interest	45	11	113	33
<b>Total comprehensive income for the period</b>	<b>427</b>	<b>366</b>	<b>1,104</b>	<b>-339</b>

<sup>1</sup> The completion of the sale of CTC Media, Inc. gave rise to a total negative non-cash impact of SEK 1,072m in the 'net income from discontinued operations' line. This was mainly due to the accumulated currency translation differences, which have previously been booked to comprehensive income, and the adjustment to the fair value of the holding when compared to the balance sheet as at 31 March. The translation differences have been reclassified from other comprehensive income to net income from discontinued operations.

## Condensed consolidated balance sheet

(SEKm)	31 Dec 2016	31 Dec 2015
<b>Non-current assets</b>		
Goodwill	5,578	5,187
Other intangible assets	1,863	1,746
<b>Total intangible assets</b>	<b>7,441</b>	<b>6,933</b>
<b>Total tangible assets</b>	<b>335</b>	<b>452</b>
Shares and participations in associated companies	616	51
Interest-bearing financial receivables	9	27
Other financial receivables	316	126
<b>Total long-term financial assets</b>	<b>941</b>	<b>204</b>
<b>Total non-current assets</b>	<b>8,717</b>	<b>7,589</b>
<b>Current assets</b>		
Total inventory	2,057	1,825
Interest-bearing current receivables	9	5
Other current receivables	6,070	5,587
Cash, cash equivalents and short-term investments	845	410
<b>Total current assets</b>	<b>8,981</b>	<b>7,827</b>
Assets held for sale, CTC Media	-	1,081
<b>Total assets</b>	<b>17,699</b>	<b>16,497</b>
<b>Equity</b>		
Shareholders' equity	4,809	4,556
Non-controlling interest	207	212
<b>Total equity</b>	<b>5,016</b>	<b>4,768</b>
<b>Long-term liabilities</b>		
Long-term borrowings	1,500	1,000
Other non-current interest-bearing liabilities	58	18
<b>Total non-current interest-bearing liabilities</b>	<b>1,558</b>	<b>1,018</b>
Total provisions	982	1,129
Non-current liabilities at fair value	1,214	1,109
Other non-interest-bearing liabilities	41	48
<b>Total non-current non-interest-bearing liabilities</b>	<b>2,237</b>	<b>2,286</b>
<b>Total non-current liabilities</b>	<b>3,794</b>	<b>3,305</b>
<b>Current liabilities</b>		
Current liabilities at fair value	137	5
Short-term loans	1,490	1,548
Other current interest-bearing liabilities	1	1
Total current non-interest-bearing liabilities	7,260	6,871
<b>Total current liabilities</b>	<b>8,888</b>	<b>8,425</b>
<b>Total liabilities</b>	<b>12,683</b>	<b>11,730</b>
<b>Total shareholders' equity and liabilities</b>	<b>17,699</b>	<b>16,497</b>

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities.



### Condensed consolidated statement of cash flows

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Cash flow from operations	383	290	940	1,051
Changes in working capital	35	-136	-242	-555
<b>Net cash flow to/from operations</b>	<b>419</b>	<b>154</b>	<b>697</b>	<b>497</b>
Proceeds from sales of shares	102	326	102	412
Acquisitions of subsidiaries and associates	-548	-320	-607	-1,594
Investments in other non-current assets	-114	-75	-345	-293
Other cash flow from investing activities	41	-5	17	7
<b>Cash flow used in/from investing activities</b>	<b>-520</b>	<b>-74</b>	<b>-833</b>	<b>-1,467</b>
Net change in loans	437	88	482	1,494
Dividends to shareholders	-	-	-767	-733
Other cash flow from/to financing activities	8	-77	-178	-105
<b>Cash flow from/used in financing activities</b>	<b>445</b>	<b>11</b>	<b>-463</b>	<b>656</b>
<b>Net change in cash, continuing operations</b>	<b>344</b>	<b>91</b>	<b>-599</b>	<b>-314</b>
<b>Net change in cash, discontinued operations</b>	<b>-</b>	<b>0</b>	<b>1,023</b>	<b>90</b>
<b>Total net change in cash and cash equivalents</b>	<b>344</b>	<b>91</b>	<b>425</b>	<b>-224</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>488</b>	<b>317</b>	<b>410</b>	<b>643</b>
Translation differences in cash and cash equivalents	13	2	10	-8
<b>Cash and cash equivalents at end of the period</b>	<b>845</b>	<b>410</b>	<b>845</b>	<b>410</b>

### Condensed consolidated statement of changes in equity

(SEKm)	31 Dec 2016	31 Dec 2015
<b>Opening balance</b>	<b>4,768</b>	<b>5,831</b>
Net loss/income for the period	-109	251
Other comprehensive income for the period	1,213	-590
<b>Total comprehensive income for the period</b>	<b>1,104</b>	<b>-339</b>
Effect of employee share option programmes	29	6
Share of option changes in equity of associates	0	5
Change in non-controlling interests	2	2
Dividends to shareholders	-767	-733
Dividends to non-controlling interests	-120	-5
<b>Closing balance</b>	<b>5,016</b>	<b>4,768</b>

### Parent company condensed income statement

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	10	11	45	51
<b>Gross income</b>	<b>10</b>	<b>11</b>	<b>45</b>	<b>51</b>
Administrative expenses	-75	-113	-275	-316
<b>Operating income</b>	<b>-65</b>	<b>-102</b>	<b>-231</b>	<b>-265</b>
Net interest and other financial items	66	14	234	401
<b>Income before tax and appropriations</b>	<b>2</b>	<b>-88</b>	<b>4</b>	<b>135</b>
Appropriations	162	24	162	24
Tax	-42	-3	-27	-26
<b>Net income for the period</b>	<b>122</b>	<b>-68</b>	<b>139</b>	<b>133</b>

### Parent company condensed statement of comprehensive income

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
<b>Net income for the period</b>	<b>122</b>	<b>-68</b>	<b>139</b>	<b>133</b>
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Revaluation of shares at market value	0	-	0	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>122</b>	<b>-68</b>	<b>139</b>	<b>133</b>

### Parent company condensed balance sheet

(SEKm)	31 Dec 2016	31 Dec 2015
<b>Non-current assets</b>		
Capitalised expenditure	1	1
Machinery and equipment	0	1
Shares and participations	6,340	6,343
Other financial receivables	10,049	9,970
<b>Total non-current assets</b>	<b>16,390</b>	<b>16,315</b>
<b>Current assets</b>		
Current receivables	707	604
Cash, cash equivalents and short-term investments	606	115
<b>Total current assets</b>	<b>1,313</b>	<b>719</b>
<b>Total assets</b>	<b>17,703</b>	<b>17,034</b>
<b>Shareholders' equity</b>		
Restricted equity	338	338
Non-restricted equity	5,914	6,529
<b>Total equity</b>	<b>6,252</b>	<b>6,868</b>
<b>Long-term liabilities</b>		
Interest-bearing liabilities	1,500	1,000
Provisions	2	20
Non-interest-bearing liabilities	32	64
<b>Total long-term liabilities</b>	<b>1,534</b>	<b>1,084</b>
<b>Current liabilities</b>		
Other interest-bearing liabilities	9,440	8,488
Non-interest-bearing liabilities	478	595
<b>Total current liabilities</b>	<b>9,917</b>	<b>9,083</b>
<b>Total shareholders' equity and liabilities</b>	<b>17,703</b>	<b>17,034</b>

**Net Sales – Business segments**

(SEKm)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016
Nordic Entertainment	2,557	2,695	2,454	2,781	10,487	2,577	2,715	2,734	3,113	11,139
o/w Free-TV & Radio	1,096	1,228	1,029	1,304	4,656	1,108	1,202	1,147	1,409	4,866
o/w Pay-TV	1,461	1,468	1,425	1,477	5,831	1,469	1,513	1,587	1,704	6,272
International Entertainment	880	1,049	825	1,042	3,796	747	895	690	1,072	3,404
o/w Free-TV & Radio	587	750	533	833	2,703	591	736	541	900	2,769
o/w Pay-TV	293	299	292	209	1,093	156	158	149	172	635
MTG Studios	323	469	502	486	1,780	338	448	459	532	1,777
MTGx	0	0	95	355	451	248	360	321	397	1,326
Central operations	60	55	50	52	217	54	43	43	46	185
Eliminations	-120	-114	-108	-170	-513	-139	-132	-120	-141	-532
<b>Total net sales</b>	<b>3,701</b>	<b>4,155</b>	<b>3,819</b>	<b>4,545</b>	<b>16,218</b>	<b>3,826</b>	<b>4,328</b>	<b>4,126</b>	<b>5,019</b>	<b>17,299</b>

**Operating income – Business segments**

(SEKm)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016
Nordic Entertainment	262	397	316	430	1,405	245	406	218	501	1,370
International Entertainment	-4	161	27	127	311	36	169	40	193	438
MTG Studios	-24	1	22	4	3	-14	33	37	22	77
MTGx	-5	-23	-29	-53	-111	-50	-48	-69	-84	-251
Central operations & eliminations	-87	-84	-95	-74	-340	-58	-88	-64	-78	-288
<b>Total operating income before IAC</b>	<b>142</b>	<b>452</b>	<b>240</b>	<b>434</b>	<b>1,268</b>	<b>159</b>	<b>472</b>	<b>162</b>	<b>554</b>	<b>1,347</b>
Items affecting comparability	77	-	-652	63	-512	-	-	-	-	-
<b>Total operating income</b>	<b>219</b>	<b>452</b>	<b>-412</b>	<b>497</b>	<b>756</b>	<b>159</b>	<b>472</b>	<b>162</b>	<b>554</b>	<b>1,347</b>

**Condensed sales - Business segments**

(SEKm)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
<b>Sales external customers</b>				
Nordic Entertainment	3,074	2,744	10,986	10,326
International Entertainment	1,072	1,042	3,402	3,796
MTG Studios	479	403	1,597	1,642
MTGx	393	354	1,312	449
Central Operations	0	1	1	5
<b>Total</b>	<b>5,019</b>	<b>4,545</b>	<b>17,299</b>	<b>16,218</b>
<b>Sales between segments</b>				
Nordic Entertainment	39	37	153	162
International Entertainment	0	0	1	-
MTG Studios	52	83	180	139
MTGx	4	1	14	1
Central Operations	46	50	184	212
<b>Total</b>	<b>141</b>	<b>171</b>	<b>532</b>	<b>513</b>

## Key performance indicators

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016
<b>GROUP</b>										
Change in reported net sales (%)	2.9	1.1	4.1	4.0	3.0	3.4	4.2	8.0	10.4	6.7
Organic sales growth (%)	0.7	-0.2	2.6	-0.2	0.7	3.3	2.3	7.4	8.4	5.4
Change in operating costs (%) <sup>1</sup>	2.3	1.8	3.7	5.6	3.4	3.0	4.1	10.7	8.7	6.7
Operating margin (%) <sup>1</sup>	3.8	10.9	6.3	9.5	7.8	4.2	10.9	3.9	11.0	7.8
ROCE, continuing operations (%) <sup>2</sup>	31	30	28	26		24	23	20	21	
ROE (%)	26	17	15	12		9	-4	-5	-2	
Equity to assets ratio (%)	41	36	29	29		29	25	27	28	
Net debt (SEKm)	396	913	2,134	2,124		2,688	1,796	2,100	2,186	
<b>NORDIC ENTERTAINMENT</b>										
Change in reported net sales (%)	1.8	2.9	0.8	3.1	2.2	0.8	0.7	11.4	11.9	6.2
Organic sales growth (%)	1.4	3.2	1.6	4.4	2.7	2.8	2.4	11.0	9.0	6.2
Change in operating costs (%)	0.5	3.2	0.0	3.5	1.8	1.6	0.5	17.7	11.1	7.6
Operating margin (%)	10.3	14.7	12.9	15.5	13.4	9.5	14.9	8.0	16.1	12.3
<b>Commercial share of viewing (%) <sup>3</sup></b>										
Sweden (15-49)	28.6	27.5	30.1	26.6	28.1	28.9	26.2	34.5	25.9	28.7
Norway (15-49)	15.7	16.9	16.0	15.7	16.1	17.8	18.0	16.0	18.1	17.5
Denmark (15-49)	23.4	25.5	23.9	23.2	23.9	20.9	23.7	21.6	23.6	22.4
<b>Subscriber data ('000s)</b>										
<b>Subscribers</b>	1,004	994	991	1,014		1,007	983	992	1,001	
- of which, satellite	545	536	522	508		491	480	470	456	
- of which, 3rd party networks	459	458	469	506		516	503	522	544	
Satellite ARPU (SEK)	5,076	5,115	5,130	5,071		5,090	5,265	5,369	5,508	
<b>INTERNATIONAL ENTERTAINMENT</b>										
Change in reported net sales (%)	13.8	9.6	2.9	-7.3	3.8	-15.1	-14.7	-16.4	2.9	-10.3
Organic sales growth (%)	7.2	4.1	5.4	5.6	5.5	5.8	6.0	7.9	8.1	6.7
Change in operating costs (%)	13.9	8.8	-2.6	-9.0	2.0	-19.6	-18.3	-18.6	-3.9	-14.9
Operating margin (%)	-0.5	15.4	3.3	12.2	8.2	4.9	18.9	5.8	18.0	12.9
<b>Commercial share of viewing (%) <sup>3</sup></b>										
Estonia (15-49)	34.1	34.8	33.7	36.2	34.8	35.3	34.4	34.9	38.9	36.0
Latvia (15-49)	62.2	63.6	60.0	61.0	61.7	58.8	61.5	61.1	61.1	60.4
Lithuania (15-49)	44.2	41.7	44.9	47.5	44.7	46.4	44.8	44.7	45.7	45.5
Czech Republic (15-54)	32.2	31.2	33.4	33.6	32.6	34.7	33.3	33.9	31.5	33.3
Bulgaria (18-49)	38.4	40.8	40.5	44.1	41.3	43.4	43.0	42.0	43.3	42.9
<b>Subscriber data ('000s)</b>										
Satellite subscribers	194	192	189	186		181	175	171	168	
Satellite ARPU (SEK)	1,504	1,520	1,525	1,496		1,537	1,573	1,642	1,682	
<b>MTG STUDIOS</b>										
Change in reported net sales (%)	-2.1	-21.9	-1.2	-20.8	-13.2	4.5	-4.4	-8.6	9.4	-0.2
Organic sales growth (%)	-6.1	-23.5	-0.9	-20.5	-14.2	8.8	-0.1	-5.6	8.0	2.2
Change in operating costs (%)	-3.8	-19.8	-2.9	-19.4	-12.8	1.6	-11.3	-12.0	5.7	-4.4
Operating margin (%)	-7.3	0.2	4.3	0.8	0.2	-4.3	7.4	8.0	4.1	4.4
<b>MTGx</b>										
Change in reported net sales (%)	-	-	-	-	-	-	-	-	12.0	194.3
Operating margin (%)	-	-	-30.8	-15.0	-24.7	-20.0	-13.4	-21.6	-21.1	-18.9

1. Adjusted for items affecting comparability

2. Comprising working capital, intangibles, tangibles, financial assets excluding interest-bearing assets less provisions and non-current liabilities at fair value. The value of ROCE has been restated from Q1 2015.

3. The commercial share of viewing figures for the current and prior periods have been adjusted to include commercial channels. The Danish figures have also been adjusted to include time shifted viewing.

## Alternative performance measures

With effect from the second quarter, MTG has introduced the new European reporting guidelines concerning Alternative Performance Measures. The purpose of APMs is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG is using the following APMs:

- Operating income & margin before IAC
- Change in net sales from Organic growth, Acquisitions/divestments and Changes in FX rates
- Net debt and Net debt/EBITDA
- Capital employed and Return on Capital Employed (ROCE)
- Return on Equity (ROE)

## Reconciliation of sales growth

Since the Group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK, Swedish Krona) and currency rates have proven to be rather volatile, and due to the fact that the Group has historically made several acquisitions and divestments, the Company's sales trends and performance are analysed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing separate discussions of the impact of acquisitions/divestments and exchange rates. The following tables present changes in organic sales growth as reconciled to the change in the total reported net sales.

## Sales growth

Group (SEK million)	Q4 2016		Q4 2015		Full year 2016		Full year 2015	
		%		%		%		%
<b>Nordic Entertainment</b>								
Organic growth	250	9.0%	119	4.4%	654	6.2%	274	2.7%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	-71	-0.7%
Changes in FX rates	82	3.0%	-36	-1.3%	-2	0.0%	24	0.2%
<b>Reported growth</b>	<b>332</b>	<b>11.9%</b>	<b>83</b>	<b>3.1%</b>	<b>651</b>	<b>6.2%</b>	<b>228</b>	<b>2.2%</b>
<b>International Entertainment</b>								
Organic growth	77	8.1%	55	5.6%	209	6.7%	194	5.5%
Acquisitions/divestments	-88	-9.1%	-108	-13.5%	-650	-18.3%	-47	-1.5%
Changes in FX rates	42	4.0%	5	0.7%	50	1.3%	-7	-0.2%
<b>Reported growth</b>	<b>31</b>	<b>2.9%</b>	<b>-48</b>	<b>-7.3%</b>	<b>-392</b>	<b>-10.3%</b>	<b>140</b>	<b>3.8%</b>
<b>MTG Studios</b>								
Organic growth	39	8.0%	-126	-20.5%	39	2.2%	-292	-14.2%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	7	1.4%	-1	-0.3%	-42	-2.4%	20	1.0%
<b>Reported growth</b>	<b>46</b>	<b>9.4%</b>	<b>-127</b>	<b>-20.8%</b>	<b>-3</b>	<b>-0.2%</b>	<b>-272</b>	<b>-13.2%</b>
<b>Total operations</b>								
Organic growth	375	8.4%	-8	-0.2%	834	5.4%	106	0.7%
Acquisitions/divestments	-46	-1.2%	186	4.3%	230	1.2%	299	1.9%
Changes in FX rates	145	3.2%	-4	-0.1%	16	0.1%	67	0.4%
<b>Reported growth</b>	<b>474</b>	<b>10.4%</b>	<b>174</b>	<b>4.0%</b>	<b>1,080</b>	<b>6.7%</b>	<b>472</b>	<b>3.0%</b>

## Reconciliation of operating income before IAC

Operating income before items affecting comparability refers to operating income after the reversal of material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis. This measure is used by management to follow and analyse the underlying profits and to offer more comparable figures between periods.

## Operating income before and after IAC

Group (SEK million)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating income	554	497	1,347	756
Items affecting comparability	0	-63	0	512
<b>Operating income before items affecting comparability</b>	<b>554</b>	<b>434</b>	<b>1,347</b>	<b>1,268</b>

IAC comprise a net capital loss from the sale of subsidiaries and associates including revaluations in Q4 2015 and for the full year 2015 as well as restructuring charges.

## Reconciliation of net debt and net debt/EBITDA before IAC ratio

Net debt refers to the net of interest bearing liabilities less total cash and interest bearing assets. Net debt is used by management to track the debt evolution of the Group and to analyse the leverage and refinancing need of the Group. The net debt to EBITDA ratio provides a KPI for net debt in relation to cash profits generated by the business, i.e. an indication of a business' ability to pay off all its debts. This measure is commonly used by financial institutions to rate credit worthiness.

## Net debt

Group (SEK million)	31 Dec 2016	31 Dec 2015
Short-term loans	1,490	1,548
Current part of long term borrowings	0	0
<b>Short-term borrowings</b>	<b>1,490</b>	<b>1,548</b>
Other short-term interest-bearing liabilities	1	1
<b>Total short-term borrowings</b>	<b>1,491</b>	<b>1,549</b>
Long-term borrowings	1,500	1,000
Other long-term interest-bearing liabilities	58	18
<b>Total long-term borrowings</b>	<b>1,558</b>	<b>1,018</b>
<b>Total borrowings</b>	<b>3,049</b>	<b>2,567</b>
Cash and cash equivalents	845	410
Long- and short-term interest bearing assets	18	32
<b>Total cash and interest bearing assets</b>	<b>863</b>	<b>443</b>
<b>Net debt</b>	<b>2,186</b>	<b>2,124</b>

### Net debt/EBITDA (before IAC) ratio 12 months trailing

Group (SEK million)	Q4 2016	Q4 2015
Operating income before IAC	1,347	1,268
Depreciation and amortisation	241	195
<b>EBITDA last 12 months</b>	<b>1,588</b>	<b>1,463</b>
<b>Net debt/EBITDA ratio 12 months trailing</b>	<b>1.4</b>	<b>1.5</b>

### Reconciliation of Return On Capital Employed (ROCE)

Return on capital employed is a performance measure whereby operating income before items affecting comparability is put in relation to the capital employed within the operations. Operating income before items affecting comparability is the main profit level that operations are responsible for and comprise results before interest and tax. Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest bearing. Capital employed thus equals the sum of equity and net debt.

Group (SEK million)	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
<b>Operating income before IAC 12 months trailing</b>	<b>1,314</b>	<b>1,293</b>	<b>1,313</b>	<b>1,268</b>	<b>1,286</b>	<b>1,305</b>	<b>1,227</b>	<b>1,347</b>
Total inventory	2,414	2,442	2,174	1,825	2,112	2,220	2,261	2,057
Other current receivables	4,416	4,507	4,708	5,587	4,981	6,062	5,760	6,070
Intangibles assets	4,317	4,322	6,383	6,933	6,889	7,299	7,538	7,441
Tangible assets	382	456	476	452	465	484	489	335
Shares and participations	65	68	53	51	44	76	68	616
Other financial assets	135	110	173	126	119	147	162	316
Total non-current non-interest-bearing liabilities	-1,066	-1,044	-2,086	-2,286	-2,105	-2,477	-2,320	-2,237
Total current non-interest-bearing liabilities	-6,125	-6,274	-6,397	-6,871	-6,142	-7,675	-7,060	-7,260
Current liabilities at fair value	-12	-16	-17	-5	-6	-4	-218	-137
<b>Capital Employed</b>	<b>4,525</b>	<b>4,570</b>	<b>5,468</b>	<b>5,811</b>	<b>6,357</b>	<b>6,132</b>	<b>6,679</b>	<b>7,201</b>
<b>Average Capital Employed (5 quarters)</b>	<b>4,302</b>	<b>4,366</b>	<b>4,619</b>	<b>4,917</b>	<b>5,346</b>	<b>5,668</b>	<b>6,089</b>	<b>6,436</b>
<b>ROCE %</b>	<b>31%</b>	<b>30%</b>	<b>28%</b>	<b>26%</b>	<b>24%</b>	<b>23%</b>	<b>20%</b>	<b>21%</b>



## Reconciliation of Return On Equity (ROE)

Return on equity is a performance measure whereby net income before items affecting comparability is put in relation to total equity (including non-controlling interest). ROE measures the return generated on shareholders' capital invested in the company.

Group (SEK million)	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Net income	318	-58	-384	375	50	-674	93	422
Items affecting comparability net of tax	-77	-	507	-63	-	-	-	-
<b>Net income before items affecting comparability</b>	<b>241</b>	<b>-58</b>	<b>123</b>	<b>312</b>	<b>50</b>	<b>-674</b>	<b>93</b>	<b>422</b>
<b>Total (12 months trailing)</b>	<b>1,409</b>	<b>890</b>	<b>777</b>	<b>617</b>	<b>426</b>	<b>-190</b>	<b>-220</b>	<b>-109</b>
Shareholders' equity	5,644	4,621	4,279	4,556	4,469	4,182	4,415	4,809
Non-controlling interest	93	133	128	212	213	154	164	207
<b>Total shareholders' equity</b>	<b>5,737</b>	<b>4,754</b>	<b>4,407</b>	<b>4,768</b>	<b>4,682</b>	<b>4,336</b>	<b>4,579</b>	<b>5,016</b>
<b>Average shareholders' equity (5 quarters)</b>	<b>5,535</b>	<b>5,384</b>	<b>5,255</b>	<b>5,099</b>	<b>4,869</b>	<b>4,589</b>	<b>4,554</b>	<b>4,676</b>
<b>ROE %</b>	<b>25%</b>	<b>17%</b>	<b>15%</b>	<b>12%</b>	<b>9%</b>	<b>-4%</b>	<b>-5%</b>	<b>-2%</b>

## Definitions

### Capital employed

Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest bearing.

### Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

### EBITDA

EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.

### Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

### Equity/assets ratio

The equity/assets ratio corresponds to shareholders' equity including non-controlling interest, expressed as a percentage of total assets.

### Items Affecting Comparability

Items Affecting Comparability refers to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis.

### Net debt

Net debt is the sum of short- and long-term interest bearing liabilities less total cash and interest bearing assets.

### Operating income

Operating income comprise results before interest and tax. A synonym for operating income is EBIT (Earnings Before Interest and Tax).

### Operating margin %

Operating profit as a percentage of net sales.

### Return on capital employed (ROCE) %

Return on capital employed is calculated as operating income as a percentage of average capital employed.

### Return on equity %

Return on equity is expressed as net income as a percentage of average shareholders' equity.