

Meda is a leading international specialty pharma company with a broad product portfolio and its own sales organizations in over 60 countries. Including those markets where sales are managed by distributors, Meda's products are sold in more than 150 different countries. Meda AB is the Group's parent company and its headquarters are located in Solna outside of Stockholm. The Meda share is listed under Large Cap on Nasdaq Stockholm.



Interim Report, January-September 2014

January-September 2014

- Net sales reached SEK 10,198 million (9,664), corresponding to an increase of 6% and an organic growth¹ of 3% compared to previous year.
- EBITDA amounted to SEK 2,978 million (2,719), corresponding to a 29.2% margin (28.1).
- Operating profit amounted to SEK 1,283 million (1,087).
- Profit after tax amounted to SEK 677 million (547).
- Earnings per share reached SEK 2.24 (1.82).
- Cash earnings per share amounted to SEK 6.34 (6.48).
- Forecast for full-year 2014

“Meda expect sales for full-year 2014 to reach SEK 15 billion and that the EBITDA margin will improve slightly compared to full-year 2013” (excluding integration costs and other costs associated with the acquisition of Rottapharm)

Third quarter 2014

- The Group's net sales reached SEK 3,356 million (3,186), corresponding to an increase of 5% and an organic growth¹ of 1% compared to the previous year.
- EBITDA was SEK 975 million (874), yielding a 29.1% margin (27.4).
- Operating profit totaled SEK 395 million (322).
- Profit after tax amounted to SEK 174 million (147).
- Earnings per share reached SEK 0.58 (0.48).
- Cash earnings per share amounted to SEK 2.20 (2.67).

1) Organic growth: Sales growth adjusted for currency effects, acquisitions, disposals, discontinued products and revenues from the cooperation agreement with Valeant.

Webcasted presentation of the report on November 6 at 10:30 a.m.

The presentation can be accessed at www.meda.se/sv/investerare, where a recorded version will also be available until release of the next interim report.

For further inquiries, please contact:

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CEO statement

On October 10 Meda accomplished its largest acquisition so far – Rottapharm – and in so doing paved the way for continued growth. The integration process has begun and is progressing as planned. Despite the focus on the Rottapharm acquisition, the organization has once again succeeded in delivering a good quarter in which the EBITDA margin increased to 29%, compared with 27% for the same period last year.

Dymista performed well in the third quarter. The exclusivity period that is granted by the Food and Drug Administration in the US to a patented drug expires for Dymista in May 2015. We are therefore seeing increased activity among generic companies with regard to registration applications for copies of Dymista. Meda will defend Dymista and its intellectual property rights with full force. We believe that Dymista has robust patent protection in the US, which extends up until 2026.

Growth for Emerging markets abated in the third quarter, partly owing to normal fluctuation but also as a result of the interruption in production of Elidel, which is affecting performance in the Middle East, for example. Russia displayed weaker development in the third quarter following an extremely strong second quarter. Markets that performed particularly well during the quarter include Turkey, Mexico, South Africa and the Balkans.

The US continues to struggle with price pressure and generic competition on the older product portfolio and Astepro. Despite the positive trend for Dymista, organic growth amounted to -9% in Q3. This decline is largely related to Astepro, which continued to feel the impact of generics in the market.

Western Europe has experienced a healthy trend during the quarter. Organic growth was 4%, fueled by Sweden, Germany and the UK. Dymista and SB12 are the main contributors to this positive development. We are confident about the trend in southern areas of Europe such as Spain and Portugal, which are displaying stable growth.

Since the second quarter there have been production problems with Elidel, which have affected both sales and organic growth. As already announced we have started to shift over production to our own site in Merignac, and production has resumed in October. This means that we have gradually begun supplying the market with Elidel, but it is still too early to assess when we will be able to deliver at full capacity.

The acquisition of Rottapharm was completed on 10 October after the necessary permits were obtained from the competition authorities. The organization is now focused on implementing integration plans at all levels in the company, and we are determined to deliver the established synergy objectives for the combined company.

Following consolidation of the Rottapharm acquisition, we expect sales for full-year 2014 to reach SEK 15 billion and that the EBITDA margin will improve slightly compared to full-year 2013 (excluding integration costs and other costs associated with the acquisition of Rottapharm).

Dr. Jörg-Thomas Dierks

CEO

Sales

For information on sales trends for major products, see the table on page 19. Definitions of geographic regions and product categories are presented on page 20.

January-September

Net sales for the period amounted to SEK 10,198 million (9,664), which corresponds to an increase of 6%. At fixed exchange rates, sales increased by 2%, while organic growth amounted to 3%.

July-September

Net sales for the period amounted to SEK 3,356 million (3,186), which corresponds to an increase of 5% and zero growth at fixed exchange rates. The organic sales increase was 1% compared to the previous year.

Sales by geographic area

January-September

Sales in **Western Europe** for the period were SEK 6,743 million (6,297), representing an increase of 7% and 2% both organic and at fixed exchange rates. Growth was primarily fueled by Spain and Sweden, but also by Belgium and Ireland, along with most other markets, while sales on the German market declined year-on-year.

US sales amounted to SEK 1,837 million (1,791), representing a 3% increase. At fixed exchange rates, the trend corresponded to zero growth and an organic growth of 1%. Sales of Dymista on the US market rose to SEK 377 million (274). Sales of launch quantities of Aerospa totaled SEK 37 million. The basic product portfolio in the US saw an overall drop of 10%. The negative growth is attributable to lower sales of Astepro owing to generic competition. Excluding Astepro, sales increased for the basic product portfolio by 1% compared to last year.

Sales in **Emerging Markets** amounted to SEK 1,491 million (1,394), representing an increase of 7% and 9% both organic and at fixed exchange rates. Growth was chiefly driven by Australia, Turkey and Russia. Sales fell in the Middle East and displayed a declining trend in China compared to the previous year as a result of delivery problems for Elidel.

Other Sales amounted to SEK 127 million (182).

July-September

Sales for **Western Europe** over the period were SEK 2,257 million (2,045), representing a 10% increase and a growth both organically and at fixed exchange rates of 4%. Most markets contributed to growth in the third quarter. The UK, the Nordic markets, Germany and Spain made the strongest contribution, while sales in France and Italy saw a decline. On the UK market, the sales increase was mainly fueled by EpiPen, while generic competition continued to impede sales of Tramadol. Sales in Germany recovered following the weak second quarter. In Spain, sales continued to perform well in line with previous quarters. Sales on the French market dipped due to increased generic competition for Tambocor.

US sales amounted to SEK 590 million (614), representing a 4% decrease and 10% decrease at fixed exchange rates, and an organic sales decline of 9%. This negative development was mainly caused by generic competition for Astepro. Dymista increased to SEK 120 million (108) and the remaining product portfolio, excluding Astepro, displayed modest organic growth.

Sales in **Emerging Markets** amounted to SEK 474 million (473), representing zero growth and a 3% decrease both organic and at fixed exchange rates. Despite a positive trend on most markets, there was a decline in sales. The negative growth is attributable to lower sales of Elidel resulting from manufacturing problems at Meda's contract manufacturer. This mainly affected sales in China and the Middle East. Sales in Russia and Australia also dipped following a strong trend the previous quarter.

Other Sales amounted to SEK 35 million (54).

Sales by geographic area (SEK million)

	January-September					July-September				
	2014	2013	Index	Index ¹⁾	Index ²⁾	2014	2013	Index	Index ¹⁾	Index ²⁾
Western Europe	6,743	6,297	107	102	102	2,257	2,045	110	104	104
USA	1,837	1,791	103	100	101	590	614	96	90	91
Emerging Markets	1,491	1,394	107	109	109	474	473	100	97	97
Other Sales	127	182	70	66	77	35	54	64	60	70
Total sales	10,198	9,664	106	102	103	3,356	3,186	105	100	101

¹⁾ Fixed exchange rates ²⁾ Organic growth

Sales by product category

January-September

Sales of prescription drugs (**Rx**) amounted to SEK 7,417 million (7,010), representing an increase of 6%, 2% at fixed exchange rates and 3% organic growth. Dymista and EpiPen made significant contributions to growth in the period, while the trend for Astepro and Aldara was weak owing to generic competition, price reductions and greater competition respectively.

OTC sales amounted to SEK 2,498 million (2,356), representing an increase of 6%, 2% at fixed exchange rates and 3% organic growth.

Other Sales amounted to SEK 283 million (298).

July-September

Sales of prescription drugs (**Rx**) amounted to SEK 2,413 million (2,304), representing a 5% increase. At fixed exchange rates, the trend corresponded to a decline of 1% and zero organic growth. Dymista and EpiPen accounted for strong growth, while sales were adversely affected by generic competition for Astepro in the US and Tambocor in France, along with manufacturing problems for Elidel.

OTC sales amounted to SEK 851 million (786), representing an increase of 8%, 3% at fixed exchange rates, as well as 4% organic growth. Sales of CB12 experienced a sharp increase on most markets, totaling SEK 83 million (60).

Other Sales amounted to SEK 92 million (96).

Sales by product category (SEK million)

	January-September					July-September				
	2014	2013	Index	Index ¹⁾	Index ²⁾	2014	2013	Index	Index ¹⁾	Index ²⁾
Rx	7,417	7,010	106	102	103	2,413	2,304	105	99	100
OTC	2,498	2,356	106	102	103	851	786	108	103	104
Other Sales	283	298	95	92	92	92	96	95	91	92
Total sales	10,198	9,664	106	102	103	3,356	3,186	105	100	101

¹⁾ Fixed exchange rates ²⁾ Organic growth

Earnings

Operating profit

January-September

Operating profit for the period amounted to SEK 1,283 million (1,087).

EBITDA for the period was SEK 2,978 million (2,719), yielding a 29.2% margin (28.1).

Other income of SEK 42 million relates to a non-recurring effect linked to the agreement with Valeant to conclude the companies' joint ventures in Canada, Mexico, and Australia.

Operating expenses for the period amounted to SEK 4,889 million (4,877).

Selling expenses for the period totaled SEK 2,303 million (2,251), which was consistent with the previous year at fixed exchange rates.

Medicine and business development expenses amounted to SEK 2,100 million (2,069) and include transaction costs of SEK 10 million associated with the acquisition of Rottapharm.

Administrative expenses for the period totaled SEK 486 million (557). The decrease is largely attributable to the first quarter and linked to positive non-recurring effects and lower legal expenses.

July-September

Operating profit for the period totaled SEK 395 million (322).

EBITDA for the period was SEK 975 million (874), yielding a 29.1% margin (27.4).

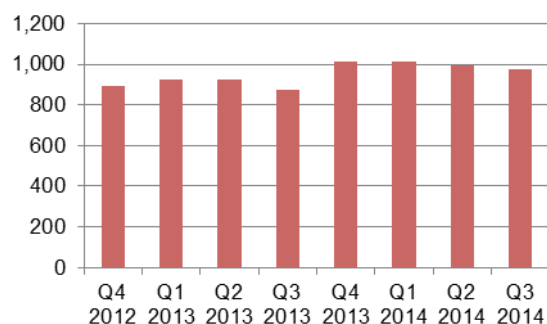
Operating expenses for the period amounted to SEK 1,607 million (1,601).

Selling expenses for the period were SEK 730 million (715).

Medicine and business development expenses amounted to SEK 716 million (699) and include transaction costs of SEK 5 million associated with the acquisition of Rottapharm.

Administrative expenses for the period decreased to SEK 161 million (187) as a consequence of non-recurring expenses during the third quarter of the previous year.

EBITDA (SEK MILLION)*



* Figures for 2012 have been recalculated for IAS 19, see 2013 annual report for further information.

Financial items and net profit

January-September

The Group net finance expense amounted to SEK -404 million (-411). The average interest rate at September 30, 2014, was 2.4% (3.0).

Profit after net financial items totaled SEK 879 million (676).

Net profit amounted to SEK 677 million (547).

The Group's tax expense was SEK 202 million (129), equivalent to a tax rate of 23.0% (19.1).

Earnings per share reached SEK 2.24 (1.82).

July-September

The Group net finance expense amounted to SEK -152 million (-140) and includes costs of a non-recurring nature totaling SEK 22 million relating to new loan financing with regard to the acquisition of Rottapharm.

Profit after net financial items costs totaled SEK 243 million (182).

Net profit amounted to SEK 174 million (147).

The Group's tax expense was SEK 69 million (35), equivalent to a tax rate of 28.4% (19.2). The increased tax expense for the period is attributable to internal restructuring of subsidiaries ahead of the Rottapharm acquisition.

Earnings per share reached SEK 0.58 (0.48).

Cash flow

January-September

Cash flow from operating activities, before changes in working capital amounted to SEK 2,153 million (2,142).

Tied-up working capital had a SEK -162 million (-93) impact on cash flow. Inventories had a positive effect on cash flow of SEK 110 million, which is primarily attributable to the US, partly due to the sale of the manufacturing unit in Lakewood and partly owing to variations in the timing of stock purchases. Receivables had an adverse effect on cash flow of SEK 218 million, which was mainly due to increased trade receivables on the European market, and also in part due to an increase in prepaid expenses. Debts had a negative effect on cash flow of SEK 54 million. Accordingly, cash flow from operating activities amounted to SEK 1,991 million (2,049).

Cash flow from investing activities amounted to SEK -116 million (-328).

Cash flow from financing activities was SEK -1,825 million (-1,755). Dividends of SEK 756 million (680) were paid during the second quarter.

Cash earnings per share for the period dropped by 2% to SEK 6.34 (6.48).

July-September

Cash flow from operating activities before changes in working capital amounted to SEK 682 million (688).

Tied-up capital had a positive effect on cash flow of SEK 12 million (160) and cash flow from operating activities amounted to SEK 694 million (848).

Cash flow from investing activities amounted to SEK -1 million (-221). In the third quarter, the manufacturing unit in Lakewood was divested, which had a positive effect on cash flow from investing activities.

Cash flow from financing activities reached SEK -650 million (-716).

Cash earnings per share for the period dropped by 18% to SEK 2.20 (2.67).

Average free cash flow per quarter during the last eight quarters amounted to SEK 676 million. For Q3 2014, free cash flow amounted to SEK 663 million (805). Performance of cash earnings per share is illustrated in the table below.

Free cash flow/net sales totaled 20% for the period and 20% on average for the last eight quarters.

Cash earnings per share (SEK)



Free cash flow/net sales (%)

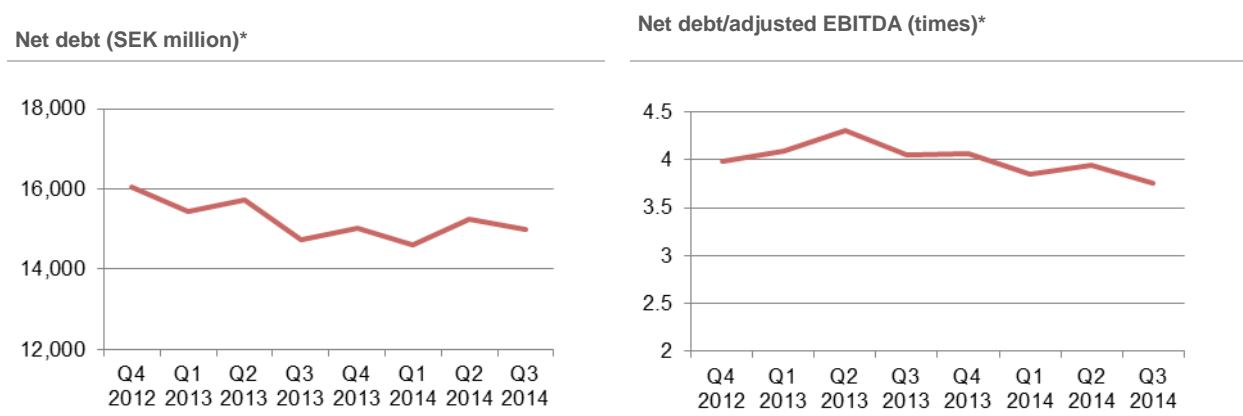


Financing

On September 30, equity stood at SEK 15,644 million, compared to SEK 15,211 million at the year's start, which corresponds to SEK 51.8 (50.3) per share. The equity/assets ratio was 42.5% compared to 41.9% at the start of the year.

Group net debt stood at SEK 14,992 million on September 30, compared to SEK 15,025 million at the year's start.

Performance of net debt/adjusted EBITDA over the last eight quarters is illustrated in the following chart.



* Figures for 2012 have been recalculated for IAS 19, see 2013 annual report for further information.

Agreements and key events

Manufacturing unit in Lakewood divested

On September 4, Meda signed an agreement to sell the manufacturing unit in Lakewood, New Jersey, to the contract manufacturer DPT. The plant manufactures the product MUSE for global sales and as part of the agreement, Meda has signed a long-term supply agreement with DPT that will lead to improved cost of goods for MUSE. The divestment is in line with Meda's ambition to optimize the Group's manufacturing. The financial impact of the transaction is not material.

Events after the reporting date

Meda's acquisition of Rottapharm completed and the rights issue of SEK 2 billion is launched

On October 10, Meda announced that the acquisition of the Italian specialty pharma company Rottapharm has been completed. The total purchase price is SEK 21.2 billion. As part of the financing for the acquisition, the Board of Directors has resolved to, subject to approval by the Extraordinary General Meeting, launch a rights issue of approximately SEK 2.0 billion, with preferential rights for Meda's shareholders. The Extraordinary General Meeting will be held on November 6, 2014. Subject to the approval of the rights issue by the Extraordinary General Meeting, the subscription period will run from November 19 up to and including December 4.

On July 31, 2014, Meda announced that an agreement has been entered into to acquire the Italian specialty pharma company Rottapharm S.p.A. Completion of the acquisition was conditional upon approval from a number of competition authorities. All necessary approvals have now been obtained, which means that the acquisition of Rottapharm has been completed and Rottapharm is now a wholly owned subsidiary of Meda. The purchase price amounted to SEK 21.2 billion (EUR 2.275 billion) on a debt-free basis, and consisted of SEK 15.3 billion (EUR 1.643 billion) in cash before settlement of net debt in Rottapharm, 30 million Meda shares at a value, at the time of entering into the agreement, corresponding to SEK 3.3 billion, and an unconditional deferred payment of SEK 2.6 billion (EUR 275 million), which will be settled in January 2017.

Rottapharm is a leading specialty pharma company that focuses on consumer healthcare brands. The company's products are differentiated through the professional endorsement of doctors and pharmacists within the consumer healthcare segment. The company combines prescription drugs (Rx) with consumer healthcare products with considerable scientific credibility (clinically-proven consumer healthcare products, or Cx); these are high-margin, non-reimbursed products with almost no generic competition. Rottapharm has a global footprint with sales in around 90 countries worldwide. In 2013, Rottapharm generated revenues of EUR 536 million, of which 75% was within the Cx sector, with an adjusted EBITDA of EUR 149 million.

Meda's Annual General Meeting 2014 resolved to authorize the Board of Directors until the next Annual General Meeting to, on one or more occasions, decide to increase the share capital by issuing new shares

of Class A and/or Class B. The authorization included a maximum of 30,224,306 shares. In connection with the acquisition of Rottapharm, the Board of Directors has decided to use the authorization to pay part of the agreed purchase price by way of issuing 30,000,000 Class A shares for the benefit of Rottapharm's previous owner, Fidim S.r.l. Following the issue of new shares the total number of shares and votes in Meda as of October 31, is 332,243,065.

Terms of the rights issue

Existing shareholders have preferential rights to subscribe for new Class A shares in proportion to their holdings. In the event that all shares are not subscribed for with subscription rights, the Board of Directors shall decide on allocation of shares subscribed for without the exercise of subscription rights up to the maximum amount of the rights issue. Such shares will firstly be allocated to those who have subscribed for shares by exercising subscription rights and applied for subscription of additional shares, irrespective of whether they were shareholders on the record date or not. In the event of oversubscription, allocation shall be made pro rata in proportion to the number of shares such persons have subscribed for in the rights issue, and if this cannot be made, by the drawing of lots. Allocation shall secondly be made to other subscribers who have subscribed without subscription rights and, should the issue be oversubscribed, in relation to the number of shares that such persons have given notice to subscribe for, and if this cannot be made, through drawing of lots. The record date at Euroclear Sweden AB for participation in the rights issue with preferential rights is November 13, 2014. The subscription period will run from November 19 up to and including December 4, 2014, or such later date as decided by the Board of Directors.

The increase of the share capital, the maximum number of shares to be issued and the subscription price for the new shares, will be determined by the Board of Directors and is expected to be announced on or about November 6, 2014.

The rights issue is subject to approval by the Extraordinary General Meeting to be held at 1:00 p.m. CET on November 6, 2014, at Meda's premises at Pipers väg 2A in Solna, Sweden. See separate press release regarding notice convening the Extraordinary General Meeting for further information.

Subscription undertakings

Meda's two largest shareholders, Stena Sessan Rederi AB and Fidim S.r.l, which will together represent approximately 30 percent of the votes and capital in Meda at the time of the Extraordinary General Meeting, have undertaken to vote in favor of the rights issue at the Extraordinary General Meeting and to subscribe for their pro rata shares in the offering.

Preliminary schedule for rights issue

November 6, 2014	Announcement of full terms and conditions, including subscription price and subscription ratio
November 6, 2014	Extraordinary General Meeting to approve the rights issue resolved by the Board of Directors
November 11, 2014	Last day of trading in the shares including right to participate in the rights issue
November 12, 2014	First day of trading in the shares excluding right to participate in the rights issue
November 13, 2014	Record date for participation in the rights issue, i.e. shareholders who are registered in the share register as of this day will receive subscription rights for participation in the rights issue
On or about November 14, 2014	Estimated date for the publication of the prospectus
November 19 – December 2, 2014	Trading in subscription rights
November 19 – December 4, 2014	Subscription period
Around December 11, 2014	Announcement of results of the rights issue

Financial and legal advisors

Meda has appointed Danske Bank A/S, Denmark, Sweden branch, Nordea Bank AB (publ) and SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ) as financial consultants and Advokatfirman Lindahl KB as legal advisors in connection with the rights issue.

Nomination committee appointed

A nomination committee was appointed as per the policies adopted at the 2014 Annual General Meeting. Members of the nomination committee are:

Bert Åke Eriksson, committee chair, Stena Sessan Rederi AB

Sigieri Diaz Pallavicini, Fidim S.r.l.

Evert Carlsson, Swedbank Robur Funds

Lars Backsell, B&E Participation/Flerie Invest

Martin Svalstedt, Meda's Chairman of the Board

New Group management

Meda's CEO Jörg-Thomas Dierks has formed a new Group management team comprising:

Esfandiar Faghouri, Executive Vice President Region East

Ton van't Hullenaar, Executive Vice President Region West

Enzo Lacchini, Executive Vice President Supply Chain

Joachim Maus, Executive Vice President Scientific Affairs

Henrik Stenqvist, CFO, Executive Vice President Finance & Procurement

Hans Tritschler, Executive Vice President Global Marketing

Rainer Weiss, Executive Vice President, Human Resources & IT

Mårten Österlund, Executive Vice President Business Development/Legal & Trademarks

The Executive Team is extended by:

Magnus Kjellberg, Vice President Corporate Strategy and M&A

Paula Treutiger, Vice President Corporate Communications and Sustainability

Forecast

Following consolidation of the Rottapharm acquisition, we expect sales for full-year 2014 to reach SEK 15 billion and that the EBITDA margin will improve slightly compared to full-year 2013 (excluding integration costs and other costs associated with the acquisition of Rottapharm).

Risks and uncertainties

The Group's business is exposed to financial risks, which are described in Meda's 2013 annual report on pp. 78-80. Risks related to Group operations are described in the 2013 annual report on pp. 60-62.

Accounting policies

The Group complies with the EU-approved IFRS standards and their interpretations (IFRIC). This interim report was prepared as per IAS 34 Interim Financial Reporting. Further information about Group reporting and valuation principles is detailed in Note 1 on pp. 74-78 of the 2013 annual report. The parent company applies RFR 2, Accounting for Legal Entities.

The Group uses the same accounting policies in this interim report as applied in the preparation of the 2013 annual report. New or revised IFRS standards that came into force in 2014 did not have any material impact on the Group.

Changes to external reporting – sales by product category

As of January 1, 2014, Meda reports the following two product categories: Rx, OTC and Other Sales.

Product categories as of January 1, 2014:

Rx – Prescription drugs and specialty products

OTC – Over-the-counter products

Other Sales – Revenue from med-tech products and income not related to products

Interim Report, January-September 2014

The Board of Directors and CEO hereby confirm that this interim report provides a true and fair view of the parent company's and Group's operations, position, and performance, and describes material risks and uncertainties faced by the parent company and Group companies.

Stockholm, November 6, 2014

Martin Svalstedt Chairman of the Board	Peter Claesson Board member	Peter von Ehrenheim Board member
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Marianne Hamilton Board member	Tuve Johannesson Board member	Guido Oelkers Board member
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Karen Sörensen Board member	Lars Westerberg Board member	Jörg-Thomas Dierks CEO
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The company's auditors did not review this interim report.

Meda AB

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Upcoming reporting dates

Year-end report, January-December	February 11, 2015
Interim report, January-March	May 6, 2015
Interim report, January-June	July 23, 2015
Interim report, January-September	November 5, 2015

Forward-looking statement

This report is not an offer to sell or a solicitation to buy shares in Meda. This report also contains certain forward-looking statements with respect to certain future events and Meda's potential financial performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and may sometimes include words such as "may", "will", "seek", "anticipate", "expect", "estimate", "intend", "plan", "forecast", "believe", or other words of similar meaning. These forward-looking statements reflect the current expectations on future events of the management at the time such statements are made, but are made subject to a number of risks and uncertainties. In the event such risks or uncertainties materialize, Meda's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of pharmaceutical research and product development, manufacturing and commercialization, the impact of competitive products, patents, legal challenges, government regulation and approval, Meda's ability to secure new products for commercialization and/or development, and other risks and uncertainties detailed from time to time in Meda AB's interim or annual reports, prospectuses, or press releases. Listeners and readers are cautioned that no forward-looking statement is a guarantee of future performance and that actual result could differ materially from those contained in the forward-looking statement. Meda does not intend or undertake to update any such forward-looking statements.

Consolidated income statement (SEK million)

	January-September			July-September			Full year
	2014	2013	Change, %	2014	2013	Change, %	2013
Net sales	10,198	9,664	6%	3,356	3,186	5%	13,114
Cost of sales	-4,068	-3,700		-1,354	-1,263		-5,087
Gross profit	6,130	5,964		2,002	1,923		8,027
Other income	42	-		-	-		-
Selling expenses	-2,303	-2,251		-730	-715		-2,993
Medicine and business development expenses ¹⁾	-2,100	-2,069		-716	-699		-2,794
Administrative expenses	-486	-557		-161	-187		-692
Operating profit (EBIT)	1,283	1,087		395	322		1,548
Net financial items	-404	-411		-152	-140		-545
Profit for the period after net financial items (EBT)	879	676		243	182		1,003
Tax	-202	-129		-69	-35		-198
Net profit	677	547		174	147		805
Profit/loss attributable to:							
Parent company shareholders	676	551		174	146		807
Non-controlling interests	1	-4		-	1		-2
Net profit	677	547		174	147		805
¹⁾ Of which amortization of product rights	-1,604	-1,545		-548	-523		-2,067
EBITDA	2,978	2,719		975	874		3,734
Amortization, product rights	-1,604	-1,545		-548	-523		-2,067
Depreciation and amortization, other	-91	-87		-32	-29		-119
Operating profit (EBIT)	1,283	1,087		395	322		1,548
Key ratios related to earnings							
Operating margin, %	12.6	11.2		11.8	10.1		11.8
Profit margin, %	8.6	7.0		7.2	5.7		7.6
EBITDA, %	29.2	28.1		29.1	27.4		28.5
Return on capital employed, rolling 12 months, %	5.8	4.8					5.1
Return on equity, rolling 12 months, %	6.2	6.2					5.4

Consolidated statement of earnings and comprehensive income (SEK million)

	January-September		July-September		Full year
	2014	2013	2014	2013	2013
Net profit	677	547	174	147	805
Items that will not be reclassified to the income statement					
Revaluation of defined-benefit pension plans and similar plans after tax	-99	102	-11	15	113
	-99	102	-11	15	113
Items that may be reclassified to the income statement					
Translation difference	1,002	93	192	-365	510
Translation differences reversed to income statement	-5	-	-	-	-
Net investment hedge, after tax	-427	-64	-50	172	-277
Cash flow hedges, after tax	5	16	2	4	17
	575	45	144	-189	250
Other comprehensive income for the period, net of tax	476	147	133	-174	363
Total comprehensive income	1,153	694	307	-27	1,168
Profit/loss attributable to:					
Parent company shareholders	1,152	697	307	-29	1,168
Non-controlling interests	1	-3	-	2	0
Total comprehensive income	1,153	694	307	-27	1,168

Share data

	January-September		July-September		Full year
	2014	2013	2014	2013	2013
Earnings per share					
Basic earnings per share, SEK	2.24	1.82	0.58	0.48	2.67
Diluted earnings per share, SEK	2.24	1.82	0.58	0.48	2.67
Average number of shares					
Basic (thousands)	302,243	302,243	302,243	302,243	302,243
Diluted (thousands)	302,243	302,243	302,243	302,243	302,243
Number of shares on closing day					
Basic (thousands)	302,243	302,243	302,243	302,243	302,243
Diluted (thousands)	302,243	302,243	302,243	302,243	302,243

Consolidated balance sheet (SEK million)

	September 30 2014	September 30 2013	December 31 2013
ASSETS			
Non-current assets			
- Property, plant, and equipment	829	807	848
- Intangible ¹⁾	29,369	29,102	29,666
- Other non-current assets	1,186	823	936
Non-current assets	31,384	30,732	31,450
Current assets			
- Inventories	1,999	2,033	1,982
- Current receivables	3,185	2,545	2,683
- Cash and cash equivalents	239	152	178
Current assets	5,423	4,730	4,843
Total assets	36,807	35,462	36,293
EQUITY AND LIABILITIES			
Equity	15,644	14,737	15,211
Non-current liabilities			
- Borrowings	4,421	11,494	7,792
- Pension obligations	1,257	1,120	1,107
- Deferred tax liabilities	2,144	2,316	2,211
- Other non-current liabilities	271	286	274
Non-current liabilities	8,093	15,216	11,384
Current liabilities			
- Borrowings	9,560	2,272	6,304
- Other current liabilities	3,510	3,237	3,394
Current liabilities	13,070	5,509	9,698
Total equity and liabilities	36,807	35,462	36,293
¹⁾ Of which goodwill	14,806	13,801	13,971
Key ratios affecting balance sheet			
Net debt	14,992	14,734	15,025
Net debt/equity ratio, times	1.0	1.0	1.0
Equity/assets ratio, %	42.5	41.6	41.9
Equity per share, SEK (at end of period)	51.8	48.8	50.3

Consolidated cash flow statement (SEK million)

	January-September		July-September		Full year
	2014	2013	2014	2013	2013
Profit after financial items	879	676	243	182	1,003
Adjustments for items not included in cash flow	1,670	1,686	568	563	2,246
Net change in pensions	-21	-10	-14	-9	-19
Net change in other provisions	-44	83	-20	50	116
Income taxes paid	-331	-293	-95	-98	-390
Cash flow from operating activities before changes in working capital	2,153	2,142	682	688	2,956
Cash flow from changes in working capital					
Inventories	110	-193	40	-8	-97
Receivables	-218	3	-19	89	-225
Liabilities	-54	97	-9	79	211
Cash flow from operating activities	1,991	2,049	694	848	2,845
Cash flow from investing activities	-116	-328	-1	-221	-1,255
Cash flow from financing activities	-1,825	-1,755	-650	-716	-1,597
Cash flow for the period	50	-34	43	-89	-7
Cash and cash equivalents at period's start	178	194	194	248	194
Exchange-rate difference for cash and cash equivalents	11	-8	2	-7	-9
Cash and cash equivalents at period's end	239	152	239	152	178
Key ratios related to cash flow					
Free cash flow, SEK million	1,915	1,958	663	805	2,688
Cash earnings per share, SEK	6.34	6.48	2.20	2.67	8.89

Consolidated statement of changes in equity (SEKm)

SEK million	Attributable to parent company shareholders						Total equity
	Share capital	Other contributed capital	Other reserves	Retained earnings including profit for the year	Total	Non-controlling interests	
Opening balance, equity, Jan 1, 2014	302	8,865	-415	6,491	15,243	-32	15,211
Translation difference	-	-	1,002	-	1,002	-	1,002
Translation differences reversed to income statement	-	-	-5	-	-5	-	-5
Net investment hedge, after tax	-	-	-427	-	-427	-	-427
Cash flow hedges, after tax	-	-	5	-	5	-	5
Defined-benefit pension plans and similar plans after tax	-	-	-99	-	-99	-	-99
Total other comprehensive income	-	-	476	-	476	-	476
Profit for period	-	-	-	676	676	1	677
Total comprehensive income	-	-	476	676	1,152	1	1,153
Disposal of subsidiary	-	-	-	-	-	31	31
Share-based payments, settled using equity instruments	-	-	-	5	5	-	5
Dividend	-	-	-	-756	-756	-	-756
Closing balance, equity, Sep 30, 2014	302	8,865	61	6,416	15,644	-	15,644

Fair value – financial assets and liabilities

The table below comprises the consolidated financial assets and liabilities that are measured at fair value.

Derivatives are reported as level 2 and used for the purpose of hedging. Fair value measurement for interest-rate swaps is calculated by discounting with observable market data. Measurement of fair value for currency forward contracts is based on published forward prices.

Available-for-sale financial assets are primarily recognized at level 1 and consist of funds invested in interest-bearing securities. Fair value measurement is based on quoted prices on an active market.

Group derivatives are covered by right of set-off between assets and liabilities with the same counterparty. Offsetting of assets and liabilities has not been applied. Derivatives recognized as assets and liabilities are presented in the table below.

No transfers have been made between level 1 and level 2 during the period.

	January-September		January-September		Full year	
	2014		2013		2013	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
Assets						
Interest rate swaps ¹⁾	-	-	-	-	-	-
Currency forward contracts	-	137	-	97	-	49
Available-for-sale financial assets	3	1	4	1	4	1
Total	3	138	4	98	4	50
Liabilities						
Interest rate swaps ¹⁾	-	27	-	36	-	33
Currency forward contracts	-	153	-	166	-	113
Total	-	180	-	202	-	146

¹⁾ Cash flow hedging

Acquisition of Rottapharm

On July 31, 2014, Meda announced that an agreement has been entered into to acquire the Italian specialty pharma company Rottapharm S.p.A. The acquisition was completed on October 10, 2014. The acquisition of Rottapharm boosts Meda's earnings profile by contributing a strong brand portfolio within consumer healthcare and increasing the company's presence on emerging markets by roughly 50%. The acquisition is expected to lead to annual cost synergies of approximately SEK 900 million, along with increased profit and cash flow per share of more than 20% with the full effect being achieved in 2016, which will facilitate both organic growth and future acquisition investments.

The purchase price amounted to SEK 17,648 million and consisted of SEK 12,303 million in cash after settlement of net debt in Rottapharm, 30 million Meda shares at a value, at the time of completion of the acquisition, corresponding to SEK 2,976 million, and an unconditional deferred payment of EUR 275 million which carries no interest, until settle in January 2017, and therefore has been valued at fair value by discounting to present value. Fair value, at the time of completion of the acquisition, amounts to SEK 2,369 million.

Transaction costs attributable to the acquisition are expected to amount to approximately SEK 166 million, of which SEK 10 million affected Meda's profit/loss at September 30, 2014.

Preliminary data on acquired net assets and goodwill follows.

Preliminary acquisition calculation

	SEK million
Acquisition value	17,648
Fair value of net assets	-7,871
Goodwill	9,777

Goodwill is mainly attributable to anticipated annual cost synergies, which are expected to derive from more efficient use of sales and marketing, administration, and research and development. In addition, in the mid- to long term, synergies are expected to come from manufacturing and expansion into new markets.

	Fair value (SEK million)
Product rights	11,036
Deferred tax assets	371
Other non-current assets	893
Inventories	969
Trade receivables	1,286
Other receivables	483
Cash and cash equivalents	3,401
Borrowings	-4,565
Deferred tax liabilities	-3,289
Pension obligations	-858
Trade payables	-362
Other liabilities	-1,494
Acquired net assets	7,871
Goodwill	9,777
Total purchase price	17,648
Cash and cash equivalents in acquired entities	-3,401
Change in Group cash and cash equivalents at acquisition	14,247

Parent company

The parent company's net sales for January-September reached SEK 4,228 million (3,980), of which intra-Group sales represented SEK 2,802 million (2,696). Operating profit totaled SEK 577 million (361) and net financial items amounted to SEK 396 million (373).

During the period, Meda reached an agreement with Valeant to conclude the companies' joint ventures in Canada, Mexico, and Australia, which generated a negative non-recurring effect in net financial items of SEK 15 million.

Investments in intellectual property rights for the period were SEK 5 million (232), and investments in property, plant, and equipment totaled SEK 0 million (0).

Financial assets on September 30, 2014, totaled SEK 24,610 million, compared to SEK 23,630 million at the end of last year. Cash and cash equivalents were SEK 0 million (22).

Income statement for the parent company (SEK million)

	January-September	
	2014	2013
Net sales	4,228	3,980
Cost of sales	-2,452	-2,314
Gross profit	1,776	1,666
Selling expenses	-280	-233
Medicine and business development expenses	-806	-889
Administrative expenses	-113	-183
Operating profit (EBIT)	577	361
Net financial items	396	373
Profit for the period after net financial items (EBT)	973	734
Appropriations and tax	-440	-453
Net profit	533	281

Balance sheet for the parent company (SEK million)

	September 30	December 31
	2014	2013
ASSETS		
Non-current assets		
- Intangible	5,381	6,172
- Property, plant, and equipment	1	1
- Financial	24,610	23,630
Total non-current assets	29,992	29,803
Current assets		
- Inventories	404	460
- Current receivables	1,715	1,422
- Cash and bank balances	0	22
Total current assets	2,119	1,904
Total assets	32,111	31,707
EQUITY AND LIABILITIES		
Restricted equity	3,477	3,477
Non-restricted equity	8,235	8,451
Total equity	11,712	11,928
Untaxed reserves	2,641	2,239
Provisions	65	62
Non-current liabilities	6,599	9,726
Current liabilities	11,094	7,752
Total equity and liabilities	32,111	31,707

Sales (SEK million)

Sales trend for the 20 best-selling products during the period.

	January-September				July-September			
	2014	2013	Index	Index ¹⁾	2014	2013	Index	Index ¹⁾
Betadine	615	563	109	103	211	191	110	104
Tambocor	589	567	104	98	178	191	93	87
Dymista	497	286	174	169	152	109	140	132
EpiPen	393	276	142	133	164	107	154	142
Aldara/Zyclara	294	305	96	91	99	93	105	99
SB12	257	221	116	112	83	60	138	130
Elidel ²⁾	249	288	86	84	64	104	61	57
Solco	211	198	106	109	70	65	107	105
Astelin	210	189	111	108	52	51	102	96
Minitran	209	199	105	100	66	64	103	97
Thioctacid	197	176	112	115	70	58	121	120
Mestinon	188	171	110	106	64	59	107	101
Treo	158	160	99	98	51	53	95	94
Rantudil	153	152	101	106	57	49	118	117
Formatris	147	182	80	76	60	53	111	105
Muse	145	136	107	103	52	44	118	111
Calcium	145	124	117	113	50	42	118	114
Novopulmon	143	136	105	100	47	42	112	106
Zamadol	142	155	91	86	47	49	94	87
Marcoumar	128	120	107	102	46	44	106	99

1) Index in fixed exchange rates

2) Refers to sales outside North America

Information on geographic markets

External net sales (SEK million)

	January-September		July-September		Full year
	2014	2013	2014	2013	2013
Western Europe	6,743	6,297	2,257	2,045	8,507
USA	1,837	1,791	590	614	2,416
Emerging Markets	1,491	1,394	474	473	1,951
Other Sales	127	182	35	54	240
Total external net sales	10,198	9,664	3,356	3,186	13,114

EBITDA (SEK MILLION)

	January-September		July-September		Full year
	2014	2013	2014	2013	2013
Western Europe	2,394	2,283	831	738	3,078
USA	664	594	199	234	872
Emerging Markets	407	361	126	125	504
Other Sales	-487	-519	-181	-223	-720
EBITDA, total	2,978	2,719	975	874	3,734

Definitions related to sales comments

Sales by geographic area

Western Europe – Western Europe, excluding the Baltics, Poland, Czech Republic, Slovakia, and Hungary.

USA – Includes Canada.

Emerging Markets – Eastern Europe, including the Baltics, Poland, Czech Republic, Slovakia, and Hungary, along with Turkey, the Middle East, Mexico, and other non-European markets.

Other Sales – Revenue from contract manufacturing, services and other income.

Sales by product category

Rx – Prescription drugs and specialty products.

OTC – Over-the-counter products.

Other Sales – Revenue from med-tech products and income not related to products.

Other definitions

Net debt/adjusted EBITDA – EBITDA rolling 12 months adjusted for acquisitions and disposals, and excluding restructuring costs due to acquisitions.

Organic growth – Sales growth adjusted for currency effects, acquisitions, disposed operations and revenues from the cooperation agreement with Valeant.