

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 2015

January-September 2015¹

- Net sales reached SEK 14,629 million (10,198), corresponding to an increase of 43%, 34% at constant exchange rates compared to the previous year.
- EBITDA, excluding non-recurring items, was SEK 4,856 million (2,946), corresponding to an increase of 65%, and a margin of 33.2% (28.9).
- Non-recurring items had a SEK 677 million negative impact on earnings before tax.
- Profit after tax amounted to SEK 781 million (677).
- Earnings per share reached SEK 2.14 (2.15)². Excluding non-recurring items, earnings per share totaled SEK 3.03 (2.17).
- Cash earnings per share amounted to SEK 4.95 (6.11)². Excluding non-recurring items cash earnings per share totaled SEK 7.49 (6.21).
- Full year forecast: *“Meda expects sales for full-year 2015 to reach just below SEK 20 billion with an EBITDA margin around 32% (excluding non-recurring items)”*.

Third quarter 2015¹

- Net sales reached SEK 4,894 million (3,356), corresponding to an increase of 46%, 39% at constant exchange rates compared to the previous year.
- EBITDA, excluding non-recurring items, was SEK 1,673 million (980), corresponding to an increase of 71%, yielding a 34.2% margin (29.2).
- Non-recurring items had a SEK 369 million negative impact on earnings before tax.
- Profit after tax amounted to SEK 163 million (174).
- Earnings per share reached SEK 0.45 (0.55)². Excluding non-recurring items, earnings per share totaled SEK 1.10 (0.69).
- Cash earnings per share amounted to SEK 3.38 (2.12)². Excluding non-recurring items cash earnings per share totaled SEK 3.57 (2.22).

1) For information about non-recurring items, see page 7

2) Recalculation of comparative figures to consider the bonus issue element in the 2014 new share issue.

Webcasted presentation of the report on November 5 at 10:00 AM.

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

For further inquiries, please contact:

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CEO statement

The third quarter reconfirms our strategy focusing on growth products, optimized base business and acquisitions. Sales rose to SEK 4,894 million in the quarter, with organic growth of 4%. Increased sales were driven by a strong performance in our growth business which was up 16% whereas our base business was in line with last year at constant exchange rates. While the non-prescription products CB12 and Saugella failed to live up to expectations, several of our prioritized products showed double digit growth, e.g. Dona (42%), Dymista (26%), and Elidel (77%).

Despite turbulence and uncertainty in several emerging markets such as Russia, CIS and to some extent China, Emerging Markets returned to double digit growth in the quarter. In the short term, I do not foresee major improvements to market conditions in Russia, while Greater China is expected to continue to perform well. In addition, the Middle East and our recently added markets in Southeast Asia showed strong growth in the quarter and we remain confident about the potential of the Southeast Asian region.

Western Europe had a mixed performance in the quarter. Sales development in France continues to be hampered by generic competition on Tambocor while market performance in Italy was weak. The UK was held back by a very strong Q2. On the positive side, there was strong development in the Nordic markets in particular. Dymista continues its growth trajectory in the region with improved market shares resulting in a growth of 86% in the quarter.

We recorded a strong development in the US in the quarter. The negative impact from generic competition on Astepro that we have seen in previous quarters has now faded. The US base product portfolio performed well reflecting strong growth for Felbatol. Felbatol sales were fueled by positive rebate adjustments in addition to underlying volume growth. Dymista continued to gain market share, supporting the overall performance in the US.

As communicated previously, the integration of the Rottapharm business into our operating units has been successfully achieved. We now operate as one Meda in all markets. As a result, we have seen a boost in EBITDA and improved profitability of 5 percentage points, leading to an EBITDA margin of 34% in the quarter, excluding non-recurring items.

Free cash flow generation recorded a quarterly all-time high in Q3. I am pleased to see that our cash conversion bounced back to a reassuring 78% of EBITDA after a weaker Q2. This confirms our ability and commitment to deleverage the business and prepare for the next stage in building Meda.

For the fourth quarter we foresee continued weaker market performance in Italy than planned. On a group level, we expect sales of just below SEK 20 billion for the full year 2015. With regards to profitability, the fast achievement of synergies from the Rottapharm acquisition has translated into strong EBITDA numbers during the first nine months of the year. This is encouraging and we therefore plan for an EBITDA margin around 32% for the full year 2015, excluding non-recurring items.

Jörg-Thomas Dierks

Group President and CEO

Sales

For information on sales trends for major products, see the table on page 21. Definitions of geographic regions and product categories are presented on page 24.

January-September

Net sales for the period amounted to SEK 14,629 million (10,198), which corresponds to an increase of 43%. At constant exchange rates, sales increased 34%. The Rottapharm acquisition contributed sales of SEK 3,627 million. Pro forma organic growth for the period amounted to 1%. Strong sales in Emerging Markets mainly due to improved business terms with customers in China and Southeast Asia were partly offset by the effects of generic competition for Astepro in the US and Tambocor in France as well as launch quantities of Aerospan in Q1 last year. Pro forma organic growth for the top 20 products for the period was 5%.

July-September

Net sales for the period amounted to SEK 4,894 million (3,356), which corresponds to an increase of 46%. At constant exchange rates, sales increased by 39%. The Rottapharm acquisition contributed sales of SEK 1,217 million. Pro forma organic growth for the quarter amounted to 4%. Sales were strong in the US and across most Emerging Markets, while sales in Western Europe were lower. Pro forma organic growth for the top 20 products in Q3 was 10%.

Sales by geographic area

January-September

Sales for **Western Europe** over the period were SEK 9,093 million (6,750), representing a 35% increase and a 29% increase at constant exchange rates. Pro forma organic growth for the period amounted to -3%. Sales of products from Rottapharm amounted to SEK 2,243 million. The most significant cause of the negative pro forma growth for the region was generic competition for Tambocor in France. In addition, sales in Italy, the UK, and Spain were lower, while sales development in the Nordic markets, Austria and Portugal was positive.

US sales amounted to SEK 2,497 million (1,837), corresponding to an increase of 36% and 11% at constant exchange rates. Sales were held back by the impact of generic competition on Astepro and sales of launch quantities in Q1 2014 for Aerospan but this was more than compensated for by higher sales of Felbatol and Astelin. Sales of Dymista at SEK 492 million were 3% higher than last year in local currency.

Sales in **Emerging Markets** amounted to SEK 2,704 million (1,491), representing an 81% increase. At constant exchange rates, the increase was 69% and pro forma organic growth was 5%. Sales of products from Rottapharm amounted to SEK 1,146 million. Sales were especially strong in Greater China, the Middle East, and Malaysia. In the CIS region sales were hampered by the economic situation, particularly in Q1, and Australia and Turkey also showed lower sales.

Other Sales amounted to SEK 335 million (120).

July-September

Sales for **Western Europe** over the period were SEK 2,938 million (2,261), representing a 30% increase and a 27% increase at constant exchange rates. Pro forma organic growth for the quarter amounted to -5%. Sales of products from Rottapharm amounted to SEK 711 million. Sales were strong in several markets during the quarter, especially in the Nordics, Spain, and Portugal. This was offset by lower sales in other markets, particularly the UK, Italy, and France. The UK was affected by mandatory price reductions and sales slowed down in the third quarter following a strong second quarter. In Italy, sales could not match last year's level, in particular after lower in-market performance in the Cx/OTC area. In France sales continued to decline, mainly as a result of generic competition for Tambocor. Dymista sales growth in the region was 86%.

US sales amounted to SEK 918 million (590), representing a 56% increase, 31% at constant exchange rates. Dymista sales at SEK 161 million was 10% higher than in the previous year in local currency. Furthermore, sales of Felbatol were positively impacted by retroactive rebate adjustments from previous periods amounting to USD 9 million. The generic impact on Astepro sales has now faded and was negligible for the quarter. Aerospan prescriptions continued to show a strong trend for the quarter.

Sales in **Emerging Markets** amounted to SEK 936 million (474), representing a 98% increase. At constant exchange rates, the increase was 93% and pro forma organic growth was 19%. Southeast Asia made a strong contribution to the growth, partly as a result of deliveries originally scheduled in the second quarter. In addition, the Middle East and several other markets showed double-digit growth. Russia and CIS sales declined in the third quarter as well, but at a much lower pace compared to previous quarter. Sales of products from Rottapharm amounted to SEK 435 million.

Other Sales amounted to SEK 102 million (31).

Sales by geographic area

SEK million	January-September					July-September				
	2015	2014	Index	Index ¹⁾	Index ²⁾	2015	2014	Index	Index ¹⁾	Index ²⁾
Western Europe	9,093	6,750	135	129	97	2,938	2,261	130	127	95
US	2,497	1,837	136	111	112	918	590	156	131	134
Emerging Markets	2,704	1,491	181	169	105	936	474	198	193	119
Other Sales	335	120	280	270	102	102	31	324	307	108
Total Sales	14,629	10,198	143	134	101	4,894	3,356	146	139	104

¹⁾ Constant exchange rates ²⁾ Pro forma organic index

Sales by product category

January-September

Sales of prescription drugs (**Rx**) amounted to SEK 9,026 million (7,436), representing an increase of 21% and a 12% increase at constant exchange rates. Pro forma organic growth for the period amounted to 1%. The impact on sales growth from generic competition for Astepro in the US and Tambocor in France was some -3%. Several products in Meda's prioritized therapeutic areas showed good growth, e.g. Dymista +18% and Elidel +47%.

Cx/OTC sales amounted to SEK 5,268 million (2,642), representing a 99% increase, 88% at constant exchange rates. Pro forma organic growth for the period amounted to -1%. The Rottapharm acquisition contributed sales of SEK 2,573 million. Dona grew by 15% and Legalon by 20%. Betadine and Saugella sales were slightly below that of last year, while CB12 sales declined by 16%.

Other Sales amounted to SEK 335 million (120).

July-September

Sales of prescription drugs (**Rx**) amounted to SEK 3,007 million (2,427), representing an increase of 24%, 17% at constant exchange rates. Pro forma organic growth for the period reached 5%. Dymista and Elidel showed strong sales growth of 26% and 77% respectively. Sales for the third quarter continued to be impacted by generic competition for Tambocor in France, but on a lower level. Epipen sales were negatively influenced by supply shortage.

Cx/OTC sales amounted to SEK 1,785 million (898), representing a 99% increase, 90% at constant exchange rates. The Rottapharm acquisition contributed sales of SEK 885 million. Sales of Dona increased by 42% compared to last year, while sales of Saugella declined as an effect of lower demand in Italy. CB12 sales were not at the expected level for the quarter and declined by 15% compared to last year.

Other Sales amounted to SEK 102 million (31).

Sales by product category

SEK million	January-September					July-September				
	2015	2014	Index	Index ¹⁾	Index ²⁾	2015	2014	Index	Index ¹⁾	Index ²⁾
Rx	9,026	7,436	121	112	101	3,007	2,427	124	117	105
Cx/OTC	5,268	2,642	199	188	99	1,785	898	199	190	102
Other Sales	335	120	280	270	102	102	31	324	307	108
Total Sales	14,629	10,198	143	134	101	4,894	3,356	146	139	104

¹⁾ Constant exchange rates ²⁾ Pro forma organic index

Earnings

Operating profit

January-September

Operating profit for the period was SEK 1,943 million (1,283) and EBITDA was SEK 4,398 million (2,978), yielding a 30.1% margin (29.2). Excluding non-recurring items, operating profit amounted to SEK 2,401 million (1,251) and EBITDA to SEK 4,856 million (2,946), corresponding to a growth rate of 65%, 52% at constant exchange rates, and to an EBITDA margin of 33.2% (28.9).

Operating expenses for the period amounted to SEK 7,098 million (4,889) and include restructuring costs of SEK 256 million and a provision of SEK 210 million related to the ongoing US product liability cases involving the product Reglan, see page 9 for further information. Accordingly, operating expenses excluding non-recurring items were SEK 6,632 million (4,879), corresponding to a pro forma decrease of some SEK 740 million at constant exchange rates.

Selling expenses for the period, including restructuring costs of SEK 198 million, were SEK 3,234 million (2,303). Selling expenses excluding non-recurring costs increased by 20% compared with the previous year at constant exchange rates.

Medicine and business development expenses, including restructuring costs of SEK 24 million and the provision of SEK 210 million mentioned above, were SEK 3,122 million (2,100).

Administrative expenses for the period, including restructuring costs of SEK 34 million, totaled SEK 742 million (486).

July-September

Operating profit for the period was SEK 475 million (395) and EBITDA was SEK 1,304 million (975), yielding a 26.6% margin (29.1). Excluding non-recurring items, operating profit amounted to SEK 844 million (400) and EBITDA to SEK 1,673 million (980), corresponding to a growth rate of 71%, 59% at constant exchange rates, and to an EBITDA margin of 34.2% (29.2).

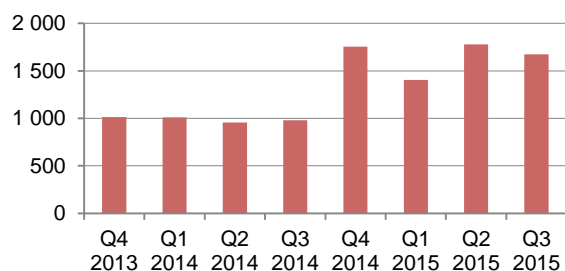
Operating expenses for the period amounted to SEK 2,554 million (1,607) and include restructuring costs of SEK 172 million and a provision of SEK 210 million related to the ongoing US product liability cases involving the product Reglan. Accordingly, operating expenses excluding non-recurring items were SEK 2,172 million (1,602), corresponding to a pro forma decrease of about SEK 240 million at constant exchange rates.

Selling expenses for the period, including restructuring costs of SEK 162 million, were SEK 1,150 million (730). Selling expenses excluding restructuring costs increased by 27% compared with the previous year at constant exchange rates.

Medicine and business development expenses, including restructuring costs of SEK 6 million and a provision of SEK 210 million, were SEK 1,180 million (716).

Administrative expenses for the period, including restructuring costs of SEK 4 million, totaled SEK 224 million (161).

EBITDA (SEK MILLION)*



*Excluding non-recurring items

Net financial items, tax and earnings per share

January-September

Group net financial items amounted to SEK -1,172 million (-404) and include non-recurring expenses of SEK 219 million related to the redemption of the bond loan absorbed in conjunction with the acquisition of Rottapharm, which was repaid in late April 2015. Excluding non-recurring expenses, net financial items totaled SEK -953 million (-382).

Profit/loss after net financial items totaled SEK 771 million (879).

Reported tax for the period amounted to SEK 10 million (-202). Tax was affected positively in the amount of SEK 349 million in relation to tax on non-recurring items and the utilization of a non-capitalized loss carry-forward in the German operations. Excluding non-recurring items, the Group's tax expense was SEK 339 million (185), equivalent to a tax rate of 23.4% (21.3).

Net profit totaled SEK 781 million (677).

Earnings per share reached SEK 2.14 (2.15). Excluding non-recurring items, earnings per share totaled SEK 3.03 (2.17). The comparative amounts have been recalculated to consider the bonus issue element in the 2014 new share issue.

July-September

Group net financial items amounted to SEK -319 million (-152).

Profit/loss after net financial items totaled SEK 156 million (243).

Reported tax for the period was SEK 7 million (-69) and was positively affected by tax on non-recurring items in the amount of SEK 129 million (-17). Excluding non-recurring items the tax expense was SEK 122 million (52), equivalent to a tax rate of 23.2% (19.6).

Net profit totaled SEK 163 million (174).

Earnings per share reached SEK 0.45 (0.55). Excluding non-recurring items, earnings per share totaled SEK 1.10 (0.69). The comparative amounts have been recalculated to consider the bonus issue element in the 2014 new share issue.

Earnings excluding non-recurring items

SEK million	January-September			July-September		
	2015	Non-recurring items	2015 excluding non-recurring items	2015	Non-recurring items	2015 excluding non-recurring items
Net sales	14,629	-	14,629	4,894	-	4,894
Cost of sales	-5,588	8	-5,596	-1,865	13	-1,878
Gross profit	9,041	8	9,033	3,029	13	3,016
Other operating expenses	-7,098	-466	-6,632	-2,554	-382	-2,172
Operating profit/loss (EBIT)	1,943	-458 ¹⁾	2,401	475	-369 ¹⁾	844
Net financial items	-1,172	-219 ²⁾	-953	-319	-	-319
Profit/loss for the period after net financial items (EBT)	771	-677	1,448	156	-369	525
Tax	10	349 ³⁾	-339	7	129 ³⁾	-122
Net profit/loss	781	-328	1,109	163	-240	403
EBITDA	4,398	-458 ¹⁾	4,856	1,304	-369 ¹⁾	1,673
Amortization, product rights	-2,276	-	-2,276	-769	-	-769
Depreciation and amortization, other	-179	-	-179	-60	-	-60
Operating profit/loss (EBIT)	1,943	-458	2,401	475	-369	844

¹⁾ Refers to restructuring costs of SEK 248 million, whereof SEK 89 million was expensed in the previous quarters, and a provision of SEK 210 million which refers to the ongoing US product liability cases involving the product Reglan.

²⁾ Refers to non-recurring expenses of SEK 219 million related to redemption of the bond loan absorbed in conjunction with the acquisition of Rottapharm, which was repaid in late April 2015.

³⁾ Refers to non-recurring items of SEK 200 million, recognized in the first quarter, related to the utilization of a non-capitalized loss carry-forward in the German operations, SEK 80 million related to the ongoing US product liability cases, SEK 27 million, recognized in previous quarters, related to tax on non-recurring items in net financial items, SEK 72 million related to tax on restructuring costs whereof SEK 23 million refers to previous quarters, SEK -8 million, expensed in the first quarter, related to additional tax for previous financial years and SEK -22 million, expensed in the second quarter, related to internal restructuring of operations due to the acquisition of Rottapharm.

Cash flow

January-September

Cash flow from operating activities before changes in working capital amounted to SEK 2,752 million (2,153).

Working capital had a SEK -776 million (-162) impact on cash flow. Cash flow from inventories totaled SEK -122 million, mainly due to higher inventory levels in the European market as a result of inventory build-up and variations in the timing of inventory purchases. Receivables had an adverse effect on cash flow of SEK 317 million, driven mainly by trade receivables due to the acquired Rottapharm units, which are generally trading with longer credit terms. Liabilities had a negative effect on cash flow of SEK 337 million due to fluctuations in payments of trade payables, reduction of accrued expenses in the US market and payment of acquisition-related transaction costs. Accordingly, cash flow from operating activities amounted to SEK 1,976 million (1,991).

Free cash flow was SEK 1,807 million (1,915). Restructuring costs of SEK 507 million, acquisition-related transaction costs of SEK 113 million, costs related to the early redemption of the bond loan in Rottapharm of SEK 289 million and a tax payment of SEK 22 million linked to internal restructuring of subsidiaries were paid during the period. Accordingly, free cash flow excluding non-recurring items totaled SEK 2,738 million (1,947), corresponding to a 41% increase.

Cash earnings per share for the period totaled SEK 4.95 (6.11). Excluding non-recurring items, cash earnings per share rose by 21% to SEK 7.49 (6.21). The comparative amounts have been recalculated to consider the bonus issue element in the 2014 new share issue.

Cash flow from investing activities amounted to SEK -359 million (-116).

Cash flow from financing activities amounted to SEK -2,396 million (-1,825). The dividend of SEK 914 million was paid in the second quarter.

July-September

Cash flow from operating activities before changes in working capital amounted to SEK 1,207 million (682).

Working capital had a positive impact on cash flow of SEK 87 million (12). Cash flow from inventories totaled SEK 56 million, primarily due to the timing of inventory purchases. Receivables and liabilities had a positive effect on cash flow of SEK 31 million. Accordingly, cash flow from operating activities amounted to SEK 1,294 million (694).

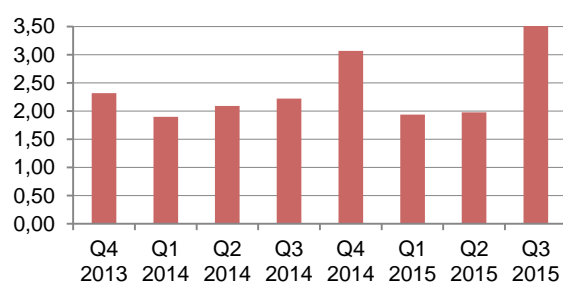
Free cash flow was SEK 1,234 million (663). Restructuring costs of SEK 66 million and acquisition-related transaction costs of SEK 6 million were paid during the quarter. Accordingly, free cash flow excluding non-recurring items totaled SEK 1,306 million (695), corresponding to an increase of 88%. Free cash flow in relation to EBITDA, excluding non-recurring items, rose to 78% for the quarter.

Cash earnings per share for the period totaled SEK 3.38 (2.12). Excluding non-recurring items, cash earnings per share rose by 61% to SEK 3.57 (2.22). The comparative amounts have been recalculated to consider the bonus issue element in the 2014 new share issue.

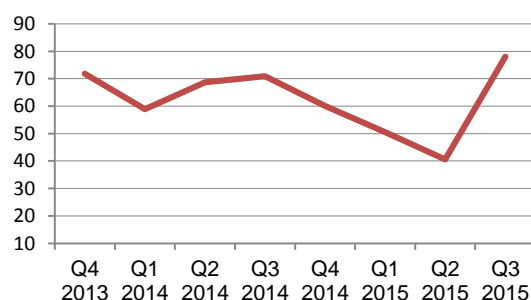
Cash flow from investing activities amounted to SEK -64 million (-1).

Cash flow from financing activities amounted to SEK -1,056 million (-650).

Cash earnings per share (SEK)*



Free cash flow/EBITDA (%)*



* Excluding non-recurring items

Financing

On September 30, equity stood at SEK 20,904 million compared to SEK 20,680 million at the start of the year, which corresponds to SEK 57.2 (56.6) per share. The equity/assets ratio was 32.9% compared to 31.8% at the start of the year.

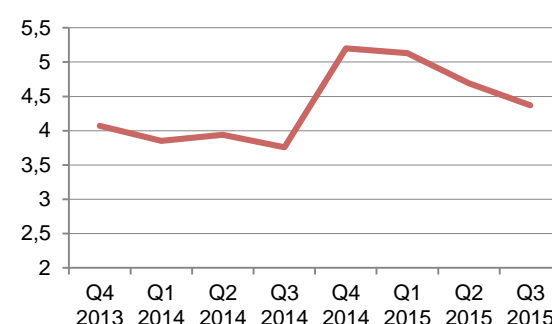
Net debt for the Group totaled SEK 28,034 million on September 30, compared to SEK 28,244 million at the start of the year. On September 30, 2015, the average cost of the debt portfolio, including pension liabilities, was 3.4%.

Performance for net debt and net debt/adjusted EBITDA over the last eight quarters is illustrated in the following charts.

Net debt (SEK million)



Net debt/adjusted EBITDA (times)



Integration of Rottapharm

The integration of Rottapharm, which was initiated in October 2014, has been completed in most operating units. Meda recognized additional restructuring costs in the amount of SEK 248 million in 2015, which puts total restructuring costs since October 2014 at SEK 879 million. Total restructuring costs related to the Rottapharm integration are estimated to reach approximately SEK 900 million. Restructuring initiatives have already had a positive impact on profit. Combined total costs decreased by some SEK 740 million on a pro forma basis in the first nine months of 2015, compared to the same period in 2014.

Agreements and key events

Reglan settlement

In conjunction with the purchase of Alaven Pharmaceuticals in 2010, Meda Pharmaceuticals Inc. assumed responsibility for ongoing US product liability cases involving the product Reglan (metoclopramide). Presently, there are slightly less than 3,300 cases in which the company is named as one of multiple defendants, with most of the cases in Philadelphia, San Francisco and New Brunswick. In general, the cases involve plaintiffs that took Reglan for long periods of time to control gastric stasis and gastroesophageal reflux and developed the side effect tardive dyskinesia, which is characterized by repetitive, involuntary muscle movements, generally of the face and extremities. Even though the Reglan labeling since 1986 has warned against the side effect if the product was taken for more than 12 weeks, the plaintiffs allege that the warning was not prominent enough. While Meda believes it has meritorious defenses to these claims, in order to avoid the expense and distraction of litigation, Meda has entered into a confidential settlement agreement which establishes a framework to resolve all of the claims. Meda has recognized a provision of USD 25 million in the third quarter 2015. The settlement is subject to sufficient participation by the plaintiffs as determined in Meda's sole discretion.

Events after the reporting date

Nomination committee appointed

As per specifications set at Meda's 2015 annual general meeting, a nomination committee has been appointed. It consists of:

Bert Åke Eriksson, Committee Chairman, Stena Sessan Rederi AB

Sigieri Diaz Pallavicini, Fidim S.r.l.

Evert Carlsson, Swedbank Robur Fonder

Elisabet Jamal Bergström, Handelsbanken Fonder

Martin Svalstedt, Meda's Chairman of the Board

Forecast

Meda expects sales for full-year 2015 to reach just below SEK 20 billion with an EBITDA margin around 32% (excluding non-recurring items).

Risks and uncertainties

The Group's business is exposed to financial risks, which are described in Meda's 2014 Annual Report on pages 90-91. Risks related to Group operations are described in the 2014 Annual Report on pages 67-68.

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 pages 86-90 of the 2014 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 2014 Annual Report. The new and amended IFRS standards and IFRIC interpretations effective from January 1, 2015 have not had any material effect on the consolidated financial statements.

Changes in external reporting

As of 2015, Meda reports all medical device products by geographic area and by product category. These products were previously not allocated in full by geographic area and were recognized as other sales in the reporting by product category. The comparative figures have been adjusted as follows:

January-September 2014

Other Sales by geographic area to SEK 120 million, as opposed to SEK 127 million previously. The change has been allocated to Western Europe. Other Sales by product category have been adjusted from SEK 283 million to SEK 120 million and allocated with SEK 19 million to Rx and with SEK 144 million to Cx/OTC.

July-September 2014

Other Sales by geographic area to SEK 31 million, as opposed to SEK 35 million previously. The change has been allocated to Western Europe. Other Sales by product category have been adjusted from SEK 92 million to SEK 31 million and allocated with SEK 14 million to Rx and SEK 47 million to Cx/OTC.

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 5, 2015

Martin Svalstedt Board chairman	Luca Rovati Vice Board chairman	Peter Claesson Board member
Peter von Ehrenheim Board member	Kimberly Lein-Mathisen Board member	Guido Oelkers Board member
Karen Sörensen Board member	Lillie Li Valeur Board member	Lars Westerberg Board member

Jörg-Thomas Dierks
CEO

Meda AB

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Upcoming reporting dates

Year-end report, January-December	February 11, 2016
Interim report, January-March	May 3, 2016
Interim report, January-June	July 21, 2016
Interim report, January-September	October 27, 2016

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 results could differ materially from those contained in the forward-looking statement. Meda does not intend or undertake to update any such forward-looking statements.

Meda AB discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. This information was submitted for publication on November 5, 2015 at 8:00 AM.

Review Report

Introduction

We have conducted a review of the interim report for Meda AB (publ) for the period January 1 to September 30, 2015. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The focus and scope of the review

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

Conclusion

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

Stockholm, November 5, 2015
PricewaterhouseCoopers AB

Mikael Eriksson
*Authorized public accountant
Auditor in charge*

Mikael Winkvist
Authorized public accountant

Consolidated income statement

SEK million	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Net sales	14,629	10,198	4,894	3,356	15,352
Cost of sales	-5,588	-4,068	-1,865	-1,354	-6,083
Gross profit	9,041	6,130	3,029	2,002	9,269
Other income	-	42	-	-	42
Selling expenses	-3,234	-2,303	-1,150	-730	-3,718
Medicine- and business development ¹⁾	-3,122	-2,100	-1,180	-716	-3,223
Administrative expenses	-742	-486	-224	-161	-883
Operating profit (EBIT)	1,943	1,283	475	395	1,487
Net financial items	-1,172	-404	-319	-152	-905
Profit for the period after net financial items (EBT)	771	879	156	243	582
Tax	10	-202	7	-69	-180
Net profit	781	677	163	174	402
Profit/loss attributable to:					
Parent company shareholders	781	676	163	174	399
Non-controlling interests	0	1	0	-	3
Net profit	781	677	163	174	402
¹⁾ Of which amortization of product rights	-2,276	-1,604	-769	-548	-2,348
EBITDA	4,398	2,978	1,304	975	3,990
Amortization, product rights	-2,276	-1,604	-769	-548	-2,348
Depreciation and amortization, other	-179	-91	-60	-32	-155
Operating profit (EBIT)	1,943	1,283	475	395	1,487
EBITDA, excluding non-recurring items	4,856	2,946	1,673	980	4,700

Consolidated statement of earnings and comprehensive income

SEK million	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Net profit	781	677	163	174	402
Items that will not be reclassified to the income statement					
Revaluation of defined-benefit pension plans and similar plans, net of tax	72	-99	45	-11	-292
	72	-99	45	-11	-292
Items that may be reclassified to the income statement					
Translation difference	414	1,002	787	192	2,118
Translation difference reversed to income statement	-	-5	-	-	-11
Hedge of net investment, net of tax	-135	-427	-423	-50	-1,014
Cash flow hedges, net of tax	-3	5	2	2	9
Available-for-sale financial assets, net of tax	-9	-	-4	-	6
	267	575	362	144	1,108
Other comprehensive income, net of tax	339	476	407	133	816
Total comprehensive income	1,120	1,153	570	307	1,218
Profit attributable to:					
Parent company shareholders	1,120	1,152	570	307	1,215
Non-controlling interests	0	1	0	-	3
Total comprehensive income	1,120	1,153	570	307	1,218

Share data

	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Earnings per share ¹⁾					
Basic earnings per share, SEK	2.14	2.15	0.45	0.55	1.23
Diluted earnings per share, SEK	2.14	2.15	0.45	0.55	1.23
Basic earnings per share, SEK ²⁾	3.03	2.17	1.10	0.69	3.64
Diluted earnings per share, SEK ²⁾	3.03	2.17	1.10	0.69	3.64
Average number of shares ¹⁾					
Basic (thousands)	365,467	313,672	365,467	313,672	323,397
Diluted (thousands)	365,467	313,672	365,467	313,672	323,397
Number of shares on closing day ¹⁾					
Basic (thousands)	365,467	313,672	365,467	313,672	365,467
Diluted (thousands)	365,467	313,672	365,467	313,672	365,467

¹⁾ Recalculated for 2014 to consider the bonus issue element in the 2014 new share issue.

²⁾ Earnings per share excluding non-recurring items. See page 7 for explanation of non-recurring items.

Consolidated balance sheet

SEK million	September 30 2015	September 30 2014	December 31 2014
ASSETS			
Non-current assets			
- Property, plant, and equipment	1,682	829	1,692
- Intangible ¹⁾	49,386	29,369	50,798
- Other non-current assets	2,045	1,186	2,015
Non-current assets	53,113	31,384	54,505
Current assets			
- Inventories	3,127	1,999	2,988
- Current receivables	5,786	3,185	5,308
- Cash and cash equivalents	1,535	239	2,311
Current assets	10,448	5,423	10,607
Total assets	63,561	36,807	65,112
EQUITY AND LIABILITIES			
Equity	20,904	15,644	20,680
Non-current liabilities			
- Borrowings	24,282	4,421	26,817
- Pension obligations	2,282	1,257	2,430
- Deferred tax liabilities	5,043	2,144	5,278
- Other non-current liabilities	3,084	271	2,861
Non-current liabilities	34,691	8,093	37,386
Current liabilities			
- Borrowings	3,023	9,560	1,391
- Other current liabilities	4,943	3,510	5,655
Current liabilities	7,966	13,070	7,046
Total equity and liabilities	63,561	36,807	65,112
¹⁾ Of which goodwill	25,902	14,806	25,352

Consolidated cash flow statement

SEK million	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Profit after financial items	771	879	156	243	582
Adjustments for items not included in cash flow	2,553	1,670	915	568	2,668
Net change in pensions	-31	-21	0	-14	-46
Net change in other provisions	-80	-44	306	-20	601
Income taxes paid	-461	-331	-170	-95	-551
Cash flow from operating activities before changes in working capital	2,752	2,153	1,207	682	3,254
Cash flow from changes in working capital					
Inventories	-122	110	56	40	182
Receivables	-317	-218	6	-19	-536
Liabilities	-337	-54	25	-9	142
Cash flow from operating activities	1,976	1,991	1,294	694	3,042
Cash flow from investing activities	-359	-116	-64	-1	-8,906
Cash flow from financing activities	-2,396	-1,825	-1,056	-650	7,914
Cash flow for the period	-779	50	174	43	2,050
Cash and cash equivalents at period's start	2,311	178	1,359	194	178
Exchange-rate difference in cash and cash equivalents	3	11	2	2	83
Cash and cash equivalents at period's end	1,535	239	1,535	239	2,311
Free cash flow, SEK million	1,807	1,915	1,234	663	2,901
Free cash flow, excluding non-recurring items, SEK million	2,738	1,947	1,306	695	3,000
Cash earnings per share, SEK ¹⁾	4.95	6.11	3.38	2.12	8.97
Cash earnings per share, excluding non-recurring items, SEK ¹⁾	7.49	6.21	3.57	2.22	9.28

¹⁾ Recalculated for 2014 to consider the bonus issue element in 2014 new share issue

Consolidated statement of changes in equity

SEK million	Share capital	Other capital contributions	Other reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total equity
Opening balance, equity, Jan 1, 2015	365	13,788	401	6,142	20,696	-16	20,680
Total comprehensive income	-	-	339	781	1,120	-	1,120
Divestment of operation	-	-	-	-	-	-3	-3
Share-based payments, equity settled	-	-	-	21	21	-	21
Dividend	-	-	-	-914	-914	-	-914
Closing balance, equity, Sept 30, 2015	365	13,788	740	6,030	20,923	-19	20,904

Fair value – financial assets and liabilities

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

Interest rate swaps and currency forward contracts 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 reported as level 1 and 2. Level 1 comprises quoted interest-bearing securities and fair value measurement is based on quoted prices on an active market. Level 2 mainly comprises fund holdings where fair value measurement is based on observable market data. Embedded derivatives which were linked to the bond loan repaid in late April 2015 were expensed in Q1 2015.

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.

SEK million	January-September		January-September		Full year	
	2015		2014		2014	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
Assets						
Currency forward contracts	-	147	-	137	-	208
Embedded derivatives	-	-	-	-	25	-
Available-for-sale financial assets	3	23	3	1	18	27
Total	3	170	3	138	43	235
Liabilities						
Interest rate swaps ¹⁾	-	16	-	27	-	22
Currency forward contracts	-	92	-	153	-	284
Total	-	108	-	180	-	306

¹⁾ Cash flow hedging

Parent company

The parent company's net sales for the period reached SEK 4,599 million (4,228), of which intra-Group sales represented SEK 3,096 million (2,802). Operating profit totaled SEK 527 million (577) and net financial items amounted to SEK 229 million (396).

Investments in intellectual property rights for the period were SEK 16 million (5), and investments in property, plant, and equipment totaled SEK 41 million (0).

Financial assets on September 30, 2015, totaled SEK 42,845 million, compared to SEK 38,425 million at the end of the previous year. Cash and cash equivalents amounted to SEK 786 million (611).

Income statement for the parent company

SEK million	January-September	
	2015	2014
Net sales	4,599	4,228
Cost of sales	-2,740	-2,452
Gross profit	1,859	1,776
Selling expenses	-325	-280
Medicine- and development expenses	-857	-806
Administrative expenses	-150	-113
Operating profit (EBIT)	527	577
Net financial items	229	396
Profit for the period after net financial items (EBT)	756	973
Appropriations and tax	-152	-440
Net profit	604	533

Balance sheet for the parent company

	September 30	December 31
	2015	2014
ASSETS		
Non-current assets		
- Intangible	4,418	5,137
- Property, plant, and equipment	42	1
- Financial	42,845	38,425
Total non-current assets	47,305	43,563
Current assets		
- Inventories	525	493
- Current receivables	1,797	1,837
- Cash and bank balances	786	611
Total current assets	3,108	2,941
Total assets	50,413	46,504
EQUITY AND LIABILITIES		
Restricted equity	3,540	3,540
Non-restricted equity	12,688	13,109
Total equity	16,228	16,649
Untaxed reserves	1,765	1,679
Provisions	69	67
Non-current liabilities	26,851	24,682
Current liabilities	5,500	3,427
Total equity and liabilities	50,413	46,504

Sales (SEK million)

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

SEK million	January-September				July-September			
	2015	2014 ¹⁾	Index	Index ²⁾	2015	2014 ¹⁾	Index	Index ²⁾
Dymista	697	497	140	118	223	152	146	126
Dona	632	503	126	115	255	167	153	142
Betadine	625	615	102	98	218	211	103	101
Tambocor	475	589	81	78	166	178	93	91
Elidel ³⁾	403	249	162	147	121	64	190	177
EpiPen	385	393	98	91	125	164	77	73
Felbatol	351	70	499	396	148	32	453	367
Saugella	309	300	103	99	94	99	95	92
Astelin	287	210	137	119	85	52	165	143
Aldara/Zyclara	284	294	97	91	89	99	90	86
Legalon	275	211	130	120	85	67	127	123
Armolipid	228	183	124	120	68	63	106	104
CB12	224	257	87	84	72	83	87	85
Calcium	214	208	103	99	74	75	98	96
Mestinon	210	188	112	106	71	64	111	108
Thioctacid	188	197	96	100	54	70	78	88
Spasmolyt	183	180	102	95	60	54	111	106
Minitran	182	209	87	84	64	66	95	93
Reparil	179	177	101	86	57	55	106	91
Solco	177	211	84	94	69	69	99	118

¹⁾ Pro forma

²⁾ Index in constant exchange rates

³⁾ Refers to sales outside North America

Segment information

External net sales

SEK million	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Western Europe	9,093	6,750	2,938	2,261	10,205
US	2,497	1,837	918	590	2,542
Emerging Markets	2,704	1,491	936	474	2,370
Other Sales	335	120	102	31	235
Total external net sales	14,629	10,198	4,894	3,356	15,352

EBITDA

SEK million	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Western Europe	3,152	2,394	951	828	3,327
US	1,100	664	467	199	972
Emerging Markets	925	407	286	126	663
Other Sales	-779	-487	-400	-178	-972
Total EBITDA	4,398	2,978	1,304	975	3,990

EBITDA, excluding non-recurring items

SEK million	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Western Europe	3,360	2,404	1,107	833	3,773
US	1,100	664	467	199	972
Emerging Markets	938	407	273	126	697
Other Sales	-542	-529	-174	-178	-742
Total EBITDA	4,856	2,946	1,673	980	4,700

Key ratios

	January-September		July-September		Full year
	2015	2014	2015	2014	2014
Related to earnings					
Net sales, SEK million	14,629	10,198	4,894	3,356	15,352
- Growth, total	43%	6%	46%	5%	17%
- Growth, constant exchange rates	34%	2%	39%	0%	12%
- Growth, organic	1% *)	3%	4% *)	1%	2% *)
Gross margin	61.8%	60.1%	61.9%	59.7%	60.4%
EBITDA, SEK million	4,398	2,978	1,304	975	3,990
EBITDA margin	30.1%	29.2%	26.6%	29.1%	26.0%
EBITDA excluding non-recurring items, SEK million	4,856	2,946	1,673	980	4,700
EBITDA margin excluding non-recurring items	33.2%	28.9%	34.2%	29.2%	30.6%
Earnings per share, SEK	2.14	2.15	0.45	0.55	1.23
Earnings per share excluding non-recurring items, SEK	3.03	2.17	1.10	0.69	3.64
Adjusted earnings per share, SEK	7.85	6.19	2.73	2.06	9.29
Related to cash flow					
Free cash flow, SEK million	1,807	1,915	1,234	663	2,901
Cash earnings per share, SEK	4.95	6.11	3.38	2.12	8.97
Free cash flow excluding non-recurring items, SEK million	2,738	1,947	1,306	695	3,000
Cash earnings per share excluding non-recurring items, SEK	7.49	6.21	3.57	2.22	9.28
Return/Efficiency					
Adjusted free cash flow/capital employed	10.6%	11.5%			10.7%
Adjusted free cash flow/equity	19.2%	17.3%			18.2%
Net working capital/net sales	26%	18%			23%
Free cash flow/EBITDA	41%	64%	95%	68%	73%
Free cash flow excluding non-recurring items/EBITDA excluding non-recurring items	56%	66%	78%	71%	64%
Related to balance sheet					
Net debt, SEK million	28,034	14,992			28,244
Net debt/equity ratio, times	1.3	1.0			1.4
Equity per share, SEK (at end of period)	57.2	51.8			56.6
Equity/asset ratio	33%	43%			32%
Other					
Net debt/adjusted EBITDA	4.38	3.76			5.20

*) *Organic growth pro forma*

Definitions related to sales comments

Sales by geographic area

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

US – includes Canada.

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

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

Sales by product category

Rx – prescription drugs and specialty products.

Cx/OTC – non-prescription products.

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

Definitions of key ratios

Related to earnings

Growth, total – sales development in relation to the same period previous year.

Growth, constant exchange rates – sales development in relation to the same period the previous year adjusted for currency effects.

Growth, organic – sales development adjusted for currency effects, acquisitions, disposals, discontinued products, and revenues from the cooperation agreement with Valeant.

Organic growth pro forma – sales development in relation to the same period the previous year including acquisitions of products and business adjusted for currency effects.

Earnings per share – profit for the period attributable to parent company shareholders in relation to weighted average number of shares for the period. Where applicable, the comparative periods have been recalculated to consider the bonus issue element.

Adjusted earnings per share – earnings per share adjusted for non-recurring items and amortizations on product rights and related tax.

Related to cash flow

Free cash flow – cash flow from operating activities less cash flow from investing activities (excluding acquired product rights and acquired operations).

Cash earnings per share – free cash flow for the period in relation to weighted average number of shares for the period. Where applicable, the comparative periods have been recalculated to consider the bonus issue element.

Return/Efficiency

Capital employed – the balance sheet total less cash and cash equivalents, tax provisions, and non-interest bearing liabilities.

Adjusted free cash flow/capital employed – free cash flow rolling 12 months excluding non-recurring items and paid interest in relation to average capital employed.

Free cash flow/equity – free cash flow rolling 12 months excluding non-recurring items in relation to average equity.

Net working capital/net sales – current assets less current liabilities in relation to net sales rolling 12 months pro forma.

Related to balance sheet

Net debt – net of interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents, including current investments and interest-bearing non-current financial assets.

Net debt/equity ratio – net debt divided by equity.

Equity/assets ratio – equity as a percentage of the balance sheet total.

Other

Net debt/adjusted EBITDA – net debt divided by EBITDA rolling 12 months pro forma excluding restructuring and transaction costs due to acquisitions.