

# Interim report

**Bilia AB Q3 2016**

**Everything related to the car.  
And then some.**



# Report for the third quarter of 2016

## Nine months

- Net turnover amounted to SEK 17,609 M (14,693).
- Operational earnings amounted to SEK 622 M (518).
- The Group's profit for the period was SEK 463 M (451) and earnings per share SEK 9.10 (8.95).

## Third quarter

- Net turnover amounted to SEK 5,743 M (4,597).
- Operational earnings amounted to SEK 187 M (162).
- The Group's profit for the period was SEK 127 M (131) and earnings per share SEK 2.50 (2.60).
- Operating cash flow amounted to SEK 308 M (123).

In a comment on the third quarter, Bilia's Managing Director Per Avander says:

"Demand for both cars and service was slightly better compared with last year, and we reported better operational earnings. The earnings improvement is mainly attributable to the Car and Service Businesses. The underlying order backlog of new cars increased during the quarter and was about 1,600 cars higher compared with last year. The Group generated an operating cash flow of SEK 308 M, and its financial position remained strong. We predict that during the fourth quarter of 2016, demand for cars will be on a level with, and for service slightly higher than, the same quarter last year."



	Third quarter		Nine months		Oct. 15 -	Full year
	2016	2015	2016	2015	Sept. 16	2015
<b>Continuing operations</b>						
Net turnover, SEK M	<b>5,743</b>	4,597	<b>17,609</b>	14,693	23,359	20,443
Operational earnings, SEK M <sup>1)</sup>	<b>187</b>	162	<b>622</b>	518	869	765
Operational margin, %	<b>3.3</b>	3.5	<b>3.5</b>	3.5	3.7	3.7
Operating profit, SEK M	<b>163</b>	154	<b>589</b>	695	823	929
Operating margin, %	<b>2.8</b>	3.4	<b>3.3</b>	4.7	3.5	4.5
Operational profit before tax, SEK M <sup>1)</sup>	<b>186</b>	170	<b>619</b>	522	866	769
Profit before tax, SEK M	<b>162</b>	162	<b>586</b>	699	820	933
Net profit for the period / year, SEK M	<b>127</b>	131	<b>463</b>	552	642	731
Earnings per share, SEK <sup>2)</sup>	<b>2.50</b>	2.60	<b>9.10</b>	10.95	12.65	14.50
<b>The Bilia Group</b>						
Net profit for the period / year, SEK M	<b>127</b>	131	<b>463</b>	451	659	647
Earnings per share, SEK <sup>2)</sup>	<b>2.50</b>	2.60	<b>9.10</b>	8.95	13.00	12.85

<sup>1)</sup> Items affecting comparability are shown in the table on page 4.

<sup>2)</sup> The number of shares used in the calculation is shown in the table on page 17.

In addition to financial definitions according to IFRS, alternative performance measures are used to describe the performance of the underlying business and obtain better inter-period comparability.

The Bilia Group reported a gain on redemption of the PRI liability in 2015, see page 4.

Further, the Bilia Group was charged last year with closure costs for the Danish operation, see page 11.

## Notable events during 2016

### Third quarter

- On 15 August 2016, Bilia concluded an agreement to acquire Schäfer GmbH Automobile, a dealer for BMW and MINI in Germany. The business is run from four facilities that are concentrated northwest of Frankfurt and border on Bilia's operation in Germany. The operation has been a part of the Bilia Group since 1 August 2016.
- On 7 October 2016, Bilia's Board of Directors decided to supplement the financial goals with a goal for net debt. The ratio of net debt to EBITDA shall not exceed 2.0 times over the long term.

### First six months

- On 28 January 2016, Bilia concluded an agreement to acquire three car dealerships that conduct BMW, MINI and Toyota operations in Sweden. The date of possession was 1 March 2016.
- Bilia issued unsecured bonds worth a total of SEK 500 M with a term to maturity of five years. The bond issue carries a floating interest rate of STIBOR (3 months) plus 220 basis points and has a final maturity date in March 2021.
- On 11 March 2016, Bilia concluded an agreement to sell its Ford operations in Gothenburg, Kungsbacka and Stockholm to Hedin Bil. The date of possession for the operations in Gothenburg and Kungsbacka was 1 May 2016, and for the Stockholm operation not later than 31 December 2017.
- On 9 May 2016, Bilia concluded an agreement to acquire Philippe Emond, a BMW and MINI dealer in Belgium located near the border with Luxembourg. The date of possession was 1 July 2016.
- On 27 May 2016, Bilia sold 94,000 warrants to senior officers, mainly in Sweden. The warrants give their holders the option of purchasing a Bilia share for SEK 231 during the period 1 March 2019 to 26 March 2019. The price of the warrants was SEK 12 apiece, which was the market value for the warrants.
- On 31 May 2016, Bilia issued 699,242 new shares to the seller of the BMW and MINI operation in Luxembourg as partial payment of the purchase consideration. Bilia's share capital increased by SEK 3,496,210 as an effect of the new issue, and the number of outstanding shares amounts to 51,399,976 after the issue.

Further information on the above events and other press information is available at [bilias.com](http://bilias.com).

## Third quarter 2016

Demand for cars and service was slightly better compared with the same quarter last year.

**Net turnover** amounted to SEK 5,743 M (4,597). For comparable operations and adjusted for exchange rate changes, net turnover increased by about SEK 250 M or 6 per cent. The increase is attributable to both car sales and service.

**Operating profit** amounted to SEK 163 M (154). Adjusted for structural and acquisition costs, operational earnings amounted to SEK 187 M (162). The improvement is mainly attributable to the Car and Service Businesses. Underlying Group overheads increased by about 4 per cent compared with last year. Overheads amounted to 12.2 per cent in relation to net turnover, which was 0.6 percentage point lower compared with last year. In view of the earnings level during the quarter, provision was made for employee bonuses of SEK 5 M (5).

**Net financial items** amounted to SEK -1 M (8). The decrease is attributable to higher net debt and lower income from interests in associated companies.

**Tax for the period** amounted to SEK -35 M (-31), and the effective tax rate was 22 per cent (19).

**Net profit for the period** was SEK 127 M (131) and earnings per share SEK 2.50 (2.60). Exchange rate changes affected the profit marginally.

**Total assets** increased by SEK 504 M during the quarter, amounting to SEK 9,360 M. The increase is mainly attributable to acquisition of operations and leased vehicles.

**Equity** increased by SEK 164 M during the quarter, amounting to SEK 2,327 M. The equity/assets ratio amounted to 25 per cent (29).

**Acquisition of non-current assets** amounted to SEK 86 M (61). Replacement investments represented SEK 52 M (32), expansion investments SEK 11 M (12), environmental investments SEK 1 M (0) and investments in new construction and additions to properties SEK 13 M (15), while finance leases amounted to SEK 9 M (2).

**Operating cash flow** amounted to SEK 308 M (123). After acquisitions and disposals of operations and change in interest-bearing receivables, cash flow amounted to SEK 372 M (127). Net debt decreased by SEK 118 M during the quarter, amounting to SEK 545 M.

**Liquidity** remains good, and at the end of September a debt of SEK 77 M to the banks (Nordea and DNB) was reported. The combined credit limit with Nordea and DNB amounts to SEK 1,500 M.

**The number of employees** increased by 232 during the quarter and amounts to 4,220 persons. Acquisitions of operations have increased the number of employees by 243.

## Items affecting comparability and acquisition costs

Group, SEK M	Third quarter		Nine months		Oct. 15 - Sept. 16	Full year
	2016	2015	2016	2015		2015
<b>Operational earnings</b>	<b>187</b>	162	<b>622</b>	518	869	765
<i>Items affecting comparability</i>						
- Gain from sale of operation, other	0	0	21	4	23	6
- Redemption of PRI liability	0	0	0	197	0	197
- Structural costs etc.	-5	0	-7	0	-12	-5
<i>Acquisition costs</i>						
- Acquisition-related costs and value adjustments	-2	0	-8	-1	-9	-2
- Amortisation of surplus values	-17	-8	-39	-23	-48	-32
<b>Operating profit</b>	<b>163</b>	154	<b>589</b>	695	823	929
<b>Operational profit before tax</b>	<b>186</b>	170	<b>619</b>	522	866	769
<i>Items affecting comparability</i>						
- Gain from sale of operation, other	0	0	21	4	23	6
- Redemption of PRI liability	0	0	0	197	0	197
- Structural costs etc.	-5	0	-7	0	-12	-5
<i>Acquisition costs</i>						
- Acquisition-related costs and value adjustments	-2	0	-8	-1	-9	-2
- Amortisation of surplus values	-17	-8	-39	-23	-48	-32
<b>Profit before tax</b>	<b>162</b>	162	<b>586</b>	699	820	933

**The quarter's** structural costs pertain to provision for rent for a facility in Norway which, after relocation, is no longer used by the operation. The quarter's acquisition-related costs and value adjustments pertain to the acquisition of the BMW and MINI business in Belgium.

Gain from sale of operation during the **first nine months of the year** pertains to the sale of the Ford operation in Gothenburg and Kungsbacka, while the structural costs pertain to provisions for rent in Sweden and Norway. Acquisition-related costs and value adjustments pertain to costs for the acquisitions of the businesses in Sweden, Luxembourg and Belgium. Last year's redemption of PRI liability pertains to the earnings effect before tax of the transfer of the Swedish pension liability to Alecta.



## Group

No. of new cars	Third quarter		Deliveries		Oct. 15 - Sept. 16	Full year 2015	Order backlog	
	2016	2015	Nine months 2016	2015			30 Sept. 2016	2015
Sweden <sup>1)</sup>	<b>7,308</b>	6,987	<b>25,720</b>	23,154	35,112	32,546	<b>8,281</b>	7,375
Norway	<b>2,168</b>	1,913	<b>6,492</b>	5,824	8,979	8,311	<b>2,766</b>	1,815
Western Europe <sup>2)</sup>	<b>1,380</b>	0	<b>2,489</b>	0	2,734	245	<b>1,035</b>	0
<b>Total</b>	<b>10,856</b>	8,900	<b>34,701</b>	28,978	46,825	41,102	<b>12,082</b>	9,190

<sup>1)</sup> Kaiser Bil is included in deliveries during the quarter with 184 (-) and during the first nine months with 497 (-) and with 127 (-) in order backlog. BMW-, MINI- and Toyota acquisitions is included in deliveries during the quarter with 381 (-) and during the first nine month with 884 (-) and with 97 (-) in order backlog.  
<sup>2)</sup> Germany is included in deliveries during the quarter with 411 (-) and during the first nine months with 856 (-) and with 208 (-) in order backlog. Luxembourg is included in deliveries during the quarter with 563 (-) and during the first nine months with 1.227 (-) and with 596 (-) in order backlog. Belgium is included in deliveries during the quarter with 406 (-) and during the first nine months with 406 (-) and with 231 (-) in order backlog.

SEK M	Third quarter		Net turnover		Oct. 15 - Sept. 16	Full year 2015	Operational earnings, operating margin										
	2016	2015	Nine months 2016	2015			2016	Third quarter %	2015	%	2016	Nine months %	2015	%	Oct. 15 - Sept. 16	Full year 2015	%
Sweden	3,554	3,254	11,748	10,448	15,813	14,513	147	4.1	139	4.3	496	4.2	429	4.1	711	644	4.4
Norway	1,570	1,343	4,633	4,227	6,144	5,738	45	2.9	35	2.5	149	3.2	128	3.0	198	177	3.1
Western Europe	618	0	1,224	0	1,397	173	2	0.4	0	-	15	1.2	0	-	17	2	1.2
<b>Total Cars</b>	<b>5,742</b>	<b>4,597</b>	<b>17,605</b>	<b>14,675</b>	<b>23,354</b>	<b>20,424</b>	<b>194</b>	<b>3.4</b>	<b>174</b>	<b>3.8</b>	<b>660</b>	<b>3.7</b>	<b>557</b>	<b>3.8</b>	<b>926</b>	<b>823</b>	<b>4.0</b>
Parent Company, other	1	0	4	18	5	19	-7	-	-12	-	-38	-	-39	-	-57	-58	-
<b>Total</b>	<b>5,743</b>	<b>4,597</b>	<b>17,609</b>	<b>14,693</b>	<b>23,359</b>	<b>20,443</b>	<b>187</b>	<b>3.3</b>	<b>162</b>	<b>3.5</b>	<b>622</b>	<b>3.5</b>	<b>518</b>	<b>3.5</b>	<b>869</b>	<b>765</b>	<b>3.7</b>

- **Strong earnings in Sweden**
- **Big order backlog**

The market for new cars increased during the quarter by 4 per cent in Sweden, 2 per cent in Norway and 5 per cent in our markets in Western Europe.

The Group reported operational earnings of SEK 187 M (162) and an operating margin of 3.3 per cent (3.5). The Car Business reported a profit that was SEK 11 M better, and the Service Business reported a profit that was SEK 7 M better, compared with last year. The order backlog increased by 1,763 cars during the quarter, amounting to 12,082 cars at the end of the quarter.

The operation in Sweden reported an operating profit of SEK 147 M (139), with an operating margin of 4.1 per cent (4.3). Volvo's total deliveries of new cars declined by 13 per cent during the quarter due to the model change from V70 to V/S90, which also affected Bilia's deliveries of Volvo cars. Orders received for Volvo cars have been strong, however. The Car Business reported a profit that was SEK 11 M better than last year. The improvement is mainly attributable to a higher gross profit margin on sales of new cars. Earnings from sales of used cars were strong and on a level with last year. Stocks of used cars remained at a good level. The Service Business reported earnings that were SEK 5 M lower compared with last year. Due to more vacation days and leave during the quarter, together with a shortage of mechanics, turnover only increased by 1 per cent. Demand for service remains good.

Operating profit in Bilia's Norwegian operation amounted to SEK 45 M (35), with an operating margin of 2.9 per cent (2.5). The Service Business continues to develop favourably. Earnings were SEK 4 M better compared with last year, with an operating margin of 8.7 per cent. Turnover increased by 9 per cent, while the gross profit margin declined by 3 percentage points. Earnings from sales of new cars improved by SEK 11 M, while earnings from sales of used cars decreased by SEK 5 M. There has been a strong focus on reducing stocks of used cars during the year, which has had a negative effect on the gross profit margin. Stocks of used cars were on a good level at the end of the quarter.

Operations in Western Europe reported a profit of SEK 2 M. The loss in the Car Business amounted to SEK 6 M, while earnings in the Service Business amounted to SEK 8 M. In terms of earnings, the third quarter is the worst quarter of the year in Luxembourg and Belgium. We have also introduced a new business system in Luxembourg, which has had a negative impact on the operation.

## Operations – divided into Service, Car and Fuel Businesses

SEK M	Third quarter		Net turnover <sup>1)</sup> Nine months		Oct. 15 - Sept. 16	Full year 2015	Operational profit, operating margin					
	2016	2015	2016	2015			Third quarter 2016	2015	Nine months 2016	2015	Oct. 15 - Sept. 16	Full year 2015
Service Business	1,171	965	3,755	3,137	5,109	4,491	103	96	389	309	576	496
- margin, %							8.7	10.0	10.3	9.8	11.3	11.0
Car Business	4,506	3,553	13,782	11,329	18,147	15,694	86	75	252	231	324	303
- margin, %							1.9	2.1	1.8	2.0	1.8	1.9
Fuel Business	263	262	760	768	1,013	1,021	5	3	19	17	26	24
- margin, %							1.8	1.0	2.5	2.2	2.6	2.4

Service includes workshop services, spare parts and accessories.

The Car Business includes sales of new and used cars and customer financing.

<sup>1)</sup> Net turnover does not include eliminations for internal sales.

### Growth in the Service Business

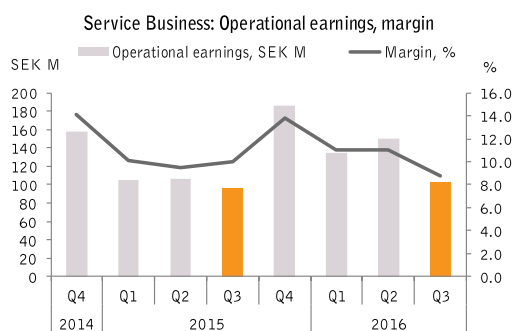
Per cent	Third quarter			Nine months		
	Sweden	Norway	Total	Sweden	Norway	Total
<i>Change from last year</i>						
Underlying turnover	0.7	9.3	3.4	6.4	10.9	7.8
Calendar effect	0.0	0.0	0.0	-0.5	-0.5	-0.5
<b>Adjusted turnover</b>	<b>0.7</b>	<b>9.3</b>	<b>3.4</b>	<b>5.9</b>	<b>10.4</b>	<b>7.3</b>

- Shortage of mechanics in Sweden
- Improved earnings in the Car Business

The Service Business reported a profit that was SEK 7 M better than last year, with an operating margin of 8.7 per cent (10.0). The earnings improvement is attributable to Norway and the new operations in Western Europe. Demand continues to be good, but we have a shortage of mechanics, particularly in Sweden. Adjusted turnover in Sweden increased by 1 per cent and in Norway by 9 per cent. The number of working days was unchanged in both Sweden and Norway compared with the same quarter last year.

Deliveries of new cars in the Car Business increased by 2 per cent for comparable operations during the quarter, and deliveries of used cars increased by 4 per cent compared with last year. Orders received for new cars were unchanged compared with last year. Earnings from sales of new cars improved by SEK 21 M, due mainly to a higher gross profit margin. Earnings from sales of used cars were strong, but declined by SEK 10 M, amounting to SEK 37 M, due mainly to a lower gross profit margin. Stocks of used cars decreased slightly for comparable operations during the quarter and are at good levels overall. The turnover rate for used cars decreased slightly, amounting to about 10.3 times per year.

The Fuel Business is concentrated to Sweden, and earnings amounted to SEK 5 M (3).



All values in the above graphs pertain to isolated quarters.

## Acquisition of operation 2016

### Three car dealerships that conduct BMW, MINI and Toyota operations in Sweden

On 1 March 2016, Bilia acquired three car dealerships that conduct BMW, MINI and Toyota operations in Sweden. The dealerships are located in the following towns:

BMW – Trollhättan, Uddevalla and Strömstad

MINI – Trollhättan

Toyota – Kristianstad, Västerås, Enköping, Borlänge, Falun and Ludvika

The companies have a combined annual turnover of about SEK 750 M and operating profit is estimated at about SEK 14 M per year. The purchase consideration was SEK 58 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

Synergies can be found in a higher inventory turnover rate, which is expected to reduce capital employed by about SEK 30 M in 2016.

The businesses have about 115 employees and will continue to be operated from the present-day facilities.

There are no external transaction costs or acquisition-related expenses attributable to the acquisition.

#### *Effects of the acquisitions*

Below is the final acquisition analysis, and the difference between the final acquisition analysis and the preliminary version that was presented during the second quarter of 2016 is shown in a separate column. The acquisitions have the following effects on the Group's assets and liabilities.

### The acquired operations' net assets at the acquisition date:

SEK M	Carrying amounts in BMW, MINI, Toyota dealership operations	Fair value adjustment	Fair value recognised in Group	Difference versus preliminary acquisition analysis
Intangible assets	2	9	11	0
Property, plant and equipment	24	11	35	0
Deferred tax asset	3		3	3
Inventories	146	2	148	-6
Trade receivables and other receivables	31		31	7
Cash and cash equivalents	4		4	0
Interest-bearing liabilities	103		103	0
Trade payables and other liabilities	98	11	109	1
Deferred tax liability		2	2	0
<b>Net identifiable assets and liabilities</b>	<b>9</b>	<b>9</b>	<b>18</b>	<b>3</b>
Consolidated goodwill			40	-3
Purchase consideration paid, cash			58	0
Less: Cash and cash equivalents in acquired operations			4	0
<b>Net effect on cash and cash equivalents</b>			<b>54</b>	<b>0</b>

Acquired customer relations totalling SEK 9 M are recognised as intangible assets. Customer relations will be amortised over 10 years.





## Acquisition of operation 2016

### Arnold Kontz's BMW and MINI operation in Luxembourg

On 31 March 2016, Bilia took possession of Arnold Kontz's BMW and MINI operation in Luxembourg. The operation, which is centrally located in Luxembourg, accounts for about 50 per cent of total BMW sales in Luxembourg. The operation has an annual turnover of about SEK 1.1 bn with an operating profit of about SEK 45 M per year. The purchase consideration was SEK 314 M. Of the total purchase consideration, SEK 198 M was paid in cash and the remaining SEK 116 M was paid in the form of newly issued Bilia shares. The exercise price was set at 95 per cent of the price of a Bilia share during the period 18-22 April 2016. The value of the discount, SEK 6 M, has increased the value of consolidated goodwill. Payment with the new shares was effected by offsetting of the debt to the seller. There is no contingent purchase consideration.

The acquisition gives Bilia a good platform for increasing the Group's presence in the region.

The business has about 145 employees and will continue to be operated from the present-day facilities.

Acquisition-related expenses amounting to SEK 0.9 M consist of fees to consultants for due diligence and have been recognized as "Other operating expenses".

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities. The following figures for acquired net assets and purchase consideration are preliminary.

### The acquired operation's preliminary net assets at the acquisition date:

SEK M	Carrying amounts in Arnold Kontz dealership operation	Fair value adjustment	Fair value recognised in Group
Intangible assets		188	188
Property, plant and equipment	41		41
Inventories	132	3	135
Trade receivables and other receivables	65		65
Cash and cash equivalents	10		10
Interest-bearing liabilities	55		55
Trade payables and other liabilities	138	6	144
Deferred tax liability		57	57
<b>Net identifiable assets and liabilities</b>	<b>55</b>	<b>128</b>	<b>183</b>
Consolidated goodwill			131
Purchase consideration paid			314
Less: Payment in the form of newly issued Bilia shares			116
Less: Cash and cash equivalents in acquired operation			10
<b>Net effect on cash and cash equivalents</b>			<b>188</b>

Acquired customer relations totalling SEK 188 M are recognised as intangible assets. Customer relations will be amortised over 10 years.



## Acquisition of operation 2016

### Philippe Emond SA, a BMW and MINI retailer in Belgium

On 1 July 2016, Bilia acquired Philippe Emond SA's BMW and MINI dealership in Belgium. The business is situated close to the border with Luxembourg, which is expected to result in synergies worth about SEK 6 M per year. The synergies are mainly attributable to cost reductions and efficiency improvements. The business has an annual turnover of about SEK 730 M and has reported an average operating profit of SEK 24 M during the past two years. The purchase consideration was SEK 249 M. Of this amount, SEK 66 M was paid in cash and the remainder, SEK 183 M, in the form of newly issued shares in Bilia AB's subsidiary Bilia Holding S.à r.l.. After the acquisition, Bilia Holding S.à r.l. will own 100 per cent of the shares in the newly acquired company Philippe Emond SA. There is no contingent purchase consideration. Due to the fact that part of the purchase consideration was paid in the form of shares in Bilia AB's subsidiary Bilia Holding S.à r.l., Bilia Holding S.à r.l. will be 66.2 per cent owned (previously 100 per cent) by Bilia AB and 33.8 per cent owned by the seller of Philippe Emond. Since the acquisition also includes the issuance of a put option to the seller combined with a call option for Bilia, a liability of EUR 12.8 M converted to SEK has been recognised, equivalent to the present value of the estimated future exercise price of Bilia's put option. The exercise prices for the put and call options are variable as determined by a formula stipulated in the purchase agreement based mainly on future results in the Bilia Holding Group. The liability recognised for the obligation under the put option replaces the item "non-controlling interests" in the Group's total equity (according to the principles of the Anticipated Acquisition Method). The business has about 105 employees and will continue to be operated from the present-day facilities.

Acquisition-related expenses amounting to SEK 1.5 M consist of fees to consultants for due diligence and have been recognized as "Other operating expenses".

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities. Since the final accounts as per 30 June 2016 are not yet definite, the acquired net assets and purchase consideration specified below are preliminary.

### The acquired operation's preliminary net assets at the acquisition date:

SEK M	Carrying amounts in Philippe Emonds dealership operation	Fair value adjustment	Fair value recognised in Group
Intangible assets		97	97
Property, plant and equipment	68	5	73
Inventories	96	2	98
Trade receivables and other receivables	122	-1	121
Cash and cash equivalents	19		19
Interest-bearing liabilities	33		33
Trade payables and other liabilities	179	-1	178
Deferred tax liability		36	36
<b>Net identifiable assets and liabilities</b>	<b>93</b>	<b>68</b>	<b>161</b>
Consolidated goodwill			88
Purchase consideration paid			249
Less: Payment in the form of newly issued Bilia Holding-shares			183
Less: Cash and cash equivalents in acquired operation			19
<b>Net effect on cash and cash equivalents</b>			<b>47</b>

Acquired customer relations totalling SEK 97 M are recognised as intangible assets. Customer relations will be amortised over 10 years.



## Acquisition of operation 2016

### Schäfer GmbH Automobile, BMW and MINI retailer in Germany

Bilia acquired Schäfer GmbH Automobile's BMW and MINI dealership in Germany. The operation has been a part of the Bilia Group since 1 August 2016. The business is run from four facilities that are concentrated northwest of Frankfurt and border on Bilia's operation in Germany. The business has an annual turnover of about SEK 590 M, with an operating profit of about SEK 7 M per year. The purchase consideration was SEK 26 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

The acquisition gives Bilia a good platform for increasing the Group's presence in the region.

The acquisition is expected to result in synergies, mainly cost reductions of approximately SEK 13 M per year and reductions in tied-up capital, mainly in inventories, of nearly SEK 20 M. The synergies are expected to be fully realised by the 3rd quarter of 2017.

The business has about 120 employees and will continue to be operated from the present-day facilities.

There are, so far, no reported external transaction costs or acquisition-related expenses attributable to the acquisition.

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities. Since the final accounts as per 31 July 2016 are not yet definite, the acquired net assets and purchase consideration specified below are preliminary.

#### The acquired operation's preliminary net assets at the acquisition date:

SEK M	Carrying amounts in Schäfers dealership operation	Fair value adjustment	Fair value recognised in Group
Property, plant and equipment	4		4
Inventories	93		93
Trade receivables and other receivables	40		40
Cash and cash equivalents	14		14
Interest-bearing liabilities	103		103
Trade payables and other liabilities	22		22
<b>Net identifiable assets and liabilities</b>	<b>26</b>	<b>0</b>	<b>26</b>
Consolidated goodwill			0
Purchase consideration paid, cash			26
Less: Cash and cash equivalents in acquired operation			14
<b>Net effect on cash and cash equivalents</b>			<b>12</b>



## Discontinued operation

### Cars Denmark

Bilia decided in March 2015 to discontinue its entire operation in Denmark. As per 31 December 2015, all five facilities have been disposed of.

### Loss from discontinued operation

SEK M	Nine months		Full year
	2016	2015	2015
Revenues	-	470	468
Expenses	-	-634	-609
<b>Loss before tax</b>	-	-164	-141
Tax	-	63	57
<b>Loss after tax from discontinued operation</b>	-	-101	-84
<b>Discontinued operation</b>			
Basic earnings/loss per share, SEK	-	-2.00	-1.65
Diluted earnings/loss per share, SEK	-	-2.00	-1.65

### Assets classified as held for sale

SEK M	30/9 2016	30/9 2015	31/12 2015
Property, plant and equipment	-	-	-
Inventories	-	-	-
Trade receivables and other receivables	-	-	-
Cash and cash equivalents	-	-	-
<b>Total assets</b>	-	-	-

### Liabilities classified as held for sale

SEK M	30/9 2016	30/9 2015	31/12 2015
Trade payables and other liabilities	-	-	-
Deferred tax liability	-	-	-
<b>Total liabilities</b>	-	-	-

### Net cash flows from discontinued operation

SEK M	Nine months		Full year
	2016	2015	2015
Cash flows from operating activities	-	-193	-137
Cash flows from investing activities	-	194	146
Cash flows from financing activities	-	3	-4
<b>Net cash flows from discontinued operation</b>	-	4	5

## Parent Company

Bilia AB is responsible for the Group's management, strategic planning, purchasing, public relations, business development, marketing, HR, real estate activities, accounting and financing.

The Parent Company's operating loss for the third quarter amounted to SEK -10 M (loss: 10).

## Risks and uncertainties

As a result of its operations, the Bilia Group is exposed to both operating risks and financial risks.

The operating risks include:

- Development of the market for new cars.
- Diminished demand for cars can also affect the value of stock in hand and guaranteed residual values.
- Reduced demand for service and repairs.
- Increased competition in the markets where Bilia is active.
- The ability of suppliers to offer competitive products.
- Automotive suppliers become insolvent or terminate retailer agreements with Bilia.
- Regulatory decisions that lead to changes in taxes and charges on the products Bilia sells can influence both demand for and the valuation of cars in stock and cars sold with guaranteed residual values.

The financial risks include liquidity risks, interest rate risks, credit risks and currency risks.

Bilia works continuously with risk identification and risk assessment. For further information about the risks that affect the Group, please refer to the 2015 Annual Report.

## New share issue

The 2016 Annual General Meeting resolved to authorise the Board of Directors to increase the company's share capital and to issue new shares to be transferred to Société de Participations Financières Groupe Arnold Kontz (the company). The background is an agreement where Bilia acquires Arnold Kontz's BMW and MINI operation in Luxembourg, for which partial payment will be made with shares in Bilia. Payment will be made for the new shares by offsetting of the debt to the company of EUR 12,500,000. The debt was converted to SEK and the exercise price will be set at 95 per cent of the average price of the Bilia share during the period 18-22 April 2016. On 31 May 2016, 699,242 new shares were issued, after which the total number of outstanding shares amounts to 51,399,976. At the same time, the share capital increased by SEK 3,496,210 to SEK 256,999,880.

## Accounting principles

This interim report in summary for the Group has been prepared in accordance with IAS 34 "Interim Financial Reporting" and applicable provisions of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, "Interim Reports". The same accounting policies and calculation methods have been applied for the Group and the Parent Company as in the most recent annual report.

Non-controlling interests in the Group's total equity are recognised in an amount equivalent to the minority shareholders' share of the identifiable net assets in concerned subsidiaries, i.e. excluding goodwill. In certain acquisitions, non-controlling interests are instead

recognised initially at fair value, i.e. including goodwill, according to the full goodwill method. Put options issued for shares held by parties without a controlling interest are recognised as a financial liability equivalent to the present value of the estimated exercise price. Bilia has opted to apply the principles of the Anticipated Acquisition Method when recognising the liability. Under this method, a non-controlling interest is not recognised in the Group's total equity, but is instead replaced by a liability to the holder of the non-controlling interest equivalent to the present value of the exercise price for the shares according to the put option.

New IFRS's that became effective during the year have not had any significant effect on the Group's or the Parent Company's financial reports.

Disclosures in accordance with IAS 34, paragraph 16, are made not only in the financial statements and notes, but also in other parts of the interim report.

The ESMA's (European Securities and Markets Authority) "Guidelines on Alternative Performance Measures (APMs)" is applied for financial reports submitted after 3 July 2016. As a result, additional information is disclosed regarding financial performance measures not defined in the IFRS standards. Alternative performance measures published in this report should not be regarded as a substitute for financial measures defined in accordance with IFRS standards, but rather as a complement, and they do not have to be comparable with similarly entitled performance measures or key ratios presented by other companies.

## **Annual General Meeting 2017**

The Annual General Meeting will be held on 19 April 2017 in Stockholm. Premises to be announced at a later time. Shareholders who wish to have a matter on the agenda at the AGM should contact Bilia no later than 1 March 2017 in order for the matter to be included in the notice of the meeting.

The annual report for 2016 will be published on Bilia's website on 24 March 2017.

## **Events after the end of the report period**

No significant events have occurred after the end of the report period.

## **Next report**

The year-end report for 2016 will be published on 14 February 2017.

Gothenburg, 28 October 2016  
Bilia AB (publ)  
Board of Directors

For further information, please contact Per Avander, Managing Director and CEO, or Gunnar Blomkvist, CFO, telephone +46 31 709 55 00.

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Corporate ID No.: 556112-5690

## Review report

To the Board of Directors of Bilia AB (publ), Corp. ID no. 556112-5690

### Introduction

We have reviewed the interim financial information in summary (the interim report) for Bilia AB (publ) as per 30 September 2016 and the nine-month period that ended on this date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion regarding this interim financial information based on our review.

### Aim and scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information 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 has a different aim and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information has not, in all material respects, been prepared in accordance with IAS 34 and the Annual Reports Act with regard to the Group and in accordance with the Annual Reports Act with regard to the Parent Company.

Gothenburg, 28 October 2016

KPMG AB

Jan Malm

*Authorised Public Accountant*

This report is being published by Bilia AB in compliance with the Securities Market Act. The information was submitted for publication on 28 October 2016 at 08:30 a.m..

## Group's operating segments

Nine months												
SEK M	Service		Car		Fuel		Total Cars		Segment reconciliation		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Net turnover</b>												
External sales	3,063	2,578	13,782	11,329	760	768	17,605	14,675	4	18	17,609	14,693
Internal sales	692	559					692	559	-692	-559	-	-
<b>Total net turnover</b>	<b>3,755</b>	<b>3,137</b>	<b>13,782</b>	<b>11,329</b>	<b>760</b>	<b>768</b>	<b>18,297</b>	<b>15,234</b>	<b>-688</b>	<b>-541</b>	<b>17,609</b>	<b>14,693</b>
Depreciation/amortisation	-60	-37	-287	-197	-3	-3	-350	-237	-24	-42	-374	-279
Operating profit/loss	389	309	252	231	19	17	660	557	-71	138	589	695
Interest income											39	2
Interest expenses											-64	-19
Shares in profits of associated companies											22	21
Profit before tax			22	21			22	21			586	699
Tax expense for the period											-123	-147
<b>Profit for the year from continuing operations</b>											463	552
Loss from discontinued operation, net after tax											-	-101
<b>Net profit for the period</b>											463	451
<b>Material items of income and expense of a non-recurring nature recognised in the Statement of Income and Other Comprehensive Income:</b>												
<i>Items affecting comparability</i>												
- Profit from sale of operation, other	15	2	6	2			21	4			21	4
- Redemption of PRI liability		13		52			0	65		132	-	197
- Structural costs etc.	-2		-5				-7	0			-7	-
<b>Items of non-recurring nature</b>	<b>13</b>	<b>15</b>	<b>1</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>69</b>	<b>-</b>	<b>132</b>	<b>14</b>	<b>201</b>
<b>Acquisition costs</b>												
- Acquisition-related costs and value adjustments	-4	-1	-4	0			-8	-1			-8	-1
- Amortisation of surplus values	-18	-11	-21	-12			-39	-23			-39	-23
<b>Acquisition costs</b>	<b>-22</b>	<b>-12</b>	<b>-25</b>	<b>-12</b>	<b>-</b>	<b>-</b>	<b>-47</b>	<b>-24</b>	<b>-</b>	<b>-</b>	<b>-47</b>	<b>-24</b>
<b>Material items not affecting cash besides depreciation/amortisation:</b>												
- Other	-45	-33	-6	-6	0	0	-51	-39	61	22	10	-17
<b>Total</b>	<b>-45</b>	<b>-33</b>	<b>-6</b>	<b>-6</b>	<b>0</b>	<b>0</b>	<b>-51</b>	<b>-39</b>	<b>61</b>	<b>22</b>	<b>10</b>	<b>-17</b>
<b>Assets</b>												
Interests in associated companies			372	368			372	368			372	368
Deferred tax assets											140	134
Other assets											8,848	5,987
<b>Total assets</b>			<b>372</b>	<b>368</b>			<b>372</b>	<b>368</b>			<b>9,360</b>	<b>6,489</b>
Investments in non-current assets	81	52	1,129	814	11	1	1,221	867	49	31	1,270	898
<b>Liabilities</b>												
Equity											2,327	1,872
Liabilities											7,033	4,617
<b>Total liabilities and equity</b>											<b>9,360</b>	<b>6,489</b>

SEK M	Revenue from external customers		Non-current assets	
	2016	2015	2016	2015
<b>Geographical segments</b>				
Sweden	11,753	10,467	4,236	3,110
Norway	4,633	4,227	982	887
Germany	538	-	69	-
Luxembourg	530	-	604	-
Belgium	156	-	263	-
Segment reconciliation	-1	-1	-1,345	-671
<b>Total</b>	<b>17,609</b>	<b>14,693</b>	<b>4,809</b>	<b>3,326</b>



## Group's operating segments con'd.

Nine months												
SEK M	Sweden		Service Norway		Western Europe		Sweden		Car Norway		Western Europe	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Net turnover</b>												
External sales	2,085	1,845	747	733	231		8,907	7,851	3,882	3,478	993	
Internal sales	426	382	247	177	19							
<b>Total net turnover</b>	<b>2,511</b>	<b>2,227</b>	<b>994</b>	<b>910</b>	<b>250</b>		<b>8,907</b>	<b>7,851</b>	<b>3,882</b>	<b>3,478</b>	<b>993</b>	
Depreciation/amortisation	-37	-27	-11	-10	-12		-253	-188	-22	-9	-12	
Operating profit/loss	272	227	102	82	15		205	184	47	47	0	
Shares in profits of associated companies							22	21				
<b>Material items of income and expense of a non-recurring nature recognised in the Statement of Income and Other Comprehensive Income:</b>												
<i>Items affecting comparability</i>												
- Profit from sale of operation, other	15			2			6			2		
- Redemption of PRI liability	-1	13					-1	52				
- Structural costs etc.			-1						-4			
<b>Items of non-recurring nature</b>	<b>14</b>	<b>13</b>	<b>-1</b>	<b>2</b>	<b>0</b>		<b>5</b>	<b>52</b>	<b>-4</b>	<b>2</b>	<b>0</b>	
<b>Acquisition costs</b>												
- Acquisition-related costs and value adjustments	-1			-1	-3		-1				-3	
- Amortisation of surplus values	-6	-5	-6	-6	-6		-7	-5	-6	-7	-8	
<b>Acquisition costs</b>	<b>-7</b>	<b>-5</b>	<b>-6</b>	<b>-7</b>	<b>-9</b>		<b>-8</b>	<b>-5</b>	<b>-6</b>	<b>-7</b>	<b>-11</b>	
<b>Material items not affecting cash besides depreciation/amortisation:</b>												
- Other	-42	-31	-3	-2	0		-7	-7	1	1	0	
<b>Total</b>	<b>-42</b>	<b>-31</b>	<b>-3</b>	<b>-2</b>	<b>0</b>		<b>-7</b>	<b>-7</b>	<b>1</b>	<b>1</b>	<b>0</b>	
<b>Assets</b>												
Interests in associated companies							372	368				
Investments in non-current assets	51	29	29	23	1		1,008	732	120	82	1	

Germany is included as from 1 October 2015.

Luxembourg is included as from 1 April 2016.

Belgium is included as from 1 July 2016.



## Consolidated Statement of Income and Other Comprehensive Income

SEK M	Third quarter		Nine months		Oct. 15 -	Full year
	2016	2015	2016	2015	Sept. 16	2015
<b>Continuing operations</b>						
Net turnover	5,743	4,597	17,609	14,693	23,359	20,443
Costs of goods sold	-4,871	-3,850	-14,881	-12,331	-19,626	-17,076
<b>Gross profit</b>	<b>872</b>	<b>747</b>	<b>2,728</b>	<b>2,362</b>	<b>3,733</b>	<b>3,367</b>
Other operating income	1	2	26	206	37	217
Selling expenses	-573	-478	-1,753	-1,522	-2,375	-2,144
Administrative expenses	-130	-114	-394	-347	-540	-493
Other operating expenses	-7	-3	-18	-4	-32	-18
<b>Operating profit<sup>1)</sup></b>	<b>163</b>	<b>154</b>	<b>589</b>	<b>695</b>	<b>823</b>	<b>929</b>
Financial income	19	0	39	2	41	4
Financial expenses	-28	-5	-64	-19	-75	-30
Shares in profits of associated companies	8	13	22	21	31	30
Net financial items	-1	8	-3	4	-3	4
<b>Profit before tax</b>	<b>162</b>	<b>162</b>	<b>586</b>	<b>699</b>	<b>820</b>	<b>933</b>
Tax	-35	-31	-123	-147	-178	-202
<b>Profit for the period from continuing operations</b>	<b>127</b>	<b>131</b>	<b>463</b>	<b>552</b>	<b>642</b>	<b>731</b>
<b>Discontinued operation</b>						
Loss from discontinued operation, net after tax	0	0	0	-101	17	-84
<b>Net profit for the period</b>	<b>127</b>	<b>131</b>	<b>463</b>	<b>451</b>	<b>659</b>	<b>647</b>
<b>Other comprehensive income/loss</b>						
<i>Items that cannot be reclassified to profit or loss</i>						
Revaluation of defined-benefit pension plans	0	0	0	-125	5	-120
Tax attributable to items that cannot be reclassified to profit or loss	0	0	0	28	-2	26
	0	0	0	-97	3	-94
<i>Items that can be reclassified to profit or loss</i>						
Translation differences attributable to foreign operations	37	-24	64	-29	48	-45
Tax attributable to items that have been or may be reclassified to profit or loss	0	0	0	0	0	0
	37	-24	64	-29	48	-45
<b>Other comprehensive income/loss after tax</b>	<b>37</b>	<b>-24</b>	<b>64</b>	<b>-126</b>	<b>51</b>	<b>-139</b>
<b>Comprehensive income for the period</b>	<b>164</b>	<b>107</b>	<b>527</b>	<b>325</b>	<b>710</b>	<b>508</b>
<b>Net profit for the period attributable to:</b>						
Parent Company's shareholders	127	131	463	451	659	647
<b>Comprehensive income for the period attributable to:</b>						
Parent Company's shareholders	164	107	527	325	710	508
Weighted average number of shares, '000:						
- before dilution	51,400	50,420	51,040	50,398	50,887	50,406
- after dilution	51,400	50,919	51,063	50,919	51,027	50,919
Basic earnings/loss per share, SEK	2.50	2.60	9.10	8.95	13.00	12.85
Diluted earnings/loss per share, SEK	2.50	2.55	9.10	8.85	13.00	12.75
<b>Continuing operations</b>						
Basic earnings/loss per share, SEK	2.50	2.60	9.10	10.95	12.65	14.50
Diluted earnings/loss per share, SEK	2.50	2.60	9.10	10.85	12.65	14.40
<sup>1)</sup> Straight-line amortisation/depreciation by asset class:						
- Intellectual property	-21	-11	-52	-35	-65	-48
- Land and buildings	-6	-4	-15	-11	-28	-24
- Equipment, tools, fixtures and fittings	-23	-19	-65	-55	-76	-66
- Leased vehicles	-81	-62	-242	-178	-318	-254
Total	-131	-96	-374	-279	-487	-392

## Consolidated Statement of Financial Position, Summary

SEK M	30/9 2016	31/12 2015	30/9 2015
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Intellectual property	567	271	227
Goodwill	661	368	321
	1,228	639	548
<b>Property, plant and equipment</b>			
Land and buildings	209	131	127
Construction in progress	21	8	10
Equipment, tools, fixtures and fittings	411	331	318
Leased vehicles <sup>1)</sup>	2,560	2,048	1,945
	3,201	2,518	2,400
<b>Long-term investments</b>			
Financial investments <sup>1)</sup>	380	384	376
Long-term receivables <sup>2)</sup>	0	0	2
	380	384	378
Deferred tax assets	140	128	134
<b>Total non-current assets</b>	<b>4,949</b>	<b>3,669</b>	<b>3,460</b>
<b>Current assets</b>			
Inventories, merchandise	2,887	2,564	2,012
<b>Current receivables</b>			
Other receivables <sup>1)</sup>	1,367	1,097	908
Cash and cash equivalents <sup>2)</sup>	157	99	109
<b>Total current assets</b>	<b>4,411</b>	<b>3,760</b>	<b>3,029</b>
<b>Total assets</b>	<b>9,360</b>	<b>7,429</b>	<b>6,489</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	257	252	252
Other contributed capital	167	48	47
Reserves	-35	-99	-83
Retained earnings including net profit for the year	1,938	1,855	1,656
<b>Total equity</b>	<b>2,327</b>	<b>2,056</b>	<b>1,872</b>
<b>Non-current liabilities</b>			
Debenture loan <sup>3)</sup>	-	-	28
Bond issue <sup>4)</sup>	496	-	-
Interest-bearing liabilities <sup>3)</sup>	174	75	63
Other liabilities and provisions <sup>4)</sup>	2,091	1,438	1,541
	2,761	1,513	1,632
<b>Current liabilities</b>			
Debenture loan <sup>3)</sup>	-	28	-
Interest-bearing liabilities <sup>3)</sup>	388	688	279
Other liabilities and provisions	3,884	3,144	2,706
	4,272	3,860	2,985
<b>Total equity and liabilities</b>	<b>9,360</b>	<b>7,429</b>	<b>6,489</b>
Assets			
<sup>1)</sup> Of which interest-bearing	372	377	369
<sup>2)</sup> Interest-bearing	157	99	111
Liabilities			
<sup>3)</sup> Interest-bearing	562	791	370
<sup>4)</sup> Of which interest-bearing	512	8	12

## Statement of Changes in Group Equity, Summary

SEK M	30/9 2016	31/12 2015	30/9 2015
Opening balance	2,056	1,849	1,849
Cash dividend to shareholders	-380	-302	-302
Exercised warrants / debenture loan	2	1	0
Sold warrants	1	-	-
New share issue	115	-	-
Discount / issue at discounted price	6	-	-
Comprehensive income for the period	527	508	325
<b>Closing balance</b>	<b>2,327</b>	<b>2,056</b>	<b>1,872</b>

## Consolidated Statement of Cash Flows

SEK M	Third quarter		Nine months		Oct. 15 -	Full year
	2016	2015	2016	2015	Sept. 16	2015
<b>Operating activities</b>						
Profit before tax from continuing operations	162	162	586	699	820	933
Loss before tax from discontinued operation	0	47	0	-164	23	-141
Depreciation and impairment losses from continuing operations	131	96	374	279	499	404
Depreciation and impairment losses from discontinued operation	0	0	0	2	0	2
Other items not affecting cash	4	73	10	-17	-31	-58
Tax paid	-24	-23	-103	-59	-103	-59
Change in inventories	73	-89	199	40	-337	-496
Change in operating receivables	211	93	48	151	-112	-9
Change in operating liabilities	93	51	461	-62	782	259
<b>Cash flow from operating activities</b>	<b>650</b>	<b>410</b>	<b>1,575</b>	<b>869</b>	<b>1,541</b>	<b>835</b>
<b>Investing activities</b>						
Acquisition of non-current assets (intangible and tangible)	-86	-61	-202	-137	-229	-164
Disposal of non-current assets (intangible and tangible)	0	0	15	34	25	44
Acquisition of leased vehicles	-325	-249	-1,068	-761	-1,463	-1,156
Disposal of leased vehicles	69	23	411	437	627	653
<b>Operating cash flow</b>	<b>308</b>	<b>123</b>	<b>731</b>	<b>442</b>	<b>501</b>	<b>212</b>
Investment in financial assets	0	-3	-7	-26	-7	-26
Disposal of financial assets	58	3	63	25	65	27
Acquisition of subsidiary/operation, net	6	0	-243	-195	-332	-284
Disposal of subsidiary/operation, net	0	0	42	55	42	55
Disposal of discontinued operation, net	0	4	0	4	1	5
<b>Cash flow after net investments</b>	<b>372</b>	<b>127</b>	<b>586</b>	<b>305</b>	<b>270</b>	<b>-11</b>
<b>Financing activities</b>						
Borrowings	0	400	1,216	800	1,416	1,000
Repayment of loans	0	-800	-866	-800	-966	-900
Change in overdraft facility	-543	11	-506	-510	-300	-304
Exercised warrants / debenture loan	0	0	2	0	3	1
Sold warrants	0	0	1	0	1	0
Dividend paid to Parent Company's shareholders	0	0	-380	-302	-380	-302
<b>Cash flow from financing activities</b>	<b>-543</b>	<b>-389</b>	<b>-533</b>	<b>-812</b>	<b>-226</b>	<b>-505</b>
<b>Change in cash and cash equivalents, excl. translation differences</b>	<b>-171</b>	<b>-262</b>	<b>53</b>	<b>-507</b>	<b>44</b>	<b>-516</b>
<b>Cash and cash equivalents recognised in assets held for sale</b>	<b>0</b>	<b>180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Exchange difference in cash and cash equivalents	-3	10	5	0	4	-1
<b>Change in cash and cash equivalents</b>	<b>-174</b>	<b>-72</b>	<b>58</b>	<b>-507</b>	<b>48</b>	<b>-517</b>
Cash and cash equivalents at start of period	331	181	99	616	109	616
Cash and cash equivalents at end of period	157	109	157	109	157	99

## Fair value of financial instruments

The carrying amount of financial instruments is a reasonable approximation of fair value.

Fair value is determined on the basis of the following three levels:

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: based on directly or indirectly observable market inputs other than those included in level 1.

Level 3: according to inputs not based on observable market data.

Currency derivatives that belong to financial assets and liabilities, valuation level 2, have been valued to fair value. The value of the currency derivatives is not material and does not constitute a significant item. Fair value measurement has affected earnings positive by SEK 1 M.

## Calculation of fair value

The fair value of currency derivatives is determined on the basis of market rates. If such rates are not available, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be obtained on the balance sheet date for the remaining contract period.



## Quarterly review

	4/14	1/15	2/15	3/15	4/15	1/16	2/16	3/16
<b>Continuing operations</b>								
Net turnover, SEK M	5,037	4,715	5,381	4,597	5,750	5,433	6,433	5,743
Operational earnings, SEK M	210	161	195	162	247	195	240	187
Operational margin, %	4.2	3.4	3.6	3.5	4.3	3.6	3.7	3.3
Operating profit, SEK M	198	157	384	154	234	185	241	163
Operating margin, %	3.9	3.3	7.1	3.4	4.1	3.4	3.7	2.8
Profit before tax, SEK M	204	154	383	162	234	183	241	162
The ratio of net debt to EBITDA, times <sup>1)</sup>	-0.1	0.1	0.1	-0.1	0.4	0.8	0.7	0.5
Interest coverage ratio, times <sup>1)</sup>	15.0	17.8	30.9	41.3	32.9	28.6	16.9	12.1
<b>The Bilia Group</b>								
Profit/loss for the period, SEK M	119	23	297	131	196	143	193	127
Rate of capital turnover, times <sup>1)</sup>	3.06	2.99	2.99	2.98	2.96	2.93	2.93	2.87
Return on capital employed, % <sup>1)</sup>	19.8	21.8	31.7	33.8	36.2	35.6	29.7	28.8
Return on equity, % <sup>1)</sup>	21.0	18.5	30.5	31.6	33.2	39.7	32.9	31.0
Net debt/equity, times	-0.04	0.05	0.04	-0.05	0.16	0.33	0.31	0.23
Equity/assets ratio, %	27	24	25	29	28	26	24	25
<b>Data per share (SEK) <sup>2)</sup></b>								
Earnings/loss for the period	2.35 <sup>3)</sup>	0.45 <sup>5)</sup>	5.90 <sup>7)</sup>	2.60 <sup>9)</sup>	3.90 <sup>11)</sup>	2.80 <sup>13)</sup>	3.80 <sup>15)</sup>	2.50
Equity	37 <sup>4)</sup>	35 <sup>6)</sup>	35 <sup>8)</sup>	37 <sup>10)</sup>	41 <sup>12)</sup>	44 <sup>14)</sup>	42	45
Operating cash flow	0.15 <sup>3)</sup>	2.40 <sup>5)</sup>	3.90 <sup>7)</sup>	2.45 <sup>9)</sup>	-4.55 <sup>11)</sup>	2.15 <sup>13)</sup>	6.15 <sup>15)</sup>	6.05

For continuing operations, Bilia's Danish operation has been excluded for year 2014.

- 1) Rolling 12 months.
- 2) Based on number of shares outstanding, 51,399,976.
- 3) Based on weighted average number of shares outstanding during fourth quarter, 50,334,058.
- 4) Based on number of shares outstanding at 31 December 2014, 50,348,066.
- 5) Based on weighted average number of shares outstanding during first quarter, 50,366,845.
- 6) Based on number of shares outstanding at 31 March 2015, 50,393,016.
- 7) Based on weighted average number of shares outstanding during second quarter, 50,405,884.
- 8) Based on number of shares outstanding at 30 June 2015, 50,418,122.
- 9) Based on weighted average number of shares outstanding during third quarter, 50,419,599.
- 10) Based on number of shares outstanding at 30 September 2015, 50,424,016.
- 11) Based on weighted average number of shares outstanding during fourth quarter, 50,430,765.
- 12) Based on number of shares outstanding at 31 December 2015, 50,436,052.
- 13) Based on weighted average number of shares outstanding during first quarter, 50,662,922.
- 14) Based on number of shares outstanding at 31 March 2016, 50,700,734.
- 15) Based on weighted average number of shares outstanding during second quarter, 51,054,197.

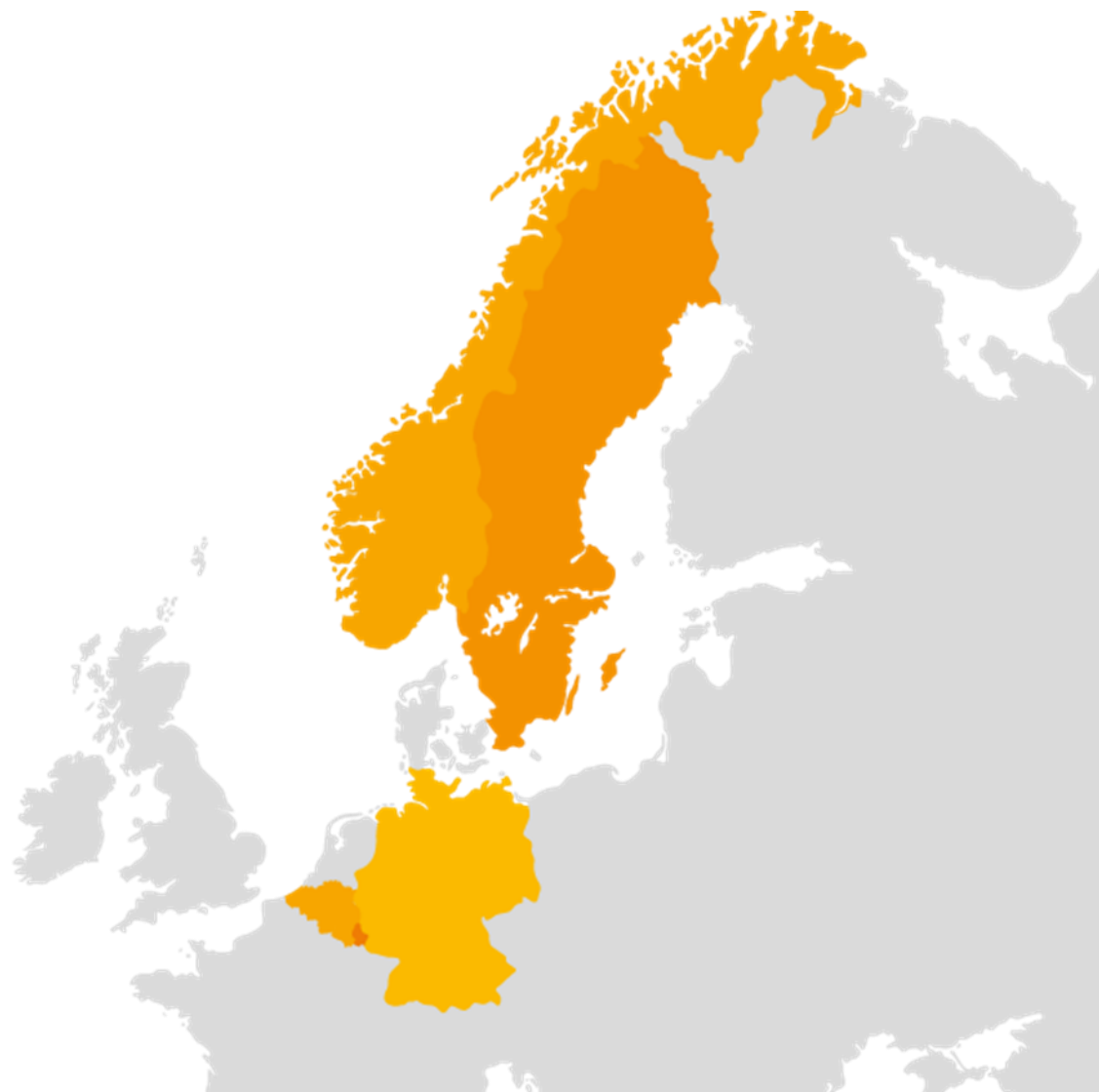


## Income Statement for Parent Company

SEK M	Third quarter		Nine months		Oct. 15 -	Full year
	2016	2015	2016	2015	Sept. 16	2015
Net turnover	95	106	297	338	398	439
Administrative expenses	-105	-116	-337	-388	-457	-508
<b>Operating loss <sup>1)</sup></b>	<b>-10</b>	<b>-10</b>	<b>-40</b>	<b>-50</b>	<b>-59</b>	<b>-69</b>
<b>Result from financial items</b>						
Income from interests in Group companies	0	0	35	0	12	-23
Interest income from Group companies	7	6	26	16	32	22
Other interest income and similar line items	18	0	37	1	38	2
Interest expenses to Group companies	0	0	0	0	0	0
Interest expenses and similar line items	-21	-3	-50	-8	-55	-13
<b>Loss after financial items</b>	<b>-6</b>	<b>-7</b>	<b>8</b>	<b>-41</b>	<b>-32</b>	<b>-81</b>
Appropriations	0	0	0	0	345	345
<b>Profit before tax</b>	<b>-6</b>	<b>-7</b>	<b>8</b>	<b>-41</b>	<b>313</b>	<b>264</b>
Tax	0	3	5	8	-3	0
<b>Net profit for the period</b>	<b>-6</b>	<b>-4</b>	<b>13</b>	<b>-33</b>	<b>310</b>	<b>264</b>

<sup>1)</sup> Straight-line amortisation/depreciation by asset class:

- Intellectual property	0	-3	-5	-12	-9	-16
- Buildings	-1	-1	-3	-2	-5	-4
- Equipment, tools, fixtures and fittings	0	-1	-2	-3	-2	-3
Total	-1	-5	-10	-17	-16	-23



## Balance Sheet for Parent Company, Summary

SEK M	30/9 2016	31/12 2015	30/9 2015
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Intellectual property	2	54	50
	2	54	50
<b>Property, plant and equipment</b>			
Buildings	37	33	28
Construction in progress	17	8	10
Equipment, tools, fixtures and fittings	2	14	12
	56	55	50
<b>Long-term investments</b>			
Interests in Group companies	1,103	793	679
Other securities held as non-current assets	0	0	0
Deferred tax asset	103	99	41
	1,206	892	720
<b>Total non-current assets</b>	<b>1,264</b>	<b>1,001</b>	<b>820</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	125	1,179	36
Other receivables	187	117	134
Cash on hand and accrued deposits	430	1	421
<b>Total current assets</b>	<b>742</b>	<b>1,297</b>	<b>591</b>
<b>Total assets</b>	<b>2,006</b>	<b>2,298</b>	<b>1,411</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	257	252	252
Statutory reserve	47	47	47
	304	299	299
<b>Non-restricted equity</b>			
Share premium reserve	167	48	47
Retained earnings including net profit for the year	398	765	468
	565	813	515
<b>Total equity</b>	<b>869</b>	<b>1,112</b>	<b>814</b>
<b>Untaxed reserves</b>	<b>468</b>	<b>468</b>	<b>386</b>
<b>Provisions</b>			
Deferred tax liability	3	3	2
	3	3	2
<b>Non-current liabilities</b>			
Debenture loan	-	-	28
Bond issue	496	-	-
Other liabilities	5	5	5
	501	5	33
<b>Current liabilities</b>			
Debenture loan	-	28	-
Liabilities to Group companies	7	52	-
Other loans	-	432	-
Other liabilities	158	198	176
	165	710	176
<b>Total equity and liabilities</b>	<b>2,006</b>	<b>2,298</b>	<b>1,411</b>
<b>Pledged assets and contingent liabilities for Parent Company</b>			
Pledged assets	598	601	596
Contingent liabilities	851	986	717



## Definitions

**Return on equity** Net profit for the year in relation to average equity.

**Return on capital employed** Operating profit plus interest expense included in the business and financial income in relation to average capital employed.

**Amortisation of surplus values** Occurs in connection with acquisitions of operations and is recognised under intangible assets. Normally these surplus values are amortised over a 10-year period.

**EBITDA** Operational earnings plus total depreciation/amortisation less amortisation of surplus values and depreciation of leased vehicles with repurchase agreements.

**Acquisition-related costs and value adjustments** Pertains to costs for legal consultants and other external costs associated directly with an acquisition, and value adjustments regarding acquired inventory assets, that are depreciated over a 3-month period.

**Comparable operations** Financial information and number of units that are adjusted for operations that have been acquired or disposed of during one of the periods.

**Items affecting comparability** Pertains to significant revenues or expenses that are non-recurring or attributable to operational activities. Examples of items affecting comparability may be restructuring costs, costs for disputes, impairment of goodwill and losses or gains in connection with disposal of operations or assets.

**Rate of capital turnover** Net turnover in relation to average balance sheet total.

**Liquidity** Unutilised credit with the banks, Nordea and DNB, and cash and cash equivalents. Liquidity amounted to SEK 1,580 M at the end of the third quarter.

**Net debt** Net debt consists of interest-bearing liabilities less cash and cash equivalents, interest-bearing current and long-term receivables, interests in associated companies and leased vehicles, long-term.

SEK M	30/9 2016	31/12 2015	30/9 2015
Current interest-bearing liabilities	388	716	279
Non-current interest-bearing liabilities	674	75	91
Pension liabilities	12	8	12
Cash and cash equivalents	-157	-99	-109
Interest-bearing assets	0	0	-3
Interests in associated companies	-372	-377	-368
Non-current leased assets	0	0	0
<b>Net debt(+)/receivable(-) at end of year / period</b>	<b>545</b>	<b>323</b>	<b>-98</b>

### The ratio of net debt to EBITDA

SEK M	30/9 2016	31/12 2015	30/9 2015
Operating earnings	622	765	518
Total depreciation / amortisation	374	392	279
-amortisation of surplus values	-39	-32	-23
-depreciation of leased vehicles with repurchase agreements	-204	-214	-151
Depreciation / amortisation added back	131	146	105
<b>EBITDA</b>	<b>753</b>	<b>911</b>	<b>623</b>
The ratio of net debt to EBITDA rolling 12 months, times	0.5	0.4	-0.1

**Operational margin** Operational earnings in relation to net turnover.

**Operational profit before tax** Profit before tax adjusted for items affecting comparability, acquisition-related costs and value adjustments as well as amortisation of surplus values.

**Operational earnings** Operating profit adjusted for items affecting comparability, acquisition-related costs and value adjustments as well as amortisation of surplus values.

**Gain from sale of operation** Difference between purchase consideration and the operation's consolidated carrying amount, less selling costs.

**Interest coverage ratio** Operating profit plus interest expense included in the business and financial income in relation to financial expenses plus interest expense included in operating expenses.

**Operating margin** Operating profit in relation to net turnover.

**Equity/assets ratio** Equity in relation to balance sheet total.

**Structural costs** Expenses that are significant and non-recurring. Examples of structural costs may be costs for reducing the number of employees and costs for vacating a leased facility before the expiration of the lease.

**Capital employed** Balance sheet total less non-interest-bearing current liabilities and provisions as well as deferred tax liabilities.

**Growth** Increase or decrease of net turnover in relation to the preceding year. Net turnover is adjusted for operations that have been acquired or disposed of during one of the periods. Adjustment is also made for exchange rate differences.

**Underlying values** Values that are adjusted for operations that have been acquired or disposed of during one of the periods. Adjustment is made for exchange rate differences, where applicable.