

Capio AB (publ)

Interim report January – June 2016

April – June 2016

- Net sales MSEK 3,573 (3,441). Organic sales growth 4.0% (3.5) and total sales growth 3.8% (2.5)
- Operating result (EBITDA)¹ MSEK 276 (237) and operating margin 7.7% (6.9). EBITDA increased by 16.5%
- Operating result (EBITA)¹ MSEK 172 (136) and operating margin 4.8% (4.0). EBITA increased by 26.5%
- Operating result (EBIT) MSEK 157 (66) and operating margin 4.4% (1.9). EBIT increased by 137.9%
- Profit for the period¹ MSEK 113 (-31) and adjusted profit for the period¹ MSEK 123 (60). Earnings per share² SEK 0.80 (-0.25) and adjusted earnings per share² SEK 0.87 (0.47)

January – June 2016

- Net sales MSEK 7,176 (6,919). Organic sales growth 3.8% (3.2) and total sales growth 3.7% (2.8)
- Operating result (EBITDA)¹ MSEK 572 (528) and operating margin 8.0% (7.6). EBITDA increased by 8.3%
- Operating result (EBITA)¹ MSEK 367 (327) and operating margin 5.1% (4.7). EBITA increased by 12.2%
- Operating result (EBIT) MSEK 333 (228) and operating margin 4.6% (3.3). EBIT increased by 46.1%
- Profit for the period¹ MSEK 235 (42) and adjusted profit for the period¹ MSEK 260 (154). Earnings per share² SEK 1.67 (0.33) and adjusted earnings per share² SEK 1.84 (1.22)

CEO comments:

“Strong development in all segments – France on track for full price decrease compensation in full year 2016.”

- **Organic sales growth of 4% and EBITA growth of 27% in the second quarter 2016**
- **Continued strong development in Nordic and Germany**
- **France improving pace during the second quarter and is on the right track to reach a flat margin development for the full year 2016**

We are now in a trend of strong positive development in all segments and we are in line with our plans going forward.

Nordic showed good net sales and result development. Organic sales growth in the quarter was close to 5% and for the first six months it was just below 4%. Operating margin (EBITA) improved more than one percentage point in the quarter and close to a percentage point in the first six months, compared to the same periods 2015.

The productivity increase in Proximity care in Sweden is continuing on plan. Capio S:t Göran's hospital in Stockholm is enjoying double digit sales growth as a consequence of the transfer of patient volumes in connection with the preparation of the opening of the down-sized New Karolinska Hospital. The new and larger accident and emergency department (A&E) at Capio S:t Göran opened in late April and will contribute to continued good growth. Specialist care has also good development and is preparing to strengthen and streamline the offer in the free healthcare choice market. Norway has successfully integrated last year's acquisitions and is improving results.

France has over the first six months almost fully compensated for the Government's price cut in March of over 2%. In the first quarter the negative margin gap was 0.4 percentage point compared to the same quarter last year. In the second quarter the gap decreased to 0.1 percentage point. Ongoing actions are aiming at closing the gap during the rest of the year. These actions contain reorganization of employees, more efficient procurement, continuous improvements in a few remaining

lagging units and business development in medical specialties. When compensating the remaining margin gap during the second half of the year, this will create a good starting point for next year's work to continue improve margins, as France will then end the year with a higher run rate than the average margin for 2016.

It is encouraging to see that the growth in patient volumes was very strong in France in the quarter – 6.3%. This reflects the attractiveness of our focus on Modern Medicine and the continuous shift from in- to out-patient treatments. It can be noted that doctors in Capio Clinique du Tonkin Heart Clinic in Lyon performed the first ever daycare TAVI operation (cardiac valve insertion) in France on an 86 year old patient. The patient arrived early in the morning and left in good health and spirit just after 6 pm on the same day.

As expected, **Germany** had a strong second quarter and is for the first six months on plan and positioned for continued improvements. The improvements in the general hospitals continued with both strong organic sales growth and increased productivity giving improved margins.

In total 731 employees signed up for the **convertible debenture loan** with a total amount of MSEK 155, whereof all members of Group management (MSEK 23) and 12 out of 14 business area and regional managers (MSEK 16) participated.

The **focus going forward** is of course on securing the ongoing strong trends in the current businesses. We are also increasing the preparations for digitalization in all areas from easier access for patients over workflow improvements to standardizing administration and medical records. There are a number of ongoing pilot projects and these will be scaled up when proven efficient.

We are also actively searching for interesting acquisitions.

Thomas Berglund
President and CEO

¹ Refer to page 28 for definitions of EBITDA and EBITA. Profit and adjusted profit refer to profit attributable to parent company shareholders.

² Earnings per share and adjusted earnings per share before and after dilution were the same. Refer to note 2 for calculations of earnings per share.

This is a translation of the original Swedish interim report. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

The Group and the segments in brief

Capio Group

	APR – JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
Net sales	3,573	3,441	3.8	7,176	6,919	3.7	13,743	13,486
Total sales growth, %	3.8	2.5		3.7	2.8		2.6	2.2
Organic sales growth, %	4.0	3.5		3.8	3.2		3.2	2.9
Operating result (EBITDA)	276	237	16.5	572	528	8.3	1,045	1,001
Operating margin (EBITDA), %	7.7	6.9		8.0	7.6		7.6	7.4
Operating result (EBITA)	172	136	26.5	367	327	12.2	632	592
Operating margin (EBITA), %	4.8	4.0		5.1	4.7		4.6	4.4
Operating result (EBIT)	157	66	137.9	333	228	46.1	576	471
Operating margin (EBIT), %	4.4	1.9		4.6	3.3		4.2	3.5
Profit for the period¹	113	-31		235	42		387	194
Adjusted profit for the period¹	123	60	105.0	260	154	68.8	432	326
Earnings per share ² , SEK	0.80	-0.25		1.67	0.33		2.74	1.45
Adjusted earnings per share ² , SEK	0.87	0.47		1.84	1.22		3.06	2.44
Net capital expenditure	-113	-90		-209	-145		-455	-391
In % of net sales	3.2	2.6		2.9	2.1		3.3	2.9
Net debt	2,941	3,031		2,941	3,031		2,941	2,936
Financial leverage	2.8	2.9		2.8	2.9		2.8	2.9

Segments

Capio Nordic

	APR – JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
Net sales	1,950	1,856	5.1	3,854	3,697	4.2	7,400	7,243
Total sales growth, %	5.1	1.6		4.2	2.0		2.8	1.6
Organic sales growth, %	4.7	4.8		3.8	5.1		4.0	4.6
Operating result (EBITDA)	137	103	33.0	249	207	20.3	500	458
Operating margin (EBITDA), %	7.0	5.5		6.5	5.6		6.8	6.3
Operating result (EBITA)	98	68	44.1	175	138	26.8	353	316
Operating margin (EBITA), %	5.0	3.7		4.5	3.7		4.8	4.4
Operating result (EBIT)	86	51	68.6	150	110	36.4	296	256
Operating margin (EBIT), %	4.4	2.7		3.9	3.0		4.0	3.5
Net capital expenditure	-51	-33		-95	-53		-177	-135
In % of net sales	2.6	1.8		2.5	1.4		2.4	1.9

Capio France

	APR – JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
Net sales	1,336	1,304	2.5	2,723	2,617	4.1	5,204	5,098
Total sales growth, %	2.5	6.4		4.1	6.8		3.4	4.7
Organic sales growth, %	2.0	1.8		3.5	1.2		1.9	0.7
Operating result (EBITDA)	143	143	0.0	313	313	0.0	529	529
Operating margin (EBITDA), %	10.7	11.0		11.5	12.0		10.2	10.4
Operating result (EBITA)	85	85	0.0	196	195	0.5	287	286
Operating margin (EBITA), %	6.4	6.5		7.2	7.5		5.5	5.6
Operating result (EBIT)	85	74	14.9	193	173	11.6	295	275
Operating margin (EBIT), %	6.4	5.7		7.1	6.6		5.7	5.4
Net capital expenditure	-57	-45		-98	-75		-233	-210
In % of net sales	4.3	3.5		3.6	2.9		4.5	4.1

Capio Germany

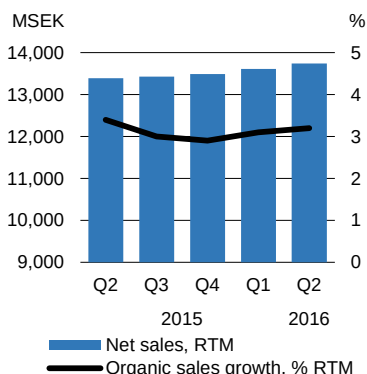
	APR – JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
Net sales	287	281	2.1	599	605	-1.0	1,139	1,145
Total sales growth, %	2.1	5.2		-1.0	5.6		-1.4	2.0
Organic sales growth, %	8.6	2.6		4.9	1.1		4.0	2.0
Operating result (EBITDA)	19	12	58.3	57	52	9.6	99	94
Operating margin (EBITDA), %	6.6	4.2		9.5	8.6		8.7	8.2
Operating result (EBITA)	13	5	160.0	45	40	12.5	79	74
Operating margin (EBITA), %	4.5	1.8		7.5	6.7		6.9	6.4
Operating result (EBIT)	10	1	900.0	37	29	27.6	76	68
Operating margin (EBIT), %	3.5	0.4		6.2	4.8		6.7	5.9
Net capital expenditure	-5	-11		-15	-16		-39	-40
In % of net sales	1.7	3.9		2.5	2.6		3.4	3.5

¹ Profit attributable to parent company shareholders. Refer to note 2 for a reconciliation of reported and adjusted profit for the period and to page 28 for definition of adjusted profit for the period.

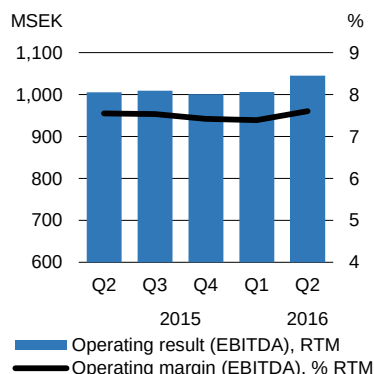
² Refers to average number of outstanding shares and earnings per share before and after dilution. Refer to note 2 for calculations of earnings per share.

Financial targets

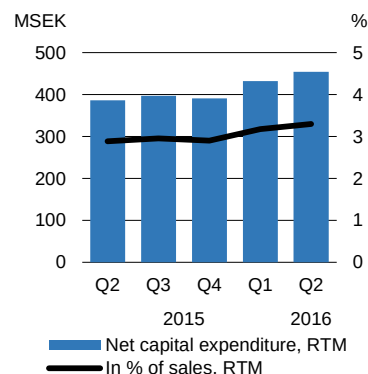
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)¹



Net capital expenditure and in % of sales (RTM)



Net sales growth

- The target is to grow organically at least in line with the market and add acquisition growth at least at a similar rate over time

Operating result (EBITDA)

- The target is to grow operating result at a higher rate than sales growth through increased productivity and operational leverage

Net capital expenditure

- The target with present business mix is to keep net capex around 3% of net sales per year including Modern Medicine and expansion related capex

¹ Development adjusted for structural changes made in 2014. Refer to Capio Annual Report 2015 note 33.

Average length of stay (AVLOS)¹ – measuring Modern Medicine

By implementing Modern Medicine, treatment times can be reduced by Rapid Recovery after treatment. This means shorter stays in hospital reducing the patient's exposure to the hospital environment and increasingly, the patient can leave the hospital already the same day as the treatment is completed. The scientific background for Modern Medicine was developed 20 years ago and starts with the fact that most treatments have side effects that impact the body and make recovery slower. If these side effects can be reduced, the body will recover more rapidly, and discharge criteria can be reached faster. The productivity gains of shorter AVLOS can either be used to treat more patients in the same number of beds or to reduce resources.

AVLOS by segment, Days	APR - JUN			JAN - JUN			FULL YEAR					
	2016	2015	%	2016	2015	%	RTM	2015	2014	%	2013	%
Capio Nordic	3.90	4.21	-7.4	4.01	4.22	-5.0	4.01	4.12	4.16	-1.0	4.21	-1.2
Capio Nordic excluding geriatrics	2.78	3.04	-8.6	2.86	3.02	-5.3	2.85	2.93	3.01	-2.7	3.11	-3.2
Capio France	4.35	4.57	-4.8	4.40	4.66	-5.6	4.48	4.61	4.75	-2.9	4.93	-3.7
Capio Germany	4.63	4.72	-1.9	4.46	4.62	-3.5	4.53	4.61	4.82	-4.4	4.82	0.0
Capio Group	4.29	4.51	-4.9	4.32	4.55	-5.1	4.37	4.49	4.63	-3.0	4.75	-2.5

The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management continued to reduce AVLOS in all segments during the second quarter. The AVLOS reduction in Nordic was positively impacted by shorter stays for hip and knee replacements as knowledge sharing with the best French doctor teams give a clear impact. This effect combined with a lower case mix explained a large part of the significant AVLOS reduction in the quarter. In France the AVLOS trend continued with shorter stays in many specialties. The lower AVLOS trend has yet to fully impact the number of FTEs in France but improvements are expected during 2016 and onwards. The AVLOS trend in Germany was impacted by a higher case mix in the quarter which reduced the pace of improvement.



Ward at Capio S:t Göran's Hospital in Stockholm, Sweden

¹ Refer to page 28 for definition.

Medical breakthroughs by Modern Medicine show the way forward

By its focus on Modern Medicine and Rapid Recovery, Capio France has gained several medical breakthroughs over the recent years. New treatment methods have been adopted by medical- and orthopedic teams leading to less invasive treatment for patients and significantly shorter average length of stay (AVLOS).

An increasing share of operations are performed in day surgery, enabling the patient to leave the hospital on the same day. The development is supported by new ways to prepare the patient before surgery and follow-up after treatment through digital communication by other means.

The first total knee replacement in day surgery in France was conducted at Capio Clinique Saint-Odile in Hagenau in 2011. This breakthrough paved the way for Capio Clinique Paulmy in Bayonne to become the first hospital to perform a total hip replacement in day surgery in 2012. The achievements gained national interest within the medical community and by the French health authorities.

In 2014 the “borne basse” regulation was removed for hip- and knee prosthesis surgery, among other treatments. The previous regulation did not allow for full reimbursement of such surgeries if the AVLOS was shorter than four days. Regulatory changes and internal knowledge has since sped up day surgery activity in

Capio France where 8% of all hip- and knee replacements are now done in day surgery.

In 2013 the first colectomy cancer patient in France was treated in day surgery at Capio Clinique de la Sauvegarde in Lyon, demonstrating the spread of knowledge into other medical areas.

In May 2016 a TAVI operation (cardiac valve insertion) was successfully completed in day surgery by a medical team at Capio Clinique du Tonkin Heart Clinic in Lyon. This was the first TAVI operation in day surgery in France where an 86 year old patient was discharged on the same day as the surgery was performed.

For a news report about the operation click [here](https://www.youtube.com/watch?v=HICSQr0yDkE). (<https://www.youtube.com/watch?v=HICSQr0yDkE>).

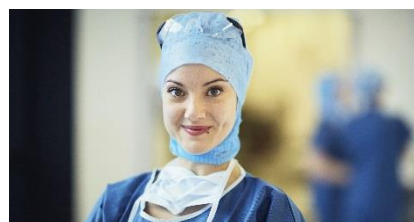
To further speed up the development in day surgery, Capio in France has completed several facility projects involving both refurbishing and completely new healthcare facilities. The projects support new and faster patient pathways, allowing for implementation of Modern Medicine and Rapid Recovery. In the coming years, further facility projects will be completed, including a pure outpatient center in Domont in the Paris area. The Capio Clinique du Domont will be the first of its kind in France.



Hip prosthesis surgery in daycare in Bayonne



Day care unit at Capio Clinique d'Orange

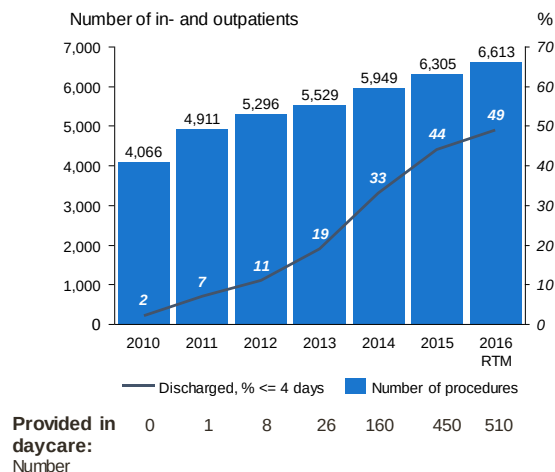


Operating aid nurse at Capio Clinique Belharra

Hip and knee replacements – an example of Modern Medicine

Hip and knee replacements in Capio France continued to grow during the first six months 2016, positively impacted by the use of Modern Medicine as more doctors and patients are coming to our hospitals. The average length of stay continued to decrease and compared with the same RTM period last year the share of patients being discharged within four days increased by nine percentage points (June 2015 RTM at 40%). The number of hip and knee prosthesis surgeries provided as outpatient care in relation to the total number of procedures also continued to increase during the same period. This is an example of how Capio adapts to and contributes to driving Modern Medicine as hip and knee prosthesis surgery in outpatient care, with sustained or improved quality, has only in recent years been possible due to changes in treatment methods and procedures.

Hip and knee prosthesis surgery Capio France



Group development

Capio Group

	APR - JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
KPI; Production, productivity and resources								
Number of outpatients	1,141.7	1,117.4	2.2	2,246.1	2,235.7	0.5	4,408.6	4,398.2
Number of inpatients	58.3	56.2	3.7	118.5	114.8	3.2	226.2	222.5
Number of patients, kNumber	1,200.0	1,173.6	2.2	2,364.6	2,350.5	0.6	4,634.8	4,620.7
AVLOS, Days	4.29	4.51	-4.9	4.32	4.55	-5.1	4.37	4.49
Number of employees (FTE)	12,234	12,134	0.8	12,310	12,206	0.9	12,412	12,360
Income statement								
Net sales	3,573	3,441	3.8	7,176	6,919	3.7	13,743	13,486
Total sales growth, %	3.8	2.5		3.7	2.8		2.6	2.2
Organic sales growth, %	4.0	3.5		3.8	3.2		3.2	2.9
Operating result (EBITDA)	276	237	16.5	572	528	8.3	1,045	1,001
Operating margin (EBITDA), %	7.7	6.9		8.0	7.6		7.6	7.4
Operating result (EBITA)	172	136	26.5	367	327	12.2	632	592
Operating margin (EBITA), %	4.8	4.0		5.1	4.7		4.6	4.4
Profit for the period¹	113	-31		235	42		387	194
Adjusted profit for the period¹	123	60		260	154		432	326
Earnings per share ² , SEK	0.80	-0.25		1.67	0.33		2.74	1.45
Adjusted earnings per share ² , SEK	0.87	0.47		1.84	1.22		3.06	2.44

April – June 2016

Organic sales growth was driven by volume growth in all segments. Organic sales growth outpaced patient growth, mainly impacted by a higher outpatient case mix. Outpatient volume growth was mainly related to France and Germany while inpatient growth was driven by Nordic and France through a combination of higher volumes and acquisitions. Price growth was limited following the general price reduction in France.

The result growth was driven by sales growth combined with operational leverage from productivity improvements in Nordic and Germany. Operating result and margin in Nordic and Germany were positively impacted by the timing of Easter holidays (estimated result impact of MSEK 20). In France the margin development was impacted by the general price reduction, but showed an improved pace compared to the first quarter following an improved productivity. The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management led to shorter AVLOS in all segments. The AVLOS reduction in the quarter was also impacted by a somewhat lower inpatient case mix. Patient growth was above the FTE growth following productivity improvements.

The operating result (EBIT) included amortization on surplus values of MSEK -19 (-18) and restructuring and other non-recurring items and acquisition related costs of MSEK 4 (-52). Restructuring items in the quarter were a net of incomes and costs related to the ongoing structural projects in France. Restructuring items in the second quarter 2015 were mainly related to the IPO in June 2015.

The profit for the period included net financial expenses of MSEK -21 (-110) and income tax of MSEK -22 (13). Net interest was positively impacted by lower interest rates as well as the refinancing and new share issue made in conjunction with the IPO. Other financial items in the second quarter 2015 were impacted by a one-off effect of MSEK -52 from the refinancing of the Group. The effective income tax rate was 16% (+29%) in the quarter as the result also included non-taxable income.

Earnings per share (EPS) (before and after dilution) was SEK 0.80 (-0.25). Adjusted EPS (before and after dilution) was SEK 0.87 (0.47). The positive development was driven by an improved operating result combined with a lower finance net.

¹ Attributable to parent company shareholders.

² Before and after dilution.

January – June 2016

Organic sales growth was driven by volume growth in all segments. Organic sales growth outpaced patient growth, mainly impacted by a higher outpatient case mix. Outpatient volumes were negatively impacted by Nordic (an expired contract within psychiatric care and a lower number of patient visits within primary care) while inpatient growth was driven by a combination of higher volumes and acquisitions. Price growth was limited following the general price reductions in France.

The result growth was driven by sales growth combined with operational leverage from productivity improvements in Nordic and Germany. In France the margin was impacted by the general price reductions. The strategic focus on Modern Medicine and Rapid Recovery as well as Modern Management led to shorter AVLOS in all segments. The AVLOS reduction in the first six months was also impacted by a somewhat lower inpatient case mix. The price change in France in 2015 was compensated for while actions to fully compensate for the 2016 price reduction currently are being implemented. Main actions relate to further FTE reorganizations from Modern Medicine and business development, and by targeted procurement savings.

The operating result (EBIT) included amortization on surplus values of MSEK -38 (-36) and restructuring and other non-recurring items and acquisition related costs of MSEK 4 (-63). Restructuring items were a net of incomes and costs related to the ongoing structural projects in France. Restructuring items in the first six months 2015 were mainly related to the IPO in June 2015.

The profit for the period included net financial expenses of MSEK -43 (-171) and income tax of MSEK -53 (-14). Net interest was positively impacted by lower interest rates as well as the refinancing and new share issue made in conjunction with the IPO. Other financial items in the first six months 2015 were impacted by a one-off effect of MSEK -52 from the refinancing of the Group. The effective income tax rate was 18% (25%) as the result also included non-taxable income. The effective income tax rate adjusted for the non-taxable income was close to 20%.

Earnings per share (EPS) (before and after dilution) was SEK 1.67 (0.33). Adjusted EPS (before and after dilution) was SEK 1.84 (1.22). The positive development was driven by an improved operating result combined with a lower finance net and a lower effective income tax rate.

Development in the segments

Capio Nordic

	APR - JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
KPI; Production, productivity and resources								
Number of outpatients	933.8	928.3	0.6	1,841.7	1,869.1	-1.5	3,645.6	3,673.0
Number of inpatients	13.6	12.6	7.9	26.7	25.2	6.0	51.9	50.4
Number of patients, kNumber	947.4	940.9	0.7	1,868.4	1,894.3	-1.4	3,697.5	3,723.4
AVLOS, Days	3.90	4.21	-7.4	4.01	4.22	-5.0	4.01	4.12
Number of employees (FTE)	5,639	5,564	1.3	5,655	5,601	1.0	5,782	5,755
Income statement								
Net sales outpatients	1,363	1,284	6.2	2,684	2,568	4.5	5,133	5,017
Net sales inpatients	549	531	3.4	1,096	1,051	4.3	2,100	2,055
Net sales other	38	41	-7.3	74	78	-5.1	167	171
Net sales	1,950	1,856	5.1	3,854	3,697	4.2	7,400	7,243
Total sales growth, %	5.1	1.6		4.2	2.0		2.8	1.6
Organic sales growth, %	4.7	4.8		3.8	5.1		4.0	4.6
Operating result (EBITDA)	137	103	33.0	249	207	20.3	500	458
Operating margin (EBITDA), %	7.0	5.5		6.5	5.6		6.8	6.3
Operating result (EBITA)	98	68	44.1	175	138	26.8	353	316
Operating margin (EBITA), %	5.0	3.7		4.5	3.7		4.8	4.4
Cash flow								
Net capital expenditure	-51	-33		-95	-53		-177	-135
In % of net sales	2.6	1.8		2.5	1.4		2.4	1.9

Capio Nordic April – June 2016

Organic sales growth was driven by volume growth in the specialist free healthcare choice and contract businesses in Sweden. Organic sales growth was negatively impacted by an expired contract within psychiatric care (-0.5% effect on organic sales growth). Total sales growth was positively impacted by the acquired businesses in Norway in 2015 and negatively impacted by changes in exchange rates. The higher number of inpatient visits was mainly related to acute and geriatric care in Stockholm. The moderate growth of outpatient visits continued to be impacted by the expired contract in psychiatric care as well as by primary care in Stockholm as the County Council has changed to a lower per visit payment and to a higher fixed capitation payment.

Results and margin were positively impacted by the increased sales growth combined with productivity improvements as well as by the timing of Easter holidays. The acquisitions in Norway supported the result development. The ongoing program to increase productivity within primary care was implemented according to plan, which impacted the result and margin positively. The strategic focus on Modern Medicine and Modern Management continued to shorten AVLOS in the quarter. The AVLOS reduction was also impacted by a lower case mix. The number of FTEs increased more than the number of patients following a higher outpatient case mix.

The increase in net capital expenditure (net capex) was mainly related to the new A&E at Capio S:t Göran that opened in April.

Capio Nordic January – June 2016

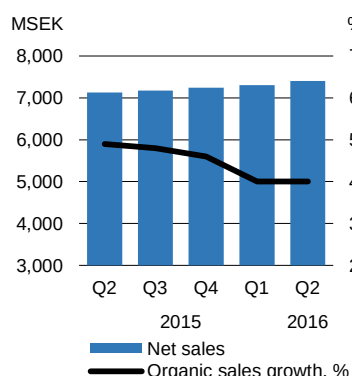
Organic sales growth was driven by volume growth in the specialist free healthcare choice and contract businesses in Sweden combined with a higher outpatient case mix. Organic sales growth was negatively impacted by an expired contract within psychiatric care (-0.5% effect on organic sales growth). Total sales growth was positively impacted by the acquired businesses in Norway and negatively impacted by changes in exchange rates. The higher number of inpatient visits was mainly related to acute and geriatric care in Stockholm. The lower number of outpatient visits was mainly related to the expired contract within psychiatric care as well as from the changes to the primary care choice model in Stockholm.

Results and margin were positively impacted by increased sales growth combined with productivity improvements. The acquisitions in Norway supported the result development. The ongoing program to increase productivity within primary care was implemented according to plan, which impacted the result and margin positively. The strategic focus on Modern Medicine and Modern Management led to shorter AVLOS. The AVLOS reduction was also impacted by a lower case mix. The number of FTEs increased more than the number of patients following the higher outpatient case mix.

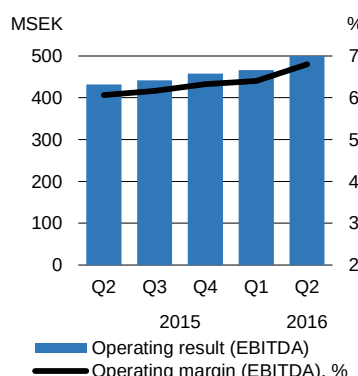
Net capital expenditure (net capex) was mainly related to maintenance capex with the increase compared to 2015 mainly being related to the new A&E at Capio S:t Göran.

Quarterly development from the second quarter 2015 to the second quarter 2016

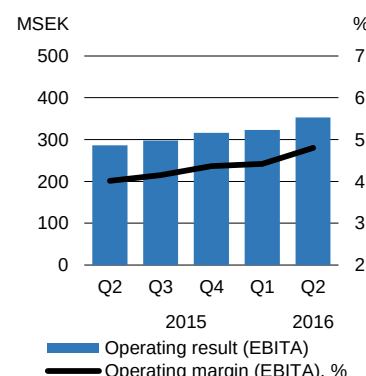
Net sales and organic sales growth (RTM)¹



Operating result (EBITDA) and margin (RTM)¹



Operating result (EBITA) and margin (RTM)¹



¹ Development adjusted for the handover of a Nordic contract business in 2014. Refer to Capio Annual Report 2015 note 33.

Development in the segments (cont.)

Capio France

	APR - JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
KPI: Production, productivity and resources								
Number of outpatients	156.6	146.4	7.0	308.1	283.3	8.8	581.3	556.5
Number of inpatients	35.4	34.2	3.5	72.1	69.0	4.5	136.2	133.1
Number of patients, kNumber	192.0	180.6	6.3	380.2	352.3	7.9	717.5	689.6
AVLOS, Days	4.35	4.57	-4.8	4.40	4.66	-5.6	4.48	4.61
Number of employees (FTE)	5,333	5,188	2.8	5,398	5,229	3.2	5,381	5,296
Income statement								
Net sales outpatients	407	384	6.0	825	755	9.3	1,529	1,459
Net sales inpatients	740	738	0.3	1,526	1,499	1.8	2,934	2,907
Net sales other	189	182	3.8	372	363	2.5	741	732
Net sales	1,336	1,304	2.5	2,723	2,617	4.1	5,204	5,098
Total sales growth, %	2.5	6.4		4.1	6.8		3.4	4.7
Organic sales growth, %	2.0	1.8		3.5	1.2		1.9	0.7
Operating result (EBITDA)	143	143	0.0	313	313	0.0	529	529
Operating margin (EBITDA), %	10.7	11.0		11.5	12.0		10.2	10.4
Operating result (EBITA)	85	85	0.0	196	195	0.5	287	286
Operating margin (EBITA), %	6.4	6.5		7.2	7.5		5.5	5.6
Cash flow								
Net capital expenditure	-57	-45		-98	-75		-233	-210
In % of net sales	4.3	3.5		3.6	2.9		4.5	4.1

Capio France April – June 2016

Organic sales growth was driven by volume, positively impacted by completed expansion projects and additional doctors. Patient growth was positively impacted by volume growth in all seven regions of operation. The shift from in- to outpatient treatments continued while the increase in inpatient visits was driven by a combination of organic growth and acquisitions. The organic sales growth was negatively impacted by the general price reduction of -2.15% from March 1, 2016; in total impacting net sales and results in the quarter by MSEK -23 corresponding to -2.0% of medical sales. At comparable exchange rates total sales growth was 2.7% (3.4).

The operating result and margin were positively impacted by the volume growth and the continued implementation of the Modern Medicine and Rapid Recovery strategy. AVLOS continued to decrease, which will improve staff productivity further during 2016 and onwards. The operating result and margin were positively impacted by productivity improvements and higher volumes and negatively impacted by the price reduction. The pace of the margin development was improved compared to the first quarter following the improved productivity. The price change in 2015 was compensated for while actions to fully compensate for the 2016 price reduction currently are being implemented.

Net capital expenditure (net capex) in the quarter was impacted by expansion projects supporting the Modern Medicine strategy.

Capio France January – June 2016

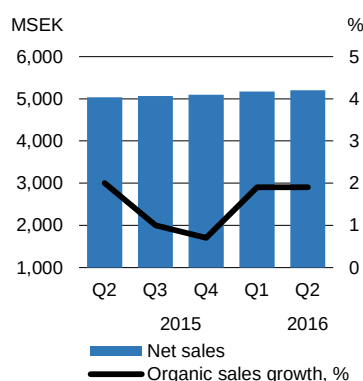
Organic sales growth was driven by patient growth in all seven regions of operation, positively impacted by completed expansion projects and additional doctors. The shift from in- to outpatient treatments continued while the increase in inpatient visits was driven by a combination of organic growth and the acquisitions. The organic growth and result was negatively impacted by MSEK -48 from the general price reductions in 2016 and 2015, corresponding to in total -2.1% of medical sales. The national doctors' strike in the first quarter 2015 combined with acquisitions/divestment impacted growth of net sales and number of patients positively in 2016. At comparable exchange rates total sales growth was 4.5% (2.3).

The operating result and margin were positively impacted by the volume growth and the continued implementation of the Modern Medicine and Rapid Recovery strategy. AVLOS continued to decrease, which will improve staff productivity further during 2016. The operating result and margin were negatively impacted by price reductions. The price change in 2015 was compensated for while actions to fully compensate for the 2016 price reduction currently are being implemented. Main actions relate to further FTE reorganizations from Modern Medicine and business development, and by targeted procurement savings.

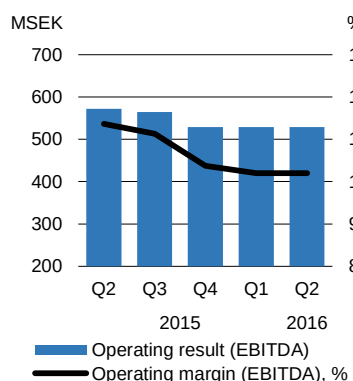
Net capital expenditure (net capex) was mainly related to maintenance capex. The first six months 2015 was positively impacted by the divestment of non-core assets (MSEK 25).

Quarterly development from the second quarter 2015 to the second quarter 2016

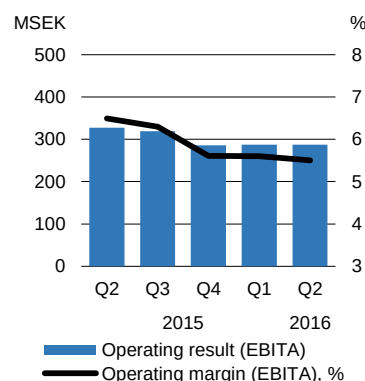
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)¹



Operating result (EBITA) and margin (RTM)¹



¹ Development adjusted for the sale and leaseback transaction in 2014. Refer to Capio Annual Report 2015 note 33.

Development in the segments (cont.)

Capio Germany

	APR - JUN			JAN - JUN			FULL YEAR	
	2016	2015	Change, %	2016	2015	Change, %	RTM	2015
KPI; Production, productivity and resources								
Number of outpatients	51.3	42.6	20.4	96.3	83.3	15.6	181.7	168.7
Number of inpatients	9.3	9.5	-2.1	19.7	20.6	-4.4	38.1	39.0
Number of patients, kNumber	60.6	52.1	16.3	116.0	103.9	11.6	219.8	207.7
AVLOS, Days	4.63	4.72	-1.9	4.46	4.62	-3.5	4.53	4.61
Number of employees (FTE)	1,223	1,346	-9.1	1,218	1,341	-9.2	1,214	1,275
Income statement								
Net sales outpatients	32	28	14.3	64	57	12.3	121	114
Net sales inpatients	250	248	0.8	517	529	-2.3	994	1,006
Net sales other	5	5	0.0	18	19	-5.3	24	25
Net sales	287	281	2.1	599	605	-1.0	1,139	1,145
Total sales growth, %	2.1	5.2		-1.0	5.6		-1.4	2.0
Organic sales growth, %	8.6	2.6		4.9	1.1		4.0	2.0
Operating result (EBITDA)	19	12	58.3	57	52	9.6	99	94
Operating margin (EBITDA), %	6.6	4.2		9.5	8.6		8.7	8.2
Operating result (EBITA)	13	5	160.0	45	40	12.5	79	74
Operating margin (EBITA), %	4.5	1.8		7.5	6.7		6.9	6.4
Cash flow								
Net capital expenditure	-5	-11		-15	-16		-39	-40
In % of net sales	1.7	3.9		2.5	2.6		3.4	3.5

Capio Germany April – June 2016

Organic sales growth was positively impacted by higher outpatient volumes and slightly higher prices. Patient growth was driven by the introduction of new medical specialties (mainly additional outpatient authorizations) in some of the general hospitals, and by the timing of Easter holidays. Total patient and sales growth was negatively impacted by the divestment of the Maximilian hospital as of June 30, 2015. At comparable exchange rates total sales growth was 2.6% (2.6).

Operating result and margin were positively impacted by volume growth and productivity improvements in the general hospitals, and by the timing of Easter holidays. The strategic focus on Modern Medicine led to shorter AVLOS, but a higher case mix in the quarter reduced the pace of improvement. The number of FTEs decreased following the divestment of the Maximilian hospital 2015 and productivity improvements.

Net capital expenditure (net capex) was mainly related to maintenance capex. The reduction of net capex compared to the second quarter 2015 was mainly related to the ongoing construction project in one of the general hospitals (will be completed during 2016).

Capio Germany January – June 2016

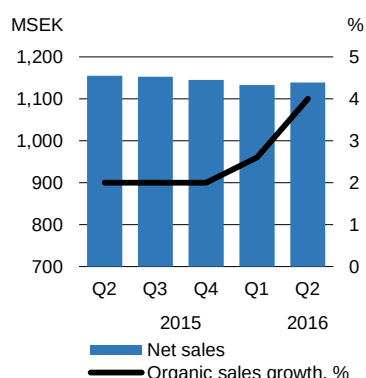
Organic sales growth was positively impacted by higher outpatient volumes and slightly higher prices. Patient growth was driven by the introduction of new medical specialties (mainly additional outpatient authorizations) in some of the general hospitals. Total patient and sales growth was negatively impacted by the divestment of the Maximilian hospital as of June 30, 2015. At comparable exchange rates total sales growth was -0.4% (1.1).

Operating result and margin were positively impacted by volume growth and productivity improvements in the general hospitals. The strategic focus on Modern Medicine led to shorter AVLOS, but a higher case mix reduced the pace of improvement. The number of FTEs decreased following the divestment of the Maximilian hospital and productivity improvements.

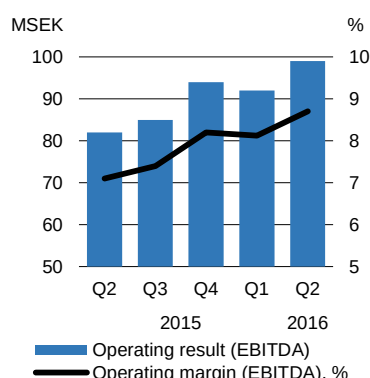
Net capital expenditure (net capex) was mainly related to maintenance capex and the construction project in one of the general hospitals (will be completed during 2016).

Quarterly development from the second quarter 2015 to the second quarter 2016

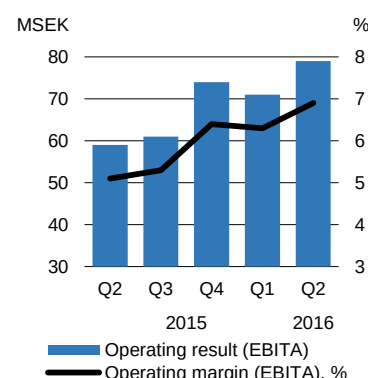
Net sales and organic sales growth (RTM)



Operating result (EBITDA) and margin (RTM)



Operating result (EBITA) and margin (RTM)



Cash flow

	APR - JUN		JAN - JUN		FULL YEAR	
Capio Group	2016	2015	2016	2015	RTM	2015
Net debt opening	-3,009	-3,426	-2,936	-3,440	-3,031	-3,440
Operating result (EBITA)	172	136	367	327	632	592
Capital expenditure	-114	-94	-211	-174	-469	-432
Divestments of fixed assets	1	4	2	29	14	41
Net capital expenditure	-113	-90	-209	-145	-455	-391
In % of net sales	3.2	2.6	2.9	2.1	3.3	2.9
Add-back depreciation	104	101	205	201	413	409
Net investments	-9	11	-4	56	-42	18
Change in net customer receivables	13	40	-104	-117	2	-11
Other changes in operating capital employed	80	56	16	77	-86	-25
Operating cash flow	256	243	275	343	506	574
Cash conversion, %	148.8	178.7	74.9	104.9	80.1	97.0
Income taxes paid	-23	6	-29	-10	-61	-42
Free cash flow before financial items	233	249	246	333	445	532
Cash conversion, %	135.5	183.1	67.0	101.8	70.4	89.9
Net financial items paid	-19	-51	-43	-100	-96	-153
Free cash flow after financial items	214	198	203	233	349	379
Cash conversion, %	124.4	145.6	55.3	71.3	55.2	64.0
Acquisitions and divestments of companies	1	29	-3	-18	-52	-67
Received/paid restructuring and other non-recurring items	-15	-419	-22	-457	25	-410
Shareholder transactions	-71	667	-71	667	-71	667
Net cash flow	129	475	107	425	251	569
Cash conversion, %	75.0	349.3	29.2	130.0	39.7	96.1
Other items affecting net debt	-61	-80	-112	-16	-161	-65
Net debt closing	-2,941	-3,031	-2,941	-3,031	-2,941	-2,936

Cash flow April – June 2016

Capex in the quarter was mainly maintenance related and above last year following the new A&E at Capio S:t Göran and expansion projects in France. Depreciation was well in line with last year. Changes in net customer receivables were mainly related to seasonal effects (lower activity in June than in March). Other changes in operating capital employed were impacted by seasonal effects and timing of payments.

Income tax payments were impacted by higher tax instalments in France. Lower net financial items paid were due to lower interest rates and the reduced debt level following the new share issue in connection with the IPO in June 2015. Acquisitions/ divestments included effects from the Medipôle Lyon Villeurbanne project in France whereby Capio acquired the hospital Clinique du Grand Large and divested Capio Centre Bayard, as well as the acquisition of a small dermatology business in Norway and an earnout in Nordic. Received/paid restructuring and other non-recurring items in the quarter were mainly related to settlement of items from 2015. Shareholder transactions related to dividend paid of MSEK 71.

Other items affecting net debt were mainly related to changes in exchange rates and new finance leases.

Cash flow January – June 2016

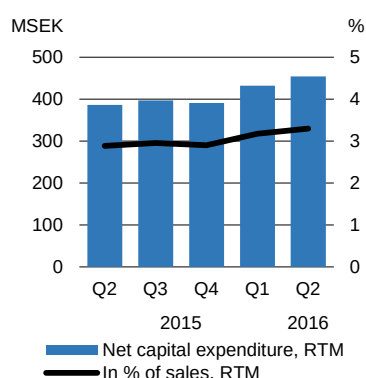
Capex was mainly maintenance related and above last year following the new A&E at Capio S:t Göran and expansion projects in France. 2015 was positively impacted by the divestment of non-core assets in France (MSEK 25). Depreciation was well in line with last year. Changes in net customer receivables were mainly related to seasonal effects (higher activity in June than in December) combined with an improved DSO in Nordic. Other changes in operating capital employed were negatively impacted by timing of payments (phasing combined with a change from quarterly to monthly payments of social contributions in France).

Income tax payments were impacted by higher tax instalments in France. Lower net financial items paid were due to lower interest rates and the reduced debt level following the new share issue in connection with the IPO in June 2015 and the positive net cash flow. Acquisitions/divestments included effects from the Medipôle Lyon Villeurbanne project in France. In addition, an outpatient authorization in Capio Germany and a small dermatology business in Norway were acquired combined with an earnout payment in Nordic. Received/paid restructuring and other non-recurring items were mainly related to settlement of items from 2015. Shareholder transactions related to paid dividend of MSEK 71.

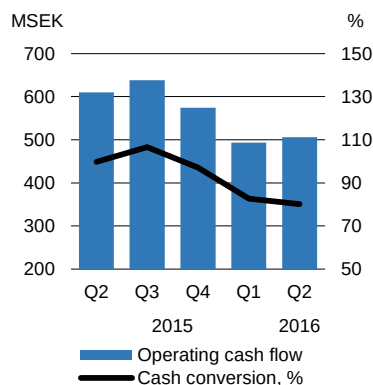
Other items affecting net debt were mainly related to changes in exchange rates and new finance leases.

Quarterly development from the second quarter 2015 to the second quarter 2016

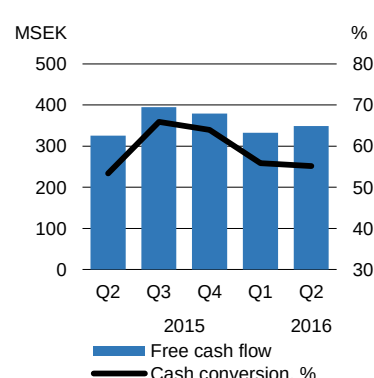
Net capex and in % of net sales (RTM)



Operating CF and cash conversion (RTM)



Free CF after fin. items and cash conv. (RTM)



Capital employed and financing

Capio Group	2016	2015	
	30 Jun	31 Dec	30 Jun
Operating capital employed	1,472	1,388	1,371
In % of net sales	10.7	10.3	10.2
Other capital employed	6,734	6,549	6,492
Capital employed	8,206	7,937	7,863
Return on capital employed, %	7.7	7.5	7.8
Net debt	2,941	2,936	3,031
Financial leverage	2.8	2.9	2.9
Equity	5,265	5,001	4,832
Financing	8,206	7,937	7,863

Capital employed as of June 30, 2016

The increase in operating capital employed compared with December 31, 2015 was mainly related to seasonal effects as the higher activity in June compared to December impacted net customer receivables while the higher activity combined with the increase of staff related accruals impact other operating capital employed in the opposite direction. Operating capital employed also increased due to a decrease of operating liabilities, impacted by timing of payments (phasing combined with a change from quarterly to monthly payments of social contributions in France) and changes in exchange rates.

Compared with December 31, 2015 total capital employed was negatively impacted by changes in operating capital employed as well as changes in exchange rates (the Swedish krona weakened compared to the Euro) and effects from completed acquisitions. The return on capital employed was 7.7% (7.5 as of December 31, 2015), positively impacted by the improvement in operating result (EBITA).

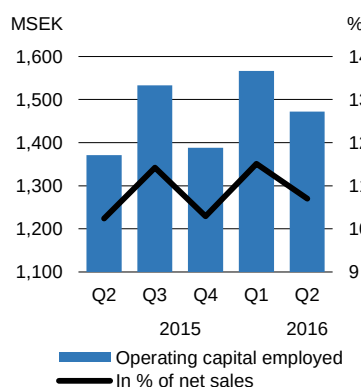
Financing as of June 30, 2016

Net debt was stable compared with December 31, 2015 as the positive net cash flow during the first six months, including the dividend payment of MSEK 71, was offset by negative effects from changes in exchange rates (the Swedish krona weakened compared to the Euro) and some additional finance leases. The financial leverage improved following the increase in operating result (EBITDA).

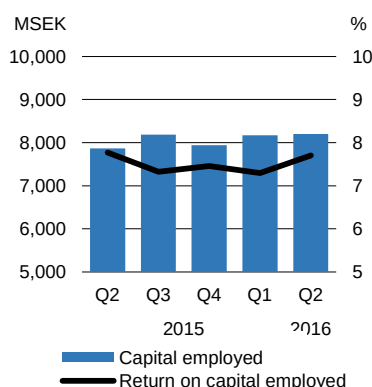
The new financing facility that was set in place in conjunction with the IPO contains two financial covenants; one covenant with a maximum financial leverage and one covenant with a minimum interest cover. As of June 30, 2016 Capio was in compliance with and had satisfactory headroom under both covenants.

Quarterly development from the second quarter 2015 to the second quarter 2016

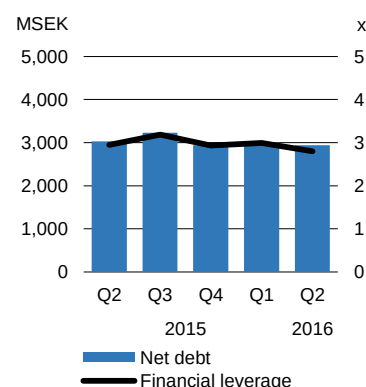
Operating capital employed and in % of net sales



Capital employed and ROCE



Net debt and financial leverage



Significant events during the period

Acquisitions and divestments, January – June 2016

Acquisition of Clinique du Grand Large and divestment of Capio Centre Bayard (France)

As announced on March 21, 2016, Capio France has taken the next step in the Medipôle Lyon Villeurbanne project and on April 1, 2016 the hospital Clinique du Grand Large in Lyon, France, with annual sales of MEUR 10 and 7,000 patients, was acquired from Mutualité Française. The hospital is specialized in surgical activities. Capio acquired 100% of the shares and the acquisition was consolidated in Capio as of April 1, 2016. Since the consolidation, the hospitals contribution to Group net sales was MSEK 23. At the same time (also effective on April 1, 2016), Capio France divested the rehabilitation activities in the specialist clinic Capio Centre Bayard in Lyon, with annual sales of MEUR 7 and 2,100 patients, to Mutualité. Centre Bayard was deconsolidated as of April 1, 2016. The Clinique du Grand Large/Capio Centre Bayard transactions are not expected to have any significant impact on the results or financial position of Capio France in 2016 on a net basis.

Acquisition of Ultraljudsbarnmorskorna i Stockholm AB (Sweden)

As announced on June 28, 2016, Capio Specialistkliniker AB has agreed to acquire 70% of the shares in Ultraljudsbarnmorskorna i Stockholm AB as of September 1, 2016. The clinic operates from two locations in Stockholm and provides ultrasound diagnostics for pregnant women. In 2015, the company had net sales of MSEK 13 and ten employees. The acquisition broadens Capio's healthcare offering within maternity care in Stockholm. The acquisition, which is subject to approval by the authorities is not expected to impact the Group's earnings in 2016.

In addition the first six months included acquisitions of an outpatient authorization in Germany and a small dermatology business in Norway as well as an earnout payment in Nordic.

MSEK	Yearly sales	Enterprise value	Purchase price ¹	Goodwill	Acq. related intangible fixed assets
Opening balance				5,289	1,402
Acquisitions	104	26	23	24	17
Total acquisitions January – June 2016	104	26	23	24	17
Divestments				-	-
Amortization of acquisition related intangible assets				-	-23
Exchange rate differences				99	23
Closing balance				5,412	1,419

¹ Total cash outflow from acquisitions was MSEK -16 during January – June 2016.

Other significant events, January – June 2016

Convertible debenture loan to employees

In line with the decision of the annual general meeting on May 11, 2016 Capio has issued five year convertible debenture loans in SEK and EUR as part of the long-term incentive program to employees. All employees in the Group were offered to subscribe for convertible bonds. In total 731 employees signed up for the convertible debenture loan with a total amount of MSEK 155, whereof all members of Group management (MSEK 23) and 12 out of 14 business area and regional managers (MSEK 16) participated.

The convertible debenture loans, issued on market terms, are subordinated to other lines of debt and are in total amounting to MSEK 155. The loans are divided into one loan in SEK amounting to MSEK 134, directed to employees in Sweden and Norway, and two loans in EUR amounting to kEUR 1,957 and kEUR 339 respectively, directed to employees in France and Germany. The loans run from July 8, 2016 and mature on

August 31, 2021 unless conversion has taken place before the maturity date. Conversion to shares in Capio can be done between July 25 and August 15, 2021.

The conversion price, that in accordance with the decision of the annual general meeting was set to 120% of the average share price for the Capio share during the period from May 11 to May 18, 2016, is SEK 52.86 per share and EUR 5.66 per share respectively. At full conversion 2,935,322 new shares will be issued in Capio AB (publ), which corresponds to a maximum dilution of 2.08%.

The convertible loan in SEK pays a market interest based on 3 month STIBOR plus a margin of 5.23%, which gives a calculated interest rate of 4.77% for the initial three months. The convertible loans in EUR pay a fixed market rate of 4.54% during the entire five year period. The convertible bonds will not be subject to listing or trading at any market place.

Significant events during the period (cont.)

Capio increases management focus on Modern Medicine and Modern Management

To accelerate the execution of Capio's strategy – Modern Medicine and Modern Management, the company has strengthened its focus and organization of the Group Management, effective March 18, 2016. The management of the Group is structured in Group Management and Operating Management teams for the three geographical segments – Capio Nordic, Capio France and Capio Germany. Group Management works in close cooperation with the Operating Management teams developing Capio in line with its strategy.

Group Management

Thomas Berglund President and CEO and head of Capio Nordic, Olof Bengtsson CFO, Henrik Brehmer SVP Group Communication & Public Affairs, Philippe Durand Business area manager France, Sveneric Svensson Chief Medical Officer (CMO) and François Demesmay Deputy Chief Medical Officer (CMO). François has previously upheld the position of CMO in Capio France.

Sale of shares in Capio AB (publ) by Apax Europe and Apax France

On March 18, 2016 Apax Europe and Apax France announced a placement of in total 18 million Capio shares to institutional investors. Following the sale Apax Europe's holding in Capio was 17.8% (25,176,793 shares) and Apax France no longer held any shares in Capio.

Tariffs for healthcare reimbursement in France 2016

On March 8, 2016 the French government announced that tariffs to reimburse healthcare in France during 2016 are being decreased by -2.15%, compared to 2015 tariff levels. The new tariffs are valid as of March 1, 2016. In March 2015 the tariffs were decreased by -2.50%.

Capio's operating model, based on Modern Medicine and Modern Management, is designed to drive quality and productivity in healthcare. Extensive programs to compensate the 2015 tariff decrease have been in place since the first quarter 2015, thus Capio is better prepared in 2016. Capio France is now speeding up these programs within its 22 hospitals and specialist clinics to fully compensate for the 2016 tariff decrease.

Significant events after the period

At the release of this interim report there were no significant events after the period to be reported.

Risks and uncertainties

Political, operational and financial risks

The Group is exposed, through its international operations, to a variety of risks that may give rise to fluctuation in profit/loss, other comprehensive income and cash flow. Key areas of risk encompass political, operational and financial risks. Various policies govern the management of key risks. Refer to the Capio Annual Report 2015 for a further description of risks and risk management.

Seasonal variations

The Group's net sales and operating result fluctuate across the year, mainly due to lower elective (planned) activity during the summer period and lower activity during the holiday season at the end of the year. Operations are also impacted by e.g. Easter holiday and bank holidays, whichever could occur in different months/quarters in different years. The Group's cash flow is normally stronger in the second half of the year, impacted by some seasonal effects including improvements in working capital. The above factors should be taken into consideration when making assessments on the basis of interim financial information.

Condensed financial reports

Condensed statement of comprehensive income – Capio Group

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Net sales	3,573	3,441	7,176	6,919	13,743	13,486
Direct costs	-2,958	-2,905	-5,928	-5,782	-11,476	-11,330
Gross result	615	536	1,248	1,137	2,267	2,156
Administrative expenses	-443	-400	-881	-810	-1,635	-1,564
Operating result (EBITA)	172	136	367	327	632	592
Amortization on surplus values	-19	-18	-38	-36	-77	-75
Restructuring and other non-recurring items and acquisition related costs	4	-52	4	-63	21	-46
Operating result (EBIT)	157	66	333	228	576	471
Net interest	-18	-46	-36	-92	-79	-135
Other financial items	-3	-64	-7	-79	-20	-92
Profit after financial items	136	-44	290	57	477	244
Income tax	-22	13	-53	-14	-88	-49
Profit/loss for the period	114	-31	237	43	389	195
Operating result (EBITDA)	276	237	572	528	1,045	1,001
Earnings per share, SEK ¹	0.80	-0.25	1.67	0.33	2.74	1.45
Adjusted earnings per share, SEK ¹	0.87	0.47	1.84	1.22	3.06	2.44
Other comprehensive income that will be reclassified into profit/loss:						
Hedge effect in foreign investment	14	-1	14	12	2	0
Exchange differences on translation of foreign operations	50	-17	78	-93	67	-104
Revaluation reserve, cash flow hedging	0	0	0	1	4	5
Income taxes related to other comprehensive income	0	0	0	0	-1	-1
Other comprehensive income that will be reclassified into profit/loss, net of income tax	64	-18	92	-80	72	-100
Other comprehensive income that will not be reclassified into profit/loss:						
Revaluation of defined benefit plans	0	-18	9	-18	61	34
Income taxes related to other comprehensive income	0	4	-2	4	-15	-9
Other comprehensive income that will not be reclassified into profit/loss, net of income tax	0	-14	7	-14	46	25
Total comprehensive income for the period, net of income tax	178	-63	336	-51	507	120
Profit attributable to:						
Parent Company shareholders	113	-31	235	42	387	194
Non-controlling interest	1	0	2	1	2	1
	114	-31	237	43	389	195
Total comprehensive income attributable to:						
Parent Company shareholders	177	-63	334	-52	505	119
Non-controlling interest	1	0	2	1	2	1
	178	-63	336	-51	507	120

¹ Earnings per share and adjusted earnings per share before and after dilution were the same. Refer to note 2 for calculations of earnings per share.

Condensed financial reports (cont.)

Condensed balance sheet – Capio Group

	2016	2015	
	30 Jun	31 Dec	30 Jun
Subscribed capital unpaid, interest-bearing	-	-	750
Intangible assets	7,019	6,855	6,857
Tangible fixed assets	2,284	2,229	2,219
Financial fixed assets	617	597	651
Total fixed assets	9,920	9,681	9,727
Inventories	230	215	208
Accounts receivables - trade	727	662	702
Short-term investments and interest-bearing receivables	2	2	3
Cash and cash equivalents	97	118	232
Other current assets	1,231	1,072	1,100
Total current assets	2,287	2,069	2,245
Total assets	12,207	11,750	12,722
Equity attributable to Parent Company shareholders	5,243	4,981	4,814
Equity attributable to non-controlling interest	22	20	18
Total equity	5,265	5,001	4,832
Provisions for employee benefits	333	338	384
Deferred income tax liabilities	618	604	632
Long-term liabilities, interest-bearing	3,009	3,018	3,907
Long-term liabilities and provisions, non-interest-bearing	96	114	172
Total long-term liabilities and provisions	4,056	4,074	5,095
Current liabilities, interest-bearing	88	93	149
Accounts payable – trade	668	672	520
Current income tax liabilities	40	4	6
Accrued expenses and prepaid income	1,583	1,355	1,568
Other current liabilities	507	551	552
Total current liabilities	2,886	2,675	2,795
Total liabilities, provisions and shareholders' equity	12,207	11,750	12,722
Pledged assets	1,395	1,389	12,276
Contingent liabilities	9	4	6

Condensed statement of cash flow – Capio Group

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Operating result (EBIT)	157	66	333	228	576	471
Reversal of depreciations/amortizations and impairments	125	119	246	237	462	453
Items not affecting cash flow ¹	-27	0	-27	-11	-25	-9
Interest received and paid	-21	-51	-45	-100	-129	-184
Taxes paid	-23	-375	-29	-390	-62	-423
Cash flow from operating activities before changes in working capital	211	-241	478	-36	822	308
Change in net working capital	97	111	-92	-42	-105	-55
Cash flow from operating activities	308	-130	386	-78	717	253
Acquisitions and divestments of companies and financial fixed assets	13	32	15	15	-31	-31
Payment to non-controlling interest	0	-5	0	-13	-2	-15
Investments in tangible and intangible fixed assets	-114	-94	-211	-174	-469	-432
Divestments of tangible fixed assets	0	4	7	29	103	125
Cash flow from investment activities	-101	-63	-189	-143	-399	-353
Increase/decrease in external loans	-25	-13	-55	-13	2,452	2,494
Amortizations	-32	-21	-88	-67	-3,515	-3,494
Dividend	-71	0	-71	0	-71	0
New share issue	0	0	0	0	750	750
Transaction costs for the IPO and new share issue	0	-3	-2	-3	-72	-73
Cash flow from financing activities	-128	-37	-216	-83	-456	-323
Cash flow from operations	79	-230	-19	-304	-138	-423
Currency differences in cash and cash equivalents	-2	-23	-2	-25	3	-20
Change in cash and cash equivalents	77	-253	-21	-329	-135	-443
Opening balance, cash and cash equivalents	20	485	118	561	232	561
Closing balance, cash and cash equivalents	97	232	97	232	97	118

¹ Related to capital gains.

Condensed financial reports (cont.)

Changes in shareholders' equity – Capio Group

	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Shareholders' equity
Opening balance at January 1, 2015	39	0	-162	338	3,945	20	4,180
Profit for the year					42	1	43
Other comprehensive income			-14	-80			-94
Total comprehensive income	0	0	-14	-80	42	1	-51
New share issue	8	742					750
Transaction costs for new share issue		-41					-41
Tax effect on items recorded directly in equity		9					9
Change in non-controlling interest					-12	-3	-15
Total transactions with shareholders	8	710	0	0	-12	-3	703
Closing balance at June 30, 2015	47	710	-176	258	3,975	18	4,832

	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Shareholders' equity
Opening balance at January 1, 2015	39	0	-162	338	3,945	20	4,180
Profit for the year					194	1	195
Other comprehensive income			29	-104			-75
Total comprehensive income	0	0	29	-104	194	1	120
Stock dividend issue	25				-25		0
New share issue	8	742					750
Transaction costs for new share issue		-41					-41
Tax effect on items recorded directly in equity		9					9
Change in non-controlling interest					-16	-1	-17
Total transactions with shareholders	33	710	0	0	-41	-1	701
Closing balance at December 31, 2015	72	710	-133	234	4,098	20	5,001

	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Shareholders' equity
Opening balance at January 1, 2016	72	710	-133	234	4,098	20	5,001
Profit for the year					235	2	237
Other comprehensive income			7	92			99
Total comprehensive income			7	92	235	2	336
Dividend					-71		-71
Dividend to non-controlling interest					-1		-1
Total transactions with shareholders					-72		-72
Closing balance at June 30, 2016	72	710	-126	326	4,261	22	5,265

Parent Company

Condensed income statement – Parent Company

	APR - JUN		JAN - JUN		FULL YEAR
	2016	2015	2016	2015	2015
Net sales	7	2	13	4	11
Gross result	7	2	13	4	11
Administrative expenses	-8	-43	-16	-46	-53
Operating profit/loss	-1	-41	-3	-42	-42
Financial items	0	0	0	112	187
Profit/loss after financial items	-1	-41	-3	70	145
Income tax	-	9	-	9	9
Profit/loss for the period	-1	-32	-3	79	154

Condensed balance sheet – Parent Company

	2016	2015	
	30 Jun	31 Dec	30 Jun
Subscribed capital unpaid	-	-	750
Fixed assets	4,009	4,009	4,009
Current assets	700	778	18
Total assets	4,709	4,787	4,777
Equity	4,691	4,765	4,690
Liabilities	18	22	87
Total equity and liabilities	4,709	4,787	4,777
Pledged assets	-	-	3,991
Contingent liabilities	-	-	-

The Group's Parent Company, Capio AB (publ), is not involved in any operating activities. It only provides Group management functions.

April – June 2016

The Parent Company's net sales and gross result in the period derive from management fees charged to subsidiaries. The administrative expenses in the quarter were mainly related to personnel costs. The administrative expenses in 2015 were mainly related to costs for the listing on Nasdaq OMX Stockholm, amounting to MSEK -40.5.

There were no financial income or expenses in the period.

January – June 2016

The Parent Company's net sales and gross result during the first six months derive from management fees charged to subsidiaries. The administrative expenses were mainly related to personnel costs. The administrative expenses in 2015 were mainly related to costs for the listing on Nasdaq OMX Stockholm, amounting to MSEK -40.5.

There were no financial income or expenses in the period. Financial items in the first six months 2015 were fully related to a dividend from the subsidiary Capio Group Services AB of MSEK 112. The full year 2015 also included a group contribution received from the subsidiary Capio Shared Services AB of MSEK 75.

As of June 30, 2016

The Parent Company's fixed assets as of June 30, 2016 amounted to MSEK 4,009 (4,009 as of December 31, 2015) and mainly comprised shares in subsidiaries. Current assets as of June 30, 2016 amounted to MSEK 700 (778 as of December 31, 2015) and were mainly related to cash and cash equivalents impacted by the new share issue net of paid transaction costs. The reduction of current assets compared with December 31, 2015 was mainly explained by a reduction of cash and cash equivalents due to the payment of dividend to shareholders during the second quarter (MSEK -71).

Shareholders' equity as of June 30, 2016 amounted to MSEK 4,691 (4,765 as of December 31, 2015). The decrease compared with December 31, 2015 was mainly explained by the paid dividend. The Parent Company's liabilities amounted to MSEK 18 as of June 30, 2016 (22 as of December 31, 2015) and were mainly related to personnel related accruals.

Following the refinancing of the Group on July 3, 2015, the Parent Company's pledged assets were fully released.

Notes

1. Accounting principles

All amounts in the interim report are stated in millions of Swedish kronor (MSEK) if not else stated.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act. Capio's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The applied accounting principles are available in Capio's Annual Report 2015 and also on the Group's website www.capio.com. The Parent Company's financial statements are prepared in accordance with chapter nine of the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities.

Effects of amended and revised IFRS 2016

Amended or revised standards that are mandatory for the Group's financial year 2016 have had no impact on the Group's financial statements.

European Securities and Market Authority (ESMA)

ESMA's guidelines regarding presentation of non-IFRS GAAP measures in financial reports have come into force as from the interim report January – June 2016. In the guidelines, non-IFRS GAAP measures are referred to as Alternative Performance Measurements (APMs) and relate to items included in the financial report that are not directly defined by IFRS standards and interpretations. In accordance with the new guidelines, APMs used in this interim report have been clearly defined and reconciliations to the closest IFRS measure have been provided. Further, the interim report includes a section that clearly summarizes the main reasons for the use of APMs in the Groups financial reporting, see note 6 "Non IFRS financial measures".

Other significant estimates

For critical estimates and assessments, provisions and contingent liabilities refer to Capio's Annual Report 2015. If no significant events have occurred relating to the information in the 2015 Annual Report, no further comments are made in the interim report.

2. Earnings per share

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Average number of outstanding shares (before and after dilution), Number ¹	141,159,661	125,695,743	141,159,661	125,695,743	141,117,294	133,448,885
Profit/loss for the period attributable to Parent Company shareholders net of income tax, MSEK	113	-31	235	42	387	194
Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax, MSEK ²	123	60	260	154	432	326
Earnings per share (before and after dilution), SEK ³	0.80	-0.25	1.67	0.33	2.74	1.45
Adjusted earnings per share (before and after dilution), SEK ^{2,3}	0.87	0.47	1.84	1.22	3.06	2.44

¹ Total number of outstanding shares was 141,159,661 as of June 30, 2016 (all common shares).

² Adjusted for amortization of group surplus values, restructuring and other non-recurring items and acquisition related costs and write-downs of capitalized borrowing costs, net of income tax.

³ Refer to definitions on page 28.

Reconciliation of reported and adjusted profit/loss

MSEK	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Profit/loss for the period attributable to Parent Company shareholders net of income tax	113	-31	235	42	387	194
Amortization on surplus values	19	18	38	36	77	75
Restructuring and other non-recurring items and acquisition related costs	-4	52	-4	63	-21	46
Write-off of capitalized borrowing costs	0	50	0	50	0	50
Income tax related to adjustments	-5	-29	-9	-37	-11	-39
Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax	123	60	260	154	432	326

Notes (cont.)

3. Segments

Capio organizes its business in three operational segments: Capio Nordic (Sweden and Norway), Capio France and Capio Germany. Each segment provides a wide range of healthcare services and the organization is structured to facilitate the provision of healthcare at the most efficient care level for each patient. Further information about the segments are found in Capio Annual Report 2015 (Business overview). The units in the segments are consolidated in accordance with the same principles applied for the Group as whole. Transactions between Group companies and business areas are conducted on a strictly commercial basis. Other in this context relates to the Parent Company and a number of holding companies. Within Nordic a customer relationship based on one contract corresponded to a total net sales of MSEK 465 during the second quarter 2016 and MSEK 910 during the first six months 2016 (Apr-Jun 2015: MSEK 422; Jan-Jun 2015: MSEK 841; Jan-Dec 2015: 1,648), which is equivalent to more than 10% of the Group's net sales.

	APR - JUN				JAN - JUN				FULL YEAR			
Net sales and organic sales growth	2016	%	2015	%	2016	%	2015	%	RTM	%	2015	%
Capio Nordic	1,950	4.7	1,856	4.8	3,854	3.8	3,697	5.1	7,400	4.0	7,243	4.6
Capio France	1,336	2.0	1,304	1.8	2,723	3.5	2,617	1.2	5,204	1.9	5,098	0.7
Capio Germany	287	8.6	281	2.6	599	4.9	605	1.1	1,139	4.0	1,145	2.0
Other	0		0		0		0		0		0	
Eliminations	-		-		-		-		-		-	
Capio Group	3,573	4.0	3,441	3.5	7,176	3.8	6,919	3.2	13,743	3.2	13,486	2.9
Operating result (EBITDA) and margin												
Capio Nordic	137	7.0	103	5.5	249	6.5	207	5.6	500	6.8	458	6.3
Capio France	143	10.7	143	11.0	313	11.5	313	12.0	529	10.2	529	10.4
Capio Germany	19	6.6	12	4.2	57	9.5	52	8.6	99	8.7	94	8.2
Other	-23		-21		-47		-44		-83		-80	
Eliminations	-		-		-		-		-		-	
Capio Group	276	7.7	237	6.9	572	8.0	528	7.6	1,045	7.6	1,001	7.4
Operating result (EBITA) and margin												
Capio Nordic	98	5.0	68	3.7	175	4.5	138	3.7	353	4.8	316	4.4
Capio France	85	6.4	85	6.5	196	7.2	195	7.5	287	5.5	286	5.6
Capio Germany	13	4.5	5	1.8	45	7.5	40	6.7	79	6.9	74	6.4
Other	-24		-22		-49		-46		-87		-84	
Eliminations	-		-		-		-		-		-	
Capio Group	172	4.8	136	4.0	367	5.1	327	4.7	632	4.6	592	4.4
Operating result (EBIT) and margin												
Capio Nordic	86	4.4	51	2.7	150	3.9	110	3.0	296	4.0	256	3.5
Capio France	85	6.4	74	5.7	193	7.1	173	6.6	295	5.7	275	5.4
Capio Germany	10	3.5	1	0.4	37	6.2	29	4.8	76	6.7	68	5.9
Other	-24		-60		-47		-84		-91		-128	
Eliminations	-		-		-		-		-		-	
Capio Group	157	4.4	66	1.9	333	4.6	228	3.3	576	4.2	471	3.5
Capital expenditure and in % of net sales												
Capio Nordic	-51	2.6	-35	1.9	-96	2.5	-55	1.5	-181	2.4	-140	1.9
Capio France	-57	4.3	-47	3.6	-98	3.6	-102	3.9	-242	4.7	-246	4.8
Capio Germany	-6	2.1	-11	3.9	-16	2.7	-16	2.6	-40	3.5	-40	3.5
Other	0		-1		-1		-1		-6		-6	
Eliminations	-		-		-		-		-		-	
Capio Group	-114	3.2	-94	2.7	-211	2.9	-174	2.5	-469	3.4	-432	3.2
Assets												
Capio Nordic	4,481		4,537		4,481		4,537		4,481		4,640	
Capio France	6,537		6,723		6,537		6,723		6,537		6,157	
Capio Germany	1,374		1,367		1,374		1,367		1,374		1,313	
Other	2,623		2,325		2,623		2,325		2,623		2,886	
Eliminations	-2,808		-2,230		-2,808		-2,230		-2,808		-3,246	
Capio Group	12,207		12,722		12,207		12,722		12,207		11,750	
Liabilities												
Capio Nordic	2,160		2,246		2,160		2,246		2,160		2,430	
Capio France	3,653		4,026		3,653		4,026		3,653		3,461	
Capio Germany	1,010		1,058		1,010		1,058		1,010		981	
Other	2,927		2,790		2,927		2,790		2,927		3,123	
Eliminations	-2,808		-2,230		-2,808		-2,230		-2,808		-3,246	
Capio Group	6,942		7,890		6,942		7,890		6,942		6,749	

Notes (cont.)

4. Restructuring and other non-recurring items and acquisition related costs

MSEK	JAN - JUN	
	2016	2015
IPO related costs	-	-41
Divestments, impairments and restructuring items ¹	5	-15
Other and acquisitions related costs	-1	-7
Restructuring and other non-recurring items and acquisition related costs	4	-63

¹ Restructuring and impairment costs during the first six months 2016 were mainly related to ongoing structural projects in the French segment, i.e. the ongoing constructions and refurbishments of hospital facilities as well as the upgrading of support system supporting the medical agenda. Main items that impacted 2016 were related to the structural transaction in Lyon in April 2016 whereby the Group divested the rehabilitation business in Capio Centre Bayard and acquired the surgery business of the Clinique du Grand Large. This divestment resulted in a capital gain of MSEK 27. In addition, the Group received divestment proceeds related to a minority holding in Bayonne (property previously used to run the Saint-Etienne hospital) with MSEK 7. In connection with ongoing projects in Lyon and Toulouse and the upgrade of support systems impairments and costs of MSEK 26 were incurred.

5. Financial instruments

Derivatives are reported as level 2 and used for the purpose of hedging interest rates. The derivatives were valued using the mid-point of the yield curve prevailing on the reporting date and represent the net present value of the difference between the contracted rate and the valuation rate. Any change in the fair value of the interest rate cap transaction signed in December 2015 is recognized in the income statement and amounted to

MSEK -2 as of June 30, 2016. Changes in the fair value of the interest rate swaps were recognized in other comprehensive income (hedge accounting) however these contracts expired during the fourth quarter 2015. The table discloses the portion of the market value arising from future changes in market interest rates.

	30 Jun		31 Dec
	2016	2015	
Interest swaps ¹	-	-3	-
Interest rate cap (Option)	-2	-	0

¹ Cash flow hedge.

In terms of financial assets and liabilities other than those disclosed in the table below, fair value is deemed to be approximately equal to their book values. These assets and liabilities are valued at amortized costs. They are not valued at fair value through profit and loss but their fair values are disclosed. Fair value is calculated in accordance with a

discounted cash flow method and they are allocated to the fair value hierarchy level 3. A full comparison of fair value and book value for all financial assets and liabilities is disclosed in note 16 in the Annual Report 2015.

	30 Jun 2016		31 Dec 2015		30 Jun 2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Commitments in financial leasing	614	628	600	615	594	609
Bank loans	2,450	2,477	2,450	2,477	3,321	3,321
Total	3,064	3,105	3,050	3,091	3,915	3,930

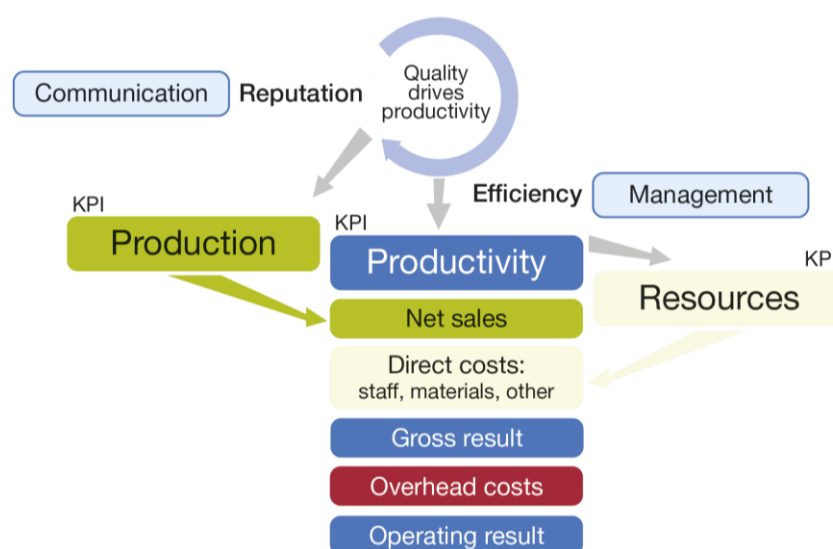
Notes (cont.)

6. Non IFRS financial measures

Capio's financial model

In order to support Capio's strategy and managers at all levels, Capio has developed a financial model that links relevant Key Performance Indicators (KPI) with their corresponding financial impact. As the model is based on the relation between quality, productivity and financial outcomes, the financial model

supports the Group's understanding of what creates good healthcare and increased quality. This allows Capio to continuously refine its healthcare processes, enabling improved quality in healthcare provided to patients, and concurrently, improved financial results.



Financial statements

The Group's income statement is presented in a functional format in order to measure the productivity from the use of resources in relation to the production of healthcare. To financially measure productivity, direct costs are subtracted from net sales in order to obtain the gross result (and gross margin). Thereafter administrative expenses (overhead costs) are subtracted from gross result in order to obtain the operating result (and operating margin). Gross result is the key measure for productivity, indicating whether the Group performs healthcare operations efficiently. Operating results adds information as to whether the Group's operating structure is efficient.

The Group's income statement includes certain restructuring and other non-recurring items. These items are mainly related to structural effects incurred over the prior years as a consequence of preparing the Group for the IPO made in 2015 and the still ongoing program in France whereby a large part of the hospital properties are being modernized.

The balance sheet is also presented in an operational format, tracking capital employed, net debt and equity, in order to track and manage capital needs and resources throughout the Group. Capio's overall goal for operating capital management is to strike a balance between optimizing operating capital in order to generate cash flows, while making appropriate investments in order to grow the business. The operating capital management integrates all parts of the organization and requires clear and efficient processes, such as the sales process and salary process.

Related to the Group's operational balance sheet the cash flow is also presented in an operational format, reconciling changes in net debt.

To better support Capio's financial model, the Group tracks and presents financial measures which are not measures of financial performance or liquidity under IFRS. Such non-IFRS financial measures are defined on page 28 and in the following tables reconciliations of IFRS measures and non-IFRS measures (Additional Performance Measures, APM) are presented:

Specification of Income statement items

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Operating result (EBITA)	172	136	367	327	632	592
whereof depreciation	104	101	205	201	413	409
Operating result (EBITDA)	276	237	572	528	1,045	1,001
whereof rent	180	164	360	332	714	686
Operating result (EBITDAR)	456	401	932	860	1,759	1,687

Notes (cont.)

Reconciliation of IFRS and APM related to Balance sheet items

	2016	2015	
	30 Jun	31 Dec	30 Jun
Subscribed capital unpaid, interest bearing, IFRS	0	0	750
<i>whereof net debt³</i>	<i>0</i>	<i>0</i>	<i>750</i>
Total fixed assets, IFRS	9,920	9,681	9,727
<i>whereof operating capital employed¹</i>	<i>2,138</i>	<i>2,057</i>	<i>2,026</i>
<i>whereof other operating capital employed²</i>	<i>7,725</i>	<i>7,569</i>	<i>7,659</i>
<i>whereof net debt³</i>	<i>57</i>	<i>55</i>	<i>42</i>
Total current assets, IFRS	2,287	2,069	2,245
<i>whereof operating capital employed¹</i>	<i>2,064</i>	<i>1,862</i>	<i>1,959</i>
<i>whereof other operating capital employed²</i>	<i>124</i>	<i>87</i>	<i>52</i>
<i>whereof net debt³</i>	<i>99</i>	<i>120</i>	<i>234</i>
Total long-term liabilities and provisions, IFRS	4,056	4,074	5,095
<i>whereof operating capital employed¹</i>	<i>76</i>	<i>82</i>	<i>142</i>
<i>whereof other operating capital employed²</i>	<i>971</i>	<i>974</i>	<i>1,046</i>
<i>whereof net debt³</i>	<i>3,009</i>	<i>3,018</i>	<i>3,907</i>
Total current liabilities, IFRS	2,886	2,675	2,795
<i>whereof operating capital employed¹</i>	<i>2,654</i>	<i>2,449</i>	<i>2,473</i>
<i>whereof other operating capital employed²</i>	<i>144</i>	<i>133</i>	<i>173</i>
<i>whereof net debt³</i>	<i>88</i>	<i>93</i>	<i>149</i>
Operating capital employed¹, APM	1,472	1,388	1,371
Other operating capital employed², APM	6,734	6,549	6,492
Net debt³, APM	2,941	2,936	3,031
Equity	5,265	5,001	4,832

Reconciliation of IFRS and APM measures related to Cash flow items

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Cash flow from operating activities, IFRS	308	-130	386	-78	717	253
Taxes paid	23	375	29	390	62	423
Interest received and paid	21	51	45	100	129	184
Restructuring items	-9	39	11	66	19	74
Capital expenditures	-114	-94	-211	-174	-469	-432
Divestments of fixed assets	1	4	2	29	14	41
Other adjustments ¹	26	-2	13	10	34	31
Operating cash flow, APM	256	243	275	343	506	574

¹ Other adjustments comprise costs related to acquisitions and other working capital adjustments.

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Acquisition and divestments of companies and financial fixed assets, IFRS	13	32	15	15	-31	-31
Payment to non-controlling interest	0	-2	0	-11	-2	-13
Divestment of financial fixed assets	-1	-	-7	-	-7	-
Acquired/divested net debt and paid costs acquisition	-11	-1	-11	-22	-12	-23
Acquisition and divestments of companies, APM	1	29	-3	-18	-52	-67

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Investments in tangible and intangible fixed assets	-114	-94	-211	-174	-469	-432
Divestments of tangible fixed assets	0	4	7	29	103	125
Investments and divestments, IFRS	-114	-90	-204	-145	-366	-307
Items included in received/paid restructuring and other non-recurring items	1	0	-5	0	-89	-84
Net capital expenditure, APM	-113	-90	-209	-145	-455	-391

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Interest received and paid, IFRS	-21	-51	-45	-100	-129	-184
Paid borrowing costs included in net debt	2	0	2	0	33	31
Net financial items paid, APM	-19	-51	-43	-100	-96	-153

	APR - JUN		JAN - JUN		FULL YEAR	
	2016	2015	2016	2015	RTM	2015
Taxes paid, IFRS	-23	-375	-29	-390	-62	-423
Items included in received/paid restructuring and other non-recurring items	0	381	0	380	1	381
Income taxes paid, APM	-23	6	-29	-10	-61	-42

Signatures

The Board of Directors and the Chief Executive Officer hereby certify that the interim report gives a true and fair view of the Parent Company's and Group's operations, financial position and profit/loss and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Capio AB (publ)

Gothenburg, July 21, 2016

Anders Narvinger
Chairman

Thomas Berglund
Chief Executive Officer

Gunnar Németh
Vice Chairman

Gun Nilsson

Fredrik Näslund

Birgitta Stymne Göransson

Michael Flemming

Pascale Richetta

Arnaud Bosquet

Kevin Thompson
Employee representative

Julia Turner
Employee representative

Review report

Capio AB (publ), corporate identity number 556706-4448.

Introduction

We have reviewed the condensed interim report for Capio AB (publ) as at June 30, 2016 and for the six months period then ended. The Board of Directors and the Managing Director 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.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements 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 International Standards on Auditing 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 in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Gothenburg, July 21, 2016

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Quarterly overview

Income statement by quarter – Group

	2016		2015				FULL YEAR	
	Q2	Q1	Q4	Q3	Q2	Q1	RTM	2015
Net sales outpatients	1,802	1,771	1,722	1,489	1,694	1,685	6,784	6,590
<i>In % of net sales</i>	50.4	49.2	49.1	48.7	49.2	48.5	49.4	48.8
Net sales inpatients	1,539	1,600	1,539	1,350	1,517	1,562	6,028	5,968
<i>In % of net sales</i>	43.1	44.4	43.8	44.2	44.1	44.9	43.9	44.3
Net sales other	232	232	251	216	230	231	931	928
<i>In % of net sales</i>	6.5	6.4	7.1	7.1	6.7	6.6	6.8	6.9
Net sales	3,573	3,603	3,512	3,055	3,441	3,478	13,743	13,486
<i>Total sales growth, %</i>	3.8	3.6	1.7	1.1	2.5	3.2	2.6	2.2
<i>Organic sales growth, %</i>	4.0	3.7	2.7	2.3	3.5	2.9	3.2	2.9
Direct cost	-2,958	-2,970	-2,938	-2,610	-2,905	-2,877	-11,476	-11,330
Gross result	615	633	574	445	536	601	2,267	2,156
<i>Gross margin, %</i>	17.2	17.6	16.3	14.6	15.6	17.3	16.5	16.0
Total overhead	-443	-438	-395	-359	-400	-410	-1,635	-1,564
Operating result (EBITA)	172	195	179	86	136	191	632	592
<i>Operating margin (EBITA), %</i>	4.8	5.4	5.1	2.8	4.0	5.5	4.6	4.4
Amortization on surplus values	-19	-19	-20	-19	-18	-18	-77	-75
Restructuring and other non-recurring items and acquisition related cost	4	0	17	0	-52	-11	21	-46
Operating result (EBIT)	157	176	176	67	66	162	576	471
Net interest	-18	-18	-20	-23	-46	-46	-79	-135
Other financial items	-3	-4	-3	-10	-64	-15	-20	-92
Profit/loss after financial items	136	154	153	34	-44	101	477	244
Income tax	-22	-31	-29	-6	13	-27	-88	-49
Profit/loss for the period	114	123	124	28	-31	74	389	195
Operating result (EBITDAR)	456	476	465	362	401	459	1,759	1,687
<i>Operating margin (EBITDAR), %</i>	12.8	13.2	13.2	11.8	11.7	13.2	12.8	12.5
Operating result (EBITDA)	276	296	285	188	237	291	1,045	1,001
<i>Operating margin (EBITDA), %</i>	7.7	8.2	8.1	6.2	6.9	8.4	7.6	7.4

Quarterly overview (cont.)

Capital employed and financing by quarter – Group

	2016		2015			
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Operating capital employed	1,472	1,566	1,388	1,533	1,371	1,453
<i>In % of net sales</i>	10.7	11.5	10.3	11.4	10.2	10.9
Other capital employed	6,734	6,603	6,549	6,648	6,492	6,155
Capital employed	8,206	8,169	7,937	8,181	7,863	7,608
Return on capital employed, %	7.7	7.3	7.5	7.3	7.8	8.3
Net debt	2,941	3,009	2,936	3,231	3,031	3,426
<i>Financial leverage</i>	2.8	3.0	2.9	3.2	2.9	3.2
Equity	5,265	5,160	5,001	4,950	4,832	4,182
Financing	8,206	8,169	7,937	8,181	7,863	7,608

Cash flow by quarter – Group

	2016		2015				FULL YEAR	
	Q2	Q1	Q4	Q3	Q2	Q1	RTM	2015
Net debt opening	-3,009	-2,936	-3,231	-3,031	-3,426	-3,440	-3,031	-3,440
Operating result (EBITA)	172	195	179	86	136	191	632	592
Capital expenditure	-114	-97	-135	-123	-94	-80	-469	-432
Divestments of fixed assets	1	1	4	8	4	25	14	41
Net capital expenditure	-113	-96	-131	-115	-90	-55	-455	-391
<i>In % of net sales</i>	3.2	2.7	3.7	3.8	2.6	1.6	3.3	2.9
Add-back depreciation	104	101	106	102	101	100	413	409
Net investments	-9	5	-25	-13	11	45	-42	18
Change in net customer receivables	13	-117	77	29	40	-157	2	-11
Other changes in operating capital employed	80	-64	36	-138	56	21	-86	-25
Operating cash flow	256	19	267	-36	243	100	506	574
<i>Cash conversion, %</i>	148.8	9.7	149.2	-41.9	178.7	52.4	80.1	97.0
Income taxes paid	-23	-6	-6	-26	6	-16	-61	-42
Free cash flow before financial items	233	13	261	-62	249	84	445	532
<i>Cash conversion, %</i>	135.5	6.7	145.8	-72.1	183.1	44.0	70.4	89.9
Net financial items paid	-19	-24	-20	-33	-51	-49	-96	-153
Free cash flow after financial items	214	-11	241	-95	198	35	349	379
<i>Cash conversion, %</i>	124.4	-5.6	134.6	-110.5	145.6	18.3	55.2	64.0
Acquisitions/divestments of companies	1	-4	-24	-25	29	-47	-52	-67
Received/paid restructuring and other non-recurring items	-15	-7	43	4	-419	-38	25	-410
Shareholder transactions	-71	0	1	-1	667	0	-71	667
Net cash flow	129	-22	261	-117	475	-50	251	569
Other items affecting net debt	-61	-51	34	-83	-80	64	-161	-65
Net debt closing	-2,941	-3,009	-2,936	-3,231	-3,031	-3,426	-2,941	-2,936

Quarterly overview (cont.)

Income statement overview by quarter – Segment

	2016		2015				FULL YEAR	
	Q2	Q1	Q4	Q3	Q2	Q1	RTM	2015
Capio Nordic								
Net sales	1,950	1,904	1,896	1,650	1,856	1,841	7,400	7,243
Total sales growth, %	5.1	3.4	2.0	0.4	1.6	2.3	2.8	1.6
Organic sales growth, %	4.7	3.0	4.1	4.2	4.8	5.3	4.0	4.6
Operating result (EBITDAR)	233	210	233	214	195	202	890	844
Operating margin (EBITDAR), %	11.9	11.0	12.3	13.0	10.5	11.0	12.0	11.7
Operating result (EBITDA)	137	112	136	115	103	104	500	458
Operating margin (EBITDA), %	7.0	5.9	7.2	7.0	5.5	5.7	6.8	6.3
Operating result (EBITA)	98	77	98	80	68	70	353	316
Operating margin (EBITA), %	5.0	4.0	5.2	4.9	3.7	3.8	4.8	4.4
Capio France								
Net sales	1,336	1,387	1,324	1,157	1,304	1,313	5,204	5,098
Total sales growth, %	2.5	5.6	2.4	2.8	6.4	7.2	3.4	4.7
Organic sales growth, %	2.0	5.1	0.9	-0.7	1.8	0.5	1.9	0.7
Operating result (EBITDAR)	220	247	212	152	209	234	831	807
Operating margin (EBITDAR), %	16.5	17.8	16.0	13.1	16.0	17.8	16.0	15.8
Operating result (EBITDA)	143	170	134	82	143	170	529	529
Operating margin (EBITDA), %	10.7	12.2	10.1	7.1	11.0	12.9	10.2	10.4
Operating result (EBITA)	85	111	70	21	85	110	287	286
Operating margin (EBITA), %	6.4	8.0	5.3	1.8	6.5	8.4	5.5	5.6
Capio Germany								
Net sales	287	312	292	248	281	324	1,139	1,145
Total sales growth, %	2.1	-3.7	-2.7	-0.8	5.2	5.9	-1.4	2.0
Organic sales growth, %	8.6	1.7	2.1	4.1	2.6	-0.2	4.0	2.0
Operating result (EBITDAR)	24	42	38	11	16	45	115	110
Operating margin (EBITDAR), %	8.4	13.5	13.0	4.4	5.7	13.9	10.1	9.6
Operating result (EBITDA)	19	38	34	8	12	40	99	94
Operating margin (EBITDA), %	6.6	12.1	11.7	3.1	4.2	12.5	8.7	8.2
Operating result (EBITA)	13	32	32	2	5	35	79	74
Operating margin (EBITA), %	4.5	10.2	10.8	0.8	1.8	10.8	6.9	6.4
Other								
Net sales	0	0	0	0	0	0	0	0
Operating result (EBITDAR)	-21	-23	-18	-15	-19	-22	-77	-74
Operating result (EBITDA)	-23	-24	-19	-17	-21	-23	-83	-80
Operating result (EBITA)	-24	-25	-21	-17	-22	-24	-87	-84
Eliminations								
Net sales	-	-	-	-	-	-	-	-
Operating result (EBITDAR)	-	-	-	-	-	-	-	-
Operating result (EBITDA)	-	-	-	-	-	-	-	-
Operating result (EBITA)	-	-	-	-	-	-	-	-
Capio Group								
Net sales	3,573	3,603	3,512	3,055	3,441	3,478	13,743	13,486
Total sales growth, %	3.8	3.6	1.7	1.1	2.5	3.2	2.6	2.2
Organic sales growth, %	4.0	3.7	2.7	2.3	3.5	2.9	3.2	2.9
Operating result (EBITDAR)	456	476	465	362	401	459	1,759	1,687
Operating margin (EBITDAR), %	12.8	13.2	13.2	11.8	11.7	13.2	12.8	12.5
Operating result (EBITDA)	276	296	285	188	237	291	1,045	1,001
Operating margin (EBITDA), %	7.7	8.2	8.1	6.2	6.9	8.4	7.6	7.4
Operating result (EBITA)	172	195	179	86	136	191	632	592
Operating margin (EBITA), %	4.8	5.4	5.1	2.8	4.0	5.5	4.6	4.4

Quarterly overview (cont.)

Capital employed by quarter – Segment

	2016		2015			
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Capio Nordic						
Capital employed	2,903	2,763	2,778	2,957	2,801	2,828
Return on capital employed, %	12.2	11.7	11.4	10.2	10.6	10.4
Capio France						
Capital employed	4,222	4,184	3,966	4,165	4,042	3,727
Return on capital employed, %	6.8	6.9	7.2	7.7	8.4	9.7
Capio Germany						
Capital employed	1,061	1,048	1,031	1,021	989	1,035
Return on capital employed, %	7.4	6.8	7.2	6.0	6.0	5.4
Other						
Capital employed	20	174	162	38	31	18
Eliminations						
Capital employed	-	-	-	-	-	-
Capio Group						
Capital employed	8,206	8,169	7,937	8,181	7,863	7,608
Return on capital employed, %	7.7	7.3	7.5	7.3	7.8	8.3

Net capital expenditure by quarter – Segment

	2016		2015				FULL YEAR	
	Q2	Q1	Q4	Q3	Q2	Q1	RTM	2015
Capio Nordic								
Net capital expenditure	-51	-44	-60	-22	-33	-20	-177	-135
In % of net sales Nordic	2.6	2.3	3.2	1.3	1.8	1.1	2.4	1.9
Capio France								
Net capital expenditure	-57	-41	-57	-78	-45	-30	-233	-210
In % of net sales France	4.3	3.0	4.3	6.7	3.5	2.3	4.5	4.1
Capio Germany								
Net capital expenditure	-5	-10	-11	-13	-11	-5	-39	-40
In % of net sales Germany	1.7	3.2	3.8	5.2	3.9	1.5	3.4	3.5
Other								
Net capital expenditure	0	-1	-3	-2	-1	0	-6	-6
Capio Group								
Net capital expenditure	-113	-96	-131	-115	-90	-55	-455	-391
In % of net sales Group	3.2	2.7	3.7	3.8	2.6	1.6	3.3	2.9

Definitions

Number of outpatients Number of patient visits, for patients with length of stay shorter than 24 hours.

Number of inpatients Number of patient visits, for patients with length of stay longer than 24 hours.

Average length of stay (AVLOS) Average length of an inpatient stay measured in number of days. AVLOS presented excludes psychiatry, rehabilitation, nursing and eating disorder patients. AVLOS in France has also been adjusted for the effect from the transfer between in- and outpatient treatments. These adjustments have been made in order to show a comparable AVLOS between segments and over time.

Number of employees Number of employees as full-time equivalents on average during the year.

Total sales growth, % Increase in net sales for the period as a percentage of the previous year's net sales.

Organic sales growth, % Increase in net sales for the period, adjusted for acquisitions/divestments and changes in exchange rates, as a percentage of the previous year's net sales adjusted for divestments.

Operating result (EBITA) Operating result before amortizations of group surplus values, restructuring and other non-recurring items and acquisition related costs.

Operating result (EBITDA) Operating result (EBITA) adjusted for depreciations and impairments related to operating fixed assets.

Operating result (EBITDAR) Operating result (EBITDA) adjusted for rent of premises.

Operating result (EBIT) Operating result before interest and income tax.

Adjusted profit/loss for the period Profit/loss for the period attributable to parent company shareholders adjusted for amortization of group surplus values, restructuring and other non-recurring items, acquisition related costs and write-off of capitalized borrowing costs, net of income tax.

Earnings per share Profit/loss for the period attributable to parent company shareholders in relation to the average number of outstanding common shares during the period. Refer to note 2 for calculations of earnings per share (before and after dilution).

Adjusted earnings per share Profit/loss for the period attributable to parent company shareholders, adjusted for amortization of group surplus values, restructuring and other non-recurring items, acquisition related costs and write-off of capitalized borrowing costs, net of income tax, in relation to the average number of outstanding common shares during the period. Refer to note 2 for calculations of adjusted earnings per share (before and after dilution).

Net customer receivables and DSO Accounts receivables and accrued production less bad debt provision and advances from customers. DSO, Days sales outstanding, average number of days outstanding on net sales, at balance sheet date.

Operating capital employed Operating capital employed consists of non-interest bearing operating assets and liabilities, mainly operating fixed assets, net customer receivables, supplier payables and other operating assets and liabilities.

Other capital employed Other operating capital employed consists of acquisition related surplus values (real estate, goodwill, trademark and other surplus values), tax assets and liabilities and other non-operating capital employed items.

Capital employed Capital employed includes all non-interest bearing assets and liabilities as well as provisions for employee-benefits.

Return on capital employed RTM operating result (EBITA) as a percentage of capital employed.

Net debt The Group's external interest-bearing assets and liabilities adjusted for cash and cash equivalents.

Financial leverage Financial leverage is the closing balance of net debt in relation to RTM operating result (EBITDA).

Net capital expenditures Investments in fixed assets, net of divestments of fixed assets excluding items classified as non-operating, for the period.

Net investments Investments in fixed assets, net of divestments of fixed assets, depreciations and impairments, excluding items classified as non-operating, for the period.

Operating cash flow Operating cash flow relates to operating result (EBITA) adjusted for net investments and changes in working capital.

Free cash flow before financial items Corresponds with operating cash flow less income taxes paid.

Free cash flow after financial items Corresponds with free cash flow before financial items less net financial items paid.

Cash conversion Cash conversion in % is defined as the cash flow in relation to operating result (EBITA).

Acquisitions and divestments of companies in the operational cash flow statement relate to the total net debt impact.

RTM Rolling 12 month.

Presentation of the interim report

Investors, analysts and media are invited to participate in a telephone conference on July 22, 2016 at 09.30 am (CET). President and CEO Thomas Berglund and CFO Olof Bengtsson will present the report and answer questions. The telephone conference will be audio casted live on www.capio.com. To participate in the telephone conference, please register at www.capio.com and dial in five minutes prior to the start of the conference call.

Sweden: +46 8 566 426 90

UK: +44 203 008 98 07

US: +1 855 753 22 35

Finland: +35 898 171 04 93

France: +33 170 75 07 12

Prior to the start of the telephone conference, presentation slides will be available at www.capio.com.

A recorded version of the audio cast will be available at www.capio.com during the afternoon (CET).

Financial calendar

November 3, 2016, Interim report January – September 2016

February 10, 2017, Full year report January – December 2016

For further information

Thomas Berglund, President and CEO

Telephone: +46 733 88 86 00 | E-mail: thomas.berglund@capio.com

Olof Bengtsson, CFO

Telephone: +46 761 18 74 69 | E-mail: olof.bengtsson@capio.com

Kristina Ekeblad, Investor Relations Manager

Telephone: +46 708 31 19 40 | E-mail: kristina.ekeblad@capio.com

Henrik Brehmer, SVP Group Communication and Public Affairs

Telephone: +46 761 11 34 14 | E-mail: henrik.brehmer@capio.com

For further information regarding Capio's IR activities, refer to www.capio.com

This information is information that Capio AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person Henrik Brehmer set out above, at 08.00 (CET) on July 22, 2016.

About Capio

Capio AB (publ) is a leading, pan-European healthcare provider offering a broad range of high quality medical, surgical and psychiatric healthcare services in four countries through its hospitals, specialist clinics and primary care units. In 2015, Capio's 12,360 employees provided healthcare services during 4.6 million patient visits across the Group's facilities in Sweden, Norway, France and Germany, generating net sales of MSEK 13,486. Capio operates across three geographic segments: Nordic (54 percent of Group net sales 2015), France (38 percent of Group net sales 2015) and Germany (8 percent of Group net sales 2015). For more information about Capio, please see www.capio.com.

Values

Quality. Compassion. Care.

When we require medical care, we are vulnerable and perhaps helpless, or at least in need of assistance. We may also have a limited insight and knowledge of our illness and how best to treat it. This places a heavy burden of responsibility on the healthcare service and its staff, far beyond the responsibility that applies to many other activities and situations in life. The foundation for Capiro's activities is three core values to manage this responsibility and to achieve the best achievable quality of life for every patient.

Mission

Cure. Relieve. Comfort.

We have a mission: to cure, relieve and comfort anyone seeking medical care from Capiro. This is also what is stated in the oath created around 2,400 years ago by Hippocrates, the father of medicine.

Modern medical developments mean that more and more diseases can now be cured, or at least eased. At Capiro, we are doing everything in our power to make the most of this development. We use all the knowledge and experience of our staff to ensure that new advances benefit patients as quickly as possible. New, improved methods and procedures are only viable when they are implemented in day-to-day medical care.

There are times when a cure is impossible and relief is merely temporary. In these cases, comfort is an important part of the care offered. We must be able to see the person behind the illness; see their anxiety and sorrow, and do everything in our power to support them. It is important to remember this personal aspect of medical care in the face of the advanced technology used today, not to mention the thousands of sophisticated treatment methods that are part of modern healthcare.

Vision

The best achievable quality of life for every patient

The aim of all healthcare work is to ensure the best achievable quality of life for each and every patient. Many make a full recovery, while others have the chance of a more normal life. A patient's self-esteem and dignity shall also be respected and reinforced even as his or her life draws to a close. Our key drivers are quality, compassion and care.

Capiro AB (publ)
Box 1064
SE-405 22 Gothenburg, Sweden
Visiting address: Lilla Bommen 5

Tel: +46 31 732 40 00
Email: info@capio.com
www.capio.com

